

OFFERING CIRCULAR DATED 27 June 2007

Skyline 2007 B.V.

(incorporated with limited liability in the Netherlands)

€ 2,539,500,000 Senior Class A Commercial Mortgage-Backed Notes 2007 due 2043, issue price 100 per cent.
€ 162,000,000 Mezzanine Class B Commercial Mortgage-Backed Notes 2007 due 2043, issue price 100 per cent.
€ 133,500,000 Mezzanine Class C Commercial Mortgage-Backed Notes 2007 due 2043, issue price 100 per cent.
€ 121,500,000 Junior Class D Commercial Mortgage-Backed Notes 2007 due 2043, issue price 100 per cent.
€ 43,500,000 Junior Class E Commercial Mortgage-Backed Notes 2007 due 2043, issue price 100 per cent.
€ 24,000,000 Subordinated Class F Notes 2007 due 2043, issue price 100 per cent.

FGH Bank N.V. as Seller and Servicer

Skyline 2007 B.V. (the "Issuer") will issue the € 2,539,500,000 Senior Class A Commercial Mortgage-Backed Notes 2007 due 2043 (the "Senior Class A Notes"), the € 162,000,000 Mezzanine Class B Commercial Mortgage-Backed Notes 2007 due 2043 (the "Mezzanine Class B Notes"), the € 133,500,000 Mezzanine Class C Commercial Mortgage-Backed Notes 2007 due 2043 (the "Mezzanine Class C Notes"), the € 121,500,000 Junior Class D Commercial Mortgage-Backed Notes 2007 due 2043 (the "Junior Class D Notes"), the € 43,500,000 Junior Class E Commercial Mortgage-Backed Notes 2007 due 2043 (the "Junior Class E Notes") and the € 24,000,000 Subordinated Class F Notes 2007 due 2043 (the "Subordinated Class F Notes") and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes, the "Notes". On 29 June 2007 or such later date as the Issuer may agree with the Manager (as defined herein). Application has been made to list the Notes (other than the Subordinated Class F Notes) on Eurolist by Euronext Amsterdam N.V. ("Euronext Amsterdam"). This Offering Circular constitutes a prospectus for the purposes of Directive 2003/71/EC (the "Prospectus Directive").

The Notes will carry floating rates of interest, payable quarterly in arrear on each Quarterly Payment Date (as defined herein). The rate of interest will be equal to three-months Euribor (as defined in the terms and conditions of the Notes, the "Conditions") plus a margin per annum which will be 0.16 per cent. for the Senior Class A Notes, 0.25 per cent., for the Mezzanine Class B Notes, 0.38 per cent., for the Mezzanine Class C Notes, 0.81 per cent., for the Junior Class D Notes, 3.50 per cent. for the Junior Class E Notes and 4.00 per cent. for the Subordinated Class F Notes, payable quarterly in arrear on each Quarterly Payment Date. If on the First Optional Redemption Date (as defined below) the Notes of any Class have not been redeemed in full, the margin for the Notes (other than the Subordinated Class F Notes) will increase and the interest applicable to such Notes will then be equal to three-months Euribor plus a margin per annum which will be for the Senior Class A Notes 0.32 per cent. per annum, for the Mezzanine Class B Notes 0.50 per cent. per annum, for the Mezzanine Class C Notes 0.76 per cent. per annum, for the Junior Class D Notes 1.62 per cent. per annum and for the Junior Class E Notes 7.00 per cent. per annum. For the Subordinated Class F Notes such margin will remain at 4.00 per cent. per annum.

Payments of principal on the Notes will be made quarterly in arrear on each Quarterly Payment Date in the circumstances set out in, and subject to and in accordance with the Conditions. The Notes will mature on the Quarterly Payment Date falling in July 2043. On the Quarterly Payment Date falling in July 2012 (the "First Optional Redemption Date") and each Quarterly Payment Date thereafter (each an "Optional Redemption Date") the Issuer will have the option to redeem all of the Notes, in whole but not in part, at their Principal Amount Outstanding, subject to and in accordance with the Conditions.

It is a condition precedent to issuance that, on issue, the Senior Class A Notes be assigned an 'Aaa' rating by Moody's Investors Service Limited ("Moody's") and an 'AAA' rating by Fitch Ratings Ltd. ("Fitch"), the Mezzanine Class B Notes, on issue, be assigned an 'Aa1' rating by Moody's and an 'AA' rating by Fitch, the Mezzanine Class C Notes, on issue, be assigned an 'Aa2' rating by Moody's and an 'A' rating by Fitch, the Junior Class D Notes, on issue, be assigned a 'Baa2' rating by Moody's and a 'BBB' rating by Fitch, and the Junior Class E Notes, on issue, be assigned a 'Ba2' rating by Moody's and a 'BB' rating by Fitch. The Subordinated Class F Notes, on issue, will not be assigned a rating. 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. For a discussion of some of the risks associated with an investment in the Notes, see section *Risk Factors* herein.

The holders of the Notes (the "Noteholders") and the other Security Beneficiaries (as defined in *Description of Security*) will benefit from the security provided to the Security Trustee in the form of a pledge over the Mortgage Receivables (as defined herein) and a pledge over substantially all of the assets of the Issuer in the manner as more fully described herein under *Description of Security*. The right to payment of interest and principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes will be subordinated to the Senior Class A Notes and may be limited as more fully described herein under *Terms and Conditions of the Notes*.

The Notes of each Class will be initially represented by a temporary global note in bearer form (each a "Temporary Global Note"), without coupons. The Temporary Global Note representing the Senior Class A Notes and the Subordinated Class F Notes will be deposited, on or about the issue date of the Notes, with *Nederlands Centraal Instituut voor Giraal Effectenverkeer* ("Euroclear Netherlands") and the Temporary Global Notes representing each of the other Classes of Notes will be deposited, on or about the issue date of the Notes, with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note of the relevant Class (each a "Permanent Global Note"), without coupons attached (the expression "Global Notes" means the Temporary Global Note of each Class and the Permanent Global Note of each class and the expression "Global Note" means each Temporary Global Note or each Permanent Global Note, as the context may require), not earlier than forty (40) days after the Closing Date (as defined herein) upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for Definitive Notes in bearer form as described in the Conditions.

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (the "ICSDs") and/or Central Securities Depositories (the "CSDs") that fulfils the minimum standard established by the European Central Bank, as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, acting in whatever capacity, including, without limitation, the Seller, the Arranger, the Manager, the Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agents, the Reference Agent or the Directors (each as defined herein), except for certain limited obligations of the Security Trustee under the Trust Deed (as defined herein) to - *inter alia* - the Noteholders. Furthermore, none of the Seller, the Arranger, the Manager, the Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agents, the Reference Agent, the Directors or any other person, acting in whatever capacity, other than the Security Trustee in respect of limited obligations under the Trust Deed, will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Arranger, the Manager, the Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agents, the Reference Agent, the Security Trustee or the Directors will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Transaction Documents).

Arranger
Rabobank International

Manager
Rabobank International

IMPORTANT INFORMATION

Only the Issuer is responsible for the information contained in this Offering Circular. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) 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 Issuer accepts responsibility accordingly.

For the information contained in the following sections of this Offering Circular: *Overview of the Dutch Real Estate Market*, *FGH Bank N.V.*, *Description of Portfolio Mortgage Loans*, and *Mortgage Loan Underwriting and Servicing*, the Issuer has relied on information from the Seller. For the information contained in section *Rabobank* of this Offering Circular the Issuer has relied on information from the Arranger. The information in these sections and any other information from third-parties contained and specified as such in this Offering Circular has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Circular is to be read in conjunction with the deed of incorporation including the articles of association of the Issuer dated 15 June 2007 which are deemed to be incorporated herein by reference (see section *General Information* below). This Offering Circular shall be read and construed on the basis that such document is incorporated in, and forms part of, this Offering Circular.

No person has been authorised to give any information or to make any representation which is not contained in or consistent with this Offering Circular or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Manager.

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this Offering Circular (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Offering Circular is set out in *Subscription and Sale* below. No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Offering Circular in accordance with applicable laws and regulations.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither the delivery of this Offering Circular at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Offering Circular. The Issuer does not have the obligation to update this Offering Circular, except when required by the listing and issuing rules of Euronext Amsterdam or any other regulation.

The Manager and the Seller expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to United States persons (see *Subscription and Sale* below).

In connection with the issue of the Notes, Rabobank International, or any other appointed person acting for Rabobank International, may over-allot or effect transactions that stabilise or maintain the market price of the Notes at a level that might not otherwise prevail. However, there is no obligation on Rabobank International to undertake these actions. Any stabilisation action may be discontinued at any time but will, in accordance with the rules of Euronext Amsterdam, in any event be discontinued at the earlier of thirty (30) days after the issue date of the Notes and sixty (60) days after the date of allotment of the Notes. Stabilisation transactions will be conducted in compliance with all applicable laws and regulations, as amended from time to time.

All references in this Offering Circular to "€", "EUR" and "euro" refer to the single currency which was introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community (as amended by the Treaty on European Union).

Capitalised terms used in this Offering Circular, unless otherwise indicated, have the meanings as set out in this Offering Circular. For the page reference of the definitions of capitalised terms used in this Offering Circular see Index of Terms.

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TRANSACTION SUMMARY

The following is a summary of the principal features of the transaction described in this Offering Circular including the issue of the Notes. The information in this section does not purport to be complete. This summary should be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any amendment and supplement thereto and the documents incorporated by reference. Where a claim relating to the information contained in this Offering Circular is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating this Offering Circular before the legal proceedings are initiated. Civil liability attaches to the Issuer, being the entity which has prepared the summary, and applied for its notification, only if the summary is misleading, inaccurate or inconsistent when read with other parts of the Offering Circular.

Capitalised terms used, but not defined, in this section can be found elsewhere in this Offering Circular via the Index of Terms unless otherwise stated.

Risk Factors

There are certain risk factors which the prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Notes, such as (but not limited to) the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables and the receipt by it of other funds. Despite certain facilities, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables (see under *Risk Factors* below).

Transaction

On the Closing Date, the Issuer will (i) issue the Notes and (ii) apply the net proceeds of the Notes (other than the Subordinated Class F Notes) towards payment of the Initial Purchase Price for the Mortgage Receivables, consisting of any and all rights and claims of the Seller against certain borrowers under or in connection with (part of) certain selected mortgage loans secured by a first-ranking right of mortgage (*hypothekrecht*) or, in case of mortgage loans secured on the same Mortgaged Asset or in case of a Portfolio Mortgage Loan Group, first and sequentially lower ranking rights of mortgage. The proceeds of the issue of the Subordinated Class F Notes will be used to fund the Reserve Account.

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Liquidity Facility Agreement, the Floating Rate GIC, the Swap Agreement and drawings from the Reserve Account and the Trigger Reserve Fund to make payments of, *inter alia*, principal and interest due in respect of the Notes, provided that up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer will use

the principal received by it in respect of the Mortgage Receivables to purchase Substitute Mortgage Receivables, to the extent such Substitute Mortgage Receivables are offered to the Issuer by the Seller.

The obligations of the Issuer in respect of the Notes will rank behind the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments and the right to payment of principal and interest on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes will be subordinated to the right to payment of principal and interest on the Senior Class A Notes and may be limited as more fully described herein under *Terms and Conditions of the Notes*.

Pursuant to the Liquidity Facility Agreement the Issuer will be entitled to make drawings if there are, following application of the amounts standing to the credit of the Reserve Account, insufficient funds available to the Issuer as a result of a shortfall in the Notes Interest Available Amounts (see under *Credit Structure* below).

Pursuant to the Floating Rate GIC the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest on the balance standing from time to time to the credit of the GIC Accounts (see under *Credit Structure* below).

To hedge the risk between the rate of interest to be received by the Issuer on the Mortgage Receivables and the rate of interest payable by the Issuer on the Notes, the Issuer will enter into the Swap Agreement (see under *Credit Structure* below).

The Issuer

Skyline 2007 B.V. is incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under number BV 1433463, having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for Amsterdam under number 34276440. The entire issued share capital of the Issuer is held by Stichting Skyline 2007 Holding. The Issuer is established to issue the Notes.

Security Structure

The Noteholders will benefit from the security granted in favour of the Security Trustee, whereas the Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables, including all rights ancillary thereto in respect of the Portfolio Mortgage Loans, and (ii) a first ranking disclosed pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Floating Rate GIC, the Liquidity Facility Agreement and in respect of the GIC Accounts.

In order to ensure the valid creation of the security rights under Dutch law in favour of the Security Trustee, the Issuer has undertaken in the Trust Deed to pay to the Security Trustee, by way of a parallel debt, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to the Security Beneficiaries pursuant to the relevant Transaction Documents.

The Trust Deed sets out the priority of the claims of the Security Beneficiaries. See for a more detailed description *Description of Security* below.

Interest on the Notes

The Notes will carry a floating rate of interest, payable quarterly in arrear on each Quarterly Payment Date. The rate of interest for the Notes will be three months Euribor plus a margin. On the first Optional Redemption Date, the margin of the Notes (other than the Subordinated Class F Notes) will increase subject to and in accordance with the Conditions.

Redemption of the Notes

Unless previously redeemed, the Issuer will, subject to Condition 9(b), redeem any remaining Notes outstanding at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in July 2043.

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall on each Quarterly Payment Date apply the Notes Principal Available Amounts, subject to possible application thereof towards payment of the purchase price for the Substitute Mortgage Receivables, towards redemption, at their Principal Amount Outstanding, of the Notes.

Subject to and in accordance with the Conditions, the Issuer has, provided that no Enforcement Notice has been served in accordance with Condition 10, the option to redeem all of the Notes (other than the Subordinated Class F Notes), in whole but not in part, on any Optional Redemption Date. In addition, the Issuer has the option to redeem the Notes (other than the Subordinated Class F Notes) in the event of certain tax changes affecting the Notes.

Finally, the Seller may, upon the occurrence of certain events, exercise the Seller Clean-up Call Option or Regulatory Call Option and repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables. The Issuer has undertaken to apply the proceeds of any such sale towards redemption of the Notes (other than the Subordinated Class F Notes).

If on any Notes Calculation Date all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class F Notes, have been paid on the Quarterly Payment Date immediately preceding such Notes Calculation Date or will be available for payment on the Quarterly Payment Date immediately following such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will

then be available to redeem or partially redeem the Subordinated Class F Notes until fully redeemed and thereafter, towards satisfaction of the Deferred Purchase Price to the Seller.

Listing

Application has been made to list the Notes (other than the Subordinated Class F Notes) on Eurolist by Euronext Amsterdam.

Rating

It is a condition precedent to issuance that, upon issue, the Senior Class A Notes be assigned an 'Aaa' rating by Moody's and an 'AAA' rating by Fitch, the Mezzanine Class B Notes, upon issue, be assigned an 'Aa1' rating by Moody's and an 'AA' rating by Fitch, the Mezzanine Class C Notes, upon issue, be assigned an 'Aa2' rating by Moody's and an 'A' rating by Fitch, the Junior Class D Notes, upon issue, be assigned a 'Baa2' rating by Moody's and a 'BBB' rating by Fitch, and the Junior Class E Notes, upon issue, be assigned a 'Ba2' by Moody's and a 'BB' rating by Fitch. The Subordinated Class F Notes, on issue, will not be assigned a rating.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which are material for the purpose of assessing the market risks associated with the Notes are also described below. The Issuer believes that the factors described below represent the primary risks inherent in investing in the Notes, 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 statements below regarding the risks of holding any Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently may consider immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts on or in connection with the Notes. Prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular and should reach their own views prior to making any investment decision.

Capitalised terms used, but not defined, in this section can be found elsewhere in this Offering Circular, via the Index of Terms, unless otherwise stated.

The Notes will be solely the obligations of the Issuer

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, acting in whatever capacity, including, without limitation, the Seller, the Servicer, the Issuer Administrator, the Arranger, the Manager, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agents, the Reference Agent or the Directors or, except for certain limited obligations under the Trust Deed as more fully described in *Description of Security*, the Security Trustee. Furthermore, none of the Seller, the Servicer, the Issuer Administrator, the Arranger, the Manager, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agents, the Reference Agent or the Directors or any other person, acting in whatever capacity, other than the Security Trustee in respect of limited obligations under the Trust Deed, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Arranger, the Manager, the Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agents, the Reference Agent, the Security Trustee or the Directors will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

The Issuer has limited resources available to meet its obligations

The obligations of the Issuer under the Notes are limited recourse obligations and the ability of the Issuer to meet its obligations to pay the principal of and interest on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, payments under the Swap Agreement, interest in respect of the balances standing to the

credit of the GIC Accounts and the availability of the Reserve Account and the Excess Spread Margin and the amounts to be drawn under the Liquidity Facility. See further under *Credit Structure* below.

Payment of principal and interest on the Notes will be secured indirectly by the security granted by the Issuer to the Security Trustee pursuant to the Security Documents. If the security granted pursuant to the Security Documents is enforced and the proceeds of such enforcement, after payment of all other claims ranking in priority to amounts due under the Notes, are insufficient to repay in full all principal and to pay all interest and other amounts due in respect of the Notes, then, as the Issuer has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. As enforcement of the security by the Security Trustee pursuant to the terms of the Trust Deed, the Pledge Agreements and the Notes is the only remedy available to Noteholders for the purpose of recovering amounts owed in respect of the Notes, the Noteholders shall following the application of the foreclosure proceeds subject to and in accordance with the Post-Enforcement Priority of Payments have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

Risks inherent to the Notes

By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by the Conditions. Neither the Issuer nor the Paying Agents will have any responsibility for the proper performance by the Clearing Institutions or their participants of their obligations under their respective rules, operating procedures and calculation methods.

(i) *Credit Risk*

There is a risk of non-payment of principal and interest on the Notes due to non-payment of principal and interest on the Mortgage Receivables, despite of the following:

- in case of the Senior Class A Notes, the subordinated ranking of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes;
- in case of the Senior Class A Notes and the Mezzanine Class B Notes, the subordinated ranking of the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes;
- in case of the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, the subordinated ranking of the Junior Class D Notes and the Junior Class E Notes;
- in case of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the subordinated ranking of the Junior Class E Notes;
- the Reserve Account; and
- the Excess Spread Margin.

The proceeds of the Subordinated Class F Notes will be credited to the Reserve Account.

(ii) *Liquidity Risk*

There is a risk that interest on the Portfolio Mortgage Loans is not received on time thus causing temporary liquidity problems to the Issuer, despite (i) the Excess Spread Margin, (ii) the Reserve Account (to the extent available for such purpose) and (iii) in certain circumstances, the Liquidity Facility provided by the Liquidity Facility Provider.

(iii) *Prepayment Risk*

As long as the Seller on each Quarterly Payment Date offers additional mortgage receivables (i.e. Substitute Mortgage Receivables) in an amount equal to the Notes Principal Available Amounts, the Notes will not be redeemed until the First Optional Redemption Date. However, there is a risk that the Substitution Conditions are not met or that the Seller does not offer sufficient Substitute Mortgage Receivables. In that case the Notes Principal Available Amounts will on the next succeeding Quarterly Payment Date be used to (partially) redeem the Notes. The level of prepayments by the Borrowers can vary and therefore result, if no substitution takes place, in an average life of the Notes which is shorter or longer than may be anticipated. The rate of prepayment of Portfolio Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax laws, local and regional economic conditions and changes in Borrowers' behaviour. No guarantee can be given as to the level of prepayment that the Portfolio Mortgage Loans may experience, and variation in the rate of prepayments of principal on the Portfolio Mortgage Loans may affect each Class of Notes differently.

(iv) *Maturity Risk*

There is a risk that the Issuer will not have received sufficient principal to fully redeem the Notes at maturity. The Notes, other than the Senior Class A Notes, can be redeemed at an amount less than their Principal Amount Outstanding (see Condition 9(b) in section *Terms and Conditions of the Notes* below). The Final Maturity Date for the Notes is the Quarterly Payment Date falling in July 2043. The Issuer has on any Optional Redemption Date the right to sell and assign all (but not only part of) the Mortgage Receivables to any party. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes (other than the Subordinated Class F Notes) in accordance with the Conditions. If the Issuer does not exercise this option on the First Optional Redemption Date, the interest rate for the Notes will be a floating rate based on three-months Euribor plus the margin set out under *Interest Step-up* in the section *Key Parties and Summary of Principal Features* below. No guarantee can be given that the Issuer will exercise its option or that there will be a third party purchaser and therefore that the Notes will be redeemed on such First Optional Redemption Date or any Quarterly Payment Date thereafter.

The ability of the Issuer to redeem the Notes in full on an Optional Redemption Date or, as the case may be, on the Final Maturity Date and to pay all amounts due to the Noteholders on such date may depend on whether the value of the Mortgage Receivables is sufficient to redeem such

Notes in full.

(v) *Interest Rate Risk*

There is a risk that, due to interest rate movements, the interest received on the Mortgage Receivables and the GIC Accounts is not sufficient to pay the floating interest on the Notes.

Credit ratings may not reflect all risks

The ratings to be assigned to the Notes (other than the Subordinated Class F Notes) by the Rating Agencies are based on the value and cash flow-generating ability of the Mortgage Receivables and other relevant structural features of the transaction, including, *inter alia*, the short-term and long-term unsecured and unsubordinated debt rating of the other parties involved in the transaction, such as the providers of ancillary facilities (i.e. Floating Rate GIC Provider and Liquidity Facility Provider) and reflect only the view of each of the Rating Agencies.

There is no assurance that any such rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the Rating Agencies' judgement, circumstances so warrant. Future events also, including events affecting the Swap Counterparty and/or circumstances relating to the Mortgage Receivables and/or the Dutch real estate mortgage market, in general could have an adverse effect on the ratings of the Notes.

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.

Value of the Notes and Liquidity

Prior to this offering, there has been no public secondary market for the Notes and there can be no assurance that the issue price of the Notes will correspond to the price at which the Notes will be traded after the initial offering of the Notes. Furthermore, there can be no assurance that active trading in the Notes will commence or continue after the offering. A lack of trading in the Notes could adversely affect the price of the Notes, as well as the Noteholders' ability to sell the Notes.

Creation of pledges on the basis of the Parallel Debt

The Noteholders will benefit from the security granted in favour of the Security Trustee pursuant to the Security Documents. Under the terms of the Trust Deed, the Issuer will undertake to pay to the Security Trustee, on the same terms and conditions, an amount equal to the aggregate of all amounts from time to time due and payable by the Issuer to the Security Beneficiaries (including, but not limited to, the Noteholders) in accordance with the terms and conditions of the relevant Transaction Documents (as defined in the Conditions) (such payment undertaking and the obligations and liabilities resulting from it being referred to as the "**Parallel Debt**"). The Parallel Debt represents an independent claim of the Security Trustee to receive payment thereof from the Issuer, provided that (i) the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate

amount that may become due under all of the Issuer's obligations to the Security Beneficiaries, including the Noteholders, pursuant to the Transaction Documents, and (ii) every payment in respect of such Transaction Documents for the account of or made to the Security Beneficiaries directly in respect of such undertaking shall operate in satisfaction pro tanto of the corresponding covenant in favour of the Security Trustee. The Parallel Debt is secured by the Pledge Agreements.

It is generally assumed that under Dutch law a right of pledge cannot be validly created in favour of a person who is not the creditor of the claim that the right of pledge purports to secure. The Parallel Debt is included in the Trust Deed to address this issue. It is noted that there is no statutory law or case law available on the validity or enforceability of a parallel covenant such as the Parallel Debt or the security provided for such debts. However, the Issuer has been advised that there are no reasons why a parallel covenant such as the Parallel Debt will not create a claim of the pledgee (the Security Trustee) thereunder which can be validly secured by a right of pledge such as the rights of pledge created pursuant to the Pledge Agreements.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Security Beneficiaries therefore have a credit risk on the Security Trustee. However, the Security Trustee is a special purpose vehicle and is therefore unlikely to become insolvent.

Payments received by the Seller prior to notification of the assignment

Under Dutch law a transfer of title by way of assignment of a receivable can be effected either by means of (i) a deed of assignment executed between the assignee and the assignor and a notification of the assignment to the relevant debtor or (ii) a notarial deed or a registered deed of assignment, without notification of the assignment to the relevant debtor being required (the so-called *stille cessie*). In the latter case notification to the debtor, however, will still be required to prevent such debtor validly discharging its obligations (*bevrijdend betalen*) under the receivable by making a payment to the relevant assignor. The legal ownership of the Mortgage Receivables will be transferred by the Seller to the Issuer on the relevant date of purchase and assignment through a registered deed of assignment. The Mortgage Receivables Purchase Agreement provides that such transfer of legal title to the Mortgage Receivables by the Seller to the Issuer will not be notified to the Borrowers unless certain events (referred to as Assignment Notification Events) occur. For a description of these notification events reference is made to section *Mortgage Receivables Purchase Agreement* below.

Until notification of the transfer of legal title has been made to the Borrowers, the Borrowers can only validly discharge their obligations (*bevrijdend betalen*) under the relevant Portfolio Mortgage Loan by making a payment to the Seller. The Seller has undertaken in the Mortgage Receivables Purchase Agreement to pay (or procure that the Servicer shall pay on its behalf) on the 10th Business Day of each calendar month all amounts received by it in respect of the Portfolio Mortgage Loans with respect to the immediately preceding Portfolio Calculation Period. However, receipt of such amounts by the Issuer is subject to the Seller actually making such payments. In case the Seller is declared bankrupt

or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

Payments made by the Borrowers to the Seller prior to notification but after bankruptcy or emergency regulations in respect of the Seller having been declared, will be part of the Seller's bankruptcy estate. However, the Issuer has the right to receive such amounts by preference after deduction of the general bankruptcy costs (*algemene faillissementskosten*).

Construction Deposits

Pursuant to the Mortgage Conditions, in respect of certain Portfolio Mortgage Loans, the Borrower has the right to request that part of the Portfolio Mortgage Loan will be applied towards construction of, or improvements to, the Mortgaged Asset. In that case the Borrower has placed part of the monies drawn down under the Portfolio Mortgage Loan on deposit with the Seller (each a "**Construction Deposit**"), and the Seller has committed to pay out such deposits to or on behalf of the Borrower in order to enable the Borrower to pay for such construction of, or improvements to, the relevant Mortgaged Asset, provided certain conditions are met.

Under the Mortgage Receivables Purchase Agreement, the Seller will sell to the Issuer the full amount of the Mortgage Receivables, which therefore includes the amounts represented by the Construction Deposits. A Borrower will be entitled to set-off the amounts represented by the relevant Construction Deposits against the amounts due by it to the Seller under the relevant Portfolio Mortgage Loan (see further *Set-off by Borrowers* below).

Furthermore, under Dutch law the distinction between 'existing' receivables and 'future' receivables is relevant in connection with Construction Deposits. If receivables are to be regarded as future receivables, an assignment and/or pledge thereof will not be effective to the extent the receivable comes into existence after or on the date on which the assignor or, as the case may be, the pledgor has been declared bankrupt or has had a suspension of payments granted to it. If, however, receivables are to be considered as existing receivables, the assignment and pledge thereof are not affected by the bankruptcy or suspension of payments of the assignor/pledgor.

Whether such part of a Mortgage Receivable as relates to a Construction Deposit should be considered as an existing or future receivable is difficult to establish on the basis of the applicable terms and conditions of the relevant Portfolio Mortgage Loans and has not been addressed conclusively in case law or legal literature. If the full Mortgage Receivable is considered to be drawn down under the Portfolio Mortgage Loan when the Construction Deposit is created, the part of the Mortgage Receivable relating to the Construction Deposit will be deemed to be existing as from the creation of the Construction Deposit. However, it is also conceivable that such part of the Portfolio Mortgage Loan concerned is considered drawn down only when and to the extent the Construction Deposit is paid out to or on behalf of the Borrower in which case such part of the Mortgage Receivable is deemed to be a future receivable until the Construction Deposit is paid out.

If the part of the Mortgage Receivable relating to the Construction Deposit is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Deposit is paid out on or after the date on which the Seller is declared bankrupt or granted a suspension of payments. In that case, the part of the Mortgage Receivable that is not subject to the assignment or pledge will no longer be available to the Issuer.

Set-off by Borrowers

Under Dutch law a debtor has a right of set-off if it has a claim which corresponds to its debt to the same counterparty and it is entitled to pay its debt as well as to enforce payment of its claim. Subject to these requirements being met, each Borrower will, prior to notification of the assignment of the Mortgage Receivable to the Issuer having been made, be entitled to set off amounts due by the Seller to it (if any) with amounts it owes in respect of the Mortgage Receivable. As a result of the set-off of amounts due by the Seller to the Borrower with amounts the Borrower owes in respect of the Mortgage Receivable, the Mortgage Receivable will, partially or fully, be extinguished (*gaat teniet*). Set-off by Borrowers could thus lead to losses under the Notes. The legal requirements for set-off are met in respect of the Construction Deposits and in respect of other deposits placed by the relevant Borrower with the Seller in connection with a Portfolio Mortgage Loan (together with the Construction Deposits, the "**Deposits**").

The Mortgage Conditions provide that payments by the Borrowers should be made without set-off. Although this clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the Seller, under Dutch law it is uncertain whether such waiver will be valid. A provision in general conditions (such as the Mortgage Conditions) is voidable (*vernietigbaar*) if the provision is deemed to be unreasonably onerous (*onredelijk bezwarend*) for the party against whom the general conditions are used. A clause containing a waiver of set-off rights is, subject to proof to the contrary, assumed to be unreasonably onerous if the party against which the general conditions are used, does not act in the conduct of its profession or trade (*i.e.* a consumer). However, the fact that in the relationship with a consumer a provision (such as a waiver of set-off) is presumed to be unreasonably onerous may be relevant when determining whether such provision is also unreasonably onerous vis-à-vis a counterparty which is not a consumer, particularly when this counterparty resembles a consumer. The Issuer has been informed that part of the Borrowers must be considered as consumers. Should in view of the above, the set-off rights of the Borrowers not have been effectively waived, the Borrowers will have the set-off rights described in this paragraph.

After assignment of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable or (ii) the counterclaim of the Borrower has been originated and become due prior to the assignment of the Mortgage Receivable and notification thereof to the relevant Borrower. The question whether a court will come to the

conclusion that the Mortgage Receivable and the claim of the Borrower against the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated (*opgekomen*) and become due (*opeisbaar*) prior to notification of the assignment, and, further, provided that all other requirements for set-off have been met (see above). A balance on a current account is due and payable at any time and, therefore, this requirement will be met. In the case of deposits it will depend on the term of the deposit whether the balance thereof will be due and payable at the moment of notification of the assignment. The Issuer has been informed that in most cases a balance on a deposit account can be withdrawn at any time and, consequently, such balance is due and payable (*opeisbaar*) at any time. If after the moment the Borrower receives notification of the assignment of the Mortgage Receivable, amounts are debited from or credited to the current account or, as the case may be, the deposit account, the Borrower will only be able to set-off its claim vis-à-vis the Issuer for the amount of its claim at the moment such notification has been received after deduction of amounts which have been debited from the current account or the deposit account after such moment, notwithstanding that amounts may have been credited. The Deposits result from the same legal relationship as the relevant Mortgage Receivables and, therefore, the legal requirements for the relevant Borrower being able to invoke set-off rights against the Issuer in respect of such Deposits will be met.

If notification of the assignment of the Mortgage Receivables is made after the bankruptcy or emergency regulations of the Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Dutch Bankruptcy Code. Under the Dutch Bankruptcy Code a person which is both debtor and creditor of the bankrupt entity can set off its debt with its claim, if each claim (i) came into existence prior to the moment at which the bankruptcy became effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of emergency regulations.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it would otherwise have been entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between (i) the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and (ii) the amount actually received by the Issuer in respect of such Mortgage Receivable. However, receipt of such amount by the Issuer from the Seller is subject to the ability of the Seller to actually make such payments.

Provided certain conditions are met under the relevant Portfolio Mortgage Loans, the Borrower has the right to require the Seller to pay out the Construction Deposit to or on behalf of such Borrower. Under Dutch law a creditor is entitled to dissolve (*ontbinden*) an agreement and/or demand payment of damages if its debtor defaults in the performance of its obligations under such agreement. A possible

bankruptcy involving the Seller in itself would not be grounds for the Borrower to dissolve the agreements under which the Portfolio Mortgage Loans arise unless the parties have agreed otherwise. Should the Seller in that case make the Construction Deposits available to the Borrower in the manner agreed between the Seller and the Borrower, the Borrower will in turn have to perform its obligations to the Seller under the Mortgage Receivables (including in respect of the amounts placed on the Construction Deposit). Upon a bankruptcy or suspension of payments involving the Seller, the Borrower is entitled to require the Seller's bankruptcy trustee to confirm within a reasonable term whether it will perform the Seller's obligations under the relevant Portfolio Mortgage Loan, i.e. making available to the Borrower the Construction Deposit. The Borrower can request that the Seller's bankruptcy trustee provides in these circumstances security for the performance of its obligations. If the Seller's bankruptcy trustee fails to provide such confirmation or such security the Seller's bankruptcy trustee (and possibly also the Issuer and/or the Security Trustee) will lose its/their right to demand performance by the Borrower of his obligations to the extent relating to the relevant Construction Deposit. The Borrower, however, will not be released from his payment obligations in respect of the amounts that it has received under the relevant Portfolio Mortgage Loan from the Seller by a payment out of the relevant Construction Deposit. In addition, if the Seller would for any reason fail to fulfil its obligations relating to the Construction Deposits, the Borrower could invoke rights of set-off or other defences vis-à-vis the Issuer, which would reduce the proceeds of the Mortgage Receivables.

Transfer of security rights upon assignment of Mortgage Receivables

Bank Mortgages

A substantial part of the Mortgage Receivables sold to the Issuer will be secured by mortgage rights which not only secure the loan granted to the Borrower for the purpose of acquiring the relevant Mortgaged Asset(s), but also other liabilities and monies that the Borrower, now or in the future, may owe to the Seller (the so-called *bankhypothecken*, hereinafter referred to as "**Bank Mortgages**").

