Lancelot 2006 B.V.

(incorporated with limited liability in the Netherlands
with its statutory seat in Amsterdam, the Netherlands)

euro 528,000,000 floating rate Senior Class A Asset-Backed Notes 2006 due 2073, issue price 100 per cent.
euro 21,000,000 floating rate Mezzanine Class B Asset-Backed Notes 2006 due 2073, issue price 100 per cent.
euro 19,500,000 floating rate Mezzanine Class C Asset-Backed Notes 2006 due 2073, issue price 100 per cent.
euro 19,500,000 floating rate Junior Class D Asset-Backed Notes 2006 due 2073, issue price 100 per cent.
euro 12,000,000 floating rate Subordinated Class E Asset-Backed Notes 2006 due 2073, issue price 100 per cent.

An application has been made to list the euro 528,000,000 floating rate Senior Class A Asset-Backed Notes 2006 due 2073 (the '**Senior Class A Notes**'), the euro 21,000,000 floating rate Mezzanine Class B Asset-Backed Notes 2006 due 2073 (the '**Mezzanine Class B Notes**'), the euro 19,500,000 floating rate Mezzanine Class C Asset-Backed Notes 2006 due 2073 (the '**Mezzanine Class C Notes**'), the euro 19,500,000 floating rate Junior Class D Asset-Backed Notes 2006 due 2073 (the '**Junior Class D Notes**') and the euro 12,000,000 floating rate Subordinated Class E Asset Backed Notes 2006 due 2073 (the '**Subordinated Class E Notes**', and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the '**Notes**'), to be issued by Lancelot 2006 B.V. (the '**Issuer**'), on Eurolist by Euronext Amsterdam N.V. ('**Euronext Amsterdam**'). This prospectus ('**Prospectus**') has been approved by the Netherlands Authority for the Financial Markets ('*Stichting Autoriteit Financiële Markten*'). The Notes are expected to be issued on 15 December 2006 (the '**Closing Date**'). This Prospectus constitutes a Prospectus within the meaning of Directive 2003/71/EC.

The Notes will carry a floating rate of interest, payable quarterly in arrear, which will be three months Euribor plus a margin per annum, which will be for the Senior Class A Notes 0.16 per cent., for the Mezzanine Class B Notes 0.26 per cent., for the Mezzanine Class C Notes 0.44 per cent., for the Junior Class D Notes 0.70 per cent. and for the Subordinated Class E Notes 3.25 per cent.. If on the first Optional Redemption Date the Notes of any Class will not be redeemed in full in accordance with the terms and conditions of the Notes (the '**Conditions**'), the margin applicable to such Class of Notes will be reset. The interest on such Class of Notes from (and including) the first Optional Redemption Date will be equal to three months Euribor, plus a margin per annum which will be for the Senior Class A Notes 0.50 per cent., for the Mezzanine Class B Notes 0.70 per cent., for the Mezzanine Class C Notes 1.20 per cent., for the Junior Class D Notes 1.80 per cent and for the Subordinated Class E Notes 4.00 per cent.

The Notes are scheduled to mature on the Quarterly Payment Date falling in April 2073 (the '**Final Maturity Date**'). On the Quarterly Payment Date falling in January 2007 and each Quarterly Payment Date thereafter, the Notes (other than the Subordinated Class E Notes) will be subject to mandatory redemption (in whole or in part) in the circumstances set out in, and subject to and in accordance, with the Conditions. On the Quarterly Payment Date falling in January 2012 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer will have the option to redeem all (but not some only) of the Notes then outstanding at their Principal Amount Outstanding, subject to and in accordance with the Conditions. In the event of certain tax changes affecting the Notes, the Issuer has the option to redeem all of the Notes in whole but not in part subject to and in accordance with the Conditions. The Issuer will redeem the Notes if the Seller exercises the Regulatory Call Option or the Clean-Up Call Option.

It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned an AAA rating by Standard & Poor's Ratings Group, a division of the McGraw Hill Group of Companies ('**S&P**') and an AAA rating by Fitch Ratings Ltd ('**Fitch**'), the Mezzanine Class B Notes, on issue, be assigned an AA rating by S&P and an AA rating by Fitch, the Mezzanine Class C Notes, on issue, be assigned at least an A rating by S&P and an A rating by Fitch, Junior Class D Notes, on issue, be assigned at least a BBB rating by S&P and a BBB rating by Fitch and the Subordinated Class E Notes, on issue, be assigned at least a BB rating by S&P and a BB rating by Fitch.

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 *Risk Factors* **herein.**

The Notes will be (indirectly) secured by a right of pledge over the Mortgage Receivables vested by the Issuer in favour of Stichting Security Trustee Lancelot 2006 (the '**Security Trustee**') and a right of pledge vested by the Issuer in favour of the Security Trustee over all rights of the Issuer under or in connection with most of the Relevant Documents. The right to payment of interest and principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will be subordinated and may be limited as more fully described herein.

The Notes of each Class will be initially represented by a temporary global note in bearer form (each a '**Temporary Global Note**'), without coupons, which is expected to be deposited on or about the Closing Date 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 not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for notes in definitive form as described in the Conditions. 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.

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**') 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, in whatever capacity acting, including, without limitation, Rabobank International (the '**Arranger**'), the Managers, the Floating Rate GIC Provider, the Listing Agent and the Secured Parties or any other person, in whatever capacity acting. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by the Arranger, the Managers, the Floating Rate GIC Provider, the Listing Agent and the Secured Parties, in whatever capacity acting. None of the Arranger, Managers, the Floating Rate GIC Provider, the Listing Agent and the Secured Parties will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances as described herein).

For the page reference of the definitions of capitalised terms used herein see Index of Defined Terms.

The date of this Prospectus is 13 December 2006.

Arranger

Rabobank International

Managers

Rabobank International **F. van Lanschot Bankiers**

IMPORTANT INFORMATION

The Issuer is responsible for the information contained in this Prospectus, except for the information for which the Seller is responsible as referred to in the following paragraph. 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 Prospectus, except for the information for which the Seller is responsible as referred to in the following paragraph, is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in this Prospectus, except for the information for which the Seller is responsible as referred to in the following paragraph, 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. The Issuer accepts responsibility accordingly.

The Seller is responsible solely for the information contained in the following sections of this Prospectus: *Overview of the Dutch Real Estate Market, F. van Lanschot Bankiers N.V., Description of the Mortgage Loans* and *Lending Principles and Processes*. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in these paragraphs has been accurately reproduced and as far as the Seller 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. The Seller accepts responsibility accordingly.

This Prospectus is to be read in conjunction with the articles of association of the Issuer which are deemed to be incorporated herein by reference (see *General Information* below). This Prospectus shall be read and construed on the basis that such document is incorporated in and forms part of this Prospectus.

Neither this Prospectus nor any part thereof constitutes an offer or an invitation 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.

A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in the section entitled *Purchase and Sale* below. Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions.

No one is authorised by the Seller or the Issuer to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus 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 this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or any of the Managers to any person to subscribe for or to purchase any Notes. Neither the delivery of this Prospectus 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 Prospectus. Neither the Issuer nor any party have any obligation to update this Prospectus, except when required by the listing and issuing rules of Euronext Amsterdam and/or any applicable rules and regulations of Netherlands securities law.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus 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, the Arranger or any of the Managers.

The Arranger, the Managers and the Seller expressly do not undertake to review the financial conditions 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, hold or sell any Notes during the life of the 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 include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to persons as defined in Regulation S under the Securities Act except in certain transactions permitted by US tax regulations and Regulation S under the Securities Act (see *Purchase and Sale* below). The Notes have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering on accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meanings as set out in this Prospectus.

In connection with the issue of the Notes, Rabobank International, (the '**Stabilising Manager**'), or any duly appointed person acting for the Stabilising Manager may over-allot (provided that the aggregate Principal Amount Outstanding of the Notes allotted does not exceed 105 per cent. of the aggregate Principal Amount Outstanding of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Closing Date and 60 days after the date of the allotment of the Notes. Stabilisation transactions shall be conducted in accordance with all applicable laws and regulations as amended from time to time.

All references in this Prospectus 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 and as amended by the Treaty of Amsterdam).

CONTENTS

SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any amendment and supplement thereto and the documents incorporated by reference. Civil liability attaches to the Issuer, being the entity which has prepared the summary, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus. Where a claim relating to the information contained in an Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Capitalised terms used, but not defined, in this section can be found elsewhere in this Prospectus. For the page reference of the definitions of the capitalized terms used herein see Index of Defined Terms.

The transaction

The Issuer will purchase and, on the Closing Date, accept the assignment from the Seller of the Mortgage Receivables (i.e. the rights under or in connection with certain pre-selected Mortgage Loans) by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables is transferred to the Issuer. Furthermore, the Issuer will on the Closing Date issue the Notes and use the net proceeds thereof to pay to the Seller the Initial Purchase Price for the Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement (see further the section *Mortgage Receivables Purchase Agreement* below).

On each Quarterly Payment Date up to the Quarterly Payment Date immediately preceding the first Optional Redemption Date, the Issuer will apply the Replacement Available Amount (as defined in *Overview of the parties and principal features of the transaction*) to purchase from the Seller any Replacement Mortgage Receivables subject to the fulfillment of certain conditions and to the extent offered by the Seller.

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, drawings from the Reserve Account and the Trigger Reserve Fund, the Floating Rate GIC and the Swap Agreement to make payments of, *inter alia*, principal and interest due in respect of the Notes. The obligations of the Issuer in respect of the Notes will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see *Credit Structure*) and (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 and the Mezzanine Class B Notes and the Mezzanine Class C Notes and (iv) payments of principal and interest on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes and limited as more fully described herein under *Credit Structure* and *Terms and Conditions of the Notes*.

Pursuant to the Liquidity Facility Agreement the Issuer will be entitled to make drawings if, without taking into account any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet certain items of the Interest Priority of Payments in full (see *Credit Structure* below).

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

Pursuant to the Cap Agreement, the Cap Provider will agree to pay, if and so long as Euribor exceeds 6 per cent., an amount equal to the positive difference between Euribor on the relevant Quarterly Calculation Date and 6 per cent., multiplied by the Principal Amount Outstanding of the Junior Class D Notes and the Subordinated Class E Notes (see *Credit Structure* below).

Pursuant to the Administration Agreement, (i) the Pool Servicer will agree to provide administration and management services in relation to the Mortgage Loans, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrear procedures including, if applicable, the enforcement of mortgages and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions (see further *Administration Agreement* below).

To mitigate 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 a Swap Agreement (see under *Credit Structure* below).

The Issuer
Lancelot 2006 B.V. is incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") under number 34259124 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The entire issued share capital of the Issuer is owned by the Shareholder. The Issuer is established to issue the Notes.

Security
The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables and (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with (most of) the Relevant Documents.

In order to ensure the valid creation of the security rights under Netherlands law in favour of the Security Trustee, the Issuer shall undertake in the Parallel Debt Agreement 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 Secured Parties pursuant to the Relevant Documents.

The Trust Deed sets out the priority of the secured claims of the Secured Parties. See for a more detailed description *Credit Structure* and *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 will be reset subject to and in accordance with the Conditions.

Redemption of the Notes
Unless previously redeemed, the Issuer will, subject to Condition 9(b), redeem all of the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in April 2073.

Provided that no Enforcement Notice has been served in accordance with Condition 10, on the Quarterly Payment Date falling in April 2007 and each Quarterly Payment Date thereafter the Issuer will be obliged to apply the Notes Redemption Available Amount, which broadly consists of all amounts of principal received (i) as repayment or pre-payment on the Mortgage Receivables and (ii) in connection with a repurchase or sale of the Mortgage Receivables, to the extent such amount relates to principal (unless used for the purchase of Replacement Mortgage Receivables (up to and including the Quarterly Payment Date immediately preceding the first Optional Redemption Date)) to (partially) redeem the Notes sequentially in accordance with the Principal Priority of Payments.

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will have the option to redeem all of the Notes but not some only, on each Optional Redemption Date at their Principal Amount Outstanding subject to Condition 9(b). Also, the Issuer will have the option to redeem the Notes for tax reasons in accordance with Condition 6(d). Finally, the Issuer will redeem the Notes if the Seller exercises its Regulatory Call Option and/or the Clean Up Call option in accordance with Condition 6(b).

With regard to a sale of Mortgage Receivables to the Seller, it should be noted that according to the solvency regulation (the '**Solvency Regulation**') issued by the Dutch Central Bank, the Seller should, if and when the Solvency Regulation is applicable with respect to the Seller, for the purposes of calculation of its risk-weighted assets, have to set the effective maturity of the transaction envisaged in this Prospectus at the first Optional Redemption Date. See for a more detailed description *Risk Factors* below.

Listing
Application has been made to list the Notes on Eurolist by Euronext Amsterdam.

Rating
It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned an AAA rating by S&P and an AAA rating by Fitch, the Mezzanine Class B Notes, on issue, be assigned at least an AA

rating by S&P and an AA rating by Fitch, the Mezzanine Class C Notes, on issue, be assigned at least, an A rating by S&P and an A rating by Fitch, the Junior Class D Notes, on issue, be assigned at least a BBB rating by S&P and a BBB rating by Fitch and the Subordinated Class E Notes, on issue, be assigned at least a BB rating by S&P and a BB rating by Fitch.

Risk factors

There are certain factors which 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 certain 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 *Risk Factors* below).

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfill 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. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below. The Issuer believes that the factors described below represent the principal 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. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

RISK FACTORS REGARDING THE ISSUER

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, in whatever capacity acting, including, without limitation, the Seller, the Liquidity Facility Provider, the Swap Counterparty, the Commingling Guarantor, the Issuer Administrator, the Pool Servicer, the Defaulted Loan Servicer, the Directors, the Paying Agents, the Reference Agent, the Arranger, the Managers, the Floating Rate GIC Provider, the Cap Provider and the Security Trustee, in whatever capacity acting. Furthermore, none of the Seller, the Liquidity Facility Provider, the Swap Counterparty, the Commingling Guarantor, the Issuer Administrator, the Pool Servicer, the Defaulted Loan Servicer, the Directors, the Paying Agents, the Reference Agent, the Arranger, the Managers, the Floating Rate GIC Provider and the Security Trustee, nor any other person in whatever capacity acting, 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 Liquidity Facility Provider, the Swap Counterparty, the Commingling Guarantor, the Issuer Administrator, the Pool Servicer, the Defaulted Loan Servicer, the Directors, the Paying Agents, the Reference Agent, the Arranger, the Managers, the Floating Rate GIC Provider, the Cap Provider and the Security Trustee 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 ability of the Issuer to meet its obligations in full to pay 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, the receipt by it of payments under the Swap Agreement and the receipt by it of interest in respect of the balance standing to the credit of the Transaction Accounts. See further *Credit Structure* below. In addition, the Issuer will have available to it the balance standing to the credit of the Reserve Account and the amounts available to be drawn under the Liquidity Facility for certain of its payment obligations.

By acquiring the Notes, each Noteholder shall be deemed to have knowledge of, to accept and to be bound by the Conditions. The Issuer and the Principal Paying Agent will not have any responsibility for the proper performance of Euroclear and/or Clearstream, Luxembourg or its participants of their obligations under their respective rules, operating procedures and calculation methods.

The Issuer has counterparty risk exposure

Counterparties to the Issuer may not perform their obligations under the Relevant Documents, which may result in the Issuer not being able to meet its obligations under the Notes. It should be noted that there is a risk that (a) F. van Lanschot Bankiers N.V. in its capacity as Seller, Pool Servicer, Defaulted Loan Servicer, Swap Counterparty and Cap Provider will not perform its obligations vis-à-vis the Issuer, (b) Rabobank International, London Branch, in its capacity as Swap Counterparty will not perform its obligations under the Swap Agreement, (c) Rabobank International, in its capacity as Floating Rate GIC Provider, Liquidity Facility Provider and Commingling Guarantor will not perform its obligations vis-à-vis the Issuer, (d) ATC Financial Services B.V. will not perform its obligations as Issuer Administrator vis-à-vis the Issuer and (e) ATC Management B.V. and TMF Trustee B.V. will not perform their obligations under the relevant Management Agreements and (f) Deutsche Bank AG, London Branch as Reference Agent and as Principal Paying Agent and Deutsche Bank AG, Amsterdam Branch as Paying Agent will not perform their obligations under the Paying Agency Agreement.

Effectiveness of the rights of pledge to the Security Trustee in case of insolvency of the Issuer
Under or pursuant to the Pledge Agreements, various Dutch law pledges will be granted by the Issuer to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Netherlands law to pledgees as if there were no bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle and is therefore unlikely to become insolvent. However, any 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 Issuer to the Security Trustee prior to notification of the right of pledge but after bankruptcy or suspension of payments will be part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four months may apply in case of bankruptcy or suspension of payments involving the Issuer, which, if applicable would delay the exercise ("*uitwinnen*") of the right of pledge on the Mortgage Receivables but not the collection ("*innen*") of the (interest and principal) payments in respect of the Mortgage Receivables and (iii) the Security Trustee 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 case of bankruptcy of the Issuer.

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 Trustee Assets Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Transaction Accounts following the Issuer's bankruptcy or suspension of payments.

Risks related to the creation of pledges on the basis of the Parallel Debt
Under Netherlands law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties. There is no statutory law or case law available on parallel debts such as the Parallel Debt and the question whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge. However, the Issuer has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Trustee Receivables Pledge Agreement and the Trustee Assets Pledge Agreement (see also *Description of Security* below).

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 Secured Parties 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.

License requirement under the Financial Services Act
Under the new Financial Services Act ("*Wet financiële dienstverlening*"), which entered into force on 1 January 2006, 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 Financial Services Act. The Issuer has outsourced the servicing and administration of the Mortgage Loans to the Pool Servicer and the Defaulted Loan Servicer. Each of the Pool Servicer and the Defaulted Loan Servicer holds a license under the Financial Services Act and the Issuer thus benefits from the exemption. However, if the Administration Agreement is terminated, the Issuer will need to outsource the servicing and administration of the 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 Financial Services Act. If the Administration Agreement is terminated and the Issuer has not outsourced the servicing and administration of the 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 ("*afwikkelen*") its existing agreements.

Risk related to the termination of the 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) 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 Issuer and the Rating Agencies) transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event.

The Swap Agreement will be terminable by one party if - *inter alia*- (i) an event of default (as defined therein) occurs in relation to the Issuer or the Swap Counterparty, (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) insolvency events of the Issuer or the Swap Counterparty. If the Swap Agreement terminates 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. The same applies *mutatis mutandis* to the termination of the Cap Agreement.

RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES

Risk related to payments received by the Seller prior to notification of the assignment to the Issuer
Under Netherlands law, assignment of the legal title of claims, such as the Mortgage Receivables, can be effectuated by means of a notarial or registered deed of assignment, without notification of the assignment to the debtors being required ('*stille cessie*'). The legal title of the Mortgage Receivables will be assigned on the Closing Date, and in respect of Replacement Mortgage Receivables on each Quarterly Payment Date up to and including the Quarterly Payment Date immediately preceding the first Optional Redemption Date by the Seller to the Issuer through a registered deed of assignment. The Mortgage Receivables Purchase Agreement will provide that the assignment of the Mortgage Receivables by the Seller to the Issuer will not be notified by the Seller or, as the case may be, the Issuer to the Borrowers except if certain events occur. For a description of these notification events reference is made to the section *Mortgage Receivables Purchase Agreement*.

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the Seller in order to fully discharge their payment obligations ("*bevrijdend betalen*") in respect thereof. The Seller has undertaken in the Mortgage Receivables Purchase Agreement to pay on each Mortgage Payment Date to the Issuer any amounts received in respect of the Mortgage Receivables during the immediately preceding Mortgage 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. To mitigate the risk that as a result thereof the Issuer cannot meet its obligations under the Notes, the Commingling Guarantor has issued the Commingling Guarantee.

Payments made by 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. In respect of these payments, the Issuer will be a creditor of the estate ("*boedelschuldeiser*") and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate.

Set-off by Borrowers may affect the proceeds under the Mortgage Receivables
Under Netherlands 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 his debt as well as to enforce payment of his claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the Seller to it (if any) with amounts it owes in respect of the Mortgage Receivable prior to notification of the assignment of the Mortgage Receivable to the Issuer having been made. Such amounts due by the Seller to a Borrower could, *inter alia*, result from current account balances or deposits, which may in the case of one specific Mortgage Loan include a construction deposit, made with the Seller or otherwise. 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 conditions applicable to the Mortgage Loans 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 Netherlands 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. 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 and payable ("*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.

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 Netherlands Bankruptcy Code. Under the Netherlands 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 become 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.

For specific set-off issues reference is made to *Risk related to Investment Portfolios***.**

Risk that the Bank Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer

All mortgage deeds relating to the Mortgage Receivables to be sold to the Issuer provide that the Mortgages created pursuant to such mortgage deeds, not only secure the loan granted to the Borrower for the purpose of acquiring the Mortgaged Assets, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Seller resulting from or in connection with any loan or credit relationship ('**Bank Mortgages**'). The Seller has also 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*") and (iii) a right of pledge on the rights of the relevant Borrower in respect of the

Investment Portfolio which, in each case, secure the same debts as the Bank Mortgages (together the "**Borrower Pledges**" and the Borrower Pledges together with the Bank Mortgages, the '**Bank Security Rights**. In addition (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 Borrower Pledges shall be referred to as the "**Other Collateral**").

Under Netherlands 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.

The prevailing view of Dutch legal commentators has been for a long time that upon the assignment of a receivable secured by a Bank Security Right, such security right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. It was assumed that a Bank Security Right only follows a receivable which it secures, if the relationship between the bank and the borrower has been terminated in such a manner that following the assignment the bank cannot create or obtain further receivables from the relevant borrower secured by the security right. These commentators claim that this view is supported by case law.

There is a trend in recent legal literature to dispute the view set out in the preceding paragraph. Legal commentators following such trend argue that in case of assignment of a receivable secured by a bank security right, the security right 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 security right will be jointly-held by the assignor and the assignee after the assignment. In this view a bank security right only continues to secure exclusively claims of the original holder of the security right and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the security right.

Although the view prevailing in the past, to the effect that given its nature a bank security right 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 security right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the bank security right will remain with the original holder of the security right, will be a matter of interpretation of the relevant deed creating the security right.

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 mortgage right or rights of pledge or deeds of surety 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 Security Rights should (partially) follow the 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 Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch commentators on Bank Security Rights in the past, which view continues to be defended by some legal authors.

