

PROSPECTUS FOR ADMISSION TO TRADING ON Euronext BRUSSELS

B-ARENA N.V./S.A., COMPARTMENT N° 1 (institutionele VBS naar Belgisch recht / SIC institutionelle de droit belge)

- euro 920,000,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2044, issue price 100 per cent.
- euro 20,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2044, issue price 100 per cent.
- euro 20,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2006 due 2044, issue price 100 per cent.
- euro 18,000,000 floating rate Junior Class D Mortgage-Backed Notes 2006 due 2044, issue price 100 per cent.
- euro 10,500,000 floating rate Junior Class E Mortgage-Backed Notes 2006 due 2044, issue price 100 per cent.
- euro 11,500,000 floating rate Subordinated Class F Mortgage-Backed Notes 2006 due 2044, issue price 100 per cent.
- euro 10,000,000 floating rate Subordinated Class G Notes 2006 due 2044, issue price 100 per cent.

Application has been made for an admission to trading of the euro 920,000,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2044 (the **Senior Class A Notes**), the euro 20,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2044 (the **Mezzanine Class B Notes**), the euro 20,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2006 due 2044 (the **Mezzanine Class C Notes**), the euro 18,000,000 floating rate Junior Class D Mortgage-Backed Notes 2006 due 2044 (the **Junior Class D Notes**), the euro 10,500,000 floating rate Junior Class E Mortgage-Backed Notes 2006 due 2044 (the **Junior Class E Notes**), the euro 11,500,000 floating rate Subordinated Class F Mortgage-Backed Notes 2006 due 2044 (the **Subordinated Class F Notes**), and the euro 10,000,000 floating rate Subordinated Class G Notes 2006 due 2044 (the **Subordinated Class G Notes** and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes, the **Notes**), to be issued by B-Arena N.V./S.A., *institutionele VBS naar Belgisch recht / SIC institutionelle de droit belge* (the **Issuer**) acting through its Compartment N° 1, on EuroList by Euronext Brussels N.V. (**Euronext Brussels**). The Notes will be issued on 10 October 2006 or such later date as may be agreed between the Issuer, the Seller and the Managers (the **Closing Date**).

The Notes are only offered, directly or indirectly, to holders (Eligible Holders) who qualify both as (i) an institutional or professional investor within the meaning of Article 5, §3 of the Belgian Act of 20 July 2004 on certain forms of collective management of investment portfolios (*wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles / loi relative à certaines formes de gestion collective de portefeuilles d'investissement*), acting for their own account, and (ii) a holder of an exempt securities account (X-account) with the Clearing System operated by the National Bank of Belgium or with a participant in such system. The Notes may only be acquired, by direct subscription, by transfer or otherwise and may only be held by Eligible Holders. Each payment of interest on Notes of which the Issuer becomes aware that they are held by a holder that does not qualify as an Eligible Holder will be suspended. Upon issuance of the Notes, the denomination of the Notes is EUR 250,000.

The Notes will carry a floating rate of interest, payable quarterly in arrear, which will be three months Euribor plus, up to but excluding the first Optional Redemption Date, a margin per annum, which will be for the Senior Class A Notes 0.10 per cent., for the Mezzanine Class B Notes 0.14 per cent., for the Mezzanine Class C Notes 0.20 per cent., for the Junior Class D Notes 0.40 per cent., for the Junior Class E Notes 0.55 per cent., for the Subordinated Class F Notes 1.60 per cent. and for the Subordinated Class G Notes 4.50 per cent. Following an Amortisation Event, the margin applicable to the Senior Class A Notes will be reset. The interest on the Senior Class A Notes from the first Amortisation Date will be equal to three months Euribor plus a margin per annum of 0.11 per cent., payable quarterly in arrear. If on the first Optional Redemption Date the Notes of any Class (other than the Subordinated Class G Notes) will not be redeemed in full, in accordance with the terms and conditions of the Notes (the **Conditions**), the margin applicable to the relevant Class of Notes will be reset. The interest on the relevant Class of Notes from 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 0.25 per cent., for the Mezzanine Class B Notes 0.28 per cent., for the Mezzanine Class C Notes 0.40 per cent., for the Junior Class D Notes 0.80 per cent., for the Junior Class E Notes 1.10 per cent., for the Subordinated Class F Notes 3.20 per cent., and for the Subordinated Class G Notes 9.00 per cent., payable quarterly in arrear.

The Notes are scheduled to mature on the Quarterly Payment Date falling in April 2044 (the **Final Maturity Date**). On the Quarterly Payment Date falling in October 2011 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. If on the first Optional Redemption Date, the Notes (other than the Subordinated Class G Notes) have not been redeemed in full, on such Optional Redemption Date and on each Optional Redemption Date thereafter, the Notes (other than the Subordinated Class G Notes) will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with the Conditions through the application of the Notes Redemption Available Amount to the extent available. Following an Amortisation Event, on each Quarterly Payment Date thereafter (each an **Amortisation Date**) the Notes (other than the Subordinated Class G Notes) will be subject to mandatory partial redemption in the circumstances set out in, and subject to and in accordance with the Conditions through the application of the Notes Redemption Available Amount to the extent available. Each of the following will constitute an amortisation event (each an **Amortisation Event**): (i) the Purchase Available Amount exceeds the Outstanding Principal Amount of Mortgage Receivables offered for sale by the Seller pursuant to the Mortgage Receivables Purchase Agreement on any Purchase Date during the Revolving Period and the Issuer declares this to be an Amortisation Event, (ii) any part of the Pre-funded Amount remains upon expiration of the Pre-funding Period, (iii) a Notification Event has occurred, (iv) the Seller has failed to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement, or (v) an amount has been debited to the Class F Cumulative Net Realised Losses Ledger.

It is a condition precedent to issuance that the Senior Class A Notes, on issue, be assigned at least an 'AAA' rating by Standard & Poor's Rating Group (**S&P**), an 'Aaa' rating by Moody's Investors Services Limited (**Moody's**) and an 'AAA' rating by Fitch Ratings Limited, (**Fitch** and together with S&P and Moody's, the **Rating Agencies**), the Mezzanine Class B Notes, on issue, be assigned at least an 'AA' rating by S&P, an 'Aa3' rating by Moody's and an 'AA' rating by Fitch, the Mezzanine Class C Notes, on issue, be assigned at least an 'A' rating by S&P, an 'A2' rating by Moody's and an 'A' rating by Fitch, the Junior Class D Notes, on issue, be assigned at least a 'BBB' rating by S&P, a 'Baa2' rating by Moody's and a 'BBB' rating by Fitch, the Junior Class E Notes, on issue, be assigned at least a 'BBB-' rating by S&P and a 'BBB-' rating by Fitch, the Subordinated Class F Notes, on issue, be assigned at least a 'BB' rating by S&P and a 'BB' rating by Fitch.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Notes, see *Risk factors* herein.

The Notes will (directly and indirectly) be secured by a first ranking right of pledge in favour of the Secured Parties, including Deloitte Enterprise Risk Services C.V.B.A. (the **Security Agent**) on behalf of the Noteholders and the other Secured Parties over (i) the Mortgage Receivables, (ii) the Issuer's claims under or in connection with the Transaction Documents, and (iii) the balances standing to the credit of the Transaction Accounts. The right to payment of interest and principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes, the Subordinated Class F Notes and the Subordinated Class G Notes will be subordinated and may be limited as more fully described herein. Recourse in respect of the Notes is limited to the Mortgage Receivables, any claims of the Issuer under the Transaction Documents and the balances standing to the credit of the Transaction Accounts and there will be no other assets of the Issuer, such as any assets that would relate to other compartments of the Issuer, and any rights in connection therewith, available for any further payments.

The Notes of each Class will be initially represented by a permanent global note in bearer form (each a **Permanent Global Note**), without coupons which is expected to be deposited with the National Bank of Belgium (the **NBB**) on or about the Closing Date.

The Notes will be solely the obligations of Compartment N° 1 of the Issuer and have been allocated to Compartment N° 1 of the Issuer. The Notes will not be obligations or responsibilities of, and will not be guaranteed by, any other entity or person. In particular, the Notes will be no obligations or responsibilities of, and will not be guaranteed by, any of the parties to the Transaction Documents, other than the Issuer. Furthermore, none of such persons or entities or any other person in whatever capacity (i) has assumed or will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes, or (ii) is or will be under any obligation whatsoever to provide additional funds to the Issuer (except for the limited circumstances described in this Prospectus).

This prospectus (**Prospectus**) has been approved by the Banking, Finance and Insurance Commission (**CBFA**) on 3 October 2006 pursuant to Article 23 of the Belgian Act of 16 June 2006 concerning the public offer of investment securities and the admission of investment securities to trading on a regulated market (the **Prospectus Implementation Law**). This approval cannot be considered as a judgment as to the opportunity or the quality of the transaction (the **Transaction**), nor on the situation of the Issuer.

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

Arranger

ABN AMRO

Managers

ABN AMRO

Delta Lloyd Securities N.V.

FORTIS BANK N.V./S.A.

IMPORTANT INFORMATION

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 or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus. Neither the Issuer nor any party have an obligation to update this Prospectus, except when required in accordance with applicable law.

No one is authorised by the Seller, the Issuer, the Arranger or any of the Managers to give any information or to make any representation concerning the issue, offering and sale of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations and, if given or made, such information or representation must not be relied upon as having been authorised by the Seller, the Issuer, the Arranger or any of the Managers.

This Prospectus is to be read and construed in conjunction with the articles of association of the Issuer which are incorporated herein by reference (see *Documents Incorporated by Reference* below).

The Managers will subscribe or will procure the subscription of the Notes on the Closing Date on the terms set out in the Subscription Agreement. See *Purchase and Sale* below. The minimum investment required per investor acting for its own account is EUR 250,000.

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. This Prospectus is published exclusively for the purpose of the admission to trading of the Notes on Euronext Brussels. This Prospectus has been approved by the Banking, Finance and Insurance Commission (CBFA) on 3 October 2006 pursuant to Article 23 of the Prospectus Implementation Law. This approval cannot be considered as a judgment as to the opportunity or the quality of the Transaction, nor on the situation of the Issuer.

The distribution of this Prospectus 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.

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 subscribe for or to purchase any Notes and neither this Prospectus nor any part hereof may be used for or in connection with an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any person who is not an Eligible Holder or to whom it is unlawful to make such offer or solicitation.

The information contained in this Prospectus was obtained from the Issuer and other sources, but no assurance can be given by the Arranger or any of the Managers as to the accuracy or completeness of such information. Subject to the responsibility statements below, none of the Seller, the Issuer Administrator, the Security Agent, the Arranger or any of the Managers makes any representation, express or implied, or accepts responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus.

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. In making an investment decision, investors must rely on their own examination of the terms of this offering and the Notes and the risks and rewards involved. The content of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisors prior to making a decision to invest in the Notes.

The Notes will be solely the obligations of Compartment N° 1 of the Issuer and will not be obligations or responsibilities of, and will not be guaranteed by, any other entity or person. In particular, the Notes

will not be obligations or responsibilities of, and will not be guaranteed by, any of the parties to the Transaction Documents, other than the Issuer. Furthermore, none of such persons or entities or any other person in whatever capacity acting (i) has assumed or will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes, or (ii) is or will be under any obligation whatsoever to provide additional funds to the Issuer (except for the limited circumstances described in this Prospectus).

The Notes may only be acquired, by direct subscription, by transfer or otherwise and may only be held by holders (**Eligible Holders**) who qualify both as (i) an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, acting for their own account, and (ii) a holder of an exempt securities account (X-account) with the Clearing System operated by the National Bank of Belgium or with a participant in such system.

Any acquisition of a Note by or transfer of a Note to a person who is not an Eligible Holder shall be void and not binding on the Issuer and the Security Agent. If a Noteholder ceases to be an Eligible Holder, it is obliged to report this to the Issuer and it will promptly transfer the Notes it holds to a person that qualifies as an Eligible Holder.

Each payment of interest on Notes of which the Issuer becomes aware that they are held by a holder that does not qualify as an Eligible Holder will be suspended.

The Notes have not been approved or disapproved by the United States 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 or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

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 US tax law requirements. The Notes may not be offered, sold or delivered within the United States or to United States persons as defined in Regulation S under the Securities Act, except in certain transactions permitted by US tax regulations and the Securities Act (see *Purchase and Sale* below).

In connection with the issue of the Notes, ABN AMRO Bank N.V., London Branch (as the **Stabilising Manager**, or any duly appointed person acting for the Stabilising Manager) may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount 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 thirty (30) calendar days after the issue date of the Notes and sixty (60) calendar 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.

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meaning as set out in this Prospectus. An index of defined terms, including those which are not defined in the Conditions, starts on page 221.

All references in this Prospectus to **EUR, €, Euro** 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).

Where relevant, a reference to the Issuer must be construed as a reference to Compartment N° 1 of the Issuer. All obligations of the Issuer to the Noteholders and the other Secured Parties have been allocated to Compartment N° 1 of the Issuer and the Noteholders and the other Secured Parties only have recourse to the assets of Compartment N° 1.

RESPONSIBILITY STATEMENTS

The Issuer is responsible for the information contained in this Prospectus. 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 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 has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, does not omit anything which would render the reproduced information inaccurate or misleading. The Issuer accepts responsibility accordingly. The registered office of the Issuer is located at Terkamerenlaan 74, 1000 Brussels.

The Seller is also responsible for the information contained in the following sections of this Prospectus: *the Belgian Residential Mortgage Market, Delta Lloyd Bank, Description of the Mortgage Loans and Mortgage Loan Underwriting and Mortgage Services*. 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, does not omit anything which would render the reproduced information inaccurate or misleading. The Seller accepts responsibility accordingly. The registered office of the Seller is located at Sterrenkundelaan 23, 1210 Brussels.

Furthermore, also the Sub MPT Provider is responsible for the information contained in the section *Related Party Transactions - Sub MPT Provider*. 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 this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Sub MPT Provider accepts responsibility accordingly. The registered office of the Sub MPT Provider is located at Kanselarijstraat 17A, 1000 Brussels.

Furthermore, also the Security Agent is responsible for the information contained in the section *The Security Agent* and in the section *Related Party Transactions – The Security Agent*. 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 this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Security Agent accepts responsibility accordingly. The registered office of the Security Agent is located at Louizalaan 240, 1050 Brussels.

Furthermore, also the Issuer Administrator is responsible for the information contained in the section *Issuer Administrator* and in the section *Related Party Transactions – The Issuer Administrator*. 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 this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer Administrator accepts responsibility accordingly. The registered office of the Issuer Administrator is located at Olympic Plaza 1HG, Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

Furthermore, also the Paying Agent, the Domiciliary Agent, the Listing Agent and the Reference Agent are responsible for the information contained in the section *Related Party Transactions - The Paying Agent – the Domiciliary Agent – the Listing Agent – the Reference Agent*. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Paying Agent, the Domiciliary Agent, the Listing Agent and the Reference Agent accept responsibility accordingly. The registered office of the Paying Agent, the Domiciliary Agent, the Listing Agent and the Reference Agent is located at Montagne du Parc 3, 1000 Brussels.

Furthermore, also the Floating Rate GIC Provider is responsible for the information contained in the section *Related Party Transactions - The Floating Rate GIC Provider*. 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 this paragraph is in accordance with the facts and does not omit anything likely to affect the import

of such information. The Floating Rate GIC Provider accepts responsibility accordingly. The registered office of the Floating Rate GIC Provider is located at Montagne du Parc 3, 1000 Brussels.

Furthermore, also the Swap Counterparty is responsible for the information contained in the section *Related Party Transactions - The Swap Counterparty*. 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 this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Swap Counterparty accepts responsibility accordingly. The registered office of the Swap Counterparty is located at Gustav Mahlerlaan 10, PO Box 283, 1000 EA Amsterdam. The Swap Counterparty acts through its London Branch located at 250 Bishopsgate EC2M-4AA, London.

Neither the Arranger, nor any of the Managers has independently verified the information contained herein. Accordingly, the Arranger and the Managers make no representation, warranty or undertaking, express or implied, or accept any responsibility or liability, with respect to the accuracy and completeness of any of the information in this Prospectus or part thereof or any other information provided by the Issuer in connection with the Notes. 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. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial conditions and affairs of the Issuer and should review, among other things, the most recent financial statements of the Issuer for the purposes of making its own appraisal of the creditworthiness of the Issuer and when deciding whether or not to purchase, hold or sell any Notes during the life of the Notes.

This Prospectus is a prospectus within the meaning of the Regulation (EC) 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. 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.

1. RISK FACTORS - THE ISSUER AND THE NOTES

1.1 Regulatory Framework

Belgian legislation provides for a specific legal framework designed to allow securitisation transactions, being the Securitisation Act and its implementing decrees.

An undertaking for collective investment in receivables (*instelling voor collectieve belegging in schuldvorderingen / organisme de placement collectif en créances*) may either take the form of:

- (a) a fund having no legal personality (*gemeenschappelijk fonds voor belegging in schuldvordering / fonds commun de placement en créances*); or
- (b) a company having legal existence (*vennootschap voor belegging in schuldvorderingen / société d'investissement en créances – VBS/SIC*). A VBS/SIC may either take the form of a *naamloze vennootschap / société anonyme or commanditaire vennootschap op aandelen / société en commandite par actions*.

The vehicle may either be public or institutional:

- (a) a public VBS/SIC (or public fund) has the following characteristics: funding must, at least partly, be obtained pursuant to a public offer as defined in the Securitisation Act; its operations are governed by the Securitisation Act and its implementing decrees, its articles of association and the Belgian Company Code; it is subject to the regulatory supervision of the CBFA; or
- (b) an institutional VBS/SIC (or institutional fund) has the following characteristics: funding must be provided at all times by specific types of institutional or professional investors within the meaning of Article 5, §3 of the Securitisation Act, acting for their own account (**Institutional Investors**) and the securities can only be assigned to such types of institutional or professional investors; its operations are governed by the Securitisation Act and its implementing decrees, its articles of association and the Belgian Company Code.

The law of 16 June 2006 on the public offering of investment instruments and the admission to trading of investment instruments on a regulated market (the **Prospectus Implementation Law**) entered into effect on 1 July 2006.

The Prospectus Implementation Law mainly purports to transpose the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (the **Prospectus Directive**) into Belgian law. The Prospectus Implementation Law contains two sections that are relevant for this transaction (the **Transaction**):

The first section relates to public offerings of investment instruments and the admission to trading of investment instruments on regulated markets: it transposes the Prospectus Directive for public offerings and admissions to trading of securities falling within the scope of the Prospectus Directive. For offerings and admissions to trading that do not fall within the scope of the Prospectus Directive,

the Prospectus Implementation Law provides for a similar prospectus regime as included in the Prospectus Directive (that will however not benefit from the Prospectus Directive regime).

The second section relates to collective investment undertakings and has modified the Securitisation Act in a number of respects. These modifications include, amongst others, the following:

- (a) The Prospectus Implementation Law defines “institutional or professional investors” for the purposes of Article 103 of the Securitisation Act.
- (b) The Prospectus Implementation Law also addresses the issue relating to the impact on the status of an institutional VBS/SIC of (i) an admission to trading of its securities on an organised market that is accessible to the public and (ii) the acquisition, outside the control of the issuer, of its securities by investors who are not institutional or professional investors. According to the Prospectus Implementation Law, these situations will not impact the status of an institutional VBS/SIC, if (i) the issuer has taken “adequate measures” to guarantee its investors’ capacity of institutional or professional investor and (ii) the issuer does not contribute to or promotes the holding of its shares or units by investors who are not institutional or professional investors. The Royal Decree of 15 September 2006 implementing certain provisions relating to undertakings for collective investment in receivables (the **Institutional Royal Decree**) specifies the conditions under which an institutional VBS/SIC is considered to have taken “adequate measures”. The Issuer has complied and has undertaken to comply with the conditions set out in the Institutional Royal Decree (see further *Risk Factors – The Issuer and the Notes – Institutional VBS/SIC*) in order to qualify and remain qualified as an institutional VBS/SIC.

1.2 Institutional VBS/SIC

The Issuer has been set up so as to have and to maintain the status of an institutional VBS/SIC. Under the Securitisation Act, the status as institutional VBS/SIC requires that the Notes only be acquired and held by Institutional Investors.

Following the changes introduced by the Prospectus Implementation Law, the Securitisation Act explicitly provides that the admission to trading of the Notes on an organised market that is accessible to the public, such as *e.g.*, Euronext Brussels or the acquisition, outside the control of the Issuer, of Notes by investors who are not Institutional Investors, will not impact on the status as an institutional VBS/SIC if the Issuer has taken “adequate measures” to ensure the capacity of Institutional Investors of the holders of the Notes and does not contribute to or promote the holding of the Notes by investors other than Institutional Investors.

The measures taken by the Issuer are as follows:

- (a) The Conditions and the Articles of Association of the Issuer, and any document relating to the issuance of, subscription to or the acquisition of the Notes and the shares issued by the Issuer, will determine that the Notes and the shares may only be acquired by Institutional Investors;
- (b) The Issuer’s shareholder register and any certificate evidencing the recording of the inscription of the registered shares in the Issuer’s shareholder register specify that the shares issued by the Issuer may only be subscribed to, acquired or held by Institutional Investors;
- (c) The Notes in bearer form (including the Permanent Global Notes) will mention that the Notes may only be subscribed to, acquired or held by Eligible Holders;
- (d) Any notice, communication or other document relating to a transaction in the Notes or the admission to trading of the Notes on Euronext Brussels, or any notice, communication or other document announcing or recommending such transaction, and originating from the Issuer or any person acting in its name or for its account, will determine that the Notes may only be subscribed to, acquired and held by Eligible Holders;

- (e) This Prospectus specifies that the Notes may only be subscribed to, acquired and held by Eligible Holders;
- (f) Upon issuance of the Notes, the denomination of the Notes is EUR 250,000;
- (g) If registered shares issued by the Issuer are acquired by a holder that does not qualify as an Institutional Investor, the Issuer will refuse to register such transfer in its share register;
- (h) Each payment of interest on Notes of which the Issuer becomes aware that they are held by a holder that does not qualify as an Eligible Holder will be suspended;
- (i) Each payment of dividends in relation to shares issued by the Issuer of which the Issuer becomes aware that they are held by a holder that does not qualify as an Institutional Investor will be suspended;
- (j) The mechanism organised by (g), (h) and (i) is mentioned in the Conditions, the Articles of Association and in this Prospectus and in any documents relating to, announcing or recommending a transaction on the Notes or the admission to trading of the Notes on Eurolist by Euronext Brussels.

By implementing these measures, the Issuer has complied with the conditions set out in the Institutional Royal Decree. Without prejudice to the obligation of the Issuer not to contribute or to promote the holding of the Notes by investors other than Institutional Investors, the measures guarantee to the Issuer, provided that it complies with these measures, that its status as Institutional VBS/SIC will not be challenged as a result of the admission to trading of the Notes on Eurolist by Euronext Brussels or if it would appear that Notes are held by investors other than Institutional Investors. The Issuer has undertaken in the Transaction Documents to comply at all times with the requirements set out in the Institutional Royal Decree in order to qualify and remain qualified as an institutional VBS/SIC.

1.3 Liability under the Notes

The Notes will be solely the obligations of the Issuer and will not be obligations or responsibilities of, and will not be guaranteed by, any other entity or person. In particular, the Notes will not be obligations or responsibilities of, and will not be guaranteed by, any of the parties to the Transaction Documents, other than the Issuer. Furthermore, none of such persons or entities or any other person in whatever capacity acting:

- (a) has assumed or will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes, or
- (b) is or will be under any obligation whatsoever to provide additional funds to the Issuer (except in the limited circumstances described herein).

1.4 Compartments – Limited Recourse Nature of the Notes

The Issuer has been established to issue notes from time to time, including the Notes. The Notes are issued by the Issuer, acting through its Compartment N° 1.

Article 26 § 4 of the Securitisation Act, which applies to an institutional VBS/SIC pursuant to Article 106 § 1 of the Securitisation Act, expressly provides that:

- (a) the rights of the shareholders and the creditors, which have arisen in respect of a particular compartment or in relation to the creation, operation or liquidation of such compartment, only have recourse to the assets of such compartment. Similarly, the creditors in relation to liabilities allocated or relating to other compartments of the same VBS/SIC only have recourse against the assets of the compartment to which their rights or claims have been allocated or relate;

- (b) in case of the dissolution and liquidation (*ontbinding en vereffening / dissolution et liquidation*) of a compartment the rules on the dissolution and liquidation of companies must be applied *mutatis mutandis*. Each compartment must be liquidated separately and such liquidation does not entail the liquidation of any other compartment. Only the liquidation of the last compartment will entail the liquidation of the VBS/SIC; and
- (c) the Belgian law rules on insolvency proceedings (judicial composition) (*gerechtelijk akkoord / concordat judiciaire*) and bankruptcy (*faillissement / faillite*) are to be applied separately for each compartment and a judicial composition or bankruptcy of a compartment does not as a matter of law entail the judicial composition or the bankruptcy to the other compartments or of the VBS/SIC.

All obligations of the Issuer to the Noteholders and the other Secured Parties have been allocated to Compartment N° 1 of the Issuer and the Noteholders and the other Secured Parties only have recourse to the assets of Compartment N° 1.

Article 26 § 2 of the Securitisation Act provides that the articles of association of the VBS/SIC determine the allocation of costs to the VBS/SIC and each compartment.

However, when no clear allocation of liabilities (including costs and expenses) to compartments of the Issuer has been made in a particular contract entered into by the VBS/SIC, it is unclear under Belgian law whether in such case the relevant creditor would have recourse to all compartments of the Issuer. A similar uncertainty exists in relation to creditors whose claims are not based on a contractual relationship (e.g. social security authorities or creditors with claims in tort) and cannot be clearly allocated to a particular compartment. We are not aware of any case law in this respect. However, the parliamentary works to the predecessor of the Securitisation Act (whose provisions have been incorporated in the Securitisation Act) and legal writers suggest that, in the absence of clear allocation, the relevant creditor may claim against all compartments and the investors of these compartments would only have a liability claim against the directors of the VBS/SIC. Consequently and from that perspective, the liabilities of one compartment of the Issuer may affect the liabilities of its other compartments.

In this respect, the Articles of Association of the Issuer provide that the costs and expenses which cannot be allocated to a compartment, will be allocated to all compartments *pro rata* the outstanding balance of the receivables of each compartment.

All obligations of the Issuer to the Noteholders and the other Secured Parties are limited in recourse and the Noteholders and the other Secured Parties will have a right of recourse only in respect of the Pledged Assets (belonging to Compartment N° 1) and will not have any claim, by operation of law or otherwise, against, or recourse to any of the Issuer's other assets or its issued and paid up capital.

Furthermore, all sums payable to each Secured Party in respect of the Issuer's obligations to such Secured Party shall be limited to the lesser of:

- (i) the aggregate amount of all sums due and payable to such Secured Party; and
- (ii) the aggregate amounts received, realised or otherwise recovered by the Security Agent in respect of the Mortgage Receivables and any other amounts to which the Issuer is entitled pursuant to the Transaction Documents, subject to the payment of amounts ranking in priority to payment of amounts due in respect of the Notes. See further *Credit Structure*.

If there are insufficient funds available to the Issuer to pay in full all principal, interest and other amounts in respect of the Notes at their maturity date in accordance with the Conditions, the Noteholders will have no further claim against the Issuer in respect of any such unpaid amount and such unpaid amount shall be discharged in full. No recourse may be made for any amount due in respect of any Notes or any other obligations of the Issuer against any officer, member, director, employee, shareholder, security holder or incorporator of the Issuer or their respective successors or assigns.

The Liquidity Facility will only be available to meet certain shortfalls on the interest obligations of the Issuer and will not be available to make a payment in respect of principal under the Notes or any other amounts which may not be paid by a drawing under the Liquidity Facility. See further *Credit Structure*.

1.5 Risks inherent to the Notes

(a) Credit Risk

There is a risk of non-payment of principal and/or interest on the Notes due to non-payment of principal and/or interest on the Mortgage Receivables. 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 balances standing to the credit of the Transaction Accounts. See further *Credit Structure*. In addition, the Issuer will have available to it the balances standing to the credit of the Reserve Account and the amounts available to be drawn under the Liquidity Facility for certain of its interest obligations.

The credit risk is mitigated (a) in respect of the Senior Class A Notes, by the subordinated ranking of each of the other Classes of Notes; (b) in respect of the Mezzanine Class B Notes, by the subordinated ranking of the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes, the Subordinated Class F Notes and the Subordinated Class G Notes; (c) in respect of the Mezzanine Class C Notes, by the subordinated ranking of the Junior Class D Notes, the Junior Class E Notes, the Subordinated Class F Notes and the Subordinated Class G Notes; (d) in respect of the Junior Class D Notes, by the subordinated ranking of the Junior Class E Notes, the Subordinated Class F Notes and the Subordinated Class G Notes; (e) in respect of the Junior Class E Notes by the subordinated ranking of the Subordinated Class F Notes and the Subordinated Class G Notes; and (f) in respect of the Subordinated Class F Notes, by the subordinated ranking of the Subordinated Class G Notes.

If, upon default by the Borrowers and after exercise by the MPT Provider of all available remedies in respect of the applicable Mortgage Receivables, 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 Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

The risk regarding the payments on the Mortgage Receivables are influenced by, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables.

(b) Prepayment Risk

The maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal (including full and partial prepayments, the occurrence of an Amortisation Event, the sale of the Mortgage Receivables by the Issuer, Net Proceeds upon enforcement of a Mortgage Receivable and repurchase by the Seller of Mortgage Receivables, including as a result of the exercise by the Seller of its Regulatory Call Option) under the Mortgage Receivables. The average maturity of the Notes may be affected by a higher or lower than anticipated rate of prepayments on the Mortgage Receivables.

The rate of prepayment of Mortgage Receivables is influenced by a wide variety of economic, social and other factors, including prevailing market, interest rates, changes in tax law (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's behaviour (including, but not limited

to, home owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Receivables may experience, and variation in the rate of prepayments of principal on the Mortgage Receivables may affect each Class of Notes differently. The estimated average life of the Notes must be viewed with considerable caution and Noteholders should make their own assessment thereof.

In accordance with Article 26 § 1 of the Mortgage Credit Act, a Borrower may at any time prepay the entire outstanding amount of a Mortgage Loan governed by the Mortgage Credit Act. In addition, partial prepayments are allowed at any time unless the loan documentation contains restrictions in this respect. The loan documentation may however not exclude:

- (i) a prepayment once a year; and
- (ii) a prepayment at any time in an amount of 10% or more of principal.

In the case of a Mortgage Loan which is subject to the Mortgage Credit Act, a prepayment penalty in an amount of up to three months interest on the prepaid amount may be charged. No prepayment penalty is due in the event of death of the Borrower to the extent that the prepayment occurs with funds paid pursuant to a life insurance policy relating to the Mortgage Loan.

For Mortgage Loans governed by Royal Decree 225, the Borrower may, according to Article 25 of Royal Decree 225, at any time prepay fully or partially the outstanding amount of the Mortgage Loan, unless it has been otherwise agreed in the loan documentation. A prepayment penalty in an amount of up to six months interest or, in case of a life insurance contract or capitalisation contract attached to the Mortgage Loan, in an amount of up to three months interest may be charged.

(c) Liquidity Risk

There is a risk of temporary liquidity problems if interest on the Mortgage Receivables is not received on time or is not received at all. This risk is mitigated by the Liquidity Facility. The initial Liquidity Facility will expire 364 calendar days from and including the Closing Date, although it is extendable for successive periods of up to 364 calendar days. The Liquidity Facility Provider is not obliged to extend or renew the Liquidity Facility, but if it does not do so, on request, then the Issuer will, subject to certain terms, be required to make a Liquidity Stand-by Drawing and place the proceeds on the Issuer Collection Account.

(d) Maturity Risk

There is a risk that the Issuer will not have received sufficient principal to fully redeem the Notes at their Final Maturity Date. The ability of the Issuer to redeem all the Notes 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. In addition, no guarantee can be given that the Issuer will exercise its option to redeem the Notes (other than the Subordinated Class G Notes) on the first or any subsequent Optional Redemption Date or that there will be a purchaser for the Mortgage Receivables.

(e) Optional Redemption

Due to the increase of the margin payable in respect of the floating rate of interest on the Notes from the first Optional Redemption Date, the Issuer might have an economic incentive to exercise its right to redeem the Notes (other than the Subordinated Class G Notes) on the first Optional Redemption Date or on any subsequent Optional Redemption Date. However, no guarantee can be given that the Issuer will exercise such right. The exercise of such right will, among other things, depend on the ability of the Issuer to have sufficient funds available to

redeem the Notes, for example, through the sale of the Mortgage Receivables still outstanding at that time.