Under Dutch law a mortgage right is an accessory right (*afhankelijk recht*) which follows by operation of law the receivable with which it is connected. Furthermore, a mortgage right is an ancillary right (*nevenrecht*) and the assignee of a receivable secured by an ancillary right will have the benefit of such right, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law. However, Dutch legal commentators have different views on whether, in the event of assignment or pledge of a receivable secured by a Bank Mortgage, the mortgage will follow such receivable. Based upon case law, the prevailing view has been for a long time that a Bank Mortgage will only follow the receivable which it secures if the relationship between the bank and a borrower has been terminated in such a manner that following the transfer, the bank cannot create or obtain new receivables against the borrower. However, in recent legal literature this view is generally disputed and it is argued, in particular where the mortgage deed indicates that the parties intended this to happen, that the Bank Mortgage will (partially) follow the receivable to the extent that it has been assigned, irrespective of whether the banking relationship between the bank and the borrower has terminated. Those legal commentators argue that in case of assignment of a

receivable secured by a Bank Mortgage, the Bank Mortgage will in principle (partially) pass to the assignee as an accessory right. In this argument the transfer does not conflict with the nature of a Bank Mortgage, which is -in this argument- supported by the same case law. Any further claims of the assignor will also continue to be secured and as a consequence the Bank Mortgage will be jointly-held by the assignor and the assignee after the assignment. In this view a Bank Mortgage only continues to secure exclusively claims of the original holder of the Bank Mortgage and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the Bank Mortgage.

Although the view prevailing in the past, to the effect that given its nature a Bank Mortgage will as a general rule not follow as an accessory right upon assignment of a receivable which it secures, is still defended, the Issuer has been advised that the better view is that as a general rule a Bank Mortgage in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the Bank Mortgage will remain with the original holder of the security right, will be a matter of interpretation of the relevant deed creating the Bank Mortgage.

The mortgage deeds nor any other agreements between the Seller and the relevant Borrower in respect of the Mortgage Receivables contain any explicit provision on the issue whether the Bank Mortgage follows the receivable upon its assignment and as a consequence thereof there is no clear indication of the intention of the parties. The Issuer has been advised that even in such case the Bank Mortgage should (partially) follow the Mortgage Receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Dutch courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch commentators on Bank Mortgages in the past, which view continues to be defended by some legal authors.

Other Collateral

What is stated in the paragraphs under *Bank Mortgages* above in respect of mortgage rights applies *mutatis mutandis* in respect of the Other Collateral (other than any joint and several liability and mortgage rights created over properties situated outside the Netherlands) granted by the Borrower as security for its payment obligations towards the Seller where such Other Collateral secures the same liabilities as the Bank Mortgages.

Jointly-held Bank Mortgages and Other Collateral

If the Bank Mortgages and the Other Collateral (other than any joint and several liability) (together the "**Bank Security Rights**") would (pro rata) have followed the Mortgage Receivables upon assignment or pledge, this would imply that the Bank Security Rights will be co-held by the Issuer and the Seller and will secure not only the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee), but also (i) the receivables held by the Seller relating to a FGH Participation Part, in case the relevant Portfolio Mortgage Loan is a Syndicated Mortgage Loan and (iii) any claims held by the Seller against the relevant Borrower resulting from current account facilities or other loans or otherwise (the "**Other Claims**").

In case the Bank Security Rights are jointly held by both the Issuer or the Security Trustee and the Seller, the rules applicable to a joint estate (*gemeenschap*) apply. The Dutch Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Mortgage Receivables Purchase Agreement the Seller, the Issuer and the Security Trustee have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer such jointly-held rights. It is uncertain whether the foreclosure of the Mortgage Rights will be considered as day-to-day management, and, consequently the consent of the Seller's bankruptcy trustee (in case of bankruptcy) or administrator (in case of emergency regulations) may be required for such foreclosure. The Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the share (*aandeel*) in each jointly-held Mortgage Right of the Issuer and/or the Security Trustee will be equal to (i) the principal amount outstanding under the Portfolio Mortgage Loan, increased with interest and costs, if any, or (ii) in case the Seller holds a FGH Participation Part in the relevant Portfolio Mortgage Loan, part of the Net Proceeds pro rata with the Issuer's share in the aggregate principal amount outstanding under such Portfolio Mortgage Loan, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less (i) the principal amount outstanding under the Portfolio Mortgage Loan, increased with interest and costs, if any, or (ii) in case the Seller holds a FGH Participation Part in the relevant Portfolio Mortgage Loan, less an amount equal to part of the Net Proceeds pro rata with the Issuer's share in the principal amount outstanding under such Portfolio Mortgage Loan, increased with interest and costs, if any. The Issuer has been advised that although a good argument can be made that this arrangement will be enforceable against the Seller or, in case of its bankruptcy or emergency regulations, its trustee (*curator*) or administrator (*bewindvoerder*), as the case may be, this is not certain. Furthermore it is noted that this arrangement may not be effective against the Borrower.

If (a receiver of) the Seller would, notwithstanding the arrangement set out above, enforce the jointly-held Bank Security Rights securing the Mortgage Receivables, the Issuer and/or the Security Trustee would have a claim against the Seller (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred. To further secure the obligations of the Seller under this arrangement, if an Assignment Notification Event occurs then, unless an appropriate remedy to the satisfaction of the Security Trustee is found and the Security Trustee instructs the Seller otherwise, within a period of ten (10) Business Days, the Seller shall have an obligation to pledge its claims under the FGH Participation Parts and the Other Claims in favour of the Issuer and the Security Trustee respectively. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller created for this purpose equal to the share of the Seller in the foreclosure proceeds in relation to a defaulted Borrower, which claim becomes due and payable upon a default of the relevant Borrower. If, after the pledge of the claims under the FGH Participation Parts and the Other Claims, the Assignment Notification Event has been cured and is not continuing, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the claims under the FGH Participation Parts and the Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any claims under the FGH Participation Parts and the Other Claims if the principal amount outstanding of the Mortgage

Receivable has been repaid in full.

Part of the Bank Mortgages vested in relation to a Syndicated Mortgage Loan do not only secure the current and future liabilities of the relevant Borrower towards the Seller (including those resulting from the relevant Syndicated Mortgage Loan), but also any liabilities which such Borrower now or in the future may have towards the Local Rabobank that is participating in the relevant Syndicated Mortgage Loan by means of a cash deposit or suretyship (*borgtocht*) (see further under *Mortgage Receivables and Principal Contracts* below). The Seller and each relevant Local Rabobank have agreed that the Seller will manage and administer the relevant co-held Bank Mortgage and that upon foreclosure thereof the Seller and the Local Rabobank will each be entitled to the Net Proceeds received following such foreclosure pro rata according to their respective participations in the Syndicated Mortgage Loan. In addition, each of the Local Rabobanks has agreed with the Seller not to enter into any loans or acquire any other claims for which the relevant Bank Mortgage will serve as security or to pursue foreclosure of the relevant Bank Mortgage for any other existing claims such Local Rabobank may have against the relevant Borrower. In these cases, following a perfected assignment or pledge of the Mortgage Receivables relating to a Syndicated Mortgage Loan by the Seller, the relevant Bank Mortgage will be co-held by three parties, being the Issuer as holder of the Mortgage Receivables (or the Security Trustee as pledgee thereof), the Seller as holder of the receivables relating to the relevant FGH Participation Part and the relevant Local Rabobank. Each of the Local Rabobanks participating in a Syndicated Mortgage Loan, represented by the Attorney on the basis of the relevant Participant PoA, will confirm in the relevant Deed of Assignment that it consents to the transfer and assignment of the Mortgage Receivables to the Issuer and that it continues to be bound by the arrangements made with the Seller as set forth above as if such arrangements were made between the Issuer and itself. As a result the co-held Bank Mortgage should only serve as security for any claims against the relevant Borrower resulting from the relevant Syndicated Mortgage Loan (including the Mortgages Receivables and the receivables relating to the FGH Participation Part) until such claims have been paid in full. In order to ensure that a Local Rabobank will also be bound by the arrangements that the Seller will enter into with the Issuer and the Security Trustee as described above in respect of the share that the Issuer and/or the Security Trustee (as applicable) will have in each co-held Bank Mortgage in case of foreclosure of a relevant Bank Mortgage, each Local Rabobank will authorise the Attorney, pursuant to the Participant PoA, to, amongst other things, enter into such arrangements, on its behalf with the Seller, the Issuer and the Security Trustee. The Seller and the Attorney on behalf of each Local Rabobank will agree with the Issuer and/or the Security Trustee (as applicable) that in case of foreclosure the share (*aandeel*) in each jointly-held Mortgage Right of the Issuer and/or the Security Trustee will be equal to part of the Net Proceeds pro rata with the Issuer's share in the aggregate principal amount outstanding under such Syndicated Mortgage Loan, increased with interest and costs, if any, and the aggregate share of the Seller and the relevant Local Rabobank will be equal to the Net Proceeds less an amount equal to part of the Net Proceeds pro rata with the Issuer's share in the principal amount outstanding under such Syndicated Mortgage Loan, increased with interest and costs, if any.

Furthermore, a number of Bank Mortgages do not only secure any current and future liabilities of the relevant Borrower towards the Seller, including, without limitation, those under or in connection with a FGH Mortgage Loan, but also any current and future liabilities such Borrower has or may have against a given Local Rabobank, including, without limitation, those resulting from a current account facility or loan such Borrower has entered into with such Local Rabobank (the "**LRB Mortgage Loan**"). Each such Bank Mortgage is, therefore, co-held by the Seller as holder of the Mortgage Receivables and the relevant Local Rabobank as holder of receivables against the relevant Borrower (including those relating to the relevant LRB Mortgage Loan). It has been agreed between the Seller and each Local Rabobank that the Seller will manage and administer the relevant co-held Bank Mortgage and that upon foreclosure thereof the Seller and the Local Rabobank will each be entitled to the Net Proceeds received following such foreclosure pro rata according to the aggregate amounts due at that time under, respectively, the relevant FGH Mortgage Loan and the relevant LRB Mortgage Loan. In addition, each of such Local Rabobanks has agreed with the Seller not to enter into any further loans or to increase the relevant LRB Mortgage Loan or to pursue foreclosure of the relevant Bank Mortgage for any other existing claims such Local Rabobank may have against the relevant Borrower.

The Issuer has been advised that, for the reason set out above under *Transfer of security rights upon assignment of Mortgage Receivables*, the Bank Mortgages should partially follow the Mortgage Receivables upon assignment thereof to the Issuer. Therefore, following a perfected assignment or pledge of the Mortgage Receivables, each Bank Mortgage will be co-held by the Issuer as holder of the relevant Mortgage Receivables (or the Security Trustee as pledgee of such Mortgage Receivables) and the relevant Local Rabobank as holder of the receivables relating to the relevant LRB Mortgage Loan. However, if the Seller still has claims against such Borrower (other than the relevant Mortgage Receivables), the Seller will be a co-owner of such Bank Mortgage as well.

As is the case in respect of the Syndicated Mortgage Loans which are secured by a Bank Mortgage which is co-held by the participating Local Rabobank (see above), each of the Local Rabobanks that has granted a LRB Mortgage Loan, represented by the Attorney on the basis of the relevant Participant PoA, will confirm in the relevant Deed of Assignment that it consents to the transfer and assignment of the Mortgage Receivables to the Issuer and that it continues to be bound by the arrangements made with the Seller as set forth above as if such arrangements were made between the Issuer and itself. As a result the co-held Bank Mortgage should only serve as security for the Mortgages Receivables and the receivables relating to the LRB Mortgage Loan and the Net Proceeds received following foreclosure thereof should be applied pro rata according to the amounts due at that time under, respectively, the FGH Mortgage Loan and the LRB Mortgage Loan. However, in order to ensure that a Local Rabobank will also be bound by the arrangements that the Seller will enter into with the Issuer and the Security Trustee as described above in respect of the share that the Issuer and/or the Security Trustee (as applicable) will have in each co-held Bank Mortgage in case of foreclosure of a relevant Bank Mortgage, each Local Rabobank will authorise the Attorney, pursuant to the Participant PoA, to, amongst other things, enter into such arrangements, on its behalf with the Seller, the Issuer and the Security Trustee. The Seller and the Attorney on behalf of each Local Rabobank will agree with the

Issuer and/or the Security Trustee (as applicable) that in case of foreclosure the share (*aandeel*) in each jointly-held Mortgage Right of the Issuer and/or the Security Trustee will be equal to part of the Net Proceeds pro rata with the FGH Mortgage Loan, increased with interest and costs, if any, and the aggregate share of the Seller and the relevant Local Rabobank will be equal to the Net Proceeds less an amount equal to part of the Net Proceeds pro rata with the FGH Mortgage Loan, increased with interest and costs, if any. In order to further secure the Seller's and the Local Rabobanks' obligations under this arrangement, if an Assignment Notification Event occurs then, unless an appropriate remedy to the satisfaction of the Security Trustee is found and the Security Trustee instructs the Seller and the Local Rabobanks otherwise, within a period of ten (10) Business Days, the Seller and each of the Local Rabobanks shall have an obligation to pledge, respectively, the Other Claims and the receivables relating to the relevant LRB Mortgage Loan in favour of the Issuer and the Security Trustee, respectively.

The above applies *mutatis mutandis* in respect of Mortgage Rights that are to be regarded as fixed mortgages (i.e. mortgages that only secure a given mortgage loan) in case the relevant mortgage loan is co-held by two or more parties or such mortgage loan has been split-up in two or more parts that are owned by different parties. As a result the Mortgage Right is co-held by the relevant parties.

Loan to Market Value Ratio

The Portfolio Mortgage Loans have a loan to market value ratio (as determined in accordance with applicable procedures of the Seller and excluding any second and lower ranking Mortgage Rights securing the relevant Portfolio Mortgage Loan) ("**LTV**") of up to and including 95 per cent. There can be no assurance that, on enforcement, all amounts owed by a Borrower under a Portfolio Mortgage Loan can be recovered from the proceeds of the foreclosure on the relevant Mortgaged Asset or that the proceeds upon foreclosure will be at least equal to the estimated market value of such Mortgaged Asset (see *Description of Portfolio Mortgage Loans*).

Risk that there is no legal maturity date

The terms and conditions applicable to the Portfolio Mortgage Loans (the "**Mortgage Conditions**") provide that the Portfolio Mortgage Loans must be repaid at the end of the relevant term of the loan, subject to extension thereof. The Mortgage Conditions also provide that if the Seller is willing to extend the maturity of a Portfolio Mortgage Loan it will submit a written proposal to the relevant Borrower containing the conditions under which the Seller is willing to extend the term of the relevant Portfolio Mortgage Loan. There is a risk that a Borrower successfully claims that the Seller is obliged to cooperate with an extension of the term of the Portfolio Mortgage Loan granted to it, based upon expectations raised by the Seller during the origination process and thereafter. It has been the Seller's policy for many years that the initial term of a Mortgage Loan granted to a Borrower will be extended, subject to such Borrower not being in default with its obligations under the Mortgage Loan or Mortgage Loans granted to it by the Seller. This has also been communicated to the relevant Borrowers by employees of the Seller in writing or otherwise. Thus the Seller may have raised justified expectations towards a Borrower that the term of the relevant Portfolio Mortgage Loan will be extended upon

expiration of the initial term resulting in such Portfolio Mortgage Loan having no legal maturity or a longer legal maturity than the legal maturity included in the documentation relating to such Portfolio Mortgage Loan. In this respect the Seller has undertaken that when the term of a Portfolio Mortgage Loan (including any extensions thereof) will exceed the date which is two years prior to the Final Maturity Date, the Seller will, instead of submitting a proposal for extension of such Portfolio Mortgage Loan, make a proposal to such Borrower which includes the granting of a new Mortgage Loan on the relevant maturity date on substantially the same terms and conditions as would have been proposed if a proposal for an extension was submitted. This new Mortgage Loan will then be used to repay such Portfolio Mortgage Loan. Although it is expected that such Borrower will cooperate herewith, this is not entirely certain.

Effectiveness of pledge over rental payments

The Seller may have the benefit of a pledge on the rights of the Borrower vis-à-vis any lessees in respect of rental payments due under lease agreements, if the relevant Mortgaged Asset is leased. The Issuer has been advised that there is specific case law according to which the obligation to pay rent under a lease agreement is considered to arise only as such payments become due and payable from time to time. Therefore, such right of pledge on the receivables under the lease agreements which become due and payable after or on the date on which the pledgor (the Borrower) has been declared bankrupt, been made subject to suspension of payments or been made subject to a debt restructuring scheme pursuant to the Netherlands Bankruptcy Code is not effective and cannot be invoked against the pledgor's real estate (*boedel*). The foregoing applies, *mutatis mutandis*, in respect of other assets pledged by the relevant Borrowers under a Borrower Pledge that may be regarded as future receivables.

Mortgage Rights on Long Leases

The Mortgage Rights securing the Portfolio Mortgage Loans may be vested on a long lease (*erfpacht*), as further described under *Description of Portfolio Mortgage Loans* below.

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two (2) consecutive years or commits a material breach of other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder against the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

Limited-recourse Portfolio Mortgage Loans

Some of the Portfolio Mortgage Loans do contain limited recourse provisions pursuant to which the Seller has agreed to limit its recourse on the relevant Borrower to the proceeds of the relevant

Mortgaged Asset and Other Collateral purported to secure the relevant Portfolio Mortgage Loan upon foreclosure thereof. The Issuer will be also bound by these arrangements. If the proceeds are not sufficient to repay the relevant Portfolio Mortgage Loan, the Issuer will have no further claim on the relevant Borrower which will thus result in a write-off of the relevant Portfolio Mortgage Loan. This may lead to losses on the Notes.

Effectiveness and enforcement of pledges granted to the Security Trustee

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed right of pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables, including all rights ancillary thereto in respect of the Portfolio Mortgage Loans and (ii) a first ranking disclosed pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Floating Rate GIC, the Liquidity Facility Agreement and in respect of the GIC Accounts. Notification of the undisclosed right of pledge in favour of the Security Trustee can be validly made after bankruptcy or the granting of a suspension of payments in respect of the Issuer. Under Dutch law the Security Trustee can, in the event of bankruptcy or suspension of payments of the Issuer, exercise the rights afforded by law to pledgees as if there were no bankruptcy or suspension of payments. However, bankruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Seller or, after notification of the assignment, to the Issuer, prior to notification of the right of pledge over the Mortgage Receivables but after bankruptcy or (preliminary) suspension of payments or emergency regulations of the Seller or, as the case may be, the Issuer, will form part of the bankruptcy estate of the Seller or the Issuer, although the pledgee has the right to receive such amounts as a preferential creditor after deduction of certain bankruptcy-related costs, (ii) a mandatory freezing-period of up to four (4) months may apply in the case of bankruptcy or suspension of payments, which, if applicable, would delay the exercise of the right of pledge on the Mortgage Receivables and (iii) the pledgee may be obliged to enforce its right of pledge within a reasonable period as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in the case of bankruptcy of the Seller or the Issuer, as the case may be.

To the extent the receivables pledged by the Issuer to the Security Trustee are future receivables, such assets are no longer capable of being pledged after a bankruptcy or suspension of payments of the Issuer takes effect, The Issuer has been advised that the assets pledged to the Security Trustee under the Issuer Rights Pledge Agreement and GIC Accounts Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the GIC Accounts following the Issuer's bankruptcy or suspension of payments.

Interest Rate Reset Rights

The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the Portfolio Mortgage Loans should be considered as an ancillary right and follows the Mortgage Receivables upon their assignment to the Issuer and the pledge to the Security Trustee, but that in the

absence of case law or legal literature this is not certain. To the extent the interest rate reset right passes upon the assignment of the Mortgage Receivables to the Issuer or upon the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates. If the interest reset right remains with the Seller, the co-operation of the bankruptcy trustee (in bankruptcy) or administrator (in emergency regulations) would be required to reset the interest rates. It is uncertain whether or when such co-operation will be forthcoming.

Risks of Losses associated with declining values of Mortgaged Assets

The security for the Notes created under the Pledge Agreements may be affected by, among other things, a decline in the value of the Mortgaged Assets and the Other Collateral securing the Mortgage Receivables. No assurance can be given that values of those Mortgaged Assets and the Other Collateral have remained or will remain at the level at which they were on the date of origination of the related Portfolio Mortgage Loans or most recent valuation date thereafter. A decline in value may result in losses to the Noteholders if such security is required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Portfolio Mortgage Loans.

Risks associated with valuations by employees of the Seller

The Mortgaged Assets may have been valued by employees of the Seller pursuant to the valuation policy of the Seller instead of by an independent valuer. The relevant employees are sufficiently qualified to provide valuations of real estate property. However, other than an independent valuer, the employee may have an incentive to provide a higher valuation of a property in the absence whereof the relevant loan will not be granted.

Risks related to tenants

Many of the Borrowers rely on payments made by tenants under occupational leases to repay their Mortgage Receivables. The ability of such Borrowers to make payments in respect of the relevant Mortgage Receivables could be adversely affected if occupancy levels at the relevant Mortgaged Assets were to fall or if a significant number of tenants were unable to meet their obligations under the occupational leases. There can be no assurance that tenants will renew their respective occupational leases or that new tenants will be found to take up replacement occupational leases. Even if such renewals are effected or replacement occupational leases will be on terms (including rental levels) as favourable to the relevant Borrower as those which exist on the Closing Date, or that the covenant strength of tenants who renew their occupational leases or new tenants who replace them will be the same or equivalent to, those existing on the Closing Date, in each case the income of the relevant Borrowers and the market value of the Mortgaged Assets would be adversely affected if tenants were unable to pay rent or if space was unable to be let out on favourable terms or at all. This may affect the ability of the relevant Borrowers to make payments under the Mortgage Receivables and ultimately, the Issuers' ability to make payments under the Notes and may also affect the foreclosure proceeds of the Mortgaged Assets.

Any tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in failure to make rental payments when due. If a tenant of a Mortgaged Asset, particularly a significant tenant, were to default in its obligations due, the relevant 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 re-letting the relevant Mortgage Assets. This may affect the ability of the relevant Borrowers to make payments in respect of the Mortgage Receivables.

Risk of having to attract new occupational tenants

It is common in the Dutch commercial property market to offer rent-free periods or to provide a potential tenant with a loan for the purposes of financing the acquisition of office furniture and other fittings in order to attract new tenants. There is therefore a risk that (a) if the relevant Borrower has offered a rent-free period to a proposed new tenant that this may affect its ability to make payments in respect of its Mortgage Receivables and (b) if a Borrower offers to acquire fittings on behalf of new tenants (and to extend loans such tenants finance such acquisitions), such Borrower will not have sufficient resources to pay for such assets or to make such loans.

Risks in connection with lease law

In general, parties are free to agree to any terms relating to the leasing of property. However, there are several mandatory provisions of Dutch law which apply to occupational lease agreements. First, the provisions regarding general contract law apply. Secondly, the provisions of general lease law apply. Finally, there are also provisions specific to the type of lease agreement, such as residential, retail (which includes shops, restaurants etc.) or office (which applies to all other types of lease agreements such as lease relating to school buildings, industrial property, office space and sports clubhouses), which also apply. Certain of these provisions may affect the cash flow derived from the relevant Mortgaged Assets or the value of a Mortgaged Asset and are described in more detail below.

General contract law

If a party to a contract believes that circumstances have occurred which are of such nature that the other party (according to certain criteria regarding reasonableness and fairness) could not expect that contract to continue in its current form, that party may, under the *imprévision* provisions of the Dutch Civil Code, apply for a modification of that contract or for that contract to be set aside in whole or in part.

General lease law

If a tenant breaches any of its obligations under a lease agreement (including failure to pay rent), the landlord may not terminate or dissolve the lease agreement without the permission of the Dutch courts. However, if the leased space is completely destroyed, the lease can be dissolved by either party. If the leased space is only partially destroyed, a tenant has the option to dissolve the lease agreement or claim a reduction of the rent.

Residential space

There are no statutory minimum terms for the lease of residential space. Leases are mostly for an indefinite period of time, sometimes with an initial period of one year thereafter to be extended for an indefinite period. There is a complicated system of rules regarding residential lease and rent review. These rules are of mandatory nature. Currently a legislative programme is pending pursuant to which these rules might change substantially. It is unclear when this new legislation will come into force. For the actual termination of the lease agreement, even in the case of a fixed term, notice of termination given by one of the parties is required. The notification period is one to three months for the tenant and three to six months for the landlord. If a tenant gives notice of termination of the lease agreement (at the expiry dated of a lease period), the lease agreement will end automatically. However, if the landlord terminates the lease agreement without the consent of the tenant, it will continue until it is terminated by the appropriate Dutch court. The court will terminate the lease if one of the six situations described in the law occurs. These situations are:

- (a) the tenant did not behave as a good tenant ought to do;
- (b) under certain circumstances if the lease was for a fixed period and it has been explicitly agreed that the tenant will vacate the premises at the end of this term (the specific circumstances refer to specific situations in which the landlord or a former tenant is going to occupy the premises itself);
- (c) the landlord has an urgent need to use the property itself (which ground for termination cannot be claimed within three years after the landlord became the owner of the property);
- (d) the tenant does not accept a reasonable offer to enter into a new lease agreement related to the same premises;
- (e) the use for the property is not according to the current zoning plan and the landlord wants to bring the factual situation in line with the zoning plan; and
- (f) the tenant leases a part of the premises where the landlord itself is residing and the interests of the landlord outweigh the interests of the tenant.

The landlord can be enforced to accept other persons than the original tenant as co-lessee (in case of marriage, registered partnership or one or more persons running a joined household on a long term basis with the tenant) and can be enforced to continue the lease with these co-lessees particularly after the death of the original tenant.

Retail space

Lease agreements relating to retail space shall be in force for at least five years. If a longer term is agreed upon, this term shall apply. If parties agreed on a term between two and five years, the lease

agreement shall nevertheless be in force for five years, unless the court has given permission to such shorter term. A lease agreement entered into for five years shall continue for another five years automatically, unless terminated on the basis of a limited number of statutory grounds. If parties entered into a lease agreement for a period between five or ten years, the lease agreement shall nevertheless be in force for ten years. The aforementioned provisions do not apply to a lease agreement which is entered into for a maximum period of two years. In practice, most contracts have a lease term of five years with one or more options for the tenant to extend the lease for one or more periods of five years. After ten years the lease will be continued for an indefinite period, unless parties have agreed otherwise. For the actual termination of the lease agreement, even in the case of a fixed term, notice of termination given by one of the parties is required. The notification period is at least one year, unless otherwise agreed between the parties. If a tenant gives notice of termination of the lease agreement at the expiry date of a lease period, the lease agreement will end automatically. However, if the landlord terminates the lease agreement without the consent of the tenant, it will continue until it is terminated by the appropriate Dutch court. The court will terminate the lease if one of the four situations described in the law occurs.

These situations are:

- (a) the tenant has not conducted its business as a good tenant ought to have;
- (b) the landlord has an urgent need to use the property itself (which ground for termination cannot be claimed within three years after the landlord became the owner of the property);
- (c) the use of the property is not according to the current zoning plan and the landlord wants to bring the factual situation in line with the zoning plan; and
- (d) the tenant does not accept a reasonable offer to enter into a new lease agreement.

Furthermore, the landlord may terminate the lease agreement after ten years by virtue of the fact that its interest in termination of the lease agreement outweighs the interests of the tenant in continuation of the lease agreement.

The rent will be set for each term. The rent can be adjusted at the end of a lease term or every five years in accordance with the following. If the current rent does not correspond with the rent of comparable leased properties in the area, the tenant and the lessor may request the court to determine a new rent. However, before the parties address the court they must have appointed an expert on valuation, who will advise the court on the review of the rent. If parties fail to reach an understanding on the appointment of an expert, the court will appoint one. The court can decide that the new rent will be increased gradually over a maximum period of five years.

Office space

There are no statutory minimum terms for the lease of office space, nor are there any regulations relating to the rent level or rent reviews. However the Dutch Civil Code does contain mandatory provisions with regard to eviction protection at the end of the lease term.

A lease agreement will terminate at the end of the agreed term or upon termination in accordance with the lease agreement by one of the parties. If the lease ends *ipso iure* at the end of the lease term or if the landlord terminates the lease, the tenant can only be obliged to vacate the leased premises, if it is given notice of eviction by means of a bailiffs notification or a registered letter. The obligation to vacate is subsequently suspended by law for two months as of the date of eviction stated in the notice of eviction. The tenant is not entitled to a suspension of eviction if the lease was terminated by that tenant or if the tenant has expressly agreed to the termination or if the tenant was ordered to evict the leased premises as a result of a breach of its obligations under the lease. If the tenant is entitled to a suspension of the eviction, the tenant may within the abovementioned two month period request the Dutch courts to extend the suspension term. Upon filling of such a request, the obligation to vacate is further suspended after expiry of the initial two month period until a judgment has been given. The Dutch court can extend the suspension term for a period of up to one year. Furthermore, the tenant may extend the suspension term twice more (*i.e.* the suspension term may be extended for a maximum period of three years). The request of the tenant for extension of the suspension term will only be granted by the court, if the eviction would be more seriously damaging to the interests of the tenant than to the interests of the landlord.

Upon suspension of the eviction, the tenant is not required to continue to pay rent at the contractual rate; the parties will be required to agree to a new rate, If the parties cannot agree on a new rate, the court can determine the rate at the request of one of the parties. The amount of rent received by a Borrower under a lease agreement may therefore be reduced. This may affect such Borrowers ability to make payments under the relevant Portfolio Mortgage Loan and ultimately, the ability of the Issuer to make payments under the Notes.

Environmental risks

Under the Soil Protection Act (*Wet Bodembescherming*), anyone with a right to a property on which there is soil or groundwater, may be ordered to conduct a soil investigation if that person was or is an industrial user of the property. If the contamination is serious, that person may also be ordered to take temporary containment measures. In addition, the owner (*eigenaar*) or leaseholder (*erfpachter*) of a seriously contaminated property or anyone who may have caused that contamination may be ordered to conduct a soil investigation, to clean up the property, to take temporary containment measures or to produce a clean-up plan. The relevant Borrowers would therefore primarily liable for the costs of any cleaning up any such contamination relating to the Mortgaged Assets. Given the fact that a part of the Mortgaged Assets consists of industrial premises, there is a risk that the relevant Borrowers may be liable for clean up costs, as a result of which the ability of such Borrowers to make payments under the relevant Portfolio Mortgage Loans may be affected, which may ultimately affect the ability of the Issuer

to make payments under the Notes.

Insurance risks

Under the Portfolio Mortgage Loans the Borrowers are obliged to ensure that each Mortgaged Asset is insured on a full reinstatement basis.

Although the Portfolio Mortgage Loans require each Mortgaged Asset 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.

Should an uninsured loss or a loss in excess of insured limits occur at a Mortgaged Asset, the relevant Borrower could suffer disruption of income from the Mortgaged Asset, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the Mortgaged Asset.

In addition, the Seller relies on the creditworthiness of the insurers providing insurance with respect to the Mortgaged Assets and the continuing availability of insurance to cover the required risks in respect of neither of which assurances can be made.

If any insurance company is not able to meet its obligations under an insurance policy, e.g. in case it is declared bankrupt or has become subject to emergency regulations, this could result in the amounts payable under that insurance policy either not, or only partly, being available to the relevant Borrower, which may ultimately affect the Issuer's ability to make payments under the Notes.

Subordination

To the extent set forth in Conditions 4, 6 and 9 (a) the Mezzanine Class B Notes are subordinated in right of payment to the Senior Class A Notes, (b) the Mezzanine Class C Notes are subordinated in right of payment to the Senior Class A Notes and the Mezzanine Class B Notes, (c) the Junior Class D Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (d) the Junior Class E Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes and (e) the Subordinated Class F Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes.

If, upon default by the Borrowers and after exercise by the Servicer of all available remedies in respect of the applicable Portfolio Mortgage Loans, the Issuer does not receive the full amount due from such Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due on such Notes,

to the extent set forth in Condition 9. On any Quarterly Payment Date, any such losses on the Portfolio Mortgage Loans will be allocated as described in *Credit Structure* below.

Conflict of interest between the interests of holders of different Classes of Notes

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) each as a Class, but requiring the Security Trustee in any such case to have regard only to the interests of the most senior ranking Class of Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of this Class of Noteholders on one hand and the lower ranking Class or, as the case may be, Classes of Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Security Beneficiaries, provided that in case of a conflict of interest between the Security Beneficiaries the priority of payments upon enforcement set forth in the Trust Deed determines which interest of which Security Beneficiary prevails.

No Gross-up for Taxes

As provided in Condition 7, if withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or changes of whatever nature are imposed by or on behalf of the Netherlands, any authority therein or thereof having power to tax, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to the Noteholders.

Act on the Financial Supervision

Under the Act on the Financial Supervision (*Wet op het financieel toezicht*), which entered into force on 1 January 2007, a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers, such as the Issuer, must have a license under that act. An exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Act on the Financial Supervision. The Issuer has outsourced the servicing and administration of the Portfolio Mortgage Loans to the Servicer. The Servicer holds a license under the Act on the Financial Supervision and the Issuer will thus benefit from the exemption. However, if the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Portfolio Mortgage Loans to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Act on the Financial Supervision. If the Servicing Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Portfolio Mortgage Loans to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and settle (*afwickelen*) its existing agreements. There are a number of licensed entities in the Netherlands to which the Issuer could outsource the servicing and administration activities. It remains, however, uncertain whether any of these entities will be willing to

perform these activities on behalf of the Issuer.

EU Council Directive on taxation of savings income

Under the EU Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have adopted similar measures. Pursuant to Condition 5(b)(iv), the Issuer undertakes that it will ensure that it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to the EU Council Directive 2003/48/EC. Such a paying agent may not perform its obligations in this respect under its agreement with the Issuer, which may result in the Issuer not being able to meet its obligation pursuant to the afore-mentioned Condition 5(b) (iv), in which case there remains a risk that under certain circumstances the interest payments under the Notes become subject to withholding tax.