This risk factor does not apply to security rights created on Mortgaged Assets outside the Netherlands. The Issuer has not been advised on the consequences of the assignment and pledge of the Mortgage Receivables with regard to any such security rights.

Risk related to jointly-held Bank Security Rights by the Seller, the Issuer and the Security Trustee
If the Bank Security Rights have (partially) followed the Mortgage Receivables upon their assignment, the Bank Security Rights will be jointly-held by the Issuer and the Seller and will secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any claims held by the Seller 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 Netherlands 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 of the Security Trustee and/or the Issuer will be equal to the outstanding principal amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the outstanding principal amount, 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 a 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 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 Other Claims, the 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 Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claims of a Borrower if the Outstanding Principal Amount in respect of the Mortgage Receivable has been repaid in full.

Risk that Borrower Pledges will not be effective

The Seller has the benefit of Borrower Pledges 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 invalid and cannot be invoked against the pledgor's real estate ("*boedel*").

The same applies to any Borrower Pledges on an Investment Portfolio to the extent the rights of the Borrower qualify as future claims, such as options ("*opties*").

Risks related to Investment Portfolio

Part of the Mortgage Receivables is also secured by a Borrower Pledge on a portfolio of securities (the "**Investment Portfolio**"). Each Investment Portfolio is held in an investment account held with the Seller. Such securities will be either (i) in the form of "*Wge-effecten*" (securities regulated under the Dutch Securities Giro Transfer Act, "*Wet giraal effectenverkeer*") or (ii) securities issued by Dutch issuers, which are not regulated under the Dutch Securities Giro Transfer Act as registered securities ("*aandelen op naam*"), bearer securities ("*toonderstukken*), or options or (iii) securities issued by non-Dutch issuers.

In respect of the *Wge-effecten* the relevant Borrower has a right in rem ("*een goederenrechtelijke aanspraak*") on such securities and consequently the Borrower should not suffer any losses in case of bankruptcy or emergency regulations in respect of the Seller becomes effective.

The Issuer has been informed by the Seller that securities issued by non-Dutch Issuers are held through F. Van Lanschot Global Custody B.V. ("**Van Lanschot Custody**") and that the Borrowers have a claim on Van Lanschot Custody for the value of such securities. The Issuer has been informed by the Seller that Van Lanschot Custody is a bankruptcy-remote entity. The object of Van Lanschot Custody is to hold participations in securities for custody purposes and, when it acts in accordance with its object, its obligations vis-à-vis the relevant Borrowers should be equal to the value of the corresponding participations of Van Lanschot Custody in the securities. Should Van Lanschot Custody not be able to meet its obligations towards the Borrowers, this could lead to Borrowers trying to invoke rights of set-off with or defences in respect of its Mortgage Receivable. For a set-off claim against the Issuer the requirements for set off would have to be met (see *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*), which is unlikely particularly in view of the requirement that the claim corresponds to a debt to the same counterparty. For other defences the specific circumstances would be relevant, such as the manner in which the Mortgage Loans and the Investment Portfolios have been marketed.

In respect of options issued by Dutch issuers and bearer securities forming part of an Investment Portfolio, the relevant Borrower has a claim on the Seller. This also applies to instruments issued by the Seller itself, such as Index Guaranteed Contracts (see *Description of Mortgage Loans*). If the Seller would become insolvent, the relevant Borrower would suffer damages as a result thereof. This could lead to Borrowers trying to invoke rights of set-off with or defences in respect of its Mortgage Receivable. Set-off after notification of the assignment to the Issuer will be possible if all requirements for set off are met and, furthermore, the counterclaim of the Borrower has originated ("*opgekomen*") and become due and payable ("*opeisbaar*") prior to notification of the assignment of the relevant Mortgage Receivable to the Issuer or, alternatively, the counterclaim of the Borrower, and the relevant Mortgage Receivable result from the same legal relationship. The Seller has represented to the Issuer in the Mortgage Receivables Purchase Agreement that there is no relationship between any of the Mortgage Loans and any Investment Portfolio, other than the right of pledge thereof granted by the relevant Borrower to the Seller. The Issuer has been advised that on this basis it is unlikely that the Mortgage Loan and the relevant Index Guaranteed Contract will be regarded as stemming from the same legal relationship. The Seller has furthermore represented, in respect of Index Guaranteed Contracts, that claims thereunder are not due and payable at any time and only become due and payable upon the termination of the relevant Index Guaranteed Contract and that the Index Guaranteed Contracts cannot be terminated by the Seller prematurely, but can be terminated by the relevant Borrower on a monthly basis. The Issuer has been advised that consequently, unless at the time of notification of the assignment the Index Guaranteed Contract will have been terminated and any claims thereunder will have become due and payable, no set-off by the Borrower of its claims resulting from such Index Guaranteed Contract with the relevant Mortgage Receivable will be permitted on this basis. In case of a bankruptcy or emergency regulations of the Seller prior to notification of the assignment the Borrower will have broader set-off rights (see above under *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*).

Risk that the Mortgages on Long Leases cease to exist

The Mortgages securing the Mortgage Loans may be vested on a long lease ('*erfpacht*'), as further described in *Description of 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 lease for 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 consecutive years or seriously breaches ("*in ernstige mate tekortschiet*") 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 will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be terminated by the conditions of the long lease and may be less than the market value of the long lease.

When underwriting a Mortgage Loan to be secured by a Mortgage Right on a long lease, the Seller will take into consideration certain conditions, in particular the term of the long lease. Therefore, the mortgage conditions used by the Seller provide that the principal sum of a Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if the long lease terminates, if the lease holder materially breaches or ceases to perform his payment obligation under the long lease ("*canon*") or if the lease holder in any other manner breaches the conditions of the long lease.

Risk that interest rate reset rights will not follow Mortgage Receivables

The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the 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 receiver (in bankruptcy) or administrator (in suspension of payments) would be required to reset the interest rates.

Risk related to prepayments on the Mortgage Loans
The maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Proceeds upon enforcement of a Mortgage Loan and repurchase by the Seller of Mortgage Receivables) on the Mortgage Loans. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The rate of prepayment of 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 Mortgage Loans may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect each Class of Notes differently.

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks
Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables.

Risk in respect of loan concentration
The effect of losses in respect of certain Mortgage Loans will be more severe as a small number of Mortgage Loans in the pool has a relatively large Outstanding Principal Amount and the number of Mortgage Loans is relatively small. The Outstanding Principal Amount of the Mortgage Receivables of one specific Borrower as of the Cut-Off Date constitutes approximately ten (10) per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Cut-Off Date. Any losses on the Mortgage Receivables of such Borrower may have a substantial adverse effect on the ability of the Issuer to make payments under the Notes.

Risks of losses associated with Mortgage Receivables secured by second Mortgage(s) ("*hypotheekrecht(en) tweede in rang*")
In respect of some Mortgage Receivables the Issuer only benefits from a Mortgage ranking second in priority. There is a risk that if the Mortgages are enforced, the foreclosure proceeds remaining after the claim of the holder of first ranking Mortgage has been redeemed in full may not be sufficient to redeem the relevant Mortgage Receivable, which may result in losses to the Noteholders if the relevant security rights on the Mortgaged Assets are required to be enforced. However, where such second ranking Mortgages are combined with first ranking Mortgages or first and sequentially lower ranking Mortgages, the value of the Mortgaged Asset(s) on which the second ranking Mortgage is vested is ignored when calculated the LTV in respect of the relevant Mortgage Receivable. In respect of the two Mortgage Receivables which are only secured by second ranking Mortgages, when calculating the LTV, the maximum amount for which the first ranking Mortgage can be enforced is deducted from the open market value. All such Mortgage Receivables meet item (iv) of the Mortgage Eligibility Criteria.

RISK FACTORS REGARDING THE MORTGAGED ASSETS AND THE OTHER COLLATERAL

Risks of losses associated with declining values of Mortgaged Assets
The security for the Notes created under the Trustee Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets and the Other Collateral. No assurance can be given that values of the 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 Mortgage Loans. A decline in value may result in losses to the Noteholders if the relevant security rights on the Mortgaged Assets and the Other Collateral are required to be

enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Loans.

Risk that not all Mortgaged Assets have been valued by an independent valuer
Most of the Mortgaged Assets have been valued by an independent qualified valuer. In some cases however, a valuation was made by (i) the Dutch tax authorities on the basis of the Act on the Valuation of Real Estate ("*Wet Waardering Onroerende Zaken*") or (ii) by a valuer employed by F. van Lanschot Bankiers pursuant to the "credit policy paper commercial real estate" of F. van Lanschot Bankiers. In the latter two cases, the evaluation may not reflect the exact open market value of the relevant Mortgaged Assets, which may affect the calculation of the LTV of the relevant Mortgage Loans.

Risks related to tenants
Some 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, to wit, 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 Netherlands 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 Netherlands 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. Depending on a pending legislative programme these rules might change substantially per 1 January 2007. 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 Netherlands court. The court will terminate the lease if one of the six situation 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;

(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 5 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. 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. 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 Netherlands 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 lessor 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 lessee 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 Netherlands 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 bailiff's 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 Netherlands courts to extend the suspension term. Upon filing of such a request, the obligations to vacate is further suspended after expiry of the initial two month period until a judgment has been given. The Netherlands 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 Borrower's ability to make payments under the relevant 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 large 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 Mortgage Loans may be affected, which may ultimately affect the ability of the Issuer to make payments under the Notes.

Insurance risks

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

Although the 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.

RISK FACTORS REGARDING THE NOTES

European Union Directive on the taxation of savings
On 3 June 2003 the Council of the European Union adopted a Council Directive on the taxation of savings income in the form of interest payments (the '**Directive**'). The Directive applies to interest payments (as defined in the Directive) made in one Member State to or for individual beneficial owners (as defined in the Directive) who are resident in another Member State and requires all Member States to adopt an information reporting system with regard to such payments. However, for a transitional period, Austria, Belgium, and Luxembourg are permitted to operate a withholding tax system.

Application of the Directive by Member States was conditional on certain European third countries (Switzerland, Andorra, Liechtenstein, Monaco, and San Marino) and certain dependent or associated territories (Anguilla, Aruba, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, Jersey, Montserrat, Netherlands Antilles, Turks and Caicos Islands) applying equivalent or, respectively, the same measures from the same date. On 24 June 2005, the Council confirmed in a "green light note" that all parties (including the EU Member States) will apply the agreed savings tax measures from 1 July 2005. The transitional period commenced on the same date.

Under the information reporting system, a Member State will automatically communicate to the beneficial owner's Member State of residence information regarding interest payments (including the identity and residence of the beneficial owner) made by the Paying Agents (as defined in the Directive) established within the former Member State, without requiring reciprocity. Under the withholding tax system (for Austria, Belgium, and Luxembourg), a Member State will levy a withholding tax in respect of interest payments made by the Paying Agents established within its territory at a rate of 15 per cent. during the first three years of the transitional period, 20 per cent. for the subsequent three years, and 35 per cent. thereafter. The transitional period will end, and those Member States permitted to levy a withholding tax will, instead, be required to implement an information reporting system at the end of the first fiscal year following agreement regarding information exchange by certain non-EU countries with respect to interest payments. Similar provisions apply to interest payments made by the Paying Agents established in the above-mentioned European third countries and dependent or associated territories to beneficial owners resident in an EU Member State (and in some cases vice versa).

Under the Directive, the term "paying agent" means, generally, the last intermediary in any given chain of intermediaries that pays interest directly to, or secures the payment of interest for the immediate benefit of, the beneficial owner; the term "interest" is defined broadly and would include interest relating to debt-claims of any kind, including income from bonds; and the term "beneficial owner" means any individual who receives an interest payment or any individual for whom an interest payment is secured, unless he or she provides evidence that it was not received or secured for his or her own benefit.

The Netherlands has adopted legislation implementing the provisions of the Directive. These provisions came into force in part on 1 January 2004 and the remainder on 1 July 2005. An individual Holder of Notes who is resident in an EU Member State other than the Netherlands or, in certain of the above-mentioned European third

countries and dependent or associated territories, may become subject to the automatic supply of information to the jurisdiction in which the individual is resident with regard to interest payments made by (or in certain cases, to) paying agents established in the Netherlands.

Risk that the Issuer will not exercise its right to redeem the Notes at the Optional Redemption Dates
As a result of the increase in the margin payable on and from the first Optional Redemption Date in respect of the floating rate of interest on the relevant Class of Notes, the Issuer will have an incentive to exercise its right to redeem the Notes on the first Optional Redemption Date or on any Optional Redemption Date thereafter. No guarantee can be given that the Issuer will actually exercise such right. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of Mortgage Receivables still outstanding at that time. The Notes, other than the Senior Class A Notes, can be redeemed at an amount less than their Principal Amount Outstanding (see Conditions 6(b) and 9(b) in *Terms and Conditions of the Notes* below).

With regard to a sale of Mortgage Receivables to the Seller, it should be noted that according to the solvency regulation (the '**Solvency Regulation**') issued by the Dutch Central Bank, the Seller shall, for the purposes of calculation of its risk-weighted assets, have to set the effective maturity of the transaction envisaged in this Prospectus at the first Optional Redemption Date. Pursuant to the Solvency Regulation an originator is required to build up capital as from the date which is five years prior to the effective maturity date of a securitisation. However, under the Solvency Regulation the Seller will have the option to set the effective maturity of this transaction at the Final Maturity Date, provided that it will not repurchase the Mortgage Receivables. For the avoidance of doubt, this option relates solely to the Seller's own regulatory position and does not necessarily relate to the effective maturity of the Notes.

The Seller will consider, from a regulatory perspective, whether it wishes to set the effective maturity of the transaction envisaged in this Prospectus at the Final Maturity Date instead of at the first Optional Redemption Date. Consequently, it may be possible that the Seller is not allowed to repurchase the Mortgage Receivables, other than (i) as set forth in *Repurchase of Mortgage Receivables* in *Mortgage Receivables Purchase Agreement* below or (ii) in connection with the exercise by the Seller of the Clean-Up Call Option or the Regulatory Call Option or (iii) in connection with the exercise by the Issuer of its option to redeem the Notes for tax reasons (Condition 6(d)).

If the Seller should decide to set the effective maturity as set out above at the first Optional Redemption Date, it will inform the Issuer thereof and the Issuer will sell and assign the Mortgage Receivables to the Seller on the first Optional Redemption Date.

The Seller, should it decide not to repurchase the Mortgage Receivables, has undertaken to inform the Issuer ultimately on the first Optional Redemption Date of such fact. In such case the Issuer shall use its best efforts to sell the Mortgage Receivables or to obtain alternative funding in order to be able to redeem the Notes as soon as reasonably possible.

Regulatory Call Option and Clean-Up Call Option and Redemption for Tax Reasons
Should the Seller exercise the Regulatory Call Option or the Clean-Up Call Option, the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b) on any Quarterly Payment Date, whether falling before or after the first Optional Redemption Date. The Issuer will have the option to redeem the Notes for tax reasons in accordance with Condition 6(d).

The Class of Notes other than the Most Senior Class of Notes bear greater risk than the Most Senior Class of Notes
To the extent set forth in Conditions 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 and (d) the Subordinated 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. 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, 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 the Notes, to the extent set forth in Condition 9. On any Quarterly Payment Date, any Realised Losses on the Mortgage Loans will be allocated as described in *Credit Structure* below.

Risk related to the limited liquidity of the Notes
There can be no assurance that a secondary market for the Note will develop or, if a secondary market does develop, that it will provide Noteholders with liquidity of investment or that it will continue for the life of the Notes. To date, no underwriter has indicated that they intend to establish and/or maintain a secondary market in the Notes.

Maturity Risk
The ability of the Issuer to redeem all the Notes on each Optional Redemption Date or, as the case may be, on the Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the value of the Mortgage Receivables is sufficient to redeem the Notes.

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.

Proposed Changes to the Basel Capital Accord
The Basel Committee on Banking Supervision (the 'Committee') has issued proposals for reform of the 1988 Capital Accord and has proposed a framework which places enhanced emphasis on market discipline and sensitivity to risk. The third consultative paper on the New Basel Capital Accord was issued on 29 April 2003, with the consultation period ending on 31 July 2003. The Committee announced on 11 May 2004 that it had achieved consensus on the remaining issues and published the text of the new framework on 26 June 2004 under the title "Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework". This framework will serve as the basis for national rule-making and approval processes to continue and for banking organisations to complete their preparations for implementation of the new framework. The Committee confirmed that it is currently intended that the various approaches under the framework will be implemented in stages, some from year-end 2006, the most advanced at year-end 2007. As and when implemented, the new framework could affect the risk weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by the new framework. Consequently, prospective investors should consult their own advisers as to the consequences to and effect on them of the potential application of the New Basel Capital Accord. The precise effects of implementation of the new framework cannot be predicted.

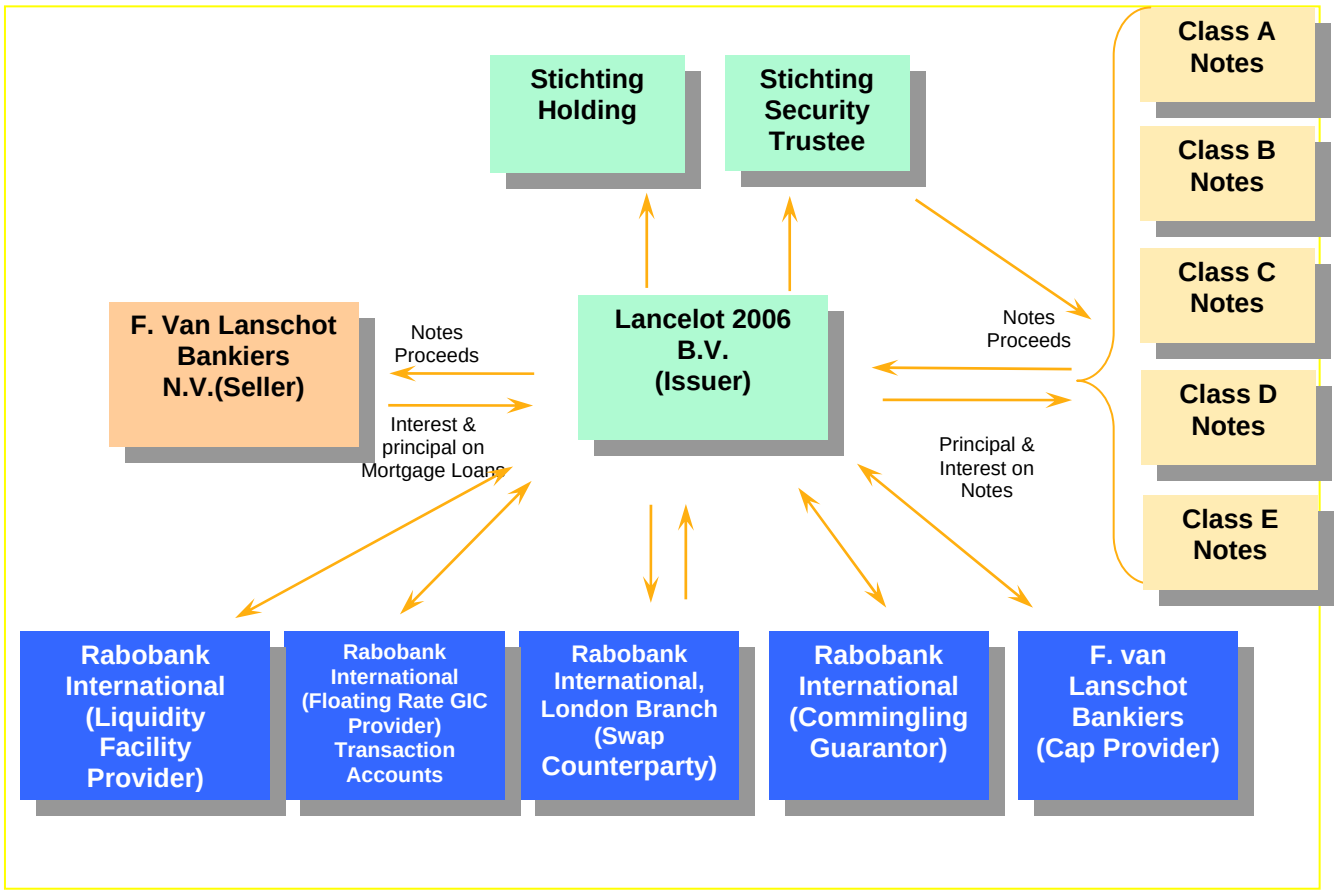
Credit ratings may not reflect all risks
The rating of each of the Notes addresses the assessments made by S&P and Fitch of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgment, the circumstances (including a reduction in the credit rating of the Floating Rate GIC Provider, the Commingling Guarantor, the Seller, the Swap Counterparty or the Liquidity Facility Provider) in the future so require.

Forecasts and Estimates
Forecasts and estimates in this Prospectus are forward looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be correct or will vary from actual results. Consequently, the actual result might differ from the projections and such differences might be significant.

STRUCTURE DIAGRAM

The following structure diagram provides an indicative summary of the principal features of the transaction. The diagram must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this Prospectus.



OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION

THE PARTIES:

Issuer:	Lancelot 2006 B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") under number 34259124 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The entire issued share capital of the Issuer is owned by the Shareholder.
Seller:	F. van Lanschot Bankiers N.V. ('**F. van Lanschot Bankiers**'), incorporated under the laws of the Netherlands as a public company ("*naamloze vennootschap*").
Originators:	F. van Lanschot Bankiers and CenE Bankiers N.V., which has merged into F. van Lanschot Bankiers on 1 January 2005.
Defaulted Loan Servicer	F. van Lanschot Bankiers.
Pool Servicer:	F. van Lanschot Bankiers.
Issuer Administrator:	ATC Financial Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. ATC Financial Services B.V. does not have any relationship with F. van Lanschot Bankiers.
Security Trustee:	Stichting Security Trustee Lancelot 2006, established under the laws of the Netherlands as a foundation ("*stichting*") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34259127.
Shareholder:	Stichting Lancelot 2006 Holding, established under the laws of the Netherlands as a foundation and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34257920.
Directors:	ATC Management B.V., the sole director of the Issuer and the Shareholder and TMF Trustee B.V., the sole director of the Security Trustee.
Liquidity Facility Provider:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ('**Rabobank International**'), acting as Rabobank International, incorporated under the laws of the Netherlands as a cooperation ('*coöperatie*') and registered with the Commercial Register of the Chamber of Commerce of Amsterdam.
Swap Counterparty:	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., trading as Rabobank International, ('**Rabobank International, London Branch**') acting through its London Branch.