(f) Interest Rate Risk

The amount of revenue receipts that the Issuer receives will fluctuate according to the interest rates applicable to the Mortgage Loans. The Issuer will be subject to floating rate of interest obligations under the Notes while the majority of the Mortgage Loans are subject to a fixed rate of interest, subject to a reset.

To hedge the Issuer's exposure against the possible variance between the revenue it receives from the Mortgage Loans subject to a fixed rate of interest and the interest it pays under the Notes, the Issuer will on the Closing Date enter into the Swap Agreement with the Swap Counterparty.

A failure by the Swap Counterparty to make timely payments of amounts due under the Swap Agreement will constitute a default thereunder. The Swap Counterparty is obliged to make payments under the Swap Agreement only to the extent that the Issuer makes payments under it. To the extent that the Swap Counterparty defaults in its obligations under the Swap Agreement to make payment to the Issuer on any payment date under the Swap Agreement, the Issuer will be exposed to the possible variance between the fixed interest payable under the Mortgage Receivables and the floating rate of interest obligations under the Notes.

To the extent that the Swap Counterparty defaults in its obligations under the Swap Agreement to make payment to the Issuer on any payment date under the Swap Agreement, or the Swap Agreement is terminated, and unless a comparable replacement swap agreement is entered into, the Issuer may have insufficient funds to make payments due under the Notes. In addition, if the Swap Agreement terminates, the Issuer may in certain circumstances be required to make a termination payment to the Swap Counterparty. Any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders.

The Swap Agreement will be terminable by one party if (i) an event of default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served or (iv) the Issuer redeems the Notes in full or has no further obligation to pay principal thereunder. Events of default in relation to the Issuer in the Swap Agreement will be limited to (i) non-payment under the Swap Agreement, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligations under the Swap Agreement and (iii) insolvency events.

The Swap Agreement can also be terminated by the Issuer in certain circumstances if the Swap Counterparty is downgraded (see *Credit Structure – Downgrade of Swap Counterparty*).

(g) Liquidity of the Notes

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

1.6 Revolving structure

(a) Interest

Prior to the delivery of an Enforcement Notice by the Security Agent, the Notes Interest Available Amount will be applied in accordance with the Interest Priority of Payments. See *Credit Structure*.

(b) Principal

Prior to the delivery of an Enforcement Notice by the Security Agent, the Notes Redemption Available Amount will be applied in accordance with the Principal Priority of Payments. See *Credit Structure*.

However, to the extent offered by the Seller, the Issuer will during the Revolving Period purchase on each Purchase Date New Mortgage Receivables by applying the Purchase Available Amount. Upon the occurrence of an Amortisation Event, the Issuer will no longer purchase New Mortgage Receivables, but will instead use the Notes Redemption Available Amount to redeem the Notes. As long as no Amortisation Event has occurred, the amounts which would form part of the Notes Redemption Available Amount, are part of the Purchase Available Amount.

1.7 Reliance on Third Parties

Counterparties to the Issuer may not perform their obligations under the Transaction Documents or may terminate such Transaction Documents in accordance with their terms, which may result in the Issuer not being able to meet its obligations. It should be noted that there is a risk that (a) ABN AMRO in its capacity as Swap Counterparty and Liquidity Facility Provider will not perform its obligations vis-à-vis the Issuer, (b) Fortis Bank N.V./S.A. as Floating Rate GIC Provider, Paying Agent, Domiciliary Agent, Listing Agent and Reference Agent will not perform its obligations vis-à-vis the Issuer, (c) Delta Lloyd Bank in its capacity as Seller and Subordinated Loan Provider will not meet its obligations vis-à-vis the Issuer, (d) Delta Lloyd Bank in its capacity as MPT Provider will not meet its obligations vis-à-vis the Issuer, (e) Stater Belgium N.V. in its capacity as Sub-MPT Provider will not meet its obligations vis-à-vis the MPT Provider, (f) ATC Financial Services B.V. as Issuer Administrator will not perform its obligations under the Issuer Services Agreement, and (g) the Directors will not perform their obligations under the relevant Issuer Management Agreements.

Neither the Issuer nor the Paying Agent will have any responsibility for the proper performance by the Clearing System or the Clearing System Participants of their obligations under their respective rules, operating procedures and calculation methods.

1.8 Force Majeure

Belgian law recognises the doctrine of *overmacht / force majeure*, permitting a party to a contractual obligation to be freed from such obligation upon the occurrence of an event which renders impossible the performance of such contractual obligation. There can be no assurance that any of the parties to the Transaction Documents will not be subject to a *overmacht / force majeure* event leading to them being freed from their obligations under the Transaction Documents to which it is a party. This could undermine the ability of the Issuer to meet its obligations under the Notes.

1.9 Risks of Losses Associated with Declining Values of Mortgaged Assets – Foreclosure by Third Parties

The security for the Notes created under the Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets 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 such security is required to be enforced.

In addition, if foreclosure action is taken by a third party creditor against the Borrower prior to the MPT Provider, the MPT Provider will not control the foreclosure procedures in relation to the Mortgaged Assets but rather will need to follow the foreclosure actions of the third party having been prior in starting up its proceedings. This will not affect the priority rights in relation to the Mortgaged Assets with respect to the Mortgages created thereon.

1.10 Subordination of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes, the Subordinated Class F Notes and the Subordinated Class G Notes

To the extent set forth in Condition 4.10, (a) the Mezzanine Class B Notes are subordinated in right of payment to the Senior Class A Notes, (b) the Mezzanine Class C Notes are subordinated in right of payment to the Senior Class A Notes and the Mezzanine Class B Notes, (c) the Junior Class D Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (d) the Junior Class E Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, (e) the Subordinated Class F Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes and (f) the Subordinated Class G Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F 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 other Class of Notes. See *Credit Structure*.

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 Principal Amount Outstanding 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 4.10. On any Quarterly Payment Date, any such losses on the Mortgage Loans will be allocated as described in *Credit Structure* below.

1.11 Parallel Debt

Under Belgian law no 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 Security Interests in favour of the Security Agent, 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 Agent amounts equal to the amounts due by it to the Secured Parties.

In addition, the Security Agent has been (i) designated as representative (*vertegenwoordiger / représentant*) of the Noteholders in accordance with Article 27 and Article 106 of the Securitisation Act and (ii) as irrevocable agent (*mandataris / mandataire*) of the other Secured Parties. In each case, its powers include the acceptance of the pledges created under the Pledge Agreement and the enforcement of the rights of the Secured Parties.

Based on the above and even though there is no Belgian statutory law or case law in respect of parallel debt or Article 27 and 106 of the Securitisation Act to confirm this, the Issuer has been advised that such a parallel debt creates a claim of the Security Agent thereunder which can be validly secured by a pledge such as the pledge created by the Pledge Agreement and that, even if that were not the case, the pledges created pursuant to the Pledge Agreement should be valid and enforceable in favour of the Security Agent and the other Secured Parties).

1.12 Enforcement of Security Interests

The Pledge Agreement is governed by Belgian law. Under Belgian law, upon enforcement of the security for the Notes, the Security Agent, in its capacity as pledgee and acting on its own behalf and on behalf of the other Secured Parties, will be permitted to collect any moneys payable in respect of the Mortgage Receivables, any moneys payable under the Transaction Documents pledged to it and any moneys standing to the credit of the Transaction Accounts and to apply such moneys in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement.

The Security Agent will also be permitted to apply to the president of the commercial court (*rechtbank van koophandel / tribunal de commerce*) for authorisation to sell the Pledged Assets. The Security Agent and the other Secured Parties have a first ranking claim over the proceeds of any such sale. Other than claims under the Mortgage Receivables Purchase Agreement in relation to a material breach of a warranty and a right of action for damages in relation to a breach of the Issuer Services Agreement, the Issuer and the Security Agent will have no recourse to the Seller.

In addition to other methods of enforcement permitted by law, Article 27 § 2 of the Securitisation Act also permits all Noteholders (acting together) to request the president of the commercial court to attribute to them the Pledged Assets in payment of an amount estimated by an expert. In accordance with the terms of the Common Representative Appointment Agreement, only the Security Agent shall be permitted to exercise these rights.

Any proceeds from any sale of the Pledged Assets will be applied in accordance with the Priority of Payments upon Enforcement. See further *Credit Structure*.

The ability of the Issuer to redeem all the Notes in full (including after the occurrence of an event of default in relation to the Notes) while any of the Mortgage Receivables are still outstanding, may depend upon whether the Mortgage Receivables can be sold, otherwise realised or refinanced so as to obtain an amount sufficient to redeem the Notes. There is not an active and liquid secondary market for residential mortgage loans in Belgium. Therefore, it may be that neither the Issuer nor the Security Agent will be able to sell or refinance the Mortgage Receivables on appropriate terms should either of them be required to do so.

Enforcement of the Security Interests in relation to the Related Security relating to the Mortgage Receivables will occur through the enforcement of the Security Interests over the Mortgage Receivables.

The enforcement rights of creditors are suspended during bankruptcy proceedings. Secured Parties will be entitled to enforce their security, but only after the filing of the first report of verification of claims submitted in the bankrupt estate has been completed and the liquidator (*curator/curateur*) and the supervising judge have drawn up a record of all liabilities. This normally implies a suspension of enforcement of about two months, but the liquidator may ask the court to suspend individual enforcement for a maximum period of one year from the date of the bankruptcy judgement. There should, however, pursuant to the Collateral Law, be no suspension of enforcement in relation to the pledge over the balances standing to the credit of the Transaction Accounts.

1.13 Insolvency of the Issuer

The Issuer has been incorporated in Belgium under the laws of Belgium as a commercial company and is subject to Belgian insolvency legislation. There can be no legal assurance that the Issuer or any of its Compartments will not be declared insolvent.

However, limitations on the corporate purpose of the Issuer are included in the Articles of Association, so that its activities are limited to the issue of negotiable financial instruments for the purpose of acquiring receivables. Outside the framework of the activities mentioned above, the Issuer is not allowed to hold any assets, enter into any agreements or carry out any other activities. The Issuer may carry out the commercial and financial transactions and may grant security to secure its own obligations or to secure obligations under the Notes or the other Transaction Documents, to the extent

only that they are necessary to realise the corporate purposes as described above. The Issuer is not allowed to have employees.

Pursuant to the Common Representative Appointment Agreement, none of Secured Parties, including the Security Agent, (or any person acting on their behalf) shall until the date falling one year after the latest maturing Note is paid in full, initiate or join any person in initiating any Bankruptcy Event or the appointment of any Bankruptcy Official in relation to the Issuer or any of its Compartments

1.14 Limited capitalisation of the Issuer

The Issuer is incorporated under Belgian law as a limited liability company (*naamloze vennootschap / société anonyme*) with a share capital of EUR 61,500, being the minimum legal share capital. In addition, the shareholder is a Dutch limited liability company (*besloten vennootschap*) which has been capitalised for the purpose of its shareholding in the Issuer. There is no assurance that the shareholder will be in a position to recapitalise the Issuer, if the Issuer's share capital falls below the minimum legal share capital.

1.15 Preferred Creditors

Belgian law provides that certain preferred rights (*voorrechten / privilèges*) may rank ahead of a mortgage or other security interest. These liens include the lien for legal costs incurred in the interest of all creditors, or the lien for the maintenance or conservation of an asset.

In addition, if a debtor is declared bankrupt while or after being subject to a composition with creditors (*gerechtelijk akkoord/ concordat judiciaire*), then any new debts incurred during the composition procedure may be regarded as being debts incurred by the bankrupt estate ranking ahead of debts incurred prior to the composition procedure. These debts may rank ahead of debts secured by a security interest. Similarly, debts incurred by the liquidator of a debtor after such debtor's declaration of bankruptcy may rank ahead of debts secured by a security interest if such debts were beneficial to the secured creditors.

In addition, pursuant to the Conditions, the claims of certain creditors will rank senior to the claims of the Noteholders by virtue of the relevant priority of payment referred to therein. See further *Credit Structure*.

1.16 Ratings of the Notes

The rating of each of the Notes addresses the assessment made by the Rating Agencies 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 Swap Counterparty or the Liquidity Facility Provider) in the future so require.

1.17 No Gross-up for Taxes

As provided in Condition 4.8, if withholding of, or deduction for, or an account of any present or future taxes, duties or charges of whatsoever nature are imposed by or on behalf of the Kingdom of Belgium or any other jurisdiction or any political subdivision or any authority therein or thereof having power to tax, the Issuer, the Clearing System Operator or the Paying Agent (as applicable) will make the required withholding or deduction of such taxes, duties 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.

2. RISK FACTORS - MORTGAGE LOANS

2.1 Transfer of Legal Title to Mortgage Receivables

(a) General

Pursuant to the Mortgage Receivables Purchase Agreement, the Seller will agree to transfer to the Issuer the related economic benefit of, and the legal title to, the Mortgage Receivables and all Related Security. The sale of the Mortgage Receivables will be a true sale to the effect that, upon an insolvency or bankruptcy of the Seller, the Mortgage Receivables will not form part of the Seller's insolvent estate or be subject to the claims by the Seller's liquidator or creditors.

The sale will have the following characteristics:

- (i) the Issuer will have no recourse to the Seller except in case of a breach of the representations and warranties given in the Mortgage Receivables Purchase Agreement;
- (ii) the sale will be for the Outstanding Principal Amount under the Mortgage Receivables;
- (iii) the Seller may be required to repurchase Mortgage Receivables in relation to which there is a breach of warranty at the time of the transfer of the Mortgage Receivable or upon a Non-Permitted Variation; and
- (iv) the Seller has in certain circumstances the right to repurchase Mortgages Receivables in relation to which the Issuer wishes to convert a Mortgage Mandate to create a mortgage in its favour.

See further *Mortgage Receivables Purchase Agreement*.

The enforceability of a transfer or pledge of mortgage receivables towards third parties, including the creditors of the Seller, is subject to article 5 of the Law of 16 December 1851, as amended on mortgages (the **Mortgage Law**) which prescribes a notary deed and marginal notation of the transfer or pledge in the local Mortgage Registrar. Articles 50 and following of the Mortgage Credit Act grant an exemption from article 5 of the Mortgage Law in relation to a transfer and pledge of mortgage receivables by or to a (public or institutional) VBS/SIC, so that a transfer or pledge of the Mortgage Receivables to or by a VBS/SIC is enforceable against third parties (*tegenwerpeijk aan derden/opposable aux tiers*) without marginal notation. See with respect to the status of the Issuer as institutional VBS/SIC the *Risk Factors* set forth under 1.1 above.

As to the applicable regime for the transfer of the legal title to the Mortgage Receivables, a distinction must be made between the Mortgage Receivables that are not incorporated in a negotiable instrument and those which are incorporated in a negotiable instrument (*grosse / grosse*).

- (b) Transfer of Legal Title to the Mortgage Receivables that are not incorporated in a negotiable instrument – no notification or acknowledgment of the sale and pledge

Article 1690 of the Belgian Civil Code will apply to the transfer of the Mortgage Receivables that are not incorporated in a negotiable instrument. Between the Seller and the Issuer, as well as against third parties (other than the Borrowers), the Mortgage Receivables are transferred on the Closing Date and on each relevant Purchase Date, without the need for the Borrowers' involvement.

The sale of the Mortgage Receivables to the Issuer (as well as the pledge of the Mortgage Receivables to the Noteholders and the other Secured Parties) will not be notified to or acknowledged by the Borrowers nor to the Insurance Companies or third party providers of additional collateral.

Until such notice to or acknowledgment by the Borrowers, the Insurance Companies and third party providers of collateral:

- (i) the liabilities of the Borrowers under the Mortgage Receivables (and the liabilities of the Insurance Companies or, as the case may be, the third party providers of additional collateral) will be validly discharged by payment to the Seller. The Seller, having transferred all rights, title, interest and the benefit in and to the Mortgage Receivables to the Issuer, will however, be the agent of the Issuer (for so long as it remains MPT Provider under the Issuer Services Agreement) for the purposes of the collection of moneys relating to the Mortgage Receivables and will be accountable to the Issuer accordingly.

The failure to give notice or obtain acknowledgment of the transfer also means that the Seller can agree with the Borrowers, the Insurance Companies or the other collateral providers to vary the terms and conditions of the Mortgage Loans, the Related Security or the Insurance Policies or the other collateral and that the Seller in such capacity may waive any rights under the Mortgage Loans and the Related Security. The Seller, as MPT Provider, will, however, undertake for the benefit of the Issuer that it will not vary, or waive any rights under any of the Mortgage Loans, the Related Security or the Insurance Policies other than in accordance with the relevant Mortgage Receivables Purchase Agreement and the Issuer Services Agreement.

- (ii) if the Seller were to transfer or pledge the same Mortgage Receivables, Insurance Policies or other collateral to a party other than the Issuer either before or after the Closing Date (or if the Issuer were to transfer or pledge the same to a party other than the Security Agent) the assignee who first notifies or obtains acknowledgment from the Borrowers or, as the case may be, the Insurance Companies or, as the case may be, the other collateral providers and acts in good faith would have the first claim to the relevant Mortgage Receivable, Insurance Policies or the additional collateral. The Seller will, however, represent to the Issuer and the Security Agent that it has not made any such transfer or pledge on or prior to the Closing Date, and it will undertake to the Issuer and the Security Agent that it will not make any such transfer or pledge after the Closing Date, and the Issuer will make a similar undertaking to the Security Agent;
- (iii) if the Borrowers, Insurance Companies or other collateral providers are required to make payments to creditors of the Seller, such payments will validly discharge their respective obligations under the Mortgage Receivables, the Insurance Policies or the additional collateral provided both the Borrowers or, as the case may be, the Insurance Companies or, as the case may be, the other collateral providers and such creditors act in good faith. However, the Seller will undertake:
 - (A) to notify the Issuer of any *bewaerd beslag / saisie conservatoire* or *uitvoerend beslag / saisie exécutoire* (attachment) by its creditors to any Mortgage Receivables, Insurance Policies or other collateral which may lead to such payments;
 - (B) not to give any instructions to the Borrowers, Insurance Companies or other collateral providers to make any such payments; and
 - (C) to indemnify the Issuer and the Security Agent against any reduction in the obligations to the Issuer of the Borrowers, Insurance Companies or other collateral providers due to payments to creditors of the Seller;
- (iv) Borrowers, Insurance Companies or other collateral providers may raise against the Issuer (or the Security Agent) all rights and defences, including rights of set-off, which existed against the Seller prior to notification of the transfer or pledge. Under the Mortgage Receivables Purchase Agreement, the Seller will warrant in relation to each

Mortgage Receivable and Related Security, that no such rights and defences have arisen in favour of the Borrower, Insurance Company or other collateral provider up to the Closing Date or, with respect to New Mortgage Receivables, up to the relevant Purchase Date. If a Borrower, Insurance Company or other collateral provider subsequently fails to pay in full any of the amounts which the Issuer is expecting to receive, claiming that such a right or defence has arisen in his favour against the Issuer, the Seller will indemnify the Issuer and the Security Agent against the amount by which the amounts due under the relevant Mortgage Receivable, Insurance Policy or other collateral are reduced (whether or not the Seller was aware of the circumstances giving rise to the Borrowers, Insurance Company's or other collateral provider's claim at the time it gave the warranty described above).

The Mortgage Receivables Purchase Agreement provides that upon the occurrence of a Notification Event (as set out in the Mortgage Receivables Purchase Agreement), the Seller shall, unless otherwise instructed by the Security Agent (provided that not giving notice as described below will have no adverse impact on the then current ratings assigned to the Notes), notify the relevant Borrowers and any other relevant parties indicated by the Issuer or the Security Agent, including Insurance Companies or other collateral providers, of the assignment of the Mortgage Receivables and the Related Security to the Issuer or, at its option, the Issuer will be entitled to make such notification itself or on behalf of the Seller. See further *Mortgage Receivables Purchase Agreement*. A similar principle is included in the Pledge Agreement with respect to the Security Interests over the Mortgage Receivables.

- (c) Transfer of Legal Title to the Mortgage Receivables that are incorporated in a negotiable instrument payable to order (*grosse aan order / grosse à ordre*)

Part of the Mortgage Receivables are incorporated in a negotiable instrument payable to order (*grosse aan order / grosse à ordre*). The majority of Belgian legal writers argue that if a receivable is incorporated in a negotiable instrument payable to order, the transfer of such receivable is subject to a specific regime. According to these legal writers, such receivable can only be transferred by endorsement of the instrument and no longer in accordance with Article 1690 of the Belgian Civil Code. Based on this majority view, the holders to whom the negotiable instrument has been endorsed will be considered to have legal title to the Mortgage Receivable that has been incorporated in such negotiable instrument.

Mortgage Receivables that are incorporated in a negotiable instrument payable to order (*grosse aan order / grosse à ordre*) will be transferred by endorsement of the negotiable instrument to the order of the Issuer. Endorsement of the negotiable instrument to the order of the Security Agent will also be required for the pledge of the Mortgage Receivables that are incorporated in a negotiable instrument payable to order (*grosse aan order / grosse à ordre*).

2.2 Construction Loans

A construction loan is a loan the proceeds of which are intended to be used by the Borrower to construct or to refurbish residential property. Typically, a construction loan is drawn down by the borrower in different drawings against submission of the invoices, depending on the further completion of the works.

The aggregate amount of the Construction Amounts as per the Cut-Off Date is euro 4,576,845.76. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to such aggregate Construction Amounts. On the Closing Date and on each Purchase Date, such amount will be deposited on the Construction Account. On the 22nd day of each month, or in case such day is not a Business Day, the next succeeding Business Day, the Issuer will release from the Construction Account such part of the Initial Purchase Price which equals the difference between (a) the balance standing to the credit of the Construction Account and (b) the aggregate Construction Amounts at the immediately preceding

Monthly Calculation Date and pay such amount to the Seller. After that payment, the balance standing to the Construction Account shall be equal to the remaining Construction Amounts.

2.3 Mortgages

Most of the Mortgage Receivables relate to loans that are secured by a mortgage which is used to also secure all other amounts which the Borrower owes or in the future may owe to the Seller, a so-called all sums mortgage (*alle sommen hypotheek / hypothèque pour toutes sommes*) (**All Sums Mortgage**).

Pursuant to article 51 *bis*, §2 of the Mortgage Credit Act a receivable secured by an All Sums Mortgage which is transferred to a VBS/SIC, such as the Issuer, shall rank in priority to any receivable which arises after the date of the transfer and which is also secured by the same All Sums Mortgage. Whereas the transferred receivable ranks in priority to further receivables, it will have equal ranking with receivables which existed at the time of the transfer and which were secured by the same All Sums Mortgage.

Other Mortgage Receivables relate to facilities which have the form of a revolving facility (*kredietopening / ouverture de crédit*). The mortgage that is granted as security for this type of loans is used to secure all advances (*voorschotten / avances*) made available under such revolving facility.

Pursuant to article 51 § 2 of the Mortgage Credit Act, advances granted under a revolving facility secured by a mortgage can be transferred to a VBS/SIC, such as the Issuer. The advance will benefit from the privileges and mortgages securing the revolving facility. The transferred advance will rank in priority to further advances that are granted after the date of transfer. However, a transferred advance will have equal ranking with other advances which existed at the time of the transfer and which were secured by the same mortgage.

The Mortgage Receivables Purchase Agreement subordinates all Seller Loans to the Mortgage Receivables in relation to all sums received out of the enforcement of the Mortgages that secure both such Seller Loans and the Mortgage Receivables. This subordination could be considered as a waiver of rank which, pursuant to Article 5 of the Mortgage Law, must be registered with the relevant Mortgage Registrar in order to be enforceable against third parties. The subordination provided for in the Mortgage Receivables Purchase Agreement will not be registered with the relevant Mortgage Registrar. As a consequence, the subordination of Existing Loans as contemplated in the Mortgage Receivables Purchase Agreement may not be enforceable against third parties.

2.4 Mortgage Mandates

Certain Mortgage Receivables are only partly secured by a Mortgage. Where a Mortgage Receivable is only partly secured by a Mortgage, the Borrower of the relevant Mortgage Receivable or a third party collateral provider has granted a Mortgage Mandate. A mortgage mandate does not constitute an actual security which creates a priority right of payment out of the proceeds of a sale of the Mortgaged Assets, but would first need to be converted into a mortgage. The Mortgage Mandate is an irrevocable power of attorney granted by a Borrower or a third party collateral provider to certain attorneys enabling them to create a mortgage as security for the Mortgage Loan, or, as the case may be, for other existing or future loans or all other sums owed by the Borrower to the Seller at any stage. A mortgage will only become enforceable against third parties upon registration of the mortgage at the Mortgage Registrar. The ranking of the mortgage is based on the date of registration. The registration is dated the day on which the mortgage deed pertaining to the creation of the mortgage and the “registration extracts” (*borderellen / bordereaux*) are registered at the Mortgage Registrar. When a Mortgage Mandate is transformed into a Mortgage, registration duties will be payable.

The following limitations, amongst others, exist in relation to the conversion of Mortgage Mandates:

- (a) the Borrower or the third party collateral provider that has granted a Mortgage Mandate, may grant a mortgage to a third party that will rank ahead of the Mortgage to be created pursuant to

the conversion of the Mortgage Mandate, although this would generally constitute a contractual breach of the Standard Loan Documentation;

- (b) if a conservatory or an executory seizure on the real property covered by the Mortgage Mandate has been made by a third party creditor of the Borrower or, as the case may be, of the third party collateral provider, a Mortgage registered pursuant to the exercise of the Mortgage Mandate after the writ of seizure has been recorded at the Mortgage Registry, will not be enforceable against the seizing creditor;
- (c) if the Borrower or the third party collateral provider is a merchant or commercial entity:
 - (i) the Mortgage Mandate can no longer be converted following the bankruptcy of the Borrower or, as the case may be, the third party collateral provider and any Mortgage registered at the Mortgage Registrar after the bankruptcy judgement is void; and
 - (ii) a Mortgage registered at the Mortgage Registrar pursuant to the exercise of a Mortgage Mandate during the pre-bankruptcy investigation period (i.e. after the date of cessation of payments that may be fixed by the court) for a pre-existing loan will not be enforceable against the bankrupt estate. Under certain circumstances, the clawback rules are not limited in time, for example where a Mortgage has been granted pursuant to a Mortgage Mandate and in order to “fraudulently prejudice” creditors; and
 - (iii) Mortgages registered after the day of cessation of payments of debt can be declared void by the bankruptcy court, if the registration was made more than fifteen days after the creation of the mortgage; and
 - (iv) the effect of a judicial composition (*gerechtelijk akkoord/concordat judiciaire*) of a Borrower or of a third party collateral provider on the Mortgage Mandate is uncertain.
- (d) if the Borrower or the third party collateral provider, as the case may be, is a private person and started collective debt settlement proceedings, a Mortgage registered at the Mortgage Registrar after the Judge has declared the request admissible, is not enforceable against the other creditors of the Borrower or of the third party collateral provider;
- (e) besides the possibility that the Borrower or the third party collateral provider may grant a Mortgage to another lender discussed above, the Mortgage to be created pursuant to a Mortgage Mandate may also come in rank after certain legal mortgages (such as e.g. the legal mortgage of the tax authorities) to the extent these mortgages are registered before the exercise of the Mortgage Mandate. In this respect, it should be noted that the notary will need to notify the tax administration before passing the mortgage deed pertaining to the creation of the mortgage.
- (f) if the Borrower or the third party collateral provider, as the case may be, is a private person, certain limitations apply to the conversion of the Mortgage Mandate into a Mortgage if the Borrower or third party collateral provider dies before the conversion; certain limitations also apply in case of a dissolution of the Borrower or third party collateral provider that is a legal person.

The Mortgage Receivables Purchase Agreement will provide that:

- (i) if the Mortgage Receivable to which a Mortgage Mandate relates is secured by a Mortgage for an aggregate secured amount of at least 100 per cent of the sum of (i) the Outstanding Principal Amount of the Mortgage Receivable and (ii) the outstanding principal amount of any Existing Loans that are secured in equal rank by such Mortgage, plus 10 per cent of such amount in accessories (*toebehoren / accessoires*) plus three years of interest, such Mortgage Mandate may be exercised in order to create a mortgage in favour of the Seller only; and
- (ii) if the Mortgage Receivable to which a Mortgage Mandate relates is secured by a Mortgage for an aggregate secured amount that is lower than 100 per cent of the sum of (i) the Outstanding

Principal Amount of the Mortgage Receivable and (ii) the outstanding principal amount of any Existing Loans that are secured in equal rank by such Mortgage, plus 10 per cent of such amount in accessories (*toebehoren / accessoires*) plus three years of interest, such Mortgage Mandate may only be exercised in order to create a Mortgage in favour of the Issuer.

However, if in this case the Issuer decides to exercise the Mortgage Mandate in order to create a Mortgage in its favour, the Seller will have the right to repurchase the relevant Mortgage Receivable, provided that the outstanding principal amount of Seller Loans granted by the Seller to the relevant Borrower exceeds five (5) per cent of the Outstanding Principal Amount of the relevant Mortgage Receivable. If the Seller does not exercise the option to repurchase the Mortgage Receivable, the relevant Mortgage Mandate may be exercised in order to create a Mortgage in favour of the Issuer for a maximum aggregate secured amount equal to 100 per cent of the sum of (x) the Outstanding Principal Amount of the Mortgage Receivable and (y) any Existing Loans that are secured in equal rank by the Mortgage that secures such Mortgage Receivable, plus 10 per cent of such amount in accessories (*toebehoren / accessoires*) plus three years of interest, *minus* the aggregate secured amount of any existing Mortgage securing the relevant Mortgage Receivable.

If a Mortgage Mandate is exercised in order to create a Mortgage in favour of the Issuer in accordance with and subject to the limitation set out in the preceding paragraph, such Mortgage Mandate may still be exercised to create a mortgage for any balance available under the Mortgage Mandate in favour of the Seller.

In addition, the Issuer Services Agreement will provide that if, as a result of changing market conditions or a changing market perception, mortgage mandates no longer offer sufficient security, the Seller starts to systematically convert mortgage mandates that have been granted in its favour into mortgages, the MPT Provider will convert all Mortgage Mandates to create additional Mortgages in favour of the Issuer, subject to the limitations set out above.

In that case, the Seller will only be entitled to exercise the repurchase option that is provided for upon exercise of a Mortgage Mandate in order to create a Mortgage in favour of the Issuer as set forth above, if the Seller establishes that three leading Belgian mortgage lenders, representing together at least 25% of the market share in Belgium pertaining to mortgage lending, are systematically converting mortgage mandates that have been granted in their favour into mortgages, as a result of changing market conditions or a changing market perception that mortgage mandates no longer offer sufficient security. The Seller will be deemed to have established these circumstances by submitting a confirmation to that effect by an independent third party with relevant experience, appointed in consultation between the Seller and the Issuer.

It is contemplated that the Security Agent will also be appointed as substitute attorney pursuant to a substitution deed, which will enable it to act as attorney under the Mortgage Mandates.

The representations and warranties of the Mortgage Receivables Purchase Agreement provide that:

- (A) Each attorney appointed under a Mortgage Mandate and as long as such attorney, if a legal person exists or, if a private person, is alive, has the power under the Mortgage Mandate to create a mortgage in favour of the Issuer; and
- (B) Each Mortgage Mandate permits the appointment of a substitute attorney under such Mortgage Mandate.

If it would appear in relation to a Mortgage Receivable that no attorney has or had the power to create a mortgage in favour of the Issuer (either because the relevant notaries consider that the relevant Mortgage Mandate does not permit such interpretation, or following a court decision invalidating the Mortgage for lack of power of attorney), this will trigger a repurchase obligation by the Seller in relation to this Mortgage Receivable.

2.5 Assignment of salary

The assignment of his salary by an employee is governed by special legislation (Articles 27 to 35 of the Belgian Act of 12 April 1965 on the protection of the salary of employees). In the absence of reported precedents, it is not absolutely certain to which extent the Seller can validly assign the benefit of such assignment to the Issuer.

Moreover:

- (a) the Borrower may have assigned his salary as security for debts other than the Mortgage Loans; the assignee who first starts actual enforcement of the assignment against the Borrower would have priority over the other assignees; and
- (b) there are arguments that a transfer of salary in a notarised deed still requires a bailiff notification to be enforceable against third parties.

2.6 Set-Off

The sale of the Mortgage Receivables to the Issuer and the granting of the Security Interests over the Mortgage Receivables to the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties will neither be notified to or acknowledged by the Borrowers nor to the Insurance Companies (except for Mercator Verzekeringen NV in respect of the Umbrella Hazard Insurance Policy) nor to third party providers of additional collateral, except in certain circumstances. Set-off rights can therefore continue to arise in respect of cross-claims between a Borrower (or the Insurance Company or third party provider of additional collateral) and the Seller, potentially reducing amounts receivable by the Issuer and the Secured Parties. The Seller will agree to indemnify the Issuer if a Borrower, Insurance Company or provider of additional collateral claims a right to set-off against the Issuer. The rights to payment of such indemnity will be pledged in favour of the Secured Parties.