Change of law

The structure of the issue of the Notes and the ratings which are to be assigned to the Notes are based on Dutch law and, to the extent it relates to the Swap Agreement, English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change in Dutch law or English law or administrative practice in the Netherlands and England and Wales after the date of this Offering Circular.

Counterparty risk exposure

Counterparties to the Issuer may not perform their obligations under the Transaction Documents, which may result in the Issuer not being able to meet its obligations. It should be noted that there is a risk that, *inter alia*, either (a) FGH Bank N.V. in its capacity as Seller, Servicer, and Swap Counterparty, (b) Rabobank International in its capacity as Manager, Floating Rate GIC Provider, Liquidity Facility Provider and Class A and F Paying Agent and (d) Deutsche Bank AG, London Branch and Deutsche Bank AG, Amsterdam Branch in their capacity, respectively, as Class B, C, D and E Principal Paying Agent and Class B, C, D and E Paying Agent, will not perform its obligations vis-à-vis the Issuer.

Swap Agreement

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that if due to (i) an action taken by a relevant taxing authority or brought in a court of

competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a "**Tax Event**"), the Swap Counterparty may (with the consent of the Rating Agencies and the Issuer) transfer its rights and obligations to another of its offices, branches or affiliates or any other person that meets the criteria for a swap counterparty as set forth in the Swap Agreement to avoid the relevant Tax Event.

The Swap Agreement will be terminable by one party if - *inter alia* - (i) an event of default occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of default in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) insolvency events. If the Swap Agreement terminates prior to the date on which the Notes have been redeemed or written off in full in accordance with the Conditions the Issuer will be exposed to changes in the relevant rates of interest. As a result, unless a replacement swap is entered into, the Issuer may have insufficient funds to make payments under the Notes.

In addition, the Issuer may not have sufficient funds to make payments under the Notes as a result of the fact that the Swap Agreement provides that, in the event that any payment by the Issuer to the Swap Counterparty is less than the amount which the Issuer would be required to pay to the Swap Counterparty, the corresponding payment obligation of the Swap Counterparty to the Issuer shall be reduced by an amount equal to such shortfall. See further under *Interest Rate Hedging* in section *Credit Structure* below.

403-Declaration Rabobank

On 1 December 2003, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank**") has deposited a statement pursuant to Section 2:403 of the Netherlands Civil Code (the "**403-Declaration**") with the Commercial Register of the Chamber of Commerce in Utrecht, in which it has declared to be jointly and severally liable for the debts resulting from legal acts of FGH Bank N.V. On the basis of the 403-Declaration, Rabobank will be jointly and severally liable with FGH Bank N.V. for debts incurred by FGH Bank N.V. resulting from legal acts, which include the Mortgage Receivables Purchase Agreement and the Swap Agreement.

Rabobank will have the right to withdraw the 403-Declaration at any time by depositing a declaration to this effect with the Commercial Register of the Chamber of Commerce in Utrecht. The Issuer has been advised that irrespective of such withdrawal Rabobank will continue to be jointly and severally liable for all debts resulting from the Mortgage Receivables Purchase Agreement and the Swap Agreement.

Rabobank can also file a notice of its intention to terminate its remaining liability after withdrawal of the 403-Declaration. Such remaining liability will terminate if certain conditions are met, *inter alia*, that (i) FGH Bank N.V. no longer belongs to the same group of companies as Rabobank and (ii) a two (2) month notice period has expired and the relevant creditor has not opposed the intention to terminate in

time or such opposition was dismissed by the court.

KEY PARTIES AND SUMMARY OF PRINCIPAL FEATURES

The following is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Offering Circular.

KEY PARTIES:

Issuer: Skyline 2007 B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for Amsterdam under number 34276440 (the "**Issuer**"). The entire issued share capital of the Issuer is held by Stichting Skyline 2007 Holding.

Seller: FGH Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*), having its corporate seat in Utrecht, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for Utrecht under number 30049557 (the "**Seller**"). All shares in FGH Bank N.V. are held by Assumij Beheer B.V., except for one share which is held by Rabo Bouwfonds Holding B.V. All shares in Assumij Beheer B.V. and Rabobank Bouwfonds holding B.V. are held by Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Issuer

Administrator: FGH Bank N.V. (the "**Issuer Administrator**").

Servicer: FGH Bank N.V. (the "**Servicer**").

Security

Trustee: Stichting Security Trustee Skyline 2007, established under the laws of the Netherlands as a foundation (*stichting*), having its seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for Amsterdam under number 34273523 (the "**Security Trustee**").

Stichting

Skyline 2007

Holding: Stichting Skyline 2007 Holding, established under the laws of the Netherlands as a foundation (*stichting*), having its seat in Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for Amsterdam under number 34273522.

Directors: ATC Management B.V., being the sole director of each of the Issuer and Stichting Skyline 2007 Holding and Amsterdamsch Trustee's Kantoor B.V., being the sole director of the Security Trustee (the "**Directors**"). The Directors belong to the same group of companies.

Floating Rate

GIC Provider: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., incorporated under the laws of the Netherlands as a cooperative with limited liability (Coöperatie met beperkte aansprakelijkheid) and registered with the Commercial Register of the Chamber of Commerce for Utrecht en Omstreken under number 30046259 (trading as Rabobank International) ("**Rabobank International**") (the "**Floating Rate GIC Provider**").

Liquidity Facility

Provider: Rabobank International (the "**Liquidity Facility Provider**").

Swap

Counterparty: FGH Bank N.V. (the "**Swap Counterparty**").

Class B, C, D and E

Principal Paying

Agent: Deutsche Bank AG, London Branch in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes (the "**Class B, C, D and E Principal Paying Agent**").

Paying Agents: (i) Rabobank International in respect of the Senior Class A Notes and the Subordinated Class F Notes (the "**Class A and F Paying Agent**") and (ii) Deutsche Bank AG, Amsterdam Branch in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes (the "**Class B, C, D and E Paying Agent**") and together with the Class A and F Paying Agent and the Class B, C, D and E Principal Paying Agent, the "**Paying Agents**").

Reference

Agent: Deutsche Bank AG, London Branch (the "**Reference Agent**").

Arranger: Rabobank International (the "**Arranger**").

Manager: Rabobank International (the "**Manager**").

Clearing Institutions: (i) Euroclear Netherlands in respect of the Senior Class A Notes and the Subordinated Class F Notes and (ii) Euroclear and Clearstream, Luxembourg Branch in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes (the "**Clearing Institutions**").

Listing

Agent: Rabobank International (the "**Listing Agent**").

Rating Agencies: Moody's Investors Service Limited and Fitch Ratings Ltd. (the "**Rating Agencies**").

THE NOTES:

Notes: The € 2,539,500,000 Senior Class A Commercial Mortgage-Backed Notes 2007 due 2043 (the "**Senior Class A Notes**"), the € 162,000,000 Mezzanine Class B Commercial Mortgage-Backed Notes 2007 due 2043 (the "**Mezzanine Class B Notes**"), the € 133,500,000 Mezzanine Class C Commercial Mortgage-Backed Notes 2007 due 2043 (the "**Mezzanine Class C Notes**"), the € 121,500,000 Junior Class D Commercial Mortgaged-Backed Notes 2007 due 2043 (the "**Junior Class D Notes**"), the € 43,500,000 Junior Class E Commercial Mortgaged-Backed Notes 2007 due 2043 (the "**Junior Class E Notes**") and the € 24,000,000 Subordinated Class F Notes 2007 due 2043 (the "**Subordinated Class F Notes**") and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes, the "**Notes**") will be issued by the Issuer on 29 June 2007 (or such later date as may be agreed between the Issuer and the Manager) (the "**Closing Date**").

Issue Price: The issue price of each Class of Notes will be as follows:

- (i) the Senior Class A Notes 100 per cent;
- (ii) the Mezzanine Class B Notes 100 per cent;
- (iii) the Mezzanine Class C Notes 100 per cent;
- (iv) the Junior Class D Notes 100 per cent;
- (v) the Junior Class E Notes 100 per cent;
- (vi) the Subordinated Class F Notes 100 per cent.

Denomination: The Notes will be issued in denominations of € 100,000.

Status and

Ranking: The Notes of each Class (as defined in the Conditions) rank *pari passu* without

any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed (as defined below) (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Junior Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes and (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes. See further *Terms and Conditions of the Notes* below. The obligations of the Issuer in respect of the Notes will rank behind the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments. See further *Credit Structure* below.

Interest:

Interest on the Notes will accrue from (and including) the Closing Date by reference to successive interest periods (each a "**Quarterly Interest Period**") and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 22nd day of January, April, July and October of each year or, if such day is not a Business Day (as defined below), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 22nd day is the relevant Business Day (each such day being a "**Quarterly Payment Date**"). A "**Business Day**" means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("**TARGET System**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Quarterly Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in October 2007. The interest will be calculated on the basis of the actual number of days elapsed in a Quarterly Interest Period divided by 360 days.

Interest on the Notes for the first Quarterly Interest Period will accrue from (and include) the Closing Date at an annual rate equal to the linear interpolation between the Euro Interbank Offered Rate ("**Euribor**") for three-months deposits in euro and the Euribor for four-months deposits in euro (determined in accordance with Condition 4) plus a margin per annum which will be 0.16 per cent. for the Senior Class A Notes, 0.25 per cent. for the Mezzanine Class B Notes, 0.38 per cent. for the Mezzanine Class C Notes, 0.81 per cent. for the Junior Class D Notes, 3.50 per cent. for the Junior Class E Notes and 4.00 per cent. for the Subordinated Class F Notes.

Interest on the Notes for each successive Quarterly Interest Period up to (but excluding) the Quarterly Payment Date falling in July 2012 (the "**First Optional Redemption Date**") will accrue from the first Quarterly Payment Date at an annual rate equal to Euribor for three-months deposits in euro (determined in accordance with Condition 4) plus a margin per annum which will be 0.16 per cent. for the Senior Class A Notes, 0.25 per cent. for the Mezzanine Class B Notes, 0.38 per cent. for the Mezzanine Class C Notes, 0.81 per cent. for the Junior Class D Notes, 3.50 per cent. for the Junior Class E Notes and 4.00 per cent. for the Subordinated Class F Notes.

Interest Step-up:

If on the First Optional Redemption Date the Notes of any Class have not been redeemed in full, the margin for each Class of Notes (other than the Subordinated Class F Notes) will increase and the interest applicable to each Class of Notes will then be equal to Euribor for three-months deposits in euro, payable by reference to Quarterly Interest Periods on each Quarterly Payment Date, plus a margin per annum which will for the Senior Class A Notes be 0.32 per cent., for the Mezzanine Class B Notes be 0.50 per cent., for the Mezzanine Class C Notes be 0.76 per cent., for the Junior Class D Notes be 1.62 per cent. and for the Junior Class E Notes be 7.00 per cent. For the Subordinated Class F Notes such margin will remain at 4.00 per cent. per annum.

Final Maturity

Date:

Unless previously redeemed as provided below, the Issuer will redeem any remaining Notes outstanding on the Quarterly Payment Date falling in July 2043 at their respective Principal Amount Outstanding (as defined in Condition 6) on such date, subject to and in accordance with the Conditions.

**Payment of
Principal on
the Notes:**

Prior to the delivery of an Enforcement Notice (as defined below), the Issuer shall on each Quarterly Payment Date apply the Notes Principal Available Amounts (as defined in Condition 6), subject to the possible application thereof up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date towards payment of the purchase price for the Substitute Mortgage Receivables (as defined below), and subject to and in accordance with the Conditions and the applicable priority of payments, towards redemption, at their respective Principal Amount Outstanding, of (i) *firstly*, towards the Senior Class A Notes until fully redeemed, (ii) *secondly*, towards the Mezzanine Class B Notes, until fully redeemed, (iii) *thirdly*, towards the Mezzanine Class C Notes, until fully redeemed, (iv) *fourthly*, towards the Junior Class D Notes, until fully redeemed and (v) *fifthly*, towards the Junior Class E Notes, until fully redeemed.

Prior to the delivery of an Enforcement Notice, payment of principal on the Subordinated Class F Notes will be made subject to and in accordance with the Conditions, on each Quarterly Payment Date to the extent Notes Interest Available Amounts are available in accordance with the Interest Priority of Payments (as defined below).

**Optional
Redemption
of the Notes:**

The Issuer will have the option to redeem, subject to Condition 9(b), all (but not only part of) the Notes (other than the Subordinated Class F Notes) on the First Optional Redemption Date and on each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to such Notes.

**Redemption
following
regulatory call:**

On the Quarterly Payment Date following the exercise by the Seller of the Regulatory Call Option (as defined below), the Issuer shall redeem, subject to Condition 9(b), all (but not only part of) the Notes (other than the Subordinated Class F Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to such Notes.

**Redemption
following
clean-up call:**

In addition, on the Quarterly Payment Date following the exercise by the Seller of its Seller Clean-up Call Option (as defined below), the Issuer shall redeem, subject to Condition 9(b), all (but not only part of) the Notes (other than the Subordinated Class F Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to such Notes.

**Redemption
for tax
reasons:**

In the event of certain tax changes affecting any Class of Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of any Class of Notes the Issuer (whilst not under any obligation to pay additional amounts in respect of any withholding or deduction) may (but is not obliged to) redeem all of the Notes, in whole but not in part, at their Principal Amount Outstanding together with accrued but unpaid interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, including, without limitation, Condition 9(b). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

**Method of
Payment:**

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro (i), in respect of the Senior Class A Notes and the Subordinated Class F Notes, to Euroclear Netherlands and (ii), in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes, to a common safekeeper for Euroclear and Clearstream, Luxembourg, for the credit of the respective accounts of the Noteholders.

**Withholding
tax:**

All payments of, or in respect of, principal and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to such Noteholders.

Use of proceeds: The Issuer will apply the net proceeds from the issue of the Notes (other than the Subordinated Class F Notes) towards payment of the Initial Purchase Price for the Mortgage Receivables (both as described below) purchased by the Issuer on the Closing Date pursuant to the provisions of an agreement (the "**Mortgage Receivables Purchase Agreement**") to be entered into on 27 June 2007 (the "**Signing Date**") and made between the Seller, the Issuer and the Security Trustee. See further *Mortgage Receivables Purchase Agreement* below.

The proceeds from the issue of the Subordinated Class F Notes will be used to fund the Reserve Account (as defined below).

Security for the Notes:

The Noteholders will benefit from the security created by the Issuer in favour of the Security Trustee pursuant to the trust deed entered into on the Signing Date between the Issuer, the Security Trustee and Stichting Skyline 2007 Holding (the "**Trust Deed**") and the Pledge Agreements (as defined in *Description of Security* below) (together with the Trust Deed, the "**Security Documents**").

Under the Trust Deed, the Issuer will undertake to pay to the Security Trustee, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to the Manager as initial Noteholders, the Directors, the Servicer, the Issuer Administrator, the Paying Agents, the Reference Agent, the Liquidity Facility Provider, the Swap Counterparty, the Noteholders and the Seller (the "**Security Beneficiaries**") pursuant to the relevant Transaction Documents, provided that every payment in respect of such Transaction Documents for the account of or made to the Security Beneficiaries directly shall operate in satisfaction pro tanto of the corresponding covenant in favour of the Security Trustee (such a payment undertaking and the obligations and liabilities resulting from it being referred to as the "**Parallel Debt**").

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking undisclosed pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables, including all rights ancillary thereto in respect of the Portfolio Mortgage Loans (as defined below), and (ii) a first ranking disclosed pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Floating Rate GIC, the

Liquidity Facility Agreement and in respect of the GIC Accounts (as defined below).

The amounts payable by the Security Trustee to the Security Beneficiaries under the Trust Deed will be limited to the net amounts available for such purpose to the Security Trustee which, for the greater part, will consist of amounts recovered by the Security Trustee from the Mortgage Receivables. Payments to the Security Beneficiaries will be made in accordance with the Post-Enforcement Priority of Payments (as defined in *Credit Structure* below). See for a more detailed description *Description of Security* below.

MORTGAGE RECEIVABLES AND PRINCIPAL CONTRACTS

Mortgage

Receivables:

Pursuant to the Mortgage Receivables Purchase Agreement, the Issuer will purchase and accept the assignment of any and all rights and claims (the "**Mortgage Receivables**", which will include upon the purchase of any Substitute Mortgage Receivables, such Substitute Mortgage Receivables and, for the avoidance of doubt, including any parts thereof corresponding with amounts placed on Construction Deposits (all as defined below)) of the Seller against certain borrowers (the "**Borrowers**") under or in connection with mortgage loans originated by the Seller or De Lage Landen Vastgoedfinanciering B.V. (each such loan a "**Mortgage Loan**") which shall consist of:

- (a) Mortgage Loans in which no economic interest (*economisch belang*) is held by a third party or a local cooperative bank which is a member of the Rabobank Group (a "**Local Rabobank**") (a "**Participant**") by means of a cash deposit made to the Seller or a suretyship (*borgtocht*) issued in favour of the Seller (each such Mortgage Loan, a "**FGH Mortgage Loan**"); and
- (b) in respect of Mortgage Loans in which an economic interest (*economisch belang*) is held by a Participant by means of a cash deposit made to the Seller or a suretyship (*borgtocht*) in favour of the Seller (each a "**Syndicated Mortgage Loan**"), that part of the Syndicated Mortgage Loan (each such part, a "**FGH Mortgage Loan Part**") which equals the aggregate principal amount outstanding under such Syndicated Mortgage Loan less the part corresponding with the cash deposit or the suretyship (*borgtocht*) (as applicable) (each such part, a "**FGH Participation Part**").

Each Participant will grant a power of attorney (a "**Participant PoA**") to Rabobank or the Seller (the "**Attorney**") pursuant to which the Attorney will be authorised on behalf of the relevant Participant to confirm, *inter alia*, its consent to the transfer and assignment of the relevant Mortgage Receivables and, to the extent applicable, to enter into arrangements with the Issuer in connection with co-held Mortgage Rights.

Pursuant to the Mortgage Receivables Purchase Agreement the Issuer will only purchase the receivables resulting from a FGH Mortgage Loan or FGH Mortgage Loan Part. The receivables relating to the FGH Participation Part will not be sold to the Issuer but will continue to be held by the Seller. The Seller will undertake in the Mortgage Receivables Purchase Agreement not to sell and assign or otherwise dispose of the receivables relating to the FGH Participation Parts, without the prior consent of the Issuer and the Security Trustee.

Deposits:

In respect of certain Portfolio Mortgage Loans, (i) the Borrower has placed part of the monies drawn down under the Portfolio Mortgage Loan on deposit with the Seller, and the Seller has committed to pay out such deposits to or on behalf of the relevant Borrowers in order to enable them to pay for construction of, or improvements to, the relevant Mortgaged Asset, provided certain conditions are met or (ii) the Seller has required the Borrower to place certain amounts on deposit to further ensure payment of the amounts due and payable on the relevant Portfolio Mortgage Loan. The aggregate amount of the Deposits placed with the Seller as at the Portfolio Cut-Off Date is € 16,343,067.

Substitution:

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer will on each Quarterly Payment Date apply the Notes Principal Available Amounts to purchase and accept assignment from the Seller any additional mortgage receivables (the "**Substitute Mortgage Receivables**"), subject to the fulfilment of the Substitution Conditions (as described under *Mortgage Receivables Purchase Agreement* below) and to the extent offered by the Seller.

When the Issuer purchases and accepts assignment of the relevant Substitute Mortgage Receivable, the Issuer will at the same time create a first right of pledge on such Substitute Mortgage Receivable in favour of the Security Trustee.

**Mandatory
repurchase of
Mortgage
Receivables:**

In the Mortgage Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Mortgage Receivable sold by it to the Issuer or, if such Mortgage Receivable results from a Portfolio Mortgage Loan which forms part of a Portfolio Mortgage Loan Group (as defined below), the Mortgage Receivables resulting from the Portfolio Mortgage Loans forming part of such Portfolio Mortgage Loan Group:

- (i) on the Portfolio Payment Date immediately following the expiration of the relevant remedy period (if any), if any of the representations and warranties given by the Seller in respect of the relevant Portfolio Mortgage Loan and/or the relevant Mortgage Receivable, including the representation and warranty that the Portfolio Mortgage Loan or, as the case may be, the Mortgage Receivable meets certain mortgage loan criteria, are untrue or incorrect; and
- (ii) on the Portfolio Payment Date immediately following the date on which an amendment of the terms of the Portfolio Mortgage Loan becomes effective as a result of which such Portfolio Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement, unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Portfolio Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Portfolio Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Portfolio Mortgage Loan.

The purchase price payable by the Seller to the Issuer will be calculated as described in *Sale of Mortgage Receivables* below.

**Repurchase upon
exercise of
Seller Clean-up
Call Option:**

The Seller may (without the obligation to do so) repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables on any Quarterly Payment Date on which the principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the principal amount of the Mortgage Receivables on the Closing Date (the "**Seller Clean-up Call Option**"). The purchase price will be calculated as described in *Sale of Mortgage Receivables* below. If the Seller exercises the Seller Clean-up Call

Option, then the Issuer shall redeem the Notes by applying the proceeds of such sale towards redemption of the Notes (other than the Subordinated Class F Notes), subject to and in accordance with the Conditions.

**Repurchase upon
exercise of
Regulatory
Call Option:**

The Seller has the option to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables on any Quarterly Payment Date following the occurrence of a Regulatory Change (as defined in Condition 6(g)) by giving not less than thirty (30) days nor more than sixty (60) days prior written notice thereof to the Noteholders and the Security Trustee (the "**Regulatory Call Option**"). The purchase price will be calculated as described in *Sale of Mortgage Receivables* below. If the Seller exercises the Regulatory Call Option, then the Issuer shall redeem the Notes by applying the proceeds of such sale towards redemption of the Notes (other than the Subordinated Class F Notes), subject to and in accordance with the Conditions.

**Portfolio Mortgage
Loans:**

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will result from FGH Mortgage Loans and FGH Mortgage Loan Parts which are secured by (x) a first-ranking mortgage right (*hypothekrecht*) or, in case of mortgage loans secured on the same Mortgaged Asset or in case of a Portfolio Mortgage Loan Group, first and sequentially lower ranking mortgage rights (each such right of mortgage a "**Mortgage Right**" over (i) real estate (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*), or (iii) a long lease (*recht van erfpacht*) (each such asset, a "**Mortgaged Asset**") in each case, situated in the Netherlands and (y) the Other Collateral (as defined below), if any, and which meet the Mortgage Loan Criteria set forth in the Mortgage Receivables Purchase Agreement (the "**Portfolio Mortgage Loans**"). See further *Description of Portfolio Mortgage Loans* below.

Portfolio Mortgage Loans which are secured by one or more Mortgage Rights granted by the same Borrower over one or more Mortgaged Assets are hereinafter referred to as a "**Portfolio Mortgage Loan Group**".

The Seller may also have the benefit of (i) a right of pledge on the rights of the relevant Borrower vis-à-vis the relevant lessees in respect of rental payments due under lease agreements (*huurovereenkomsten*) entered into in respect of

the Mortgaged Assets, (ii) a right of pledge on all rights of a Borrower under the building insurance policies (*opstalverzekeringen*) relating to the Mortgaged Assets, (iii) a right of pledge on the shares in the relevant Borrower, (iv) a right of pledge on the rights of the relevant Borrower vis-à-vis the relevant counterparty under or in connection with the interest rate swap agreement(s) entered into in relation to the relevant Portfolio Mortgage Loan, (v) a right of pledge on the rights of the relevant Borrower vis-à-vis the purchaser under or in connection with any sale and purchase agreement relating to any of the Mortgaged Assets and (vi) a right of pledge on the rights of the relevant Borrower under or in connection with any life insurance policy entered into by such Borrower, which, in each case, secure the same debts as the Mortgage Rights (together the “**Borrower Pledges**”. In addition, some of the Mortgage Receivables will be secured by a mortgage right over properties located outside the Netherlands. Finally (i) with respect to any Mortgage Receivables resulting from Portfolio Mortgage Loans with more than one Borrower, such Borrowers are jointly and severally liable (*hoofdelijk aansprakelijk*) for the repayment of the relevant Mortgage Receivable resulting from such Portfolio Mortgage Loan and (ii) some of the Mortgage Receivables have the benefit of a deed of surety (*borgtocht*). The joint and several liability and the deeds of surety, together with the mortgage rights over properties located outside the Netherlands and the Borrower Pledges shall be referred to as the “**Other Collateral**”.

Mortgage Loan

Types:

The Portfolio Mortgage Loans belong to one of the following product categories as distinguished by the Seller: (i) investment finance, (ii) trade finance, (iii) single-unit sales finance, (iv) commercial property for own use-finance and (v) residential property for own use-finance. See further *Mortgage Receivables Purchase Agreement* below.

Sale of

Mortgage

Receivables:

On any Optional Redemption Date the Issuer has the right to sell and assign all (but not only part of) the Mortgage Receivables to any party. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, towards redemption of the Notes (other than the Subordinated Class F Notes).

The purchase price of a Mortgage Receivable shall be at least equal to the outstanding principal amount of such Mortgage Receivable, together with accrued interest due but unpaid and any other amount due under the relevant

Portfolio Mortgage Loan, except that, with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil law notary to start foreclosure proceedings, the purchase price shall at least be equal to the lesser of (a) the outstanding principal amount, together with accrued interest due but unpaid and any other amount due under the relevant Portfolio Mortgage Loan and (b) the foreclosure value of the Mortgaged Asset or, if no valuation report less than twelve (12) months old is available, the foreclosure value as determined by an independent qualified valuer which is assigned by the Issuer and the Seller jointly. The costs associated with the assignment of such valuer will be for the account of the Seller.

**Servicing
Agreement:**

Under a servicing agreement to be entered into on the Signing Date between the Issuer, the Servicer and the Security Trustee (the "**Servicing Agreement**"), the Servicer will agree to provide administration and management services in relation to the Portfolio Mortgage Loans on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Portfolio Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of Mortgage Rights and the Other Collateral (see further *Mortgage Loan Underwriting and Servicing and Servicing Agreement and Issuer Administration Agreement* below).

**Issuer
Administration
Agreement:**

Under an administration agreement to be entered into on the Signing Date between the Issuer, the Issuer Administrator and the Security Trustee (the "**Issuer Administration Agreement**"), the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions (see further *Servicing Agreement and Issuer Administration Agreement* below).

**Management
Agreements:**

The Issuer, Stichting Skyline 2007 Holding and the Security Trustee will each enter into a management agreement (together the "**Management Agreements**") with the relevant Director in which the relevant Director will undertake to act as a director of the Issuer, Stichting Skyline 2007 Holding and the Security Trustee, respectively, and to perform certain services in connection therewith.

Security Beneficiaries

Agreement: Under a security beneficiaries agreement to be entered into on the Signing Date between the Issuer and each Security Beneficiary (excluding the Noteholders) (the "**Security Beneficiaries Agreement**") each Security Beneficiary agrees and confirms that the security provided pursuant to the provisions of the Security Documents shall, indirectly, through the Security Trustee, be for the exclusive benefit of the Security Beneficiaries (including for the avoidance of doubt, the Noteholders). Under the Security Beneficiaries Agreement each Security Beneficiary moreover agrees to be bound by the relevant terms and provisions of the Trust Deed including, but not limited to, the limited recourse and non-petition provisions contained therein.

CASH FLOW STRUCTURE:

Transaction

Account: The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Transaction Account**") to which, *inter alia*, all amounts of interest, prepayment penalties and principal received under the Mortgage Receivables will be transferred by the Seller (or the Servicer on its behalf) in accordance with the Servicing Agreement.

Reserve

Account: The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Reserve Account**") to which the proceeds of the Subordinated Class F Notes will be credited on the Closing Date. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (o) of the Interest Priority of Payments (as defined in *Credit Structure* below) in the event of a shortfall of the Notes Interest Available Amounts (as defined in *Credit Structure* below) on any Quarterly Payment Date. If and to the extent that the Notes Interest Available Amounts calculated on any Notes Calculation Date (as defined below) exceed the amounts required to meet items (a) up to and including (o) of the Interest Priority of Payments, such excess amount will be deposited in or, as the case may be, used to replenish the Reserve Account by crediting such amount to the Reserve Account up to the required reserve account target level (the "**Reserve Account Target Level**") (as defined below) on the immediately succeeding Quarterly Payment Date.

Liquidity Facility

Agreement: On the Signing Date, the Issuer will enter into a 364-day term liquidity facility

agreement with the Liquidity Facility Provider (the "**Liquidity Facility Agreement**") under which the Issuer will be entitled to make drawings in order to meet certain shortfalls in the Notes Interest Available Amounts. See under *Credit Structure* below.

Liquidity Facility

Account:

The Issuer shall maintain with the Liquidity Facility Provider an account (the "**Liquidity Facility Account**") through which, *inter alia*, all drawings to be made under the Liquidity Facility (as defined below) will be administered. Each such drawing made under the Liquidity Facility Agreement (other than a Liquidity Facility Stand-by Drawing) (both as defined below) shall subsequently be deposited into the Transaction Account.

Liquidity Facility

Stand-by Drawing

Account:

The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Liquidity Facility Stand-by Drawing Account**") into which any Liquidity Facility Stand-by Drawing to be made under the Liquidity Facility Agreement will be deposited.

Floating Rate

GIC:

On the Signing Date, the Issuer, the Floating Rate GIC Provider and the Security Trustee will enter into a guaranteed investment contract (the "**Floating Rate GIC**"), under which the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to three-months Euribor on the balance standing from time to time to the credit of the Transaction Account, the Reserve Account, and the Liquidity Facility Stand-by Drawing Account (such accounts being collectively referred to as the "**GIC Accounts**").

Trigger Reserve

Fund:

The Issuer will establish a trigger reserve fund by crediting certain amounts to the Transaction Account, the purpose of which will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (q) in the Interest Priority of Payments in the event of a shortfall in the Notes Interest Available Amount on a Notes Calculation Date (the "**Trigger Reserve Fund**").

Swap

Agreement:

On the Signing Date, the Issuer, the Security Trustee and the Swap Counterparty will enter into a swap agreement (the "**Swap Agreement**") to

hedge the risk between the rate of interest to be received by the Issuer on the Mortgage Receivables and the rate of interest payable by the Issuer on the Notes. See further under *Credit Structure* below.

OTHER:

Listing: Application has been made to list the Notes (other than the Subordinated Class F Notes) on Euronext Amsterdam. Listing is expected to take place on or about 29 June 2007.

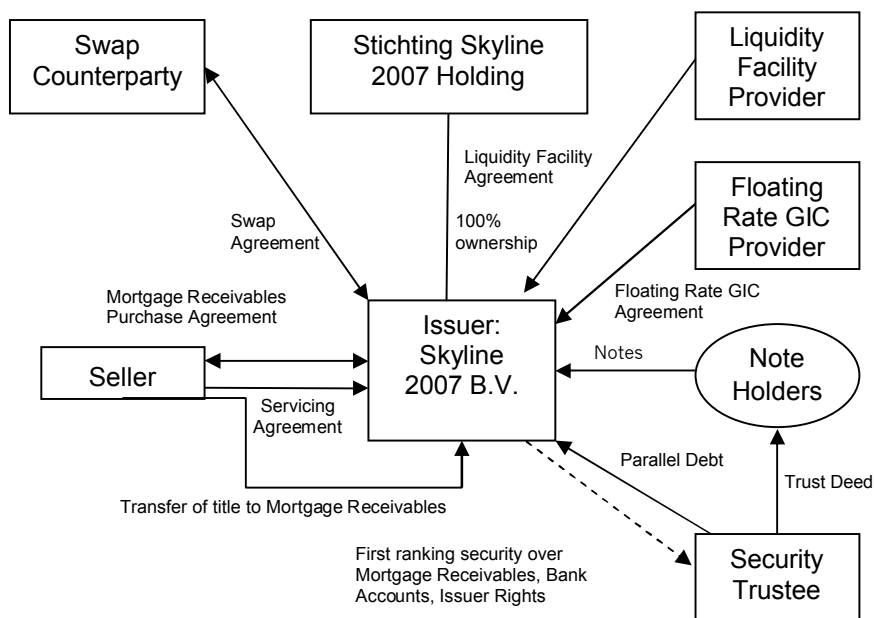
Rating: It is a condition precedent to issuance that, upon issue, the Senior Class A Notes be assigned an 'Aaa' rating by Moody's and an 'AAA' rating by Fitch, the Mezzanine Class B Notes, upon issue, be assigned an 'Aa1' rating by Moody's and an 'AA' rating by Fitch, the Mezzanine Class C Notes, upon issue, be assigned an 'Aa2' rating by Moody's and an 'A' rating by Fitch, the Junior Class D Notes, upon issue, be assigned a 'Baa2' rating by Moody's and a 'A' rating by Fitch, and the Junior Class E Notes, upon issue, be assigned a 'Ba2' by Moody's and a 'BB' by Fitch. The Subordinated Class F Notes, upon issue, will not be assigned a rating.

Governing

Law: The Notes will be governed by and construed in accordance with the laws of the Netherlands.

Structure

Diagram: The transaction set out in this Offering Circular can be depicted as follows:



CREDIT STRUCTURE

The structure of the credit arrangements for the proposed issue of the Notes may be summarised as follows.

Use of Proceeds

The Issuer will use the net proceeds from the issue of the Notes (other than the Subordinated Class F Notes) to pay the Initial Purchase Price for the Mortgage Receivables purchased by the Issuer on the Closing Date. The proceeds of the Subordinated Class F Notes will be used to fund the Reserve Account.

Mortgage Loan Interest Rates

The Mortgage Loans pay interest on a floating rate basis or fixed rate basis, subject to a reset from time to time. On 1 June 2007 (the "**Portfolio Cut-Off Date**"), the weighted average interest rate of the Provisional Portfolio (as defined below) amounted to 4.90 per cent. Interest rates vary among individual Portfolio Mortgage Loans. The range of interest rates is described further in *Description of Portfolio Mortgage Loans* below.