Floating Rate GIC Provider:	Rabobank International
Cap Provider	F. van Lanschot Bankiers
Commingling Guarantor:	Rabobank International
Principal Paying Agent:	Deutsche Bank AG, London Branch.
Paying Agent:	Deutsche Bank AG, Amsterdam Branch, and together with the Principal Paying Agent referred to as the "**Paying Agents**".
Reference Agent:	Deutsche Bank AG, London Branch.
Listing Agent:	Rabobank International.

PRINCIPAL FEATURES OF THE TRANSACTION

THE NOTES:

Notes:
The euro 528,000,000 floating rate Senior Class A Asset-Backed Notes 2006 due 2073 (the '**Senior Class A Notes**'), the euro 21,000,000 floating rate Mezzanine Class B Asset-Backed Notes 2006 due 2073 (the '**Mezzanine Class B Notes**'), the euro 19,500,000 floating rate Mezzanine Class C Asset-Backed Notes 2006 due 2073 (the '**Mezzanine Class C Notes**'), the euro 19,500,000 floating rate Junior Class D Asset-Backed Notes 2006 due 2073 (the '**Junior Class D Notes**') and the euro 12,000,000 floating rate Subordinated Class E Asset-Backed Notes 2006 due 2073 (the '**Subordinated Class E Notes**' and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the '**Notes**') will be issued by the Issuer on 15 December 2006 (or such later date as may be agreed between the Issuer, the Seller and Rabobank International on behalf of the Managers) (the '**Closing Date**').

Issue Price:
The issue prices of the 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.; and
(v) the Subordinated Class E Notes 100 per cent..

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

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 (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 and (iv) payments of principal and interest on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes. See further *Terms and Conditions of the Notes* below.

Interest:
Interest on the Notes is payable by reference to successive quarterly interest periods (each a '**Floating Rate Interest Period**') and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding on the 26th day of January, April, July and October (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding the 26th day) in each year (each such day being a '**Quarterly Payment Date**'). Each successive Floating Rate 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 Floating Rate Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in April 2007. The interest will be calculated on the basis of the actual days elapsed in a Floating Rate Interest Period divided by a year of 360 days.

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.

Interest on the Notes for each Floating Rate Interest Period from the Closing Date will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits in euro (determined in accordance with condition 4(f)) (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for four and five months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005 being rounded upwards) plus a margin which will up to (but excluding) the first Optional Redemption Date, for the Senior Class A Notes be equal to 0.16 per cent. per annum, for the Mezzanine Class B Notes be equal to 0.26 per cent. per annum, for the Mezzanine Class C Notes be equal to 0.44 per cent. per annum, for the Junior Class D Notes be equal to 0.70 per cent. per annum and for the Subordinated Class E Notes be equal to 3.25 per cent. per annum.

Interest Step-up:
If on the first Optional Redemption Date the Notes of any Class have not been redeemed in full, the margin applicable to the relevant Class of Notes will be reset to:
(i) for the Senior Class A Notes, a margin of 0.50 per cent. per annum;
(ii) for the Mezzanine Class B Notes, a margin of 0.70 per cent. per annum;
(iii) for the Mezzanine Class C Notes, a margin of 1.20 per cent. per annum;
(iv) for the Junior Class D Notes, a margin of 1.80 per cent. per annum; and
(v) for the Subordinated Class E Notes, a margin of 4.00 per cent. per annum.

Final Maturity Date:
Unless previously redeemed as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in April 2073 (the '**Final Maturity Date**').

Optional Redemption of the Notes:
On the Quarterly Payment Date falling in January 2012 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**'), the Issuer will have the option to redeem all of the Notes, but not some only, at their respective Principal Amount Outstanding or, in case of the Subordinated Class E Notes, the Junior Class D Notes, the Mezzanine Class C Notes and the Mezzanine Class B Notes, at their respective Principal Amount Outstanding less any relevant Principal Shortfall on such date, subject to and in accordance with the Conditions.

Mandatory Redemption of the Notes:
The Issuer will be obliged to apply the Notes Redemption Available Amount to (partially) redeem the Notes on the Quarterly Payment Date falling in April 2007 and each Quarterly Payment Date thereafter and at their respective Principal Amount Outstanding on a *pro rata* and *pari passu* basis in the following order:
(a) *firstly*, the Senior Class A Notes, until fully redeemed,
(b) *secondly*, the Mezzanine Class B Notes, until fully redeemed,
(c) *thirdly*, the Mezzanine Class C Notes, until fully redeemed,
(d) *fourthly*, the Junior Class D Notes, until fully redeemed, and
(e) *fifthly*, the Subordinated Class E Notes, until fully redeemed.

Redemption for tax reasons:

If the Issuer is or will become obliged to make any withholding or deduction for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any other jurisdiction or any political sub-division or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer has the option to redeem the Notes, in whole but not in part, on any Quarterly Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption. 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.

Clean-Up Call Option:
On each Quarterly Payment Date the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables is not more than 10 per cent. of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Cut-Off Date (the '**Clean-Up Call Option**').

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion in case of the exercise of the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b) and 9(b). The purchase price will be calculated as described in *Sale of Mortgage Receivables* in *Credit Structure* below.

Regulatory Call Option:
On each Quarterly Payment Date, the Seller has the option but not the obligation to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change (the '**Regulatory Call Option**').

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Regulatory Call Option. The purchase price will be calculated as described in *Sale of Mortgage Receivables* in *Credit Structure* below. If the Seller exercises its Regulatory Call Option, then the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes subject to and in accordance with Conditions 6(b) and 9(b).

Withholding Tax:
All payments by the Issuer in respect of 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 pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive. See further paragraph *European Union Directive on the taxation of savings and Taxation in the Netherlands* below.

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 through Euroclear and Clearstream, Luxembourg, for the credit of the respective accounts of the Noteholders (see *The Global Notes* below).

Use of proceeds:
The Issuer will use the net proceeds from the issue of the Notes to pay to the Seller the Initial Purchase Price for the Mortgage Receivables purchased on the Closing Date, pursuant to the provisions of an agreement dated on or about the date of this Prospectus (the '**Mortgage Receivables Purchase Agreement**') and made between the Seller, the Issuer and the Security Trustee. See further *Mortgage Receivables Purchase Agreement* below.

THE MORTGAGE RECEIVABLES:

Mortgage Receivables:
Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of any and all rights (the '**Mortgage Receivables**', which will include upon the purchase of any Replacement Mortgage Receivables, such Replacement Mortgage Receivables) of the Seller against certain borrowers (the '**Borrowers**') under or in connection with certain selected Mortgage Loans. The Issuer will be entitled to the principal proceeds of the Mortgage Receivables from (and including) the Cut-Off or in the case of any Replacement Mortgage Receivables, as of the first day of the calendar month wherein the relevant Quarterly Payment Date falls.

Purchase of Replacement Mortgage Receivables:
The Mortgage Receivables Purchase Agreement will provide that, provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date up to (and including) the Quarterly Payment Date immediately preceding the first Optional Redemption Date, the Issuer will apply the Replacement Available Amount towards the purchase from the Seller of any and all rights of the Seller against any Borrower under or in connection with any mortgage loan between the Seller and such Borrower (the '**Replacement Mortgage Receivables**'), subject to the fulfilment of the Purchase Conditions and to the extent offered by the Seller. The "**Replacement Available Amount**" is equal to the sum of any amount received during the immediately preceding Quarterly Calculation Period in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement as a result of a breach of representations and warranties, including the representations and warranties that such Mortgage Receivable or its related Mortgage loan meets the Mortgage Eligibility Criteria, to the extent such amounts relate to principal and zero if the Seller has exercised the Clean-Up Call Option or Regulatory Call Option.

Repurchase of Mortgage Receivables:
If at any time after the Closing Date any of the representations and warranties given by the Seller in respect of a Mortgage Receivable or its related Mortgage Loan, including the representation and warranty that such Mortgage Receivable or its related Mortgage Loan meets the Mortgage Eligibility Criteria, proves to have been untrue or incorrect, the Seller shall within 30 days of having knowledge of such breach or receipt of written notice thereof from the Issuer or the Security Trustee, remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the said period of 30 days, the Seller shall on the next succeeding Mortgage Payment Date repurchase and accept re-assignment of such Mortgage Receivable.

If the Seller agrees with a Borrower to amend the terms of the Mortgage Loan to which such Mortgage Receivable relates as a result of which (a) the relevant Mortgage Loan no longer meets the Mortgage Eligibility Criteria (as set out in *Mortgage Receivables Purchase Agreement*) and the representations and warranties of the Mortgage Receivables Purchase Agreement (as set out in *Mortgage Receivables Purchase Agreement*) and certain other criteria set out in the Mortgage Receivables Purchase Agreement and/or the Administration Agreement, or (b) such amendment is not a Permitted Variation, the Seller shall repurchase and accept reassignment of the Mortgage Receivable on the next succeeding Mortgage Payment Date, provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the Seller shall not repurchase the relevant Mortgage Receivable.

Mortgage Loans:
The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will result from loans secured by (x) mortgage rights ("*hypotheekrechten*") on the Mortgaged Assets which have first priority ("*eerste in rang*") or first and sequentially lower ranking priority or second ranking or second and sequentially lower ranking mortgage right over (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*") (the "**Mortgages**"), (y) rights of pledge on the Other Collateral, and (z) mortgage rights on three properties outside the Netherlands, entered into by any of the Originators with the relevant Borrowers which meet or, in case of Replacement Mortgage Receivables, will meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date or, in case of Replacement Mortgage Receivables, the relevant Quarterly Payment Date (the '**Mortgage Loans**'). See further *Description of Mortgage Loans*.

The Mortgage Loans (or any loan parts comprising a Mortgage Loan) may consist of any of the following types of redemption:

1. Annuity Mortgage Loans ("*annuiteiten hypotheek*");
2. Linear Mortgage Loans ("*lineaire hypotheek*");
3. Interest-only Mortgage Loans ("*aflossingsvrije hypotheek*"); and
4. a combination thereof.

If a Mortgage Loan consists of one or more loan parts, the Seller will sell and assign and the Issuer shall purchase and accept the assignment of all rights associated with all, but not some, loan parts of such Mortgage Loan at the Closing Date or, as the case may be, the relevant Quarterly Payment Date. See further *Description of Mortgage Loans* and *Risk Factors*.

Sale of Mortgage Receivables:
The Issuer will on any Optional Redemption Date have the right to sell and assign the Mortgage Receivables to a third party (including the Seller), provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes. The purchase price of the Mortgage Receivables shall be equal to at least the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and reassignment), except that with respect to Mortgage Receivables which result from Mortgage Loans that are in arrears for a period exceeding 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 be at least the lesser of (a) the sum of the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions up to the relevant date of such sale or repurchase and (b) the sum of (i) an amount equal to the foreclosure value of the Mortgage Assets on the basis of a valuation report not older than 12 months and (ii) an amount equal to the value of the Other Collateral. See further *Sale of Mortgage Receivables* under *Credit Structure* below.

Security for the Notes:
The Notes will be (indirectly) secured by (i) a first ranking right of pledge by the Issuer to the Security Trustee over the Mortgage Receivables including all rights ancillary thereto and (ii) a first ranking right of pledge vested by the Issuer in favour of the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Administration Agreement, the Liquidity Facility Agreement, the Commingling Guarantee and the Floating Rate GIC and in respect of the Transaction Accounts. The amount payable to the Noteholders and the other Secured Parties will be limited to the amounts available for such purpose to the Security Trustee which, *inter alia*, will consist of amounts recovered by the Security Trustee on the Mortgage Receivables and amounts received by the Security Trustee as creditor under the Parallel Debt Agreement. Payments to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement. See further *Risk Factors* and for a more detailed description see *Description of Security* below.

Parallel Debt Agreement:
On the Closing Date, the Issuer and the Security Trustee will enter into a parallel debt agreement (the '**Parallel Debt Agreement**') for the benefit of the Secured Parties under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Trustee Receivables Pledge Agreement and the Trustee Assets Pledge Agreement.

CASH-FLOW STRUCTURE:

Liquidity Facility:
On the Closing Date, the Issuer will enter into a liquidity facility agreement with a maximum term of 364 days with the Liquidity Facility Provider (the '**Liquidity Facility Agreement**') whereunder the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. Any drawing made under the Liquidity Facility Agreement (other than a Liquidity Facility Stand-by Drawing) will be debited from an account maintained with the Liquidity Facility Provider (the "**Liquidity Facility Account**") and credited to the Issuer Collection Account. See further *Credit Structure* below.

Seller Collection Account:
The Seller maintains an account (the '**Seller Collection Account**to which collections of all amounts of interest, prepayment penalties and principal received under the Mortgage Loans will be paid.

Issuer Collection Account:

The Issuer shall maintain with the Floating Rate GIC Provider an account (the '**Issuer Collection Account** and together with the Liquidity Facility Account, the Reserve Account and the Liquidity Stand-by Drawing Account, the "**Transaction Accounts**")) to which, *inter alia*, on a monthly basis all amounts from the Seller Collection Account will be transferred by the Seller or the Pool Servicer on its behalf.

Reserve Account:
The Issuer shall maintain with the Floating Rate GIC provider an account (the '**Reserve Account**'. 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) in the Interest Priority of Payments in the event that the Notes Interest Available Amount is not sufficient to meet such payment obligations on a Quarterly Payment Date. If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the aggregate amounts payable under items (a) to (o) (inclusive) in the Interest Priority of Payments, such excess amount will be used to deposit in the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Required Amount. The '**Reserve Account Required Amount**' shall on any Quarterly Payment Date, be equal to 0.70 per cent. of the aggregate Principal Amount Outstanding of the Notes as of the Closing Date, plus the Outstanding Principal Amount of any Mortgage Receivables (i) that are in arrears for a period of 90 days or (ii) in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, and in each case in respect of which no Realised Loss has been debited to the Principal Deficiency Ledger

Floating Rate GIC:
The Issuer and the Floating Rate GIC Provider will enter into a guaranteed investment contract (the '**Floating Rate GIC** ') on the Closing Date, whereunder the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to three months Euribor minus a margin on the balance standing from time to time to the credit of the Transaction Accounts.

Trigger Reserve Fund
The Issuer will establish a trigger reserve fund by crediting certain amounts to the Issuer Collection Account, (the "**Trigger Reserve Fund**"). The Trigger Reserve Fund Required Amount shall on any Quarterly Calculation Date be equal to zero, except if the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller cease to be rated at least as high as A-1 by S&P or F-1 by Fitch or such rating is withdrawn, in which case the Trigger Reserve Fund Required Amount shall be equal to 150 per cent. of the Potential Set-Off Amount. The Issuer shall, on any Quarterly Payment Date, have the right to make drawings under the Trigger Reserve Fund if and to the extent the Issuer has, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it and the Seller has not reimbursed the Issuer for such amount, on the relevant Quarterly Payment Date not received the full amount due but unpaid in respect of any Mortgage Receivable(s) (see *Mortgage Receivables Purchase Agreement* below).

Swap Agreement:
On the Closing Date, the Issuer will enter into a swap agreement with the Swap Counterparty to mitigate the risk between the rates of interest to be received by the Issuer on (a) the Mortgage Receivables and the interest received on the Transaction Accounts and (b) the floating rates of interest payable by the Issuer on the relevant Class of Notes (see *Credit Structure* under *Interest Rate Hedging* below).

Cap Agreement
On the Closing Date, the Issuer will enter into a cap agreement with F. van Lanschot Bankiers N.V. (the "**Cap Agreement**") . Under the Cap Agreement, F. van Lanschot Bankiers N.V. in its capacity as cap provider (the "**Cap Provider**") will agree to pay on each Quarterly Payment Date to the Issuer, if and so long as Euribor exceeds 6 per cent., an amount equal to the positive difference between Euribor on the relevant Quarterly Calculation Date and 6 per cent., multiplied by the Principal Amount Outstanding of the Junior Class D Notes and the Subordinated Class E Notes.

Commingling Guarantee
On the Closing Date, the Guarantor will enter into the Commingling Guarantee under which the Commingling Guarantor will guarantee the payment obligations of the Seller to the Issuer Collection Account of all amounts received by the Seller in connection with the Mortgage Receivables up to a maximum amount of EUR 28,000,000

OTHER:
Administration Agreement:

Under an administration agreement to be entered into on the Closing Date (the '**Administration Agreement**') between the Issuer, the Pool Servicer, the Defaulted Loan Servicer, the Issuer Administrator and the Security Trustee, (i) the Pool Servicer will agree to provide administration and management services in relation to the Mortgage Loans, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Loans and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrear procedures including, if applicable, the enforcement of mortgages and (iii) 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 section *Mortgage Loan Underwriting and Servicing* below).

Management Agreements:
Each of the Issuer, the Shareholder and the Security Trustee have entered into a management agreement (together, the '**Management Agreements**') with the relevant Director, whereunder the relevant Director will undertake to act as director of the Issuer, the Shareholder or, as the case may be, the Security Trustee and to perform certain services in connection therewith.

Listing:
Application has been made for the Notes to be listed on Eurolist by Euronext Amsterdam.

Ratings:
It is a condition precedent to issuance that (i) the Senior Class A Notes, on issue, be assigned a rating of AAA by S&P and AAA by Fitch, (ii) the Mezzanine Class B Notes, on issue, be assigned a rating of at least AA by S&P and AA by Fitch, (iii) the Mezzanine Class C Notes, on issue, be assigned a rating of at least A by S&P and A by Fitch, (iv) the Junior Class D Notes, on issue, be assigned a rating of at least BBB by S&P and BBB by Fitch, (iv) the Subordinated Class E Notes, on issue, be assigned a rating of at least BB by S&P and BB by Fitch.

CREDIT STRUCTURE

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

Mortgage Loan Interest Rates
The interest rate of each Mortgage Loan is fixed, subject to a reset from time to time, or floating, or a combination thereof. On the Cut-Off Date the weighted average interest rate of the Mortgage Loans is 4.7 per cent.. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Description of the Mortgage Loans*.

Cash Collection Arrangement
All payments made by Borrowers will be paid into the Seller Collection Account. This account is not pledged to any party. This account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans and in respect of other moneys belonging to the Seller.

The payment obligations of the Seller to the Issuer in respect of amounts received relating to the Mortgage Receivables will be guaranteed by the Commingling Guarantor up to an amount equal to EUR 28,000,000 (the '**Commingling Guarantee**').

If the rating of the short-term, unsecured and unguaranteed debt obligations of the Commingling Guarantor falls below A-1+ by S&P or F-1 by Fitch (the '**Short Term Requisite Rating in respect of the Commingling Guarantor**'), the Commingling Guarantor will, to maintain the then current rating assigned to the Notes, either: (i) ensure that payments to be made in respect of amounts received on the Seller Collection Account relating to the Mortgage Receivables will be guaranteed by a party having at least the Short Term Requisite Rating in respect of the Commingling Guarantor; or (ii) (a) open an escrow account in the name of the Issuer, for its own account, with a party having at least the Short Term Requisite Rating in respect of the Commingling Guarantor, and (b) transfer to the escrow account an amount equal to the highest amount of principal, interest and prepayment penalties received since the Closing on the Floating Rate GIC Account during three Mortgage Calculation Periods; or (iii) implement any other actions agreed at that time with S&P and Fitch.

On each '**Mortgage Payment Date**' (being the 20th day of each calendar month or if this is not a business day the next succeeding business day) the Seller, or the Pool Servicer on its behalf, shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received by the Seller in respect of the Mortgage Receivables during the immediately preceding Mortgage Calculation Period to the Issuer Collection Account, except that if the amount involved exceeds euro 15,000,000, the Seller, or the Pool Servicer on its behalf, shall transfer such amount to the Issuer Collection Account on the same day on which it has been received.

For these purposes a '**Mortgage Calculation Period**' is the period commencing on (and including) the first day of a calendar month and ending on (and including) the last day of such calendar month and the first Mortgage Calculation Period will commence on (and include) the Cut-Off Date and end on (and include) the last day of November 2006.

Transaction Accounts
Issuer Collection Account
The Issuer will maintain with the Floating Rate GIC Provider the Issuer Collection Account to which all amounts received (i) in respect of the Mortgage Loans (ii) from the other parties to the Relevant Documents will be paid.

The Issuer Administrator will identify all amounts paid into the Issuer Collection Account by crediting such amounts to ledgers established for such purpose. Payments received on each Mortgage Payment Date in respect of the Mortgage Loans will be identified as principal or revenue receipts and credited to a principal ledger (the '**Principal Ledger**') or a revenue ledger (the '**Revenue Ledger**'), as the case may be.

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 A-1+ by S&P or F-1 by Fitch (the '**Short Term Requisite Rating**') the Issuer will be required within 30 days to transfer the balance of the Transaction Accounts to an alternative bank with the Short Term Requisite Rating or to obtain a third party, acceptable to S&P and/or Fitch, to guarantee the obligations of the Floating Rate GIC Provider.

Payments may be made from the Issuer Collection Account other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and payable in

connection with the Issuer's business and (ii) the repayment of any Liquidity Facility Stand-by Drawing in accordance with the Liquidity Facility Agreement.

Reserve Account
The Issuer will also maintain with the Floating Rate GIC Provider the Reserve Account.

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

If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts required to meet items ranking higher in the Interest Priority of Payments, the excess amount will be applied to deposit on the Reserve Account, until the balance standing to the credit of the Reserve Account equals the Reserve Account Required Amount.

To the extent that the balance standing to the credit of the Reserve Account on any Quarterly Calculation Date exceeds the Reserve Account Required Amount, such excess shall be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date and shall form part of the Notes Interest Available Amount on that Quarterly Payment Date.

After all amounts of interest and principal due in respect of the Notes have been paid and all payments of the Interest Priority of Payments ranking higher in priority have been made, any amount standing to the credit of the Reserve Account will be transferred to the Issuer Collection Account and will form part of the Notes Interest Available Amount.