As from the date on which the Borrower is notified of the transfer of the Mortgage Receivables, the Issuer will no longer be subject to rights of set-off which arise in relation to transactions between the Seller and a Borrower after such notice has been given (Article 1295 of the Belgian Civil Code).

Rights of set-off existing prior to such notice may be available to the Borrower in respect of its obligation to make repayment under the Mortgage Receivable. While such pre-existing rights of set-off continue to exist and the Borrower successfully claims such right of set-off, the amounts received by the Seller, in its capacity as MPT Provider, will be less than the scheduled amounts. Pursuant to the Mortgage Receivables Purchase Agreement, the Seller will undertake to indemnify the Issuer for any such shortfall. Similar rules and arrangements will apply *mutatis mutandis* to the relationships between the Seller and the Insurance Companies and other third party providers of additional collateral.

Recent case law of the Belgian Supreme Court (*Hof van Cassatie / Cour de Cassation*) suggests that even if the claims are closely connected (*verknochtheid / connexité*), no exception exists on the prohibition of set-off after notification to or acknowledgment by the Borrower of the transfer.

In case of insolvency of the Seller, the Borrower will only be able to invoke rights of set-off (i) in respect of claims that are closely connected (*verknochtheid / connexité*), or (ii) the rights of set-off accrued prior to the Seller's insolvency (i.e. to the extent that both claims were due and payable prior to the Seller's insolvency). Whether claims are closely connected is a factual matter which will be assessed by the court on a case by case basis. The rights of the Borrower to invoke set-off in case of insolvency of the Seller are subject to Article 1295 of the Belgian Civil Code.

2.7 Insurance Policies

(a) Life Insurance Policies

Article 22 § 4 of the Securitisation Act provides that, in case of assignment of a receivable to a public VBS/SIC, the assignment of all rights in the insurance policies which have been conferred to the originator as collateral for the assigned debt is governed by the general principles applying to all receivables (i.e. Article 1690, Belgian Civil Code). The specific formalities and approvals required by the insurance act of 25 June 1992 (the **Insurance Act**) need therefore not be complied with or be obtained for the assignment to the Issuer.

Because the exemption provided by article 22 §4 only expressly refers to an assignment of the receivables it could be argued that it does not apply to pledging of the receivables. If so, the creation of a pledge over the Insurance Policies in favour of the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties, would still require the compliance with the Insurance Act. The Issuer has also been advised that a view could be taken that if the exemption applies to a full transfer of the benefit it should certainly apply to the granting of a more limited interest therein, i.e. a pledge.

Article 104 of the Securitisation Act provides that Article 22 § 2 and § 3 of the Securitisation Act apply to an institutional VBS/SIC. As such, based on a literal reading of this article, Article 22 § 4 of the Securitisation Act would not apply to an institutional VBS/SIC. The Issuer has been informed that this is a mistake in cross reference and that this mistake will be rectified by publishing an erratum in the Belgian Official Gazette or by amending the Securitisation Act. In the meanwhile, there is some uncertainty as to whether Article 22, §4 of the Securitisation Act applies to the assignment of the Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement.

(b) Hazard Insurance Policies

The considerations set out in (a) above, also apply to the Hazard Insurance Policies. The Issuer as mortgagee enjoys statutory protection under Article 10 of the Mortgage Law and Article 58 of the Insurance Act pursuant to which any indemnity which third parties (including Insurance Companies) owe for the reason of the destruction of or damage to the mortgaged property will be allocated to the mortgagee-creditors to the extent these indemnities are not used for the reconstruction of the mortgaged property. In addition, the risk that a Mortgaged Asset is not sufficiently insured by a Hazard Insurance Policy is covered by means of the Umbrella Hazard Insurance Policy.

Article 58 §2 of the Insurance Act, however, provides that the Insurance Company can pay out the indemnity to the insured in case the holder of an unpublished/undisclosed security over the property does not oppose this by prior notification. As the transfer of the Mortgage Receivables to the Issuer will not be noted in the margin of the Mortgage Registrar, the question arises to what extent the lack of disclosure of the transfer could prejudice the Issuer's rights to the insurance proceeds. In the absence of any useful precedents, the Issuer has been advised that the non-disclosure of the assignment should not prejudice the Issuer's position because (i) the Mortgage will remain validly registered notwithstanding the transfer and (ii) the Issuer would be the transferee and successor of the Seller.

A notification issue also arises in connection with Article 66 §1 of the Insurance Act which provides that the Insurance Company cannot invoke any defences which derive from facts arising after the accident has occurred (for instance a late filing of a claim) against mortgagee-creditors the mortgages of whom *are known to* the insurance company.

Pursuant to Article 66 §2 of the Insurance Act:

- (i) the Insurance Company can invoke the suspension, reduction or termination of the insurance coverage only after having given the creditor one month prior notice; and
- (ii) if the suspension or termination of the insurance coverage is due to the non-payment of premiums, the Seller has the right to pay the premiums within the one month notice period and thus avoid the suspension or termination of the insurance coverage.

2.8 Data Protection

The transfer of Mortgage Receivables by the Seller to the Issuer in connection with the Transaction constitutes a processing of personal data under the Belgian Act of 10 December 1992 on the protection of privacy (the **Belgian Privacy Act**).

The Belgian Privacy Act permits the processing of personal data under several permissibility grounds, including (a) the prior consent of the data subject, (b) the necessity to process the personal data in order to execute an agreement to which a data subject is a party, and (c) the necessity to process the personal data for legitimate interests of the controller of the processing (insofar as these interests are not outweighed by the legitimate interests of the data subject). The Issuer has been advised that a view could be taken that the transfer of the Mortgage Receivables by the Seller to the Issuer is permitted under the latter two grounds, so that the prior consent of the Borrowers must not be obtained.

The transfer of the Mortgage Receivables by the Seller to the Issuer also constitutes a change of the original finality (*i.e.*, the original purpose as notified to the Borrowers) of the processing of the personal data. Therefore the Seller must inform the Borrowers of the amended finality resulting from the Transaction before the Closing Date. To this end, the Seller has included a notification clause on the bank statements or sent a separate letter (for existing Borrowers) and has amended the privacy clause in the Standard Loan Documentation (for new Borrowers).

Furthermore, the Seller must notify the Privacy Commission of the amended finality resulting from the Transaction before the Closing Date. It has therefore notified the Privacy Commission of the amended finality of the processing.

3. RISK FACTORS - PORTFOLIO INFORMATION

3.1 No Searches and Investigations

None of the Issuer, the Security Agent or the Issuer Administrator have made or caused to be made nor will any of them make or cause to be made, any enquiries, investigations or searches to verify the details of the Mortgage Receivables or the Related Security, or to establish the creditworthiness of any Borrower, or any other enquiries, investigations or searches which a prudent purchaser of the Mortgage Receivables would ordinarily make, and each will rely instead on the representations and warranties given by the Seller in the Mortgage Receivables Purchase Agreement. These representations and warranties will be given in relation to the Mortgage Receivables and all rights related thereto.

If there is an unremedied material breach of any representation and warranty in relation to any Mortgage Receivable and Related Security relating thereto, the Issuer will have the right (exercisable at the direction of the Issuer Administrator or the Security Agent) to require the Seller to repurchase such Mortgage Receivables and the Related Security, for an aggregate amount equal to the then Outstanding Principal Amount of the repurchased Mortgage Receivable plus accrued interest thereon and costs up to (but excluding) the date of completion of the repurchase. The Issuer, the Security Agent and the Issuer Administrator will have no other remedy in respect of such breach if the Seller fails to effect such repurchase or substitution in accordance with the Mortgage Receivables Purchase Agreement.

3.2 Historical Information

The historical, financial and other information set out under *Summary of the Mortgage Receivables* represents the historical performance of the Mortgage Receivables. There can be no assurance that the future performance of the Mortgage Receivables will be similar to the historical performance of the Mortgage Receivables set out in this Prospectus.

3.3 Limited Provision of Information

Except if required by law, the Issuer will not be under any obligation to disclose to the Noteholders any financial information in relation to the Mortgage Receivables. The Issuer will have no obligation to keep any Noteholder or any other person informed as to matters arising in relation to the Mortgage Receivables, except for the information provided in the quarterly investor report (the **Investor Report**) produced by the Issuer Administrator in relation to the Notes, which will be made available to, among others, the Issuer, the Security Agent and the Paying Agent, on or about each Quarterly Payment Date.

4. RISK FACTORS - GENERAL

4.1 EU Savings Directive

Pursuant to EC Council Directive 2003/48/EC of 3 June 2003 (the **Savings Directive**) a Member State is required to provide the tax authorities of another Member State with details of interest payments (or similar income) made by a paying agent established within its jurisdiction to an individual person who is a resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). This Directive came into effect on 1 July 2005.

If a payment were to be made or collected through a paying agent established in a Member State which has opted for the withholding tax system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the Paying Agent nor any other person would be obliged to pay additional amounts to the Noteholders or if Definitive Notes are issued, holders of Coupons or to otherwise compensate Noteholders or holders of Coupons for the reductions in the amounts that they will receive as a result of the imposition of such withholding tax. If a withholding tax is imposed on payments made by the Paying Agent, the Issuer will be required to maintain a paying agent, which can directly pay the interest to the individual person beneficially owning the interest, in a Member State that will not be obliged to withhold or deduct tax pursuant to the directive (if such a state exists).

4.2 Change in Law and Tax

The structure of the transaction described in this Prospectus and, among other things, the issue of the Notes and the ratings assigned to the Notes are based on law, tax rules, rates and procedures, and administrative practice in effect at the date of this document. No assurance can be given that there will be no change to such law, tax rules, rates, procedures or administrative practice after the date of this Prospectus which change might have an adverse impact on the Notes and the expected payments of interest and repayment of principal in respect of the Notes.

4.3 Elimination of Bearer Securities

The Permanent Global Notes will be in bearer form and will not be exchangeable for Definitive Notes in bearer form except in limited circumstances. Pursuant to the Law of 14 December 2005 abolishing bearer securities:

- (a) it will no longer be possible from 1 January 2008 to issue bearer securities; all new securities issued from that moment must be either in registered or in dematerialised form;
- (b) from 1 January 2008, it will no longer be possible to physically deliver in Belgium bearer securities issued under Belgian or foreign law and held in account; and
- (c) several categories of bearer securities, including securities of Belgian companies which are admitted to trading on a Belgian or foreign regulated market, which are held on account on 31 December 2007 will be automatically converted into dematerialised securities on 1 January 2008.

As a consequence, the Notes will be automatically converted into dematerialised notes on 1 January 2008. It is not anticipated that such conversion will affect the tax status of the Notes. See *Notes in Global Form* for more detail.

The Issuer believes that the risks described above are certain of the principal risks inherent in the Transaction for the Noteholders but the inability of the Issuer to pay interest or repay principal on the Notes may occur for other reasons and, accordingly, the Issuer does not represent that the above statements of the risks of holding the Notes are comprehensive. While the various structural elements described in the Prospectus are intended to lessen some of these risks for Noteholders there can be no assurance that these measures will be sufficient or effective to ensure payment to the Noteholders or interest and principal on such Notes on a timely basis at all.

TRANSACTION SUMMARY

The following is an overview of the principal features of the transaction described in this Prospectus including the issue of the Notes. The information in this section does not purport to be complete. This overview should be read as an introduction to and in conjunction with, and is qualified in its entirety by reference, to the detailed information appearing elsewhere in this Prospectus. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus and the Conditions and Transaction Documents referred to therein in making any decision whether or not to invest in any Notes. If a claim relating to the information contained in this Prospectus will be brought before a competent court, the claimant will, subject to the legal requirement of the relevant member state of the European Economic Area, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability in respect of this summary will only attach to the Issuer if this summary is misleading, incorrect or inconsistent when read in such manner as indicated above.

Capitalised terms used but not defined in this section have the meaning given thereto elsewhere in this Prospectus.

Risk Factors

There are certain risk factors which prospective Noteholders should take into account. These risk factors relate to, among other things, 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 further *Risk Factors*.

Transaction Overview

The following is an overview of the transaction as illustrated by the Transaction Structure Diagram below.

1. On or about 12 October 2006 the Issuer will enter into a mortgage receivables purchase agreement (the **Mortgage Receivables Purchase Agreement**) with the Seller and the Security Agent. Pursuant to the Mortgage Receivables Purchase Agreement the Seller will sell and assign to the Issuer legal title to the Mortgage Receivables. The Mortgage Receivables consist of any and all rights of the Seller against certain borrowers under loans originated or acquired by the Seller which loans are secured by (i) a first-ranking mortgage right, and, as the case may be, (ii) (A) a lower-ranking mortgage right, and/or (B) a mandate to create mortgages over residential properties in Belgium. The initial purchase price for the Mortgage Receivables amounts to EUR 788,127,817.73. The transfer of legal title to the Mortgage Receivables will take place on 16 October 2006 or on such later date as may be agreed between the Issuer, the Seller and the Managers (the **Closing Date**). The Issuer will pay part of the initial purchase price on the Closing Date. In respect of Construction Loans, which have not been fully disbursed on the Closing Date, the Issuer will withhold an amount equal to the aggregate amount not yet disbursed until such amounts are disbursed. Such amount withheld will be deposited in the Construction Account.

To fund the initial purchase price, the Issuer will issue the Notes (other than the Subordinated Class G Notes) on the Closing Date. An amount equal to EUR 211,872,182.27 from the net proceeds of the Notes (other than the Subordinated Class G Notes) (the **Pre-funded Amount**) will be deposited in the Pre-funded Account and will be available for the purchase of New Mortgage Receivables on any Purchase Date during the Pre-funding Period.

The Issuer will credit the net proceeds from the issue of the Subordinated Class G Notes to the Reserve Account.

On each Quarterly Payment Date, the Issuer will pay the Noteholders interest and, to the extent applicable, principal in accordance with and subject to the Interest Priority of Payments and the Principal Priority of Payments. See *Credit Structure*.

2. The Issuer shall during the Revolving Period apply certain amounts towards the purchase from the Seller of New Mortgage Receivables, subject to the fulfilment of certain conditions which include the criteria set forth in the Mortgage Receivables Purchase Agreement and to the extent offered by the Seller.
3. The rates of interest on the Mortgage Receivables will not necessarily equal the floating rates applicable to the Notes. In order to provide a hedge against certain differences in these rates, the Issuer will enter into an interest rate swap transaction (the **Swap Agreement**) with ABN AMRO Bank N.V., acting through its London Branch (as the Swap Counterparty).
4. The ability of the Issuer to meet its obligations under the Notes will depend primarily upon the receipt by it of principal and interest from the Borrowers under the Mortgage Receivables, the receipt of funds under the Liquidity Facility Agreement and the receipt of funds under the Swap Agreement. The Issuer will secure its obligations under the Notes. Pursuant to a parallel debt agreement (the **Parallel Debt Agreement**) the Issuer will undertake to pay to the Security Agent, on the same terms and conditions, an amount equal to the aggregate of all amounts from time to time due and payable by the Issuer to the Noteholders and the other Secured Parties (such payment undertaking and the obligations and liabilities resulting from it being referred to as the **Parallel Debt**).
5. The Issuer will enter into a common representative appointment agreement (the **Common Representative Appointment Agreement**) with Deloitte Enterprise Risk Services C.V.B.A. (the **Security Agent**) pursuant to which the Security Agent is appointed (i) as representative (*vertegenwoordiger / représentant*) of the Noteholders in accordance with Article 27 and 106 of the Securitisation Act with respect to their rights and obligations under the Notes and the Conditions, and (ii) as irrevocable agent (*mandataris / mandataire*) of the other Secured Parties.
6. The obligations of the Issuer to the Secured Parties and the Parallel Debt are secured by a first-ranking right of pledge over (i) the Mortgage Receivables (ii) the Issuer's claims under the Transaction Documents and (iii) the balances standing to the credit of the Transaction Accounts, pursuant to a pledge agreement (the **Pledge Agreement**). Upon the occurrence of an event of default under the Notes, the Security Agent may give notice to the Issuer that the amounts outstanding under the Notes (and under the Parallel Debt) are immediately due and payable and may enforce the Pledge Agreement. The Security Agent will apply the amounts recovered upon enforcement of the Pledge Agreement in accordance with the Priority of Payments upon Enforcement towards satisfaction of the amounts owed by the Issuer to the Noteholders and such other transaction parties. See *Credit Structure*.
7. The Issuer will enter into a liquidity facility agreement (the **Liquidity Facility Agreement**) with ABN AMRO Bank N.V. (as the **Liquidity Facility Provider**) and the Security Agent on or before the Closing Date pursuant to which the Liquidity Facility Provider will agree to make available a 364-day committed facility (the **Liquidity Facility**) under which the Issuer may in certain circumstances make drawings in case of (temporary) interest revenue shortfalls.
8. The Issuer will enter into a subordinated loan agreement (the **Subordinated Loan Agreement**) with Delta Lloyd Bank (as the **Subordinated Loan Provider**) on or before the Closing Date, pursuant to which the Subordinated Loan Provider will agree to make available to the Issuer a subordinated loan (the **Subordinated Loan**), the proceeds of which will be used to pay certain initial costs and expenses in connection with the issue of the Notes.
9. The Issuer will enter into a guaranteed investment contract (the **Floating Rate GIC**) with Fortis Bank N.V./S.A. (as the **Floating Rate GIC Provider**) and the Security Agent on or before the Closing Date, pursuant to which the Floating Rate GIC Provider guarantees a certain interest rate (the **Floating Rate GIC Interest Rate**) determined by reference to one-month Euribor in respect of the balance standing

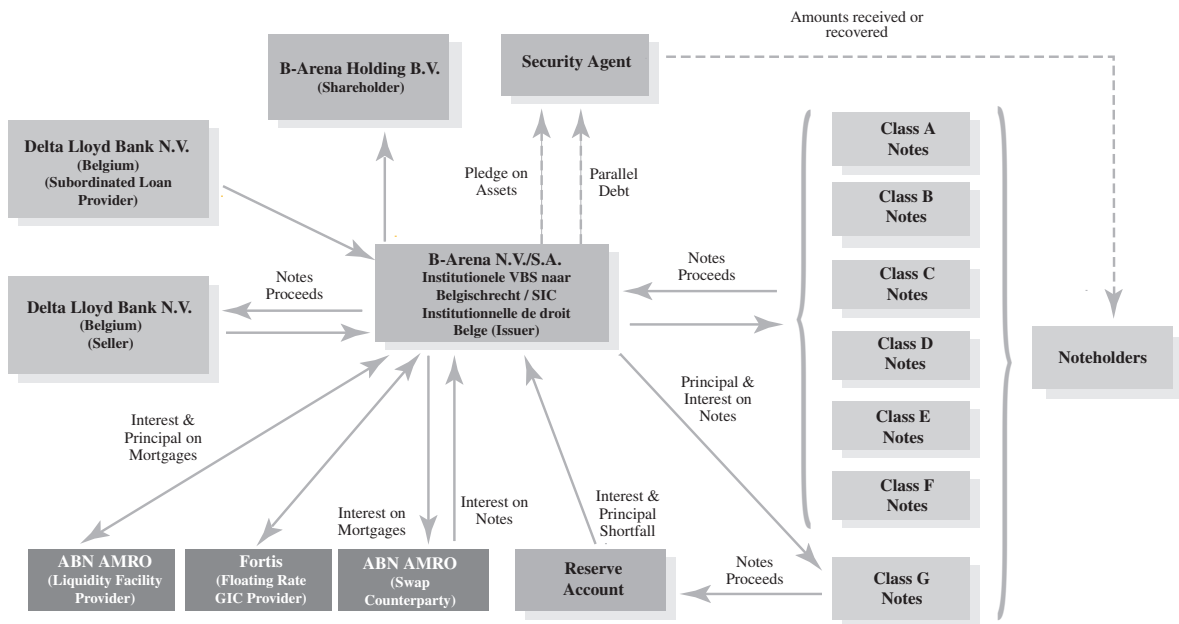
from time to time to the credit of certain bank accounts maintained by the Issuer with the Floating Rate GIC Provider.

10. The Issuer will enter into a mortgage payment transactions and issuer services agreement (the **Issuer Services Agreement**) with the Seller (as the **MPT Provider**), Stater Belgium N.V. (as **Sub-MPT Provider**), Deloitte Enterprise Risk Services C.V.B.A. (as **Security Agent**) and ATC Financial Services B.V. (as **Issuer Administrator**) on or before the Closing Date, pursuant to which (i) the MPT Provider will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Receivables, and (ii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer. The MPT Provider will initially appoint the Sub-MPT Provider as its sub-agent.

In addition, the Issuer will enter into *inter alia* the following agreements:

- (a) a subscription agreement (the **Subscription Agreement**) with ABN AMRO Bank N.V., acting through its London Branch (as **Arranger**), and ABN AMRO Bank N.V., acting through its London Branch, Delta Lloyd Securities N.V. and Fortis Bank N.V./S.A. (as **Managers**) pursuant to which the Managers agree to subscribe and pay for or to procure subscription and payment for the Notes;
- (b) an agency agreement (the **Agency Agreement**) with Fortis Bank N.V./S.A. (as the **Paying Agent, Domiciliary Agent, Listing Agent and Reference Agent**) pursuant to which the Paying Agent, the Domiciliary Agent, the Listing Agent and the Reference Agent will respectively act as paying agent, domiciliary agent, listing agent and reference agent in relation to the Notes;
- (c) a clearing agreement (the **Clearing Agreement**) with the National Bank of Belgium (as **Clearing System Operator**) pursuant to which the Notes will be cleared in accordance with the Clearing System;
- (d) a master definitions agreement (the **Master Definitions Agreement**) with, among others, the Secured Parties, setting out certain definitions, terms and principles that are used for the interpretation and construction of the Transaction Documents;
- (e) issuer management agreements (the **Issuer Management Agreements**) with the Issuer Directors and the Security Agent pursuant to which the Issuer Directors will undertake to act as managing director of the Issuer and to perform certain services in connection therewith; and
- (f) shareholder management agreements (the **Shareholder Management Agreements**) with the Stichting Shareholder, the Shareholder, the Shareholder Director and the Security Agent pursuant to which, *inter alia*, the Shareholder Director will undertake to act as director of the Stichting Shareholder and the Shareholder and to perform certain services in connection therewith.

TRANSACTION STRUCTURE DIAGRAM



SUMMARY OF THE NOTES

Certain features of the Notes are summarised below (see further '*Principal Features of the Notes*' below):

	Class A	Class B	Class C	Class D	Class E	Class F	Class G
Principal Amount	€ 920,000,000	€ 20,000,000	€ 20,000,000	€ 18,000,000	€ 10,500,000	€ 11,500,000	€ 10,000,000
Credit Enhancement.....	Subordination of Class G Notes, Class F Notes, Class E Notes, Class D Notes, Class C Notes, and Class B Notes	Subordination of Class G Notes, Class F Notes, Class E Notes, Class D Notes and Class C Notes	Subordination of Class G Notes, Class F Notes, Class E Notes and Class D Notes	Subordination of Class G Notes, Class F Notes and Class E Notes	Subordination of Class G Notes and Class F Notes	Subordination of Class G Notes	
Margin up to but excluding Quarterly Payment Date (QPD) falling in October 2011	0.10 per cent. p.a.	0.14 per cent. p.a.	0.20 per cent. p.a.	0.40 per cent. p.a.	0.55 per cent. p.a.	1.60 per cent. p.a.	4.50 per cent. p.a.
Margin from and including the first Amortisation Date ¹ (up to and excluding the QPD falling in October 2011)	0.11 per cent. p.a.	0.14 per cent. p.a.	0.20 per cent. p.a.	0.40 per cent. p.a.	0.55 per cent. p.a.	1.60 per cent. p.a.	4.50 per cent. p.a.
Margin from and including the first Optional Redemption Date....	0.25 per cent. p.a.	0.28 per cent. p.a.	0.40 per cent. p.a.	0.80 per cent. p.a.	1.10 per cent. p.a.	3.20 per cent. p.a.	9.00 per cent. p.a.
Interest Accrual	Act/360	Act/360	Act/360	Act/360	Act/360	Act/360	Act/360
QPD	Interest and principal will be payable quarterly in arrear on the 22nd day of January, April, July and October of each year, or if such day is not a Business Day, the next succeeding Business Day.						
Final Maturity Date	April 2044	April 2044	April 2044	April 2044	April 2044	April 2044	April 2044
Denomination.....	€ 250,000	€ 250,000	€ 250,000	€ 250,000	€ 250,000	€ 250,000	€ 250,000
Form	The Notes of each Class will be initially represented by a permanent global note in bearer form.						
Listing	Euronext Brussels	Euronext Brussels	Euronext Brussels	Euronext Brussels	Euronext Brussels	Euronext Brussels	Euronext Brussels
Rating.....	AAA by S&P, Aaa by Moody's and AAA by Fitch	AA by S&P, Aa3 by Moody's and AA by Fitch	A by S&P, A2 by Moody's and A by Fitch	BBB by S&P, Baa2 by Moody's and BBB by Fitch	BBB- by S&P, not rated by Moody's and BBB- by Fitch	BB by S&P, not rated by Moody's and BB by Fitch	Not Rated

¹ Subject to Amortisation Event taking place as defined in Condition 4.5(e).

KEY PARTIES AND OVERVIEW PRINCIPAL FEATURES

The following is an overview of the key transaction parties and the principal features of the issue of the Notes, and should be read in conjunction with detailed information presented elsewhere in this Prospectus. Capitalised terms used but not defined herein have the meaning given thereto elsewhere in this Prospectus.

Key Transaction Parties

Issuer:

B-Arena N.V./S.A., *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge*, acting through its Compartment N° 1. The Issuer was incorporated as a limited liability company (*naamloze vennootschap/société anonyme*) existing under the laws of the Kingdom of Belgium, and has its registered office at Terkamerenlaan 74, 1000 Brussels, registered with the Crossroads Bank for Enterprises under number RPR 882.540.048, Commercial Court of Brussels.

The Issuer qualifies as a Belgian institutional company for investment in receivables (*institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge*) in accordance with the Securitisation Act and has been registered as such with the Federal Public Service Finance (*Federale Overheidsdienst Financiën / Service Pubic Fédéral Finances*) on 18 August 2006. Such registration cannot be considered as a judgment as to the opportunity or the quality of the Transaction, nor on the situation of the Issuer.

The entire issued share capital of the Issuer is owned by the Shareholder. The Issuer is established to issue notes, such as the Notes, from time to time. Recourse in respect of the Notes will be limited to the Mortgage Receivables and the Issuer's rights under the Transaction Documents.

The Notes are issued by the Issuer, acting through its Compartment N° 1. The Noteholders and the other Secured Parties only have recourse to the assets of Compartment N°1 of the Issuer.

The Issuer may not engage in any other activity than securitisation and related transactions.

The Issuer has been licensed by the CBFA on 5 September 2006 as a mortgage loan institution in accordance with Article 43 of the Mortgage Credit Act. In addition, on 3 October 2006 the Issuer has been registered with the CBFA as public company in accordance with Article 438 of the Belgian Company Code.

See further *The Issuer*.

Seller:

Delta Lloyd Bank N.V./S.A. (**Delta Lloyd Bank**), a credit institution existing under the laws of the Kingdom of Belgium, with its registered office at Sterrenkundelaan 23, 1210 Brussels, registered with the Crossroads Bank for Enterprises under number RPR 0404.140.107, Commercial Court of Brussels.

MPT Provider:

Delta Lloyd Bank. The MPT Provider will appoint the Sub-MPT Provider, as its sub-agent.

Sub-MPT Provider:	Stater Belgium N.V., a limited liability company (<i>naamloze vennootschap/société anonyme</i>) existing under the laws of the Kingdom of Belgium, with its registered office at Kanselarijstraat 17A, 1000 Brussels registered with the Crossroads Bank for Enterprises under number RPR 0473.774.625, Commercial Court of Brussels.
Issuer Administrator:	ATC Financial Services B.V., a Dutch private limited liability company (<i>besloten vennootschap met beperkte aansprakelijkheid</i>), with its registered office at Olympic Plaza 1HG, Frederik Roeskestraat 123 1076 EE Amsterdam, the Netherlands, registered with the commercial register (<i>kamer van koophandel en fabrieken voor Amsterdam</i>) under number 33210270 0000.
Security Agent:	Deloitte Enterprise Risk Services C.V.B.A., a Belgian cooperative limited liability company (<i>coöperatieve vennootschap met beperkte aansprakelijkheid/société cooperative à responsabilité limitée</i>), existing under the laws of the Kingdom of Belgium with its registered office at Louizalaan 240, 1050 Brussels, registered with the Crossroads Bank for Enterprises under number RPR 0471.736.635, Commercial Court of Brussels. The Security Agent is also appointed (i) as representative (<i>vertegenwoordiger / représentant</i>) of the Noteholders in accordance with the Securitisation Act, and (ii) as irrevocable agent (<i>mandataris / mandataire</i>) of the other Secured Parties. See further <i>The Security Agent</i> .
Shareholder:	B-Arena Holding B.V., a Dutch private limited liability company (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) with its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands, registered with the commercial register (<i>kamer van koophandel en fabrieken voor Amsterdam</i>) under number 34247655.
Stichting Shareholder:	Stichting Shareholder B-Arena Holding, a Dutch foundation (<i>stichting</i>), with its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands, registered with the commercial register (<i>kamer van koophandel en fabrieken voor Amsterdam</i>) under number 34247208.
Issuer Directors:	BVBA Sterling Consult, a personal limited liability company (<i>besloten vennootschap met beperkte aansprakelijkheid / société privée à responsabilité limitée</i>) with registered office at Camille Huysmanslaan 91, 2020 Antwerp, registered with the Crossroads Bank for Enterprises under number RPR 0861.696.827, Commercial Court of Antwerp, represented by its legal representative and sole manager Mr Georges De Booséré, and Mr Dirk P. Stolp. The board of directors is responsible for the management and administration of the Issuer.
Shareholder Director:	ATC Management B.V., a Dutch private limited liability company (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) with its registered office at Olympic Plaza 1HG, Frederik Roeskestraat 123 1076 EE Amsterdam, the Netherlands, registered with the commercial register (<i>kamer van koophandel en fabrieken voor</i>

Amsterdam) under number 33226415 (together with the Issuer Directors, the **Directors**).

Liquidity Facility Provider:	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company (<i>naamloze vennootschap</i>), acting through its office at Gustav Mahlerlaan 10, PO Box 283, 1000 EA Amsterdam, The Netherlands.
Subordinated Loan Provider:	Delta Lloyd Bank.
Swap Counterparty:	ABN AMRO Bank N.V., acting through its London Branch, with its registered office at 250 Bishopsgate, EC2M-4AA, London, United Kingdom.
Floating Rate GIC Provider:	Fortis Bank N.V./S.A., a public limited liability company organised under the laws of Belgium, with its registered office at Montagne du Parc 3, 1000 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0403.199.702, Commercial Court of Brussels.
Paying Agent:	Fortis Bank N.V./S.A., a public limited liability company organised under the laws of Belgium, with its registered office at Montagne du Parc 3, 1000 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0403.199.702, Commercial Court of Brussels.
Domiciliary Agent:	Fortis Bank N.V./S.A., a public limited liability company organised under the laws of Belgium, with its registered office at Montagne du Parc 3, 1000 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0403.199.702, Commercial Court of Brussels.
Reference Agent:	Fortis Bank N.V./S.A., a public limited liability company organised under the laws of Belgium, with its registered office at Montagne du Parc 3, 1000 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0403.199.702, Commercial Court of Brussels.
Listing Agent:	Fortis Bank N.V./S.A., a public limited liability company organised under the laws of Belgium, with its registered office at Montagne du Parc 3, 1000 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0403.199.702, Commercial Court of Brussels.
Clearing System Operator:	<i>De Nationale Bank van België / La Banque Nationale de Belgique</i> , a public limited liability company incorporated under the laws of Belgium, with registered office at De Berlaimontlaan 5, 1000 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0203.201.340, Commercial Court of Brussels.
Auditors:	PriceWaterhouseCoopers Bedrijfsrevisoren CVBA, with its registered office at Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, registered with the Crossroads Bank for Enterprises under number RPR 0429.501.944, Commercial Court of Brussels, represented by Mr Luc Discry.