Cash Collection Arrangements

All payments made by Borrowers will be paid into the relevant bank account maintained by the Seller (the "**Collection Account**"). The Collection Accounts will also be used for the collection of monies paid in respect of mortgage loans other than Portfolio Mortgage Loans and in respect of other monies belonging to the Seller.

On the 10th Business Day of each calendar month (each a "**Portfolio Payment Date**"), the Seller shall transfer (or procure that the Servicer shall transfer on its behalf) all amounts of principal, interest, interest penalties and prepayment penalties received by the Seller in respect of the Portfolio Mortgage Loans and paid to the Seller's Collection Account during the immediately preceding Portfolio Calculation Period (being the period commencing on (and including) the first day of each calendar month and ending on (but excluding) the first day of the next succeeding calendar month) to the Transaction Account. If the short-term unsecured, unsubordinated and unguaranteed debt obligations of Rabobank are assigned a rating of less than Prime-1 by Moody's or F1 by Fitch or if Rabobank's remaining liability after withdrawal of the 403-Declaration is terminated, the Seller (or the Servicer on its behalf) will be required to transfer the amounts received on behalf of the Issuer to the Transaction Account on a daily basis.

Following an Assignment Notification Event as described under *Mortgage Receivables Purchase Agreement* below, the Borrowers will be required to pay all amounts due by them under the relevant Portfolio Mortgage Loans directly to the Transaction Account.

GIC Accounts

Transaction Account

The Issuer will maintain with the Floating Rate GIC Provider the Transaction Account to which all amounts received in respect of the Portfolio Mortgage Loans and under the Swap Agreement will be paid. Furthermore, any drawing (other than a Liquidity Facility Stand-by Drawing) made under the Liquidity Facility Agreement shall be deposited into the Transaction Account. The Issuer Administrator will identify all amounts paid into the Transaction Account. Payments received by the Issuer on each Portfolio Payment Date in respect of the Portfolio Mortgage Loans will be identified as principal, interest or other revenue receipts.

Reserve Account

The Issuer will maintain with the Floating Rate GIC Provider the Reserve Account (see under *Reserve Account* above). The proceeds of the Subordinated Class F Notes will be credited to the Reserve Account on the Closing Date.

Amounts credited to the Reserve Account will be available for drawing on any Quarterly Payment Date to meet items (a) up to and including (o) of the Interest Priority of Payments (see under *Priority of Payments in respect of interest (prior to Enforcement Notice)* below), in the event the Notes Interest Available Amounts are insufficient to meet such items in full.

If and to the extent that the Notes Interest Available Amounts calculated on any Notes Calculation Date (as defined below) exceed the amounts required to meet items (a) up to and including (o) in the Interest Priority of Payments, the excess amount will be deposited into the Reserve Account or, as the case may be, applied to replenish the Reserve Account, to the extent required until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level.

The Reserve Account Target Level will on any Notes Calculation Date be equal to the sum of (i) € 24,000,000 and (ii) the aggregate Assumed Losses. The "**Assumed Loss**" in respect of a Defaulted Mortgage Receivable in respect of which a Realised Loss has not yet been determined, an amount equal to the higher of (a) zero and (b) $(A + A \times 15/12 \times \text{interest rate} + B \times 32 \text{ per cent.} \times 6 \text{ per cent.}) - B \times 32 \text{ per cent.}$, whereby A = the aggregate outstanding principal amount of the relevant Defaulted Mortgage Receivable and B = the open market value (*onderhandse executiewaarde*) of the relevant Mortgaged Asset(s).

For these purposes, a "**Defaulted Mortgage Receivable**" means a Mortgage Receivable under which amounts, which are due and payable, have remained unpaid for a consecutive period exceeding ninety (90) days or in respect of which insolvency proceedings have been initiated against the relevant Borrower.

To the extent that the balance standing to the credit of the Reserve Account on any Notes Calculation Date exceeds the Reserve Account Target Level, such excess will be drawn from the Reserve Account

on the immediately succeeding Quarterly Payment Date and be deposited in the Transaction Account to form part of the Notes Interest Available Amounts on such Quarterly Payment Date and be applied in accordance with the Interest Priority of Payments.

If on any Notes Calculation Date all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class F Notes, have been paid on the Quarterly Payment Date immediately preceding such Notes Calculation Date or will be available for payment on the Quarterly Payment Date immediately following such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will thereafter form part of the Notes Interest Available Amounts and will be available to redeem or partially redeem the Subordinated Class F Notes until fully redeemed and thereafter towards satisfaction of the Deferred Purchase Price (as defined in *Mortgage Receivables Purchase Agreement* below) to the Seller.

Liquidity Facility Stand-by Drawing Account

The Issuer shall maintain with the Floating Rate GIC Provider the Liquidity Facility Stand-by Drawing Account into which any Liquidity Facility Stand-by Drawing to be made under the Liquidity Facility Agreement will be deposited.

Rating of the Floating Rate GIC Provider

If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Prime-1 by Moody's or F1 by Fitch (the "**GIC Required Ratings** "), or if such rating is withdrawn, the Issuer and/or the Issuer Administrator on its behalf will be required within thirty (30) days of any such event (i) to transfer the balance on all such GIC Accounts to an alternative bank with the GIC Required Ratings, or (ii) to procure that a third party, having at least the GIC Required Ratings, guarantees the obligations of the Floating Rate GIC Provider or (iii) find another solution acceptable to the Rating Agencies (other than Moody's) in order to maintain the then current ratings assigned to the Notes.

Priority of Payments in respect of interest (prior to Enforcement Notice)

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Notes Calculation Date as being received during the Notes Calculation Period (as defined in the Conditions) immediately preceding such Notes Calculation Date (items (i) up to and including (xi) being hereafter referred to as the "**Notes Interest Available Amounts**"):

- (i) interest on the Mortgage Receivables;
- (ii) interest credited to the GIC Accounts;
- (iii) prepayment penalties and penalty interest (*boeterente*) in respect of the Mortgage Receivables;

- (iv) Net Proceeds (as defined in the Conditions) in respect of any Mortgage Receivables, to the extent such proceeds do not relate to principal;
- (v) amounts to be drawn under the Liquidity Facility (other than a Liquidity Facility Stand-by Drawing) (as defined below) on the immediately succeeding Quarterly Payment Date;
- (vi) amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (vii) as amounts to be drawn from the Trigger Reserve Fund on the immediately succeeding Quarterly Payment Date;
- (viii) amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date, excluding, for the avoidance of doubt, any collateral transferred to the Issuer pursuant to the Swap Agreement;
- (ix) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal;
- (x) amounts received as post-foreclosure proceeds on the Mortgage Receivables; and
- (xi) on the Quarterly Payment Date on which all amounts of interest and principal due in respect of the Notes have been or will be paid, any (remaining) amounts standing to the credit of the Transaction Account which are not included in items (i) up to and including (x) on such Quarterly Payment Date,

will, pursuant to the terms of the Trust Deed, be applied by the Issuer on the immediately succeeding Quarterly Payment Date as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the "**Interest Priority of Payments**"):

- (a) *First*, (i) in or towards satisfaction, pro rata, according to the respective amounts thereof, of fees or other remuneration due and payable to the Directors in connection with the Management Agreements and of the fees or other remuneration and indemnity payments (if any) due and payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with the relevant Transaction Documents (including the fees and expenses payable to any legal advisors, accountants and auditors appointed by the Security Trustee) and (ii) by retaining an amount equal to 5 per cent. of the amount due and payable by the Issuer to its Director, pursuant to item (i) above, representing taxable income for corporate income tax purpose in the Netherlands;

- (b) *Second*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees and expenses due and payable to the Issuer Administrator under the Issuer Administration Agreement and (ii) the fees and expenses due and payable to the Servicer under the Servicing Agreement;
- (c) *Third*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the amounts due and payable (but not yet paid prior to the relevant Quarterly Payment Date) to third parties under obligations incurred in the Issuer's business (other than under the relevant Transaction Documents), including, without limitation, in or towards satisfaction of amounts or provisions for any payment of the Issuer's liability, if any, to tax, (ii) the fees and expenses due and payable to the Paying Agents, the Reference Agent, Euroclear Netherlands, the Common Safekeeper and any other agent designated under any of the relevant Transaction Documents, (iii) the amounts due and payable to the Rating Agencies, (iv) the fees and expenses due and payable to any legal advisors, accountants and auditors appointed by the Issuer, (v) the commitment fee due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (d) *Fourth*, in or towards satisfaction of any amounts (other than the commitment fee) due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement or, following a Liquidity Facility Stand-by Drawing, in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Drawing Account, less, in the event a Liquidity Facility Stand-by Drawing is made, (i) an amount equal to the positive difference between (x) the interest due and payable to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement over that part of the balance standing to the debit of the Liquidity Facility Account which equals such Liquidity Facility Stand-by Drawing and (y) the interest received from the Floating Rate GIC Provider over the balance standing to the credit of the Liquidity Facility Stand-by Drawing Account and (ii) any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (w) below (the amounts under (i) and (ii) referred to as the "**Subordinated Liquidity Facility Amount**");
- (e) *Fifth*, in or towards satisfaction of amounts, if any, due and payable under the Swap Agreement, including a Settlement Amount (as defined therein), except for any termination payment due or payable as a result of the occurrence of an Event of Default (as defined therein) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (each as defined therein) relating to the credit rating of the Swap Counterparty (a "**Swap Counterparty Default Payment**"), payable under (v) below;
- (f) *Sixth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Senior Class A Notes;

- (g) *Seventh*, in or towards making good any shortfall reflected in the Class A Principal Deficiency Ledger (as defined below) until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *Eighth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;
- (i) *Ninth*, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger (as defined below) until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (j) *Tenth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class C Notes;
- (k) *Eleventh*, in or towards making good any shortfall reflected in the Class C Principal Deficiency Ledger (as defined below) until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (l) *Twelfth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Junior Class D Notes;
- (m) *Thirteenth*, in or towards making good any shortfall reflected in the Class D Principal Deficiency Ledger (as defined below) until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (n) *Fourteenth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Junior Class E Notes;
- (o) *Fifteenth*, in or towards making good any shortfall reflected in the Class E Principal Deficiency Ledger (as defined below) until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to zero;
- (p) *Sixteenth*, in or towards satisfaction of any sums required to deposit on the Reserve Account or, as the case may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (q) *Seventeenth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Subordinated Class F Notes;
- (r) *Eighteenth*, in or towards satisfaction of any sums required to deposit in the Trigger Reserve Fund or, as the case may be, to replenish the Trigger Reserve Fund up to the amount of the

Trigger Reserve Fund Required Amount;

- (s) *Nineteenth*, as from the earlier of (i) the Quarterly Payment Date on which all amounts of interest and principal on the Notes (other than the Subordinated Class F Notes) have been paid and (ii) the First Optional Redemption Date, in or towards satisfaction of principal amounts due on the Subordinated Class F Notes;
- (t) *Twentieth*, in or towards satisfaction of interest due under the Trigger Reserve Fund Subordinated Loan;
- (u) *Twenty first*, in or towards satisfaction of any principal due under the Trigger Reserve Subordinated Loan;
- (v) *Twenty second*, in or towards satisfaction of the Swap Counterparty Default Payment to the Swap Counterparty under the terms of the Swap Agreement;
- (w) *Twenty third*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of any Subordinated Liquidity Facility Amount and gross-up amounts or additional amounts, if any, due under the Issuer Administration Agreement and/or the Servicing Agreement; and
- (x) *Twenty fourth*, in or towards satisfaction of the Deferred Purchase Price to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

Any amount due and payable to third parties (other than pursuant to any of the Transaction Documents) under obligations incurred in the Issuer's business at a date which is not a Quarterly Payment Date may be made on such date by the Issuer from the Transaction Account to the extent that the funds available on the Transaction Account are sufficient to make such payment.

Priority of Payments in respect of principal (prior to Enforcement Notice)

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Notes Calculation Date as being received during the Notes Calculation Period (as defined in the Conditions) immediately preceding such Notes Calculation Date (items (i) up to and including (v) being hereafter referred to as the "**Notes Principal Available Amounts**"):

- (i) repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any;
- (ii) Net Proceeds in respect of any Mortgage Receivables, to the extent such proceeds relate to principal;

- (iii) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;
- (iv) amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Administration Agreement; and
- (v) any part of the Notes Principal Available Amounts calculated on the immediately preceding Notes Calculation Date which has not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date,

will, pursuant to the terms of the Trust Deed, be applied by the Issuer on the next succeeding Quarterly Payment Date as follows (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Principal Priority of Payments**"):

- (a) *First*, up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, in or towards satisfaction of the purchase price of any Substitute Mortgage Receivables;
- (b) *Second*, in or towards satisfaction of principal amounts due on the Senior Class A Notes, until fully redeemed in accordance with the Conditions;
- (c) *Third*, in or towards satisfaction of principal amounts due on the Mezzanine Class B Notes, until fully redeemed in accordance with the Conditions;
- (d) *Fourth*, in or towards satisfaction of principal amounts due on the Mezzanine Class C Notes, until fully redeemed in accordance with the Conditions;
- (e) *Fifth*, in or towards satisfaction of principal amounts due on the Junior Class D Notes, until fully redeemed in accordance with the Conditions;
- (f) *Sixth*, in or towards satisfaction of principal amounts due on the Junior Class E Notes, until fully redeemed in accordance with the Conditions; and
- (g) *Seventh*, in or towards satisfaction of principal amounts due on the Subordinated Class F Notes, until fully redeemed in accordance with the Conditions.

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts to be distributed by the Security Trustee under the Trust Deed will be paid to the Security Beneficiaries in the following order of priority (and in

each case only if and to the extent payments of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**"):

- (a) *First*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of fees or other remuneration due and payable to the Directors in connection with the Management Agreements and of the fees or other remuneration and indemnity payments (if any) due and payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with the relevant Transaction Documents (including the fees and expenses payable to any legal advisors, accountants and auditors appointed by the Security Trustee);
- (b) *Second*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees and expenses due and payable to the Issuer Administrator under the Issuer Administration Agreement, (ii) the fees and expenses due and payable to the Servicer under the Servicing Agreement, (iii) amounts due and payable to the Rating Agencies, (iv) the fees and expenses due and payable to the Paying Agents and the Reference Agent under the Paying Agency Agreements, (v) the commitment fee due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (c) *Third*, in or towards satisfaction of any amounts (other than the commitment fee and the Subordinated Liquidity Facility Amount, if any) due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (d) *Fourth*, in or towards satisfaction of all amounts, if any, due and payable to the Swap Counterparty under the Swap Agreement including a Settlement Amount (as defined therein), but excluding any Swap Counterparty Default Payment payable under (s) below;
- (e) *Fifth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Senior Class A Notes;
- (f) *Sixth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Senior Class A Notes;
- (g) *Seventh*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Mezzanine Class B Notes;
- (h) *Eighth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Mezzanine Class B Notes;
- (i) *Ninth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class C Notes;

- (j) *Tenth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Mezzanine Class C Notes;
- (k) *Eleventh*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Junior Class D Notes;
- (l) *Twelfth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Junior Class D Notes;
- (m) *Thirteenth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Junior Class E Notes;
- (n) *Fourteenth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Junior Class E Notes;
- (o) *Fifteenth*, in or towards satisfaction of all amounts of interest due or accrued due but unpaid in respect of the Subordinated Class F Notes;
- (p) *Sixteenth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Subordinated Class F Notes;
- (q) *Seventeenth*, in or towards satisfaction of all amounts of interest due or interest accrued due but unpaid in respect of the Trigger Reserve Fund Subordinated Loan;
- (r) *Eighteenth*, in or towards satisfaction of all amounts of principal and any other amounts due but unpaid in respect of the Trigger Reserve Fund Subordinated Loan;
- (s) *Nineteenth*, in or towards satisfaction of the Swap Counterparty Default Payment to the Swap Counterparty under the terms of the Swap Agreement;
- (t) *Twentieth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of any Subordinated Liquidity Facility Amount and gross-up amounts or additional amounts, if any, due under the Issuer Administration Agreement and/or the Servicing Agreement; and
- (u) *Twenty first*, in or towards satisfaction of the Deferred Purchase Price to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

Application of Notes Principal Available Amounts towards purchase of Substitute Mortgage Receivables

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will

on each Quarterly Payment Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, apply the Notes Principal Available Amounts to purchase and accept assignment from the Seller any Substitute Mortgage Receivables, subject to the fulfilment of the Substitution Conditions and to the extent offered by the Seller.

Liquidity Facility

On the Signing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. On any Quarterly Payment Date (other than an Optional Redemption Date if and to the extent that on such date the Notes are redeemed in full) the Issuer will be entitled to make drawings under the Liquidity Facility (as defined in the Master Definitions Agreement) up to the Liquidity Facility Maximum Amount (as defined below). The Liquidity Facility Agreement is for a term of 364 days. Payments to the Liquidity Facility Provider (other than the Subordinated Liquidity Facility Amount) will rank in priority higher than payments under the Notes. The commitment of the Liquidity Facility Provider is extendable at its discretion.

Any drawing under the Liquidity Facility by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, after the application of any Notes Interest Available Amounts, the amounts available in the Reserve Account and the Trigger Reserve Fund and before any drawing under the Liquidity Facility (each a "**Liquidity Facility Drawing**"), there is a shortfall in the Notes Interest Available Amounts to meet items (a) up to and including (n), but not items (g), (i), (k) and (m) of the Interest Priority of Payments, and provided further that no drawings may be made on any Quarterly Payment Date for shortfalls in interest:

- (i) on the Mezzanine Class B Notes if there was a Class B Principal Deficiency outstanding on the first day of the Quarterly Interest Period ending on such Quarterly Payment Date which equals or exceeds 50 per cent. of the Principal Amount Outstanding of the Mezzanine Class B Notes;
- (ii) on the Mezzanine Class C Notes if there was a Class C Principal Deficiency outstanding on the first day of the Quarterly Interest Period ending on such Quarterly Payment Date which equals or exceeds 35 per cent. of the Principal Amount Outstanding of the Mezzanine Class C Notes;
- (iii) on the Junior Class D Notes if there was a Class D Principal Deficiency outstanding on the first day of the Quarterly Interest Period ending on such Quarterly Payment Date which equals or exceeds 25 per cent. of the Principal Amount Outstanding of the Junior Class D Notes; and
- (iv) on the Junior Class E Notes if there was a Class E Principal Deficiency outstanding on the first day of the Quarterly Interest Period ending on such Quarterly Payment Date which equals or exceeds 20 per cent. of the Principal Amount Outstanding of the Junior Class E Notes.

For these purposes "**Liquidity Facility Maximum Amount**" means, on each Notes Calculation Date, an amount equal to 3 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date.

If, at any time, the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are (i) assigned a credit rating of less than Prime-1 by Moody's and/or F1 by Fitch, and/or such rating is withdrawn and (ii) within thirty (30) days of such downgrading or withdrawal the Liquidity Facility Provider is not replaced by the Issuer with a suitable alternative liquidity facility provider, or a third party having the required ratings has not guaranteed the obligations of the Liquidity Facility Provider, the Issuer will be required forthwith to draw down the entire undrawn portion of the Liquidity Facility (a "**Liquidity Facility Stand-by Drawing**") and deposit such amount into the Liquidity Facility Stand-by Drawing Account. Amounts so deposited into the Liquidity Facility Stand-by Drawing Account may be utilised by the Issuer in the same manner as if the Liquidity Facility Stand-by Drawing had not been made. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed prior to the commitment termination date.

Trigger Reserve Fund

The Trigger Reserve Fund will be funded by a subordinated loan from the Seller (the "**Trigger Reserve Fund Subordinated Loan**").

The Trigger Reserve Fund consists of funds credited to the Transaction Account and will be recorded on a ledger (the "**Trigger Reserve Fund Ledger**") and does not constitute an asset which is separated from the other assets of the Issuer.

The Trigger Reserve Fund Required Amount (the "**Trigger Reserve Fund Required Amount**") shall on any Notes Calculation Date be equal to zero, except if, (a) the short-term, unsecured and unsubordinated debt obligations of Rabobank cease to be rated at least as high as A1 by Moody's or F-1 by Fitch or (b) such rating is withdrawn or (c) the 403-Declaration is withdrawn by Rabobank and the remaining liability after withdrawal of the 403-Declaration has been terminated, unless at such time (i) another entity whose long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A3 by Moody's and/or A- by Fitch has the majority control of the Seller and has deposited a 403-declaration in respect of the Seller or (ii) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least A3 by Moody's and/or A- by Fitch, in which case the Trigger Reserve Fund Required Amount shall be equal to 150 per cent. of the Potential Set-Off Amount.

Amounts credited to the Trigger Reserve Fund Ledger will be available on any Payment Date to meet items (a) to (q) (inclusive) of the Interest Priority of Payments, before application of any funds drawn under the Liquidity Facility.

The "**Potential Set-Off Amount**" shall, on any Notes Calculation Date, be equal to the amount credited

to each current-account or deposit (including any Construction Deposits (*bouwdepots*)) held by the Borrowers with the Seller. The Servicer will calculate and include the Potential Set-Off Amount in the quarterly investor report on a quarterly basis.

On the Quarterly Payment Date on which all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class F Notes, have been or will be paid, the Trigger Reserve Fund Required Amount will, if and to the extent such amount is higher than zero at such time, be reduced to zero and any amount standing to the credit of the Trigger Reserve Fund Ledger will thereafter form part of the Notes Interest Available Amounts and will be available for all items in the Interest Priority of Payments ranking below item (r).

Furthermore, the Seller will undertake in the Mortgage Receivables Purchase Agreement that if at any time (i) a Borrower invokes a right of set-off of amounts due by the Seller to it with the relevant Mortgage Receivable and (ii) as a consequence thereof the Issuer does not receive the full amount due in respect of such Mortgage Receivable, it will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable.

Allocation of Realised Losses and Principal Deficiency Ledger

A principal deficiency ledger (the "**Principal Deficiency Ledger**"), comprising five sub-ledgers known as the "**Class A Principal Deficiency Ledger**", "**Class B Principal Deficiency Ledger**", "**Class C Principal Deficiency Ledger**", "**Class D Principal Deficiency Ledger**" and "**Class E Principal Deficiency Ledger**", will be established by or on behalf of the Issuer in order to record any Realised Losses (as defined below) (each respectively the "**Class A Principal Deficiency**", the "**Class B Principal Deficiency**", the "**Class C Principal Deficiency**", the "**Class D Principal Deficiency**" and the "**Class E Principal Deficiency**" and together the "**Principal Deficiency**"). Any Realised Losses will, on the relevant Notes Calculation Date be debited to the Class E Principal Deficiency Ledger (such debit items being re-credited at item (o) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Junior Class E Notes, and thereafter to the Class D Principal Deficiency Ledger (such debit items being re-credited at item (m) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Junior Class D Notes, and thereafter to the Class C Principal Deficiency Ledger (such debit items being re-credited at item (k) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Mezzanine Class C Notes, and thereafter to the Class B Principal Deficiency Ledger (such debit items being re-credited at item (i) of the Interest Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Mezzanine Class B Notes, and thereafter such amounts shall be debited to the Class A Principal Deficiency Ledger (such debit item being re-credited at item (g) of the Interest Priority of Payments).

"Realised Losses" means, on any Notes Calculation Date, the sum of (a) the aggregate outstanding principal amount of all Mortgage Receivables on which the Seller, the Servicer, the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including such Notes Calculation Date *minus* the Net Proceeds applied to reduce the outstanding principal amount of such Mortgage Receivables and (b) with respect to Mortgage Receivables sold by the Issuer pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, the amount of the aggregate outstanding principal amount of all such Mortgage Receivables *minus* the purchase price received, or to be received on the relevant Quarterly Payment Date, in respect of such Mortgage Receivables to the extent relating to principal, whereby for the purpose of establishing the outstanding principal amount of a Mortgage Receivable in case of set-off or defence to payments asserted by Borrowers any amount by which the Mortgage Receivables have been extinguished (*teniet gegaan*) will be disregarded.

Interest Rate Hedging

Swap Agreement

The Mortgage Loan Criteria (as defined under *Mortgage Receivables Purchase Agreement* below) require that all Mortgage Receivables sold and assigned to the Issuer pursuant to the mortgage Receivables Purchase Agreement either bear (i) a fixed rate of interest, (ii) a floating rate of interest or (iii) slight variations to any of the above (as further described in *Description of the Mortgage Loans* below). The Mortgage Loan Criteria permit Mortgage Receivables bearing alternative types of interest offered by the Seller. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor, which margin (other than for the Subordinated Class F Notes) will increase after the First Optional Redemption Date. The Issuer will hedge this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty and the Security Trustee.

Under the Swap Agreement, the Issuer will agree to pay on each Quarterly Payment Date amounts equal to (a) the aggregate amount of interest scheduled to be received on the Mortgage Receivables during the immediately preceding Notes Calculation Period, plus (b) the interest credited to the Transaction Account in respect of the immediately preceding Notes Calculation Period and plus (c) prepayment penalties received during the immediately preceding Notes Calculation Period, less (i) certain expenses as described under (a), (b), and (c) of the Interest Priority of Payments, and less (ii) an excess margin (the "**Excess Spread Margin**") of 0.60 per cent. per annum applied to the Principal Amount Outstanding of each Class of Notes on the first day of the relevant Quarterly Interest Period reduced by the relevant Principal Deficiency. In return, the Swap Counterparty will agree to pay amounts equal to the scheduled interest due under each Class of Notes, calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Quarterly Interest Period. The notional amount under the Swap Agreement, however, will be reduced to the extent there will be a debit balance on any of the sub-ledgers of the Principal Deficiency Ledger on the Quarterly Payment Date on which the relevant Quarterly Interest Period ends after application of the Notes Interest Available Amounts. As there is no principal deficiency sub-ledger in respect of the Subordinated Class F Notes, the swap notional amount for the Subordinated Class F Notes will be reduced to zero if there will be an outstanding debit on the Class E

Principal Deficiency Ledger on the Quarterly Payment Date on which the relevant Quarterly Interest Period ends after application of the Notes Interest Available Amounts. Payments under the Swap Agreement will be netted.

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement may be terminated in accordance with Events of Default and Termination Events (each as defined in the relevant ISDA Master Agreement) commonly found in standard ISDA documentation. The Swap Agreement will be terminable by one party if (i) an applicable Event of Default or Termination Event (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of Default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement and (ii) certain insolvency events.

On the basis of the 403-Declaration issued by Rabobank, Rabobank will be jointly and severally liable with the Swap Counterparty for the obligations of the Swap Counterparty under or in connection with the Swap Agreement. Rabobank will have the right to withdraw the 403-Declaration at any time by depositing a declaration to this effect with the Commercial Register of the Chamber of Commerce in Utrecht. The Issuer has been advised that irrespective of such withdrawal Rabobank will continue to be jointly and severally liable for all debts resulting from the Mortgage Receivables Purchase Agreement and the Swap Agreement. If Rabobank's remaining liability after withdrawal of the 403-Declaration is terminated because the relevant conditions are met (*inter alia*, that (i) the Swap Counterparty no longer belongs to the same group of companies as Rabobank and (ii) a two (2) month notice period has expired and the Issuer has not opposed the intention to terminate in time or such opposition was dismissed by the court) then the Swap Counterparty, unless the Swap Counterparty itself has obtained the Swap Required Ratings (as defined below), will be obliged to transfer all its right and obligations under the Swap Agreement to a replacement swap counterparty having the Swap Required Ratings or arrange that its payment obligations under the Swap Agreement are guaranteed by a third party having the Swap Required Ratings.

Upon the early termination of the Swap Agreement, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the Swap Agreement. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to the Swap Counterparty, the Issuer will not be required pursuant to the terms of the Swap Agreement to pay the Swap Counterparty such amounts as would otherwise have been required to ensure that the Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made. In the event that the Swap Counterparty is required to

withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the Swap Counterparty will be required pursuant to the terms of the Swap Agreement to pay to the Issuer such additional amounts as are required to ensure that the relevant Asset Purchaser receives the same amounts that it would have received had such withholding or deduction not been made. In either event, the Swap Counterparty will at its own cost, if it is unable to transfer its rights and obligations under the Swap Agreement to another of its offices, branches or affiliates or any other person that meets the criteria for a swap counterparty as set forth in the Swap Agreement to avoid the relevant Tax Event, have the right to terminate the Swap Agreement. Upon such termination, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party.

If (i) the long-term unsecured, unsubordinated and unguaranteed debt obligations of Rabobank cease to be rated at least as high as A2 by Moody's or A by Fitch or (ii) the short-term unsecured, unsubordinated and unguaranteed debt obligation of Rabobank cease to be rated at least as high as Prime-1 by Moody's and F-1 by Fitch (the "**Swap Required Ratings**"), the Swap Counterparty will be required to take certain remedial measures which may include the provision of collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the Swap Required Ratings, procuring another entity with at least the Swap Required Ratings to become co-obligor in respect of its obligations under the Swap Agreement, or the taking of such other action as it may agree with the Rating Agencies. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.

The Issuer and the Swap Counterparty have entered into a Credit Support Annex to the Swap Agreement on the basis of the standard ISDA documentation, which provides for requirements relating to the providing of collateral by the Swap Counterparty if Rabobank ceases to have at least the Swap Required Ratings.

Any collateral transferred by the Swap Counterparty in accordance with the provisions set out above which is in excess of its obligations to the Issuer under the Swap Agreement will be returned to such Swap Counterparty prior to the distribution of any amounts due to the Noteholders or the other Security Beneficiaries.

Sale of Mortgage Receivables

Under the terms of the Trust Deed, the Issuer will have the right to sell and assign to any party (including the Seller) all (but not only part of) the Mortgage Receivables on any Optional Redemption Date or if the Issuer exercises the option to redeem the Notes for tax reasons in accordance with Condition 6(i). Furthermore, under the terms of the Mortgage Receivables Purchase Agreement, the Issuer will be obliged to sell and assign the Mortgage Receivables to the Seller (or any third party appointed by the Seller) if the Seller exercises the Seller Clean-up Call Option or the Regulatory Call Option. The Issuer shall be required to apply the proceeds of each such sale, to the extent relating to principal, towards redemption of the Notes (other than the Subordinated Class F Notes).

The purchase price of a Mortgage Receivable shall in these events be at least equal to the outstanding principal amount of such Mortgage Receivable, together with accrued interest due but unpaid and any other amount due under the relevant Portfolio Mortgage Loan, except that, with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil law notary to start foreclosure proceedings, the purchase price shall at least be equal to the lesser of (a) the outstanding principal amount, together with accrued interest due but unpaid and any other amount due under the relevant Portfolio Mortgage Loan and (b) the foreclosure value of the Mortgaged Asset or, if no valuation report less than twelve (12) months old is available, the foreclosure value as determined by an independent qualified valuer which is assigned by the Issuer and the Seller jointly. The costs associated with the assignment of such valuer will be for the account of the Seller.

In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Seller has the obligation to repurchase certain Mortgage Receivables in certain other events. In these events the purchase price will be equal to the outstanding principal amount in respect of the relevant Mortgage Receivable, together with interest accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and re-assignment).

OVERVIEW OF THE DUTCH REAL ESTATE MARKET¹

The construction sector recovered in 2005, helped by the higher level of residential construction. Nevertheless, there was a further fall in the amount of commercial real estate completed in 2005. Based on figures for the first half of 2006, further improvement is expected for 2006. Both residential and commercial real estate under construction show an increase compared to previous years, reflecting the strong improvement of GDP-growth in 2006. However, market conditions in the commercial real estate market, especially the office market, are still dominated by high vacancy rates. Therefore, new building activities are mostly pre-letted. Furthermore, the attention of developers and construction companies is shifting to new sectors, such as education and healthcare. As part of that process, there is an increasing amount of attention being paid to the integration of homes with healthcare-related concepts.

Developments in the office market

The office market has improved in 2006. Supply in the office market has decreased to a total of 5.8 million m² being the first decrease since 2000. Take-up of office space has improved further to a total of 2.3 million m² in 2006, the highest level in history. This is a positive development because it seems that the years of an expanding market have been brought to an end. However, this does not mean that the office market is in balance. For example, the excess supply created in 2001-2005 still exists. As a result there is a lot of room for negotiation on the part of end users, and that translates into incentives, such as rent reductions. In spite of the increase in new investments, (institutional) investors are able to invest less in office space because of the amount of vacant property, and new investment decisions are more and more determined in particular by leases. The greatest demand is therefore for investment in offices under long-term lease. As a result, there is increased pressure on net initial yields. Current market conditions require greater creativity as to how investments are made in offices. Real estate investors show that such creativity does offer opportunities. Increasing numbers of investors are focussing on the middle segment of the market where (vacant) office blocks at promising locations can be acquired at a discount. In doing so they are anticipating an improving economy. The real estate is altered to match the current market standards, and local networks are used to find new end users for this altered real estate. Within the office market there is a clear difference between the top end of the market, the middle segment and the lower end. It is expected that the A1 part of the office market will remain stable, the middle segment to offer opportunities as described previously, and the lower end to be a part of the market that is hard to retrieve. The task for the coming period will therefore be: to shift the focus from the front side of the market to the rear side of the market. This shift is needed because the rear side will have to be put in order one day to make optimum use of the opportunities in the middle segment of the office market.

The main problem facing today's office market is excess supply. It is expected that an improving economy over the next few years will slowly but surely restore a 'balanced situation'. However, real estate companies will also have to develop a vision for the longer term, whereby future changes in the

¹ Source: FGH Vastgoedbericht 2007

economy and in society will undoubtedly lead to a different perspective with regards the growth potential of the office stock. These changes will have consequences for the occupation of office buildings and for the development of the value of real estate. This will certainly affect the existing stock of offices, and part of the existing stock will lose its current function. Ageing will therefore have to be anticipated in new-build projects. One way of doing so is to already allow for possible long-term changes in function during the design process. This is, however, only possible if a more integrated approach is taken to area developments.