Priority of Payments in respect of interest
Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each fourth business day prior to each Quarterly Payment Date (a '**Quarterly Calculation Date**') and which have been received or deposited during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date (items (i) up to and including (xiii) being hereafter referred to as the '**Notes Interest Available Amount**'):

(i) as interest on the Mortgage Receivables;
(ii) as interest accrued on the Transaction Accounts;
(iii) as prepayment penalties and interest penalties under the Mortgage Loans;
(iv) as Net Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal;
(v) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) and to be debited from the Liquidity Facility Account on the immediately succeeding Quarterly Payment Date;
(vi) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
(vii) as amounts received under the Cap Agreement on the immediately succeeding Quarterly Payment Date;
(viii) as amounts to be drawn from the Trigger Reserve Fund on the immediately succeeding Quarterly Payment Date;
(ix) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date, if any, excluding, for the avoidance of doubt, any collateral transferred pursuant to the Swap Agreement;
(x) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, to the extent such amounts do not relate to principal;
(xi) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal;
(xii) as amounts received as post-foreclosure proceeds on the Mortgage Receivables; and
(xiii) on the Quarterly Payment Date on which the Notes will be or have been redeemed in full, any (remaining) amounts standing to the credit of the Issuer Collection Account which are not included in items (i) up to and including (x) on such Quarterly Payment Date; less
(xiv) on the first Quarterly Payment Date of each year, an amount equal to 5 per cent. of the annual fee due to the Director of the Issuer,

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*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;

(b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof of fees and expenses due and payable to the Pool Servicer, the Defaulted Loan Servicer and the Issuer Administrator under the Administration Agreement;

(c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax and sums due to the Rating Agencies and fees and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer and/or the Security Trustee, (ii) fees and expenses due to the Paying Agents and the Reference Agent under the Paying Agency Agreement and (iii) fees due under the Liquidity Facility Agreement to the Liquidity Facility Provider, (iv) the fee due under the Commingling Guarantee to the Commingling Guarantor, and (v) the premium due under the Cap Agreement to the Cap Provider;

(d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility and to be credited to the Liquidity Facility Account, but excluding fees due under the Liquidity Facility and payable under (c) above and any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (t) below, or (ii) following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Account;

(e) *fifth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement, except for (i) any termination payment due or payable (a) as a result of the occurrence of an Event of Default where the Swap Counterparty is the Defaulting Party or (b) in case of an Additional Termination Event relating to the credit rating of the Swap Counterparty including a Settlement Amount (as such terms are defined in the Swap Agreement) payable under (s) below) (each a '**Swap Counterparty Default Payment**') and (ii) the repayment to the Swap Counterparty of Excess Swap Collateral;

(f) *sixth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A Notes;

(g) *seventh*, in or toward making good any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;

(h) *eighth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Mezzanine Class B Notes;

(i) *ninth*, in or towards making good any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;

(j) *tenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Mezzanine Class C Notes;

(k) *eleventh*, in or toward making good any shortfall reflected in the Class C Principal Deficiency Ledger until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;

(l) *twelfth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Junior Class D Notes;

(m) *thirteenth*, in or towards making good any shortfall reflected in the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;

(n) *fourteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Class E Notes;

(o) *fifteenth*, in or towards making good any shortfall reflected in the Class E Principal Deficiency Ledger 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 replenish the Reserve Account up to the Reserve Account Required Amount;

(q) *seventeenth*, in or towards satisfaction of interest due under the Trigger Reserve Fund Subordinated Loan;

(r) *eighteenth*, in or towards satisfaction of any principal due under the Trigger Event Reserve Subordinated Loan;

(s) *nineteenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;

(t) *twentieth*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement; and

(u) *twenty-first*, in or towards satisfaction of a Deferred Purchase Price Installment to the Seller.

Priority of Payments in respect of principal
Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at any Quarterly Calculation Date, as being received or deposited during the immediately preceding Quarterly Calculation Period (items (i) up to and including (vi) hereinafter referred to as the '**Notes Redemption Available Amount**'):

(i) by means of repayment and prepayment of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any;
(ii) Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal;
(iii) in connection with a repurchase of Mortgage Receivables, whether or not as a result of the exercise of the Regulatory Call Option or redemption for tax reasons, pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less the Replacement Available Amount to the extent applied to the purchase of Replacement Mortgage Receivables on such Quarterly Payment Date up to and including the Quarterly Payment Date immediately preceding the first Optional Redemption Date;
(iv) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
(v) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date; and
(vi) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;

will be applied by the Issuer on each Quarterly Payment Date (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*, in or towards satisfaction of principal amounts due under the Senior Class A Notes on the relevant Quarterly Payment Date including, as the case may be, the Final Maturity Date, until fully redeemed;

(b) *second*, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed;

(c) *third*, in or towards satisfaction of principal amounts due under the Mezzanine Class C Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed;

(d) *fourth*, in or towards satisfaction of principal amounts due under the Junior Class D Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed; and

(e) *fifth*, in or towards satisfaction of principal amounts due under the Subordinated Class E Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed.

Priority of Payments upon Enforcement
Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed will be paid to the Secured Parties (including the Noteholders) 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 '**Priority of Payments upon Enforcement**'):

(a) *first*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing due and payable but unpaid under the Liquidity Facility Agreement;

(b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents, which will include, *inter alia*, the fees and expenses of the Rating Agencies, any legal advisor, auditor and/or accountant appointed by the Security Trustee, (iii) the fees and expenses of the Paying Agents and the Reference Agent incurred under the provisions of the Paying Agency Agreement, (iv) the fees and expenses due to the Pool Servicer, the Defaulted Loan Servicer and the Issuer Administrator under the Administration Agreement, (v) the fee due under the Commingling Guarantee to the Commingling Guarantor, (vi) the fee due to the Liquidity Facility Provider under the Liquidity Facility and (vii) the premium due to the Cap Provider under the Cap Agreement;

(c) *third*, in or towards satisfaction of any sums due and payable but unpaid under the Liquidity Facility Agreement but excluding any Liquidity Facility Stand-by Drawing payable under (a) above and any fees payable under (b) below and any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (p) below;

(d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement including any Settlement Amounts (as defined therein) to be paid by the Issuer upon early termination of the Swap Agreement as determined in accordance with its terms but excluding any Swap Counterparty Default Payment payable under subparagraph (q) below, excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of any Excess Swap Collateral;

(e) *fifth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A Notes;

(f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A Notes;

(g) *seventh*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class B Notes;

(h) *eight*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;

(i) *ninth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class C Notes;

(j) *tenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class C Notes;

(k) *eleventh*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Junior Class D Notes;

(l) *twelfth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class D Notes;

(m) *thirteenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class E Notes;

(n) *fourteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class E Notes;

(o) *fifteenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Trigger Reserve Fund Subordinated Loan;

(p) *sixteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Trigger Reserve Fund Subordinated Loan;

(q) *seventeenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;

(r) *eighteenth*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement, and

(s) *nineteenth*, in and towards satisfaction of any Deferred Purchase Price Installment to the Seller.

Application of principal amounts towards the purchase of Replacement Mortgage Receivables
The Issuer will purchase, provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date up to and including the Quarterly Payment immediately preceding the first Optional Redemption Date the Replacement Mortgage Receivables to the extent offered by the Seller by applying the Replacement Available Amount. On each Quarterly Payment Date up to and including the Quarterly Payment immediately preceding the first Optional Redemption Date, the '**Replacement Available Amount**' is equal to the sum of any amount received during the immediately preceding Quarterly Calculation Period in connection with a repurchase of Mortgage Receivables as a result of a breach representations and warranties, including the representations and warranties that such Mortgage Receivable or its related Mortgage loan meets the Mortgage Eligibility Criteria, pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal and zero if the Seller has exercised the Clean-Up Call Option or Regulatory Call Option.

Liquidity Facility
On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will be entitled on any Quarterly Payment Date (other than on (i) a Quarterly Payment Date if and to the extent the Notes, are redeemed in full on such Quarterly Payment Date or (ii) the Final Maturity Date) to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount (as defined below). Any such drawing shall be credited to the Issuer Collection Account and debited from the Liquidity Facility Account. The Liquidity Facility Agreement is for a maximum term of 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. 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 amounts available on the Reserve Account and without taking into account any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (n) (inclusive), but not items (g), (i), (k) and (m) in the Interest Priority of Payments in full on that Quarterly Payment Date, provided that no drawing may be made to meet item (h) if there is a debit balance on the Class B Principal Ledger and no drawing may be made to meet item (j) if there is a debit balance on the Class C Principal Deficiency Ledger, no drawing may be made to meet item (l) if there is a debit balance on the Class D Principal Deficiency Ledger and no drawing made be made to meet item (n) if there is a debit balance on the Class E Principal Deficiency Ledger. The Liquidity Facility Provider will rank in priority in respect of payments and security to the Notes.

If, at any time, (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than the Short Term Requisite Rating or any such rating is withdrawn by S&P or Fitch and (ii) within 30 days of such downgrading the Liquidity Facility is not renewed or replaced by the Issuer with an alternative Liquidity Facility Provider whose short-term unsecured, unsubordinated and unguaranteed debt obligations are assigned at least a rating of the Short Term Requisite Rating or alternatively the Liquidity Facility Provider has procured that a guarantee for its obligations in favour

of the Issuer has been issued, the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Liquidity Facility (a '**Liquidity Facility Stand-by Drawing**') and credit such amount to an account with the Floating Rate GIC Provider (the "**Liquidity Facility Stand-by Drawing Account**"). Amounts so credited to the Issuer Liquidity Facility Stand-by Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility Provider does not renew the Liquidity Facility following its commitment termination date. If a Liquidity Facility Stand-by Drawing is to be repaid by the Issuer, such repayment shall be made by the Issuer from the Liquidity Facility Stand-by Drawing Account directly to the Liquidity Facility Provider (outside of the Interest Priority of Payments).

For these purposes, '**Liquidity Facility Maximum Amount**' means, on each Quarterly Payment Date, the higher of (a) 4 per cent. of the aggregate Principal Amount Outstanding of the Notes on such date and (b) 2 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing 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 Issuer Collection 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 Quarterly Calculation Date be equal to zero, except if the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller cease to be rated at least as high as A-1 by S&P or F-1 by Fitch or such rating is withdrawn, 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 to the Issuer on any Quarterly Payment Date if and to the extent the Issuer has, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it and the Seller has not reimbursed the Issuer for such amount, on the relevant Quarterly Payment Date not received the full amount due but unpaid on in respect of any Mortgage Receivable(s) (see *Mortgage Receivables Purchase Agreement* below).

The "**Potential Set-Off Amount**" shall, on any Quarterly Payment Date, be equal to the amount credited to each current-account or deposit (including any construction deposit ("*bouwdepot*")) held by the Borrowers with the Seller. The Pool Servicer will calculate and include the Potential Set-Off Amount in the quarterly investor report on a quarterly basis.

On the Payment Date on which all amounts of interest and principal due in respect of the 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 Amount and will be available for all items in the Interest Priority of Payments ranking below item (p).

Principal Deficiency Ledger
A Principal Deficiency Ledger comprising five sub-ledgers (the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger and the Class E Principal Deficiency Ledger) will be established by or on behalf of the Issuer in order to record Realised Losses (a '**Principal Deficiency**'). An amount equal to any Principal Deficiency will be debited to the Class E Principal Deficiency Ledger (such debit item being credited at item (o) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the Principal Amount Outstanding of the Subordinated Class E Notes and thereafter such amount will be debited to the Class D Principal Deficiency Ledger (such debit items being credited at item (m) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than Principal Amount Outstanding of the Junior Class D Notes and thereafter such amount will be debited, to the Class C Principal Deficiency Ledger (such debit items being credited at item (k) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit

balance on such ledger is less than Principal Amount Outstanding of the Mezzanine Class C Notes and thereafter such amount will be debited to the Class B Principal Deficiency Ledger (such debit items being credited at item (i) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than Principal Amount Outstanding of the Mezzanine Class B Notes and thereafter such amount will be debited to the Class A Principal Deficiency Ledger (such debit items being credited at item (g) of the Interest Priority of Payments, to the extent funds become available for such purpose).

'**Realised Losses**' means, on any Quarterly Calculation Date, the sum of (a) the amount of the difference between (i) the aggregate Outstanding Principal Amount in respect of Mortgage Receivables on which the Seller, the Defaulted Loan Servicer (on behalf of the Issuer or the Security Trustee), the Issuer or the Security Trustee has foreclosed from the Closing Date up to and including such Quarterly Calculation Date and (ii) the Net Proceeds on such Mortgage Receivables and (b) with respect to Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between (x) the aggregate Outstanding Principal Amount and (y) the purchase price received in respect of such Mortgage Receivables to the extent relating to the principal whereby, in case of items (a) and (b), for the purpose of establishing the Outstanding Principal Amount 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

The Mortgage Eligibility Criteria require that all Mortgage Loans bear a fixed rate of interest, a rate which is subject to a reset from time to time, or a floating rate of interest or a combination of a fixed rate and a floating rate. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. The Issuer will mitigate its interest rate exposure by entering into the Swap Agreement with the Swap Counterparty.

Under the Swap Agreement, the Issuer will agree to pay on each Quarterly Payment Date an amount being the sum of:

(a) the aggregate amount of interest, including any penalty interest, received on the Mortgage Receivables during the immediately preceding Quarterly Calculation Period; and

(b) the interest accrued on the Issuer Collection Account; and

(c) the aggregate amount of any prepayment penalties received during the immediately preceding Quarterly Calculation Period; less

(d) an excess margin of 0.60 per cent. per annum applied to the aggregate Principal Amount Outstanding of the Notes on the first day of the relevant Floating Rate Interest Period (the '**Excess Margin**');

(e) an amount equal to 0.60 per cent. per annum applied to the nominal amount of any prepayments made by the Borrowers in excess of the prepayments allowed under the Mortgage Loans; and

(f) certain expenses as described in items (a) up to and including (c) of the Interest Priority of Payments.

The Swap Counterparty will agree to pay amounts equal to the scheduled interest due under the Notes, and calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding of the relevant Class of Notes (as reduced by any outstanding debit balances on the respective sub-ledgers of the Principal Deficiency Ledger) on the first day of the relevant Floating Rate Interest Period.

Downgrade of Swap Counterparty

Pursuant to the Swap Agreement, if, at any time, (i) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than A+ by Fitch or (ii) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than F-1 by Fitch (together, the '**Fitch Required Ratings**'), or (iii) any such rating is withdrawn by Fitch (each an '**Initial Fitch Rating Event**'), then the Swap Counterparty will, within thirty (30) days of such reduction or withdrawal of any such rating, (i) obtain a third party having the Fitch Required Ratings to guarantee the obligations of the Swap Counterparty under the Swap Agreement, or (ii) provide credit support sufficient to maintain the rating of the Notes at the level which would have subsisted but for the then current rating of the Swap Counterparty, or (iii) transfer and assign its rights and obligations

under the Swap Agreement to a third party having the Fitch Required Ratings, or (iv) find any other solution necessary to assist the Issuer in maintaining the ratings assigned to the Notes at, or restored to, the level they were at immediately prior to such downgrade, in each case in accordance with and subject to the provisions of the Swap Agreement and the Trust Deed.

The mark-to-market collateral agreement in relation to the credit support referred to in (ii) under this item (iii) must be in a form and substance acceptable to Fitch (which may be based on the credit support documentation published by ISDA, or otherwise, and relates to collateral in the form of cash or securities or both) in support of the Swap Counterparty's obligations under the Swap Agreement, which complies with, in relation to the Collateral Amount, certain published criteria set by Fitch or any other amount which might be agreed with Fitch.

If any of (i), (iii) or (iv) set out above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by the Swap Counterparty pursuant to (ii) under this item, will be retransferred (outside of the Interest Priority of Payments) to the Swap Counterparty and the Swap Counterparty will not be required to transfer any additional collateral.

Pursuant to the Swap Agreement, if at any time, (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than BBB+ by Fitch, or (b) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than F2 by Fitch or (c) any such rating is withdrawn by Fitch (a '**First Subsequent Fitch Rating Event**'), then certain stricter additional requirements will apply as further defined in the Swap Agreement.

Pursuant to the Swap Agreement, if at any time, (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than F3 by Fitch or (b) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than BBB- by Fitch or (c) any such rating is withdrawn by Fitch, then the Swap Counterparty will, at its own cost, within 30 days of such reduction or withdrawal of any such rating, (a) obtain a third party having the Fitch Required Ratings to guarantee the obligations of the Swap Counterparty under the Swap Agreement, or (b) transfer and assign its rights and obligations under the Swap Agreement to a third party having the Fitch Required Ratings.

Pursuant to the Swap Agreement, if at any time, the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty cease to be rated at least as high as A-1 by S&P (the '**S&P Required Rating**' and such event an '**Initial S&P Rating Event**'), then the Swap Counterparty will, within 30 days of the occurrence of such Initial S&P Rating Event (provided that such Initial S&P Rating Event is continuing), at its own cost either: (a) post collateral in accordance with a mark-to-market collateral agreement in a form and substance acceptable to S&P (which may be based upon the credit support documentation published by ISDA, or otherwise, and relates to collateral in the form of cash or securities or both (the "**Collateral Amount**") in support of its obligations under Swap Agreement, which complies with, in relation to the Collateral Amount, published criteria set by S&P or any other amount agreed with S&P; or (b) transfer its rights and obligations with respect to this Agreement to a replacement third party having at least the S&P Required Rating; or (c) obtain a guarantee or procure a co-obligor of its rights and obligations with respect to this Agreement from a third party having at least the S&P Required Rating; or (d) take such other action as Party A may agree with S&P as will result in the rating of the Notes following the taking of such action being maintained at, or restored to, the level it would have been at immediately prior to such Initial S&P Rating Event.

If any of items (b), (c) or (d) set out above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to item (a) above will be transferred to Party A and Party A will not be required to transfer any additional collateral in respect of such Initial S&P Rating Event.

If, at any time, the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty cease to be rated at least as high as BBB- (or its equivalent) by S&P (a "**Subsequent S&P Rating Event**"), then Party A will, within 10 days of the occurrence of such Subsequent S&P Rating Event (provided that such Subsequent S&P Rating Event is continuing), at its own cost use its best efforts to either: (a) transfer all of its rights and obligations with respect to this Agreement to a replacement third party having at least only the S&P Required Rating; or (b) take such other action as Party A may agree with S&P as will result in the rating of the Notes following the taking of such action being maintained at, or restored to, the level it would have been at

immediately prior to such Subsequent S&P Rating Event; or (c) obtain a guarantee or procure a co-obligor of its rights and obligations with respect to this Agreement from a third party having at least the S&P Required Rating, and, if, at the time a Subsequent S&P Rating Event occurs, Party A has provided collateral pursuant to item (a) above following an Initial S&P Rating Event, it will continue to post collateral (provided that such Subsequent S&P Rating Event is continuing) notwithstanding the occurrence of a Subsequent S&P Rating Event until such time as any of the items (a), (b) or (c) above have been satisfied.

If any of items (a), (b) or (c) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to item (a) following an Initial S&P Rating Event above will be transferred to Party A and Party A will not be required to transfer any additional collateral in respect of such Subsequent S&P Rating Event.

Cap Agreement
Under the Cap Agreement, the Cap Provider will agree to pay on each Quarterly Payment Date to the Issuer if and so long as Euribor exceeds 6 per cent. an amount equal to the positive difference between Euribor on the relevant Quarterly Calculation Date and 6 per cent. multiplied by the Notional Amount.

Downgrade of Cap Provider
In the Cap Agreement, downgrade language with respect to the Cap Provider will be included that will be similar to the downgrade language with respect to the Swap Counterparty in the Swap Agreement as set out in more detail above under *Downgrade of Swap Counterparty*.

Sale of Mortgage Receivables
Under the terms of the Trust Deed, the Issuer will have the right to sell and assign all but not some of Mortgage Receivables, on each Optional Redemption Date to a third party (including the Seller), provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes (see Condition 6 (c)). Under the terms of the Trust Deed, the Issuer will also have the right to sell all, but not some only, of the Mortgage Receivables if the Issuer exercises the option to redeem the Notes for tax reasons in accordance with Condition 6(d). 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 if the Seller exercises the Clean Up Call Option. The purchase price of the Mortgage Receivables shall in these events be equal to at least the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and reassignment), except that with respect to Mortgage Receivables which result from Mortgage Loans that are in arrears for a period exceeding 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 be at least the lesser of (a) the sum of the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions up to the relevant date of such sale or repurchase and (b) the sum of (i) an amount equal to the foreclosure value of the Mortgage Assets on the basis of a valuation report not other than 12 months and (ii) an amount equal to the value of the Other Collateral.

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 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 reassignment).

In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Seller has the right to exercise the Regulatory Call Option. In such event the purchase price will be equal to the Outstanding Principal Amount in respect of the 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 reassignment).

OVERVIEW OF THE DUTCH REAL ESTATE MARKET

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 slightly since last year. Supply in the office market is decreasing to a total of 5.9 million m^2 as of Q2 2006 being the first decrease since 2000. Take-up of office space has improved further to a total of 1.95 million m^2 in 2005. In 2006, take-up figures show a further improvement and are expected to reach a volume of more than 2 million m^2 at the end of 2006, being the second 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 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 decreased and 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 retails 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 2005 has increased slightly to 2.7 million m^2. The recovery that took place in 2004 therefore did continue. Based on figures for the first six months of 2006, take-up at year-end is expected to be equal to 2005. The level of supply, however, remained high at 9 million m^2. 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 Q3 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 Q2 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 two 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.

F. VAN LANSCHOT BANKIERS N.V.

Profile
F. van Lanschot Bankiers N.V. was incorporated on 1 January 1978, but can be considered to be the oldest independent Dutch bank with a history dating back to 1737. All outstanding shares in the capital of F. van Lanschot Bankiers are held by the holding company Van Lanschot N.V. Both companies are public companies with limited liability (*"naamloze vennootschappen"*) incorporated under the laws of the Netherlands and have their statutory seats at 's-Hertogenbosch, the Netherlands.

F. van Lanschot Bankiers aims to provide high-quality and personal banking and insurance products and services to two target client groups: - high net worth individuals
-family businesses.

In 2004 F. van Lanschot Bankiers acquired the shares of CenE Bankiers N.V., Utrecht. CenE Bankiers provides financial services to high net-worth individuals and medium-sized businesses, specialising particularly in healthcare, a segment in which it has a substantial market share. At the end of 2005 the integration of CenE Bankiers into Van Lanschot was fully completed.

On 18 October 2006 F. van Lanschot Bankiers launched a press release in which it announced that rival Kempen & Co and the shareholders of Kempen & Co agreed to a bid by F. van Lanschot Bankiers for an amount of EUR 300 million to purchase 100% of the shares in the capital of Kempen & Co. This consolidation move in the Netherlands private banking sector will more than double F. van Lanschot Bankiers assets under management. In order to finance the acquisition F. van Lanschot Bankiers is expected to issue shares up to an amount of EUR 180 million. F. van Lanschot Bankiers and Kempen & Co. announced that they expect that the transfer of shares will take place on 2 January 2007. The takeover is subject to the approval of the Dutch supervisors.