Principal features of the Notes

Notes:

The euro 920,000,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2044 (the **Senior Class A Notes**), the euro 20,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2044 (the **Mezzanine Class B Notes**), the euro 20,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2006 due 2044 (the **Mezzanine Class C Notes**), the euro 18,000,000 floating rate Junior Class D Mortgage-Backed Notes 2006 due 2044 (the **Junior Class D Notes**), the euro 10,500,000 floating rate Junior Class E Mortgage-Backed Notes 2006 due 2044 (the **Junior Class E Notes**), the euro 11,500,000 floating rate Subordinated Class F Mortgage-Backed Notes 2006 due 2044 (the **Subordinated Class F Notes**) and the euro 10,000,000 floating rate Subordinated Class G Notes 2006 due 2044 (the **Subordinated Class G Notes** and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes, the **Notes**) will be issued by the Issuer on 10 October 2006 or on such later date as may be agreed between the Issuer, the Seller and the Managers (the **Closing Date**).

Issue Price:

The issue prices of the Notes will be as follows:

- (a) the Senior Class A Notes 100 per cent.;
- (b) the Mezzanine Class B Notes 100 per cent.;
- (c) the Mezzanine Class C Notes 100 per cent.;
- (d) the Junior Class D Notes 100 per cent.;
- (e) the Junior Class E Notes 100 per cent.;
- (f) the Subordinated Class F Notes 100 per cent.; and
- (g) the Subordinated Class G Notes 100 per cent.

Form:

The Notes of each Class are represented by a Permanent Global Note in bearer form. The Permanent Global Notes will not be exchangeable for Definitive Notes except in limited circumstances (see *Conditions*). On 1 January 2008, the Permanent Global Notes and any Definitive Notes issued in bearer form prior to such date, will be exchangeable for Notes in dematerialised form.

Denomination:

The Notes will be issued in denominations of euro 250,000 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 Common Representative Appointment Agreement, (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes

and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Junior Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes, and (iii) payments of principal and interest on the Subordinated Class G Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes. See further *Credit Structure*.

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. Each Note shall bear interest on its Principal Amount Outstanding on the 22nd day of January, April, July and October (or, if such day is not a Business Day, the next succeeding Business 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 January 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 Brussels, 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 4.4) (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for three and four months deposits in euro, rounded, if necessary, to the 5th decimal place with 0,00005 being rounded upwards) plus a margin which up to (but excluding) the first Optional Redemption Date, will for the Senior Class A Notes be equal to 0.10 per cent. per annum, for the Mezzanine Class B Notes be equal to 0.14 per cent. per annum, for the Mezzanine Class C Notes be equal to 0.20 per cent. per annum, for the Junior Class D Notes be equal to 0.40 per cent. per annum, for the Junior Class E Notes be equal to 0.55 per cent. per annum, for the Subordinated Class F Notes be equal to 1.60 per cent. per annum and for the Subordinated Class G Notes be equal to 4.50 per cent. per annum.

Interest Step-up:

If on the first Optional Redemption Date any Class of Notes (other than the Subordinated Class G Notes) have not been redeemed in full, the margin applicable to the relevant Class of Notes will be reset to:

- (a) for the Senior Class A Notes, a margin of 0.25 per cent. per annum;
- (b) for the Mezzanine Class B Notes, a margin of 0.28 per cent. per annum;
- (c) for the Mezzanine Class C Notes, a margin of 0.40 per cent. per annum;
- (d) for the Junior Class D Notes, a margin of 0.80 per cent. per annum;
- (e) for the Junior Class E Notes, a margin of 1.10 per cent. per annum;
- (f) for the Subordinated Class F Notes, a margin of 3.20 per cent. per annum; and
- (g) for the Subordinated Class G Notes, a margin of 9.00 per cent. per annum.

Amortisation Interest Step-up:

Following an Amortisation Event, the margin applicable to the Senior Class A Notes will be reset to 0.11 per cent. per annum. The margin applicable to the other Notes will remain the same.

Average Life:

The estimated average life of the Notes from the Closing Date up to (but excluding) the first Optional Redemption Date based on a conditional prepayment rate of 8 per cent. and the assumptions that the Purchase Available Amount will be fully applied towards the purchase of New Mortgage Receivables, will be as follows:

- (a) the Senior Class A Notes 5 years;
- (b) the Mezzanine Class B Notes 5 years;
- (c) the Mezzanine Class C Notes 5 years;
- (d) the Junior Class D Notes 5 years;
- (e) the Junior Class E Notes 5 years;
- (f) the Subordinated Class F Notes 5 years; and
- (g) the Subordinated Class G Notes 5 years.

The average life of the Notes given above should be viewed with caution. See *Risk factors*.

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 2044 (the **Final Maturity Date**).

Optional Redemption of the Notes:

On the Quarterly Payment Date falling in October 2011 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 (other than the Subordinated Class G Notes) at their respective Principal Amount Outstanding together with interest accrued but unpaid or, in case of a Principal Shortfall, the Issuer will have the option, subject to Condition 4.10 to partially redeem all (but not some only) Subordinated Class F Notes, Junior Class E Notes, Junior Class D Notes, Mezzanine Class C Notes or, as the case may be, Mezzanine Class B Notes at their Principal Amount Outstanding less the relevant Principal Shortfall, on such date, subject to and in accordance with the Conditions.

Mandatory Redemption of the Notes following an Amortisation Event:

Following an Amortisation Event, the Issuer will be obliged to apply the Notes Redemption Available Amount to (partially) redeem the Notes (other than the Subordinated Class G Notes) on each Quarterly Payment Date thereafter (each an **Amortisation Date**) at their respective Principal Amount Outstanding together with interest accrued but unpaid on a *pro rata* basis and *pari passu* within each Class 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;
- (e) fifthly, the Junior Class E Notes, until fully redeemed; and
- (f) sixthly, the Subordinated Class F Notes, until fully redeemed.

Each of the following will constitute an amortisation event (each an **Amortisation Event**)

- (i) the Purchase Available Amount exceeds the Outstanding Principal Amount of Mortgage Receivables offered for sale by the Seller pursuant to the Mortgage Receivables Purchase Agreement on any Purchase Date during the Revolving Period and the Issuer declares this to be an Amortisation Event;
- (ii) any part of the Pre-funded Amount remains upon expiration of the Pre-funding Period;
- (iii) a Notification Event has occurred;
- (iv) the Seller has failed to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement; or
- (v) an amount has been debited to the Class F Cumulative Net Realised Losses Ledger.

Mandatory Redemption of the Notes:

If on the first Optional Redemption Date, the Notes (other than the Subordinated Class G Notes) of any Class are not redeemed in full, the Issuer will be obliged to apply the Notes Redemption Available Amount to (partially) redeem the Notes (other than the Subordinated Class G Notes) on such first Optional Redemption Date and each Optional Redemption Date thereafter at their

respective Principal Amount Outstanding together with interest accrued but unpaid on a *pro rata* basis and *pari passu* within each Class 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;
- (e) fifthly, the Junior Class E Notes, until fully redeemed; and
- (f) sixthly, the Junior Class F Notes, until fully redeemed.

On the earlier of (i) the Optional Redemption Date on which the Notes (other than the Subordinated Class G Notes) will be redeemed in full or (ii) the Final Maturity Date, the balances standing to the credit of the Reserve Account and the Issuer Collection Account (if any) after all amounts of interest and principal due in respect of the Notes (other than the Subordinated Class G Notes) have been paid and all items ranking higher in priority in the Interest Priority of Payments have been fulfilled, will be available for redemption of the Subordinated Class G Notes.

Redemption for tax reasons:

The Notes may be redeemed at the option of the Issuer (which shall be under no obligation to do so) in whole, but not in part, on any Quarterly Payment Date, at their Principal Amount Outstanding, together with interest accrued but unpaid up to and including the date of redemption, if any of the following circumstances arise:

- (a) if on the next Quarterly Payment Date the Issuer, the Clearing System Operator, the Paying Agent or any other person would be required to deduct or withhold for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed by the Kingdom of Belgium (or any sub-division or authority thereof or therein) from any payment of principal or interest in respect of Notes of any Class held by or on behalf of any Noteholder who would, but for any amendment to, or change in, the tax laws or regulations of the Kingdom of Belgium (or of any sub-division or authority thereof or therein having power to tax) or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations after the Closing Date, have been a Tax Eligible Investor; or
- (b) if on the next Quarterly Payment Date, the Issuer, the Swap Counterparty or any other person would be required to deduct or withhold for or on account of any present or future taxes, duties assessments or governmental charges of whatever nature imposed by the United Kingdom or the Kingdom of Belgium (or any sub-division or authority thereof or therein), or any other sovereign authority having the power to tax, from any payment under the Swap Agreement; or

- (c) if the total amount payable in respect of interest on any of the Mortgage Receivables ceases to be receivable by the Issuer due to withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature in respect of such payments; or
- (d) if, after the Closing Date, the IIR Tax Regulations are changed or applied in a way materially adverse to the Issuer or would no longer apply to the Issuer.

Clean-Up Call Option:

On each Quarterly Payment Date, the Seller or any third party appointed by the Seller has the option (but not the obligation) to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount of all Mortgage Receivables is less than 10 per cent. of the sum of (i) the aggregate Principal Amount Outstanding of the Mortgage Receivables on the Closing Date and (ii) the aggregate Outstanding Principal Amount of the New Mortgage Receivables purchased during the Pre-funding Period (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 to the extent it still holds the Mortgage Receivables upon exercise by the Seller of the Clean-Up Call Option. The purchase price will be calculated as described in the *Mortgage Receivables Purchase Agreement*. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 4.5.

Regulatory Call Option:

On each Quarterly Payment Date, the Seller or any third party appointed by the Seller has the option (but not the obligation) to repurchase all (but not only part of) 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 in its sole discretion, in case the Seller exercises the Regulatory Call Option to the extent it still holds the Mortgage Receivables upon exercise by the Seller of the Regulatory Call Option. The purchase price will be calculated as described in the *Mortgage Receivables Purchase Agreement*. 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 Condition 4.5.

See *Mortgage Receivables Purchase Agreement*.

Withholding Tax:

All payments in respect of the Notes of each class will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature, unless the Issuer, the Clearing System Operator, the Paying Agent or any other person is required by applicable law to make any payment in respect

of the Notes of such class subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, the Clearing System Operator, the Paying Agent or such other person (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, the Clearing System Operator, the Paying Agent nor any other person will be obliged to gross up the payments in respect of the Notes of any class or to make any additional payments to any Noteholders or Couponholders in respect of any such withholding or deduction.

In particular, but without limitation, no additional amounts shall be payable in respect of any Note, 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 2003/48/EC 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.

Method of Payment:

For so long as the Notes are represented by a Permanent Global Note, payments of principal and interest will be made in euro to the National Bank of Belgium as operator of the X/N clearing system, for the credit of the respective accounts of the Noteholders. See further *Terms and Conditions of the Notes – Global Notes*.

Use of proceeds:

The Issuer will use the net proceeds from the issue of the Notes (other than the Subordinated Class G Notes) to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of an agreement dated 12 October 2006 (the **Mortgage Receivables Purchase Agreement**) and made between the Seller, the Issuer and the Security Agent. See further *Mortgage Receivables Purchase Agreement*.

The Issuer will credit the net proceeds from the issue of the Subordinated Class G Notes to the Reserve Account.

An amount equal to 211,872,182.27 from the net proceeds of the Notes (other than the Subordinated Class G Notes) (the **Pre-funded Amount**) will be deposited in the Pre-funded Account and will be available for the purchase of New Mortgage Receivables on any Purchase Date during the Pre-funding Period. If upon expiration of the Pre-funding Period any part of the Pre-funded Amount remains, such amount will be transferred to the Issuer Collection Account and form part of the Notes Redemption Available Amount. See further *Mortgage Receivables Purchase Agreement*.

See further *Use of Proceeds*.

Admission to Trading:

Application has been made for the Notes to be admitted to trading on Eurolist by Euronext Brussels.

Ratings:

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

an 'Aa3' rating by Moody's and an 'AA' rating by Fitch, the Mezzanine Class C Notes, on issue, be assigned at least an 'A' rating by S&P, an 'A2' rating by Moody's and an 'A' rating by Fitch, the Junior Class D Notes, on issue, be assigned at least a 'BBB' rating by S&P, a 'Baa2' rating by Moody's and a 'BBB' rating by Fitch, the Junior Class E Notes, on issue, be assigned at least a 'BBB-' rating by S&P and a 'BBB-' rating by Fitch, the Subordinated Class F Notes, on issue, be assigned at least a 'BB' rating by S&P and a 'BB' rating by Fitch. No ratings will be assigned by Moody's to the Junior Class E Notes and the Subordinated Class F Notes. No ratings will be assigned to the Subordinated Class G Notes.

Governing Law:

The Notes will be governed by and construed in accordance with the laws of the Kingdom of Belgium.

Mortgage Receivables

Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the transfer by way of assignment of legal title to and any and all rights (the **Mortgage Receivables** which will include upon the purchase of any New Mortgage Receivables, such New 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 proceeds of the Mortgage Receivables from the Cut-Off Date or in the case of New Mortgage Receivables from the relevant Purchase Date.

Purchase of New Mortgage Receivables:

The Mortgage Receivables Purchase Agreement will provide that, on the 22nd day of each month or, in case such day is not a Business Day, the next succeeding Business Day during the Revolving Period (each a **Purchase Date**), the Issuer shall apply the Purchase 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 **New Mortgage Receivables**), subject to the fulfilment of certain conditions which include the criteria set forth in the Mortgage Receivables Purchase Agreement and to the extent offered by the Seller. During the Pre-funding Period, the Purchase Available Amount consists of the sum of (i) the Principal Available Amount and (ii) any drawing from the Pre-funded Account on such Purchase Date. Thereafter, the Purchase Available Amount consists of the Principal Available Amount.

The **Revolving Period** is the period commencing on the Closing Date and ending on the Quarterly Payment Date immediately preceding the first Amortisation Date, or as the case may be, the first Optional Redemption Date.

The **Pre-funding Period** is the period commencing on the Closing Date and ending on the Quarterly Payment Date falling in July 2007.

The **Principal Available Amount** is the sum of all amounts received or deposited by the Issuer, during the immediately preceding Monthly Calculation Period which would form part of the Notes Redemption Available Amount, increased with any

Principal Available Amount calculated on the immediately preceding Purchase Date which has not been applied towards the purchase of New Mortgage Receivables on such preceding Purchase Date.

See further *Mortgage Receivables Purchase Agreement*.

Repurchase of Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Mortgage Receivable:

- (a) in case any of the representations and warranties given by the Seller in respect of such Mortgage Receivable or its related Mortgage Loan are untrue or incorrect;
- (b) if a Borrower requests a Non-Permitted Variation to a Mortgage Receivable and if the Seller requests that such Non-Permitted Variation be accepted, except if the Issuer Administrator and the Security Agent confirm that the Seller does not need to repurchase the relevant Mortgage Receivable.

In addition, in certain circumstances, the Seller has the right to repurchase and accept re-assignment of a Mortgage Receivable in relation to which the Issuer has decided to exercise a Mortgage Mandate to create a Mortgage in its favour.

Mortgage Loans:

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will result from loans secured by (i) a first-ranking mortgage, and, as the case may be, (ii) (A) a lower ranking mortgage, and/or (B) a mandate to create mortgages over Real Estate (the **Mortgaged Assets**) and entered into by the Seller or its legal predecessors and the relevant Borrowers which meet or, in case of New 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 New Mortgage Receivables, the relevant Purchase Date (the **Mortgage Loans**).

Part of the Mortgage Loans are granted under the form of a loan facility (*kredietopening / ouverture de crédit*), which means that the amounts repaid under the loan facility can be re-borrowed by the Borrower subject to satisfaction of certain conditions and subject to the approval of Delta Lloyd Bank. The other Mortgage Loans are granted under the form of a term loan, under which repaid amounts cannot be re-borrowed by the Borrower.

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

- (a) Linear Mortgage Loans;
- (b) Annual Based Annuity Mortgage Loans;
- (c) Monthly Based Annuity Mortgage Loans; and
- (d) Interest-only Mortgage Loans.

These types of Mortgage Loans are originated by the Seller or its legal predecessors, i.e. by:

- (i) Delta Lloyd Bank (previously Bankunie N.V.);
- (ii) Bank Nagelmackers 1747 N.V., which merged into Delta Lloyd Bank;
- (iii) Codep Spaarbank C.V., which merged into Bank Nagelmackers 1747 N.V.; and
- (iv) Bank van Limburg CVBA, which transferred its business to Bankunie N.V.

Linear Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) are in the form of linear mortgage loans (hereinafter **Linear Mortgage Loans**). Under a Linear Mortgage Loan, the Borrower pays a decreasing monthly or quarterly payment, made up of an initially high and subsequently decreasing interest portion and a fixed principal portion, and calculated in such a manner that the Linear Mortgage Loan will be fully redeemed at the maturity of such Linear Mortgage Loan.

Annuity Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) are in the form of annuity mortgage loans (hereinafter **Annuity Mortgage Loans**). Under an Annuity Mortgage Loan, the Borrower pays a constant total monthly or quarterly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that the Annuity Mortgage Loan will be fully redeemed at the maturity of such Annuity Mortgage Loan.

Based on the calculation of the monthly payment, two types of Annuity Mortgage Loans exist. For the first type, the monthly mandatory payment has been calculated as one-twelfth of the amount that the Borrower would have to pay if he would only pay once a year in arrears (the **Annual Based Annuity Mortgage Loans**). For the second type, the monthly payment is calculated based on monthly scheduled payments in arrears, and as such the distribution between the interest and principal components alters every month (the **Monthly Based Annuity Mortgage Loans**). As of 1 January 1995, the use of Annual Based Annuity Mortgage Loans was no longer permitted.

Interest-only Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) are in the form of interest-only mortgage loans (hereinafter **Interest-only Mortgage Loans**). Under an Interest-only Mortgage Loan, the Borrower does not have to pay principal towards redemption of the Interest-only Mortgage Loan until maturity of such Interest-only Mortgage Loan. The Borrower only pays interest during the lifetime of the loan.

Construction Loans:

The Issuer will acquire Mortgage Receivables resulting from Mortgage Loans the proceeds of which are intended to be used by the Borrower to construct or to refurbish residential property (the **Construction Loans**). Typically, Construction Loans are drawn down by the Borrower in different drawings against submission of invoices, depending on the further completion of the works.

The Issuer shall purchase the Mortgage Receivables resulting from each Construction Loan in its entirety as from the Closing Date or, in the case of New Mortgage Receivables, as from the relevant Purchase Date, but shall only pay to the Seller a purchase price calculated on the basis of the part of the Construction Loan that is drawn down on the Cut-Off Date or, in the case of New Mortgage Receivables, on the relevant Purchase Date. Upon the further draw down of the Construction Loan, the Issuer will pay the remainder of the purchase price based on the amount of the further drawdown by transfer of such amount from the Construction Account.

The Construction Loans are required to be drawn down to an amount of at least sixty-five (65) per cent for the Mortgage Receivables resulting from such Construction Loans to be eligible for purchase on the Cut-Off Date or, in the case of New Mortgage Receivables, on the relevant Purchase Date.

Sale of Mortgage Receivables:

The Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date to a third party, which may also be the Seller, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes (other than the Subordinated Class G Notes).

In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Seller has the obligation or the right to repurchase certain Mortgage Receivables in certain events and the right to exercise the Clean-Up Call Option and the Regulatory Call Option.

The purchase price of each Mortgage Receivable in the event of a repurchase or reassignment, other than pursuant to a breach of a representation and warranty in relation to such Mortgage Receivable or its related Mortgage Loan, shall be equal to the then Outstanding Principal Amount, together with accrued interest due but unpaid, if any, up to the relevant date of such repurchase or reassignment and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment), except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 calendar days or in respect of which foreclosure proceedings have been initiated, the purchase price shall be 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 Receivables up to the relevant date of such repurchase or reassignment; and (b) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than 12 months old is available or if the existing valuation report no longer reflects the true market value of the Mortgaged Assets, the foreclosure value of the Mortgaged Assets determined based on a valuation report to be established as of the date on which the Mortgage Receivables are 90 calendar days in arrears. For this purpose, a foreclosure proceeding is deemed to have been started when an order to pay has been served on the Borrower by a bailiff's writ (*het bevel bij exploit werd betekend / le commandement a été signifié par exploit*) (the **Optional Repurchase Price**).

The purchase price of each Mortgage Receivable in the event of a sale or repurchase pursuant to a breach of a representation and warranty in relation to such Mortgage Receivable or its related Mortgage Loan, shall be equal to the then Outstanding Principal Amount of such Mortgage Receivable plus accrued interest thereon and costs (including any costs incurred by the Issuer for effecting and completing such repurchase and reassignment) up to (but excluding) the date of completion of the repurchase (the **Repurchase Price**).

Security for the Notes

Parallel Debt Agreement:

On or before the Closing Date, the Issuer and the Security Agent 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 Agent amounts equal to the amounts due by it to the Secured Parties. The advantage of such Parallel Debt is that the Security Agent is entitled to create and enforce the Security Interests not only on behalf of the Secured Parties but also in its own name.

Security for the Notes:

The Notes and the Parallel Debt will be secured by a first ranking pledge in favour of the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties by the Issuer over (i) the Mortgage Receivables, including the Related Security, (ii) the Issuer's claims under or in connection with the Transaction Documents, and (iii) the balances standing to the credit of the Transaction Accounts.

The amounts payable to the Noteholders and the other Secured Parties will be limited to the amounts available for such purpose to the Security Agent which, *inter alia*, will consist of amounts recovered by the Security Agent on the Mortgage Receivables, including the Related Security, and amounts received by the Security Agent 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*.

Cash flow structure

Liquidity Facility:

On or before the Closing Date, the Issuer will enter into a (maximum) 364 day term liquidity facility agreement 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.

See further *Credit Structure*.

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. The Seller Collection Account is administrated by the MPT Provider.

Issuer Collection Account:	The Issuer shall maintain with the Floating Rate GIC Provider an account (the Issuer Collection Account) to which, <i>inter alia</i> , on a daily basis all amounts from the Seller Collection Account will be transferred by the Seller or by the Sub-MPT Provider on its behalf.
Pre-funded Account:	The Issuer shall maintain with the Floating Rate GIC Provider an account (the Pre-funded Account) to which on the Closing Date the Pre-funded Amount will be credited. On each Purchase Date an amount equal to the positive difference between (i) the Initial Purchase Price of the New Mortgage Receivables purchased on such date, and (ii) the Principal Available Amount will be transferred from the Pre-funded Account to the Issuer Collection Account. The Pre-funded Account will only be debited during the Pre-funding Period in connection with payments to the Seller of the Initial Purchase Price in respect of New Mortgage Receivables. Any balance remaining on the Pre-funded Account on the Quarterly Payment Date falling in July 2007 will be transferred to the Issuer Collection Account and form part of the Notes Redemption Available Amount.
Construction Account:	The Issuer will maintain with the Floating Rate GIC Provider an account (the Construction Account) to which on the Closing Date and, with respect to New Mortgage Receivables, on each relevant Purchase Date, an amount corresponding to the Construction Amounts will be credited. The Construction Account will only be debited for (i) payments to the Seller for the benefit of the Seller upon Construction Amounts being paid out to or on behalf of the Borrowers, and (ii) transfer to the Issuer Collection Account in case the Issuer has no obligation to pay any such part of the Initial Purchase Price.
Reserve Account:	The Issuer will pay the proceeds of the Subordinated Class G Notes into an account (the Reserve Account , together with the Issuer Collection Account, the Construction Account and the Pre-funded Account, the Transaction Accounts) held with the Floating Rate GIC Provider. 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 (s), but excluding item (r), 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. The Reserve Account Required Amount shall on any Quarterly Calculation Date be equal to (i) the amount of the net proceeds of the Subordinated Class G Notes paid into the Reserve Account on the Closing Date <i>minus</i> the difference between (a) the Cumulative Gross Realised Losses and (b) the sum of all amounts credited pursuant to items (g), (i), (k), (m), (o), (q) and (r) of the Interest Priority of Payments on each Quarterly Payment Date up to and including such Quarterly Payment Date insofar as these amounts have been drawn down under the Reserve Account, or (ii) zero, on the Optional Redemption Date whereon the Notes (other than the Subordinated Class G Notes) have been or are to be redeemed in full, subject to the Conditions.
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 (the **Floating Rate GIC Interest Rate**) determined by reference to one month Euribor minus a margin on the balance standing from time to time to the credit of the Transaction Accounts.

Subordinated Loan Agreement:

On or before the Closing Date, the Issuer will enter into a subordinated loan agreement (the **Subordinated Loan Agreement**) with the Subordinated Loan Provider for an amount of euro 2,300,000. The proceeds of the Subordinated Loan will be used to pay certain start-up costs and expenses incurred by the Issuer in connection with the issue of the Notes.

Swap Agreement:

On or before the Closing Date, the Issuer will enter into a swap agreement with the Swap Counterparty (the **Swap Agreement**) to hedge the risk between (a) the interest to be received by the Issuer on the Mortgage Receivables (including Prepayment Penalties) and the interest to be received by the Issuer on the Issuer Collection Account, the Reserve Account, the Construction Account and the Pre-funded Account and (b) the floating rates of interest payable by the Issuer on the relevant Class of Notes.

See further *Credit Structure* under *Interest Rate Hedging*.

OTHER:

Issuer Services Agreement:

Under a mortgage payment transaction and an issuer services agreement to be entered into on or before the Closing Date (the **Issuer Services Agreement**) between the Issuer, the MPT Provider, the Sub-MPT Provider, the Issuer Administrator and the Security Agent, (i) the MPT Provider will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Receivables on a day-to-day basis, including, without limitation, (a) the collection of payments of principal, interest and all other amounts in respect of the Mortgage Receivables, and (b) the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further the section *Mortgage Loan Underwriting and Mortgage Services* below), and (ii) 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. The MPT-Provider will initially appoint the Sub-MPT Provider as its sub-agent.

Issuer Management Agreements:

The Issuer and the Security Agent have entered into management agreements (together the **Issuer Management Agreements**) with each relevant Issuer Director, whereunder the relevant Issuer Director will undertake to act as managing director of the Issuer and to perform certain services in connection therewith.

Shareholder Management Agreements:

The Stichting Shareholder, the Shareholder, the Issuer and the Security Agent have entered into shareholder management agreements (together, the **Shareholder Management Agreements**, and together with the Issuer Management Agreements, the **Management Agreements**) with the Shareholder Director, whereunder, *inter alia*, the Shareholder Director will undertake to act as director of the Stichting Shareholder and of the Shareholder and to perform certain services in connection herewith.

DOCUMENTS INCORPORATED BY REFERENCE

The incorporation deed and the articles of association (*statuten/statuts*) of the Issuer (the **Articles of Association**) which have previously been published shall be incorporated in, and form part of, this Prospectus.

The additional financial information with respect to the portfolio of initial Mortgage Receivables which, upon request, will be made available to potential investors who are Eligible Holders for the sole purpose of and under the express conditions that the information may only be used for making an investment decision, shall be incorporated in, and form part of, this Prospectus.

Following the publication of the Prospectus a supplement may be prepared by the Issuer and approved by the CBFA in accordance with Article 34 of the Prospectus Implementation Law. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in the Prospectus or in a document which is incorporated by reference in the Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of the Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent.

CREDIT STRUCTURE

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

1. Mortgage Loan Interest Rates

The interest rate of each Mortgage Loan is fixed, subject to a reset from time to time. On the Cut-off Date the weighted average interest rate of the Mortgage Loans is expected to be 3.84 per cent. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Description of the Mortgage Loans*.

The actual amount of revenue received by the Issuer under the Mortgage Receivables Purchase Agreement will vary during the life of the Notes as a result of the level of delinquencies, defaults, substitutions, repayments and prepayments in respect of the Mortgage Receivables. Similarly, the actual amounts payable under the Interest Priority of Payments will vary during the life of the transaction as a result of fluctuations in Euribor and possible variations in certain other costs and expenses of the Issuer. The eventual effect of such variations could lead to drawings under the Reserve Account and the Liquidity Facility and to non-payment of certain items under the Interest Priority of Payments.

2. Cash Collection Arrangement

Payments by the Borrowers of interest and scheduled principal under the Mortgage Receivables are due on a monthly or quarterly basis, interest being payable in arrear. Until the assignment of the Mortgage Receivables has been notified to the Borrowers, all payments made by Borrowers will be paid into the Seller Collection Account maintained with Delta Lloyd Bank (in this capacity the **Seller Collection Account Provider**). The Seller Collection Account is administrated by the MPT Provider. This account is not pledged to any party. This account will also be used for the collection of moneys paid in respect of mortgage receivables other than Mortgage Receivables and in respect of other moneys belonging to the Seller.

On each Business Day the MPT Provider shall transfer all amounts of principal, interest, Prepayment Penalties and interest penalties received by the Seller in respect of the Mortgage Receivables to the Issuer Collection Account. Upon the occurrence of a Notification Event, the Borrowers, unless the Security Agent, provided that not giving notice as described below will have no adverse impact on the then current ratings assigned to the Notes, instructs otherwise, will be notified of the assignment of the Mortgage Receivables to the Issuer and will be required to make all payments directly to the Issuer Collection Account.

3. Transaction Accounts

3.1 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 Receivables and (ii) from the other parties to the Transaction Documents will be paid.

If any collateral in the form of cash is provided by the Swap Counterparty to the Issuer, the Issuer will be required to open a separate account in which such cash provided by the Swap Counterparty will be held. If any collateral in the form of securities is provided, the Issuer will be required to open a custody account in which such securities provided by the Swap Counterparty will be held. No withdrawals are permitted in respect of such accounts other than in relation to the provision of collateral or the return of Excess Swap Collateral, unless pursuant to the termination of the Swap Agreement, an amount is owed by the Swap Counterparty to the Issuer, in which case, the collateral may be applied in accordance with the Common Representative Appointment Agreement.

Excess Swap Collateral means an amount equal to the value of any collateral transferred to the Issuer by the Swap Counterparty under the Swap Agreement that is in excess of the Swap Counterparty's liability to the Issuer thereunder (i) as at the date such Swap Agreement is terminated or (ii) as at any other date of valuation in accordance with the terms of the Swap Agreement.

Any amounts remaining in such accounts upon termination of the Swap Agreement which are not owed to the Issuer by the Swap Counterparty shall be transferred directly to the Swap Counterparty (outside of the Interest Priority of Payments) on the termination date under the Swap Agreement.

If any collateral is transferred pursuant to the Swap Agreement in favour of the Issuer, the Issuer may apply such collateral in accordance with the Swap Agreement and the Common Representative Appointment Agreement, subject to the Issuer's obligation to return directly to the Swap Counterparty under the Swap Agreement any Excess Swap Collateral.

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 in respect of the Mortgage Receivables 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. In particular, the amounts forming part of the Notes Interest Available Amount will be credited to the Revenue Ledger. The amounts forming part of the Notes Redemption Available Amount will be credited to the Principal Ledger.

If at any time (i) 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 and Prime-1 by Moody's and F1 by Fitch or any such rating is withdrawn by S&P, Moody's and Fitch, or (ii) if the amount standing to the credit of (a) the Issuer Collection Account exceeds euro 50,000,000 or (b) the Pre-funded Account exceeds euro 100,000,000 and the long-term unsecured unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Aa3 by Moody's or its rating is withdrawn (together referred to, for the purpose of this section, as the **required minimum rating**), the Issuer will be required within 30 calendar days to transfer the balance of the relevant Transaction Accounts to an alternative bank with the required minimum rating or to obtain a third party, acceptable to the Rating Agencies, to guarantee the obligations of the Floating Rate GIC Provider.

On (a) each Purchase Date and thereafter (b) each Optional Redemption Date, the Issuer has the option to invest any balance standing to the credit of the Issuer Collection Account, the Reserve Account and the Pre-funded Account in:

- (a) euro denominated securities with a maturity not beyond:
 - (i) the next succeeding Purchase Date, provided that such securities have been assigned a rating of A-1+ by S&P, F1 by Fitch and Prime -1 by Moody's, or, as the case may be;
 - (ii) the next succeeding Quarterly Payment Date, provided that such securities have been assigned a rating of A-1+ by S&P, F1 by Fitch and Prime -1 by Moody's; or
- (b) any other investment possibility with a maturity not beyond the next succeeding Quarterly Payment Date, provided that:
 - (i) the notional amount is unconditionally guaranteed by a party having at least the required minimum rating; or
 - (ii) such investment will not adversely affect the then current ratings assigned to the Notes.

Payments may be made from the Issuer Collection Account other than on a Quarterly Payment Date only (i) to satisfy amounts due to third parties (other than pursuant to the Transaction Documents) and payable in connection with the Issuer's business and (ii) as provided for in the relevant Transaction Documents.