Developments in the retail market

At first sight, the retail market is the most stable sector in the commercial real estate market. The supply has increased slightly in 2006, but with 3% of the stock, it remains low. Furthermore, most real estate is concentrated in the core retail areas, which is where there is a great increase in the presence of retail chains. At the same time, new retail formulas continue to make their entrance on the Dutch retail market. There are also existing formulas that are looking for possibilities to expand and increase their scale. This means that the market is dynamic. Combined with scarcity of top locations, this results in rent prices for these locations remaining generally high. The contrast with other types of locations in the market is increasing. This can be seen, for example, in the approach routes to city centres. However, the strength of the retail market lies in offering distinctiveness. This applies to the product range, customer orientation, the retail concept, the surrounding area and above all the appeal. This requires continual renewal of retail concepts, development of new locations and redevelopment of existing ones.

Due to a higher GDP-growth and improved purchasing power, consumer confidence has increased significantly since 2005 which resulted in a strong growth of consumer spending. It is therefore important that the economic growth will continue in 2007, which is expected by the Dutch Bureau for Economic Policy Analysis (CPB). The increase in purchasing power will give an extra boost to consumer spending, which creates more possibilities for new projects in the retail sector in the coming years. Therefore, new building activities are expected. However, the impact of new sales channels – which will increase over time – must not be underestimated. Consumers are increasingly comparing all kinds of products using the Internet and more and more consumers are buying their products directly on the Internet. In a number of sectors, retailers will choose to approach consumer differently, which will involve sales in the traditional shop environment becoming part of a much broader distribution strategy. There is still room for shops in that strategy, although the emphasis will be more and more on increasing their appeal. That can be done by high-quality provision of information and services for consumers, but it can also be done by paying more attention in stores to familiarising people with products and to testing procedures. These are all developments that are expected to expand further in the future.

Developments in the industrial market

Take-up in the industrial real estate market in 2006 has increased slightly to 2.7 million m². The recovery that took place since 2004 therefore did continue. The level of supply, however, remained

high at 8.5 million m². However, when analysing the industrial real estate market the differences in the market must be taken into account. There is relatively little dynamic to be seen in a significant part of the market because it is owned by the end user. Changes as a result of the economic structure and the new international accounting rules are causing a growing number of companies to approach the question of premises from a strategic perspective. The result is that a number of 'sale & lease-back transactions', where companies no longer have the real estate on their balance sheet, has increased. In specific market segments this also offers new perspectives for the coming years, which will improve the investment climate for this sector. However, that requires explicit knowledge, both of the sector and the local market.

The most dynamic market segment is the logistic real estate market. However, the development of this type of real estate cannot be considered separately from the parties that are active in this market. Rapid changes are taking place as a result of a number of factors. The contracts between customers and logistic service providers are increasingly short-term. Automation of logistic processes also continue to offer new solutions for the distribution chain which have consequences for the choice of location. There is a lot of optimization in progress in the logistic real estate market, in which a further enlargement of scale and greater concentration are to be expected in the coming years. These developments are also very important for the position of the Netherlands from a European perspective. Particularly the favourable location, and the already existing investments in logistic infrastructure, will ensure that the Netherlands can keep its position as European 'turntable' in the coming years. The logistic flows to and from Central and Eastern Europe in particular will increase, which will result in new investments in those countries as well. But this will increase the need for coordination of logistic movements in the coming years, which is a development from which the Dutch logistic sector – with its specialist knowledge and experience in this regards – can, and must, benefit.

Developments in the residential market

The residential market in the Netherlands has been on solid grounds in recent years. This can be seen in particular from the development of selling prices, which rose again in 2006. At the end of 2006 prices were approximately 5.7% higher than at the end of 2005, which means that the average house price in the Netherlands is currently € 241,000. The price increase is above the level of inflation, which means that values also have increased in real terms. One of the reasons for the continuing increase in housing prices is the historically low level of mortgages interest rates. However, interest rates slowly went up since the end of 2005, which caused many homeowners at that time to opt for greater financial security by fixing the level of their interest payments for longer periods. Mortgage interest rates, however, are still close to historically lows.

The continuing increase in house prices can partly be explained by the relatively static nature of this segment of the real estate market. There are two main reasons for this lack of movement. Firstly, the rental and owner-occupied markets are very different as regards both the quality of the housing and the increasing differences in living costs. Secondly, the number of new houses built in recent years has remained well below the forecast levels. Both of these factors have contributed in particular to the

stagnation in the number of people moving up the housing ladder, which has in fact resulted in a 'closed' market. In addition, although the residential building output has increased significantly in the last three years, this upward trend will have to continue in the coming years if the quality of housing is to be improved. The demand for new homes is therefore still larger than the supply. However, the time to sale for new homes has increased in recent years. It should be mentioned that the time to sale does differ greatly from region to region. A relatively large number of flats are being built, and those projects sometimes involve plans being modified or carried out in stages. The construction of high-quality apartments, sometimes in combination with healthcare facilities, is in anticipation of the increasing ageing of the population.

FGH BANK N.V.

Characteristics

FGH Bank, the real estate bank, is specialised in financing commercial real estate and over the years has become a leading authority in all aspects of the real estate market.

FGH Bank has extensive knowledge of all aspects of the real estate market. It is not only highly proficient in the areas of development, investment and unit sales but has the additional advantage of possessing unmatched expertise in all other types of real estate transaction.

FGH Bank was founded in 1890 and has been involved in financing of commercial real estate for more than a century. The Nederlandse Hypotheekbank merged with FGH Bank in 1937 and De Lage Landen Vastgoedfinanciering was integrated into the organisation in 2004. This integration has strengthened the organisation and enabled an expansion of the range of services the bank offers including real estate leasing.

Since 2003, FGH Bank has been part of the Rabobank Group, the largest financial services provider in the Netherlands. FGH Bank is now part of a highly formidable organisation that boasts both private and commercial real estate finance among its core activities. The Group has been awarded the highest credit rating for a commercial bank by the leading ratings agencies. The collaboration with Rabobank also provides access to an extensive national and international resource and knowledge network. Together with Rabo Vastgoed, FGH Bank is since 2005 part of the real estate division of Rabobank Group. In 2006, Rabobank Group acquired Bouwfonds Asset Management, Bouwfonds Property Development and the Rijnlandse Hypotheekbank.

Shareholders

The shareholders in FGH Bank N.V. are Assumij Beheer B.V. with 3,579,500 shares and Rabo Bouwfonds Holding B.V. with 1 share. The Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank**") holds all the shares in Assumij Beheer B.V. and Rabo Bouwfonds Holding B.V. Rabobank has issued a guarantee for FGH Bank N.V. in accordance with Article 403 Section 9 Book 2 of the Dutch Civil Code which makes Rabobank jointly and severally liable for the valid and binding contractual obligations of FGH Bank N.V. This guarantee also implies that FGH Bank N.V. is exempt from publishing its financial statements. The income statements and balance sheets are consolidated on Rabobank Group level.

Organisational structure

As the real estate specialist, FGH Bank has all the required expertise in-house available, including legal and fiscal experts. An important 'asset' of FGH Bank is that FGH Bank has its own Appraisal and Research Department with own real estate appraisers, real estate market analysts and structural engineers.

The client relationship managers are responsible for integrating all these disciplines. Because of the local market approach of the relationship managers, FGH bank has a national real estate network, which is essential for closely monitoring regional market developments and its opportunities.

The Dutch real estate market is the primary market in which FGH Bank is operating, but where possible, needed and desired FGH Bank follows its clients in European foreign countries.

FGH Vastgoed Expertise

Via FGH Vastgoed Expertise, a legal entity of FGH Bank, the bank offers a wide range of real estate services and consultancy, including real estate appraisals, portfolio analyses, market research and fiscal and legal support. FGH Vastgoed Expertise is also the real estate consultant for (re)allocation and investment issues.

Strategy

The aim of FGH Bank is to maintain a top 2 position in the market of commercial real estate financing, preferably accomplished by autonomic growth.

To be the real estate specialist, FGH offers its customers not only financial products, but also a wide range of real estate services and consultancy. For the consultancy activities the aim is to reach a top 5 position.

As a member of the Rabobank Group, FGH Bank shares its real estate knowledge with the other members of the Rabobank Group. To accomplish this, a special servicedesk, FGH Vastgoedadvies, was opened. Through this servicedesk the Rabobank Group members get the same service level as third parties get through FGH Vastgoed Expertise.

RABOBANK²

Rabobank Group (the "**Rabobank Group**") was founded over a century ago and is one of the largest banking groups in the Netherlands and ranks in the top twenty (20) banking institutions in the world in terms of Tier 1 capital. Rabobank Group is a cooperative banking organisation comprised of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank**") (a cooperative entity licensed as a credit institution in the Netherlands), Rabobank's local member credit institutions (the "**Local Rabobanks**") and numerous specialised finance and other subsidiaries. In the Netherlands, the Rabobank Group follows an 'Allfinanz' concept, meaning it provides an integrated range of financial services comprised primarily of retail banking, wholesale banking, asset management and investment, insurance leasing and real estate to a wide range of both individual and corporate customers. The Rabobank Group's wholesale activities and the international retail operations are carried out through Rabobank International. At 31 December 2006 the Rabobank Group operated in the Netherlands through 188 Local Rabobanks, 1,214 branches and 3,091 contact points and internationally through overseas offices in countries outside the Netherlands.

Since Rabobank first obtained its credit ratings, it has generally received for its senior unsecured long term debt an Aaa rating from Moody's (since 1986) and an AAA rating from Standard & Poor's (since 1984).

At 31 December 2006 Rabobank had total assets of € 556 billion, loans outstanding to private sector borrowers amounting to € 324 billion (net of reserves for loan losses), group equity of € 29.4 billion, funds entrusted of € 215.9 billion and € 89.5 billion in savings accounts.

Capitalisation

As a result of Rabobank's cooperative ownership structure, local Rabobanks are not allowed to pay dividends, which benefit Rabobank Group's capital base. Rabobank retains all profits after net payments on Rabobank Member Certificates (RMC's) and Trust Preferred Securities III, IV, V and VI (both of which are part of Rabobank Tier-1 regulatory capital). Because a large part of Rabobank's assets is invested in residential mortgages, its risk adjusted capital ratios compare favourably to its peer banks. At 31 December 2006, Rabobank had a Tier 1 ratio of 10.7 per cent.

Cross-Guarantee System

Rabobank Group consists of the Local Rabobanks, their central organisation Rabobank Nederland and its subsidiaries and other affiliated entities. Through their mutual financial association, various legal entities within Rabobank Group together make up a single organisation. An internal liability relationship exists between these legal entities, as referred to in Section 3:111 of the Act on the Financial Supervision (*Wet op het financieel toezicht*). This relationship is formalised in an internal 'cross-guarantee' system, which stipulates that if a participating institution has insufficient funds to meet its obligations towards its creditors, the other participants must supplement that institution's funds in order

² Source: Rabobank (information relating to the year 2006)

to enable it to fulfill those obligations.

The participating entities are:

- the local member banks of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.;
- Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland), Amsterdam;
- Rabohypotheekbank NV, Amsterdam;
- Raiffeisenhypotheekbank NV, Amsterdam;
- Schretlen & Co. NV, Amsterdam;
- De Lage Landen International BV, Eindhoven;
- De Lage Landen Financiering BV, Eindhoven;
- De Lage Landen Trade Finance BV, Eindhoven; and
- De Lage Landen Financial Services BV, Eindhoven.

DESCRIPTION OF PORTFOLIO MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date or any subsequent Quarterly Payment Date include any and all rights (whether actual or contingent) of the Seller against any Borrower under or in connection with any Mortgage Loans selected by agreement between the Seller and the Issuer. On each Quarterly Payment Date, up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer shall apply the Notes Principal Available Amounts to purchase and accept assignment of Substitute Mortgage Receivables from the Seller provided that certain conditions are met (see further *Mortgage Receivables Purchase Agreement* below). Payment for such sale shall occur on the Closing Date or the relevant Quarterly Payment Date.

The Substitute Mortgage Receivables to be sold by the Seller to the Issuer on any relevant Quarterly Payment Date will be originated by the Seller. The terms of the Mortgage Loans from which such Substitute Mortgage Receivables arise will not substantially deviate from the terms of the Mortgage Loans described in this section.

The Portfolio Mortgage Loans are secured by a first-ranking, or in case of Portfolio Mortgage Loans secured on the same Mortgaged Asset or in case of a Portfolio Mortgage Loan Group, by a first and sequentially lower ranking Mortgage Right, evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*) entered into by the Seller (or its predecessor De Lage Landen Vastgoedfinanciering B.V. which merged into the Seller on 2 October 2004) and the relevant Borrowers and by the Other Collateral. The Mortgage Rights secure the relevant Portfolio Mortgage Loan and are vested over property situated in the Netherlands. The Portfolio Mortgage Loans and the Mortgage Rights and Other Collateral (other than the mortgage rights vested over properties located outside the Netherlands) securing the liabilities arising therefrom are governed by Dutch law.

For a description of the representations and warranties given by the Seller reference is made to *Mortgage Receivables Purchase Agreement* below.

Mortgaged Assets

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement are secured by (x) a first-ranking mortgage right (*hypotheekrecht*) or, in case of mortgage loans secured on the same Mortgaged Asset or in case of a Portfolio Mortgage Loan Group, first and sequentially lower ranking mortgage rights (each such right of mortgage a "**Mortgage Right**" over (i) real estate (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*), or (iii) a long lease (*recht van erfpacht*) (each such asset, a "**Mortgaged Asset**") in each case, situated in the Netherlands and (y) the Other Collateral.

Other Collateral

The Seller may also have the benefit of (i) a right of pledge on the rights of the relevant Borrower vis-à-

vis the relevant lessees in respect of rental payments due under lease agreements (*huurovereenkomsten*) entered into in respect of the Mortgaged Assets, (ii) a right of pledge on all rights of a Borrower under the building insurance policies (*opstalverzekeringen*) relating to the Mortgaged Assets, (iii) a right of pledge on the shares in the relevant Borrower, (iv) a right of pledge on the rights of the relevant Borrower vis-à-vis the relevant counterparty under or in connection with the interest rate swap agreement(s) entered into in relation to the relevant Portfolio Mortgage Loan, (v) a right of pledge on the rights of the relevant Borrower vis-à-vis the purchaser under or in connection with any sale and purchase agreement relating to any of the Mortgaged Assets and (vi) a right of pledge on the rights of the relevant Borrower under or in connection with any life insurance policy entered into by such Borrower, which, in each case, secure the same debts as the Mortgage Rights (together the “**Borrower Pledges**”). In addition, some of the Mortgage Receivables will be secured by a mortgage right over properties located outside the Netherlands. Finally (i) with respect to any Mortgage Receivables resulting from Mortgage Loans with more than one Borrower, such Borrowers are jointly and severally liable (*hoofdelijk aansprakelijk*) for the repayment of the relevant Mortgage Receivable resulting from such Mortgage Loan and (ii) some of the Mortgage Receivables have the benefit of a deed of surety (*borgtocht*). The joint and several liability and the deeds of surety, together with the mortgage rights over properties located outside the Netherlands and the Borrower Pledges shall be referred to as the “**Other Collateral**”.

Overview of the Seller's commercial mortgage products

The Portfolio Mortgage Loans are in the form of one of the following mortgage products:

Investment finance

Investment finance can be described as financing of commercial real estate with the intention of the client to own the real estate for more than 2 years. The LTV must be lower than 100% and the net rent must be sufficient for the maximum debt service. If this is not possible or insecure, other security must be obtained thereby reducing the risks to an acceptable minimum.

Trade finance

The category Trade finance consists of commercial real estate financing with the intention of the client to sell the real estate within a period of 2 years aiming on an indirect return. The LTV is on average a few percent higher than with investment finance, which is mitigated by a shorter duration.

Single-unit sales finance

This category contains portfolios of residential real estate for commercial use. The goal of the client is to sell the houses/apartments when the lessee ends the rental-contract. Valuation (and therefore the LTV also) is based on the (prudent) situation with a rental contract. Residential real estate without a rental contract (and therefore available for sale to the private market) has on average a higher valuation which results in a relatively high indirect return. Direct return in this sector of the commercial real estate market on the other hand is lower than average.

Commercial property for own use

Finance of owner-occupied real estate is, besides the LTV- and cash flow criteria, especially based on the creditworthiness of the client. The collateral criteria are also more specific.

The following object demands are important for personal use:

- The market value isn't primarily dependent of the manner of exploitation,
- reasonably marketable and multifunctional,
- no process industry.

Residential property for own use

This type of finance is based on residential real estate for personal use. The maximum financing is only partly due to income standards. In contrast with other banks FGH Bank N.V. concentrates more on an object (LTV) related approach instead of an income-based approach.

Repayment types

FGH offers the following redemption possibilities:

- bullet loans which, unless extended, have to be repaid in full at the end of maturity of the loan;
- fixed repayment schedules and repayment schedules with yearly changing repayments; and
- annuity repayments.

The second and third repayment options do most of the times not mean that at the end of maturity of the loan the outstanding amount needs to be fully repaid.

Interest Rates

FGH offers the following interest rates, besides custom-made swaps, caps, floors and collars:

Floating rate: Euribor 1, 2, 3, 6, 9 and 12 months; and

Fixed rate: Interbank 1, 2, 3, 5, 7, 10 and 15 years.

Prepayments

Pursuant to the Mortgage Conditions Borrowers have the possibility to prepay the relevant Portfolio Mortgage Loan prior to the maturity referred to in the underlying mortgage loan agreement. Prepayments can be made in full or in part, subject to the Borrower becoming obliged to pay a prepayment penalty.

The Provisional Portfolio

The Portfolio Mortgage Loans will be selected from the Provisional Portfolio that has been selected according to the Seller's underwriting criteria (see under *Mortgage Loan Underwriting and Servicing* below). Therefore, the information set out below in relation to the Provisional Portfolio may not necessarily correspond to that of the Portfolio Mortgage Loans actually sold on the Closing Date or any subsequent Quarterly Payment Date. After the Closing Date, the portfolio of Portfolio Mortgage Loans will change from time to time as a result of repayment, prepayment, further advances, substitutions and repurchase of Mortgage Receivables.

The numerical information set out below relates to a provisional pool of Mortgage Loans (the "**Provisional Portfolio**") which was selected as of 30 April 2007 and has been extracted without material adjustment from the databases relating to the Mortgage Loans held by the Seller. The Portfolio Mortgage Loans to be sold on the Closing Date will be selected from the Provisional Portfolio. All amounts mentioned in this section and in the tables below are expressed in euro.

Key Characteristics

The following table is a summary of the key characteristics of the Provisional Portfolio as of 30 April 2007. These characteristics demonstrate the capacity to, subject to the risk factors referred to under the section entitled *Risk Factors* above, produce funds to pay interest and principal on the Notes, provided that each such payment shall be subject to the relevant priority of payments as further described under the section entitled *Credit Structure* above. All amounts mentioned below are expressed in euro.

TABLE A

Key Characteristics

Stratification FGH pool

Outstanding Principal Balance	3,077,365,255.23
Syndicated Principal Balance	29,829,983.94
Securitised Principal Balance	3,047,535,271.29
In depot with FGH	13,158,039.97
Number of Mortgage Loan Groups	663
Number of Loans	1,471
Number of Properties	4,590
Average Principal Balance	4,641,576.55
Average Securitised Balance	4,596,584.12
Maximum Loan Balance	58,300,000.00
Minimum Loan Balance	12,853.75
WA LTV	72.5%
WA DSCR (if available)	148.2%
WA interest rate	4.90
WA seasoning (months)	32
WA maturity (months)	49
WA rating	R12

TABLE BDistribution by Loan-to-Market-Value³

LTV	Number of Mortgage Loan Groups	Securitized Balance	% of pool	WA LTV
0-0.1	2	2,545,514.52	0.1%	10%
0.1-0.2	2	182,504.07	0.0%	16%
0.2-0.3	6	1,963,740.31	0.1%	28%
0.3-0.4	16	39,780,816.27	1.3%	37%
0.4-0.5	27	96,906,328.85	3.2%	45%
0.5-0.6	87	302,756,463.45	9.9%	55%
0.6-0.7	155	625,014,685.55	20.5%	65%
0.7-0.8	206	1,027,234,056.68	33.7%	75%
0.8-0.9	144	871,820,149.34	28.6%	85%
0.9-1	18	79,331,012.25	2.6%	92%
Grand Total	663	3,047,535,271.29	100.0%	73%

³ The Loan-to-Market-Value of most loans is based on the market value upon origination of the loans except for a few loans which have been revaluated on a later date.

TABLE C

Distribution by Property Type

Property type	Number of properties	Securitised Balance	% of pool	WA LTV
Apartment	1,347	94,233,720.60	3.1%	68%
Café / Restaurant	54	64,040,561.97	2.1%	73%
Distribution centre	4	20,435,918.78	0.7%	84%
Garage	13	22,189,833.88	0.7%	73%
Hotel	11	31,334,015.62	1.0%	62%
House with office	30	19,843,124.65	0.7%	69%
Industrial building	305	512,353,217.45	16.8%	76%
Land (agricultural)	10	343,980.74	0.0%	67%
Multi-tenant building	32	96,777,763.67	3.2%	71%
Officebuilding	327	1,130,869,559.50	37.1%	72%
Officepart	10	8,838,310.33	0.3%	70%
Officevilla	44	54,436,936.31	1.8%	78%
Other	1	187,472.34	0.0%	81%
Parking	181	5,397,432.65	0.2%	73%
Residential complex	162	104,632,794.30	3.4%	68%
Residential house	1,452	153,458,009.39	5.0%	61%
Shop (large scale)	12	67,630,220.37	2.2%	72%
Shop (strip)	28	39,372,497.85	1.3%	70%
Shop (unit)	245	175,546,638.59	5.8%	75%
Shop / house combination	274	170,904,621.14	5.6%	71%
Shopping centre	29	230,093,534.71	7.6%	77%
Show room	12	21,046,538.73	0.7%	75%
Theme centre	4	11,405,512.65	0.4%	66%
Leasure	3	12,163,055.10	0.4%	59%
Grand Total	4,590	3,047,535,271.29	100.0%	73%

TABLE D

Distribution by Property Group

Property group	Number of properties	Securitised Balance	% of pool	WA LTV
Industrial	318	534,543,051.33	17.5%	76%
Land	10	343,980.74	0.0%	67%
Office	413	1,290,922,569.80	42.4%	72%
Other	182	5,584,904.99	0.2%	74%
Residential	3,265	543,072,270.07	17.8%	67%
Retail	330	545,094,942.89	17.9%	75%
Leasure	68	107,537,632.69	3.5%	68%
Logistics	4	20,435,918.78	0.7%	84%
Grand Total	4,590	3,047,535,271.29	100.0%	73%

TABLE E

Distribution by Debt Service Coverage Ratio

DSCR	Number of Mortgage Loan Groups	Securitized Balance	% of pool	WA LTV
not available	37	90,016,683.73	3.0%	78%
0.1-0.3	4	30,395,412.19	1.0%	77%
0.3-0.5	5	12,166,248.12	0.4%	65%
0.5-0.7	19	53,879,490.89	1.8%	73%
0.7-0.9	46	218,660,073.17	7.2%	77%
0.9-1.1	120	516,309,702.83	16.9%	78%
1.1-1.3	146	635,239,719.06	20.8%	77%
1.3-1.5	93	368,356,492.63	12.1%	73%
1.5-1.7	46	235,474,841.42	7.7%	73%
1.7-1.9	36	254,124,555.21	8.3%	66%
1.9-2.1	34	152,851,349.55	5.0%	66%
2.1-2.3	24	188,439,871.47	6.2%	62%
2.3-2.5	11	66,993,252.54	2.2%	63%
2.5-2.7	11	46,601,435.88	1.5%	54%
2.7-2.9	10	92,906,538.60	3.0%	68%
2.9-3.1	4	27,603,028.72	0.9%	43%
>3.1	17	57,516,575.28	1.9%	63%
Grand Total	663	3,047,535,271.29	100.0%	73%

TABLE F

Distribution by Internal Rating

Internal rating	Number of Mortgage Loan Groups	Securitized Balance	% of pool	WA LTV
R5	24	118,487,260.80	3.9%	53%
R6	10	116,846,497.57	3.8%	66%
R7	8	71,196,770.16	2.3%	63%
R8	20	101,814,413.26	3.3%	66%
R9	32	170,680,437.69	5.6%	65%
R10	47	304,494,905.09	10.0%	68%
R11	45	157,335,875.09	5.2%	70%
R12	68	440,043,002.70	14.4%	76%
R13	65	230,179,114.92	7.6%	75%
R14	67	413,850,005.92	13.6%	76%
R15	113	396,012,943.10	13.0%	79%
R16	64	211,582,184.59	6.9%	78%
R17	44	148,279,986.36	4.9%	74%
R18	33	127,618,837.15	4.2%	74%
R19	16	30,907,407.79	1.0%	69%
R20	7	8,205,629.10	0.3%	58%
Grand Total	663	3,047,535,271.29	100.0%	73%

TABLE G

Distribution by Geographic Region

Geographic	Number of properties	Securitized Balance	WA LTV	% of pool
Drente	135	43,355,058.02	75%	1.4%
Flevoland	113	109,684,176.55	79%	3.6%
Friesland	105	33,906,816.42	71%	1.1%
Gelderland	296	264,610,635.82	73%	8.7%
Groningen	88	73,249,218.10	71%	2.4%
Limburg	171	92,286,726.75	79%	3.0%
Noord Brabant	519	224,622,689.79	70%	7.4%
Noord Holland	1,009	688,067,493.43	72%	22.6%
Overijssel	118	86,991,049.67	74%	2.9%
Utrecht	192	277,057,339.03	73%	9.1%
Zeeland	33	7,100,017.40	78%	0.2%
Zuid Holland	1,582	694,136,652.48	70%	22.8%
no data	229	452,467,397.82	75%	14.8%
Grand Total	4,590	3,047,535,271.29	73%	100.0%

TABLE H

Distribution by Marketability of Property

Marketability of property	Number of properties	Securitized Balance	% of pool	WA LTV
Bad	12	12,717,106.01	0.4%	70%
Bad to Moderate	1	1,221,786.45	0.0%	51%
Moderate	116	77,768,896.37	2.6%	69%
Moderate to Reasonable	39	159,373,468.06	5.2%	71%
Reasonable	391	538,331,482.63	17.7%	73%
Reasonable to Good	958	872,290,775.49	28.6%	75%
Good	2,904	1,323,797,316.71	43.4%	72%
Good to Excellent	7	4,910,618.98	0.2%	73%
Excellent	11	5,411,131.80	0.2%	70%
no data	151	51,712,688.79	1.7%	53%
Grand Total	4,590	3,047,535,271.29	100.0%	73%

TABLE I

Distribution by Property Use

Property use	Number of properties	Securitized Balance	% of pool	WA LTV
(partly) Rented	324	847,747,358.14	27.8%	75%
Empty - ready for sale	50	32,189,655.26	1.1%	77%
Fully rented	4,088	2,066,759,191.54	67.8%	72%
Own use	43	58,571,018.50	1.9%	74%
Partly own use	13	9,990,677.17	0.3%	75%
no data	72	32,277,370.69	1.1%	57%
Grand Total	4,590	3,047,535,271.29	100.0%	73%

TABLE J

Distribution by Loan Size

Loan size (x 1,000)	Number of Mortgage Loan Groups	Securitized Balance	% of pool	WA LTV
0 <= Loan Size < 100	7	367,787.45	0.0%	45%
100 <= Loan Size < 200	8	1,132,778.64	0.0%	41%
200 <= Loan Size < 300	6	1,634,890.19	0.1%	53%
300 <= Loan Size < 400	6	2,272,427.01	0.1%	59%
400 <= Loan Size < 500	8	3,672,385.36	0.1%	52%
500 <= Loan Size < 600	4	2,246,132.42	0.1%	80%
600 <= Loan Size < 700	6	3,936,885.84	0.1%	59%
700 <= Loan Size < 800	8	5,954,637.09	0.2%	70%
800 <= Loan Size < 900	6	5,094,038.53	0.2%	65%
900 <= Loan Size < 1.000	12	11,745,225.64	0.4%	70%
1.000 <= Loan Size < 1.250	68	76,729,675.51	2.5%	69%
1.250 <= Loan Size < 1.500	63	86,599,361.49	2.8%	69%
1.500 <= Loan Size < 1.750	46	73,784,089.68	2.4%	71%
1.750 <= Loan Size < 2.000	40	74,736,086.26	2.5%	70%
2.000 <= Loan Size < 3.000	110	272,111,724.69	8.9%	71%
3.000 <= Loan Size < 4.000	68	238,616,964.02	7.8%	71%
4.000 <= Loan Size < 5.000	41	185,839,393.50	6.1%	70%
5.000 <= Loan Size < 6.000	26	139,986,141.97	4.6%	75%
6.000 <= Loan Size < 7.000	19	123,108,296.83	4.0%	73%
7.000 <= Loan Size < 8.000	23	171,130,587.62	5.6%	75%
8.000 <= Loan Size < 9.000	12	102,577,268.23	3.4%	70%
9.000 <= Loan Size < 10.000	6	57,908,599.52	1.9%	72%
10.000 <= Loan Size < 12.500	20	223,558,125.21	7.3%	72%
12.500 <= Loan Size < 15.000	9	123,369,171.06	4.0%	73%
15.000 <= Loan Size < 17.500	8	128,946,331.79	4.2%	76%
17.500 <= Loan Size < 20.000	6	112,426,145.21	3.7%	65%
20.000 <= Loan Size < 30.000	15	369,710,414.56	12.1%	72%
30.000 <= Loan Size < 40.000	8	248,039,530.47	8.1%	80%
40.000 <= Loan Size < 50.000	2	90,057,675.50	3.0%	80%
50.000 <= Loan Size < 75.000	2	110,242,500.00	3.6%	74%
Grand Total	663	3,047,535,271.29	100.0%	73%

TABLE K

Distribution by Loan Purpose

Loan purpose	Number of Loans	Securitized Balance	% of pool	WA LTV
Commercial property for own use	21	49,517,418.41	1.6%	77%
Investment	1,325	2,790,068,920.85	91.6%	73%
Residential property for own use	19	9,318,820.90	0.3%	65%
Single-unit sales	61	169,278,118.67	5.6%	64%
Trade	45	29,351,992.46	1.0%	73%
Grand Total	1,471	3,047,535,271.29	100.0%	73%

TABLE L

Distribution by Property Value

Value of property (x 1,000)	Number of properties	Securitized Balance	% of pool	WA LTV
0 <= Property Size < 100	1,652	65,109,133.30	2.1%	67%
100 <= Property Size < 200	1,293	92,860,633.06	3.0%	64%
200 <= Property Size < 300	209	37,230,740.05	1.2%	74%
300 <= Property Size < 400	124	29,298,555.93	1.0%	71%
400 <= Property Size < 500	102	30,527,954.76	1.0%	71%
500 <= Property Size < 600	76	29,624,679.95	1.0%	74%
600 <= Property Size < 700	80	35,484,279.64	1.2%	72%
700 <= Property Size < 800	52	26,130,792.55	0.9%	70%
800 <= Property Size < 900	74	42,891,618.68	1.4%	71%
900 <= Property Size < 1.000	46	29,175,157.96	1.0%	70%
1.000 <= Property Size < 1.250	97	76,361,424.84	2.5%	73%
1.250 <= Property Size < 1.500	112	108,956,064.06	3.6%	74%
1.500 <= Property Size < 1.750	93	105,282,991.75	3.5%	72%
1.750 <= Property Size < 2.000	60	80,264,828.41	2.6%	72%
2.000 <= Property Size < 3.000	176	297,151,372.90	9.8%	72%
3.000 <= Property Size < 4.000	103	254,880,631.30	8.4%	73%
4.000 <= Property Size < 5.000	53	170,041,912.14	5.6%	74%
5.000 <= Property Size < 6.000	46	172,495,891.95	5.7%	72%
6.000 <= Property Size < 7.000	34	149,790,540.47	4.9%	71%
7.000 <= Property Size < 8.000	17	90,542,859.66	3.0%	74%
8.000 <= Property Size < 9.000	13	79,519,971.28	2.6%	74%
9.000 <= Property Size < 10.000	10	67,319,073.22	2.2%	71%
10.000 <= Property Size < 12.500	19	145,575,272.99	4.8%	72%
12.500 <= Property Size < 15.000	6	64,952,512.68	2.1%	79%
15.000 <= Property Size < 17.500	11	124,956,916.70	4.1%	73%
17.500 <= Property Size < 20.000	5	73,418,302.18	2.4%	80%
20.000 <= Property Size < 30.000	17	276,791,318.76	9.1%	70%
30.000 <= Property Size < 40.000	4	100,472,931.03	3.3%	75%
40.000 <= Property Size < 50.000	4	107,556,909.11	3.5%	72%
50.000 <= Property Size < 75.000	2	82,870,000.00	2.7%	80%
Grand Total	4,590	3,047,535,271.29	100.0%	73%

TABLE M

Distribution by Interest Rate

Interest rate	Number of Loans	Securitized Balance	% of pool	WA LTV
3.5-4	24	81,578,961.35	2.7%	71%
4-4.5	64	277,584,282.61	9.1%	72%
4.5-5	600	1,521,747,315.15	49.9%	73%
5-5.5	711	1,018,456,437.58	33.4%	72%
5.5-6	32	90,974,865.41	3.0%	69%
>6	40	57,193,409.19	1.9%	64%
Grand Total	1,471	3,047,535,271.29	100.0%	73%

TABLE N

Distribution by Maturity Year

Maturity year	Number of Loans	Securitized Balance	% of pool	WA LTV
2007	224	320,596,986.31	10.5%	68%
2008	147	238,585,981.16	7.8%	69%
2009	337	500,845,067.36	16.4%	70%
2010	262	551,222,477.15	18.1%	72%
2011	266	507,801,203.24	16.7%	76%
2012	87	330,710,087.52	10.9%	74%
2013	25	159,766,898.51	5.2%	78%
2014	16	80,769,166.53	2.7%	79%
2015	26	76,854,139.51	2.5%	75%
2016	29	128,568,513.77	4.2%	75%
2017	21	75,314,362.11	2.5%	63%
2018	1	2,024,319.80	0.1%	66%
>1/1/2020	30	74,476,068.32	2.4%	73%
Grand Total	1,471	3,047,535,271.29	100.0%	73%

TABLE O

Distribution by Interest Rate Cap

Maximum interest (Cap or fixed until maturity)	Number of Loans	Securitized Balance	% of pool	WA LTV
no Cap	242	717,168,998.72	23.5%	73%
3.5-4	24	81,578,961.35	2.7%	71%
4-4.5	64	277,584,282.61	9.1%	72%
4.5-5	172	495,050,875.62	16.2%	76%
5-5.5	144	256,694,788.00	8.4%	71%
5.5-6	47	120,223,189.46	3.9%	70%
6-6.5	203	387,851,620.72	12.7%	75%
6.5-7	150	218,137,709.15	7.2%	72%
7-7.5	268	357,912,170.33	11.7%	70%
7.5-8	144	123,428,702.44	4.1%	63%
>8	13	11,903,972.89	0.4%	62%
Grand Total	1,471	3,047,535,271.29	100.0%	73%

TABLE P

Distribution by Origination Year

Origination year	Number of Loans	Securitized Balance	% of pool	WA LTV
1999	269	239,028,365.47	7.8%	59%
2000	105	94,429,751.90	3.1%	65%
2001	103	142,594,752.03	4.7%	62%
2002	87	91,816,540.78	3.0%	68%
2003	79	171,167,027.20	5.6%	69%
2004	230	591,030,673.62	19.4%	71%
2005	250	647,473,692.99	21.2%	75%
2006	267	794,785,688.30	26.1%	79%
2007	81	275,208,779.00	9.0%	73%
Grand Total	1,471	3,047,535,271.29	100.0%	73%

MORTGAGE LOAN UNDERWRITING AND SERVICING

Organisational Overview

Commercial real estate loans are originated by FGH Bank N.V. by direct business through a network of 8 branches throughout the Netherlands (FGH label), via intermediaries (NHB label) and via local branches of Rabobank. FGH Bank N.V. offers primarily loans for real estate investment, development, land and trade.