Business
Private Banking
In the private banking market F. van Lanschot Bankiers focuses on mass affluent, high net worth individuals. Personal attention, financial planning and high quality services are the key elements. International private banking services are also rendered to very wealthy 'cosmopolitan' individuals. Not only the banking subsidiaries in Belgium, Luxembourg, Switzerland and Curaçao, but also F. van Lanschot Bankiers's trust offices there and in Jersey play an important role in this respect.

Business Banking
The majority of F. van Lanschot Bankiers corporate customers are medium sized, family businesses. In addition to the direct lending activities, F. van Lanschot Bankiers provides a range of specialised services; in particular it offers expertise in insurance brokerage and trust services. The acquisition of CenE Bankiers enhanced F. van Lanschot Bankiers profile by further raising its expertise in various areas, such as Structured & Leveraged Finance and Real Estate Finance.

HealthCare
F. van Lanschot Bankiers has decided to retain the CenE Bankiers name for this market segment, preserving the profile, solid reputation and strong market position that CenE Bankiers has had in the healthcare sector for a long time. CenE Bankiers focuses on care institutions, medical practitioners and pharmacists and holds substantial shares in these markets.

Institutional brokerage and institutional asset management
The department of institutional brokerage is increasingly focusing on professional investors. Despite serious pressure on margins, the international brokerage department managed to keep its result for the year 2005 up to the mark. There was keener competition in 2005 in the market of institutional asset management, partly from foreign players, and this put volumes under pressure. Participation in the European Securities Network (ESN) continues to be a significant cornerstone of the institutional securities business, allowing a 'multi-local' European product to be offered.

Insurance
Van Lanschot Assurantiën is one of the larger Netherlands insurance brokers. F. van Lanschot Bankiers sees clear added value in both private banking and business banking from offering insurance products. Van Lanschot Assurantiën, therefore, works closely with the branches of F. van Lanschot Bankiers.

Selected financial information*

The following table shows the development of the business of F. van Lanschot Bankiers and its subsidiaries during the five years ended December 2005 and the first half year ended June 2005 and 2006.

(*amounts in thousands of Euros*)

Results	**1HY2006**	**2005**	**1HY2005**	**2004**	**2003**	**2002**	**2001**
Income	268.447	485.847	243.702	403.878	378.329	377.904	373.465
Operating Expenses	147.072	278.448	138.497	260.681	217.250	227.636	216.434
Value adjustments to receivables	1.977	16.874	7.149	16.584	15.133	15.205	10.158
Addition to Fund for general banking risks	–	–	–	–	–	–	18.455
Operating profit before taxation	119.400	190.525	98.056	126.613	145.946	135.063	128.418
Net profit **	92.800	152.398	77.308	100.780	106.664	97.576	90.008
Balance sheet							
Group equity	1.283.195	1.279.310	1.067.856	1.010.370	692.557	634.778	606.350
Group capital base	1.774.061	1.767.890	1.357.762	1.355.105	1.080.930	1.030.802	937.290
Funds entrusted	11.104.550	11.458.834	11.596.621	11.047.826	7.906.245	8.047.908	7.644.565
Loans and advances	14.309.629	13.540.856	13.232.697	12.686.489	9.037.581	8.696.610	8.042.057
Total assets	18.737.402	17.971.611	17.735.852	16.577.779	11.578.366	11.288.864	10.748.821

* Audited; these figures have been derived from the 2005, 2004, 2003, 2002 and 2001 annual report of Van Lanschot
** Excluding extra ordinary income in 2001 of 10,816

The figures have been prepared under IFRS since 2005. The figures for 2004 have been restated to IFRS except for application of IAS 32 and IAS 39. The figures for other years are presented on the basis of Dutch GAAP. With effect from 2003, shareholders funds and group capital base are based on the balance sheet before profit appropriation. Comparative figures have been restated accordingly.

Credit rating

On 20 June 2006 each of S&P and Fitch announced that it has raised the credit rating for F. van Lanschot Bankiers from A- to A. One of the reasons given by S&P for the upgrade is F. van Lanschot Bankiers's stronger business profile following the smooth integration into the Van Lanschot organisation of CenE Bankiers, acquired by F. van Lanschot Bankiers on 30 September 2004. The upgrade also reflects S&P's acknowledgment of F. van Lanschot Bankiers's sound financial profile and strategic focus. The ratings recognize F. Van Lanschot Bankiers N.V. good asset quality, improved earnings momentum, conservative financial targets, and focused strategy, according to S&P. Both S&P and Fitch affirmed their credit rating after the bid by F. van Lanschot Bankiers on Kempen & Co of 7 September 2006.

Management

The members of the Board of Managing Directors are:

- F.G.H. Deckers (1950), *Chairman*
- H.H. Schotanus à Steringa Idzerda (1946), *Member*
- P.A.M. Loven (1956), *Member*
- P.R. Zwart (1954), *Member*

DESCRIPTION OF MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date are any and all rights (whether actual or contingent) of the Seller against any Borrower under or in connection with any Mortgage Loan 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 Replacement Available Amount to purchase and accept assignment of Replacement Mortgage Receivables from the Seller provided that certain conditions are met (see further *Mortgage Receivables Purchase Agreement* below).

The Replacement Mortgage Receivables to be sold by the Seller to the Issuer on any relevant Quarterly Payment Date will be originated by any of the Originators. The terms of the Mortgage Loans (or any loan parts comprising a Mortgage Loan) from which such Replacement Mortgage Receivables derive will not substantially deviate from the terms of the Mortgage Loans described in this paragraph.

The Mortgage Loans are loans secured by a Mortgage, evidenced by notarial mortgage deeds ("*notariële akten van hypotheekstelling*") entered into by the Seller (or its legal predecessor CenE Bankiers N.V. which merged into the Seller on 1 January 2005) and the relevant Borrowers.

The Mortgage Receivables sold to the Issuer will be secured by Mortgages which secure not only the initial Mortgage Loan but also any amounts which the Borrower may be or become due to the Seller. See paragraph *Mortgage Rights* in the section *Risk Factors* above.

The Mortgage Receivables have been selected according to the criteria list set forth in *Mortgage Receivables Purchase Agreement* and will be selected in accordance with such agreement, on or before Closing Date or, in respect of any Replacement Mortgage Receivables, the relevant Quarterly Payment Date (see *Mortgage Receivables Purchase Agreement* below).

The Seller offers a number of different types of interest as summerised below.

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

Mortgaged Assets
The Mortgages securing the Mortgage Loans are vested on (i) a real property ("*onroerende zaak*"), (ii) an apartment right ("*appartementsrecht*") or (iii) a long lease ("*erfpacht*") located in the Netherlands (the "**Mortgaged Assets**"). In addition, there are Mortgage Loans that are secured by mortgage rights on three properties located outside the Netherlands.

For over a century different municipalities and other public bodies in the Netherlands have used long lease ("*erfpacht*") as a system to issue land without giving away the ownership of it. There are three types of long lease: temporary ("*tijdelijk*"), ongoing ("*voortdurend*") and perpetual ("*eeuwigdurend*"). A long lease is a right in rem ("*zakelijk recht*") which entitles the leaseholder ("*erfpachter*") to hold and use a real property ("*onroerende zaak*") owned by another party, usually a municipality. The long lease can be transferred by the leaseholder without permission from the landowner being required, unless the lease conditions provide otherwise and it passes to the heirs of the leaseholder in case of his death. Usually a remuneration ('*canon*') will be due for the long lease.

Other Collateral
In addition, the Mortgage Receivables may have the benefit of Other Collateral.

With respect to the Other Collateral relating to the Investment Portfolio's:
The Investment Portfolio's will be either (i) in the form of "*Wge-effecten*" (securities regulated under the Dutch Securities Giro Transfer Act, "*Wet giraal effectenverkeer*") or (ii) "*Niet-Wge-effecten*" (securities not regulated under the Dutch Securities Giro Transfer Act, "*Wet giraal effectenverkeer*", such as options and investment guaranteed contracts or (iii) foreign securities held through F. van Lanschot Global Custody B.V. ("**Van Lanschot Custody**").

Some of the Investment Portfolio's contain Index Guaranteed Contracts ("**Index Guaranteed Contracts**"). An Index Guaranteed Contract constitutes a claim ("*vordering op naam*") on F. Van Lanschot Bankiers whereby the

amount payable upon maturity depends on an underlying value such as an index. The final payment will be related to the performance of the underlying value, but the relevant amount will be at least equal to a guaranteed value equal to 100 percent. of the nominal value of the investment guaranteed contract or less, at the option of the investor.

Overview of the Seller's commercial mortgage products:
The Seller offers a selection of commercial mortgage products.

The commercial mortgage loan may have three different repayment types:

1. Annuity mortgage ("*annuiteiten hypotheek*");
2. Linear mortgage ("*lineaire hypotheek*");
3. Interest-only mortgage ("*aflossingsvrije hypotheek*"); or
4. a combination thereof.

The commercial mortgage loan may have three different interest types:

(i) Fixed rate ("*vaste rente*"); and
(ii) Floating rate ("*variabele rente*").
(iii) A combination thereof

Loan repayment types
Annuity Mortgages
In the case of an annuity mortgage, the Borrower pays a fixed periodical amount for the entire fixed interest period. This amount is made up of interest and capital repayment. At the beginning of the loan term the fixed monthly payment consists mainly of an interest portion and repays only a small amount of the capital. As the term of the loan progresses, the interest portion decreases and the capital repayment portion increases. At the end of the loan term, the mortgage has been repaid in full. As the interest rate changes on an interest rate reset date, the annuity will change but the maturity date stays the same.

Linear Mortgages
In the case of a linear mortgage, the Borrower repays a fixed periodical amount of the mortgage loan and pays interest on the outstanding balance.

Interest-only Mortgages
In the case of an interest-only mortgage, the Borrower does not repay capital during the term of the mortgage loan. The Borrower pays interest only and repays the capital in a lump sum at the end of the term.

Interest types
Fixed rate interest loans
A loan with a current fixed interest rate period of more than three (3) months up to and including twenty (20) years.

Floating rate interest loans
A loan with a current fixed interest rate period of three (3) months or less.

With both fixed and floating rate interest loans, the Borrower can choose from a variety offered by the Pool Servicer at the Pool Servicer's discretion, the term of the next fixed interest rate period at an interest rate reset date. The applicable interest rate is determined by the Pool Servicer as the relevant benchmark interest rate plus a fixed margin. However, for part of the loans, the Pool Servicer has the right to round down or up the result as the margin is not always known to the Borrowers. The relevant benchmark rate for an interest period is determined on a daily basis by the treasury department of the Seller, based on the prevailing market rates, e.g. for floating rate interest loans Euribor.

Interest payments and capital repayments on the loans are on a monthly, 3-monthly, and 6-monthly or yearly basis.

Prepayments
Full and partial prepayment is permitted. Every interest period the Borrower can prepay up to a certain amount. In general five (5) per cent once a year of the principal (but other arrangements as well depending on the interest type) without penalty.

Key characteristics of the provisional pool

The numerical information set out below relates to a provisional pool of mortgage loans (the '**Provisional Pool**') as of 30 September 2006 at the close of business. The Mortgage Loans will be selected from the Provisional Pool on or about the Closing Date. Therefore, the information set out below may not necessarily correspond to that of the Mortgage Receivables actually assigned on or about the Closing Date.

Outstanding loan balance	611,762,513.53
Number of borrowers	159
Number of loanparts	356
Weighted average Gross LTV	59.0%
Weighted average Net LTV	57.9%
Maximum Net LTV	98.5%
Weighted average seasoning (months)	32.7
Weighted average interest	4.7%
Minimum interest rate	3.2%
Maximum interest rate	7.1%
Average loan size per borrower	3,847,563
Maximum loan size	57,296,216
Minimum loan size	800,000

Distribution by loan size	Outstanding principal	% of balance	Number of loans	% of number of loans	WA LTV	WA Seasoning (months)	WA Interest
0 <= Loan Size < 1000	13,048,422.30	2.1%	14	9%	38%	33.5	4.6%
1.000 <= Loan Size < 1.500	48,781,507.50	8.0%	41	26%	56%	41.4	4.5%
1.500 <= Loan Size < 2.000	42,391,533.79	6.9%	25	16%	51%	39.3	4.5%
2.000 <= Loan Size < 2.500	46,912,510.81	7.7%	21	13%	55%	37.1	4.5%
2.500 <= Loan Size < 5.000	94,922,127.35	15.5%	28	18%	61%	36.9	4.5%
5.000 <= Loan Size < 10.000	98,919,453.78	16.2%	15	9%	65%	24.0	4.5%
10.000 <= Loan Size < 15.000	84,692,230.00	13.8%	7	4%	62%	28.7	4.7%
15.000 <= Loan Size < 20.000	104,271,012.00	17.0%	6	4%	56%	25.2	4.9%
20.000 <= Loan Size < 30.000	20,527,500.00	3.4%	1	1%	82%	8.1	5.0%
50.000 <= Loan Size < 60.000	57,296,216.00	9.4%	1	1%	53%	52.7	5.7%
	611,762,513.53	100.0%	159	100%	59%	32.7	4.7%

Distribution by redemption type	Outstanding principal	% of balance	Number of loan part	% of number of loan parts	WA LTV	WA Seasoning (months)	WA Interest
Annuity	3,564,414.00	0.6%	17	5%	38%	69.8	5.4%
Interest-only	149,975,336.40	24.5%	115	32%	62%	35.6	4.5%
Linear	427,386,875.13	69.9%	221	62%	59%	32.5	4.8%
Other	30,835,888.00	5.0%	3	1%	46%	16.2	4.9%
	611,762,513.53	100.0%	356	100%	59%	32.7	4.7%

Distribution by interest type	Outstanding principal	% of balance	Number of loan parts	% of number of loan parts	WA LTV	WA Seasoning (months)	WA Interest
3,0 <= Interest < 3,5	3,138,237.50	0.5%	9	3%	36%	36.1	3.3%
3,5 <= Interest < 4,0	39,446,359.13	6.4%	26	7%	54%	32.6	3.8%
4,0 <= Interest < 4,5	223,403,545.90	36.5%	151	42%	63%	30.5	4.2%
4,5 <= Interest < 5,0	146,981,221.68	24.0%	91	26%	56%	25.2	4.7%
5,0 <= Interest < 5,5	115,961,832.32	19.0%	35	10%	60%	19.3	5.1%
5,5 <= Interest < 6,0	31,669,287.00	5.2%	20	6%	57%	64.5	5.7%
6,0 <= Interest < 6,5	32,157,617.00	5.3%	9	3%	56%	63.4	6.3%
6,5 <= Interest < 7,0	17,252,091.00	2.8%	12	3%	49%	87.2	6.6%
7,0 <= Interest < 7,5	1,752,322.00	0.3%	3	1%	60%	125.4	7.0%
	611,762,513.53	100.0%	356	100%	59%	32.7	4.7%

Distribution by year of origination	Outstanding principal	% of balance	Number of loan parts	% of number of loan parts	WA LTV	WA Seasoning (months)	WA Interest
upto 1998	17,837,940.06	2.9%	19	5%	57%	119.1	5.9%
1998	7,678,073.00	1.3%	12	3%	56%	100.8	5.1%
1999	24,270,193.83	4.0%	12	3%	50%	85.4	5.2%
2000	25,971,134.69	4.3%	21	6%	49%	75.5	4.6%
2001	28,258,518.38	4.6%	23	7%	64%	62.8	5.1%
2002	57,093,906.31	9.4%	39	11%	56%	51.3	5.2%
2003	49,850,826.76	8.2%	33	9%	54%	38.1	4.7%
2004	101,550,003.92	16.6%	62	18%	59%	28.1	4.6%
2005	165,357,524.58	27.1%	88	25%	63%	14.8	4.3%
2006	132,664,369.00	21.7%	43	12%	60%	6.8	4.8%
	610,532,490.53	100.0%	352	100%	59%	32.7	4.7%

Distribution by end date	Outstanding principal	% of balance	Number of loan parts	% of number of loan parts	WA LTV	WA Seasoning (months)	WA Interest
2006	12,500.00	0.0%	1	0%	56%	23.2	3.9%
2007	2,576,176.00	0.4%	6	2%	60%	74.9	6.1%
2008	6,049,907.00	1.0%	5	1%	50%	66.2	4.6%
2009	12,143,023.30	2.0%	8	2%	58%	27.4	5.1%
2010	21,745,234.90	3.6%	10	3%	52%	17.6	4.1%
2011	2,076,732.00	0.3%	4	1%	75%	36.3	4.5%
2012	7,674,572.00	1.3%	7	2%	51%	72.0	5.6%
2013	2,825,000.00	0.5%	5	1%	53%	35.8	4.4%
2014	15,358,800.47	2.5%	8	2%	54%	48.4	4.5%
2015	7,204,319.50	1.2%	3	1%	64%	28.9	4.4%
2016	3,278,609.00	0.5%	5	1%	58%	51.2	5.7%
2017	8,339,288.00	1.4%	5	1%	57%	82.2	5.5%
2018	7,909,231.00	1.3%	4	1%	54%	107.9	6.2%
2019	14,953,998.54	2.4%	10	3%	58%	69.6	4.8%
2020	24,652,733.68	4.0%	25	7%	61%	41.1	4.3%
2021	28,588,274.38	4.7%	14	4%	60%	55.4	5.7%
2022	43,541,700.62	7.1%	22	6%	60%	44.3	4.8%
2023	40,311,627.29	6.6%	17	5%	49%	24.3	4.8%
2024	45,457,072.57	7.4%	31	9%	57%	36.1	4.6%
2025	65,871,900.00	10.8%	44	12%	58%	25.0	4.5%
2026	39,814,629.00	6.5%	19	5%	56%	36.2	5.0%
2027	16,589,692.00	2.7%	11	3%	63%	31.6	4.6%
2028	7,024,956.00	1.1%	8	2%	57%	32.9	4.4%
2029	30,245,407.28	4.9%	14	4%	63%	17.2	4.7%
2030	75,682,953.00	12.4%	28	8%	66%	17.7	4.3%
2031	19,150,319.00	3.1%	20	6%	58%	7.5	4.5%
2032	7,075,000.00	1.2%	6	2%	50%	35.4	4.4%
2033	3,900,000.00	0.6%	1	0%	78%	3.9	4.9%
2034	9,019,750.00	1.5%	3	1%	49%	11.4	4.9%
2035	475,000.00	0.1%	1	0%	61%	10.3	4.4%
2037	2,549,058.00	0.4%	2	1%	56%	35.4	4.3%
2039	20,527,500.00	3.4%	1	0%	82%	8.1	5.0%
2040	850,000.00	0.1%	1	0%	55%	15.1	4.6%
2041	194,428.00	0.0%	1	0%	97%	134.9	5.1%
2044	11,559,063.00	1.9%	4	1%	34%	44.2	4.9%
2052	159,058.00	0.0%	1	0%	97%	130.4	5.5%
2070	6,375,000.00	1.0%	1	0%	71%	6.6	4.3%
	611,762,513.53	100.0%	356	100%	59%	32.7	4.7%

Distribution by interest type	Outstanding principal	% of balance	Number of loan parts	% of number of loan parts	WA LTV	WA Seasoning (months)	WA Interest
Roll-over Euribor	280,839,689.15	45.9%	178	50%	61%	29.1	4.4%
1 to 5 year fixed	16,361,989.00	2.7%	24	7%	56%	44.0	4.1%
5 to 10 year fixed	148,172,373.00	24.2%	84	24%	62%	23.8	4.7%
10 year fixed	151,184,609.32	24.7%	56	16%	54%	44.8	5.4%
> 10 year fixed	10,742,769.00	1.8%	6	2%	34%	47.3	5.0%
Other	4,461,084.06	0.7%	8	2%	49%	60.3	5.3%
	611,762,513.53	100.0%	356	100%	59%	32.7	4.7%

Distribution by borrower	Outstanding principal	% of balance	Number of loans	% of number of loans	WA LTV	WA Seasoning (months)	WA Interest
Company	335,359,271.26	54.8%	68	43%	56%	31.6	4.9%
Company (mortgage also granted on house of company owner)	30,864,155.00	5.0%	2	1%	66%	24.4	4.2%
Company plus personal guarantees	30,251,690.54	4.9%	12	8%	63%	30.1	4.4%
Private individual	215,287,396.73	35.2%	77	48%	62%	35.9	4.5%
	611,762,513.53	100.0%	159	100%	59%	32.7	4.7%

Distribution by property type	Outstanding principal	% of balance	Number of properties	% of number of properties	WA LTV	WA Seasoning (months)	WA Interest
apartment	34,067,060.95	5.6%	640	39%	48%	25.4	4.2%
commercial property	24,918,164.90	4.1%	32	2%	63%	44.7	4.5%
distribution center	20,527,500.00	3.4%	1	0%	82%	8.1	5.0%
garage	1,932,580.29	0.3%	14	1%	44%	52.1	5.5%
hotel	10,176,000.00	1.7%	2	0%	65%	15.1	4.5%
industrial/residential	2,095,104.00	0.3%	15	1%	59%	39.8	6.4%
land	9,767,069.50	1.6%	28	2%	49%	36.5	4.5%
light industrial	181,708,909.92	29.7%	207	13%	60%	40.0	4.8%
office	135,008,581.11	22.1%	163	10%	61%	24.6	4.7%
office/distribution	14,731,080.22	2.4%	2	0%	53%	52.7	5.7%
office/industrial	2,848,080.38	0.5%	7	0%	61%	26.5	4.4%
office/residential	2,932,821.03	0.5%	2	0%	55%	16.7	4.4%
other	736,706.53	0.1%	2	0%	59%	7.9	4.6%
recreational	37,170,405.47	6.1%	16	1%	44%	25.1	5.0%
residential	50,363,977.63	8.2%	204	13%	61%	34.7	4.5%
shop	46,478,924.41	7.6%	104	6%	56%	32.9	4.6%
shop/office	1,011,955.67	0.2%	19	1%	37%	22.9	4.5%
shop/residential	33,353,696.54	5.5%	170	10%	61%	39.3	4.6%
warehouse	1,933,894.98	0.3%	1	0%	70%	49.5	5.3%
	611,762,513.53	100.0%	1,629	100%	59%	32.7	4.7%