3.2 Pre-funded Account

The Issuer will maintain with the Floating Rate GIC Provider the Pre-funded Account to which on the Closing Date the Pre-funded Amount will be credited. On each Purchase Date during the Pre-funding

Period an amount equal to the positive difference between (a) the Initial Purchase Price of the New Mortgage Receivables purchased on such date and (b) the Principal Available Amount will be transferred from the Pre-funded Account to the Issuer Collection Account.

Payments may be made from the Pre-funded Account on a Purchase Date only to satisfy the Initial Purchase Price of New Mortgage Receivables. The Issuer may also make investments in eligible securities as set forth in item 3.1 above. Any remaining balance standing to the credit of the Pre-funded Account at the end of the Pre-funding Period or, as the case may be, on the Amortisation Date will be transferred to the Issuer Collection Account and form part of the Notes Redemption Available Amount.

3.3 Construction Account

The Issuer will also maintain with the Floating Rate GIC Provider the Construction Account to which on the Closing Date or in case of the purchase of New Mortgage Receivables, the relevant Purchase Date an amount corresponding to the aggregate Construction Amounts will be credited. Payments can only be made from the Construction Account on the 22nd day of each month, or in case such day is not a Business Day, the next succeeding Business Day, to satisfy payment by the Issuer to the Seller of (part of) the Initial Purchase Price as a result of the distribution of (part of) the Construction Amount by the Seller to the relevant Borrowers. Besides this, the Construction Account will be debited with the amount Borrowers have set off against the relevant Mortgage Receivables in connection with the Construction Amounts and as a result of which the Issuer has no further obligation to pay (such part of) the Initial Purchase Price. Such amount will be transferred to the Issuer Collection Account and form part of the Notes Redemption Available Amount.

3.4 Reserve Account

The Issuer will also maintain with the Floating Rate GIC Provider the Reserve Account. On the Closing Date, the net proceeds of the Subordinated Class G Notes will be credited to the Reserve Account.

Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet items (a) to (s) (inclusive), but excluding item (r), of the Interest Priority of Payments, before application of any funds drawn under the Liquidity Facility. Any drawing under the Reserve Account by the Issuer shall only be made on a Quarterly Payment Date if and to the extent there is a shortfall in the Notes Interest Available Amount to meet items (a) to (s) (inclusive), but excluding item (r), in the Interest Priority of Payments in full on that Quarterly Payment Date, before drawing on the Reserve Account.

The Reserve Account Required Amount shall on any Quarterly Calculation Date be equal to (i) the amount of the net proceeds of the Subordinated Class G Notes paid into the Reserve Account on the Closing Date *minus* the difference between (a) the Cumulative Gross Realised Losses and (b) the sum of all amounts credited pursuant to items (g), (i), (k), (m), (o), (q) and (r) of the Interest Priority of Payments on each Quarterly Payment Date up to and including such Quarterly Payment Date insofar as these amounts have been drawn down under the Reserve Account, or (ii) zero, on the Optional Redemption Date whereon the Notes (other than the Subordinated Class G Notes) have been or are to be redeemed in full, subject to the Conditions.

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, except for principal in respect of the Subordinated Class G Notes, have been paid and all payments or provisions 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 applied to redeem or partially redeem, as the case may be, the Subordinated Class G Notes.

4. Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Agent, the sum of the following amounts, calculated as at each Quarterly Calculation Date (being the fourth Business Day prior to each Quarterly Payment 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 (xi) being hereafter referred to as the **Notes Interest Available Amount**):

- (i) as interest, including penalty interest, on the Mortgage Receivables less any amounts paid to the Swap Counterparty under the Swap Agreement at the two immediately preceding Swap Payment Dates in the relevant Quarterly Calculation Period;
- (ii) as interest accrued on the Issuer Collection Account, the Construction Account, the Reserve Account and the Pre-funded Account less any amounts paid to the Swap Counterparty under the Swap Agreement at the two immediately preceding Swap Payment Dates in the relevant Quarterly Calculation Period;
- (iii) as Prepayment 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) 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 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;
- (viii) 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;
- (ix) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Common Representative Appointment Agreement to the extent such amounts do not relate to principal;
- (x) any (remaining) amounts standing to the credit of the Issuer Collection Account to the extent they relate to Estimated Losses; and
- (xi) any (remaining) amounts standing to the credit of the Issuer Collection Account to the extent they do not relate to principal;

will pursuant to the terms of the Common Representative Appointment Agreement 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), except that an amount corresponding to the Reverse Loss Amount (if any) will be applied to item (z) (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;

- (b) *second*, in or towards satisfaction of fees and expenses due and payable to the Issuer Administrator under the Issuer Services Agreement;
- (c) *third*, in or towards satisfaction of any fees due and payable to the Security Agent under the Common Representative Appointment Agreement and of any costs, charges, liabilities and expenses incurred by the Security Agent under or in connection with any of the Transaction Documents, including, but not limited to, fees and expenses of any legal advisor, auditor and/or accountant appointed by the Security Agent;
- (d) *fourth*, 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 connection with the Issuer's business (other than under the Transaction 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, (ii) fees and expenses due to the Paying Agent, the Domiciliary Agent, the Listing Agent and the Reference Agent under the Agency Agreement (iii) fees and expenses due to the MPT Provider under the Issuer Services Agreement and (iv) the liquidity facility commitment fee under the Liquidity Facility Agreement to the Liquidity Facility Provider;
- (e) *fifth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (w) 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 Ledger;
- (f) *sixth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A Notes and (ii) amounts, if any, due but unpaid under the Swap Agreement, (except for any termination payment due or payable as a result of the occurrence of an Event of Default (as defined therein) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined therein) relating to the credit rating of the Swap Counterparty (as such terms are defined in the Swap Agreement), including a Settlement Amount (as defined therein) (a **Swap Counterparty Default Payment**) payable under (v) below but excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral;
- (g) *seventh*, in or towards making good any shortfall reflected in the Class A Quarterly Realised Losses Ledger until the debit balance, if any, on the Class A Quarterly Realised Losses 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 Quarterly Realised Losses Ledger until the debit balance, if any, on the Class B Quarterly Realised Losses 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 towards making good any shortfall reflected in the Class C Quarterly Realised Losses Ledger until the debit balance, if any, on the Class C Quarterly Realised Losses 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 Quarterly Realised Losses Ledger until the debit balance, if any, on the Class D Quarterly Realised Losses Ledger is reduced to zero;
- (n) *fourteenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Junior Class E Notes;
- (o) *fifteenth*, in or towards making good any shortfall reflected in the Class E Quarterly Realised Losses Ledger until the debit balance, if any, on the Class E Quarterly Realised Losses Ledger is reduced to zero;
- (p) *sixteenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Subordinated Class F Notes;
- (q) *seventeenth*, in or towards making good any shortfall reflected in the Class F Quarterly Realised Losses Ledger until the debit balance, if any, on the Class F Quarterly Realised Losses Ledger is reduced to zero;
- (r) *eighteenth*, in or towards making good any shortfall reflected in the Estimated Losses Ledger until the debit balance, if any, on the Estimated Losses Ledger is reduced to zero;
- (s) *nineteenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Subordinated Class G Notes;
- (t) *twentieth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;
- (u) *twenty-first*, in or towards satisfaction of principal amounts due under the Subordinated Class G Notes on the earlier of (i) the Optional Redemption Date on which the Notes (other than the Subordinated Class G Notes) will be redeemed in full or (ii) the Final Maturity Date;
- (v) *twenty-second*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (w) *twenty-third*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (x) *twenty-fourth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;
- (y) *twenty-fifth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement; and
- (z) *twenty-sixth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the holders of the Residual Certificates.

5. Priority of Payments in respect of principal

Prior to the delivery of an Enforcement Notice by the Security Agent, the sum of the following amounts, calculated as at any Quarterly Calculation Date, as being received during the immediately preceding Quarterly Calculation Period (items (i) up to and including (x) hereinafter referred to as the **Notes Redemption Available Amount**):

- (i) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding Prepayment Penalties;
- (ii) as Net Proceeds on any Mortgage Receivables to the extent such proceeds relate to principal;

- (iii) as amounts received in connection with a repurchase of Mortgage Receivables 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;
- (iv) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Common Representative Appointment Agreement to the extent such amounts relate to principal;
- (v) as amounts to be credited to the Quarterly Realised Losses Ledger under items (q), (o), (m), (k), (i) and (g) of the Interest Priority of Payments on the immediately succeeding Quarterly Payment Date;
- (vi) as partial prepayment in respect of Mortgage Receivables;
- (vii) as amounts received as Post-foreclosure Proceeds on the Mortgage Receivables;
- (viii) 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;
- (ix) as amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement; and
- (x) on the first Amortisation Date or, as the case may be, on the Quarterly Payment Date falling in July 2007, as amounts standing to the credit of the Pre-funded Account;

will, as of the first Amortisation Date or, as the case may be, the first Optional Redemption Date, be applied by the Issuer on the Amortisation Date or, as the case may be, the Optional Redemption Date immediately succeeding such Quarterly Calculation 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 each Amortisation Date or, as the case may be, Optional Redemption 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 Amortisation Date or, as the case may be, Optional Redemption 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 Amortisation Date or, as the case may be, Optional Redemption 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 Amortisation Date or, as the case may be, Optional Redemption Date, including, as the case may be, the Final Maturity Date, until fully redeemed;
- (e) *fifth*, in or towards satisfaction of principal amounts due under the Junior Class E Notes on the relevant Amortisation Date or, as the case may be, Optional Redemption Date, including, as the case may be, the Final Maturity Date, until fully redeemed; and
- (f) *sixth*, in or towards satisfaction of principal amounts due under the Subordinated Class F Notes on the relevant Amortisation Date or, as the case may be, Optional Redemption Date, including, as the case may be, the Final Maturity Date, until fully redeemed.

6. Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Agent under the Common Representative Appointment Agreement will be applied 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, *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;
- (b) *second*, in or towards satisfaction of fees and expenses due and payable to the Issuer Administrator under the Issuer Services Agreement;
- (c) *third*, in or towards satisfaction of any fees due and payable to the Security Agent under the Common Representative Appointment Agreement and of any cost, charge, liability and expenses incurred by the Security Agent under or in connection with any of the Transaction Documents, which will include, *inter alia*, the fees and expenses of any legal advisor, auditor and/or accountant appointed by the Security Agent;
- (d) *fourth*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing due and payable but unpaid under the Liquidity Facility Agreement;
- (e) *fifth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees and expenses of the Paying Agent, the Domiciliary Agent, the Listing Agent and the Reference Agent incurred under the provisions of the Agency Agreement and (ii) the fees and expenses of the MPT Provider under the Issuer Services Agreement;
- (f) *sixth*, in or towards satisfaction of any sums due and payable but unpaid under the Liquidity Facility Agreement but excluding any amounts due under the Liquidity Facility Agreement payable under (v) below;
- (g) *seventh*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, 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 (u) below, excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral;
- (h) *eighth*, in or towards satisfaction of all amounts of (i) interest due or interest accrued, but unpaid and (ii) principal and any other amount due but unpaid in respect of the Senior Class A Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class B 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 B Notes;
- (k) *eleventh*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class C Notes;
- (l) *twelfth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class C Notes;
- (m) *thirteenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Junior Class D Notes;
- (n) *fourteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class D Notes;
- (o) *fifteenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Junior Class E Notes;

- (p) *sixteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class E Notes;
- (q) *seventeenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class F Notes;
- (r) *eighteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class F Notes;
- (s) *nineteenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class G Notes;
- (t) *twentieth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class G Notes;
- (u) *twenty-first*, in or towards satisfaction of amounts due and payable under the Swap Agreement in connection with the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (v) *twenty-second*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (w) *twenty-third*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan; and
- (x) *twenty-fourth*, in and towards satisfaction of any Deferred Purchase Price Instalment to the holders of the Residual Certificates.

7. Application of Principal Amounts During the Revolving Period

During the Revolving Period, the Issuer will purchase on each Purchase Date New Mortgage Receivables to the extent offered by the Seller by applying the Purchase Available Amount. During the Pre-funding Period, the **Purchase Available Amount** consists of the sum of (i) the Principal Available Amount, and (ii) any drawing from the Pre-funded Account on such Purchase Date in accordance with the Common Representative Appointment Agreement. Thereafter, the Purchase Available Amount consists of the Principal Available Amount. The **Principal Available Amount** is the sum of all amounts received or deposited by the Issuer, during the immediately preceding Monthly Calculation Period which would form part of the Notes Redemption Available Amount, increased with any Principal Available Amount calculated on the immediately preceding Purchase Date which has not been applied towards the purchase of New Mortgage Receivables on such preceding Purchase Date.

8. Subordinated Loan

On the Closing Date the Seller will make available to the Issuer the Subordinated Loan. The Subordinated Loan will be in an amount of euro 2,300,000 and will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes.

9. Liquidity Facility

On or before 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 on which the Notes (other than the Subordinated Class G Notes) are, subject to Conditions 4.5 (f) and 4.10, redeemed in full at their Principal Amount Outstanding or (ii) the Final Maturity Date) to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount (as defined below). The Liquidity Facility Agreement is for a term of maximum 364 calendar 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 (p) (inclusive), but not items (g), (i), (k), (m) and (o) 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 Cumulative Net Realised Losses Ledger, item (j) if there is a debit balance on the Class C Cumulative Net Realised Losses Ledger, item (l) if there is a debit balance on the Class D Cumulative Net Realised Losses Ledger, item (n) if there is a debit balance on the Class E Cumulative Net Realised Losses Ledger, and item (p) if there is a debit balance on the Class F Cumulative Net Realised Losses Ledger. The Liquidity Facility Provider will rank in priority of payment 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 A-1+ by S&P and Prime-1 by Moody's and F1 by Fitch or any such rating is withdrawn by S&P and Moody's and Fitch and (ii) within 30 calendar days of such downgrading the Liquidity Facility Provider 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 A-1+ by S&P and Prime-1 by Moody's and F1 by Fitch or a third party, acceptable to the Rating Agencies, has not guaranteed the obligations of the Liquidity Facility Provider, 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 the Issuer Collection Account with a corresponding credit to a ledger to be known as the **Liquidity Facility Stand-by Ledger**. Amounts so credited to the Issuer Collection 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 is not renewed 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 Issuer Collection 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 Calculation Date, the higher of (i) 3.00 per cent. of the aggregate Principal Amount Outstanding of the Notes (other than the Subordinated Class G Notes), on such date and (ii) 1.00 per cent. of the Aggregate Principal Amount Outstanding of the Notes (other than the Subordinated Class G Notes) as of the Closing Date.

10. Estimated Losses Ledger

An **Estimated Losses Ledger** will be established by or on behalf of the Issuer in order to record Aggregate Estimated Losses. On each Quarterly Calculation Date:

- (a) the sum of all Estimated Losses will be debited to the Estimated Losses Ledger; and
- (b) the sum of all Estimated Losses pertaining to Delinquent Receivables that have become Realised Delinquent Receivables during the immediately preceding Quarterly Calculation Period will be credited to the Estimated Losses Ledger, and will form part of the Quarterly Realised Losses, except for an amount corresponding to the Reverse Loss Amount, if any, on such Quarterly Calculation Date.

The Aggregate Estimated Losses are credited at item (r) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose.

On each Quarterly Calculation Date the Reverse Loss Amount will be applied to item (z) of the Interest Priority of Payments towards satisfaction of a Deferred Purchase Price Instalment.

Aggregate Estimated Losses means on any Quarterly Calculation Date, the balance standing on the debit of the Estimated Losses Ledger.

Delinquent Receivable means on any Quarterly Calculation Date, a Mortgage Receivable which is in arrears for a period of two months or in respect of which foreclosure proceedings have been initiated. For this purpose, a foreclosure proceeding is deemed to have been started when an order to pay has been served on the Borrower by a bailiff's writ (*het bevel bij exploit werd betekend / le commandement a été signifié par exploit*).

Estimated Losses means with respect to a Delinquent Receivable on any Quarterly Calculation Date the provisions established in relation to such Delinquent Receivable by the MPT Provider in accordance with the Stater Vademecum.

Realised Delinquent Receivables means Delinquent Receivables in relation to which Realised Losses occurred.

Reverse Loss Amount means on any Quarterly Calculation Date, with respect to Delinquent Receivables that have become Realised Delinquent Receivables during the immediately preceding Quarterly Calculation Period, the amount, if any, by which the Estimated Losses on such Realised Delinquent Receivables exceeds the Realised Losses on such Realised Delinquent Receivables.

11. Quarterly Realised Losses Ledger, Cumulative Net Realised Losses Ledger and Cumulative Gross Realised Losses Ledger

A **Quarterly Realised Losses Ledger** comprising six sub-ledgers (the Class A Quarterly Realised Losses Ledger, the Class B Quarterly Realised Losses Ledger, the Class C Quarterly Realised Losses Ledger, the Class D Quarterly Realised Losses Ledger, the Class E Quarterly Realised Losses Ledger and the Class F Quarterly Realised Losses Ledger) will be established by or on behalf of the Issuer in order to record Quarterly Realised Losses. An amount equal to any Quarterly Realised Losses will be debited to the Class F Quarterly Realised Losses Ledger (such debit items being credited at item (q) 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 Subordinated Class F Notes (the **Class F Realised Losses Limit**) and thereafter such amount will be debited to the Class E Quarterly Realised Losses Ledger (such debit items 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 Principal Amount Outstanding of the Junior Class E Notes (the **Class E Realised Losses Limit**) and thereafter such amount will be debited to the Class D Quarterly Realised Losses 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 (the **Class D Realised Losses Limit**) and thereafter such amount will be debited to the Class C Quarterly Realised Losses 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 (the **Class C Realised Losses Limit**) and thereafter such amount will be debited to the Class B Quarterly Realised Losses 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 (the **Class B Realised Losses Limit**) and thereafter such amount will be debited to the Class A Quarterly Realised Losses Ledger (the **Class A Realised Losses Limit**) (such debit items being credited at item (g) of the Interest Priority of Payments, (to the extent funds become available for such purpose). On each Quarterly Calculation Date, any balance remaining on the Quarterly Realised Losses Ledger following application of the amounts credited pursuant to items (q), (o), (m), (k), (i) and (g) of the Interest Priority of Payments will be debited to the Cumulative Net Realised Losses Ledger whereupon such balance shall be reduced to zero.

A **Cumulative Net Realised Losses Ledger** comprising six sub-ledgers (the Class A Cumulative Net Realised Losses Ledger, the Class B Cumulative Net Realised Losses Ledger, the Class C Cumulative Net Realised Losses Ledger, the Class D Cumulative Net Realised Losses Ledger, the Class E Cumulative Net Realised Losses Ledger and the Class F Cumulative Net Realised Losses Ledger) will be established by or on behalf of the Issuer in order to record cumulative net realised losses. On each Quarterly Calculation Date, any amount credited from the Quarterly Realised Losses Ledger will be debited to the Class F Cumulative Net Realised Losses Ledger so long as the debit balance on such ledger is less than the Class F Realised Losses Limit, and thereafter such amount will be debited to the Class E Cumulative Net Realised Losses Ledger so long as the debit balance on such ledger is less than the Class E Realised Losses Limit, and thereafter such amount will be debited to the Class D Cumulative Net Realised Losses Ledger so long as the debit balance

on such ledger is less than the Class D Realised Losses Limit, and thereafter such amount will be debited to the Class C Cumulative Net Realised Losses Ledger so long as the debit balance on such ledger is less than the Class C Realised Losses Limit, and thereafter such amount will be debited to the Class B Cumulative Net Realised Losses Ledger so long as the debit balance on such ledger is less than the Class B Realised Losses Limit and thereafter such amount will be debited to the Class A Cumulative Net Realised Losses Ledger. As and when received, any Post-foreclosure Proceeds will be credited to the Class A Cumulative Net Realised Losses Ledger until the debit balance, if any, on the Class A Cumulative Net Realised Losses Ledger is reduced to zero, and thereafter the balance will be credited to the Class B Cumulative Net Realised Losses Ledger until the debit balance, if any, on the Class B Cumulative Net Realised Losses Ledger is reduced to zero, and thereafter the balance will be credited to the Class C Cumulative Net Realised Losses Ledger until the debit balance, if any, on the Class C Cumulative Net Realised Losses Ledger is reduced to zero, and thereafter the balance will be credited to the Class D Cumulative Net Realised Losses Ledger until the debit balance, if any, on the Class D Cumulative Net Realised Losses Ledger is reduced to zero, and thereafter the balance will be credited to the Class E Cumulative Net Realised Losses Ledger until the debit balance, if any, on the Class E Cumulative Net Realised Losses Ledger is reduced to zero and thereafter the balance will be credited to the Class F Cumulative Net Realised Losses Ledger.

A Cumulative Gross Realised Losses Ledger comprising six sub-ledgers (the Class A Cumulative Gross Realised Losses Ledger, the Class B Cumulative Gross Realised Losses Ledger, the Class C Cumulative Gross Realised Losses Ledger, the Class D Cumulative Gross Realised Losses Ledger, the Class E Cumulative Gross Realised Losses Ledger and the Class F Cumulative Gross Realised Losses Ledger) will be established by or on behalf of the Issuer in order to record Realised Losses. An amount equal to the Realised Losses will be debited to the Class F Cumulative Gross Realised Losses Ledger so long as the debit balance on such ledger is less than the Class F Realised Losses Limit, and thereafter such amount will be debited to the Class E Cumulative Gross Realised Losses Ledger so long as the debit balance on such ledger is less than the Class E Realised Losses Limit, and thereafter such amount will be debited to the Class D Cumulative Gross Realised Losses Ledger so long as the debit balance on such ledger is less than the Class D Realised Losses Limit, and thereafter such amount will be debited to the Class C Cumulative Gross Realised Losses Ledger so long as the debit balance on such ledger is less than the Class C Realised Losses Limit, and thereafter such amount will be debited to the Class B Cumulative Gross Realised Losses Ledger so long as the debit balance on such ledger is less than the Class B Realised Losses Limit and thereafter such amount will be debited to the Class A Cumulative Gross Realised Losses Ledger.

Realised Losses means, on any Quarterly Calculation Date, the sum of (a) the amount of the difference between (i) the aggregate Outstanding Principal Amount on which the Seller or the Issuer 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 of all Mortgage Receivables sold by the Issuer, and (y) the purchase price received in respect of such Mortgage Receivables to the extent relating to the principal.

Quarterly Realised Losses means, on any Quarterly Calculation Date, the Realised Losses incurred during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date.

Cumulative Net Realised Losses means, on any Quarterly Calculation Date, the balance standing on the debit of the Cumulative Net Realised Losses Ledger following the debit of amounts, if any, from the Quarterly Realised Losses Ledger on such Quarterly Calculation Date.

Cumulative Gross Realised Losses means, on any Quarterly Calculation Date, the balance standing on the debit of the Cumulative Gross Realised Losses Ledger.

Post-foreclosure Proceeds means any amounts received, recovered or collected from a Borrower or a third party collateral provider in respect of a Mortgage Receivable in addition to Net Proceeds, following completion of foreclosure on the Mortgage and other collateral securing the Mortgage Receivable.

12. Interest Rate Hedging

The Eligibility Criteria require that all Mortgage Loans bear a rate of interest which is fixed for an agreed interest period which can either be equal to or shorter than the term of the Mortgage Loan. If the interest period is shorter than the term of the Mortgage Loan, the rate of interest is subject to a reset at the end of the interest period. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. The Issuer will hedge 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 **Swap Payment Date** (being the 20th day of each month, or if such day is not a Business Day, the next succeeding Business Day, or in case of a month in which a Quarterly Payment Date falls, such Quarterly Payment Date) the sum of:

- (a) the aggregate amount of interest on the Mortgage Receivables scheduled to be paid during the immediately preceding Monthly Calculation Period; and
- (b) the interest accrued on the Issuer Collection Account, the Reserve Account, the Construction Account and the Pre-funded Account; and
- (c) the aggregate amount of the penalty interest received during the immediately preceding Monthly Calculation Period;

less:

- (i) an excess margin of 0.40 per cent. per annum calculated on a monthly basis and applied to the relevant Principal Amount Outstanding of the Notes (other than the Subordinated Class G Notes) on the first day of the relevant Floating Rate Interest Period (the **Excess Margin**); and
- (ii) the operating expenses set out in items (a) up to and including (d) of the Interest Priority of Payments payable during the relevant calendar year divided by twelve.

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 on the first day of the relevant Floating Rate Interest Period.

12.1 Adjustment of Swap Amounts

If on any Swap Payment Date, the sum of scheduled interest actually received and interest (including penalties) recovered on the Mortgage Receivables falls short of scheduled interest to be received on the Mortgage Receivables, the payment obligation of the Issuer will be reduced with an amount equal to such shortfall. In such event the payment of the Swap Counterparty on the immediately succeeding Quarterly Payment Date will be adjusted accordingly on a euro for euro basis. Such reduction could result in the Issuer not having sufficient funds available to meet its payment obligations in accordance with the priorities described above on such Quarterly Payment Date.

12.2 Downgrade of Swap Counterparty

- (a) Pursuant to the Swap Agreement, if, at any time, (a) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than A-1 by S&P (the **S&P Required Rating**), or (b) any such rating is withdrawn by S&P, then the Swap Counterparty will be obliged, immediately upon such reduction or withdrawal of any such rating, to use its best endeavours to and in any case within ten (10) Business Days of such reduction or withdrawal of any such rating (at the option of the Swap Counterparty) (i) at its own cost, transfer and assign its rights and obligations under the Swap Agreement to a third party having at least the S&P Required Rating; or (ii) find any other solution acceptable to S&P to maintain the then current ratings assigned by S&P to the Notes. The Swap Counterparty will actively pursue efforts to accomplish the solution mentioned above under either (i) or (ii) and will, prior thereto, continue to perform its obligations under the Swap Agreement. If within ten

(10) Business Days after the occurrence of a downgrade or withdrawal, the Swap Counterparty has not transferred its rights and obligations to a third party having at least the S&P Required Rating, then the Swap Counterparty shall, and until such third party is found, at its own cost put in place a mark-to-market collateral agreement in a form and substance acceptable to S&P (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 (the **Collateral Amount**) in support of its obligations under the Swap Agreement, which complies with, in relation to the Collateral Amount, published criteria set by S&P, or any other amount which might be agreed with S&P.

- (b) Pursuant to the Swap Agreement, if, at any time and for so long as, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as A2 (or its equivalent) by Moody's or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as Prime-1 (or its equivalent) by Moody's (such ratings together the **Moody's Required Ratings I**), then the Swap Counterparty will at its own cost, within 30 business days following publication by Moody's of the change of rating of the Swap Counterparty of such downgrade:
- (i) transfer all of its rights and obligations with respect to the Swap Agreement to either (x) a replacement third party with the Moody's Required Ratings I domiciled in the same legal jurisdiction as the Swap Counterparty or the Issuer or (y) a replacement third party agreed by Moody's; or
 - (ii) find a third party, having the Moody's Required Ratings I, to guarantee the obligations of the Swap Counterparty under the Swap Agreement; or
 - (iii) take such other action as the Swap Counterparty may agree with Moody's; or
 - (iv) put in place a mark-to-market collateral agreement in a form and substance acceptable to Moody's (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 (the **Collateral Amount**)) in support of its obligations under the Swap Agreement which complies with, and complying with, in relation to the Collateral Amount, certain criteria set by Moody's or any other amount which might be agreed with Moody's.

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

- (c) Pursuant to the Swap Agreement, if, at any time and for so long as, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as A3 (or its equivalent) by Moody's or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as Prime-2 (or its equivalent) by Moody's (such ratings together the **Moody's Required Ratings II**), then the Swap Counterparty will, at its own cost and using commercially reasonable efforts, attempt to take the action described under (b)(i) and (ii) above and, until it has taken the action described in (b)(i) or (ii) above, and within 30 business days of publication by Moody's of the change of rating of the Swap Counterparty of such downgrade, the Swap Counterparty will put in place and maintain a mark-to-market collateral agreement in a form and substance acceptable to Moody's (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 (the **Collateral Amount**)) in support of its obligations under the Swap Agreement which complies with, and complying with, in relation to the Collateral Amount, certain criteria set by Moody's or any other amount which might be agreed with Moody's.

In case the Swap Counterparty ceases to be rated at least as high as the Moody's Required Ratings II the criteria for the Collateral Amount will be stricter than if the Swap Counterparty ceases to be rated at least as high as the Moody's Required Ratings I.

- (d) 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 A by Fitch, or (b) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to be rated at least as high as F1 by Fitch (such ratings together the **Fitch Required Ratings** and events (a) or (b) a **Fitch Downgrade**) or (c) any such rating is withdrawn by Fitch, then the Swap Counterparty will, within thirty (30) calendar days of such reduction or withdrawal of any such rating,
- (i) find 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 then current rating of the Notes which would have subsisted but for the Fitch Downgrade; 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 or take such other action as the Swap Counterparty may agree with Fitch as will result in the ratings of the Notes then outstanding being restored to or maintained at the level they were at immediately prior to the Fitch Downgrade, in each case in accordance with and subject to the provisions of the Swap Agreement and the Common Representative Appointment Agreement.

The mark-to-market collateral agreement in relation to the credit support referred to in (ii) under this item (d) 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) of this item (d) are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by the Swap Counterparty pursuant to (ii) under this item (d) 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.

- (e) 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 (a **Fitch F2 Downgrade**), or (c) any such rating is withdrawn by Fitch and, in each case, as a result of such downgrading or withdrawal, the then current ratings of the Notes would be downgraded, then the Swap Counterparty will, at its own cost, within thirty (30) calendar days of such reduction or withdrawal of any such rating,
- (i) find a third party having the Fitch Required Ratings, to guarantee the obligations of the Swap Counterparty under the Swap Agreement; or
 - (ii) transfer and assign its rights and obligations under the Swap Agreement to a third party having the Fitch Required Ratings; or
 - (iii) find any other solution necessary to assist the Issuer or take such other action as the Swap Counterparty may agree with Fitch as will result in the rating of the Notes then outstanding being restored to or maintained at the level they were at immediately prior to the Fitch F2 Downgrade, in each case in accordance with and subject to the provisions of the Swap Agreement and the Common Representative Appointment Agreement.

Pending compliance with any one of (i), (ii) or (iii) of this item (e), following the occurrence of a Fitch F2 Downgrade, the Swap Counterparty shall put in place or (as the case may be) continue to post collateral to the Issuer pursuant to a mark-to-market collateral arrangement described in (ii) of item (d) above in support of its obligations under the Swap Agreement. If any of (i), (ii) or (iii) of this item (e) are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by the Swap Counterparty 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.

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

Any capitalised term used above but not defined herein shall have the meaning given to it in the Swap Agreement.

13. Sale of Mortgage Receivables

Under the terms of the Common Representative Appointment Agreement, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date to a third party, which may also be the Seller, provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes (other than the Subordinated Class G Notes) in accordance with Condition 4.5 (f). In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Issuer has the obligation to sell and assign to the Seller and the Seller has the obligation or the right to repurchase certain Mortgage Receivables in certain events and the right to exercise the Clean-Up Call Option or the Regulatory Call Option.

The purchase price of the Mortgage Receivables in the event of a repurchase or reassignment other than pursuant to a breach of representation and warranty in relation to such Mortgage Receivable or its related Mortgage Loan shall be equal to the Optional Repurchase Price.

The purchase price of each Mortgage Receivable in the event of a repurchase or reassignment pursuant to a breach of representation and warranty in relation to such Mortgage Receivable or its related Mortgage Loan, shall be equal to the Repurchase Price.

THE BELGIAN RESIDENTIAL MORTGAGE MARKET

1. THE KINGDOM OF BELGIUM

1.1 Economic environment

With 10.45 million inhabitants and 343.6 inhabitants per km², Belgium is the 3rd most densely populated country in Europe, after Malta and The Netherlands (source: Eurostat).

Belgium has emerged from the economic slowdown of 2001-02 with stronger performance than many of its European partners. Following two years of lacklustre growth, economic activity picked up modestly in 2003 and strengthened in 2004, supported by prudent macroeconomic policies and a more favourable global environment. With weak domestic demand in trading partners, growth slowed down in early 2005 but the recovery has since resumed and is expected to strengthen in 2006.

Belgium has one of the highest GDP per capita in Europe, at EUR 28,504 (source: NBB). For 2005, Belgium's GDP growth was 1.2 per cent. in comparison to 1.6 per cent. for the 25 countries of the European Union (for the purpose of this section, the EU). Growth of GDP for Belgium is expected to improve with a forecasted GDP growth of 2.3 per cent. for 2006 and 2.1 per cent. for 2007, compared to 2.3 and 2.2 per cent respectively for the EU (source: Eurostat).