The total gross assets of FGH Bank N.V. (including NHB) amounted to EUR 10.4 billion as of 31 December 2006.

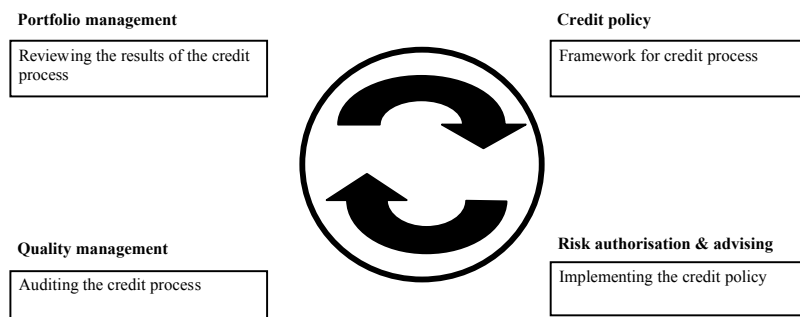
Business Strategy

The commercial real estate lending of the FGH label is focused on large, professional real estate clients in the area of investment, development and trade as well as (very) wealthy private individuals with private real estate investments. The NHB label is focused on (1) small-scale (professional) real estate counterparties in the area of investment, development and trade, (2) private individuals with special properties or special niche and (3) wealthy private individuals with private real estate investment. The emphasis is on commercial real estate business as well as medium-sized real estate businesses.

Lending Process

In the lending process of FGH Bank N.V. the Sales, Valuation, Analysis, Administration and Risk Management departments are engaged. The process is characterised by a distinction between the Sales and Analysis department responsibilities. The Sales department is responsible for the acquisition & origination of loans and the Analysis department for credit analysis, credit applications and contracts. Administration is responsible for the administrative aspects of loan servicing.

The function of Risk Management and Special Credit Management is to identify and analyse risks at an early stage, to set and monitor responsible limits and to have proper information and reporting systems. Risk Management could be divided in four main activities:



Risk Management advises the Management Board on a framework for the credit process.

Subsequently the Management Board sets the risk strategy, policy assumptions and credit risk limits. Responsibility for preparing policy and supervising its implementation has been delegated to the Risk Management department.

FGH Bank N.V. has an internal Valuation & Research department, which is responsible for the valuation of real estate and research of the real estate market. Properties are in general valued by an internal valuer. Valuations till EUR 1.5 million could be outsourced by a group selected external valuers. These selected external valuers are subject to constant quality monitoring.

Besides the above mentioned departments, FGH Bank N.V. has in-house legal expertise. The Legal department is responsible for all legal aspects of real estate financing, including legal issues in the credit process and documentation.

The real estate lending process is divided in the following steps: acquisition, loan underwriting, closing and servicing. After acquisition of the loan, the credit analysis of the loan request is started. In particular the following factors are described and considered in detail:

- The property and other collateral
- Borrower entity, quality of borrower and co-borrowers
- Financial analysis
- Internal Credit Risk Rating

If the credit application is approved in accordance with the appropriate authorisation limits (see Authorisation Limits) and the required documentation is provided by the borrower, the analyst will submit the offer letter to the borrower for signing. Once the client has accepted and signed the offer and all required documentation is provided, the loan will be paid out to the notary. The notary will release the principal amount after the securities are settled.

Underwriting Guidelines

FGH Bank N.V. has formulated underwriting guidelines for real estate lending which are regularly updated. These underwriting guidelines are used as a reference for the analyst.

Key elements from the underwriting guidelines are:

- Financial conditions:
 - LTV
 - Yearly repayments
 - Risk versus return
- Collateral criteria:
 - Quality (of location)
 - Let-ability
 - Environmental aspects

- Cash flow:
 - Rent versus maximum debt service
 - Duration of rental contract
 - Creditworthiness of lessee
- Client information:
 - Creditworthiness
 - Size
 - Experience
- Transparency of deal structure
- First ranking mortgage right
- Customer Due Diligence
- Internal Risk Rating
- Approval Legal Department for legal documentation needed for transactions larger than €500,000
- Building insurance

The quality of the tenant and the term of the rental contract in combination with the let-ability are key factors in determining cash flow predictability for loans granted to clients for the purpose of investing in commercial real estate.

For private individuals a verification of the credit history is carried out through the National Credit Register (*Bureau Krediet Registratie (BKR)*). Additionally, the identity of the borrower and/or co-borrowers through the identity verification system (*Verificatie Informatie Systeem (VIS)*) and a test on the fraud data base EVA are conducted. Based on (1) experiences with customers, (2) a sanction list of the EU & UN and (3) the NCCT list, a record (*Incidentenregister*) is created by FGH Bank N.V. to identify risk full borrowers and/or co-borrowers.

Collateral

Available collateral is an important item in the credit decision making process. Collateral may consist of the following:

- Mortgages (i.e., liens on specified residential or commercial real estate)
- Pledges on lease agreements
- Personal Guarantees
- Pledges on building insurance policies

Internal Credit Risk Rating

FGH Bank N.V. uses the credit risk rating system of Rabobank. Within the Rabo Risk Rating framework, models are specially developed for real estate clients. Because of the special line of business, in which loans mostly are granted on property, there is no minimum rating. In special cases it's possible to mitigate client risk by the quality of the property.

The scale consists of 20 risk ratings (each a "RRR Rating"), ranging from 1 – 20.

- R0: zero Risk
- R1-R4: Excellent
- R5-R7: Very good
- R8-R9: Good
- R10-R12: Above average
- R13-R14: Average
- R15: Below average
- R16-R17: Poor
- R18-R20: Very poor

Authorisation Limits

All credit applications and subsequent credit reviews have to be approved in accordance with the applicable authorisation limits.

The Credit Committee FGH consists of two members of the Management Board of FGH Bank N.V., Head of Risk Management and Head of Analysis & Administration. The Credit Committee will be in session twice every week. Credit Applications above EUR 50 million have to be approved by the Credit Committee Rabobank. Currently the authorisation limits are set as below:

	New commitments & Renewal*		Reviews	Term sheets
	Group liabilities	Max. loan size	Group liabilities	Max. loan size
Team Manager + Branch Manager	=< 12.5 million	=< 2.5 million	=< 12.5 million	=< 12.5 million
Head of Risk Management or Senior Risk Analyst	=< 50 million	=< 5 million	=< 50 million	Unlimited
Credit Committee FGH	=< 50 million	=< 50 million	=< 100 million	Unlimited
Credit Committee Rabobank	> 50 million	> 50 million	> 100 million	-

* Except land and construction finance

Monitoring and Payment Collection

To ensure the credit quality of the portfolio FGH Bank N.V. has an ongoing monitoring process of the quality of the loan and the related borrowers. When a loan develops a higher risk profile, the loan will be reviewed, just like larger loans. The review contains an overview of the financial situation of the borrower and co-borrowers including a description of the collateral.

Besides quality there is an ongoing monitoring process of arrears. A weekly report shows all loans in arrears. After 5 days of arrears the payment collection will be retried and after 10 days there is contact between the administrator and relationship manager. All arrears are evaluated once a month. In general, loan interest and principal payments are collected by means of direct debit.

Credit Restructuring and Recovery

If borrowers fail to make payments or in case of increased risk, the borrower and their files will be transferred to Special Credit Management. FGH Bank N.V. developed criteria to identify increased risk, which are more prudent than the Basel II criteria.

Special Credit Management is responsible for the management and recovery of defaulted loans. The activities are divided in special monitoring of loans with increased risk and reorganisation and/or settlement of defaulted loans. The aim of special monitoring is to improve the credit standing of the borrower so that normal risk management can take over again.

If the borrowers experiences more structural problems Special Credit Management will take over the responsibility of the relationship with the borrower. The measures employed at this stage consist of meetings with borrowers, appraisal and property inspections. When the measures fail, FGH Bank will settle a foreclosure to collect the collateral.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will purchase and accept from the Seller the assignment of the Mortgage Receivables by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables is transferred to the Issuer. The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers, except in special events as further described hereunder ("**Assignment Notification Events**"). Until such notification the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the Seller. The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables following the Closing Date and to all amounts of principal in respect of the Portfolio Mortgage Loans, which were received by the Seller between the Portfolio Cut-Off Date and the Closing Date.

Purchase Price

The purchase price for the Mortgage Receivables will consist of (i) an initial purchase price (the "**Initial Purchase Price**"), which in respect of the Mortgage Receivables purchased on the Closing Date will be equal to € 2,999,899,966.91, which shall be payable on the Closing Date or, in respect of the Substitute Mortgage Receivables, on the relevant Quarterly Payment Date and (ii) a deferred purchase price (the "**Deferred Purchase Price**"). The Initial Purchase Price for the Mortgage Receivables purchased on the Closing Date will be paid by the Issuer by applying the net proceeds received from the issue of the Notes (other than the Subordinated Class F Notes).

The Deferred Purchase Price for the Mortgage Receivables purchased by the Issuer pursuant to the Mortgage Receivables Purchase Agreement will be equal to the sum of all Deferred Purchase Price Instalments and each such instalment (each a "**Deferred Purchase Price Instalment**") on any Quarterly Payment Date will be equal to (i) any amount remaining after all payments as set forth in the Interest Priority of Payments under (a) up to and including (w) and (ii) after an Enforcement Notice, the amount remaining after payments as set forth in the Post-Enforcement Priority of Payments under (a) up to and including (t) have been made on such date (see *Credit Structure* above).

The proceeds of the Notes (other than the Subordinated Class F Notes) will be applied by the Issuer to the Initial Purchase Price (see under *Use of Proceeds* below). The sale and purchase of the Mortgage Receivables is conditional upon, *inter alia*, the issue of the Notes. Hence, the Seller can be deemed to have an interest in the issue of the Notes.

Representations and warranties

The Seller will represent and warrant on the Closing Date with respect to the Portfolio Mortgage Loans and the Mortgage Receivables that, *inter alia*:

- (a) the Mortgage Receivables are validly existing;
- (b) it has full right and title (*titel*) to the Mortgage Receivables and power (*is beschikkingsbevoegd*) to assign the Mortgage Receivables, and no restrictions on the sale and transfer of the Mortgage

- Receivables are in effect and the Mortgage Receivables are capable of being transferred;
- (c) the Mortgage Receivables are free and clear of any rights of pledge or other similar rights (*beperkte rechten*), encumbrances and attachments (*beslagen*) and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables, other than pursuant to the Transaction Documents;
 - (d) each Mortgage Receivable is (i) secured by (a) one or more first-ranking Mortgage Right(s) (*hypotheekrecht(en)*) or, in case of Portfolio Mortgage Loans secured on the same Mortgaged Asset or in case of a Portfolio Mortgage Loan Group, first and sequentially lower ranking Mortgage Rights or (b) one or more first-ranking Mortgage Right(s) combined with one or more second-ranking Mortgage Right(s) over real estate (*onroerende zaak*), an apartment right (*appartementsrecht*), or a long lease (*erfpacht*), in each case situated in the Netherlands and (ii) governed by Dutch law;
 - (e) each Mortgaged Asset was valued by either an independent qualified valuer or surveyor or a qualified valuer employed by the Seller when the application for the relevant Portfolio Mortgage Loan was made and no such valuations were older than twelve (12) months on the date of such mortgage application by the relevant Borrower;
 - (f) each Mortgage Receivable, and each Mortgage Right and the Other Collateral, if any, securing such receivable, constitutes legal, valid, binding and enforceable obligations of the relevant Borrower or relevant third party, subject, as to enforceability, to any applicable bankruptcy laws or similar laws affecting the rights of creditors generally;
 - (g) all Mortgage Rights and rights of pledge granted to secure the Mortgage Receivables (i) constitute valid Mortgage Rights (*hypotheekrechten*) and rights of pledge (*pandrechten*), respectively, on the assets which are the subject of such Mortgage Rights and rights of pledge and, to the extent relating to the Mortgage Rights, have been entered into the appropriate public register and (ii) were vested for a principal sum which is at least equal to the principal sum of the Portfolio Mortgage Loan when originated, increased with an amount in respect of interest, penalties and costs, up to an amount equal to 60 per cent. of such principal sum, therefore in total up to a maximum amount equal to 160 per cent. of at least the principal amount upon origination of the relevant Mortgage Receivables;
 - (h) each of the Portfolio Mortgage Loans has been granted and each Mortgage Right and right of pledge has been vested, subject to the general terms and conditions and materially in the form of the mortgage deeds as attached to the Mortgage Receivables Purchase Agreement;
 - (i) each of the Portfolio Mortgage Loans has been granted in accordance with all applicable legal requirements prevailing at the time of origination in all material respects and was originated according to the procedures applicable at the Seller or De Lage Landen Vastgoedfinanciering B.V. at the time of origination;
 - (j) the particulars of each Portfolio Mortgage Loan (or part thereof) as set out in Schedule 3 to the Mortgage Receivables Purchase Agreement are complete, true and accurate in all material respects;
 - (k) each of the Portfolio Mortgage Loans meets the Mortgage Loan Criteria;
 - (l) it has not been notified and is not aware of anything affecting its title to the Mortgage

Receivables;

- (m) the Borrowers are not in any material breach of any provision of the Portfolio Mortgage Loans;
- (n) on the Portfolio Cut-Off Date or in respect of the purchase of Substitute Mortgage Receivables, the first day of the calendar month in which the relevant Quarterly Payment Date falls, no amounts due and payable under any of the Portfolio Mortgage loans, were in arrears;
- (o) each Portfolio Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more loan parts, provided that if the relevant Portfolio Mortgage Loan is a FGH Mortgage Loan Part the Seller will hold a FGH Participation Part;
- (p) with respect to each of the Mortgage Receivables secured by a Mortgage Right on a long lease (*erfpacht*) provide that the outstanding principal amount in respect of such Mortgage Receivables and the interest accrued thereon will become immediately due and payable if the long lease terminates for whatever reason;
- (q) the Mortgage Conditions provide that each of the assets on which a Mortgage Right has been vested to secure the Mortgage Receivable should, at the time of origination of the Portfolio Mortgage Loan, have the benefit of buildings insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*);
- (r) the Mortgage Conditions provide that all payments by the Borrower should be made without any withholding, deduction or set-off;
- (s) the Portfolio Mortgage Loans do not benefit from life insurance policies, other than some Portfolio Mortgage Loans which benefit from one or more life insurance policies and there is no relationship between such Portfolio Mortgage Loans and these insurance policies, other than the right of pledge thereof granted by the relevant Borrowers to the Seller;
- (t) the Seller, to the best of its knowledge, is not aware of any environmental issues relating to any of the Mortgaged Assets which may have a material adverse effect on the relevant Borrower's ability to comply with its payment obligations under the relevant Portfolio Mortgage Loan; and
- (u) the sale and transfer of the Mortgage Receivables is not subject to any German transfer tax, stamp duty or similar tax.

Mandatory Repurchase

If at any time after the Closing Date any of the representations and warranties relating to the Portfolio Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect, the Seller shall within fourteen (14) days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto and if such matter is not capable of remedy or is not remedied within the said period of fourteen (14) days, the Seller shall, at the Seller's expense, on the immediately succeeding Portfolio Payment Date repurchase and accept assignment of the relevant Mortgage Receivable, or, if such Mortgage Receivable results from a Portfolio Mortgage Loan which forms part of a Portfolio Mortgage Loan Group, of all Mortgage Receivables resulting from the Portfolio Mortgage Loans forming part of such Portfolio Mortgage Loan Group, for a price equal to the outstanding principal amount of such Mortgage Receivable or Mortgage Receivables, as the case may be, together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued up to but excluding the date of repurchase and re-

assignment of such Mortgage Receivable or Mortgage Receivables, as the case may be.

The Seller shall also undertake to repurchase and accept re-assignment of a Mortgage Receivable, or, if such Mortgage Receivable results from a Portfolio Mortgage Loan which forms part of a Portfolio Mortgage Loan Group, of all Mortgage Receivables resulting from the Portfolio Mortgage Loans forming part of such Portfolio Mortgage Loan Group, on the Portfolio Payment Date following the date on which an amendment of the terms of the relevant Portfolio Mortgage Loan becomes effective, in the event that such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement, which include the condition that such amendment does not adversely affect the position of the Issuer or the Security Trustee and that after such amendment the relevant Portfolio Mortgage Loan continues to meet each of the Mortgage Loan Criteria (as set out below) and the representations and warranties contained in the Mortgage Receivables Purchase Agreement (as set out above). However, the Seller shall not be required to repurchase the Mortgage Receivables resulting from such Portfolio Mortgage Loan or Portfolio Mortgage Loans, as the case may be, if the relevant amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Portfolio Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Portfolio Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Portfolio Mortgage Loan. The purchase price will be equal to the outstanding principal amount in respect of the relevant Mortgage Receivables, together with interest accrued up to (but excluding) the date of repurchase and re-assignment of such Mortgage Receivables and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and re-assignment).

Seller Clean-up Call Option and Regulatory Call Option

On each Quarterly Payment Date, the Seller may, but is not obliged to, repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables if on the Notes Calculation Date immediately preceding such Quarterly Payment Date the aggregate principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the principal amount outstanding of the Mortgage Receivables on the Closing Date.

In addition, the Seller has the option (the "**Regulatory Call Option**") to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables on each Quarterly Payment Date following the occurrence of a change in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the "**Basle Accord**") or in the international, European or Dutch regulations, rules and instructions (which includes the solvency regulation on securitisation of the Dutch Central Bank) (the "**Bank Regulations**") applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord) or a change in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely

affecting the rate of return on capital of the Seller or increasing the costs or reducing the benefit to the Seller with respect to the transaction contemplated by the Transaction Documents.

The purchase price of a Mortgage Receivable payable by the Seller or, as the case may be, the third party appointed by the Seller, upon exercise of the Seller Clean-up Call Option or Regulatory Call Option shall be at least equal to the outstanding principal amount of such Mortgage Receivable, together with accrued interest due but unpaid and any other amount due under the relevant Portfolio Mortgage Loan, except that, with respect to Mortgage Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil law notary to start foreclosure proceedings, the purchase price shall at least be equal to the lesser of (a) the outstanding principal amount, together with accrued interest due but unpaid and any other amount due under the relevant Portfolio Mortgage Loan and (b) the foreclosure value of the Mortgaged Asset or, if no valuation report less than twelve (12) months old is available, the foreclosure value as determined by an independent qualified valuer which is assigned by the Issuer and the Seller jointly. The costs associated with the assignment of such valuer will be for the account of the Seller.

Mortgage Loan Criteria

Each of the Portfolio Mortgage Loans will meet the following criteria (the "**Mortgage Loan Criteria**"):

- (a) the Portfolio Mortgage Loan belongs to one of the following products: (i) investment finance, (ii) trade finance, (iii) single-unit sales finance, (iv) commercial property for own use-finance and (v) residential property for own use-finance;
- (b) at the time of origination, the Borrower was a resident of or had its principal seat (*statutaire zetel*) in the Netherlands, Germany or Belgium;
- (c) each Mortgaged Asset securing the Portfolio Mortgage Loan is situated in the Netherlands;
- (d) each Portfolio Mortgage Loan was originated by the Seller or De Lage Landen Vastgoedfinanciering B.V. in their ordinary course of business;
- (e) each Portfolio Mortgage Loan is governed by Dutch law;
- (f) all fraud checks have been performed in relation to a Portfolio Mortgage Loan in compliance with the applicable procedures;
- (g) the interest rate on the Portfolio Mortgage Loan is a floating rate or fixed rate;
- (h) no Portfolio Mortgage Loan or, if such Portfolio Mortgage Loan forms part of a Portfolio Mortgage Loan Group, the Portfolio Mortgage Loan Group, had, on the relevant purchase date, a LTV greater than 95 per cent whereby "**LTV**" means the aggregate outstanding principal

amount of the Portfolio Mortgage Loan or, as the case may be, of all Portfolio Mortgage Loans forming part of the Portfolio Mortgage Loan Group granted to a Borrower secured by the relevant Mortgaged Assets, divided by the aggregate open market value (*onderhandse verkoopwaarde*) of such Mortgaged Assets, whereby the value of any Mortgage Asset on which a second or lower ranking mortgage right is vested as security for one or more of the relevant Portfolio Mortgage Loans and the value of the Other Collateral will be disregarded. For the purpose of calculating LTV the value of "Land" shall be deemed zero;

- (i) the Portfolio Mortgage Loan will not have a legal maturity beyond July 2041;
- (j) each Mortgage Receivables is denominated in euro; and
- (k) each Portfolio Mortgage Loan has a RRR Rating determined in accordance with the standard underwriting guidelines of the Seller.

The same criteria apply to the selection of Substitute Mortgage Receivables, unless agreed otherwise with the Rating Agencies (other than Moody's).

Assignment Notification Events

If:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by it under the Mortgage Receivables Purchase Agreement or under any of the other Transaction Documents to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller;
- (b) the Seller fails in any material respect to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the other Transaction Documents to which it is a party (other than a failure to pay as referred to under (a) above) and such failure, if capable of being remedied, is not remedied within twenty (20) Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller;
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than the representations and warranties made in relation to the Portfolio Mortgage Loans and the Mortgage Receivables or under any of the Transaction Documents to which the Seller is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect and this would have a material adverse effect on its ability to perform its obligations under the Mortgage Receivables Purchase Agreement or under any of the other Transaction Documents

to which it is a party;

- (d) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its dissolution (*ontbinding*) and liquidation (*vereffening*);
- (e) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations (*noodregeling*) as referred to in the Act on the Financial Supervision (*Wet op het financieel toezicht*) or for bankruptcy or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets;
- (f) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under the Mortgage Receivables Purchase Agreement or under any of the other Transaction Documents to which it is a party in such a manner that this would have a material adverse effect on its ability to perform such obligations;
- (g) the rating of the long-term unsecured, unsubordinated and unguaranteed debt obligations of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. falls below A3 by Moody's and A- by Fitch;
- (h) in case Rabobank no longer has the majority control over the Seller or the 403-Declaration is withdrawn by Rabobank and the remaining liability after withdrawal of the 403-Declaration has been terminated, unless at such time (i) another entity whose long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A3 by Moody's and/or A- by Fitch has the majority control of the Seller and has deposited a 403-declaration in respect of the Seller or (ii) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least A3 by Moody's and/or A- by Fitch; or
- (i) a Pledge Notification event occurs,

then, unless (i) in the event of the occurrence of an Assignment Notification Event referred to under (a) or (b), such failure, if capable of being remedied is so remedied to the satisfaction of the Issuer and the Security Trustee within the relevant remedy period, or (ii) in the event of the occurrence of an Assignment Notification Event referred to under (g), the Issuer and the Security Trustee having received confirmation from the Rating Agencies (other than Moody's) that no downgrading of the rating assigned to the Notes outstanding will occur as a result of not giving notice as described below, the Seller undertakes to (A) forthwith notify the relevant Borrowers and any other related party indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables, all this substantially in accordance with the form of the relevant notification letter attached to the Mortgage Receivables Purchase Agreement and (B) make the appropriate entries in the relevant mortgage

register with regard to the assignment of the Mortgage Receivables. The Issuer or the Security Trustee, on behalf of the Issuer, shall be entitled to effect such notification and entry itself for which the Seller, to the extent required, will grant an irrevocable power of attorney to the Issuer and the Security Trustee in the Mortgage Receivables Purchase Agreement.

Furthermore, to further secure the obligations of the Seller and any relevant Local Rabobank under the arrangement made with them in relation to the share of the Issuer (or the Security Trustee, as the case may be) and the Seller and/or such Local Rabobank in a jointly held Mortgage Right, if an Assignment Notification Event occurs then, unless an appropriate remedy to the satisfaction of the Security Trustee is found and the Security Trustee instructs the Seller and/or the relevant Local Rabobanks otherwise, within a period of ten (10) Business Days, the Seller and each of the Local Rabobanks shall be obliged to pledge, respectively, its claims under the FGH Participation Parts and the Other Claims and the receivables relating to the relevant LRB Mortgage Loan in favour of the Issuer and the Security Trustee respectively.

The Seller has undertaken to give notice of the occurrence of an Assignment Notification Event to the Issuer, the Security Trustee and the Rating Agencies.

Purchase of Substitute Mortgage Receivables

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, the Issuer shall apply the Notes Principal Available Amounts to purchase and accept assignment of any Substitute Mortgage Receivables, to the extent offered by the Seller. The Initial Purchase Price payable by the Issuer in respect of the purchase and assignment of any Substitute Mortgage Receivables shall be equal to the aggregate principal amount outstanding of such Substitute Mortgage Receivables at the date of completion of the sale and purchase thereof on the relevant succeeding Quarterly Payment Date.

The purchase by the Issuer of any Substitute Mortgage Receivables will be subject to a number of conditions (the "**Substitution Conditions**"), which include that at the relevant date of completion of the sale and purchase of such Substitute Mortgage Receivables:

- (a) the Seller confirms that the representations and warranties relating to the Portfolio Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement are true and correct with respect to the Substitute Mortgage Receivables sold and relating to the Seller at the relevant date;
- (b) no Assignment Notification Event has occurred and is continuing;
- (c) the Substitute Mortgage Receivables and relevant Portfolio Mortgage Loans meet the Mortgage Loan Criteria;

- (d) the Notes Principal Available Amounts are sufficient to pay the Initial Purchase Price for the Substitute Mortgage Receivables;
- (e) no Enforcement Notice has been served in accordance with Condition 10;
- (f) none of the Notes has been downgraded by Fitch;
- (g) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (h) the LTV of a Portfolio Mortgage Loan or, if such Portfolio Mortgage Loan forms part of a Portfolio Mortgage Loan Group, the LTV of such Portfolio Mortgage Loan Group does not exceed 95 per cent.;
- (i) no amounts are being drawn under the Liquidity Facility;
- (j) there are no amounts standing to the debit of the Principal Deficiency Ledger;
- (k) the aggregate Realised Losses do not exceed 1 per cent.;
- (l) the sum of (i) cumulative Realised Losses and (ii) Assumed Losses does not exceed 2 per cent.;
- (m) the amount of all Mortgage Receivables that are Defaulted Mortgage Receivables does not exceed 2.5 per cent.;
- (n) after completion of the sale and purchase of the Substitute Mortgage Receivables, the Portfolio Criteria will be met;
- (o) none of the Substitute Mortgage Receivables is secured on a Mortgaged Asset which is a development project, bingo hall, bowling alley, cinema, data centre, gym, petrol station, church or school;
- (p) the Substitute Mortgage Receivables shall not represent more than 1 per cent. of the aggregate outstanding principal of the Mortgage Receivables unless they have a RRR rating between R1 and R15 in which case they shall represent not more than 2 per cent.;
- (q) each of the Substitute Mortgage Receivables is secured on a Mortgage Asset the value of which has been determined in accordance with the underwriting policies and procedures no earlier than 12 months prior to the relevant purchase date except where such Mortgage Asset has a value of less than EUR 500,000 in which case its value must have been determined no earlier

than 24 months prior to the relevant purchase date;

- (r) the Borrower in respect of a Substitute Mortgage Receivable is not a Borrower of a Mortgage Receivable which has been repurchased by the Seller following a restructuring of such Mortgage Receivable.

For these purposes "**Portfolio Criteria**" means each of the following criteria:

- (a) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged Asset located in the province of Noord-Holland shall not exceed 30 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (b) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged Asset located in the province of Zuid-Holland shall not exceed 30 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (c) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged Asset located in the Region North East shall not exceed 30 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (d) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged Asset located in the Region South Middle shall not exceed 30 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (e) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged Asset, which is an industrial property shall not exceed 20 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (f) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged Asset, which is an office shall not exceed 45 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (g) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged Asset, which is a retail property shall not exceed 20 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (h) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged Asset, which is leisure property shall not exceed 7 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (i) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged

Asset, which is logistic property shall not exceed 10 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;

- (j) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged Asset, which is residential property shall not exceed 45 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (k) the aggregate outstanding principal amount of Mortgage Receivables allocated to a Mortgaged Asset, which is not included under items (e) to (j) shall not exceed 1 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (l) the aggregate outstanding principal amount of Mortgage Receivables which have a floating rate of interest which is not capped shall not exceed 27 per cent. of the aggregate outstanding principal amount of all Mortgage Receivables;
- (m) the aggregate outstanding principal amount of Mortgage Receivables which are repayable in full at their scheduled maturity date shall not exceed 20 per cent.;
- (n) the weighted average LTV of all Mortgage Receivables shall not exceed 74 per cent.;
- (o) which have an LTV higher than 80 per cent. shall not exceed 35 per cent. of the aggregate outstanding principal amount of all Mortgage Receivables;
- (p) the DSCR shall not be lower than 110 per cent; for the calculation of this criterion Mortgage Loan Receivables secured on Mortgage Assets which are owner occupied shall not be taken into consideration;
- (q) the ICR shall not be lower than 140 per cent.; for the calculation of this criterion Mortgage Receivables secured on Mortgage Assets which are owner occupied shall not be taken into consideration;
- (r) the aggregate outstanding principal amount of Mortgage Receivables which have a DSCR lower than 1 shall not exceed 28 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (s) the aggregate outstanding principal amount of Mortgage Receivables which have an ICR lower than 1 shall not exceed 20 per cent of the aggregate outstanding principal amount of all Mortgage Receivables;
- (t) the Herfindahl Index shall be equal to or higher than 150;

- (u) the weighted average life of all Mortgage Receivables shall not exceed 50 months;
- (v) the aggregate outstanding principal amount of Mortgage Receivables due by a Borrower which has a RRR Rating between R16 and R20 shall not exceed 18 per cent.; and
- (w) the weighted average RRR Ratings of all Mortgage Receivables shall not be higher than R12.

The Region North East includes the provinces of Friesland, Groningen, Drenthe, Overijssel, Gelderland and Flevoland. The Region South Middle includes the provinces of Limburg, Noord Brabant, Zeeland and Utrecht.

For this purpose, "**DSCR**" means, with respect to a Mortgage Receivable, the ratio of which (i) the numerator is the aggregate of the gross rental income of the Mortgaged Asset(s) securing such Mortgage Receivable minus operating costs relating to the same Mortgaged Asset(s) and (ii) the denominator is the annualised repayment of principal plus the annual interest amount due as determined by multiplying the applicable Maximum Interest Rate by the outstanding balance on the Mortgage Receivable.

For this purpose, "**Herfindahl Index**" means (A) the aggregate principal amount outstanding under all Portfolio Mortgage Loans, squared, divided by (B) the aggregate of the squared Portfolio Mortgage Loan Groups.

For this purpose, "**ICR**" means, with respect to a Mortgage Receivable, the ratio of which (i) the numerator is the aggregate of the gross rental income of the Mortgaged Asset(s) securing such Mortgage Receivable minus operating costs relating to the same Mortgaged Asset(s) and (ii) the denominator is the annual interest amount due as determined by multiplying the applicable Maximum Interest Rate by the outstanding balance on the Mortgage Receivable.

For this purpose, "**Maximum Interest Rate**" means the fixed interest rate of the Mortgage Receivable, or the applicable cap rate of the Mortgage Receivable, or in the event the Mortgage Receivable does not have a fixed rate, or a cap rate, then the maximum interest rate is set at 6 per cent.

When the Issuer purchases and accepts assignment of a Substitute Mortgage Receivable, the Issuer will at the same time create a first right of pledge on such Substitute Mortgage Receivable in favour of the Security Trustee.