Distribution by LTV	Outstanding principal	% of balance	Number of loans	% of number of loans	WA Net LTV	WA Seasoning (months)	WA Interest
0% < LTV <= 10%	2,687,500.00	0.4%	2	1%	6%	11.4	4.3%
10% < LTV <= 20%	10,821,339.97	1.8%	6	4%	15%	60.7	4.5%
20% < LTV <= 30%	11,629,874.00	1.9%	7	4%	27%	50.3	5.0%
30% < LTV <= 40%	41,562,450.22	6.8%	17	11%	35%	38.4	4.6%
40% < LTV <= 50%	84,567,794.67	13.8%	21	13%	47%	33.9	4.8%
50% < LTV <= 60%	156,384,467.27	25.6%	36	23%	55%	35.0	5.0%
60% < LTV <= 70%	159,183,666.94	26.0%	36	23%	65%	32.6	4.7%
70% < LTV <= 80%	104,478,551.46	17.1%	25	16%	74%	23.6	4.4%
80% < LTV <= 90%	25,728,555.00	4.2%	4	3%	83%	16.6	4.9%
90% < LTV <= 100%	14,718,314.00	2.4%	5	3%	94%	45.8	4.4%
	611,762,513.53	100.0%	159	100%	59%	32.7	4.7%

Distribution by Net LTV	Outstanding principal	% of balance	Number of loans	% of number of loans	WA Net LTV	WA Seasoning (months)	WA Interest
0% < LTV <= 10%	2,687,500.00	0.4%	2	1%	6%	11.4	4.3%
10% < LTV <= 20%	10,821,339.97	1.8%	6	4%	15%	60.7	4.5%
20% < LTV <= 30%	11,629,874.00	1.9%	7	4%	27%	50.3	5.0%
30% < LTV <= 40%	47,441,901.22	7.8%	19	12%	38%	41.7	4.6%
40% < LTV <= 50%	90,673,734.97	14.8%	22	14%	49%	34.5	4.9%
50% < LTV <= 60%	168,396,743.97	27.5%	38	24%	56%	36.3	4.9%
60% < LTV <= 70%	148,918,857.42	24.3%	35	22%	66%	31.8	4.7%
70% < LTV <= 80%	95,057,019.98	15.5%	23	14%	75%	20.2	4.3%
80% < LTV <= 90%	25,728,555.00	4.2%	4	3%	83%	16.6	4.9%
90% < LTV <= 100%	10,406,987.00	1.7%	3	2%	93%	38.2	4.5%
	611,762,513.53	100.0%	159	100%	59%	32.7	4.7%

Distribution by Region	Outstanding principal	% of balance	Number of properties	% of number of properties	WA Net LTV	WA Seasoning (months)	WA Interest
Brabant	144,958,605.45	23.7%	272	17%	58%	42.7	4.9%
Drenthe	11,102,563.60	1.8%	9	1%	46%	52.1	5.4%
flevoland	7,923,697.13	1.3%	6	0%	73%	41.7	4.3%
Friesland	5,746,756.98	0.9%	7	0%	57%	42.1	5.0%
Gelderland	47,731,875.74	7.8%	88	5%	63%	33.1	4.5%
groningen	21,503,588.69	3.5%	113	7%	60%	10.9	4.8%
Limburg	55,555,570.38	9.1%	303	19%	62%	30.3	4.4%
noord holland	107,537,001.95	17.6%	335	21%	56%	28.2	4.7%
Overijssel	10,422,138.82	1.7%	13	1%	50%	15.4	4.9%
Unknown	4,646,521.11	0.8%	3	0%	32%	42.5	4.9%
Utrecht	80,605,511.67	13.2%	108	7%	60%	28.2	4.5%
zuid-holland	114,028,682.01	18.6%	369	23%	62%	30.3	4.7%
	611,762,513.53	100.0%	1,626	100%	59%	32.7	4.7%

LENDING PRINCIPLES AND PROCESSES

Organisational Overview
The real estate loans are originated by F. van Lanschot Bankiers by direct business through a network of 32 branches including four real estate centres throughout the Netherlands. The total loans and advances to the public and private sector of F. van Lanschot Bankiers, amounted to EUR 13.5 billion as of 31 December 2005, of which EUR 1.2 billion comprised of commercial real estate lending.

Credit Risk Management is key in the lending process of F. van Lanschot Bankiers, which is characterised by a clear distinction between commercial and Credit Risk Management responsibilities. Credit Risk Management is responsible for credit assessment, loan servicing, risk management and default management and employs currently 36.5 full time equivalents (FTEs). The Credit Risk Management function of F. van Lanschot Bankiers is developed to identify and analyse risks at an early stage, to set and monitor responsible limits and to have proper information and reporting systems.

Corporate Lending Division
The Credit and Risk Committee sets the risk strategy, policy assumptions and credit risk limits. Responsibility for preparing policy and supervising its implementation has been delegated to the Credit Risk Management department.

The Credit Risk Management department (CRM) is divided in three sub-divisions:

1. Credit Assessment Division
2. Recovery Division
3. International Division

Credit Assessment Division
The Credit Assessment Division is responsible for the credit applications, credit reviews as well as general credit management. Furthermore, this division also provides advice to business and private bankers concerning more complex loan applications.

Recovery Division
The Recovery Division is responsible for the management and recovery of defaulted loans. The activities are divided in (i) special monitoring of borrowers with a less favourable financial position and (ii) control & administration of defaulted loans. F. van Lanschot Bankiers will take provisions for defaulted loans if there is doubt that the loan will be repaid in accordance with applicable IFRS rules.

International division
The International Division is responsible for controlling country and counterparty limits. This division also maintains an extensive network of corresponding banks and has responsibility for product management of documentary payments.

Credit applications above EUR 3 million (see Authorisation Limits) are subject to approval by the Credit Committee. The Credit Committee consists of three members of the Board of F. van Lanschot Bankiers, Head of Credit Risk Management and Head of Private and Business Banking. The Credit Committee will be in session every week.

All risk managers have a proven track record within F. van Lanschot Bankiers and have significant expertise in evaluating and monitoring loans.

Business Strategy
The commercial real estate lending of F. van Lanschot Bankiers is focused on private individuals as well as companies with real estate portfolios from EUR 5 million to EUR 70 million. The emphasis is on medium-sized family businesses, in view of the many interfaces with private banking. Since 2005, F. van Lanschot Bankiers also has a specialised real estate department for the professional investor which operates on the interface between private and business banking.

For companies the focus is on services for high net worth individuals and family businesses. In the private banking market, F. van Lanschot Bankiers aims to offer a full range of banking products to business

professionals (e.g. accountants, lawyers and professional sportsman), customers which active in the healthcare sector, entrepreneurs and wealthy individuals.

Origination, Credit Application and Reviews
The real estate lending process is started with the uniform credit application of the loan request. In particular the following factors are described and considered in detail:

- Borrower entity, borrower and co-borrowers
- Business rational for F. van Lanschot Bankiers
- Business analysis
- Financial analysis
- Internal Credit Risk Rating (ranging from 1 – 5)
- The property and other collateral

The credit application is signed by the branch manager and is submitted to Credit Risk Management for credit approval. If the credit application is approved in accordance with the appropriate authorisation limits and the required documentation is provided by the borrower, the account manager will submit the final offer letter to the borrower for signing. Once the client has accepted and signed the offer and the loan documentation, the documents are controlled by the credit assessment division. The bank accounts are opened and the conditions & limits are entered in the bank's computer system.

Credit reviews are conducted on an annual basis. Loans granted to borrowers which are new to F. van Lanschot Bankiers are reviewed after six months. This review contains an overview of the financial situation of the borrower including a description of the collateral and outlook. Loans with a higher risk profile are reviewed every quarter. Quarterly information reports are prepared for loans which have an internal credit risk rating of 3 or 4 (see section on Internal Credit Risk Rating System).

Internal Credit Risk Rating System
F. van Lanschot Bankiers uses a system of internal credit risk ratings. The assigned internal risk ratings represents F. van Lanschot Bankiers's assessment of the credit risk of a particular loan taking collateral into account. The credit rating determines the credit approval authorisation level (as described below), is used in the credit application process and is a key element of monitoring procedures applied. Currently the scale consists of 5 risk ratings:

- Category 1: very good
- Category 2: good
- Category 3: special attention
- Category 4: recovery section – monitoring
- Category 5: recovery section – handling

Authorisation Limits
All credit applications and subsequent credit reviews have to be approved in accordance with the applicable authorisation limits. Currently the authorisation limits are set as below:

Internal Credit Rating	**1 / 2**	**3**	**4**
Credit officer	1.25 million	1.00 million	0.75 million
Senior credit officer	2.00 million	1. 5 million	1.5 million
Management team CRM	3.00 million	2.50 million	2.00 million
Credit Committee	> 3.00 million	> 2.50 million	> 2.00 million

Underwriting Guidelines
F. van Lanschot Bankiers has formulated underwriting guidelines for real estate lending in the Credit Policy Paper Commercial Real Estate which is regularly updated. These underwriting guidelines are used as a reference for the account manager. Other factors such as client relationship aspects and other collateral are important elements as well. Key elements from the underwriting guidelines are:

- High quality property & location
- High quality lessees
- Long term rent agreements of more than 5 years

- Repayment of the loan in 25 years
- Maximum lending at the time of origination is based on:
    - Property acquisition price excluding acquisition costs
    - Property foreclosure value
    - Property investment value (based on discounted cash flows)
- The loan to foreclosure value after 10 years has to be approximately 50% of the book value of the property
- Approximately 70% of the property is rented
- Property valuation by independent qualified valuer with valuation reports not being older than 12 months
- First ranking mortgage right
- Building insurance

For private individuals a verification of the credit history is carried out through the National Credit Register ("*Bureau Krediet Registratie*" (BKR)). If the BKR database indicates that the borrower and/or co-borrower are or have been in arrears on any financial obligations monitored by BKR the application will be denied. 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.

Collateral
Available collateral is an important item in the credit decision making process. Collateral may consist of the following (see also *Description of Mortgage Loans* above) :

- Mortgages (i.e., liens on specified residential or commercial real estate)
- pledges on lease agreements
- pledges on building insurance policies
- pledges on Investment Portfolios
- deeds of surety
- joint and several liability of Borrowers

Property Valuation
Properties are in general valued by an independent qualified valuer with valuation reports not being older than 12 months on the date of the mortgage application. In certain circumstances a valuation by the Dutch tax authorities on the basis of the Act on Valuation of Real Estate ("*Wet Waardering Onroerende Zaken*" (WOZ)) or by a valuer employed by F. van Lanschot Bankiers pursuant to the Credit Policy Paper Commercial Real Estate of F. van Lanschot Bankiers is used to determine the property valuation.

Payment Collection and Monitoring
To ensure the credit quality of the portfolio F. van Lanschot Bankiers has an ongoing monitoring process of the quality of the loan portfolio and the related borrowers. Loan interest and principal payments are collected by means of direct debit. Branch managers are authorised to approve a temporary excess borrowing level up to 10% with a cap of EUR 125,000 for a maximum period of one month to accommodate short term working capital needs. If the required level exceeds the authorisation level of the branch manager, the request must be approved by the Credit Assessment Division or the Credit Committee.

When the performance of the borrower leads to an increased risk, the loan will be supervised by the recovery division.

Credit Restructuring and Recovery
If borrowers fail to make payments after 3 months or in special occasions earlier, these borrower and their files will be transferred to the Recovery Division.

The Recovery Division is divided in two main activities. Special monitoring consist of quarterly checks on the loan performance based on current account movements, collateral valuation and interim results. The aim is to improve the credit standing of the borrower so that normal risk management can take over again. At this stage the client administration is conducted at the branch level of F. van Lanschot Bankiers. If the borrowers experiences more structural problems control & administration of the Recovery Division 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 and input form Credit Risk Management.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will purchase and, on the Closing Date, 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 ('**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 principal proceeds in respect of the Mortgage Receivables as of 30 September 2006 (the '**Cut-Off Date**') and to all interest relating to the Mortgage Receivables as of the Closing Date. The Seller (or a third party on its behalf) will pay to the Issuer on each Mortgage Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables.

Purchase Price
The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the '**Initial Purchase Price**'), being the aggregate Outstanding Principal Amount (a) at the Cut-Off Date in respect of the Mortgage Receivables purchased on the Closing Date, which shall be payable on the Closing Date or (b), on the first day of the month in which the relevant Quarterly Payment Date falls in respect of the Replacement Mortgage Receivables, which shall be payable on the relevant Quarterly Payment Date, and a deferred purchase price (the '**Deferred Purchase Price**'). The '**Outstanding Principal Amount**' means, at any moment in time, (a) the principal balance ("*hoofdsom*") of a Mortgage Receivable resulting from a Mortgage Loan at such time and (b) zero, after the occurrence of a Realised Loss in respect of such Mortgage Receivable. The Deferred Purchase Price shall be equal to the sum of all instalments in respect of the Deferred Purchase Price and each instalment (each a "**Deferred Purchase Price Instalment**") will, with respect to any Quarterly Payment Date, be equal to (A) prior to delivery of an Enforcement Notice the positive difference, if any, between the Notes Interest Available Amount as calculated on each Quarterly Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (s) or, as the case may be, (B) following delivery of an Enforcement Notice, the amount remaining after all the payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (o) (see *Credit Structure* above) on such date have been made.

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

(a) each of the Mortgage Receivables is duly and 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 assignment of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being assigned;

(c) the Mortgage Receivables are free and clear of any encumbrances and attachments ("*beslagen*") and no option rights to acquire the Mortgage Receivables have been granted in favour of any third party with regard to the Mortgage Receivables;

(d) each Mortgage Receivable is (i) secured by (a) one or more first ranking or first and sequentially lower ranking Mortgage(s) ("*hypotheekrecht(en)*") or (b) one or more first ranking Mortgage(s) combined with one or more second ranking Mortgage(s) or (c) in case of two specific Mortgage Receivables, a second ranking Mortgage on Mortgaged Assets used for a commercial or residential purpose or a combination thereof, and (ii) is governed by Netherlands law;

(e) each Mortgaged Asset concerned was valued (i) by an independent qualified valuer when application for a Mortgage Loan was made such valuation was not older than 12 months on the date of such mortgage application by a Borrower or (ii) on the basis of and assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property ("*Wet Waardering Onroerende Zaken*") or (iii) by a valuer employed by the Seller on the basis of the lease agreement(s) entered into by the relevant Borrower in respect of the relevant Mortgaged Assets;

(f) each Mortgage Receivable, the Mortgage and the rights of pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;

(g) all Mortgages and all rights of pledge securing the Mortgage Loans (i) constitute valid mortgage rights ("*hypotheekrechten*") and rights of pledge ("*pandrechten*") respectively on the Mortgaged Assets and the assets which are the subject of the rights of pledge and, to the extent relating to the Mortgages to secure the Mortgage Receivables, have been entered into the appropriate public register ("*Dienst van het Kadaster en de Openbare Registers*"), and (ii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount when originated, increased with interest, penalties, costs and insurance premium, together up to an amount equal to at least 140 per cent. of the Outstanding Principal Amount in respect of the Mortgage Receivables upon origination;

(h) each of the Mortgage Loans has been granted, and each of the Mortgages and rights of pledge has been vested, subject to the general terms and conditions and materially in the forms of mortgage deeds as attached to the Mortgage Receivables Purchase Agreement;

(i) each of the Mortgage Loans has been granted in accordance with all applicable legal requirements prevailing at the time of origination in all material respects and each Mortgage Loan with an Outstanding Principal Amount, upon origination, equal to or in excess of euro 3,000,000 has been approved by the credit committee of the Seller (in which committee three members of the managing board of the Seller have a seat);

(j) each receivable under a mortgage loan ("*hypothecaire lening*") which is secured by the same Mortgage other than current-account loans or facilities is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;

(k) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more loan parts ("*leningdelen*");

(l) the Borrowers are not in any material breach of any provision of their Mortgage Loans;

(m) on the Cut-Off Date or in respect of the purchase of Replacement Mortgage Receivables, the first day of the month in which the relevant Quarterly Payment Date falls, no amounts due and payable under any of the Mortgage Loans, were in arrears;

(n) each of the Mortgage Loans meets the Mortgage Eligibility Criteria as set forth below;

(o) with respect to each of the Mortgage Receivables secured by a Mortgage on a long lease ("*erfpacht*") provide that the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates for whatever reason;

(p) the Borrowers have been committed in the Mortgage Conditions relating to the Mortgage Loans to take out a building insurance policy ("*opstalverzekering*") for the full reinstatement value ("*herbouwwaarde*") at the time the Mortgage Loan was advanced;

(q) the Mortgage Receivables (or any part thereof) which result from Mortgage Loans originated by CenE Bankiers N.V. are not granted after the legal merger into the Seller unless at the time such new mortgage loan was granted a Mortgage on the Mortgaged Assets in favour of the Seller was vested;

(r) on the Cut-Off date, the rating assigned by the Seller to each of the Mortgage Loans on the basis of its internal credit rating score was (on a scale from 1 to 5, 5 being the lowest) either 1 or 2;

(s) there is no relationship between the Mortgage Loans and any Investment Portfolio, other than the right of pledge thereof granted by the relevant Borrower to the Seller;

(t) the claims of any Borrower under Index Guaranteed Contracts are not due and payable at any time and only become due and payable upon the termination of the relevant Index Guaranteed Contract and the Index Guaranteed Contracts cannot be terminated by the Seller prematurely, but can be terminated by the relevant Borrower on a monthly basis;

(u) none of the Mortgaged Loans is used to finance a Mortgaged Asset which is intended to be inhabited by the Borrower of such Mortgage Loan ("*niet bestemd voor eigen bewoning*") and consequently, the Code

of Conduct on Mortgage Loans ("*Gedragscode Hypothecaire Financieringen*") is not applicable to the Mortgage Loans; and

(v) the Mortgage Loans do not benefit from life insurance policies, other than one specific Mortgage Loan which benefits from three life insurance policies and there is no relationship between such Mortgage Loan and these three insurance policies, other than the right of pledge thereof granted by the relevant Borrower to the Seller.

Repurchase
If at any time after the Closing Date any of the representations and warranties relating to a Mortgage Loan or a Mortgage Receivable proves to have been untrue or incorrect, the Seller shall within 30 days of having knowledge of such breach or receipt of written notice thereof from the Issuer or the Security Trustee remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the said period of 30 days, the Seller shall on the next succeeding Mortgage Payment Date repurchase and accept re-assignment of such Mortgage Receivable.

In addition, on the Mortgage Payment Date immediately following the date on which the Seller agrees with a Borrower to amend the terms of the relevant Mortgage Loan (a) as a result of which the relevant Mortgage Loan no longer meets the Mortgage Eligibility Criteria (as set out below) and the representations and warranties of the Mortgage Receivables Purchase Agreement (as set out above) and certain other criteria set out in the Mortgage Receivables Purchase Agreement and/or the Administration Agreement or (b) such amendment is not a Permitted Variation as set out in *Administration Agreement* below, the Seller shall repurchase and accept reassignment of the Mortgage Receivable resulting from such Mortgage Loan, provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the Seller shall not repurchase the relevant Mortgage Receivable.

In case of a repurchase of Mortgage Receivables by the Seller in any of the events described above, the Seller shall repurchase and accept the assignment of all Mortgage Receivables resulting from Mortgage Loans granted to the same Borrower.

All Mortgage Receivables to be repurchased by the Seller shall be repurchased for a price equal to the then Outstanding Principal Amount, together with interest accrued up to but excluding such Mortgage Payment Date and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment).

Regulatory Call Option
On each Quarterly Payment Date the Seller has the option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change. A '**Regulatory Change**' will be a change published on or after 15 December 2006 in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the '**Basle Accord**') or in the international, European or Netherlands 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 cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes. The purchase price of the Mortgage Receivables upon the exercise by the Seller of the regulatory Call Option shall be the same as described in *Repurchase* above.

Clean-Up Call Option
On each Quarterly Payment Date the Seller may exercise the Clean-Up Call Option. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion, in case of the exercise of the Clean-Up Call Option.

The purchase price of the Mortgage Receivables upon the exercise by the Seller of the Clean -Up Call Option shall be equal to at least the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such

purchase and reassignment), except that with respect to Mortgage Receivables which result from Mortgage Loans that are in arrears for a period exceeding 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 be at least the lesser of (a) the sum of the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions up to the relevant date of such sale or repurchase and (b) the sum of (i) an amount equal to the foreclosure value of the Mortgaged Assets on the basis of a valuation report not older than 12 months and (ii) an amount equal to the value of the Other Collateral.

Mortgage Eligibility Criteria
Each of the Mortgage Loans will meet the following criteria (the '**Mortgage Eligibility Criteria**'):

(i) the Mortgage Loans are in the form of:

a. Annuity mortgage ("*annuiteiten hypotheek*");
b. Linear mortgage ("*lineaire hypotheek*");
c. Interest-only mortgage ("*aflossingsvrije hypotheek*"); or
d. A combination thereof.

(ii) the Borrower is not an employee of the Seller or of any company belonging to the same group of companies as the Seller and is a resident of or has its principal seat ("*statutaire zetel*") in the Netherlands;

(iii) the interest rate of each Mortgage Loan is fixed or floating or a combination of fixed and floating, subject to a reset from time to time;

(iv) no Mortgage Loan had, on the Cut-Off Date (and with respect to any Replacement Mortgage Receivables, the relevant Quarterly Payment Date) an LTV greater than 100 per cent; '**LTV**' means the aggregate Outstanding Principal Amount of all Mortgage Loans granted to a Borrower secured by the relevant Mortgaged Assets and the relevant Other Collateral, divided by the aggregate open market value ("*onderhandse verkoopwaarde*") of all Mortgaged Assets and the Other Collateral of such Borrower, whereby the value of any Mortgage Asset secured by only a second ranking Mortgage will be disregarded, other than in respect of two Mortgage Loans which are secured by only second ranking or second and sequentially lower ranking Mortgages whereby the LTV is calculated by deducting from the open market value of the relevant Mortgage Asset(s) the maximum amount for which the first ranking Mortgage can be enforced ("*verhaald*");

(v) the legal final maturity of each Mortgage Loan, does not extend beyond April 2070;

(vi) all Mortgage Loans are fully disbursed (no construction deposits ("*bouwdepots*")), save for one specific Mortgage Loan in respect of which a construction deposit of EUR 6 million is held by the Seller;

(vii) each Mortgage Loan was originator by any of the Originators;

(viii) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date or, in respect of Replacement Mortgage Receivables the relevant Quarterly Payment Date; and

(ix) each Mortgage Receivable is denominated in Euro.