Belgium's average annual inflation rate (reflected by the Harmonized Indices of Consumer Prices) over the last three years was approximately 2.0 per cent. compared to 2.1 per cent. for the EU (source: Eurostat).

During the last eight years, Belgium's unemployment rates have been consistently below the average unemployment rates for the EU, with an average rate of 8.0 per cent. over this period for Belgium and 8.9 per cent. for the EU. Unemployment reached 8.4 per cent. at the end of 2005 and is expected to decrease to 8.3 per cent in 2006 (source: Institut des Comptes Nationaux/Budget économique – septembre 2006).

Traditionally one of the highest in Europe, the average Belgian household savings rate has been decreasing from 19.2 per cent in 1995 to 12.4 per cent in 2005 (source: Institut des Comptes Nationaux / Budget économique – septembre 2006), but is expected to stabilise around 12.6 per cent. in 2006.

In 2004, the ratio residential debt to GDP was 31.2 per cent, substantially below the EU average of 45.3 per cent. (with 111.1 per cent in the Netherlands and 26.2 % in France). The average per capita mortgage debt was EUR 8,506 (source: European Mortgage Federation).

1.2 The Belgian Banking Sector

Prior to 1991, the Belgian mortgage market was predominantly controlled by public credit institutions. Since 1991, the national mortgage market has been increasingly dominated by a handful of major banking groups that have emerged from the consolidation of the sector. Dexia, Fortis, ING Belgium and KBC now control nearly 70 per cent. of the mortgage lending market, distributing mortgages through their traditional branch network combined, for most of them, with a more specialised network selling under a different brand name (Exhibit 1). The remaining part is divided amongst various other types of lenders, such as smaller banks, savings banks, insurance companies and "mortgage shops" and national chains of mortgage intermediaries.

Exhibit 1 Market Share in Mortgage lending per 31/12/2004

	Market Share (including affiliated agent networks)
Fortis	22.4%
KBC.....	20.4%
Dexia	13.8%
ING Belgium.....	12.1%
Total.....	<u>68.6%</u>

Source: CBFA

Since 1999, foreign lending institutions have been authorised to grant mortgage credit in Belgium. However, competition has not further intensified as the low margins common among local institutions appear to have discouraged the arrival of foreign competitors.

1.3 Housing market features

Belgium has a high proportion of 68 per cent. of home ownership, compared to the 63.5 per cent. EU-25 average (source: European Mortgage Federation). Brussels remains the cheapest capital city in Europe, with average house prices of EUR 1,694 / m² where the European average is around EUR 3,550 / m².

In 2005, the total value of transactions completed in the secondary real-estate market amounted to approximately EUR 25 billion (source: STADIM).

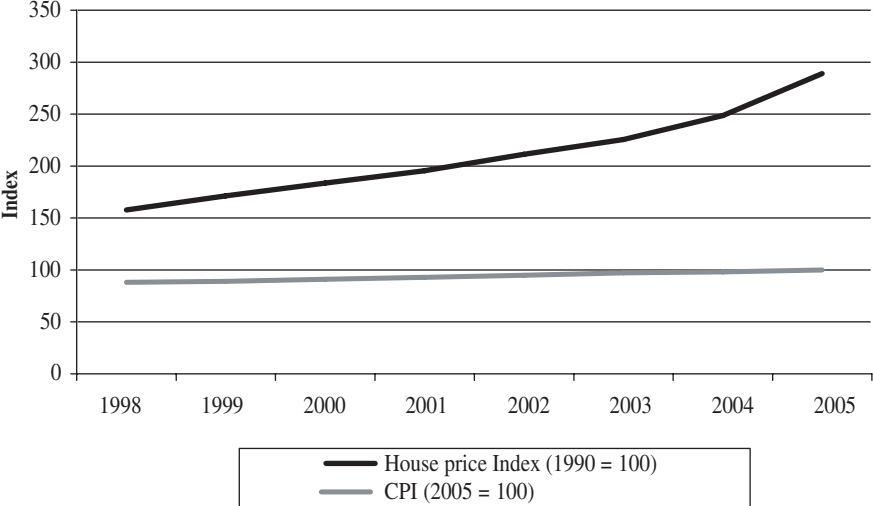
Demand for housing in Belgium has been growing steadily in the last decade. As illustrated in Exhibit 2, Belgian house prices did not spike in the late 1990's as they did in many other European countries. Instead, in the past years, the market has been characterised by a steady demand growth fuelled by:

- Increasing number of single person households;
- Easier access to financing;
- Historically low interest rates; and
- Brussels' role as the European capital.

In the same period, the housing supply has remained constrained due to scarcity of building land, as well as weak or negative growth of housing construction between 1997 and 2002 (Source: SPF Economie).

As a consequence of the increasing demand and the limited supply, property prices have surged over the past 10 years: +73 per cent. for apartments and +54 per cent. for houses (source: STADIM). In 2004, price growth reached a record high of 10.3 per cent., while the eurozone average growth was 7.4 per cent. (source: European Mortgage Federation). In 2004, granting of building permits and housing starts grew respectively by 15.0 per cent. and 9.8 per cent., which is expected to have an impact on price pressure (source: European Mortgage Federation).

Exhibit 2 House Price Developments and CPI Index in Belgium



Source: STADIM

2. MORTGAGE PRODUCTS

2.1 Typical mortgage product characteristics

Belgian mortgage loan products are considered conventional in comparison to other European countries, particularly the UK or the Netherlands. Belgian mortgage loans either have a fixed interest rate for their lifetime (typically 15 to 20 years), or are referenced upon Belgian sovereign debt (*Obligations Linéaires/Lineaire Obligaties*, also known as OLOs). By law referenced mortgage loans cannot re-fix any more frequently than once a year. As for redemptions, annuity (fixed total payment) or linear (fixed principal payment, floating interest rate component) formulas prevail. Though bullet repayments are available, the associated savings vehicles are not like the investment mortgage loans found in the Netherlands. A typical residential mortgage in Belgium is an amortising 20-year loan with a fixed interest rate, subject to reset every 1, 3, 5 or 10 year.

Belgian mortgage loans differ from international standards in terms of drawdown and security. Belgian mortgage loans are typically structured as credit facility agreements that allow variable drawdowns at a borrower’s discretion up to a pre-determined amount. Mortgage loans are structured in this way to reflect the preference for newly built property in the market. Thus, a first drawdown could be for the purchase of the land, a second for the construction of the property, and a third for its furnishing. Though each drawdown represents a separate loan all advances under the credit facility agreement rank *pari passu*.

As competition in the Belgian mortgage loan market is primarily on the basis of price, there is no material difference amongst lenders in terms of underwriting standards. Target debt-to-income ratios (for the purpose of this section, **DTI**) tend to be in the region of 33 per cent. Technically, loan-to-value ratios (for the purpose of this section, **LTVs**) extend as high as 125 per cent.

In 2005, the average Loan-To-Value was 89 per cent., in line with the European average and slightly up from the 80-85 per cent. levels registered before 2003 (source: European Mortgage Federation) due to an increased competition and the low interest rate environment.

The average mortgage rate in 2004 was 5.2 per cent., with a switch of preference from variable rate to fixed interest loans (68 per cent. of fixed rate loans in 2004 against 30 per cent. in 1999) (source: European Mortgage Federation).

2.2 Security

Two main forms of security are employed. The most common and most expensive is a full mortgage. Its expense is largely due to the costs incurred for its registration. In order to avoid paying these costs on the full amount of the loan, lenders can agree to secure part of the loan, if not the total amount, by a mortgage mandate (hypothecair mandaat / mandat hypothécaire). The mandate enables the beneficiary of the mandate to execute a full mortgage at its discretion, on the understanding that the mandate will be converted to a mortgage if a borrower’s performance suggests the risk of default. In the mandate, the borrower commits not to charge the property with any other liens until the loan has been reimbursed in full.

2.3 The credit database

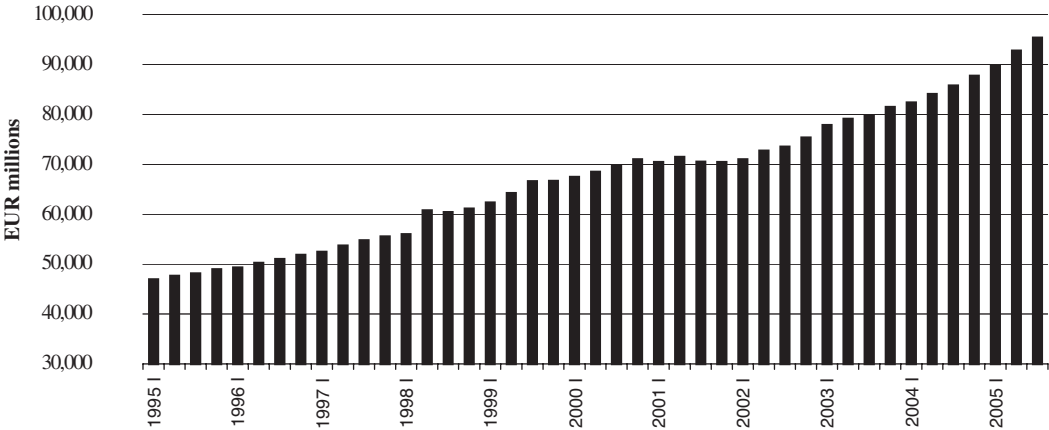
To enable lenders to evaluate a borrower’s credit profile and payment history, a database is held since June 2003 by the Centrale voor Kredieten aan Particulieren / Centrale des Crédits aux Particuliers (for the purpose of this section, CKP/CCP) which contains the registration of all individuals’ credit commitments including both consumer loans and mortgage loans. Consultation of the registration is mandatory prior to lending to both evaluate a potential borrower’s creditworthiness as well as safeguarding against over-indebtedness.

3. THE BELGIAN MORTGAGE MARKET

3.1 Recent Trends

Total outstanding mortgage loans in the third quarter of 2005 were EUR 95.4 billion which is more than twice the value of EUR 42.8 million in 1993.

Exhibit 3 Value of Outstanding mortgages in Belgium



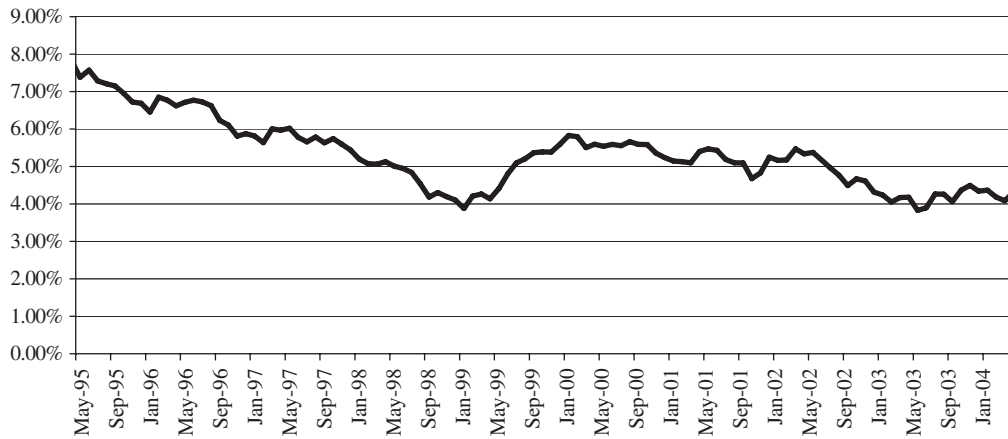
Source: National Bank of Belgium

According to figures from the NBB, over 200,000 new mortgage loans were granted in 2005, representing an amount of EUR 19.2 billion (including EUR 4.6 billion refinancing of existing mortgage loans). This reflects a 39 per cent. increase compared to 2004, and a 150 per cent. increase over the last 9 years (source: NBB).

There are a number of factors that explain this market trend, of which two are:

- (a) the tax impact of regional provisions concerning registration duties;
- (b) the low level interest rates in relation to 10 year OLOs, has made housing loans more accessible (see Exhibit 4);

Exhibit 4 10 year OLO Yield



Source: Bloomberg

3.2 Historical performance

Losses as a result of default on mortgage loans in the Belgian mortgage market are very low due to a number of factors specific to the Belgian market:

- (a) The CKP/CCP registers positive and negative credit events on all types of credits and lenders are obliged to consult the database prior to granting a new loan;
- (b) Strong social support system and borrower-friendly credit legislation;
- (c) The “accordion loans”: at each reset of the interest rate, the borrower can chose to maintain his periodic payment at the same level and resulting in a variation of the loan maturity (which can increase with maximum 5 years compared to the original tenor);
- (d) Under the Belgian legal system, lenders have a claim on the borrower’s salary and can contact their employer directly;
- (e) With respect to property located in the Walloon Region, young borrowers can obtain a guarantee from the Walloon region which finances EUR 50 per month during the 8 first years of the mortgage and gives a free loss of income insurance.

3.3 Legislation applicable to Belgian Loans

Until 1992, the granting of mortgage loans to private individuals was governed by Royal Decree 225. This Royal Decree authorised only fixed rate loans with limited possibilities of rate revisions.

A new law on mortgage credit was passed on 4 August 1992 (the **Mortgage Credit Act**) and institutionalised, among other things, interest rate revision formulas. This new law was not applied by the entire sector until the end of a transitional period ending on 1 January 1995.

In general, mortgage loans granted before 1 January 1995 are subject to the Royal Decree 225 and loans granted after 1 January 1995 are governed by the Mortgage Credit Act. Loans granted between

1992 and 1995 were required to set out explicitly, which of the two regulatory regimes they were subject to. The Mortgage Credit Act only applies to the mortgage loans granted to individuals mainly acting outside their commercial or professional activities (Section 1 of the Mortgage Credit Act of 1992). The other credits guaranteed by a mortgage are governed by general law rules.

DELTA LLOYD BANK

1. INTRODUCTION

As a customer-focused and service-oriented financial service provider, Delta Lloyd N.V. (for the purpose of this section, **Delta Lloyd Group**) offers its customers security through risk insurance, income protection and wealth growth. Strong brands – Delta Lloyd, OHRA and ABN AMRO Insurance – enable the company to deliver a wide range of products and services through the customer’s distribution channel of choice: from simple savings products to complex insurance products and financial planning. In the Netherlands, Delta Lloyd Group works intensively and exclusively with independent insurance intermediaries. OHRA focuses directly –and increasingly via the internet– on personal and business consumers. ABN AMRO Insurance services its customers through the extensive distribution network of ABN AMRO.

Within the UK based Aviva group, Delta Lloyd Group’s operations focus on the Netherlands, Germany and Belgium. Delta Lloyd Group aims to be one of the leading financial service providers in the Netherlands, Belgium and Germany. In addition, Delta Lloyd Group wants to be a socially involved and community-minded financial service provider that makes a clear contribution to the ongoing improvement and prosperity of society. The continuous search for the right balance between entrepreneurial spirit and social responsibility makes Delta Lloyd Group an accessible organisation that wishes to fulfil its duties as a good corporate citizen.

Delta Lloyd Group puts the customer first and acts accordingly in its relations with both intermediaries and consumers. As a committed member of society with a keen eye for changing social demands, both in and beyond its immediate environment, Delta Lloyd Group actively innovates and markets products and services that reflect its involvement and integrity. Inherent to this endeavour is the creation of a working environment that offers its staff a wealth of opportunity and choice.

2. HISTORY

As an insurer whose history goes back two centuries, Delta Lloyd Group boasts a proven track record of continuity and reliability. Delta Lloyd Group finds its roots in one of the oldest life insurers on mainland Europe: Hollandsche Societeit van Levensverzekeringen, which was founded in Amsterdam in 1807. This ancestor was one of the very first life companies which drew up premium tables based on scientific risk calculations rather than charging speculative premiums. Evidently, financial solidity was an inseparable part of the company’s DNA right from the start. Today that same financial solidity is reflected in the strong awareness that a company that sells trust must itself be entirely reliable and beyond reproach. It must offer customers the certainty that promises are always kept under all circumstances.

There are other recurring themes in the company’s history that unmistakably lead to the Delta Lloyd Group as we know it today. Delta Lloyd Groups’ long-term thinking, for instance, can be seen in the consistent adherence to its strategy throughout the years. Invariably, the aim was to retain a strong enough position in the market to guarantee the continuity and solidity of the group. So Delta Lloyd Group has also always had a sharp focus on profitable markets and an open eye for new ways of adding value to the business. That is how the nineteenth century Hollandsche Societeit van Levensverzekeringen gradually evolved – through organic growth as well as alliances, mergers and acquisitions– into the current full service provider called Delta Lloyd Group.

In 1967 the Hollandsche Societeit van Levensverzekeringen started cooperating under the name Delta Verzekerings-groep N.V. with Amstleven (De Amsterdamse Maatschappij van Levensverzekeringen N.V.), a life insurance company founded in 1892. By joining forces, both companies substantially strengthened their position in the Dutch insurance and investment markets. Two years later, in 1969, a merger between Delta Verzekeringsgroep N.V. and De Nederlandsche Lloyd N.V. merged into Delta Lloyd Group. The new listed company Delta Lloyd Group started operating in the Dutch market through intermediaries.

In the early seventies competition was fierce in the national and international insurance markets and the profitable Delta Lloyd Group was widely regarded as an attractive partner. In 1973 the British Commercial Union plc, a financially powerful insurance giant with an extensive international network, took over all the

company's shares. This move opened up new opportunities for Delta Lloyd Group. As a Dutch company with statutory two-tier status, Delta Lloyd Group remained relatively independent of its shareholder and continued to operate under its own brand name in the Dutch market. Since the summer of 2003, following several mergers, the shareholder of Delta Lloyd Group was renamed Aviva plc (for the purpose of this section, **Aviva**). The group is predominantly active in Europe but also maintains worldwide operations and employs over 56,000 people.

3. OWN COURSE

In the final decade of the twentieth century Delta Lloyd Group set out its own clear course. In the early nineties the Dutch branch of a foreign bank was purchased and continued under the name Delta Lloyd Bank. Formerly a medium-sized insurer with a single distribution channel (the insurance intermediaries), Delta Lloyd Group now embarked on a major expansion drive. The mission was to secure a top position in the market. The strategy was to harness several different channels in order to boost the group's distribution power and create a larger sales market.

To this end, Delta Lloyd Group started to look across the border. The company took over the life insurance company Berlinische Lebensversicherung and Gries & Heissel Bank, which jointly formed Delta Lloyd Germany.

In 2001 the Belgian entity Delta Lloyd Life N.V. (for the purpose of this section, **Delta Lloyd Life Belgium**) was set up in Belgium and, within a few years, managed to attain a top-eight position in the local life insurance market. A large part of this success can be ascribed to the simultaneous creation of a good distribution network: Delta Lloyd Bank N.V. (Belgium) (for the purpose of this section, **Delta Lloyd Bank Belgium**). This consists of a medium-sized bank branch network resulting from the acquisition by Delta Lloyd Bank Belgium of Bank van Limburg N.V. and of Bank Nagelmackers 1747 N.V., Belgium's oldest bank. Securing improved access to the customer through a powerful distribution network was, and still is, perceived to be a critical success factor in the insurance market.

In 1999 Delta Lloyd Group consequently merged with NUTS OHRA Beheer B.V., thus bringing a direct writer under its roof. In addition, OHRA contributed a large health expenses portfolio as well as activities on the Antilles and Aruba. In 2003 Delta Lloyd Group and ABN AMRO set up a joint venture – Delta Lloyd ABN AMRO Verzekeringen Holding B.V. (for the purpose of this section, **ABN AMRO Insurance**) – in which Delta Lloyd Group holds a majority stake of 51 per cent. The joint venture holds the exclusive right to sell insurance products through the Dutch branch network of ABN AMRO.

4. SHAREHOLDER RELATIONSHIP

In 1973, Delta Lloyd Group became part of Commercial Union plc. This company merged with General Accident plc in 1998, forming CGU plc. In May 2000, CGU plc and Norwich Union plc merged and became CGNU plc. The name CGNU has been used until July 1st 2003, after which CGNU plc continued as Aviva. Delta Lloyd Group is an important part of the international insurance group Aviva. Aviva holds 92 per cent. of Delta Lloyd Group by holding all ordinary shares and all preference shares B through its subsidiary CGU International Holdings B.V.. The remaining 8 per cent. is held by the foundation Nuts OHRA through its ownership of all preference shares A. Delta Lloyd Group acts as a '*structuurvennootschap*' under Title 9, Book 2 of the Netherlands Civil Code.

Delta Lloyd Group is controlled by its own Executive Board, which is responsible for managing the group of Delta Lloyd Group companies. The members of the Executive Board are appointed by and supervised by the Supervisory Board, consisting of nine members. Aviva nominates two persons in the Supervisory Board, providing Aviva with means of control over long term strategic objectives.

5. AVIVA

Aviva is the holding company of the Aviva group of companies, which carries out life assurance and long-term savings business, fund management and all classes of general insurance. It also invests in securities,

properties, mortgages and loans, and trades in property. In terms of premium income, Aviva is the world’s seventh-largest insurance group and the largest in the United Kingdom.

The Aviva group has subsidiaries, associates and branches in the United Kingdom, continental Europe, North America, Asia, Australia and other countries around the world, employing a total of 60,000 staff. In 2005, Aviva generated premium income and investment sales from continuing operations of GBP 35 billion.

6. DELTA LLOYD GROUP STRUCTURE

Delta Lloyd Group has opted for a distinctive divisional structure. The Executive Board is to concentrate on (i) the overall strategy of the group, (ii) monitoring of performance of the divisions and (iii) maintaining strong relations with internal and external stakeholders. An overview of the divisions is presented in the following organisation chart.

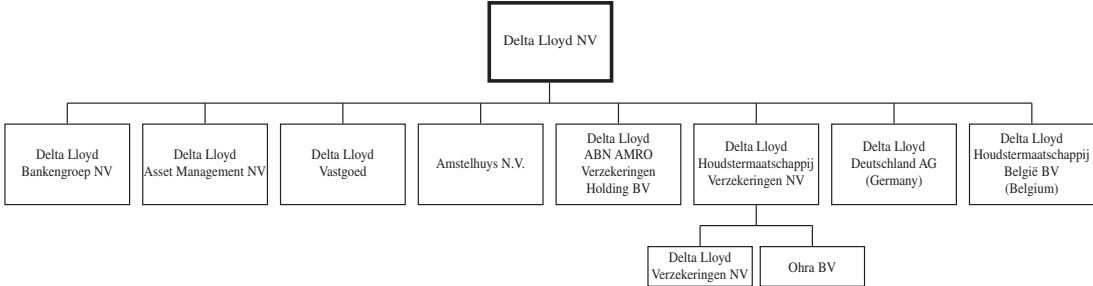


Figure 1 Organisational structure Delta Lloyd N.V.

6.1 Delta Lloyd Verzekeringen

All insurance products under the brand name Delta Lloyd are offered in the Netherlands through independent intermediaries. The three main insurance companies Delta Lloyd Levensverzekering N.V. (for the purpose of this section, **Delta Lloyd Life**), Delta Lloyd Zorgverzekering N.V. (for the purpose of this section, **Delta Lloyd Health**) and Delta Lloyd Schadeverzekering N.V. (for the purpose of this section, **Delta Lloyd General Insurance**) are all 100 per cent. subsidiaries of Delta Lloyd Verzekeringen N.V. (for the purpose of this section, **Delta Lloyd Insurance**) which in its turn is 100 per cent. owned by Delta Lloyd Houdstermaatschappij Verzekeringen N.V.

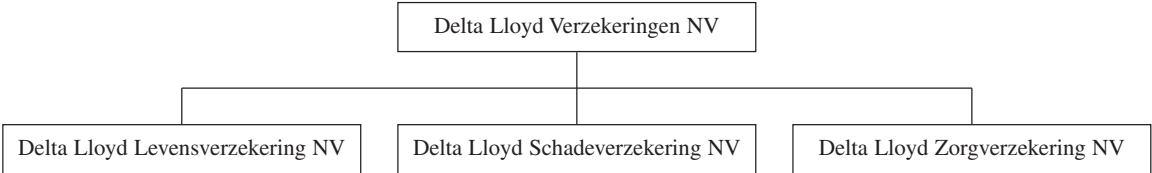


Figure 2 Organisational structure Delta Lloyd Verzekeringen N.V.

Delta Lloyd Life and Delta Lloyd General Insurance had their respective counterparty credit and insurer financial strength interactive ratings of AA- confirmed by S&P’s as per October 2005.

6.2 OHRA B.V.

A further 100 per cent. subsidiary of Delta Lloyd Houdstermaatschappij Verzekeringen N.V., is OHRA B.V. (for the purpose of this section, **OHRA Insurance**). OHRA Insurance is the channel through which the Delta Lloyd Group directly offers insurance products to clients in the Netherlands. The division consists of OHRA Levensverzekeringen N.V. (for the purpose of this section, **OHRA Life**), OHRA Schadeverzekeringen N.V. (for the purpose of this section, **OHRA General Insurance**), OHRA Ziektenkostenverzekeringen N.V. (for the purpose of this section, **OHRA Health**), and Nationaal Spaarfonds Holding B.V. (for the purpose of this section, **Nationaal**

Spaarfonds). OHRA's strength lies in meeting consumers' needs with respect to rapid service, both in terms of underwriting and use of the internet.

6.3 Delta Lloyd ABN AMRO Verzekeringen Holding B.V.

ABN AMRO Insurance is the Dutch bancassurance division of Delta Lloyd Group. This joint venture combines the insurance expertise of Delta Lloyd Group with the distribution power of ABN AMRO. The division sells insurance products of ABN AMRO Insurance and/or Delta Lloyd Group, both under the label of ABN AMRO Insurance. Through the joint venture, Delta Lloyd Group has obtained the exclusive right to sell its insurance products to ABN AMRO clients in the Netherlands through the network of ABN AMRO bankshops.

6.4 Delta Lloyd Asset Management N.V.

Delta Lloyd Asset Management N.V. (for the purpose of this section, **Delta Lloyd Asset Management**), is active in all major investment categories, except property. Delta Lloyd Asset Management is responsible for the investments of all Delta Lloyd Group insurance entities, the asset management for the benefit of institutional (pension) relations and the management of all Delta Lloyd Group and OHRA investment funds.

6.5 Delta Lloyd Vastgoed

Delta Lloyd Vastgoed (for the purpose of this section, **Delta Lloyd Property**) invests in real estate as security for long-term insurance liabilities. Delta Lloyd Property takes care of the asset management of the portfolio. The residential properties are concentrated in the western and southern parts of the Netherlands. The management of property is out-sourced to several property management companies.

6.6 Amstelhuys

Amstelhuys is a 100 per cent. subsidiary of Delta Lloyd N.V. and has registered itself with the Dutch Central Bank as a finance company. Amstelhuys is fully consolidated in Delta Lloyd Group's annual accounts and on 7 July 1999 Delta Lloyd Group issued a statement pursuant to Section 2:403 of the Netherlands Civil Code that it assumes joint and several liability for any liabilities arising from legal acts of Amstelhuys. The statutory objectives of Amstelhuys are: (i) obtaining funds, with a term of two years or longer of non public companies or institutions and (ii) granting mortgage loans to private persons and companies.

6.7 Delta Lloyd Deutschland AG

Delta Lloyd Deutschland AG, with its head office in Wiesbaden, focuses on asset accumulation and management and financing for individual and commercial customers. The division consists of the insurance companies Berlinische Lebensversicherung AG and Hamburger Lebensversicherung AG, Gries & Heissel Bankiers AG, Delta Lloyd Immobilien GmbH, Delta Lloyd Investment Managers GmbH, BVE Beratungsgesellschaft für Versorgungseinrichtungen GmbH and Delta Lloyd Finanzpartner GmbH.

6.8 Delta Lloyd Life Belgium

Delta Lloyd Life Belgium was founded in July 2001 after the merger of CGU Life, OHRA Leven and Norwich Union, which companies had been present on the Belgian life insurance market for several years. Its headquarters are in Brussels.

Delta Lloyd Life Belgium operates in the Belgium life insurance market with the ambition to become a first-class life insurer in Belgium for private individuals and companies. It aims to achieve its goal through an effective administrative organisation, a clear communication and a high quality service-driven spirit of its staff. Delta Lloyd Life Belgium works either through brokers or Delta Lloyd Bank Belgium or through direct writing.

In 2005, Delta Lloyd Life Belgium served 500,000 clients, with 280 employed staff. It realised a turnover of EUR 449 millions (an increase of 15 % compared to 2004) and is in the top 10 of the Belgian life insurance companies.

6.9 Delta Lloyd Bankengroep N.V.

Delta Lloyd Bankengroep N.V. includes all banking and mortgage activities of the Delta Lloyd Group in the Benelux. The division operates through a number of Belgian entities and one Dutch entity. The Belgian entities are: Delta Lloyd Bank Belgium (retail and private banking) and Delta Lloyd Securities N.V. (stock brokerage). The Dutch entity is Delta Lloyd Bank N.V. (for the purpose of this section, **Delta Lloyd Bank Netherlands**) which focuses on savings, credit and investment products for individual clients, via independent intermediaries.

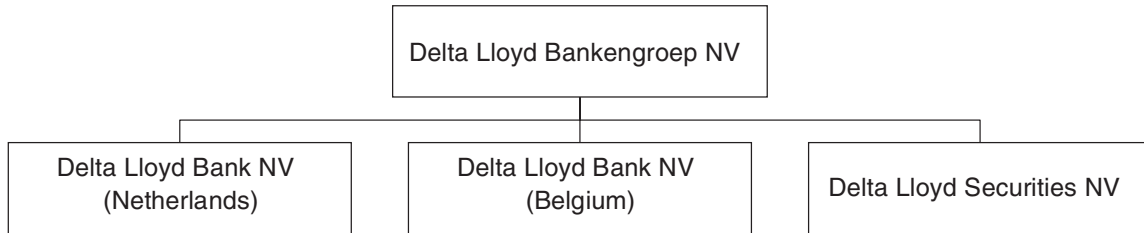


Figure 3 Organisational structure Delta Lloyd Bankengroep N.V.

6.10 Delta Lloyd Bank Belgium

Delta Lloyd Bank Belgium became part of the Delta Lloyd Bankengroep in 2001. Delta Lloyd Bank Belgium was formerly known as Bankunie N.V. and in its current form is the result of the acquisitions of Bank van Limburg N.V. in 2001 and part of Bank Nagelmackers 1747 N.V. in 2002. In 2005, Bank Nagelmackers 1747 N.V. fully merged with Delta Lloyd Bank Belgium. Since then the only banking brand in Belgium is Delta Lloyd Bank Belgium.

In line with the total group strategy, Delta Lloyd Bank Belgium mainly focuses on retail and SME clients. The bank is providing its customers with a broad range of products and services, including private banking and asset management. Within the focus on retail and SME the business case is build upon saving products and mortgages.

Delta Lloyd Bank Belgium's objective is to achieve a market position just after the four largest players in the Belgian market. To achieve the cost, income and return on equity objectives, Delta Lloyd Bank Belgium has implemented strict risk- and portfolio management procedures. These requirements are in line with the wider Delta Lloyd Group requirements. Synergies between Delta Lloyd Life Belgium and Delta Lloyd Securities N.V. are achieved by combining marketing activities and sharing distribution channels.

7. DUTCH DOWN-TO-EARTH STYLE

Amidst all this growth and expansion, one thing that has not changed is the typically Dutch character of Delta Lloyd Group: down-to-earth, unassuming and, above all, no nonsense. Just do what you have to do, and do it well.

This same personality is reflected in the newly-created organisation: the group has a transparent structure, with clear, deeply embedded responsibilities for directors, managers and team leaders. It is reflected in the clear focus on long-term objectives and the disregard for short-term fads. But it is particularly visible in the manner in which our Dutch commercial spirit has always been linked to a strong sense of social responsibility. Delta Lloyd Group is convinced that its health and wealth as a financial service provider are closely linked with that of society as a whole. This awareness imbues us with a deep-felt responsibility to act as a diligent and prudent entrepreneur in order to safeguard the company's continuity and solvency in the

interests of the customers, employees and all other stakeholders. But it also creates the will to make a contribution wherever possible to the development and prosperity of society. Now and in the future.

8. DOING WHAT YOU DO WELL

All core activities of Delta Lloyd Group focus on providing one thing: security. Security for personal customers, entrepreneurs and businesses by insuring risks, protecting income and building provisions for the future. With reliable products, good services and lots of expertise. But also with a consistently implemented long-term policy.

You should simply do what you do well: that's our belief at Delta Lloyd Group. And to Delta Lloyd Group this means: offering security. Removing uncertainties by building a secure future for and with all stakeholders; whether they be customers, employees or other stakeholders. Delta Lloyd Group's key activities consequently lie in those areas where the future of its customers is secured, i.e. income protection, wealth creation and risk insurance. Core activities include insurance in the fields of life, pensions, general and healthcare as well as savings, investing and mortgages.