SERVICING AGREEMENT AND ISSUER ADMINISTRATION AGREEMENT

Servicing Agreement

In the Servicing Agreement the Servicer will agree to provide administration and management services to the Issuer on a day-to-day basis in relation to the Portfolio Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables, all administrative actions in relation thereto and the implementation of arrears procedures including the enforcement of Mortgage Rights and the Other Collateral (see further *Mortgage Loan Underwriting and Servicing* above). The Servicer will be obliged to manage the Portfolio Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

The Servicer holds a license under the Act on the Financial Supervision (*Wet op het financieel toezicht*).

Termination of Servicing Agreement

The Servicing Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Servicer to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Servicer or the Servicer becoming subject to the emergency regulations (*noodregeling*) as referred to in the the Act on the Financial Supervision (*Wet op het financieel toezicht*) or if the Servicer no longer holds a licence under the Act on the Financial Supervision (*Wet op het financieel toezicht*). In addition the Servicing Agreement may be terminated by the Servicer upon the expiry of not less than six (6) months' notice, subject to written approval of the Issuer and the Security Trustee, which approval may not be unreasonably withheld and a confirmation of the Rating Agencies that there will be no adverse impact on the then current rating assigned to the Notes. A termination of the Servicing Agreement by either the Issuer and the Security Trustee or the Servicer will only become effective if a substitute servicer is appointed.

Upon the occurrence of a termination event as set forth above, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute servicer and each such substitute servicer shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Servicing Agreement, provided that such substitute servicer and substitute special services shall have the benefit of a servicing fee at a level to be then determined. Any such substitute servicer must have experience of handling mortgage loans and mortgages of commercial property in the Netherlands and hold a licence under the Act on the Financial Supervision (*Wet op het financieel toezicht*), as amended from time to time. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The Servicer shall not have any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. The Notes will be solely the obligations and responsibilities of the Issuer and not of any other entity or person involved in the transaction, including, without limitation, the Servicer.

Issuer Administration Agreement

The Issuer Administrator will in the Issuer Administration Agreement agree to provide certain administration, calculation and cash management services to the Issuer in accordance with the relevant Transaction Documents, including, *inter alia*, (a) the application of amounts received by the Issuer to the GIC Accounts and the production of quarterly reports in relation thereto, (b) procuring that all drawings (if any) to be made by the Issuer from the Reserve Account are made, (c) procuring that all payments to be made by the Issuer under the Swap Agreement are made, (d) procuring that all payments to be made by the Issuer under the Notes are made in accordance with the relevant Paying Agency Agreement and the Conditions, (e) the maintaining of all required ledgers in connection with the above, (f) all administrative actions in relation thereto, and (g) procuring that all calculations to be made pursuant to the Conditions under the Notes are made.

The Issuer Administration Agreement may be terminated by the Issuer and the Security Trustee, acting jointly, upon the occurrence of certain termination events, including but not limited to, a failure by the Issuer Administrator to comply with its obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Issuer Administrator or the Issuer Administrator being declared bankrupt or granted a suspension of payments. In addition the Issuer Administration Agreement may be terminated by the Issuer Administrator upon the expiry of not less than six (6) months' notice, subject to written approval of the Issuer and the Security Trustee, which approval may not be unreasonably withheld and a confirmation of the Rating Agencies that there will be no adverse impact on the then current rating assigned to the Notes. A termination of the Issuer Administration Agreement by either the Issuer and the Security Trustee or the Issuer Administrator will only become effective if a substitute administrator is appointed.

Upon the occurrence of a termination event as set forth above, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute issuer administrator and such substitute issuer administrator will enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Issuer Administration Agreement, provided that such substitute issuer administrator shall have the benefit of an administration fee at a level to be then determined. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

SKYLINE 2007 B.V.

The Issuer was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 15 June 2007 under number BV 1433463. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands and its telephone number is +31 20 5771 177. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34276440.

The objectives of the Issuer are (a) to acquire, purchase, conduct the management of, dispose of and encumber receivables and to exercise any rights connected to such receivables, (b) to take up loans by way of the issue of securities or by entering into loan agreements to acquire the receivables mentioned under (a), (c) to invest and on-lend any funds held by the Issuer, (d) to hedge interest rate risks and other financial risks amongst others by entering into derivative agreements, such as swaps and options, (e) if incidental to the foregoing, (i) to take up loans by issuing securities or by entering into loan agreements to, amongst other things, perform the obligations under the securities mentioned under (b) and (ii) to grant security rights and (f) to perform all activities which are incidental to or which may be conducive to any of the foregoing.

The Issuer was established for the limited purposes of the issue of the Notes, the acquisition of the Mortgage Receivables and certain related transactions described elsewhere in this Offering Circular. The Issuer operates under Dutch law, provided that it may enter into contracts which are governed by the laws of another jurisdiction than the Netherlands.

The Issuer has an authorised share capital of € 18,000 of which € 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Skyline 2007 Holding.

Stichting Skyline 2007 Holding is a foundation (*stichting*) incorporated under the laws of the Netherlands on 8 May 2007. Stichting Skyline 2007 Holding is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34273522. The objectives of Stichting Skyline 2007 Holding are to, *inter alia*, acquire and hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. Pursuant to the articles of association of Stichting Skyline 2007 Holding an amendment of the articles of association of Stichting Skyline 2007 Holding requires the prior written consent of the Stichting Security Trustee Skyline 2007. Moreover, the Director shall only be authorized to dissolve the Stichting Skyline 2007 Holding, (i) after receiving the prior written consent of the Stichting Security Trustee Skyline 2007 and (ii) after the Issuer has been fully discharged for all its obligations by virtue of the Transaction Documents.

The sole managing director of each of the Issuer and Stichting Skyline 2007 Holding is ATC Management B.V. ATC Management B.V. has elected domicile at the registered office of the Issuer at

Frederik Roeskestraat 123, 1076 EE Amsterdam, telephone number +31 20 5771177. The managing directors of ATC Management B.V. are J.H. Scholts and A.G.M. Nagelmaker.

The objectives of ATC Management B.V. are (a) advising of and mediation by financial and related transactions, (b) finance company, and (c) management of legal entities.

ATC Management B.V. belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., being the sole Director of the Security Trustee. Therefore, a conflict of interest may arise. In this respect it is of note that in the management agreements entered into by each of the Directors with the entity of which it has been appointed managing director (*statutair directeur*), each of the Directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director (*statutair directeur*) should do or should refrain from doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents or the then current rating assigned to the Notes outstanding. In addition each of the Directors agrees in the relevant management agreement that it will not enter into any agreement in relation to Skyline 2007 B.V., and/or Stichting Skyline 2007 Holding and/or Stichting Security Trustee Skyline 2007 other than the Transaction Documents to which it is a party, without the prior written consent of the Stichting Security Trustee Skyline 2007 and subject to there being no adverse effect on the then current ratings assigned to the Notes.

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform the obligations under the Transaction Documents.

Since its incorporation there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in this Offering Circular, (ii) been involved in any governmental, legal or arbitration proceedings which may have a significant effect on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer and (iii) prepared any financial statements.

The financial year of the Issuer coincides with the calendar year. The first financial year shall end on 31 December 2008.

Capitalisation

The following table shows the capitalisation of the Issuer as of 15 June 2007 as adjusted to give effect to the issue of the Notes. Copies of the deed of incorporation and the articles of association of the Issuer may be obtained at the specified offices of the Issuer and at the specified offices of the Paying Agents during normal business hours.

Share Capital

Authorised Share Capital	€ 18,000
Issued Share Capital	€ 18,000

Borrowings

Senior Class A Notes	€ 2,539,500,000
Mezzanine Class B Notes	€ 162,000,000
Mezzanine Class C Notes	€ 133,500,000
Junior Class D Notes	€ 121,500,000
Junior Class E Notes	€ 43,500,000
Subordinated Class F Notes	€ 24,000,000

Act on the Financial Supervision

The Issuer is not subject to any licence requirement under Section 2:11 of the Act on the Financial Supervision as amended, due to the fact that the Notes will be offered solely to professional market parties (*professionele marktpartijen*) within the meaning of Section 1.1 of the Act on the Financial Supervision, as amended from time to time and Section 3 of the Decree Definitions Act on the Financial Supervision (*Besluit definitiebepalingen Wet op het financieel toezicht*) (each a "PMP").

The Issuer is not subject to any licence requirement under Section 2:60 of the Act on the Financial Supervision, as the Issuer has outsourced the servicing and administration of the Portfolio Mortgage Loans to the Servicer. The Servicer holds a license under the Financial Services Act and the Issuer will thus benefit from the exemption.

Auditors' Report

The following is the text of a report received by the board of managing directors of the Issuer from Ernst & Young Accountants N.V., the accountants of which are a member of the Royal Dutch Institute for registered accountants (*Koninklijk Nederlands Instituut voor register accountants*) and the auditors to the Issuer. The information below has been accurately reproduced. As far as the Issuer is aware and is able to ascertain from information provided by Ernst & Young Accountants N.V., no facts have been omitted which would render the reproduced information inaccurate or misleading.

To the Director of Skyline 2007 B.V.

Eindhoven, 27 June 2007

Dear Sirs,

Skyline 2007 B.V. (the "**Issuer**") was incorporated on 15 June 2007 under number BV 1433463 with an issued share capital of € 18,000. The Issuer has not yet prepared any financial statements. Since its incorporation, the Issuer has not traded, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in the Offering Circular dated 27 June 2007.

Yours faithfully,
Ernst & Young Accountants N.V.

G. H. C. de Meris

USE OF PROCEEDS

The aggregate proceeds of the Notes to be issued on the Closing Date amount to € 3,024,000,000. The net proceeds of the issue of the Notes (other than the Subordinated Class F Notes) will be applied on the Closing Date to pay the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement on the Closing Date. The proceeds of the issue of the Subordinated Class F Notes will be used to fund the Reserve Account.

DESCRIPTION OF SECURITY

The Notes will be secured indirectly, through the Security Trustee, by the Trust Deed to be entered into by the Issuer and the Security Trustee, acting as security trustee for (i) the Manager as initial Noteholders, (ii) the Directors, (iii) the Issuer Administrator, (iv) the Servicer, (v) the Paying Agents, (vi) the Reference Agent, (vii) the Liquidity Facility Provider, (viii) the Swap Counterparty, (ix) the Seller and (x) the Noteholders (together the "**Security Beneficiaries**"). The Issuer will agree in the Trust Deed, to the extent necessary in advance, to pay to the Security Trustee any amounts equal to the aggregate of all its liabilities to all the Security Beneficiaries from time to time due in accordance with the terms and conditions of the relevant Transaction Documents, including, without limitation, the Notes (the "**Principal Obligations**"), which payment undertaking and the obligations and liabilities resulting therefrom is herein referred to as the "**Parallel Debt**".

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim (*eigen en zelfstandige vordering*) to receive payment of the Parallel Debt from the Issuer, provided that the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Principal Obligations to the Security Beneficiaries. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Security Beneficiaries shall be reduced by an amount equal to the amount so received.

The Parallel Debt of the Issuer to the Security Trustee will be secured by (i) a first ranking undisclosed pledge by the Issuer to the Security Trustee over the Mortgage Receivables pursuant to the Mortgage Receivables Pledge Agreement, including all rights ancillary thereto in respect of the Portfolio Mortgage Loans and (ii) a first ranking disclosed pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Floating Rate GIC, the Liquidity Facility Agreement and in respect of the GIC Accounts.

The Issuer and the Security Trustee will enter into a pledge agreement (the "**Mortgage Receivables Pledge Agreement**") pursuant to which a first ranking undisclosed right of pledge (*stil pandrecht eerste in rang*) will be granted by the Issuer to the Security Trustee over the Mortgage Receivables in order to create security for all liabilities of the Issuer to the Security Trustee in connection with the Trust Deed, including the Parallel Debt and any of the other Transaction Documents. Pursuant to the Mortgage Receivables Pledge Agreement, the Issuer further undertakes, in respect of any Substitute Mortgage Receivables, to grant to the Security Trustee a first ranking undisclosed right of pledge on the relevant Substitute Mortgage Receivables on the relevant purchase date.

The pledge over the Mortgage Receivables provided in the Mortgage Receivables Pledge Agreement will not be notified to the Borrowers except in the case of certain Pledge Notification Events. These Pledge Notification Events will, to a large extent, be similar to the Assignment Notification Events

defined in the Mortgage Receivables Purchase Agreement. Prior to notification of the pledge to the Borrowers, the pledge will be an undisclosed right of pledge (*stil pandrecht*) within the meaning of section 3:239 of the Dutch Civil Code.

In addition, the Issuer will vest a right of pledge on any and all existing and future rights and claims that are owed and will be owed to the Issuer (the "**Issuer Rights**") under (i) the Mortgage Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the Swap Agreement and (iv) the Liquidity Facility Agreement (the "**Issuer Rights Pledge Agreement**") in favour of the Security Trustee. This right of pledge secures any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt. Furthermore, on the Closing Date, the Issuer will vest, in favour of the Security Trustee, a right of pledge in respect of any and all current and future monetary claims of the Issuer against the Floating Rate GIC Provider, in respect of the Floating Rate GIC and the GIC Accounts (the "**GIC Accounts Pledge Agreement**"). The pledge pursuant to each of the Issuer Rights Pledge Agreement and the GIC Accounts Pledge Agreement will be notified to the relevant obligors and will therefore be a disclosed right of pledge (*openbaar pandrecht*).

Upon enforcement of the pledges created pursuant to the Security Documents (which is after delivery of an Enforcement Notice), the Security Trustee shall apply the net proceeds received or recovered towards satisfaction of the Parallel Debt. The Security Trustee shall distribute such net proceeds to the Security Beneficiaries. All amounts to be so distributed by the Security Trustee will be paid in accordance with the Post-Enforcement Priority of Payments (as set forth in *Credit Structure* above).

The security provided pursuant to the provisions of the Trust Deed and the Pledge Agreements shall indirectly, through the Security Trustee, serve as security for the benefit of the Security Beneficiaries, including, without limitation, each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Notes, the Junior Class E Noteholders and the Subordinated Class F Noteholders, but amounts owing to the Mezzanine Class B Noteholders will rank junior to Senior Class A Noteholders and amounts owing to the Mezzanine Class C Noteholders will rank junior to the Senior Class A Noteholders and the Mezzanine Class B Noteholders and amounts owing to the Junior Class D Noteholders will rank junior to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and amounts owing to the Junior Class E Noteholders will rank junior to the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and Junior Class D Noteholders and amounts owing to the Subordinated Class F Noteholders will rank junior to the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, Junior Class D Noteholders and the Junior Class E Noteholders (see *Credit Structure* above).

THE SECURITY TRUSTEE

Stichting Security Trustee Skyline 2007 is a foundation (*stichting*) incorporated under the laws of the Netherlands on 8 May 2007. It has its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands and its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Security Trustee is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34273523.

The objects of the Security Trustee are (a) to act as agent and/or trustee of the Noteholders and certain other creditors of the Issuer; (b) to acquire security rights as agent and/or trustee and/or for itself; (c) to hold, administer and enforce the security rights mentioned under (b) for the benefit of the Noteholders and certain other creditors of the Issuer and to perform acts and legal acts (including the acceptance of a parallel debt obligation from, *inter alia*, the Issuer) which are or may be related, incidental or conducive to the holding of the above security rights and (d) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole managing director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands and having its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are D.P. Stolp and F.E.M. Kuijpers.

TERMS AND CONDITIONS OF THE NOTES

*If Notes are issued in definitive form (each such Note a "**Definitive Note**"), the terms and conditions will be as set out below. The Conditions will be endorsed on each Definitive Note if they are issued. While the Notes remain in global form, the same terms and conditions will govern the Notes, except to the extent that they are not appropriate for Notes in global form. See under The Global Notes below.*

The issue of the € 2,539,500,000 Senior Class A Commercial Mortgage-Backed Notes 2007 due 2043 (the "**Senior Class A Notes**"), the € 162,000,000 Mezzanine Class B Commercial Mortgage-Backed Notes 2007 due 2043 (the "**Mezzanine Class B Notes**"), the € 133,500,000 Mezzanine Class C Commercial Mortgage-Backed Notes 2007 due 2043 (the "**Mezzanine Class C Notes**"), the € 121,500,000 Junior Class D Mortgaged-Backed Notes 2007 due 2043 (the "**Junior Class D Notes**") the € 43,000,000 Junior Class E Commercial Mortgaged-Backed Notes 2007 due 2043 (the "**Junior Class E Notes**") and the € 24,000,000 Subordinated Class F Notes 2007 due 2043 (the "**Subordinated Class F Notes**" and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes, the "**Notes**") was authorised by a resolution of the managing director of Skyline 2007 B.V. (the "**Issuer**") passed on 25 June 2007. The Notes will be issued on 29 June 2007 (or such later date as may be agreed between the Manager and the Issuer) (the "**Closing Date**") under a trust deed (the "**Trust Deed**") dated 27 June 2007 (the "**Signing Date**") between the Issuer, Stichting Skyline 2007 Holding and Stichting Security Trustee Skyline 2007 (the "**Security Trustee**").

Under a paying agency agreement (the "**Class A and F Paying Agency Agreement**") dated the Signing Date by and between the Issuer, the Security Trustee and Coöperative Centrale Raiffeisen-Boerenleenbank B.A., trading as Rabobank International, as paying agent (the "**Class A and F Paying Agent**"), provision is made for, among other things, the payment of principal and interest in respect of the Senior Class A Notes and the Subordinated Class F Notes.

Under a paying agency agreement (the "**Class B, C, D and E Paying Agency Agreement**" and together with the Class A and F Paying Agency Agreement, the "**Paying Agency Agreements**") dated the Signing Date by and between the Issuer, the Security Trustee, Deutsche Bank AG, London Branch as principal paying agent (the "**Class B, C, D and E Principal Paying Agent**"), Deutsche Bank AG, Amsterdam Branch as paying agent (the "**Class B, C, D and E Paying Agent**" and, together with the Class A and F Paying Agent, the Class B, C, D and E Principal Paying Agent, the "**Paying Agents** ") and Deutsche Bank AG, London Branch as reference agent with respect to all Classes of Notes (the "**Reference Agent**" and, together with the Paying Agents, the "**Agents**") provision is made for, among other things, the payment of principal and interest in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes.

The statements in these terms and conditions of the Notes (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of (i) the Paying Agency Agreements, (ii) the Trust Deed,

which will include the form of the Notes and the interest coupons appertaining to the Notes (the "**Coupons**"), the forms of the Temporary Global Notes and the Permanent Global Notes, (iii) a mortgage receivables purchase agreement (the "**Mortgage Receivables Purchase Agreement**") dated the Signing Date between FGH Bank N.V., as seller (the "**Seller**"), the Issuer and the Security Trustee, (iv) a servicing agreement (the "**Servicing Agreement**") dated the Signing Date between the Issuer, FGH Bank N.V., as servicer (the "**Servicer**") and the Security Trustee, (v) an administration agreement (the "**Issuer Administration Agreement**") dated the Signing Date between Issuer, FGH Bank N.V., as administrator (the "**Issuer Administrator**") and the Security Trustee, (vi) a Mortgage Receivables Pledge Agreement dated the Signing Date between the Issuer and the Security Trustee, (vii) an Issuer Rights Pledge Agreement dated the Signing Date between, *inter alia*, the Issuer and the Security Trustee and (viii) a GIC Accounts Pledge Agreement dated the Signing Date between, *inter alia*, the Issuer and the Security Trustee (jointly with the two pledge agreements referred to under (vi) and (vii) above, the "**Pledge Agreements**" and the Pledge Agreements together with the Trust Deed, the "**Security Documents**") and together with certain other agreements, including all the aforementioned agreements and the Notes, the "**Transaction Documents**").

Certain words and expressions used below are defined in a master definitions agreement (the "**Master Definitions Agreement**") dated the Signing Date and signed by the Issuer, the Security Trustee, the Seller and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. As used herein, "**Class**" means the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes or the Subordinated Class F Notes, as the case may be.

Copies of the Mortgage Receivables Purchase Agreement, the Trust Deed, the Security Beneficiaries Agreement, the Paying Agency Agreements, the Servicing Agreement, the Pledge Agreements, the Master Definitions Agreement and certain other agreements are available for inspection free of charge by holders of the Notes at the specified offices of the Paying Agents and the current office of the Security Trustee, being at the date hereof Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreements, the Pledge Agreements and the Master Definitions Agreement.

1. Form, Denomination and Title

(a) Definitive Notes

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of € 100,000 each. Under Dutch law, the valid transfer of Notes requires, *inter alia*, delivery (*levering*) thereof. The Issuer, the Security Trustee and the Paying Agents may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or

writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment, and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

(b) *Legend on Definitive Notes*

The Definitive Notes and the Coupons will bear the following legend: "*Any United States Person (as defined in the Internal Revenue Code), who holds this obligation will be subject to the limitations under the United States income tax laws, including limitations provided in section 165(j) and 1287(a) of the Internal Revenue Code*". The sections referred to in the legend provide that such a United States Person will not, with certain exceptions, be permitted to deduct any loss, and will not be eligible for favourable capital gains treatment with respect to any gain realised on a sale, exchange or redemption of a Definitive Note or Coupon.

(c) *Global Notes*

Each Class of Notes will initially be represented by a Global Note and will only be exchangeable for Definitive Notes in the limited circumstances set forth in the Global Note. In case of Senior Class A Notes being represented by a Global Note a Senior Class A Noteholder shall not have the right to request withdrawal thereof under the Dutch Securities Giro Act (*Wet giraal effectenverkeer*).

2. Status, Relationship between the Notes and Security

(a) *Status*

The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class.

In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Junior Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes and (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes.

(b) *Security*

The Security Beneficiaries, including, *inter alia*, the Noteholders, benefit from the security for the obligations of the Issuer towards the Security Trustee (the "**Security**"), which will be created pursuant to, and on the terms set out in, the Trust Deed and the Pledge Agreements, which will create, *inter alia*, the following security rights:

- (i) a first ranking undisclosed pledge by the Issuer to the Security Trustee over the Mortgage Receivables and all ancillary rights;
- (ii) a first ranking disclosed pledge by the Issuer to the Security Trustee over the Issuer's rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the Servicer under or in connection with the Servicing Agreement; (c) against the Swap Counterparty under or in connection with the Swap Agreement and (d) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement;
- (iii) a first ranking disclosed pledge by the Issuer to the Security Trustee over the Issuer's claims against the Floating Rate GIC Provider in respect of the GIC Accounts.

The holders of the Notes will benefit from the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes, the Mezzanine Class B Notes will rank in priority to the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes, the Mezzanine Class C Notes will rank in priority to the Junior Class D Notes, Junior Class E Notes and the Subordinated Class F Notes, the Junior Class D Notes will rank in priority to the Junior Class E Notes and the Subordinated Class F Notes and the Junior Class E Notes will rank in priority to the Subordinated Class F Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders each as a Class as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) and the Security Trustee need not to have regard to the consequences of such exercise for individual Noteholders but is required in any such case to have regard only to the interests of the Senior Class A Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Senior Class A Noteholders on the one hand and the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders or the Subordinated Class F Noteholders on the other hand and, if no Senior Class A Notes are outstanding, to have regard only to the interests of the Mezzanine Class B Noteholders if, in the Security Trustee's opinion, there is

a conflict between the interests of the Mezzanine Class B Noteholders on the one hand and the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders or the Subordinated Class F Noteholders on the other hand and, if no Mezzanine Class B Notes are outstanding, to have regard only to the interests of the Mezzanine Class C Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Mezzanine Class C Noteholders on the one hand and the Junior Class D Noteholders, the Junior Class E Noteholders or the Subordinated Class F Noteholders on the other hand and, if no Mezzanine Class C Notes are outstanding, to have regard only to the interests of the Junior Class D Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Junior Class D Noteholders on the one hand and the Junior Class E Noteholders or the Subordinated Class F Noteholders on the other hand and, if no Junior Class D Notes are outstanding, to have regard only to the interests of the Junior Class E Noteholders if, in the Security Trustee's opinion, there is a conflict between the interests of the Junior Class E Noteholders on the one hand and the Subordinated Class F Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Security Beneficiaries, provided that, in the case of a conflict of interest between the Security Beneficiaries, the priority of payments set forth in the Trust Deed determines which interest of which Security Beneficiary prevails.

3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice and shall not, except to the extent permitted by the Transaction Documents, or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Offering Circular dated 27 June 2007 relating to the issue of the Notes and as contemplated in the Transaction Documents;
- (b) incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Transaction Documents;
- (d) create, promise to create or permit to subsist any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Transaction Documents;
- (e) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (f) permit the validity or effectiveness of the Trust Deed or the Pledge Agreements, and the priority of the security created thereby or pursuant thereto to be amended, terminated,

postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Transaction Documents;

- (g) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (h) have an interest in any bank account other than the GIC Accounts and the Liquidity Facility Account and an account into which collateral under the Swap Agreement is transferred, unless all rights in relation to such account (other than the account into which collateral under the Swap Agreement is transferred) have been pledged to the Security Trustee as provided in Condition 2(b)(iii);
- (i) amend, supplement or otherwise modify its articles of association or other constitutive documents;
- (j) pay any dividend or make any other distribution to its shareholder(s) or issue any further shares; or
- (k) engage in any activity whatsoever 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.

4. Interest

(a) *Period of Accrual*

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6) from and including the Closing Date. Each Note (or, in the case of the redemption of only part of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after 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 relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the relevant Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated on the basis of the actual number of days elapsed in the Quarterly Interest Period divided by 360 days.

(b) *Interest Periods and Payment Dates*

Interest on the Notes shall be payable by reference to successive interest periods (each a

"**Quarterly Interest Period**") and will be payable in arrear in euro in respect of the Principal Amount Outstanding (as defined in Condition 6) of the Notes, respectively, on the 22nd day of January, April, July and October in each year, or if such day is not a Business Day (as defined below), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 22nd day is the relevant Business Day (each such day being a "**Quarterly Payment Date**"). A "**Business Day**" means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (the "**TARGET System**") or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Quarterly Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Quarterly Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in October 2007.

(c) *Interest on the Notes*

Except for the first Quarterly Interest Period whereby interest will accrue from (and including) the Closing Date until but excluding the first Quarterly Payment Date at an annual rate equal to the linear interpolation between the Euro Interbank Offered Rate ("**Euribor**") for three-months deposits in euro and the Euribor for four-months deposits in euro (determined in accordance with this Condition 4) plus the margin as set out below, interest on the Notes for each Quarterly Interest Period up to (but excluding) the First Optional Redemption Date will accrue at an annual rate equal to Euribor for three-months deposits in euro, plus:

- (i) for the Senior Class A Notes, a margin of 0.16 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.25 per cent. per annum;
- (iii) for the Mezzanine Class C Notes, a margin of 0.38 per cent. per annum;
- (iv) for the Junior Class D Notes, a margin of 0.81 per cent. per annum;
- (v) for the Junior Class E Notes, a margin of 3.50 per cent. per annum; and
- (vi) for the Subordinated Class F Notes a margin of 4.00 per cent. per annum.

(d) *Interest following the First Optional Redemption Date*

If on the First Optional Redemption Date (as defined in Condition 6) the Notes of any Class have not been redeemed in full, the margin on each Class of Notes (other than the Subordinated Class F Notes) will increase. The rate of interest applicable to the Notes will then be equal to the sum of Euribor for three-months deposits in euro, payable by reference to Quarterly Interest Periods on each Quarterly Payment Date, plus:

- (i) for the Senior Class A Notes, a margin of 0.32 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.50 per cent. per annum;

- (iii) for the Mezzanine Class C Notes, a margin of 0.76 per cent. per annum;
- (iv) for the Junior Class D Notes, a margin of 1.62 per cent. per annum;
- (v) for the Junior Class E Notes, a margin of 7.00 per cent. per annum; and
- (vi) for the Subordinated Class F Notes, a margin of 4.00 per cent. per annum.

(e) *Euribor*

For the purposes of Conditions 4(c) and (d) Euribor will be determined as follows:

- (i) The Reference Agent will obtain for each Quarterly Interest Period the rate equal to Euribor for three-months deposits in euro. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Telerate Page 248 (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuter Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the Euribor rate selected by the Reference Agent) at or about 11:00 a.m. (Central European time) on the day that is two (2) Business Days preceding the first day of each Quarterly Interest Period (each an "**Interest Determination Date**").
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
 - (A) request the principal euro-zone office of each of four (4) major banks in the euro-zone interbank market (the "**Reference Banks**") to provide a quotation for the rate at which three-months euro deposits are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and
 - (B) determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations as are provided; and
- (iii) if fewer than two (2) such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for three-months deposits to leading euro-zone banks in an

amount that is representative for a single transaction in that market at that time,

and Euribor for such Quarterly Interest Period shall be the rate per annum equal to the Euribor for euro deposits as determined in accordance with this paragraph (e), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Quarterly Interest Period, Euribor applicable during such Quarterly Interest Period will be Euribor last determined in relation thereto.

- (f) *Determination of Floating Rate of Interest and Calculation of the Floating Interest Amount*
The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each relevant Interest Determination Date, determine the floating rates of interest referred to in paragraphs (c) and (d) above for each relevant Class of Notes (the "**Floating Rate of Interest**") and calculate the amount of interest payable on this Class of Notes for the following Quarterly Interest Period (the "**Floating Interest Amount**") by applying the relevant Floating Rate of Interest to the Principal Amount Outstanding of the relevant Class of Notes. The determination of the relevant Floating Rate of Interest and the Floating Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.
- (g) *Notification of the Floating Rate of Interest and the Floating Interest Amount*
The Reference Agent will cause the relevant Floating Rate of Interest and the relevant Floating Interest Amount and the Quarterly Payment Date applicable to each relevant Class of Notes to be notified to the Issuer, the Security Trustee, the Paying Agents, the Issuer Administrator, Euronext Amsterdam (if and for as long as the Notes are listed on Eurolist) and to the holders of such Class of Notes by an advertisement in the English language in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam. The Floating Interest Amount and Quarterly Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Quarterly Interest Period.
- (h) *Determination or Calculation by Security Trustee*
If the Reference Agent at any time for any reason does not determine the relevant Floating Rate of Interest or fails to calculate the relevant Floating Interest Amount in accordance with paragraph (f) above, the Security Trustee shall determine the relevant Floating Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (f) above), it shall deem fair and reasonable under the circumstances or, as the case may be, the Security Trustee shall calculate the Floating Interest Amount in accordance with paragraph (f) above, and each such determination or calculation shall be final and binding on all parties.

(i) *Reference Banks and Reference Agent*

The Issuer will procure that, as long as any of the Notes remains outstanding, there will at all times be four Reference Banks and a Reference Agent. The Issuer has, subject to obtaining the prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent or of any Reference Bank by giving at least ninety (90) days' notice in writing to that effect. Notice of any such termination will be given to the holders of the relevant Class of Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as a Reference Bank or the Reference Agent (as the case may be) or if the appointment of any Reference Bank or the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor Reference Bank or Reference Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

5. Payment

(a) *Global Notes*

For so long as the Notes are represented by a Global Note, (i) payments of principal and interest in respect of the Senior Class A Notes will be made in euro to Euroclear Netherlands for the credit of the respective accounts of the Senior Class A Noteholders and the Subordinated Class F Noteholders and (ii) payments of principal and interest in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes will be made in euro to Euroclear and Clearstream, Luxembourg, as the case may be, for the credit of the respective accounts of the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class C Noteholders, the Junior Class D Noteholders and the Junior Class E Noteholders.

(b) *Definitive Notes*

(i) Payment of principal and interest in respect of Definitive Notes will be made upon presentation of the Definitive Note and against surrender of the relevant Coupon appertaining thereto at any specified office of the relevant Paying Agent in cash or by transfer to a euro account maintained by the payee with a bank in the Netherlands, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.

(ii) On the Final Maturity Date (as defined in Condition 6), or such earlier date on which the Notes become due and payable, the Definitive Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due)

will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five (5) years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).

- (iii) If the relevant Quarterly Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon ("**Local Business Day**"), the holder thereof shall not be entitled to payment until the next following Local Business Day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to a euro account as referred to above, the relevant Paying Agent shall not be obliged to credit such account until the Local Business Day immediately following the day on which banks are open for business in the Netherlands and the United Kingdom. The names of the Paying Agents and details of their offices are set out below.
- (iv) The Issuer reserves the right at any time to vary or terminate the appointment of a Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and that the Issuer will at all times maintain a paying agent having a specified office in the European Union which, for as long as the Notes (other than the Subordinated Class F Notes) are listed on Eurolist by Euronext Amsterdam, shall be located in the Netherlands, and provided further that the Issuer will maintain a paying agent in an EU Member State that will not be obliged to withhold or deduct any tax pursuant to the EU Council Directive 2003/48/EC. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of any of the Paying Agents will be given to the Noteholders in accordance with Condition 13.

6. Redemption

(a) Definitions

For the purposes of these Conditions the following terms shall have the following meanings:

The "**Principal Amount Outstanding**" on any Notes Calculation Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts (as defined in Condition 6(c) and Condition 6(f) below) in respect of that Note that have become due and payable prior to such Notes Calculation Date.

"**Notes Principal Available Amounts**" shall mean, on any Notes Calculation Date, the sum of the following amounts received by the Issuer during the Notes Calculation Period immediately preceding such Notes Calculation Date:

- (i) repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any;
- (ii) Net Proceeds in respect of any Mortgage Receivables, to the extent such proceeds relate to principal;
- (iii) amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;
- (iv) amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Administration Agreement;
- (v) any part of the Notes Principal Available Amounts calculated on the immediately preceding Notes Calculation Date which has not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date.

"Net Proceeds", shall, in relation to a Mortgage Receivable, mean (i) the proceeds of a foreclosure on the relevant Mortgage Right, (ii) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (iii) the proceeds, if any, of collection of insurance policies in connection with the Mortgage Receivable, including but not limited to fire insurance, (iv) the proceeds of any guarantees or sureties, (v) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs in respect of such Mortgage Receivable and (vi) any other amounts received from the relevant debtor or the Seller pursuant to the Mortgage Receivables Purchase Agreement in connection with the relevant Mortgage Receivable. The term "foreclosure" shall include any lawful manner of generating proceeds from collateral, whether by public auction, by private sale or otherwise.