Notification Events
If, *inter alia*:

(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 Relevant Document to which it is a party and such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or

(b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within 20 business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or

(c) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") involving the Seller or its assets are placed under administration ("*onder bewind gesteld*");

(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 entering into emergency regulations ("*noodregeling*") as referred to in Chapter X of the Netherlands Act on the Supervision of the Credit System 1992 ("*Wet toezicht kredietwezen 1992*", or "*Wtk 1992*") 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;

(e) the rating of the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller falls below A- by S&P or A- by Fitch; or

(f) a Trustee Notification Event occurs,

then the Seller, unless the Security Trustee, after having received confirmation from the Rating Agencies that no downgrading of the then current ratings assigned to the Notes will occur as a result of not giving notice as described below, instructs it otherwise, shall forthwith notify the relevant Borrowers of the Mortgage Receivables and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself.

Purchase of Replacement Mortgage Receivables
The Mortgage Receivables Purchase Agreement provides that the Issuer will apply the Replacement Available Amount on any Quarterly Payment Date up to and including the Quarterly Payment Date immediately preceding the first Optional Redemption Date to purchase any Replacement Mortgage Receivables from the Seller if and to the extent offered by the Seller. The Issuer will be entitled to all proceeds in respect of the Replacement Mortgage Receivables following such assignment from (and including) the first day of the month in the relevant Quarterly Payment Date falls.

The purchase by the Issuer of Replacement Mortgage Receivables will be subject to the satisfaction of all of the following conditions (the '**Purchase Conditions**') on the relevant Quarterly Payment Date;

(a) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Mortgage Loans relating to the Replacement Mortgage Receivables sold (the "Replacement Mortgage Loans") (with certain amendments to reflect that the Replacement Mortgage Receivables are sold and may have been originated after the Closing Date);

(b) no Enforcement Notice has been served in accordance with Condition 10;

(c) no Notification Event has occurred and is continuing on the date of such completion;

(d) 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; and

(e) the Replacement Available Amount is sufficient to pay the Initial Purchase Price for the relevant Replacement Mortgage Receivables

Permitted Variations
The Seller and the Issuer will agree that, prior to notification of the assignment of the Mortgage Receivables (see below), the Seller is in certain cases allowed to amend the terms of a Mortgage Loan, without the Seller being obliged to repurchase the Mortgage Loan, provided that the Pool Servicer has approved any such amendments. Following notification of the assignment of the Mortgage Receivables, the Seller is no longer allowed to amend the terms of a Mortgage Loan. In the Administration Agreement the Issuer, the Security Trustee and the Pool

Servicer will agree that the Pool Servicer has in certain cases the right to agree to any variations proposed by a Borrower. See further *Administration Agreement*.

Set-off by Borrowers

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 entitled to receive in respect of such Mortgage Receivable, the Seller 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.

ADMINISTRATION AGREEMENT

Services

In the Administration Agreement (i) the Pool Servicer will agree to provide administration and management services to the Issuer in relation to the 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 including the direction of amounts received by the Seller to the Issuer Collection Account and the production of monthly reports in relation thereto and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrears procedures including the enforcement of the Mortgages (see further *Mortgage Loan Underwriting and Servicing* above) and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) drawings (if any) to be made by the Issuer under the Liquidity Facility and the Reserve Account, (b) all payments to be made by the Issuer under the Swap Agreement, (c) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (d) the maintaining of all required ledgers in connection with the above, (e) all calculations to be made pursuant to the Conditions under the Notes and (f) the preparation of the quarterly investor reports. The Issuer Administrator and the Pool Servicer will provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement.

The Pool Servicer and the Defaulted Loan Servicer will be obliged to administer the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as it administers mortgage loans in its own portfolio.

The Issuer Administrator does not have any relationship with the Originator other than pursuant to the Administration Agreement.

Termination

The appointment of the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator under the Administration Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default is made by the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator in the payment on the due date of any payment due and payable by either of them under the Administration Agreement and such default continues unremedied for a period of fourteen (14) days after the earlier (i) of the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator becoming aware of such default and (ii) receipt by the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator of written notice by the Issuer or the Security Trustee requiring the same to be remedied, (b) a default is made by the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Administration Agreement, which in the opinion of the Security Trustee is materially prejudicial to the interests of the Secured Parties and (except where, in the reasonable opinion of the Security Trustee, such default is incapable of remedy, when no such continuation and/or notice as is hereinafter mentioned will be required) such default continues unremedied for a period of fourteen (14) days after the earlier of (i) the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator becoming aware of such default and (ii) receipt by the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator of written notice from the Security Trustee requiring the same to be remedied, (c) the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*"), (d) the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator has taken any corporate action or any steps have been taken and/or legal proceedings have been instituted or threatened against it for its entering into suspension of payments or, as the case may be, emergency regulations ("*noodregeling*") as referred to in Chapter X of the Act on the supervision of the credit system 1992 ("*Wet toezicht kredietwezen 1992*") or for bankruptcy or has become subject to any analogous insolvency proceeding under any applicable law or for the appointment of a receiver or a similar officer of its or any or all of its assets, (e) the Pool Servicer and/or the Defaulted Loan Servicer no longer holds a licence under the Financial Services Act ("*Wet Financiële Dienstverlening*") or (f) at any time it becomes unlawful for the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator to perform all or a material part of its obligations hereunder.

In such events, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute pool servicer and/or the defaulted loan servicer and/or issuer administrator and such substitute pool servicer and/or defaulted

loan servicer and/or issuer administrator shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Administration Agreement, provided that such substitute pool servicer and/or defaulted loan servicer and/or issuer administrator shall have the benefit of a fee at a level to be then determined. With respect to the services to be provided under the Administration Agreement such substitute pool servicer and/or defaulted loan servicer and/or issuer administrator must have (i) experience of administering mortgage loans and mortgages of commercial property in the Netherlands and (ii) hold a license under the Financial Services Act ("*Wet financiële dienstverlening*") 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 Trustee Assets Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The appointment of the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator under the Administration Agreement may be terminated by the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator upon the expiry of not less than 12 months' notice of termination given by the Pool Servicer and/or the Defaulted Loan Servicer and/or the Issuer Administrator to each of the Issuer and the Security Trustee provided that – *inter alia* – (a) the Security Trustee consents in writing to such termination and (b) a substitute pool servicer and/or defaulted loan servicer and/or issuer administrator shall be appointed, such appointment to be effective no later than the date of termination of the Administration Agreement and the Pool Servicer and/or the Defaulted Loan Servicer and/or Issuer Administrator shall not be released from its obligations under the Administration Agreement until such substitute pool servicer and/or defaulted loan servicer and/or issuer administrator has entered into such new agreement.

Permitted Variations

Prior to notification of the assignment of the Mortgage Receivables, the Seller will have the right to agree to variations to the Mortgage Loans (the '**Permitted Variations**'), provided that as a result of such variations the relevant Mortgage Loan will remain in compliance with certain parameters agreed between the Seller and the Rating Agencies.

Following notification of the assignment of the Mortgage Receivables, the Pool Servicer shall have the right to agree (on behalf of the Issuer) to any Permitted Variations proposed by a Borrower. The Issuer and the Security Trustee will have the right to terminate the authority of the Pool Servicer to agree to any Permitted Variations or to submit such agreement to their approval, which approval shall not be unreasonably withheld.

THE ISSUER

Lancelot 2006 B.V., a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") was incorporated under the laws of the Netherlands on 27 October 2006 under number 34259124. 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 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 34259124 .

The Issuer is a special purpose vehicle, which objectives are (a) to acquire, purchase, conduct the management of, dispose of and encumber assets and to exercise any rights connected to such assets, (b) to take up loans by way of issue of securities or by entering into loan agreements to acquire the assets, (c) to invest and on-lend any funds held by the Issuer, (d) to mitigate interest rate and other financial risks amongst others by entering into derivative agreements, such as swaps and options, (e) if incidental to the foregoing, to take up loans by issuing securities or by entering into loan agreements amongst others to repay the principal sum of the securities mentioned under (b) and 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 has an authorised share capital of euro 90,000, of which euro 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Lancelot 2006 Holding.

Stichting Lancelot 2006 Holding is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 13 October 2006. The objects of Stichting Lancelot 2006 Holding are, *inter alia*, to incorporate, acquire and to 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. The sole managing director of Stichting Lancelot 2006 is ATC Management B.V..

Statement of the managing director
Since its incorporation the Issuer operates under the laws of the Netherlands and there has been no material adverse change in its financial or trading position or its prospects and it 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, (ii) been involved in any legal, arbitration or governmental proceedings which may have, or have had, significant effects 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 Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Relevant Documents.

The sole managing director of the Issuer is ATC Management B.V.. The managing directors of ATC Management B.V. are J.H. Scholts, G.F.X.M. Nieuwenhuizen, A.G.M. Nagelmaker and J. Lont. The managing directors of ATC Management B.V. have chosen domicile at the office address of ATC Management B.V., being Frederik Roeskestraat 123, 1076 EE Amsterdam.

ATC Management B.V. belongs to the same group of companies as ATC Financial Services B.V., being the Issuer Administrator. The sole shareholder of ATC Management B.V. and ATC Financial Services B.V. is Amsterdam Trust Corporation B.V.

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.

Each of the managing directors of Stichting Lancelot Holding 2006 and the Issuer has entered into a management agreement with the entity of which it acts as managing director. In these management agreements each of the managing directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do or should refrain from doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Relevant Documents or the then current ratings assigned to the Notes. In addition each of the managing directors agrees in the relevant management agreement that it will not enter into any agreement in relation to the Issuer other than the Relevant Documents to which it is a party, without the prior written consent of the Security Trustee and after having received written confirmation by the Rating Agencies that there will be no adverse effect on the ratings assigned to the Notes.

There are no potential conflicts of interest between any duties to the Issuer of its managing director and private interests or other duties of the managing director.

The financial year of the Issuer coincides with the calendar year, except for the first financial year which started on 27 October 2006 and ends on 31 December 2007.

Capitalisation
The following table shows the capitalisation of the Issuer as of the Closing Date as adjusted to give effect to the issue of the Notes:

Share Capital

Authorised Share Capital	euro 90,000
Issued Share Capital	euro 18,000

Borrowings

Senior Class A Notes	euro 528,000,000
Mezzanine Class B Notes	euro 21,000,000
Mezzanine Class C Notes	euro 19,500,000
Junior Class D Notes	euro 19,500,000
Subordinated Class E Notes	euro 12,000,000

AUDITOR'S REPORT

Auditors' Report

The following is the text of a report issued at the request of and received by the Board of Managing Directors of the Issuer drawn up by Ernst & Young Accountants, the auditors to the Issuer:

"To the Directors of Lancelot 2006 B.V.

Dear Sirs,

Lancelot 2006 B.V. (the "**Issuer**") was incorporated on 27 October 2006 with an issued share capital of euro 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 included in the Prospectus to be dated 13 December, 2006.

Eindhoven, 13 December 2006

for Ernst & Young Accountants

P.J.A.J. Nijssen

The undersigned is a registered accountant ("*registeraccountant*") and is a member of the Netherlands Institute for Registered accountants ("*NIVRA*").

Ernst & Young Accountants does not have any material interest in the Issuer and does not have any connection with the Issuer other than the connection between Issuer and Ernst & Young resulting from the fact that Ernst & Young are auditors to the Issuer.

USE OF PROCEEDS

The net proceeds of the issue of the 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.

DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due ("*verschuldigd*") by the Issuer (a) to the Noteholders under the Notes, (b) as fees or other remuneration to the Directors under the Management Agreements, (c) as fees and expenses to the Pool Servicer, the Defaulted Loan Servicer and the Issuer Administrator under the Administration Agreement, (d) as fees and expenses to the Paying Agents and the Reference Agent under the Paying Agency Agreement, (e) to the Liquidity Facility Provider under the Liquidity Facility Agreement, (f) to the Swap Counterparty under the Swap Agreement, (g) as fees to the Commingling Guarantor under the Commingling Guarantee, (h) to the Cap Provider under the Cap Agreement, (i) if applicable, to the Seller under the Trigger Reserve Fund Subordinated Loan and (j) to the Seller under the Mortgage Receivables Purchase Agreement (together the '**Secured Parties**') (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. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Secured Parties in accordance with the Priority of Payments upon Enforcement. The amounts due to the Secured Parties will be the sum of (a) amounts recovered ("*verhaald*") by it (i) on the Mortgage Receivables and (ii) other assets pledged pursuant to the Pledge Agreements and (b) the *pro rata* part of amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement; less (y) any amounts already paid by the Security Trustee to the Secured Parties pursuant to the Parallel Debt Agreement and (z) the pro rata part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee).

On the Closing Date the Issuer will vest a right of pledge (the '**Trustee Receivables Pledge Agreement**') in favour of the Security Trustee on the Mortgage Receivables and in respect of any Replacement Mortgage Receivables undertakes to grant a first ranking right of pledge on such Replacement Mortgage Receivables on the Quarterly Payment Date on which they are acquired. The pledge on the Mortgage Receivables will not be notified to the Borrowers, except in case certain notification events occur, which are events similar to the Notification Events but relating to the Issuer (the '**Trustee Notification Events**'). Prior to notification of the pledge to the Borrowers, the pledge will be a 'silent' right of pledge ("*stil pandrecht*") within the meaning of section 3:239 of the Netherlands Civil Code.

In addition, on the Closing Date a right of pledge (the '**Trustee Assets Pledge Agreement**' and together with the Trustee Receivables Pledge Agreement, the '**Pledge Agreements**') will be vested by the Issuer in favour of the Security Trustee over all rights of the Issuer (a) under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Administration Agreement, (iii) the Floating Rate GIC, (iv) the Liquidity Facility Agreement, (v) the Swap Agreement and (vi) the Commingling Guarantee, (vii) the Cap Agreement and (viii) if applicable, the Trigger Reserve Fund Subordinated Loan and (b) in respect of the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge ("*openbaar pandrecht*"), but the Security Trustee will grant a power to collect to the Issuer which will be withdrawn upon the occurrence of any of the Trustee Notification Events.

The rights of pledge created in the Pledge Agreements secure any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt Agreement and any other Relevant Documents.

The security rights described above shall serve as security for the benefit of the Secured Parties, including each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders, but, *inter alia*, amounts owing to the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, amounts owing to the Mezzanine Class C Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholder and the Mezzanine Class B Noteholders and amounts owing to the Junior Class D Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and amounts owing to the Subordinated Class E Noteholders will rank in priority of payment after amounts owing to the Senior Class A

Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and the Junior Class D Noteholders (see *Credit Structure* above).

THE SECURITY TRUSTEE

Stichting Security Trustee Lancelot 2006 (the '**Security Trustee**') is a foundation ("*stichting*") incorporated under the laws of the Netherlands on 1 November 2006. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Locatellikade 1, 1076 AZ Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee of the Noteholders and any other creditor of the Issuer under the Relevant Documents; (b) to acquire, keep and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the Issuer, including the holders of the Notes to be issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from, *inter alia*, the Issuer, which are conducive to the holding of the abovementioned security rights; (c) to borrow money; and (d) to perform any and all acts which are related, incidental or which may be conducive to the above. The Security Trustee will only act as trustee in connection with the Mortgage Receivables.

The sole director of the Security Trustee is TMF Trustee B.V., having its registered office at Locatellikade 1, 1076 AZ Amsterdam, the Netherlands.

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the euro 528,000,000 floating rate Senior Class A Asset-Backed Notes 2006 due 2073 (the '**Senior Class A Notes**'), the euro 21,000,000 floating rate Mezzanine Class B Asset-Backed Notes 2006 due 2073 (the '**Mezzanine Class B Notes**'), the euro 19,500,000 floating rate Mezzanine Class C Asset-Backed Notes 2006 due 2073 (the '**Mezzanine Class C Notes**'), the euro 19,500,000 floating rate Junior Class D Asset-Backed Notes 2006 due 2073 (the '**Junior Class D Notes**') and the euro 12,000,000 floating rate Subordinated Class E Asset-Backed Notes 2006 due 2073 (the '**Subordinated Class E Notes**', and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the '**Notes**') was authorised by a resolution of the managing director of Lancelot 2006 B.V. (the '**Issuer**') passed on 7 December 2006. The Notes are issued under a trust deed dated on or about the date of this Prospectus (the '**Trust Deed**') between the Issuer, Stichting Lancelot 2006 Holding and Stichting Security Trustee Lancelot 2006 (the '**Security Trustee**').

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 Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the '**Coupons**') and the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a paying agency agreement (the '**Paying Agency Agreement**') dated on or about the date of this Prospectus between the Issuer, the Security Trustee, Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**") and Deutsche Bank AG, Amsterdam Branch as paying agent (the '**Paying Agent** and together with the Principal Paying Agent, the **'Paying Agents')**') and as reference agent (the '**Reference Agent**'), (iii) an administration agreement (the '**Administration Agreement**') dated on or about the date of this Prospectus between the Issuer, F. van Lanschot Bankiers N.V. as the Pool Servicer and as the Defaulted Loan Servicer, ATC Financial Services B.V. as the Issuer Administrator and the Security Trustee, (iv) a parallel debt agreement (the '**Parallel Debt Agreement**') dated on or about the date of this Prospectus between the Issuer, the Security Trustee and the Secured Parties, (v) a pledge agreement (the '**Trustee Receivables Pledge Agreement**') dated on or about the date of this Prospectus between the Issuer and the Security Trustee and (vi) a pledge agreement dated on or about the date of this Prospectus between the Issuer, the Security Trustee and others (the '**Trustee Assets Pledge Agreement**' and together with the Trustee Receivables Pledge Agreement, the '**Pledge Agreements**').

Certain words and expressions used in these Conditions are defined in a master definitions agreement (the '**Master Definitions Agreement**') dated on or about the date of this Prospectus and signed by the Issuer, the Security Trustee, the Paying Agents and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the terms or definitions in the Master Definitions Agreement would conflict with terms or definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, '**Class**' means either the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes or the Subordinated Class E Notes, as the case may be.

Copies of, *inter alia*, the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement are available for inspection free of charge by holders of the Notes (the '**Noteholders**') at the specified office of the Principal Paying Agent and the present office of the Security Trustee, being at the date hereof Locatellikade 1, 1076 AZ 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 Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement.

1. Form, Denomination and Title

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of euro 100,000 each. Under Netherlands 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.

2. Status, Relationship between the Notes and Security

(a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and ratably without any preference or priority among Notes of the same Class;

(b) 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 and (iv) payments of principal and interest on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes;

(c) The security for the obligations of the Issuer towards the Noteholders (the '**Security**') will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:

(i) a first ranking pledge by the Issuer to the Security Trustee on the Mortgage Receivables;

(ii) a first ranking pledge by the Issuer to the Security Trustee on the Issuer's rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the Pool Servicer, the Defaulted Loan Servicer and the Issuer Administrator under or in connection with the Administration Agreement; (c) against the Swap Counterparty under or in connection with the Swap Agreement; (d) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement; (e) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC; (f) against the Commingling Guarantor under the Commingling Guarantee, (g) against the Cap Provider under the Cap Agreement, (h) if applicable, against the Seller under the Trigger Reserve Fund Subordinated Loan and (i) against the Floating Rate GIC Provider under or in connection with the Transaction Accounts;

(d) The Notes will be secured (directly or indirectly) by 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 and the Subordinated Class E Notes, the Mezzanine Class B Notes will rank in priority to the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, the Mezzanine Class C Notes will rank in priority to the Junior Class D Notes and the Subordinated Class E Notes and the Junior Class D Notes will rank in priority to the Subordinated Class E Notes in the event of the Security being enforced. The '**Most Senior Class of Notes**' means the Senior Class A Notes or if there are no Senior Class A Notes outstanding, the Mezzanine Class B Notes, or if there are no Mezzanine Class B Notes outstanding, the Mezzanine Class C Notes, or if there are no Mezzanine Class C Notes outstanding, the Junior Class D Notes, or if there are no Junior Class D Notes outstanding, the Subordinated Class E Notes.

The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the holders of the Senior Class A Notes (the '**Senior Class A Noteholders**'), the holders of the Mezzanine Class B Notes (the '**Mezzanine Class B Noteholders**'), the holders of the Mezzanine Class C Notes (the '**Mezzanine Class C Noteholders**'), the holders of the Junior Class D Notes (the '**Junior Class D Noteholders**') and the holders of the Subordinated Class E Notes (the '**Subordinated Class E Noteholders**'), as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of holders of the Most Senior Class of Notes. In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that in case of a conflict interest between the Secured Parties the priority of payments upon enforcement set forth in the Trust Deed determines which interest of which Secured Party 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 Netherlands business practice and in accordance with the requirements of Netherlands law and accounting practice and shall not, except (i) to the extent permitted by the Mortgage Receivables Purchase Agreement, the Administration Agreement, the Pledge Agreements, the Commingling Guarantee, the Parallel Debt Agreement, the Swap Agreement, the Cap Agreement, the Trigger Reserve Fund Subordinated Loan, the Floating Rate GIC, the Liquidity Facility Agreement, the Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Deed of Assignment, any Purchase Deed of Assignment and the Trust Deed (and together with the Master Definitions Agreement, the '**Relevant Documents**') or (ii) with the prior written consent of the Security Trustee:

(a) carry out any business other than as described in the Prospectus relating to the issue of the Notes and as contemplated in the Relevant Documents;

(b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Relevant Documents;

(c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets, except as contemplated in the Relevant Documents;

(d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to one or more persons;

(e) permit the validity or effectiveness of the Trust Deed, the Parallel Debt Agreement, the Pledge Agreements or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, 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 Relevant Documents;

(f) have any employees or premises or have any subsidiary or subsidiary undertaking; or

(g) have an interest in any bank account other than (i) the Transaction Accounts (ii) the Liquidity Facility Account or (iii) an account in which collateral under the Swap Agreement is transferred, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii).

4. Interest

(a) Period of Accrual

Each Note shall bear interest on its Principal Amount Outstanding (as defined in Condition 6(e)) from and including the Closing Date. Each Note (or in the case of the redemption of part only 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 Principal 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 thereof being duly made, 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 days elapsed in such period and a 360 day year.

(b) Floating Rate Interest Periods and Quarterly Payment Dates

Interest on the Notes is payable by reference to successive quarterly interest periods (each a '**Floating Rate Interest Period**') and will be payable quarterly in arrear in euro on the 26th day of January, April, July and October (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding the 26th day) in each year (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

Floating Rate 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 Floating Rate Interest Period, which will commence on (and include) the Closing Date and will end on (but exclude) the Quarterly Payment Date falling in April 2007.