9. THE FIVE STRATEGIC PILLARS OF DELTA LLOYD GROUP

The five pillars on which Delta Lloyd Group is building its future are essential towards realising its mission:

9.1 Reputation

A good reputation is founded on reliability; but also on integrity and an active will to take social responsibility. Every employee of Delta Lloyd Group makes a contribution to the organisation's reputation.

9.2 Distribution power

With three strong brands which each represent their own distinct distribution channel, Delta Lloyd Group occupies a strong position in the Dutch insurance market. Delta Lloyd Group is one of the few financial service providers that has turned distribution power into a core competence, which gives the present-day group a distinctive advantage in the market. Moreover, thanks to the freedom of choice that multi-distribution offers customers, Delta Lloyd Group boasts an industry-leading customer focus, one of the key success factors in financial services.

9.3 Efficiency

The single back offices were set up to make optimal use of the synergy within the Group. Shared service centres will be created across the brands to permit the standardised handling of all administrative back office processes. Aim: to optimise the handling efficiency by realising an attractive scale and volume. This not only improves the level of service but also reduces costs.

9.4 Expertise

Delta Lloyd Group also distinguishes itself by the extensive knowledge and expertise available in the organisation and is keen to be seen by its customers as a financial service provider that knows its business. Two hundred years of history and a steady broadening of the operational scope through mergers, acquisitions and joint ventures have endowed the group with a vast pool of expertise. The unimpeded exchange of know-how throughout the Delta Lloyd Group is encouraged to take full advantage of our knowledge base. This is also an important confidence-building factor. For it is only through knowledge and professionalism that Delta Lloyd Group can genuinely assist customers and distributors in word and deed. Expertise, alongside distribution power and efficient business management, has therefore become an integral strategic pillar for Delta Lloyd Group.

9.5 Core values

For years, the seven core values defined by Delta Lloyd Group have served as a familiar guide for all employees. The precise content of these values is set out below.

10. ABOUT THE MENTALITY OF DELTA LLOYD GROUP

Companies, too, have souls. At Delta Lloyd Group that soul is encapsulated in its core values. And in the way in which these are practised on a daily basis. But also in the awareness that a company is not an island unto itself: social involvement and community spirit come naturally to Delta Lloyd Group, as is eloquently reflected in all its activities.

How can a company make a healthy profit while always staying true to its norms and values? For Delta Lloyd Group this is an ever-present question. Playing a meaningful role in society and constantly searching for the right balance between entrepreneurship and social responsibility is one of the challenges that has driven the organisation for many years. A financial service provider, so Delta Lloyd Group believes, is a central member of society. Commitment to the community is an integral part of its existence. Social developments influence the company and, at the same time, the company's choices have implications for the future of its customers, employees, suppliers and society as a whole. This deeply-felt responsibility not only finds expression in the group's sponsorship of and donations to social and cultural initiatives. It also forms the basis of the way in which Delta Lloyd Group, and all its employees, think and act.

11. THE SEVEN CORE VALUES OF DELTA LLOYD GROUP

One important guideline in seeking the right balance consists of the core values defined by Delta Lloyd Group. Constituting one of the five strategic pillars, these values give direction to the Group's policy and determine its corporate culture and identity. They make it clear what the group stands for and serve as a touchstone for its actions. The values have meanwhile become deeply enshrined in the organisation and act as a frame of reference for all activities of Delta Lloyd Group. The dilemmas that arise in this connection are openly addressed and discussed at all levels; which is precisely why the core values enjoy wide acceptance and support among all staff.

11.1 Integrity

A permanent sense of responsibility –and accountability – for your own actions. We like to see the same degree of integrity in our customers and trading partners.

11.2 Central focus on the customer

The customer's wishes come first and must be optimally fulfilled. Knowing the customer's needs, offering high service, delivering on our promises and a good complaints procedure are key elements in this connection.

11.3 Responsibility and commitment

A deep sense of responsibility and commitment to customers, stake-holders, employees, shareholders and society as a whole is the basic principle underlying all activities. Employees at all levels are therefore encouraged to actively acquire expertise, take responsibility for their tasks and solve problems.

11.4 Team spirit

Providing financial services is a people's business. Cooperation is crucial. Commitment, personal contacts and appreciation of results are critical success factors.

11.5 Open communication

Trust, honesty and transparency are essential to effective cooperation.

11.6 Flexibility

The continuity of the business depends on the ability to anticipate or rapidly respond to social developments. A willingness to change is a prerequisite in this respect.

11.7 Entrepreneurship

An active and entrepreneurial company needs employees who are entrepreneurial, show initiative and feel responsible for results.

12. EMPLOYEES AND VALUES

The core values have also been translated into the employee policy, including the application procedure as well as the staff appraisal and development process. Perhaps even more importantly, the core values form the basis for professionalism, pride and pleasure at work. A company that not only treats its staff with care and respect, but continuously expects and encourages them to show integrity, personal responsibility, openness, flexibility and entrepreneurship, such a company is truly inspirational and stimulating.

One striking example of how social commitment can also play a major role within the organisation is Delta Lloyd Group's diversity policy. This involves a fundamental and carefully conceived drive to change the company culture in order to give women more opportunities to attain senior posts. The results are excellent: the number of female directors increased within three years from zero to eleven per cent. This policy is now also being extended to include older, ethnic and disabled employees.

Integrity and entrepreneurship

Integrity is the first and perhaps the most important core value for Delta Lloyd Group. Within the group, integrity is indisputably recognised as the fundamental basis for providing financial services. In this connection integrity is mainly perceived to be a mentality: an unrelenting aspiration to do business in a fair and reliable manner.

Apart from demonstrating integrity in its day-to-day business dealings, this also finds expression in all sorts of other fields. For instance, Delta Lloyd Group makes a point of responding quickly to new ideas related to integrity that arise within society and the ensuing supervisory legislation. Not surprisingly, therefore, Delta Lloyd Group was one of the first insurers to introduce the mandatory financial information leaflet (*financiële bijsluiter*) for all relevant services. Delta Lloyd Group was also the first to provide a full and open account of its interests in intermediaries. The strong emphasis currently placed on integrity requirements such as greater transparency and clarity for customers is welcomed as an excellent development that will ultimately benefit the entire industry. Moreover, this mentality and awareness also guarantees that it brings a critical and exacting attitude to its work. Refusing to settle for the obvious and easy answers, Delta Lloyd Group constantly looks for the best and fairest solutions. In other words: it simply does what it needs to do, and does this to the best of its ability.

13. INCOME AND RESULT DELTA LLOYD GROUP

Compared to 2004, Delta Lloyd Group income for 2006 increased by 16% to euro 9.2 billion. More than euro 5.7 billion or over 60% of income stems from insurance operations in the form of gross written premiums. The organic growth of 6% in Delta Lloyd Group's insurance portfolio is attributable in particular to the life insurance activities. The position in the Dutch market improved, due to organic growth of 5%, to a total gross written premium of euro 4.6 billion. Both OHRA Insurance and ABN AMRO Insurance saw their gross written premiums rise above euro 1 billion for the first time. The improved stock market climate resulted in an increase in investment income to euro 3.2 billion (+34%), both for own account and risk (euro 2.1 billion), and for the account and risk of policyholders (euro 1.1 billion).

The key element of Delta Lloyd Group's financial policy is securing the future of its customers. Particularly in the past year, when long-term interest rates reached a historic low, this represented a challenge. To secure its customers' interests, the Delta Lloyd Group has now hedged the risk of extreme falls in interest rates and measures its insurance liabilities at market-based interest rates. Hence, increased liabilities arising from the lower interest rates are already provided for, without anticipating uncertain future rises in interest rates. Though this policy dampens the annual result, Delta Lloyd Group holds the view that, for reasons of prudence as well as customer and stakeholder confidence, it is the only right course to steer.

Nevertheless, the result before taxation increased by 30% to euro 568 million. This increase in profit is based on three cornerstones. First of all an excellent result was obtained on investments for own account and risk: 29% on shares and 6.6% on fixed income securities. In addition, costs were once again kept well under control and the level of costs declined somewhat while income increased. The third cornerstone was the performance of the Dutch general insurance operations. Due to good claim and cost control, the Dutch general business made a major contribution to the result.

The results are particularly good, because they include several measures that have already been taken, for reasons of prudence, to absorb the impact of lower interest rates for our customers. For instance, an additional provision of euro 91 million has been made for guaranteed income from life policies and an extra euro 212 million has been added to the provision for insurance liabilities. On the other hand, investments made to cover these liabilities increased in value as well. The net result was euro 444 million. After deduction of minority interests the net result was euro 421 million, 29% higher than in 2004.

14. EQUITY AND SOLVENCY

Delta Lloyd Group's equity position showed a healthy development in 2005. Shareholders' equity increased by 36% to euro 3.8 billion. Total Delta Lloyd Group solvency, including banking operations, increased by 76 basis points to 264%. The solvency of the Dutch insurance operations increased to 322%, thereby underlining the strength of the Delta Lloyd Group's core activities. The BIS ratio of the Delta Lloyd Banking Division declined to 11.2. Due to a more effective capital allocation, the internal benchmark of the BIS ratio was reduced from 12 to 10. This policy will be continued in the period ahead. The AA- (stable outlook) rating for Delta Lloyd Life and Delta Lloyd General Insurance by Standard & Poor's was confirmed in 2005.

15. IFRS

With effect from 2005 Delta Lloyd Group is publishing its results in accordance with the International Financial Reporting Standards (for the purpose of this section, **IFRS**). For this purpose the income statement and balance sheet for 2004 were restated to IFRS. The net result for 2004 is 8% higher at euro 327 million. Equity at year-end 2004 is 6% higher at euro 2.8 billion. As certain products are no longer treated as insurance products under IFRS, gross written premiums for 2004 are 4% lower at euro 5.4 billion.

Delta Lloyd Group

	2005 IFRS	2004 IFRS	2004 Dutch GAAP	2003 Dutch GAAP	2002 Dutch GAAP	2001 Dutch GAAP	2000 Dutch GAAP
	<i>In millions of euros</i>						
Income							
Gross premium income, Life.....	3,772	3,437	3,648	3,153	2,744	2,686	2,283
Gross premium income, General.....	1,135	1,133	1,133	978	810	752	774
Gross premium income, Health.....	811	834	834	851	787	708	685
Gross premium income, other	—	—					
Total premium income	5,717	5,405	5,615	4,982	4,341	4,146	3,742
Investment income.....	3,215	2,407	2,255	2,210	1,021	1,400	1,796

Other operations	417	364	165	177	124	76	130
	<u>9,348</u>	<u>8,176</u>	<u>8,035</u>	<u>7,369</u>	<u>5,486</u>	<u>5,622</u>	<u>5,668</u>
Result before taxation							
Life.....	252	286	249	238	152	291	313
General.....	218	141	135	92	13	19	-9
Health.....	41	17	16	5	12	23	12
Banking and insurance broking operations	81	46	24	20	2	3	22
Other	-25	-52	-15	-44	-21	31	12
Result before taxation and exceptional income and expenses	568	439	409	311	158	367	350
Exceptional income and expenses	-	-	-	-28	-	-	-
Extraordinary result	-	-	-	-	-	-	-
Result before taxation	568	439	409	283	158	367	350
Taxation	-125	-98	-98	-27	-20	-68	-65
Result after taxation	<u>443</u>	<u>340</u>	<u>311</u>	<u>256</u>	<u>138</u>	<u>299</u>	<u>285</u>
Equity at year-end	3,789	2,796	2,649	2,244	1,713	2,354	2,878
Total assets.....	57,084	49,275	40,730	38,077	32,781	34,239	30,992
Permanent staff at year-end in FTEs	6,184	6,459	6,459	6,514	6,464	6,506	5,639

Delta Lloyd Bankengroep

	2005	2004	Change
	IFRS	IFRS	in %
<i>In thousands of euros</i>			
INCOME			
Interest income	205,127	196,482	4%
Interest expense.....	103,989	94,258	10%
Net interest income	101,138	102,224	-1%
Income from securities and equity interests	6,281	104	5962%
Commission income	61,155	55,519	10%
Commission expense	13,137	11,171	18%
Net commission income	48,018	44,348	8%
Net trading income	4,674	-4,862	+196%
Gains/losses from investment securities	1,673	2,251	-26%
Gains/losses from transactions in foreign exchange instruments.....	2,050	1,224	67%
Results from financial transactions	8,397	-1,387	+705%
Other income.....	42,935	39,011	10%
Other revenue	51,332	37,624	36%
Total income	206,769	184,300	12%
EXPENSE			
Staff costs and other administrative expenses			
– Staff costs	88,911	89,103	0%
– Other administrative expenses	74,439	71,542	4%
	163,350	160,645	2%
Depreciation	8,151	7,746	5%
Other operating expenses	1,863	2,792	-33%
Operating expenses	173,364	171,183	1%
Value adjustments to loans and receivables	3,319	4,634	-28%
Total expense	176,683	175,817	0%
Operating profit before taxes	30,086	8,483	255%
Income tax expense.....	7,744	2,426	219%
Profit for the year	22,342	6,057	269%

16. INCOME AND RESULT DELTA LLOYD BANK BELGIUM

The consolidated result of Delta Lloyd Bank Belgium under Belgium GAAP in 2005 was euro 17.3 million, which means a considerable increase compared to 2004. This increase was realised by (i) increased income of fees and provisions, partly caused by the merger with Bank Nagelmackers 1747 N.V. and Delta Lloyd Bank Belgium, (ii) extraordinary income and (iii) limitation of management costs. Despite a decreasing interest margin, the net interest income in 2005 (euro 70.2 million) only slightly decreased compared to 2004. This was realised by volume growth by means of both existing and recently opened sales points.

Delta Lloyd Bank Belgium

	2005	2004	2003	2002
	Belgium	Belgium	Belgium	Belgium
	GAAP	GAAP	GAAP	GAAP
	<i>In thousands of euros</i>			
Interest income	137,471	133,695	139,208	143,981
Interest expense	-67,227	-63,103	-69,059	-79,627
Income from non fixed-income securities	217	104	872	66
Net fee and commercial income	29,347	16,087	12,710	8,014
Result from financial transactions.....	7,034	2,900	2,628	387
Staff, Marketing and adm. costs	-91,430	-78,204	-68,139	-63,322
Depreciation and amortisation	-7,662	-6,952	-6,742	-6,456
Value adjustments	-3,085	684	-4,108	-1,046
Provisions	-1,009	1,016	-3,437	-1,035
Other income.....	9,439	5,394	3,308	2,001
Other expense	-1,271	-1,161	-949	-2,621
Result before taxation and exceptional income and expenses.....	11,824	10,460	6,292	342
Exceptional income	9,193	2,032	6,044	19,526
Exceptional expense	-2,717	-2,166	-5,091	-19,081
Result before taxation	18,300	10,326	7,245	787
Taxation	-185	-23	557	1,036
Result after taxation	18,115	10,303	7,802	1,823
Equity	121,085	94,126	93,072	91,270
Total assets	3,653,383	2,996,687	3,093,482	3,063,906

DESCRIPTION OF THE 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. During the Revolving Period, on a monthly basis the Issuer shall apply the Purchase Available Amount to purchase and accept the assignment of New Mortgage Receivables from the Seller provided that certain conditions are met. See further *Mortgage Receivables Purchase Agreement* below.

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

For a description of the representations and warranties given by the Seller, see further *Mortgage Receivables Purchase Agreement*.

1. Mortgage Loans

1.1 Governing law

The Mortgage Loans are governed by the following laws:

- (a) the Mortgage Loans entered into before 1 January 1993 are governed by the Royal Decree 225;
- (b) the Mortgage Loans entered into between 1 January 1993 and 1 January 1995 are either governed by the Royal Decree 225 or the Mortgage Credit Act; and
- (c) the Mortgage Loans entered into after 1 January 1995 are governed by the Mortgage Credit Act.

1.2 Interest Rates

The interest rate on each Mortgage Loan has been fixed for an interest period as of the date of the origination of the relevant Mortgage Loan.

The interest period can be equal to the term of the Mortgage Loan, in which case the interest rate is called a fixed interest rate.

If the interest period is not equal to the term of the Mortgage Loan, the interest rate will change at the end of the relevant interest period. The interest period can vary from one to ten years. In this case, the interest rate is called a variable interest rate. The change to the interest rate is based on the change in an underlying reference index. Changes to the interest rate are subject to a maximum increase and decrease agreed upon origination of the relevant Mortgage Loan. The maximum increase of the interest rate may not exceed the maximum decrease.

Upon origination of the relevant Mortgage Loan, the Seller may grant certain commercial discounts on the initial (fixed or variable) interest rate. Such discounts may be granted depending on, among other things, customer loyalty. The discounts are often granted if the Borrower satisfies and continues to satisfy the conditions for the discount. If the Borrower would no longer satisfy the conditions for the discount, the Seller may revoke such discount.

With respect to Mortgage Loans that are subject to Royal Decree 225, the interest rate is *de facto* a 5 year variable interest rate. At the expiry of each fifth anniversary of the Mortgage Loan, the Seller may demand repayment of the outstanding amount under the Mortgage Loan (subject to a three (3) months notice period). The Borrower can in turn require that the Mortgage Loan is continued at the interest rate applied generally by the Seller at that time for the same type of Mortgage Loans.

1.3 Types of Loans

The Mortgage Loans may have the form of a term loan or a revolving loan, under which the Borrower may, subject to certain conditions being satisfied and the agreement of the Seller, re-borrow repaid amounts.

The Mortgage Loans can be categorised according to their repayment schedules:

- (a) Linear Mortgage Loans;
- (b) Annuity Mortgage Loans; and
- (c) Interest-only Mortgage Loans.

The types of Mortgage Loans set forth under (a) and (b) above are fully amortising, which means that the repayment schedules are designed such that the amount of the outstanding balance of the Mortgage Loans is zero after the last scheduled periodical payment has been made.

A Mortgage Loan with *linear* repayment is a Mortgage Loan under which the Borrower repays a fixed amount of principal per period, so that the debt gradually decreases. Due to the decreasing outstanding balance, the interest payment decreases proportionally. As a result, the gross mortgage costs (interest plus repayment of principal) decreases over time.

With an Annuity Mortgage Loan, the periodical gross payments under the Mortgage Loans remain the same, whereby the interest payments decrease and the repayments of principal increase. Up until 1 January 1995, two variations of annuity mortgage loans could be offered, i.e. the Annual Based Annuity Mortgage Loan and the Monthly Based Annuity Mortgage Loan. The two variations differ only in terms of the calculation of the periodic payment:

- (i) in case of an Annual Based Annuity Mortgage Loan, the periodic payment has been calculated as one-twelfth of the amount the Borrower would have paid if he would only pay once a year in arrears;
- (ii) in case of a Monthly Based Annuity Mortgage Loan, the monthly payment has been calculated based on monthly scheduled payments in arrears, as a result of which the distribution between the interest and principal component alters every month.

As of 1 January 1995, it was no longer permitted to originate Annual Based Annuity Mortgage Loans.

Interest-only Mortgage Loans are free of redemption during the lifetime of the loan. As the Borrower only pays interest during the lifetime of the mortgage loan, the monthly or quarterly payments by the Borrower are low. At the maturity of the mortgage loan, the Borrower must repay the entire principal of the mortgage loan.

In addition to the Mortgage Loan redemption types described above, the Seller may grant construction loans, which are loans the proceeds of which are intended to be used by the Borrower to construct or refurbish residential property. Typically, such construction loan is drawn down by the Borrower in different drawings against submission of invoices, depending on the further completion of the works. The Borrower has the option between:

- (i) either paying only interest as long as the construction loan is not fully drawn, calculated on the basis of the drawn amount; the principal repayments will only be made after no further drawings can be made under the construction loan; or
- (ii) paying interest and repaying principal on the basis of the drawn amount, even if further amounts may be drawn under the construction loan.

1.4 Loan Security

The Mortgage Loans are secured by:

- (a) a first ranking mortgage; and, as the case may be
- (b) a lower ranking mortgage; and/or
- (c) a mandate to create further mortgages.

(i) Mortgage

A Mortgage creates a priority right to payment out of the Mortgaged Assets, subject to mandatory statutory priorities (including beneficiaries of prior ranking mortgages).

Most of the Mortgage Receivables relate to Mortgage Loans that are secured by a Mortgage which is used to also secure all other amounts which the Borrower owes or in the future may owe to the Seller, a so-called all sums mortgage (*alle sommen hypotheek/hypothèque pour toute somme*) (**All Sums Mortgage**).

Pursuant to article 51bis of the Mortgage Credit Act a receivable secured by an All Sums Mortgage which is transferred to a VBS/SIC, such as the Issuer, shall rank in priority to any receivable which arises after the date of the transfer and which is also secured by the same All Sums Mortgage. Whereas the transferred receivable ranks in priority to further loans, it will have equal ranking with loans or debts which existed at the time of the transfer and which were secured by the same All Sums Mortgage.

Other Mortgage Receivables relate to facilities which have the form of a revolving facility (*kredietopening / ouverture de crédit*). The Mortgage that is granted as security for this type of loans is used to secure all advances (*voorschotten / avances*) made available under such revolving facility.

Pursuant to article 51 § 2 of the Mortgage Credit Act, advances granted under a revolving facility secured by a mortgage can be transferred to a VBS/SIC, such as the Issuer. The advance will benefit from the privileges and mortgages securing the revolving facility. The transferred advance will rank in priority to further advances that are granted after the date of transfer. However, a transferred advance will have equal ranking with other advances which existed at the time of the transfer and which were secured by the same Mortgage.

The Mortgage may be granted by either the Borrower or a third party collateral provider.

For steps taken to prevent any equal ranking with existing loans or advances that are not transferred to the Issuer, see *Mortgage Receivables Purchase Agreement*.

(ii) Mortgage Mandate

A Mortgage Mandate is often used in addition to a Mortgage to limit registration duties payable by the Borrower.

A Mortgage Mandate does not constitute an actual security and does not therefore create an actual priority right of payment out of the proceeds of a sale of the Mortgaged Assets. The Mortgage Mandate is an irrevocable mandate granted by a Borrower or a third party collateral provider to certain attorneys to create a mortgage as security for the Mortgage Loan and all other amounts which the Borrower owes or in the future may owe to the Seller. Only after creation of the Mortgage, the beneficiary of the Mortgage will have a priority right to payment out of the proceeds of a sale of the Mortgaged Assets. See further *Risk Factors – Mortgage Loans – Mortgage Mandates*.

(d) Other security

The Mortgage Loans may, as the case may be, be further secured by:

- (i) Life Insurance Policies and Hazard Insurance Policies;
- (ii) an assignment of salary by the Borrower; and/or
- (iii) any pledge, set-off or unicity of account rights of the Seller pursuant to its applicable general banking terms and conditions.

SUMMARY OF THE PROVISIONAL PORTFOLIO

The numerical information set out below relates to a provisional portfolio of Mortgage Loans (the **Provisional Portfolio**) which was selected as of 31 July 2006. All amounts are in euro.

Under the Mortgage Receivables Purchase Agreement the Issuer, acting through its Compartment N° 1 shall purchase and, on the Closing Date accept the assignment of the Mortgage Receivables relating to the Mortgage Loans selected from the Provisional Portfolio and any other Mortgage Receivables resulting from Mortgage Loans originated by the Seller or its legal predecessors. Furthermore, the Issuer shall apply the Purchase Available Amount towards the purchase of New Mortgage Receivables during the Revolving Period (see *Mortgage Receivables Purchase Agreement*).

All Mortgage Receivables selected and purchased by the Issuer shall comply with the Eligibility Criteria (see *Mortgage Receivables Purchase Agreement* below).

Furthermore, the Rating Agencies shall confirm the ratings assigned to the Notes on the Closing Date. Each purchase of New Mortgage Receivables during the Revolving Period shall be subject to the confirmation of the Rating Agencies that the then current ratings assigned to the Notes are not adversely affected as result of the purchase of the relevant New Mortgage Receivables.

Summary of the Provisional Portfolio as of 31 July 2006:

TABLE A

Key characteristics of the Provisional Portfolio as of 31 July 2006

Outstanding principal balance (EUR)	787,663,673
Average amount by loan part (EUR)	82,400
Average balance by borrower (EUR)	134,490
Maximum current balance (EUR)	687,469
Number of loan parts	9,559
Number of borrowers	5,857
Weighted average seasoning (months)	27
Weighted average maturity (months)	209
Weighted average coupon (%)	3.74
Cumulative building deposit (EUR)	4,517,615

TABLE B*Origination date of the mortgage loan parts in the Provisional Pool*

Year of origination	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Before 1992	6,006,109	0.76	650	6.80	44	7.29
1992	1,632,229	0.21	132	1.38	63	6.81
1993	4,443,329	0.56	203	2.12	81	5.84
1994	10,774,131	1.37	404	4.23	92	5.85
1995	4,635,174	0.59	154	1.61	104	4.92
1996	4,389,179	0.56	148	1.55	104	4.75
1997	13,723,218	1.74	404	4.23	114	4.81
1998	12,083,836	1.53	319	3.34	126	4.54
1999	28,023,299	3.56	669	7.00	132	4.58
2000	10,500,377	1.33	240	2.51	151	4.99
2001	9,541,594	1.21	173	1.81	159	5.18
2002	15,052,910	1.91	248	2.59	173	4.89
2003	52,801,557	6.70	673	7.04	188	4.28
2004	145,349,415	18.45	1,310	13.70	207	3.53
2005	320,776,467	40.73	2,704	28.29	227	3.26
2006	147,930,849	18.78	1,128	11.80	249	3.74
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE C*Maturity of the mortgage loan parts in the Provisional Portfolio*

Range of years	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
2006 <= maturity <= 2011	16,557,906	2.10	1,321	13.82	32	5.34
2011 <= maturity <= 2016	68,887,189	8.75	1,812	18.96	92	4.62
2016 <= maturity <= 2021	149,491,393	18.98	2,067	21.62	193	3.95
2021 <= maturity <= 2026	279,940,702	35.54	2,464	25.78	294	3.58
2026 <= maturity <= 2031	190,578,449	24.20	1,362	14.25	113	3.42
2031 <= maturity <= 2036	82,208,033	10.44	533	5.58	307	3.62
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE D*Original loan term of the mortgage loan parts in the Provisional Portfolio*

Original loan term in months	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Months < 120	10,223,191	1.30	239	2.50	54	3.63
120 <= months < 180	72,484,342	9.20	1,467	15.35	116	3.78
180 <= months < 240	171,109,538	21.72	2,444	25.57	163	3.86
240 <= months < 270	340,230,951	43.19	4,013	41.98	212	3.81
270 <= months < 300	8,856,304	1.12	69	0.72	266	3.41
300 <= months < 330	176,385,398	22.39	1,277	13.36	288	3.50
300 <= months <= 360	8,373,949	1.06	50	0.52	355	4.02
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE E*Seasoning of the mortgage loan parts in the Provisional Portfolio*

Seasoning in months	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
0 <= months < 12	304,999,196	38.72	2,364	24.73	241	3.36
12 <= months < 24	233,880,326	29.69	2,082	21.78	219	3.42
24 <= months < 36	103,831,149	13.18	1,057	11.06	199	3.92
36 <= months < 48	31,499,110	4.00	431	4.51	185	4.45
48 <= months < 60	11,643,059	1.48	205	2.14	164	5.08
60 <= months < 72	9,618,974	1.22	189	1.98	155	5.09
72 <= months < 84	15,249,868	1.94	352	3.68	143	4.86
84 <= months < 96	24,547,078	3.12	603	6.31	129	4.52
96 <= months < 108	12,420,936	1.58	331	3.46	122	4.69
108 <= months < 120	10,176,816	1.29	325	3.40	110	4.77
120 <= months	29,797,161	3.78	1,620	16.95	81	5.96
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE F*Interest rates applicable to the mortgage loan parts in the Provisional Portfolio*

Range of interest rates	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
1.5% <= Interest Rate < 2.5%	6,450,686	0.82	69	0.72	212	2.40
2.5% <= Interest Rate < 3.0%	152,920,278	19.41	1,134	11.86	233	2.77
3.0% <= Interest Rate < 3.5%	159,070,425	20.20	1,470	15.38	216	3.23
3.5% <= Interest Rate < 4.0%	254,386,065	32.30	2,249	23.53	223	3.75
4.0% <= Interest Rate < 4.5%	94,891,430	12.05	1,196	12.51	212	4.19
4.5% <= Interest Rate < 5.0%	52,162,782	6.62	972	10.17	164	4.73
5.0% <= Interest Rate < 5.5%	28,886,606	3.67	667	6.98	143	5.20
5.5% <= Interest Rate < 6.0%	17,457,971	2.22	532	5.57	123	5.75
6.0% <= Interest Rate < 6.5%	9,131,827	1.16	363	3.80	115	6.19
6.5% <= Interest Rate < 7.0%	5,385,875	0.68	292	3.05	96	6.71
7.0% <= Interest Rate < 8.0%	4,456,271	0.57	333	3.48	74	7.34
8.0% <= Interest Rate < 9.0%	1,114,267	0.14	143	1.50	49	8.32
9.0% <= Interest Rate	1,349,189	0.17	139	1.45	59	10.09
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE G*Interest rate reset period of the mortgage loan parts in the Provisional Portfolio*

Interest rate period	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
12 months	409,106,658	51.94	3,445	36.04	222	3.25
36 months	14,850,519	1.89	348	3.64	141	3.64
60 months	85,073,208	10.80	1,864	19.50	160	4.63
120 months	39,563,527	5.02	787	8.23	157	5.10
180 months	164,615	0.02	2	0.02	274	4.76
Fixed to maturity	217,340,127	27.59	2,961	30.98	214	4.17
Not yet fixed	21,565,018	2.74	152	1.59	259	3.00
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE H*Interest rate reset dates applicable to the mortgage loan parts in the Provisional Portfolio**

Range of years	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
2006	178,357,864	22.64	1,577	16.50	221	2.97
2007	256,467,762	32.56	2,820	29.50	212	3.63
2008	47,709,455	6.06	1,064	11.13	157	4.41
2009	34,848,052	4.42	987	10.33	134	4.85
2010	18,393,697	2.34	411	4.30	147	4.62
2011	7,400,288	0.94	177	1.85	160	5.38
2012	4,077,930	0.52	112	1.17	129	5.68
2013	6,733,996	0.85	140	1.46	125	4.98
2014	6,484,401	0.82	151	1.58	124	5.10
2015	9,840,143	1.25	155	1.62	156	4.44
2016	10,836,211	1.38	161	1.68	166	4.04
2016 < interest reset date <= 2021	46,438,805	5.90	596	6.23	165	4.20
2022 < interest reset date <= 2026	72,748,004	9.24	612	6.40	227	4.01
2027 < interest reset date <= 2031	51,688,557	6.56	357	3.73	290	3.89
2032 < interest reset date <= 2036	14,073,487	1.79	87	0.91	340	3.98
Not yet fixed	21,565,018	2.74	152	1.59	259	3.00
Total	787,663,673	100.00	9,559	100.00	209	3.74

* Where the interest rate is fixed until maturity, the loan maturity date was used as next reset date

TABLE I*Type of mortgage loan parts in the Provisional Portfolio*

Range of years	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Annuity (Monthly)	742,260,599	94.24	8,041	84.12	214	3.69
Annuity (Yearly)	12,966,900	1.65	999	10.45	65	6.76
Linear	22,900,889	2.91	465	4.86	165	3.80
Bullet	9,535,285	1.21	54	0.56	174	3.64
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE J*Payment frequency of the mortgage loan parts in the Provisional Portfolio*

Payment frequency	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Monthly	787,083,627	99.93	9,532	99.72	209	3.74
Quarterly	580,045	0.07	27	0.28	102	4.77
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE K1*Size of outstanding mortgage loans in the Provisional Portfolio (on a loan basis)*

Range of loan sizes (EUR)	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Loan Size <= 50,000	79,280,651	10.07	3,498	36.59	107	4.99
50,000 < Loan Size <= 100,000	187,432,535	23.80	2,720	28.45	185	3.93
100,000 < Loan Size <= 150,000	201,347,911	25.56	1,773	18.55	228	3.59
150,000 < Loan Size <= 200,000	134,703,542	17.10	851	8.90	244	3.46
200,000 < Loan Size <= 250,000	62,177,093	7.89	311	3.25	234	3.48
250,000 < Loan Size <= 300,000	45,201,525	5.74	184	1.92	236	3.39
300,000 < Loan Size <= 350,000	22,294,543	2.83	80	0.84	224	3.30
350,000 < Loan Size <= 400,000	21,339,965	2.71	64	0.67	224	3.38
400,000 < Loan Size <= 450,000	10,222,062	1.30	29	0.30	230	3.49
450,000 < Loan Size <= 500,000	9,544,996	1.21	21	0.22	229	3.46
500,000 < Loan Size <= 550,000	6,320,132	0.80	12	0.13	225	3.11
550,000 < Loan Size <= 600,000	5,211,176	0.66	11	0.12	224	3.27
600,000 < Loan Size <= 650,000	1,244,171	0.16	3	0.03	284	2.98
650,000 < Loan Size <= 700,000	1,343,370	0.17	2	0.02	262	3.06
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE K2*Size of outstanding mortgage loans in the Provisional Portfolio (on a loan basis)*