"Notes Calculation Date" means, in relation to a Quarterly Payment Date, the third Business Day prior to such Quarterly Payment Date.

"Notes Calculation Period" means, in relation to a Notes Calculation Date, the three (3) successive Portfolio Calculation Periods immediately preceding such Notes Calculation Date;

"Portfolio Calculation Period" means the period commencing on (and including) the first day of each calendar month and ending on (but excluding) the first day of the next succeeding calendar month.

"Realised Losses" means, on any Notes Calculation Date, the sum of (a) the aggregate outstanding principal amount of all Mortgage Receivables on which the Seller, the Servicer, the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including such Notes Calculation Date *minus* the Net Proceeds applied to reduce the outstanding principal amount of such Mortgage Receivables and (b) with respect to Mortgage Receivables sold by the Issuer pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, the amount of the aggregate outstanding principal amount of all such Mortgage Receivables *minus* the purchase price received, or to be received on the relevant Quarterly Payment Date, in respect of such Mortgage Receivables to the extent relating to principal, whereby for the purpose of establishing the outstanding principal amount of a Mortgage Receivable in case of set-off or defence to payments asserted by Borrowers any amount by which the Mortgage Receivables have been extinguished (*teniet gegaan*) will be disregarded.

(b) *Final Redemption*

Unless previously redeemed as provided below, the Issuer will, subject to Condition 9(b), redeem any remaining Notes at their Principal Amount Outstanding, together with accrued interest, on the Quarterly Payment Date falling in July 2043 (the **"Final Maturity Date"**).

(c) *Redemption prior to delivery of an Enforcement Notice*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall on each Quarterly Payment Date apply the Notes Principal Available Amounts (as defined above), subject to the possible application thereof for payment of the purchase price for Substitute Mortgage Receivables subject to and in accordance with the applicable priority of payments towards redemption, at their respective Principal Amount Outstanding, of (i) *firstly*, towards the Senior Class A Notes until fully redeemed, (ii) *secondly*, towards the Mezzanine Class B Notes, until fully redeemed, (iii) *thirdly*, the Mezzanine Class C Notes, until fully redeemed, (iv) *fourthly*, towards the Junior Class D Notes, until fully redeemed and (v) *fifthly*, towards the Junior Class E Notes, until fully redeemed.

The principal amount so redeemable in respect of each Note (each a **"Principal Redemption Amount"**) on the relevant Quarterly Payment Date shall be the Notes Principal Available Amounts on the Notes Calculation Date relating to that Quarterly Payment Date (less the amounts applied towards payment of the purchase price for any Substitute Replacement Receivables) divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro), provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the

relevant Note. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(d) *Determination of Principal Redemption Amount and Principal Amount Outstanding:*

- (i) On each Notes Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (a) the Principal Redemption Amount and (b) the Principal Amount Outstanding of the relevant Note on the first day following the relevant Quarterly Payment Date. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.
- (ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of Notes to be notified forthwith to the Security Trustee, the Paying Agents, the Reference Agent, Euroclear Netherlands, Euroclear, Clearstream, Luxembourg, Euronext Amsterdam and to the holders of Notes by an advertisement in the English language in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam. If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date a notice to this effect will be given to the Noteholders in accordance with Condition 13.
- (iii) If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) the Principal Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with this paragraph (d) and paragraph (c) above (but based upon the information in its possession as to the Notes Principal Available Amounts) and each such determination or calculation shall be deemed to have been made by the Issuer.

(e) *Optional redemption*

The Issuer may, at its option, on giving not more than sixty (60) nor less than thirty (30) days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, on the Quarterly Payment Date falling in July 2012 (the "**First Optional Redemption Date**") and on each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") redeem, subject to Condition 9(b), all (but not only part of) the Notes (other than the Subordinated Class F Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes.

(f) *Redemption of Subordinated Class F Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged as from the earlier of (i) the Quarterly Payment Date on which all

amounts of interest and principal on the Notes (other than the Subordinated Class F Notes) have been paid and (ii) the First Optional Redemption Date, to apply the Notes Interest Available Amounts, if and to the extent that all payments ranking above item (s) in the Interest Priority of Payments set forth in the Trust Deed have been made in full, to redeem (or partially redeem) on a pro rata basis the Subordinated Class F Notes on each Quarterly Payment Date until fully redeemed. Any amount so redeemed will be deemed to be a Principal Redemption Amount for the purpose of calculating the Principal Amount Outstanding of each of the Subordinated Class F Notes in accordance with Condition 6(d). Unless previously redeemed in full, the Issuer will, subject to Condition 9(b), redeem the Subordinated Class F Notes at their Principal Amount Outstanding, together with accrued interest, on the Quarterly Payment Date falling in July 2043.

(g) Redemption following clean-up call

The Seller has the option to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables on any Quarterly Payment Date on which the principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the principal amount of the Mortgage Receivables on the Closing Date (the "**Seller Clean-up Call Option**"). On the Quarterly Payment Date following the exercise by the Seller of its Seller Clean-up Call Option the Issuer shall redeem, subject to Condition 9(b), all (but not only part of) the Notes (other than the Subordinated Class F Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes.

(h) Redemption following regulatory call

The Notes (other than the Subordinated Class F Notes) shall be redeemed by the Issuer, subject to Condition 9(b), in whole, but not in part, at their Principal Amount Outstanding plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to such Notes, on any Quarterly Payment Date, by giving not more than sixty (60) nor less than thirty (30) days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, if the Seller exercises its option (the "**Regulatory Call Option**") to repurchase the Mortgage Receivables upon the occurrence of a change in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the "**Basle Accord**") or in the international, European or Dutch regulations, rules and instructions (which includes the solvency regulation on securitisation of the Dutch Central Bank) (the "**Bank Regulations**") applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord) or a change in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the

Seller or increasing the costs or reducing the benefit to the Seller with respect to the transaction contemplated by the Transaction Documents (a "**Regulatory Change**")

(i) *Redemption for tax reasons*

The Issuer may (but is not obliged to) redeem all of the Notes, in whole but not in part, at their Principal Amount Outstanding plus accrued but unpaid interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, including, without limitation, Condition 9(b), if (a) the Issuer or any of the Paying Agents has become or would become obligated to make any withholding or deduction from payments in respect of any of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction) and/or (b) the Issuer has become or would become subject to any limitation of the deductibility of interest on any of the Notes as a result of (i) a change in any laws, rules or regulations or in the interpretation or administration thereof, or (ii) any act taken by any taxing authority on or after the issue date of the Notes. No redemption pursuant to sub-clause (ii) may be made unless the Issuer receives an opinion of independent counsel that there is a probability that the act taken by the taxing authority leads to one of events mentioned at (a) or (b). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) are also redeemed at their respective Principal Amount Outstanding, together with accrued interest, at the same time.

7. Taxation

All payments of, or in respect of, principal and interest on the Notes will be made without withholding of, or deduction for or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges is required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to such Noteholders.

8. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons shall become prescribed unless made within five (5) years from the date on which such payment first becomes due.

9. Subordination

(a) *Interest*

Interest on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes shall be payable in

accordance with the provisions of Conditions 4 and 5, subject to the terms of this Condition and subject to the provisions of the Trust Deed.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class B Notes on such Quarterly Payment Date, the amount available (if any) shall be applied pro rata to pay the amount of interest due on such Quarterly Payment Date to the holders of the Mezzanine Class B Notes. In the event of a shortfall, the Issuer shall credit the Mezzanine Class B Notes Interest Shortfall Ledger (as defined in the Master Definitions Agreement), with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class B Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on such Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Mezzanine Class B Notes for such period, and a pro rata share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Mezzanine Class B Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class C Notes on such Quarterly Payment Date, the amount available (if any) shall be applied pro rata to pay the amount of interest due on such Quarterly Payment Date to the holders of the Mezzanine Class C Notes. In the event of a shortfall, the Issuer shall credit the Mezzanine Class C Notes Interest Shortfall Ledger (as defined in the Master Definitions Agreement), with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class C Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on such Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Mezzanine Class C Notes for such period, and a pro rata share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Mezzanine Class C Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Junior Class D Notes on such Quarterly Payment Date, the amount available (if any) shall be applied pro rata to pay the amount of interest due on such Quarterly Payment Date to the holders of the Junior Class D Notes. In the event of a shortfall, the Issuer shall credit the Junior Class D Notes Interest Shortfall Ledger (as defined in the Master Definitions Agreement), with an

amount equal to the amount by which the aggregate amount of interest paid on the Junior Class D Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on such Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Junior Class D Notes for such period, and a pro rata share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Junior Class D Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Junior Class E Notes on such Quarterly Payment Date, the amount available (if any) shall be applied pro rata to pay the amount of interest due on such Quarterly Payment Date to the holders of the Junior Class E Notes. In the event of a shortfall, the Issuer shall credit the Junior Class E Notes Interest Shortfall Ledger (as defined in the Master Definitions Agreement), with an amount equal to the amount by which the aggregate amount of interest paid on the Junior Class E Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on such Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Junior Class E Notes for such period, and a pro rata share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Junior Class E Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Subordinated Class F Notes on such Quarterly Payment Date, the amount available (if any) shall be applied pro rata to pay the amount of interest due on such Quarterly Payment Date to the holders of the Subordinated Class F Notes. In the event of a shortfall, the Issuer shall credit the Subordinated Class F Notes Interest Shortfall Ledger (as defined in the Master Definitions Agreement), with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class F Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on such Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Subordinated Class F Notes for such period, and a pro rata share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Subordinated Class F Note on the next succeeding Quarterly Payment

Date.

(b) *Principal*

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes is reduced to zero, the holders of the Mezzanine Class B Notes will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. As from that date the Principal Amount Outstanding of the Mezzanine Class B Notes will be redeemed in accordance with the provisions of Condition 6, provided that if, on any Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the GIC Accounts.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero, the Mezzanine Class C Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class C Notes. As from that date the Principal Amount Outstanding of the Mezzanine Class C Notes will be redeemed in accordance with the provisions of Condition 6, provided that if, on any Quarterly Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class C Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Mezzanine Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class C Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the GIC Accounts.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero and the Principal Amount Outstanding of all Mezzanine Class C Notes is reduced to zero, the Junior Class D Noteholders will not be entitled to any repayment of principal in respect of the Junior Class D Notes. As from that date the Principal Amount Outstanding of the Junior Class D Notes will be redeemed in accordance with the provisions of Condition 6, provided that if, on any Quarterly Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class D Note on

such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Junior Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class D Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the GIC Accounts.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero and the Principal Amount Outstanding of all Mezzanine Class C Notes is reduced to zero and the Principal Amount Outstanding of all Junior Class D Notes is reduced to zero, the Junior Class E Noteholders will not be entitled to any repayment of principal in respect of the Junior Class E Notes. As from that date the Principal Amount Outstanding of the Junior Class E Notes will be redeemed in accordance with the provisions of Condition 6, provided that if, on any Quarterly Payment Date, there is a balance on the Class E Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class E Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Junior Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class E Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the GIC Accounts.

In these Conditions, the "**Principal Shortfall**" means, with respect to any Quarterly Payment Date, an amount equal to (i) the balance of the relevant sub-ledger of the Principal Deficiency Ledger for the relevant Class of Notes, divided by (ii) the number of Notes of the relevant Class on such Quarterly Payment Date.

If on any Notes Calculation Date all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class F Notes, have been paid or will be available for payment on the Quarterly Payment Date immediately following such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will on the Quarterly Payment Date immediately succeeding such Notes Calculation Date form part of the Notes Interest Available Amounts and will be available to redeem or partially redeem the Subordinated Class F Notes. If on the Quarterly Payment Date on which all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class F Notes, have been paid or will be paid (i) no balance is standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, then notwithstanding any other provisions of these Conditions the Subordinated Class F Noteholders will not be

entitled to any repayment of principal in respect of the Subordinated Class F Notes, or (ii) a balance is standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, then notwithstanding any other provisions of these Conditions the principal amount payable on the redemption of each Subordinated Class F Note on such date shall not exceed the balance standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, divided by the number of Subordinated Class F Notes then outstanding. The Subordinated Class F Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class F Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the GIC Accounts.

(c) *General*

In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the Subordinated Class F Notes or, as the case may be, the Junior Class E Notes or, as the case may be, the Junior Class D Notes or, as the case may be, the Mezzanine Class C Notes or, as the case may be, the Mezzanine Class B Notes, are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Subordinated Class F Notes or, as the case may be, the Junior Class E Notes or, as the case may be, the Junior Class D Notes or, as the case may be, the Mezzanine Class C Notes or, as the case may be, the Mezzanine Class B Notes, then the Subordinated Class F Noteholders or, as the case may be, the Junior Class E Noteholders or, as the case may be, the Junior Class D Noteholders or, as the case may be, the Mezzanine Class C Noteholders or, as the case may be, the Mezzanine Class B Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

10. Events of Default

The Security Trustee at its discretion may or, if so directed by an Extraordinary Resolution of the Senior Class A Noteholders or if no Senior Class A Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class B Noteholders or, if no Senior Class A Notes and Mezzanine Class B Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class C Noteholders or, if no Senior Class A Notes, Mezzanine Class B Notes and Mezzanine Class C Notes are outstanding, by an Extraordinary Resolution of the Junior Class D Noteholders or, if no Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Junior Class D Notes are outstanding, by an Extraordinary Resolution of the Junior Class E Noteholders or, if no Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes and Junior Class E Notes are outstanding, by an Extraordinary Resolution of the Subordinated Class F Noteholders (subject, in each case, to being indemnified to its satisfaction) (in each case, the "**Relevant Class**") shall (but in the case of the occurrence of any of the

events mentioned in subparagraph (a) up to and including (f) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Relevant Class) give notice (an "**Enforcement Notice**") to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following shall occur:

- (a) the Issuer is in default for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes of the Relevant Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, any Paying Agency Agreement or the Pledge Agreements and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty (30) days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets is made and not discharged or released within a period of thirty (30) days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of a liquidator or receiver of the Issuer in respect of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with, its creditors; or
- (f) the Issuer files a petition for a suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or is declared bankrupt or becomes subject to any other regulation having a similar effect,

provided, however, that, if Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D, the Junior Class E Notes or the Subordinated Class F Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders or the Subordinated Class F Noteholders, unless an Enforcement Notice in respect of the Senior Class A Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Senior Class A Notes, the Security Trustee shall not be required to have regard to the interests of the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the

Junior Class D Noteholders, the Junior Class E Noteholders or the Subordinated Class F Noteholders.

11. Enforcement

(a) Enforcement

At any time after the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the Security pursuant to the terms of the Trust Deed and the Pledge Agreements, including the making of a demand for payment thereunder, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the Senior Class A Noteholders or, if all amounts due in respect of the Senior Class A Notes have been fully paid, the Mezzanine Class B Noteholders or, if all amounts due in respect of the Senior Class A Notes and the Mezzanine Class B Notes have been fully paid, the Mezzanine Class C Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes have been fully paid, the Junior Class D Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes have been fully paid, the Junior Class E Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes have been fully paid, the Subordinated Class F Noteholders and (ii) it shall have been indemnified to its satisfaction. The Security Trustee will enforce the Security pursuant to the terms of the Trust Deed and the Pledge Agreements for the benefit of all Security Beneficiaries, including, but not limited to, the Noteholders, and will apply the net proceeds received or recovered towards satisfaction of the Parallel Debt. The Security Trustee shall distribute such net proceeds to the Security Beneficiaries in accordance with the Post-Enforcement Priority of Payments set forth in the Trust Deed.

(b) No Action against Issuer by Noteholders

No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

(c) Undertaking Noteholders and Security Trustee

The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least two (2) years after the last maturing Note is paid in full.

(d) *Limitation of Recourse*

The Noteholders accept and agree that the only remedy of the Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

12. Indemnification of the Security Trustee

The Trust Deed contains provisions for the indemnification of the Security Trustee and for its relief from responsibility. The Security Trustee is entitled to enter into commercial transactions with the Issuer and/or any other party to the Transactions without accounting for any profit resulting from such transaction.

13. Notices

With the exception of the publications of the Reference Agent in Condition 4 and of the Issuer in Condition 6, all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands, or, if all such newspapers shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Notes (other than the Subordinated Class F Notes) are listed on Eurolist by Euronext Amsterdam, in the English language in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam. Any such notice shall be deemed to have been given on the first date of such publication.

14. Meetings of Noteholders; Modification; Consents; Waiver

(a) *Meeting of Noteholders*

The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Transaction Documents, provided that no change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such class of Notes referred to below as a "**Basic Terms Change**") shall be effective except that, if the Security Trustee is of the opinion that such a Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default, such Basic Terms Change may be sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below.

A meeting as referred to above may be convened by the Issuer or by Noteholders of any Class holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class. The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such a meeting an Extraordinary Resolution shall be adopted with not less than a two-third majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the validly cast votes in respect of that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution can be adopted with not less than a two-thirds majority of the validly cast votes, except that for an Extraordinary Resolution including a sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented, except if the Extraordinary Resolution relates to the appointment, removal and replacement of any or all of the managing directors of the Security Trustee, in which case at least 30 per cent. of the Notes of the relevant Class should be represented at such second meeting.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes or the Subordinated Class F Notes, as the case may be, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes or the Subordinated Class F Notes, as the case may be, shall take effect unless it shall have been sanctioned with respect to the Senior Class A Notes by an Extraordinary Resolution of the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders or the Subordinated Class F Noteholders.

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Mezzanine Class C Noteholders and/or the Junior Class D Noteholders and/or the Junior Class E Noteholders and/or the Subordinated Class F Noteholders shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Mezzanine Class C Noteholders and/or, as the case may be, the Junior Class D Noteholders and/or, as the case may be, the Junior Class

E Noteholders or it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and/or, the Mezzanine Class B Noteholders and/or, the Mezzanine Class C Noteholders and/or the Junior Class D Noteholders and/or the Junior Class E Noteholders, as the case may be. The Trust Deed imposes no such limitations on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders, irrespective of the effect on their interests.

Any Extraordinary Resolution duly passed shall be binding on all Noteholders of the relevant Class (whether or not they were present at the meeting at which such resolution was passed).

(b) Modification, authorisation and waiver without consent of Noteholders

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Transaction Documents), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Transaction Documents, which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified the Rating Agencies and (ii) the Rating Agencies (other than Moody's) have confirmed that the then current rating assigned to the Notes will not be adversely affected by any such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

(c) Indemnification for individual Noteholders

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders and the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and the Junior Class D Noteholders and the Junior Class E Noteholders and the Subordinated Class F Noteholders each as a Class and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15. Replacements of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the relevant Paying Agent upon payment by the claimant of the expenses

incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered, in the case of Notes together with all unmatured Coupons appertaining thereto, and in the case of Coupons together with the Note and all unmatured Coupons to which they appertain (*mantel en blad*), before replacements will be issued.

16. Governing Law

The Notes and Coupons are governed by, and will be construed in accordance with, the laws of the Netherlands. In relation to any legal action or proceedings arising out of or in connection with the Notes and Coupons the Issuer irrevocably submits to the jurisdiction of the Court of first instance (*rechtbank*) in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the holders of the Notes and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

THE GLOBAL NOTES

Each Class of the Notes shall be initially represented by (i) in the case of the Senior Class A Notes, a Temporary Global Note in bearer form, without coupons attached, in the principal amount of € 2,539,500,000, (ii) in the case of the Mezzanine Class B Notes, a Temporary Global Note in bearer form, without coupons attached, in the principal amount of € 162,000,000, (iii) in the case of the Mezzanine Class C Notes, a Temporary Global Note in bearer form, without coupons attached, in the principal amount of € 133,500,000, (iv) in the case of the Junior Class D Notes, a Temporary Global Note in bearer form, without coupons attached, in the principal amount of € 121,500,000, (v) in the case of the Junior Class E Notes, a Temporary Global Note in bearer form without coupons attached, in the principal amount of € 43,500,000 and (vi) in the case of the Subordinated Class F Notes, a Temporary Global Note in bearer form without coupons attached, in the principal amount of € 24,000,000. The Temporary Global Note representing the Senior Class A Notes and the Subordinated Class F Notes will be deposited on or about 29 June 2007 with *Nederlands Centraal Instituut voor Giraal Effectenverkeer* ("**Euroclear Netherlands**") and the Temporary Global Notes representing each of the other Classes of Notes will be deposited on or about 29 June 2007 with Clearstream Banking AG as common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Upon deposit of each such Temporary Global Note, Euroclear Netherlands, Euroclear and Clearstream, Luxembourg will credit each such Temporary Global Note to the account of the Manager (or such account as they may have directed). Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than forty (40) days after the issue date of the Notes (the "**Exchange Date**") for interests in a permanent global note (each a "**Permanent Global Note**"), in bearer form, without coupons attached, in the amount of the Notes of the relevant Class (the expression "**Global Notes**" meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class and the expression "Global Note" means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class, the Permanent Global Note will remain deposited with, respectively, Euroclear Netherlands and the common safekeeper.

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with one of the ICSDs and/or CSDs that fulfils the minimum standard established by the European Central Bank, as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for definitive notes to bearer (the "**Definitive Notes**") only in the circumstances described below. Each of the persons shown in the records of Euroclear Netherlands or its admitted institutions (*aangesloten instellingen*) as the holder of a Senior Class A Note or a Subordinated Class F Note will be entitled to receive any payment made in respect of that Senior Class A Note or Subordinated Class F Note in

accordance with the respective rules and procedures of Euroclear Netherlands. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Mezzanine Class B Note, a Mezzanine Class C Note, a Junior Class D Note or a Junior Class E Note will be entitled to receive any payment made in respect of that Mezzanine Class B Note, Mezzanine Class C Note, Junior Class D Note or Junior Class E Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non- U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

For so long as any Senior Class A Notes or Subordinated Class F Notes are represented by a Global Note, such Notes will be transferable in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) and in accordance with the rules and procedures for the time being of Euroclear Netherlands. For so long as any Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes or Junior Class E Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

For so long as all of the Notes are represented by the Global Notes and such Global Notes are deposited with Euroclear Netherlands or held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear Netherlands and Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case of any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice is delivered to Euroclear Netherlands and Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

For so long as a Class of the Notes are represented by a Global Note, each person who is for the time being shown in the records of Euroclear Netherlands or an admitted institution (*aangesloten instelling*) or of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such amount of that Class of Notes and the expression 'Noteholder' shall be construed accordingly, but without prejudice to the entitlement of the bearer of the relevant Global Note to be paid on the principal amount thereof and interest with respect thereto in accordance with and subject to its terms. Any statement in writing issued by Euroclear Netherlands or an admitted institution (*aangesloten instelling*) or by Euroclear or Clearstream, Luxembourg as to the persons shown in its records as being entitled to such Notes and the respective principal amount of such Notes held by them shall be conclusive for all purposes.

If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Event of Default, or (ii) either Euroclear Netherlands, Euroclear or

Clearstream, Luxembourg is closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any of the Paying Agents is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue:

- (i) Senior Class A Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Senior Class A Notes;
- (ii) Mezzanine Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class B Notes;
- (iii) Mezzanine Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Mezzanine Class C Notes;
- (iv) Junior Class D Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Junior Class D Notes;
- (v) Junior Class E Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Junior Class E Notes; and
- (vi) Subordinated Class F Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class F Notes.

in each case within thirty (30) days of the occurrence of the relevant event, subject in each case to certification as to non-U.S. beneficial ownership.

DUTCH TAXATION

The following summary outlines certain Dutch tax consequences to holders of the Notes. The following summary is based on the current law and practice of the Netherlands, which is subject to changes that could prospectively or retrospectively affect the stated tax consequences. Prospective holders of Notes who may be in any doubt as to their respective tax positions should consult their own professional advisors.

Withholding Tax

All payments under the Notes may be made free of withholding or deduction of or for any taxes of whatever 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 Notes will not be subject to any Dutch taxes on income or capital gains in respect of the Notes, including such tax on any payment under the Notes or in respect of any gain realised on the disposal, deemed disposal or exchange of the Notes, provided that:

- (i) such holder is neither a resident nor deemed to be a resident of the Netherlands, nor, if he is an individual, has elected to be taxed as a resident of the Netherlands; and
- (ii) such holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Notes are attributable; and
- (iii) if such holder is an individual, such income or capital gain do not form "benefits from miscellaneous activities in the Netherlands" (*resultaat uit overige werkzaamheden in Nederland*), which would for instance be the case if the activities in the Netherlands with respect to the Notes exceed "normal active asset management" (*normaal, actief vermogensbeheer*).

A holder of Notes will not be subject to taxation in the Netherlands by reason only of the execution, delivery and/or enforcement of the Transaction Documents and the issue of the Notes or the performance by the Issuer of its obligations thereunder or under the Notes.

Gift, Estate and Inheritance Taxes

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition or deemed acquisition of Notes by way of a gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

- (i) such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Notes are or were attributable; or

- (ii) in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

Turnover Tax

No Dutch turnover tax will arise in respect of any payment in consideration for the issue of the Notes or with respect to any payment by the Issuer of principal, interest or premium (if any) on the Notes.

Other Taxes and Duties

No Dutch registration tax, custom duty, transfer tax, capital tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the Courts of the Netherlands) of the Transaction Documents or the performance by the Issuer of its obligations thereunder or under the Notes.

European Union Tax Considerations

Under the EU Council Directive 2003/48/EU on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have (agreed to) adopt(ed) similar measures.

SUBSCRIPTION AND SALE

The Manager has, pursuant to a subscription agreement dated 27 June 2007 between the Manager, the Issuer and the Seller (the "**Subscription Agreement**") agreed with the Issuer, subject to certain conditions, to subscribe for the Notes at their issue price. The Issuer has agreed to indemnify and reimburse the Manager against certain liabilities and expenses in connection with the issue of the Notes.

European Economic Area

In relation to each member state of the European Economic Area (each a "**Member State**") which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State, at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The Netherlands

The Manager represents and agrees that (a) it is a PMP and (b) it has offered or sold and will offer or sell, directly or indirectly, as part of the initial distribution or at any time thereafter, the Notes exclusively

to PMP's.

France

Any delivery of this Offering Circular shall not under any circumstances be deemed to constitute an offer to sell financial instruments to the French public within the meaning of Article L. 411-1 of the Financial and monetary code nor a solicitation to enter into a transaction involving financial instruments within the meaning of Article L. 341-1 of the same Code. With respect to the foregoing, this memorandum has not been and will not be submitted to the prior approval ("visa") of the French Autorité des Marchés Financiers (Authority of Financial Markets, AMF). In France, the notes may only be offered, sold or delivered to qualified investors, acting for their own account, in accordance with, and as defined in, Articles L.411-2 and D.411-2 of the French financial and monetary code.

Switzerland

The notes may not and will not be publicly offered, distributed or redistributed in Switzerland and neither this Offering Circular nor any other solicitation for investments in the notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156 or 652a Swiss Code of Obligations. This offering memorandum is not a prospectus within the meaning of Article 1156 and 652a Swiss Code of Obligations and may not comply with the information standards required thereunder. We will not apply for a listing of the notes on any Swiss stock exchange or other Swiss regulated market and this memorandum may not comply with the information required under the relevant listing rules. The notes have not and will not be registered with the Swiss Federal Banking Commission or any other Swiss authority for any purpose, whatsoever.

United Kingdom

The Manager has represented, warranted and agreed that (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to professional investors (*operatori qualificati*) (the "**Professional Investors**"), as defined in Article 31, second paragraph, of CONSOB (the Italian Securities Exchange Commission) Regulation No. 11522 of 1 July 1998, as amended ("**Regulation No. 11522**"); or

- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**").

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of 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, Regulation No. 11522 and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB.

Please note that Article 100 bis of the Financial Services Act provides that in case of offerings of the Notes addressed to Professional Investors only (as described under (i) above) and in connection with the subsequent distribution in Italy of the Notes, the relevant intermediary on-selling the Notes shall be responsible for the solvency of the issuer vis-à-vis the purchasers who are not Professional Investors for one year from the date of issue, unless an information memorandum, drafted in accordance with the requirements set forth by CONSOB, is provided.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the Securities and Futures Act). Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which subscribed or purchased Notes, namely a person who is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 of the Securities and Futures Act except:

- (a) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;
- (b) where no consideration is given for the transfer; or
- (c) by operation of law.

Hong Kong

The Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China pursuant to relevant securities laws and regulations and may not be

offered or sold in Taiwan, the Republic of China through a public offering or in circumstance which constitutes an offer within the meaning of the Securities and Exchange Law of Taiwan, the Republic of China that requires a registration or approval of the Financial Supervisory Commission of Taiwan, the Republic of China. No person or entity in Taiwan, the Republic of China has been authorized to offer or sell the Notes in Taiwan, the Republic of China.

Australia

No prospectus or other disclosure document in relation to the Notes has been lodged with the Australian Securities and Investments Commission (ASIC). The manager has represented and agreed that it:

- (a) has not offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of the Notes in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive offering memorandum, advertisement or other offering material relating to the Notes in Australia,

unless (1) the aggregate consideration payable by each offeree or invitee is at least AUD 500,000 (or its equivalent in other currencies, but disregarding monies lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act, (2) such action complies with all applicable laws, regulations and directives, and (3) does not require any document to be lodged with ASIC.

New Zealand

- (a) The Issuer does not intend that the Notes should be offered for sale or subscription to the public in New Zealand in terms of the Securities Act 1978.
- (b) The Manager has agreed;
 - (i) to observe all applicable laws and regulations in any jurisdiction in which it may subscribe, offer, sell or deliver the Notes; and
 - (ii) not to subscribe, offer, sell or deliver Notes or distribute the Offering Circular or any other offering material relating to the Notes in any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations.
- (c) Without limiting paragraph (b) the Manager has represented that it is either:

- (i) a person whose principal business is the investment of money or who, in the course of and for the purpose of its business, habitually invests money; or
- (ii) a person who is required to pay a minimum subscription price of at least NZD 500,000 for the securities before the allotment of those securities."

United States

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") or any other applicable securities law. Subject to certain exceptions, the Notes may not be offered, sold, or delivered within the United States or to, or for the account or benefit of, U.S. persons.

The Manager has agreed that it will not offer, sell or deliver the Notes within the United States or to or for the account of U.S. persons except as permitted by applicable law and the Subscription Agreement. In addition, until forty (40) days after the purchase, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the purchase) may violate the registration requirements of the Securities Act. As applicable, terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act.

Notice to investors

The Notes have not been and will not be registered under the Securities Act or any other applicable securities laws, and may not be offered or sold in the United States except pursuant to an effective registration statement or in accordance with an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other laws. Accordingly, the Notes (and any interests therein) are being offered and sold outside the United States to non-US persons in compliance with Regulation S under the Securities Act.

The Notes will be represented upon issuance by a temporary global security which is not exchangeable for definitive securities until the expiration of the 40-day distribution compliance period and, in the case of persons other than distributors, until certification of beneficial ownership of the Notes by a non-U.S. person or a U.S. person who purchased the Notes in a transaction that does not require registration under the Securities Act.

The Notes will bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT 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, AND PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE ISSUE DATE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A US PERSON (AS DEFINED IN REGULATION S UNDER THE

SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES."

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

General

The distribution of this Offering Circular and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Offering Circular comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. This Offering Circular does not constitute an offer, or an invitation to subscribe for or purchase, any Notes.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 25 June 2007.
2. The Senior Class A Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 030415027, ISIN NL0000886935 and Fondscode 88693.
3. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 030400984, ISIN XS0304009847 and Fondscode 88705.
4. The Mezzanine Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 030402227, ISIN XS0304022279 and Fondscode 88706.
5. The Junior Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 030402243, ISIN XS0304022436 and Fondscode 88707.
6. The Junior Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 030402286, ISIN XS0304022865 and Fondscode 88708.
7. The Subordinated Class F Notes have been accepted for clearance through Euroclear Netherlands and will bear common code 030415370 and ISIN NL0000886943.
8. Ernst & Young Accountants N.V. has given and has not withdrawn its written consent to the issue of this offering circular with its report included herein in the form and context in which it appears.
9. Copies of the following documents may be inspected at the specified offices of the Security Trustee and each of the Paying Agents during normal business hours, as long as any Notes are outstanding:
 - (i) the Offering Circular;
 - (ii) the deed of incorporation of the Issuer including the articles of association, dated 15 June 2007;
 - (iii) the Mortgage Receivables Purchase Agreement;
 - (iv) the Class A and F Paying Agency Agreement;
 - (v) the Class B, C, D and E Paying Agency Agreement;

- (vi) the Trust Deed;
- (vii) the Security Beneficiaries Agreement;
- (viii) the Mortgage Receivables Pledge Agreement;
- (ix) the Issuer Rights Pledge Agreement;
- (x) the GIC Accounts Pledge Agreement;
- (xi) the Servicing Agreement;
- (xii) the Issuer Administration Agreement;
- (xiii) The Floating Rate GIC;
- (xiv) the Liquidity Facility Agreement;
- (xv) the Trigger Reserve Fund Subordinated Loan Agreement;
- (xvi) the Swap Agreement;
- (xvii) the Master Definitions Agreement;
- (xviii) the Subscription Agreement; and
- (xix) the articles of association of the Security Trustee.

10. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes (other than the Subordinated Class F Notes) are listed on Eurolist by Euronext Amsterdam, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Security Trustee.

11. The following documents are incorporated herein by reference:

- (i) the deed of incorporation which include the articles of association of the Issuer dated 15 June 2007.

A free copy of the Issuer's articles of association is available at the office of the Issuer.

12. A quarterly report on the performance, including the arrears and the losses, of the transaction, together with current stratification tables can be obtained at: www.atccapitalmarkets.com.

13. The estimated aggregate cost of the transaction amount to approximately 0.03 per cent. of the proceeds of the Notes. There are no costs deducted by the Issuer from any investment made by any Noteholder in respect of the subscription or purchase of the Notes.

14. This Offering Circular constitutes a prospectus for the purpose of the Prospectus Directive. A free copy of the Offering Circular is available at the office of the Issuer.

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