(c) Interest on the Notes up to the first Optional Redemption Date

Interest on the Notes for each Floating Rate Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for four and five months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus, up to (but excluding) the first Optional Redemption Date:

(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 0.26 per cent. per annum;
(iii) for the Mezzanine Class C Notes, a margin of 0.44 per cent. per annum;
(iv) for the Junior Class D Notes, a margin of 0.70 per cent. per annum; and
(v) for the Subordinated Class E Notes, a margin of 3.25 per cent. per annum.

(d) Interest following the first Optional Redemption Date

If on the first Optional Redemption Date any Class of Notes have not been redeemed in full, a floating rate of interest will be applicable to each Class of Notes equal to the sum of Euribor for three months deposits, payable by reference to Floating Rate Interest Periods on each succeeding Quarterly Payment Date, plus:

(i) for the Senior Class A Notes, a margin of 0.50 per cent. per annum;
(ii) for the Mezzanine Class B Notes, a margin of 0.70 per cent. per annum;
(iii) for the Mezzanine Class C Notes, a margin of 1.20 per cent. per annum;
(iv) for the Junior Class D Notes, a margin of 1.80 per cent. per annum; and
(v) for the Subordinated Class E Notes, a margin of 4.00 per cent. per annum.

The rates of interest set forth in Conditions 4(c) and 4(d) are hereinafter referred to as the '**Rates of Interest**'.

(e) Euribor

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

(i) The Reference Agent will obtain for each Floating Rate Interest Period the rate equal to the amount of Euribor for three months deposits in euros. 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) as at or about 11.00 a.m. (Central European time) on the day that is two Business Days preceding the first day of each Floating 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 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 mark 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 determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and

(B) if fewer than two 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 Floating Rate Interest Period shall be the rate per annum equal to the euro interbank offered rate 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 Floating Rate Interest Period, Euribor applicable to the relevant Class of Notes during such Floating Rate Interest Period will be Euribor last determined in relation thereto.

(f) Determination of Rates of Interest and Calculation of Interest Amounts

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Interest Determination Date, determine the Rates of Interest for each Class of Notes and calculate the amount of interest payable on each relevant Class of Notes for the following Floating Rate Interest Period (the '**Interest Amount**') by applying the relevant Rates of Interest to the Principal Amount Outstanding of each Class of Notes respectively on the first day of such Floating Rate Interest Period. The determination of the relevant Floating Rates of Interest and each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(g) Notification of Floating Rates of Interest and Interest Amounts

The Reference Agent will cause the relevant Quarterly Payment Date, the relevant Floating Rates of Interest and the relevant Interest Amounts to be notified to the Issuer, the Security Trustee, the Principal Paying Agent, the Issuer Administrator and to the holders of such Class of Notes by an advertisement in the English language in the Euronext Daily Official List ("*Officiële Prijscourant*") of Euronext Amsterdam N.V. for as long as the Notes are listed on Eurolist by Euronext Amsterdam, as soon as possible after the determination. The Interest Amount, the Rate of Interest and the 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 Floating Rate Interest Period.

(h) Determination or Calculation by Security Trustee

If the Reference Agent at any time for any reason does not determine the relevant Rates of Interest or fails to calculate the relevant Interest Amounts in accordance with paragraph (f) above, the Security Trustee shall determine the relevant Rates of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Interest Amounts in accordance with paragraph (f) above, and each such determination or calculation shall (in the absence of a manifest error) 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 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 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) Payment of principal and interest in respect of Notes will be made upon presentation of the Note in and against surrender of the relevant Coupon appertaining thereto, at any specified office of any of the Paying Agents in cash or by transfer to an 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.

(b) At the Final Maturity Date (as defined in Condition 6), or such earlier date the Notes become due and payable, the 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 years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).

(c) 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, the holder thereof shall not be entitled to payment until the next Business Day following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an euro account as referred to above, the relevant Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following the day on which banks are open for business in the Netherlands. The name of each of the Paying Agents and of its offices are set out below.

(d) The Issuer reserves the right at any time to vary or terminate the appointment of any of the Paying Agents and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and for as long as the Notes are listed on Eurolist by Euronext Amsterdam the Issuer will at all times maintain a paying agent in the Netherlands. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Noteholders in accordance with Condition 13.

6. Redemption

(a) Final redemption

Unless previously redeemed as provided below, on the Quarterly Payment Date falling in April 2073 (the '**Final Maturity Date**') the Issuer will redeem the Notes at their Principal Amount Outstanding, but in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, subject to Condition 9(b).

(b) Mandatory Redemption of the Notes

Provided that no Enforcement Notice has been served in accordance with Condition 10, on the Quarterly Payment Date falling in April 2007 and each Quarterly Payment Date thereafter the Issuer shall be obliged to apply the Notes Redemption Available Amount (as defined in Condition 6(e)) to redeem (or partially redeem) the Notes at their Principal Amount Outstanding on a *pro rata* basis in the following order:

(i) *firstly*, the Senior Class A Notes until fully redeemed,
(ii) *secondly*, the Mezzanine Class B Notes until fully redeemed,
(iii) *thirdly*, the Mezzanine Class C Notes until fully redeemed,
(iv) *fourthly*, the Junior Class D Notes until fully redeemed; and
(v) *finally*, the Subordinated Class E Notes until fully redeemed.

If the relevant Note is represented by a Global Note, partial redemption will be effectuated in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool fraction or a reduction in nominal amount, at their discretion).

(c) Optional Redemption

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, on the Quarterly Payment Date falling in January 2012 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer may, at its option, redeem all (but not some only) of the Notes at their Principal Amount Outstanding on such date. The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, prior to the relevant Optional Redemption Date. In the event that on such Optional Redemption Date there is a Principal Shortfall in respect of the Subordinated Class E Notes, the Junior Class D Notes or the Mezzanine Class C Notes or the Mezzanine Class B Notes, the Issuer may, at its option, subject to Condition 9(b), partially redeem all (but not some only) of the Subordinated Class E Notes, the Junior Class D Notes, the Mezzanine Class C Notes or the Mezzanine Class B Notes respectively at their Principal Amount Outstanding less the relevant Principal Shortfall.

(d) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Quarterly Payment Date, at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, if the Issuer has satisfied the Security Trustee that:

(a) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any charge in, or amendment to, the application of the laws or regulations (including any guidelines issued by the tax authorities) of the Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and

(b) the Issuer will have sufficient funds available on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date to discharge all amounts of principal and interest due in respect of each Class of the Notes and any amounts required to be paid in priority to or pari passu with each Class of Notes in accordance with the Trust Deed. No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 days' written notice to the Noteholders and the Security Trustee prior to the relevant Quarterly Payment Date.

The principal amount so redeemable in respect of each relevant Note on the relevant Quarterly Payment Date shall each be the Principal Redemption Amount (as defined in Condition 6(e)). Following application of the Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(e) Determination of Principal Redemption Amount and Principal Amount Outstanding

(i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (x) the Principal Redemption Amount and (y) the Principal Amount Outstanding of the relevant Note on the first day of the next following Floating Rate Interest Period. 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 the Notes to be notified forthwith to the Security Trustee, the Principal Paying Agent, the Reference Agent, Euroclear, Clearstream, Luxembourg, Euronext Amsterdam N.V. and to the holders of Notes by an advertisement in the English language in the Euronext Daily Official List ('*Officiële Prijscourant*') of Euronext Amsterdam N.V., but in any event no later than three business days prior to the relevant Quarterly Payment Date. 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 (c) and paragraph (a) above (but based upon the information in its possession as to the Notes Redemption Available Amount) and each such determination or calculation shall be deemed to have been made by the Issuer.

(f) Definitions

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

(i) The term '**Principal Amount Outstanding**' of any Note shall on any Quarterly Payment Date be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that Note that have become due and payable prior to such Quarterly Payment Date provided that for the purpose of Conditions 4, 6 and 10 all Principal Redemption Amounts that have become due and not been paid, notwithstanding duly presentation of the relevant Note, shall not be so deducted;

(ii) The term '**Notes Redemption Available Amount**' shall mean on any Quarterly Payment Date, the sum of the following amounts, as being received or deposited during the immediately preceding Quarterly Calculation Period (items (a) up to and including (f):

a. by means of repayment and prepayment of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any;
b. Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal;
c. in connection with a repurchase of Mortgage Receivables, whether or not as a result of the exercise of the Regulatory Call Option or redemption for tax reasons, pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal less the Replacement Available Amount to the extent applied to the purchase of Replacement Mortgage Receivables on such Quarterly Payment Date up to and including the Quarterly Payment Date immediately preceding the first Optional Redemption Date;
d. n connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal;
e. as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date; and
f. any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;

(iii) The term '**Net Proceeds**' shall mean (a) the proceeds of a foreclosure on the Mortgage, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to any insurance policy and fire insurance, (d) the proceeds of any guarantees or sureties, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs;

(iv) The term '**Quarterly Calculation Date**' means, in relation to a Quarterly Payment Date, the fourth business day prior to such Quarterly Payment Date;

(v) The term '**Quarterly Calculation Period**' means a period of three consecutive months commencing on (and including) the first day of each of January, April, July and October of each year, except for the first Quarterly Calculation Period which will commence on the Cut-Off Date and end on and include the last day of December 2006;

(vi) The term '**Principal Redemption Amount**' shall mean on the relevant Quarterly Payment Date the amount (if any) (rounded down to the nearest euro) of the Notes Redemption Available Amount (as applicable to each Class of Notes) on the Quarterly Calculation Date relating to that Quarterly Payment Date divided by the number of Notes subject to such redemption, provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note.

7. Taxation

All payments in respect of 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, unless the Issuer or the Principal Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer or the Principal Paying Agent (as the case may be) shall make such payment after the required withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither any of the Paying Agents nor the Issuer will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.

8. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons shall become prescribed and become void unless made within five 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 and the Subordinated Class E Notes shall be payable in accordance with the provisions of Conditions 4 and 5, subject to the terms of this Condition.

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 the amount of the 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 Interest Deficiency Ledger 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 the Mezzanine Class B 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 the amount of the 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 Interest Deficiency Ledger 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 the Mezzanine Class C 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 the amount of the 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 Interest Deficiency Ledger 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 the Junior Class D 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 Subordinated Class E Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Subordinated Class E Notes. In the event of a shortfall, the Issuer shall credit the Subordinated Class E Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class E Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Subordinated Class E Notes 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 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 Subordinated Class E Note on the next succeeding Quarterly Payment Date.

(b) Principal

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. 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 Quarterly Payment 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 Transaction 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. 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 Quarterly Payment 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 Transaction 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 the 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. 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 or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction 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 the Mezzanine Class C Notes is reduced to zero and the Principal Amount Outstanding of the Junior Class D Notes is reduced to zero, the Subordinated Class E Noteholders will not be entitled to any repayment of principal in respect of the Subordinated Class E Notes. 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 Subordinated Class E Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Subordinated Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class E Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

The term '**Principal Shortfall**' shall mean an amount equal to the quotient of the balance on the relevant sub-ledger of the Principal Deficiency Ledger on a Quarterly Payment Date divided by the number of the Notes of the relevant Class on such Quarterly Payment Date.

(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 relevant Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of such Class 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, and, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes (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 (b) 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) default is made 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, the 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 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 liquidation of the Issuer or for the appointment of a liquidator or receiver of the Issuer or 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 has been declared bankrupt; or

(g) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Trust Deed and the Security;

provided 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 or the Mezzanine Class C Notes or the Junior Class D Notes or the Subordinated Class E Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders or the Mezzanine Class C Noteholders or the Junior Class D Noteholders or the Subordinated Class E 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 Most Senior Class of Notes, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Most Senior Class of Notes.

11. Enforcement

(a) 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 terms of the Parallel Debt Agreement (including the making of a demand of payment thereunder), the Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Most Senior Class of Note and (ii) it shall have been indemnified to its satisfaction;

(b) 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) The Noteholders may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note is paid in full. The Noteholders accept and agree that the only remedy 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 in the circumstances set out herein 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 Relevant Documents 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, in the Financial Times (London) or, if such newspaper 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 are listed on Eurolist by Euronext Amsterdam, in the English language in the Euronext Daily Official List ("*Officiële Prijscourant*") of Euronext Amsterdam N.V. 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) 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 and the Subordinated Class E 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 Relevant 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 canceling 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, unless such Basic Terms Change is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below, except that, if the Security Trustee is of the opinion that such a Basic Terms Change is (a) being proposed by the Issuer as a result of, or in order to avoid an Event of Default and (b) (i) the Security Trustee has notified the Rating Agencies and (ii) the Rating Agencies have confirmed that the current ratings assigned to the Notes will not be adversely affected by such Basic Terms Change, then no such Extraordinary Resolution is required.

(b) 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-third 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 is adopted with not less than a two-thirds 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 at 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 is adopted with not less than a two-third 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 amount of validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented.

(c) No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Senior Class A Notes, 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 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 and/or the Mezzanine Class C Noteholders and/or the Junior Class D Noteholders and/or the Subordinated Class E Noteholders.

(d) 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 Subordinated Class E 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 Subordinated Class E Noteholders or it is

sanctioned by an Extraordinary Resolution 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 Subordinated Class E Noteholders. 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 and the Subordinated Class E Noteholders, irrespective of the effect on their interests.

(e) 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).

(f) The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Relevant 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 Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant 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 have confirmed that the then current ratings of the Notes will not be adversely affected by any such modification, authorisation or waiver. For the avoidance of doubt, any such confirmation from S&P or Fitch does not address whether such modification, authorisation or waiver is in the best interest of, or prejudicial to, some or all of the Noteholders. 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.

(g) 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 Subordinated Class E 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. Placements 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 Principal 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, 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 District Court 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 Notes shall be initially represented by a temporary global note in bearer form, without coupons (the '**Temporary Global Note**') (i) in the case of the Senior Class A Notes, in the principal amount of euro 528,000,000, (ii) in the case of the Mezzanine Class B Notes a Temporary Global Note, in the principal amount of euro 21,000,000, (iii) in the case of the Mezzanine Class C Notes a Temporary Global Note, in the principal amount of euro 19,500,000, (iv) in the case of the Junior Class D Notes a Temporary Global Note, in the principal amount of euro 19,500,000 and (v) in the case of the Subordinated Class E Notes a Temporary Global Note, in the principal amount of euro 12,000,000. Each Temporary Global Note will on or about the Closing Date be deposited with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ('**Euroclear**') and for Clearstream Banking, société anonyme ('**Clearstream, Luxembourg**'). Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg will credit each purchaser of Notes with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. 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 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, in the principal amount of the Notes of the relevant Class (the expression '**Global Notes**' meaning the Temporary Global Notes of each Class of Notes and the Permanent Global Notes of each Class of Notes 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 of Notes, the Permanent Global Note will remain deposited with 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 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 notes in definitive form only in the circumstances described below. Such notes in definitive form shall be issued in denominations of euro 100,000 or, as the case may be, in the Principal Amount Outstanding of the Notes of such Class on such issue date. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that 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 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 held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to 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 any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirements 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 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 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 principal 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 principal thereon and interest with respect thereto in accordance with and subject to its terms. Any statement in writing issued 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 or Clearstream, Luxembourg is closed for business for a continuous period of 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 Principal Paying Agent 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; and

(v) Subordinated Class E Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class E Notes,

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

TAXATION IN THE NETHERLANDS

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Notes by entities as described in Section 2 and 3 of the Netherlands Corporate income tax act 1969. This summary does not describe the Netherlands tax consequences for individuals and does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and dispose of the Notes. Each prospective Noteholder should consult a professional advisor with respect to the tax consequences of an investment in the Notes. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Netherlands tax legislation, as in effect and in force at the date hereof, as interpreted in published case law, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

1. Withholding tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

2. Taxes on income and capital gains

A holder of Notes will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal or deemed disposal of the Notes, provided that:

(a) such holder is neither resident nor deemed to be resident of the Netherlands; and

(b) such holder does not have an interest in an enterprise or deemed enterprise (statutorily defined term) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable.

3. Turnover tax

No Netherlands 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.

4. Other Taxes and Duties

No Netherlands registration tax, stamp duty or other similar documentary tax or duty, other than court fees, will be payable in the Netherlands by the holders of Notes in respect of or in connection with the issue of the Notes.

PURCHASE AND SALE

Rabobank International and F. van Lanschot Bankiers (the '**Managers**') have pursuant to a notes purchase agreement dated on or about the date of this Prospectus among the Managers, the Issuer and the Seller (the '**Notes Purchase Agreement**'), jointly and severally agreed with the Issuer, subject to certain conditions, to purchase the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Managers 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 which has implemented the Prospectus Directive (each a '**Relevant Member State**'), each 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 the 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 the 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 (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than € 43,000,000 and (iii) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances which do not require the publication by the Issuer of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an 'offer of the 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.

United Kingdom
Each of the Managers 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 don 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 the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

France
The Notes may only be offered or sold to qualified investors ("*investisseurs qualifies*") and/or to a restricted circle of investors ("*cercle restreint d'investisseurs*"), provided such investors act for their own account, and/or to persons providing portfolio management financial services ("*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*"), in the Republic of France, within the meaning of Article L.411-2 of the French *Code Monétaire et Financier* ('Monetary and Financial Code') and the Decree 98-880 dated 1st October 1998; neither this Prospectus, which has not been submitted to the *Autorité des Marchés Financiers*, nor any information contained therein or any offering material relating to the Notes, may be distributed or caused to be distributed to the public in France.

Italy
The offering of the Notes in Italy has not been registered with the Commissione Nazionale per la Societa` e la Borsa ('*CONSOB*') pursuant to Italian securities legislation and, accordingly, the Notes cannot be offered, sold or delivered in the Republic of Italy ('*Italy*') nor may any copy of this Prospectus or any other document relating to the Notes be distributed in Italy other than to professional investors ("*operatori qualificati*") as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998 as subsequently amended. Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy must be made (a) by an investment firm, bank or intermediary permitted to conduct such activities

in Italy in accordance with Legislative Decree No. 58 of 24 February 1998 (the '*Financial Services Act*') and Legislative Decree No. 385 of 1 September 1993 (the '*Banking Act*'); (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy and (c) in compliance with any other applicable laws and regulations and other possible requirements or limitations which may be imposed by Italian authorities. The Notes cannot be offered, sold or delivered on a retail basis, either in the primary or in the secondary market, to any individuals residing in Italy.

Switzerland
The Notes may not and will not be publicly offered, distributed or redistributed in Switzerland and neither this offering memorandum 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 States
The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons, except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are in bearer form and are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that it will not offer, sell or deliver the Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering on the Closing Date within the United States or to, or for the account or benefit of, US persons and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meaning given to them by Regulations under the US Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirement of the Securities Act, if such offer or sale is made otherwise than in accordance with available exemption from registration under the US Securities Act.

General
The distribution of this Prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. This Prospectus or any part thereof does not constitute an offer, or an invitation to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Each Manager has undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish this Prospectus or any other material relating to the Notes in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 7 December 2006.

2. Application has been made to list the Notes on Eurolist by Euronext Amsterdam. The estimated total costs involved with such admission amount to euro 17,000.

3. The Senior Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 27556922, ISINCODE XS0275569225 and Fondscode 15899.

4. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 27557970, ISINCODE XS0275579703 and Fondscode 15900.

5. The Mezzanine Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 27558127, ISINCODE XS0275581279 and Fondscode 15901.

6. The Junior Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 27558194, ISINCODE XS0275581949 and Fondscode 15902.

7. The Subordinated Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 27558259, ISINCODE XS0275582590 and Fondscode 15903.

8. The addresses of the clearing systems are: Euroclear, 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium and Clearstream Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

9. Ernst & Young Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with their report included herein in the form and context in which it appears. The accountants of Ernst & Young Accountants are members of the Royal NIVRA ("*Nederlands Instituut voor registeraccountants*"), the Dutch accountants board.

10. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Principal Paying Agent free of charge during normal business hours during the life of this Prospectus:

    (i) the Deed of Incorporation including the Articles of Association of the Issuer;
    (ii) the Mortgage Receivables Purchase Agreement;
    (iii) the Notes Purchase Agreement;
    (iv) the Paying Agency Agreement;
    (v) the Trust Deed;
    (vi) the Parallel Debt Agreement;
    (vii) the Trustee Receivables Pledge Agreement;
    (viii) the Trustee Assets Pledge Agreement;
    (ix) the Commingling Guarantee;
    (x) the Administration Agreement;
    (xi) the Liquidity Facility Agreement;
    (xii) the Floating Rate GIC;
    (xiii) the Swap Agreement;
    (xiv) the Cap Agreement;
    (xv) the Master Definitions Agreement;
    (xvi) the Management Agreement I;
    (xvii) the Management Agreement II; and
    (xviii) the Management Agreement III.

11. A copy of the Prospectus will be available free of charge at the registered office of the Issuer, the Security Trustee and the Principal Paying Agent.

12. US taxes:

    The Notes will bear a legend to the following effect: 'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code'.

    The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

13. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Issuer.

14. A quarterly investor report on the performance, including the arrears and the losses, of the transaction and the presentation provided by the Managers to potential investors before the date of this Prospectus can be obtained at: www.atccapitalmarkets.com.

INDEX OF DEFINED TERMS

REGISTERED OFFICES

ISSUER
Lancelot 2006 B.V.
Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

SELLER
F. van Lanschot Bankiers N.V.
Hooge Steenweg 27-31
5211 JN 's-Hertogenbosch
The Netherlands

SECURITY TRUSTEE
Stichting Security Trustee Lancelot 2006
Locatellikade 1
1076 AZ Amsterdam
The Netherlands

POOL SERVICER AND DEFAULTED LOAN SERVICER
F. van Lanschot Bankiers N.V.
Hooge Steenweg 27-31
5211 JN 's-Hertogenbosch
The Netherlands

ISSUER ADMINISTRATOR
ATC Financial Services B.V.
Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

PRINCIPAL PAYING AGENT
Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REFERENCE AGENT
Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

PAYING AGENT
Deutsche Bank AG, Amsterdam Branch
Herengracht 450-454
1017 CA Amsterdam
The Netherlands

LISTING AGENT
Rabobank International
Croeselaan 18
3521 CB
Utrecht
The Netherlands

LEGAL ADVISORS

to the Managers and the Issuer
NautaDutilh N.V.
Strawinskylaan 1999
1077 XV Amsterdam
The Netherlands

to the Seller
Allen & Overy LLP
Apollolaan 15
1077 AB Amsterdam
The Netherlands

AUDITORS
Ernst & Young Accountants
Prof. Dr. Dorgelolaan 12
5613 AM EINDHOVEN
The Netherlands

COMMON SAFEKEEPER
Clearstream Frankfurt AG
Neue Börsenstrasse 1
D-60487 Frankfurt am Main
Germany