Range of loan sizes (EUR)	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Loan Size <= 50,000	76,467,341	9.71	3,383	35.39	106	5.01
50,000 < Loan Size <= 100,000	185,475,870	23.55	2,733	28.59	185	3.94
100,000 < Loan Size <= 150,000	200,945,642	25.51	1,794	18.77	229	3.59
150,000 < Loan Size <= 200,000	135,636,363	17.22	877	9.17	243	3.46
200,000 < Loan Size <= 250,000	61,923,274	7.86	321	3.36	234	3.47
250,000 < Loan Size <= 300,000	46,050,645	5.85	199	2.08	234	3.40
300,000 < Loan Size <= 350,000	22,610,983	2.87	84	0.88	225	3.29
350,000 < Loan Size <= 400,000	22,501,964	2.86	73	0.76	221	3.39
400,000 < Loan Size <= 450,000	9,356,977	1.19	27	0.28	229	3.46
450,000 < Loan Size <= 500,000	10,974,041	1.39	30	0.31	228	3.53
500,000 < Loan Size <= 550,000	7,921,856	1.01	22	0.23	228	3.29
550,000 < Loan Size <= 600,000	5,211,176	0.66	11	0.12	224	3.27
600,000 < Loan Size <= 650,000	1,244,171	0.16	3	0.03	284	2.98
650,000 < Loan Size <= 700,000	1,343,370	0.17	2	0.02	262	3.06
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE L*Geographical distribution of the borrowers in the Provisional Portfolio*

Region	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Antwerpen	179,564,492	22.80	2474	25.88	209	3.85
Brussel	125,089,309	15.88	773	8.09	216	3.47
Henegouwen	66,800,186	8.48	967	10.12	207	3.84
Limburg	65,318,020	8.29	1063	11.12	204	3.91
Luik	79,772,506	10.13	973	10.18	208	3.70
Luxemburg	5,408,182	0.69	73	0.76	196	3.93
Namen	24,981,908	3.17	287	3.00	207	3.82
Oost-Vlaanderen	68,632,867	8.71	970	10.15	209	3.79
Vlaams-Brabant	83,332,694	10.58	797	8.34	215	3.71
Waals-Brabant	43,575,100	5.53	361	3.78	210	3.53
West-Vlaanderen	45,188,411	5.74	821	8.59	198	3.94
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE M*Purpose of the loans in the Provisional Portfolio*

Purpose of the loans	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Property purchase	283,171,025	35.95	2,025	21.18	248	3.43
Construction	21,231,589	2.70	175	1.83	238	3.16
Renovation	51,669,958	6.56	483	5.05	225	3.35
Remortgage	87,887,509	11.16	830	8.68	200	3.36
No data	343,703,591	43.64	6,046	63.25	176	4.19
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE N*Outstanding construction deposit amounts in the Provisional Portfolio*

Range of construction deposit amounts (EUR)	Aggregate Outstanding Balance (EUR)	Amount of Construction Deposit	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)
No construction deposit	751,082,284	0	95.36	9,301	97.30	207
0 < Construction						
Deposit <= 10,000	14,052,301	567,973	1.78	115	1.20	255
10,000 < Construction						
Deposit <= 25,000	11,045,970	1,419,600	1.40	81	0.85	269
25,000 < Construction						
Deposit <= 50,000	8,339,102	1,703,057	1.06	49	0.51	255
50,000 < Construction						
Deposit <= 75,000	2,431,016	646,984	0.31	11	0.12	275
75,000 < Construction						
Deposit <= 100,000	713,000	180,000	0.09	2	0.02	223
Total	787,663,673	4,517,615	100.00	9,559	100.00	209

TABLE O*Originators of the mortgage loans in the Provisional Portfolio*

Originator	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Former Bank Nagelmackers 1747	38,775,608	4.92	1,801	18.84	92	5.70
Delta Lloyd Bank	304,221,863	38.62	4,240	44.36	186	4.00
Delta Lloyd Bank (Stater production)	444,666,201	56.45	3,518	36.80	235	3.40
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE P*Number of monthly instalments in arrears of the mortgage loan parts in the Provisional Portfolio*

Arrears (in monthly instalments)	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Monthly Instalments = 0	713,067,015	90.53	8,809	92.15	206	3.76
0 < Monthly Instalments <= 1	64,464,961	8.18	647	6.77	240	3.59
1 < Monthly Instalments <= 2	10,131,697	1.29	103	1.08	223	3.69
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE Q*Employment type of borrowers in the Provisional Portfolio*

Employment type	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
No data	301,976,665	38.34	4,290	44.88	186	4.02
Employed	318,302,143	40.41	3,875	40.54	229	3.62
Professional	9,947,553	1.26	153	1.60	173	4.10
Civil servant	81,416,098	10.34	548	5.73	226	3.34
Military	4,742,342	0.60	43	0.45	242	3.39
Retired	3,348,778	0.43	54	0.56	147	3.64
Social benefit	4,200,121	0.53	51	0.53	222	3.46
Self-employed	50,658,942	6.43	429	4.49	216	3.55
Administrator	13,071,031	1.66	116	1.21	181	3.60
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE R*Age of borrowers in the Provisional Portfolio*

Borrower age (in years)	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
20 <= years < 30	130,362,225	16.55	1,188	12.43	254	3.56
30 <= years < 40	355,601,850	45.15	3,624	37.91	223	3.65
40 <= years < 50	221,073,370	28.07	3,034	31.74	189	3.83
50 <= years < 60	69,401,380	8.81	1,428	14.94	135	4.20
60 <= years < 70	9,929,029	1.26	257	2.69	123	4.19
70 <= years <= 85	1,295,818	0.16	28	0.29	99	4.36
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE S*Original Debt-service-to-Income (DTI) data of borrowers in the Provisional Portfolio*

Range of DTI	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
No data	2,099,475	0.27	15	0.16	231	3.46
DTI <= 10%	2,287,548	0.29	44	0.46	181	3.52
10% < DTI <= 20%	45,311,370	5.75	546	5.71	211	3.36
20% < DTI <= 30%	188,577,297	23.94	1,534	16.05	239	3.37
30% < DTI <= 40%	472,267,761	59.96	6,943	72.63	194	3.99
40% < DTI <= 50%	49,790,844	6.32	328	3.43	237	3.41
50% < DTI <= 75%	27,329,377	3.47	149	1.56	218	3.48
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE T*Type of the properties securing the loans in the Provisional Portfolio*

Property type	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Single family house	598,649,444	76.00	7,699	80.54	207	3.80
Condominium	116,726,528	14.82	1,149	12.02	212	3.59
Partial commercial use	10,971,166	1.39	112	1.17	193	3.88
Buy to let	10,562,210	1.34	65	0.68	207	3.71
Land	31,780,497	4.03	340	3.56	239	3.35
Other	13,613,686	1.73	149	1.56	214	3.68
No data	5,360,141	0.68	45	0.47	214	3.69
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE U*Other loans of the borrowers in the Provisional Portfolio (in % of current balance)*

Range of other loans (%)	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Other loans = 0	762,529,805	96.81	9,339	97.70	209	3.75
0 < Other loans <= 5%	12,395,649	1.57	104	1.09	216	3.63
5 < Other loans <= 10%	12,738,219	1.62	116	1.21	215	3.63
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE V1**Summary Table Weighted Average LTV of the Provisional Portfolio**

WA Original LTV of the mortgage loans in the Provisional Portfolio (on a loanpart basis)	76.74%
WA Current LTV of the mortgage loans in the Provisional Portfolio (on a loanpart basis)	69.26%
WA Current indexed* LTV of the mortgage loans in the Provisional Portfolio (on a loanpart basis)	63.30%
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WA Original mortgage coverage ratio of the mortgage loans in the Provisional Portfolio (on a loanpart basis)	89.13%
WA Current mortgage coverage ratio of the mortgage loans in the Provisional Portfolio (on a loanpart basis)	105.78%
WA Original mortgage + mandate coverage ratio of the mortgage loans in the Provisional Portfolio (on a loanpart basis)	100.00%
WA Current mortgage + mandate coverage ratio of the mortgage loans in the Provisional Portfolio (on a loanpart basis)	116.30%

* Using the house price index from STADIM

TABLE V2**Original LTV of the mortgage loans in the Provisional Portfolio (on a loanpart basis)**

Range of LTV	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
0% <= LTV <= 10%	3,455,745	0.44	136	1.42	157	4.04
10% < LTV <= 20%	9,537,091	1.21	289	3.02	150	3.87
20% < LTV <= 30%	22,192,660	2.82	427	4.47	158	3.85
30% < LTV <= 40%	32,936,518	4.18	589	6.16	172	3.84
40% < LTV <= 50%	56,730,067	7.20	761	7.96	187	3.82
50% < LTV <= 60%	66,574,243	8.45	808	8.45	194	3.71
60% < LTV <= 70%	75,337,256	9.56	836	8.75	203	3.73
70% < LTV <= 80%	105,063,690	13.34	975	10.20	217	3.63
80% < LTV <= 90%	111,444,713	14.15	951	9.95	226	3.58
90% < LTV <= 100%	304,391,690	38.64	3,787	39.62	220	3.81
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE V3**Current LTV of the mortgage loans in the Provisional Portfolio (on a loanpart basis)**

Range of LTV	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
0% <= LTV <= 10%	6,584,895	0.84	550	5.75	117	4.60
10% < LTV <= 20%	17,755,341	2.25	771	8.07	113	4.42
20% < LTV <= 30%	33,436,278	4.24	863	9.03	139	4.24
30% < LTV <= 40%	48,964,998	6.22	960	10.04	158	4.13
40% < LTV <= 50%	70,437,183	8.94	1,021	10.68	180	4.00
50% < LTV <= 60%	86,190,584	10.94	1,131	11.83	186	3.91
60% < LTV <= 70%	91,397,013	11.60	994	10.40	201	3.82
70% < LTV <= 80%	114,918,196	14.59	991	10.37	222	3.66
80% < LTV <= 90%	122,260,965	15.52	949	9.93	228	3.55
90% < LTV <= 100%	195,718,221	24.85	1,329	13.90	251	3.45
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE V4*Current indexed* LTV of the mortgage loans in the Provisional Portfolio (on a loanpart basis)*

Range of LTV	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
0% < LTV <= 10%	16,295,461	2.07	1,221	12.77	86	5.16
10% < LTV <= 20%	37,687,259	4.78	1,248	13.06	114	4.74
20% < LTV <= 30%	58,255,796	7.40	1,177	12.31	140	4.46
30% < LTV <= 40%	66,834,528	8.49	995	10.41	175	4.12
40% < LTV <= 50%	74,093,085	9.41	810	8.47	191	3.81
50% < LTV <= 60%	84,864,331	10.77	756	7.91	206	3.62
60% < LTV <= 70%	92,595,789	11.76	798	8.35	218	3.62
70% < LTV <= 80%	104,882,825	13.32	819	8.57	230	3.51
80% < LTV <= 90%	102,159,815	12.97	750	7.85	243	3.39
90% < LTV <= 100%	149,994,782	19.04	985	10.30	257	3.42
Total	787,663,673	100.00	9,559	100.00	209	3.74

* Using the house price index from STADIM

TABLE V5*Original mortgage coverage ratio of the mortgage loans in the Provisional Portfolio (on a loanpart basis)*

Range of Coverage ratio	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Coverage ratio <= 10%	0	0.00	0	0.00	0	0.00
10% < Coverage ratio <= 20%	0	0.00	0	0.00	0	0.00
20% < Coverage ratio <= 30%	0	0.00	0	0.00	0	0.00
30% < Coverage ratio <= 40%	8,788,420	1.12	60	0.63	188	3.54
40% < Coverage ratio <= 50%	118,851,155	15.09	630	6.59	214	3.36
50% < Coverage ratio <= 60%	26,217,815	3.33	186	1.95	222	3.53
60% < Coverage ratio <= 70%	15,050,358	1.91	123	1.29	218	3.64
70% < Coverage ratio <= 80%	8,636,292	1.10	106	1.11	190	3.88
80% < Coverage ratio <= 90%	7,196,715	0.91	104	1.09	181	4.22
90% < Coverage ratio <= 100%	602,922,917	76.55	8,350	87.35	209	3.83
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE V6

Current mortgage coverage ratio of the mortgage loans in the Provisional Portfolio (on a loanpart basis)

Range of Coverage ratio	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Coverage ratio <= 10%	0	0.00	0	0.00	0	0.00
10% < Coverage ratio <= 20%	0	0.00	0	0.00	0	0.00
20% < Coverage ratio <= 30%	0	0.00	0	0.00	0	0.00
30% < Coverage ratio <= 40%	3,422,549	0.43	16	0.17	192	3.31
40% < Coverage ratio <= 50%	13,191,484	1.67	83	0.87	215	3.56
50% < Coverage ratio <= 60%	118,060,230	14.99	605	6.33	219	3.32
60% < Coverage ratio <= 70%	23,681,155	3.01	157	1.64	212	3.56
70% < Coverage ratio <= 80%	9,056,382	1.15	74	0.77	204	3.76
80% < Coverage ratio <= 90%	8,196,789	1.04	86	0.90	194	3.87
90% < Coverage ratio <= 100%	16,794,104	2.13	140	1.46	220	3.69
100% < Coverage ratio <= 150%	540,906,770	68.67	5,785	60.52	220	3.69
150% < Coverage ratio <= 200%	31,774,206	4.03	916	9.58	101	5.03
200% < Coverage ratio <= 250%	9,300,825	1.18	403	4.22	78	5.67
250% < Coverage ratio <= 300%	4,404,623	0.56	255	2.67	53	5.61
Coverage ratio > 300%	8,874,556	1.13	1,039	10.87	35	6.03
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE V7

Original mortgage + mandate coverage ratio of the mortgage loans in the Provisional Portfolio (on a loanpart basis)

Range of Coverage ratio	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Coverage ratio = 100%	787,663,673	100.00	9,559	100.00	209	3.74
Total	787,663,673	100.00	9,559	100.00	209	3.74

TABLE V8

Current mortgage + mandate coverage ratio of the mortgage loans in the Provisional Portfolio (on a loanpart basis)

Range of Coverage ratio	Aggregate Outstanding Balance (EUR)	Proportion of Portfolio (%)	Number of loan parts	Proportion of Portfolio (%)	WAM (Months)	WAC (%)
Coverage ratio = 100%	35,456,879	4.50	316	3.31	208	3.71
100% < Coverage ratio <= 110%	539,735,735	68.52	4,391	45.94	235	3.46
110% < Coverage ratio <= 120%	90,058,782	11.43	1,057	11.06	179	3.98
120% < Coverage ratio <= 130%	32,782,476	4.16	512	5.36	160	4.28
130% < Coverage ratio <= 140%	22,044,363	2.80	377	3.94	153	4.45
140% < Coverage ratio <= 150%	12,010,700	1.52	276	2.89	128	4.90
150% < Coverage ratio <= 160%	7,873,587	1.00	206	2.16	109	4.78
160% < Coverage ratio <= 170%	9,330,175	1.18	245	2.56	108	4.82
170% < Coverage ratio <= 180%	6,797,104	0.86	198	2.07	97	5.22
180% < Coverage ratio <= 190%	4,982,692	0.63	150	1.57	91	5.27
190% < Coverage ratio <= 200%	3,786,491	0.48	129	1.35	87	5.22
200% < Coverage ratio <= 250%	9,385,565	1.19	404	4.23	79	5.64
250% < Coverage ratio <= 300%	4,438,878	0.56	256	2.68	53	5.59
Coverage ratio > 300%	8,980,245	1.14	1,042	10.90	35	6.03
Total	787,663,673	100.00	9,559	100.00	209	3.74

MORTGAGE LOAN UNDERWRITING AND MORTGAGE SERVICES

1. INTRODUCTION

The Portfolio consists of Mortgage Loans originated by Delta Lloyd Bank (previously Bankunie N.V.) or its legal predecessors, i.e. Bank Nagelmackers 1747 N.V., which merged into Delta Lloyd Bank, Codep Spaarbank C.V., which merged into Bank Nagelmackers 1747 N.V. and Bank van Limburg CVBA, which transferred its business to Bankunie N.V.

Delta Lloyd Bank currently originates mortgage loans through two main channels: (i) its branch network (102 branches), representing 54% of the mortgage origination in 2005 and (ii) independent agents working under the label of Delta Lloyd Bank (144 agents), accounting for the remaining 46% of the production in 2005.

Since the end of 2005, Delta Lloyd Bank also originates mortgage loans through the chains of the two largest mortgage intermediaries in Belgium, “de Immothecker” (51 offices) en “Atelia” (25 offices).

1.1 Application and approval process

After completion of the mortgage loan application form by the client and the relevant sales person, a credit officer at Delta Lloyd Bank reviews the application. New mortgage loans are accepted by Delta Lloyd Bank on the basis of a fixed underwriting protocol including a credit check with the *Centrale voor Kredieten aan Particulieren / Centrale des Crédits aux Particuliers*. After approval, the loan file is handed over to Stater. Stater then drafts the mortgage loan documentation and sends the completed proposal back to the branch or the agent. After a final check at the branch or the agent, the proposal is discussed with the client. If the client accepts the proposal, Stater takes over the process and supervises the execution of the newly approved loan step by step: from verification of the required documents such as salary, employment and property details, to loan documentation and ultimately payment to the Borrower via a notary.

Once the mortgage loan is in place, Stater is also responsible for all communication with the client, including arrears and foreclosure management.

1.2 Underwriting criteria

The principal items in Delta Lloyd Bank’s mortgage loan underwriting protocol are:

(a) LTV ratio

Maximum of 110% (since 7 December 2005; before that date, the maximum authorised LTV was 100%). In addition, for interest-only mortgage loans Delta Lloyd Bank requires a down payment of 30% for owner occupied properties and 20% for second or third houses.

(b) Debt Service-to-income ratio

In general, the maximum allowed debt service-to-income ratio increases with the borrower’s income. The percentage ranges from 30% to 40% (with some deviations in exceptional circumstances). In addition, the available income after deduction of debt service expenses must be at least EUR 1,150 for families and EUR 900 for singles to make sure the prospective borrower can not only meet his payments on the requested mortgage loan but also potential other financial obligations and monthly living expenses.

(c) Tenor

The loans can have a maturity of up to 30 years, depending however on the age of the applicant.

(d) Collateral

All borrowers have to provide an original property valuation report unless:

- (i) the requested loan amount is less than EUR 125,000;
- (ii) the requested loan amount is more than EUR 125,000 but the LTV is <90%;
- (iii) the requested loan amount is more than EUR 250,000 but the LTV is <70%.

In any case, a credit officer from Delta Lloyd Bank can require an appraisal of the property at his discretion, independent of the LTV ratio and the original balance of the mortgage loan. An appraisal report must contain the objective market value, the voluntary foreclosure value and the forced foreclosure value.

- (e) Other underwriting conditions

Apart from the principal underwriting criteria already mentioned, the following rules apply:

- (i) mortgage loans are granted only to individuals living in Belgium;
- (ii) the potential borrower must have a stable income situation and a proven savings capacity;
- (iii) the borrower must be younger than 65 at maturity of the Mortgage Loan (exceptions can be made for special circumstances).

1.3 Servicing

- (a) Payment collections

Most of the borrowers (approximately 96% of the Mortgage Loan portfolio) pay via direct debit. The remaining part of the borrowers pays by money transfer or checks. A direct debit cannot be executed if the balance of the borrowers' account is not sufficient to cover the full amount of the scheduled monthly payment. In this case, depending on the borrower's bank, there will be more than one attempt to withdraw the full amount of the scheduled payment.

- (b) Arrears

If the Borrower misses a payment, a reminder letter is automatically sent within ten days of the due date of the missed payment. The letter also includes a specification of the penalty interest charged, which is limited by law. If the borrower does not remedy his payment default following this first letter, a second letter and potentially consecutive letters will be sent, with wording and content becoming increasingly severe. Once the borrower is in arrears for more than two monthly instalments or one quarterly instalment, a last reminder letter is sent by Stater to the borrower informing him that the full loan will become due and payable if the arrears are not paid within ten days and that the necessary measures for collection will be taken.

- (c) Foreclosure process

If the payment default is not remedied within these ten days, the Borrower is declared in default through a letter delivered by bailiff. Simultaneously Delta Lloyd Bank decides, where applicable, whether the mortgage mandate on the property needs to be converted in a mortgage. The procedure which follows includes a mandatory amicable settlement procedure, the involvement of the seizure judge who appoints a notary and can ultimately result in a public sale of the property by the notary. Typically this procedure takes approximately 18 months from the first arrear. However, in practice, a solution is generally found much faster, whether by a mutually agreed repayment schedule, refinancing or voluntary sale of the property, thereby enabling the borrower to repay Delta Lloyd Bank before the start of a legal procedure.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer, acting through its Compartment N° 1, will purchase and, on the Closing Date or, with respect to New Mortgage Receivables, on the relevant Purchase Date, accept from the Seller the transfer by way of assignment of legal title to any and all rights under or in connection with certain selected Mortgage Loans (the **Mortgage Receivables** which will include upon the purchase of any New Mortgage Receivables, such New Mortgage Receivables) of the Seller against certain borrowers (the **Borrowers**). 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**). The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables as of the Cut-Off Date or, in the case of New Mortgage Receivables, as of the relevant Purchase Date.

1. Sale – 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 of all Mortgage Receivables at the Cut-off Date of euro 788,127,817.73, which shall be payable on the Closing Date or, in respect of the New Mortgage Receivables, on the relevant Purchase Date, and a deferred purchase price (the **Deferred Purchase Price**) payable on each Quarterly Payment Date.

The **Outstanding Principal Amount** means, at any moment in time, the principal balance (*hoofdsom / principal*) of a Mortgage Receivable resulting from a Mortgage Loan at such time and zero, after the occurrence of a Realised Loss in respect of such Mortgage Receivable.

A part of the Initial Purchase Price equal to the aggregate Construction Amounts will be withheld by the Issuer and will be deposited in the Construction Account.

The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments and each Deferred Purchase Price Instalment on any Quarterly Payment Date will be equal to:

- (a) prior to delivery of an Enforcement Notice the Reverse Loss Amount, if any, plus 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 (y); 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 (w) (see *Credit Structure* above) on such date have been made.

The rights to the Deferred Purchase Price will be incorporated into a series of ten residual certificates (the **Residual Certificates**), which shall be issued by the Issuer to the Seller on the Closing Date.

The Residual Certificates will not qualify as a security (*“roerende waarde”* or *“effect”*), but rather as a negotiable instrument (*“waardepapier”* or *“titre négociable”*) *sui generis* and will (1) incorporate all rights to the Deferred Purchase Price, (2) determine that the holder of the Residual Certificates can only exercise or transfer the rights that are incorporated in the instrument itself, and (3) determine that the rights incorporated in the title are independent from the Mortgage Receivables Purchase Agreement.

The Residual Certificates will be issued to the order of the Seller, who can only transfer the Residual Certificates by way of endorsement. Any further transfer must also occur by way of endorsement.

The Residual Certificates may only be acquired by way of endorsement and may only be held by holders who qualify as an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, acting for their own account.

Each holder who wishes to acquire the Residual Certificates will be required to (i) declare formally and in writing to the Issuer that it is an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, acting for its own account, and (ii) undertake towards the Issuer to sell or transfer the

Residual Certificates only to a person who declares formally and in writing to the Issuer that it is an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, acting for its own account, and who undertakes to ask the same declaration from the next transferee.

The sale of the Mortgage Receivables shall include, and the Issuer shall be fully entitled to, all ancillary items (*bijhorigheden / accessories*) of such Mortgage Receivables and in particular, but not limited to:

- (a) all rights and title of the Seller in and under the Mortgage Loans including for the avoidance of doubt, but not limited to:
 - (i) the right to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under the Mortgage Receivables or the unpaid part thereof and the interest and Prepayment Penalties to become due thereon;
 - (ii) the benefit of and the right to sue on all covenants with the Seller in each Mortgage Receivable and the right to exercise all powers of the Seller in relation to each Mortgage Receivable;
 - (iii) the right to demand, sue for, recover, receive and give receipts for all prepayment indemnities (*wederbeleggingsvergoeding / indemnité de remploi*) or fees to the extent they relate to the Mortgage Receivables; and
 - (iv) the right to exercise all express and implied rights and discretions of the Seller in, under or to the Mortgage Receivables and each and every part thereof (including, if any, the right, subject to and in accordance with the terms respectively set out therein, to set and to vary the amount, dates and number of payments of interest and principal applicable to the Mortgage Receivables);
- (b) all rights and title of the Seller to the Related Security insofar as it relates to the Mortgage Receivables;
- (c) the benefit of any Mortgage Mandate granted as security for the Mortgage Receivables to have an additional Mortgage created over the relevant Mortgaged Assets in accordance with the provisions of the Mortgage Receivables Purchase Agreement;
- (d) all rights, title, interest and benefit of the Seller in any Hazard Insurance Policy and Life Insurance Policy in so far as it relates to the Mortgage Receivables including but without limitation the right to receive the proceeds of any claim thereunder;
- (e) all rights, title, interest and benefit of the Seller in the Umbrella Hazard Insurance Policy in so far as it relates to the Mortgage Receivables including without limitation the right to receive the proceeds of any claims thereunder;
- (f) all documents, computer data and records on or by which each of the above is recorded or evidenced, to the extent that they relate to the above;
- (g) all causes and rights of action against any notary public in connection with the execution of the Mortgage Receivables, the researches, opinions, certificates or confirmations in relation to any Mortgage Receivable or Mortgaged Assets or otherwise affecting the decision of the Seller to offer to make or to accept any Mortgage Receivable;
- (h) all causes and rights of action against any valuer/appraiser in connection with the investigation and appraisal of any property, any researches, opinions certificates or confirmations in relation to any Mortgage Receivable or Mortgaged Assets or otherwise affecting the decision of the Seller to offer to make or to accept any Mortgage Receivable or Related Security relating thereto; and
- (i) all causes and rights of action against any broker, lawyer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any of the above, or affecting the decision of the Seller to offer to make or to accept any of the above.

it being understood that any Related Security with an all sums nature will continue to secure any other amounts owed by the relevant Borrower to the Seller.

2. All Sums Mortgages – Mortgage Mandates

2.1 All Sums Mortgages

The Mortgage Receivables are either secured by an All Sums Mortgage in accordance with Article 51 *bis* of the Mortgage Credit Act or secured by a Mortgage that also secures advances made under a credit opening (*kredietopening/ouverture de crédit*) in accordance with Article 51, §2 of the Mortgage Credit Act.

The Seller may hold Existing Loans and will be entitled to make Further Loans to a Borrower, which are or will be secured by the same Mortgage as the Mortgage Receivables transferred to the Issuer.

If there are Existing Loans which are secured by the same Mortgage, the Seller and the Issuer will rank equally with respect to the proceeds of the enforcement of such Mortgage (see further *Risk Factors – Mortgage Loans – Mortgages*).

If there are Further Loans granted which are secured by the same Mortgage, the proceeds of such Mortgage shall be distributed pursuant to the rules set out in Articles 51, §2 and 51bis, § 3 of the Mortgage Credit Act and the Mortgage Receivables Purchase Agreement, *i.e.*, the Issuer, acting through its Compartment N° 1, shall fully rank in priority to the Seller.

The Mortgage Receivables Purchase Agreement provides, among other things, that:

- (a) all sums owed by any Borrower to the Seller under a Seller Loan and all the rights and remedies of the Seller in respect of a Seller Loan will at all times be subject and subordinated to any sums owed by the Borrower to the Issuer in relation to all sums received out of the enforcement of a Mortgage;
- (b) as long as any part of the sums owed to the Issuer under a Mortgage Receivable is or might become outstanding and until all these sums are irrevocably paid in full, all sums received out of the enforcement of the Mortgage will be distributed to the Issuer in priority of the Seller by payment into the Issuer Collection Account, unless the Issuer and the Security Agent otherwise agree; and
- (c) the Seller undertakes that, as long as any part of the sums owed to the Issuer under a Mortgage Receivable is or might become outstanding and until all these sums are irrevocably paid in full, it will not be entitled to receive for its own account any of the proceeds of enforcement of the Related Security.

In addition, the Mortgage Receivables Purchase Agreement will contain certain arrangements regarding the acceleration of a Mortgage Receivable or a Seller Loan and the enforcement of All Sums Mortgages.

2.2 Mortgage Mandates

The Mortgage Receivables may have the benefit of a Mortgage Mandate that permits the creation of a mortgage on the Mortgage Assets either as a Mortgage for all sums (*hypothek voor alle sommen / hypothèque pour toutes sommes*) in accordance with Article 51bis of the Mortgage Credit Act or as a mortgage that secures all advances made under a credit opening (*kredietopening / ouverture de crédit*). Accordingly, the Seller and the Issuer may have a shared interest in all or some of the Mortgage Mandates.

With respect to the exercise of Mortgages Mandates in order to create mortgages, the Mortgage Receivables Purchase Agreement provides that:

- (a) if the Mortgage Receivable to which a Mortgage Mandate relates is secured by a Mortgage for an aggregate secured amount of at least 100 per cent of the sum of (i) the Outstanding Principal Amount of the Mortgage Receivable and (ii) the outstanding principal amount of any Existing Loans that are secured in equal rank by such Mortgage, plus 10 per cent of such amount in accessories (*toebehoren / accessoires*) plus three years of interest, such Mortgage Mandate may be exercised in order to create a mortgage in favour of the Seller only; and
- (b) if the Mortgage Receivable to which a Mortgage Mandate relates is secured by a Mortgage for an aggregate secured amount that is lower than 100 per cent of the sum of (i) the Outstanding Principal Amount of the Mortgage Receivable and (ii) the outstanding principal amount of any Existing Loans that are secured in equal rank by such Mortgage, plus 10 per cent of such amount in accessories (*toebehoren / accessoires*) plus three years of interest, such Mortgage Mandate may only be exercised in order to create a Mortgage in favour of the Issuer.

However, if in this case the Issuer decides to exercise the Mortgage Mandate in order to create a Mortgage in its favour, the Seller will have the right to repurchase the relevant Mortgage Receivable, provided that the outstanding principal amount of Seller Loans granted by the Seller to the relevant Borrower exceeds five (5) per cent of the Outstanding Principal Amount of the relevant Mortgage Receivable. If the Seller does not exercise the option to repurchase the Mortgage Receivable, the relevant Mortgage Mandate may be exercised in order to create a Mortgage in favour of the Issuer for a maximum aggregate secured amount equal to 100 per cent of the sum of (x) the Outstanding Principal Amount of the Mortgage Receivable and (y) any Existing Loans that are secured in equal rank by the Mortgage that secures such Mortgage Receivable, plus 10 per cent of such amount in accessories (*toebehoren / accessoires*) plus three years of interest, *minus* the aggregate secured amount of any existing Mortgage securing the relevant Mortgage Receivable.

If a Mortgage Mandate is exercised in order to create a Mortgage in favour of the Issuer in accordance with and subject to the limitation set out in the preceding paragraph, such Mortgage Mandate may still be exercised to create a mortgage for any balance available under the Mortgage Mandate in favour of the Seller.

In addition, the Issuer Services Agreement will provide that if, as a result of changing market conditions or a changing market perception, mortgage mandates no longer offer sufficient security, the Seller starts to systematically convert mortgage mandates that have been granted in its favour into mortgages, the MPT Provider will convert all Mortgage Mandates to create additional Mortgages in favour of the Issuer, subject to the limitations set out above.

In that case, the Seller will only be entitled to exercise the repurchase option that is provided for upon exercise of a Mortgage Mandate in order to create a Mortgage in favour of the Issuer as set forth above, if the Seller establishes that three leading Belgian mortgage lenders, representing together at least 25 per cent. of the market share in Belgium pertaining to mortgage lending, are systematically converting mortgage mandates that have been granted in their favour into mortgages, as a result of changing market conditions or a changing market perception that mortgage mandates no longer offer sufficient security. The Seller will be deemed to have established these circumstances by submitting a confirmation to that effect by an independent third party with relevant experience, appointed in consultation between the Seller and the Issuer.

It is contemplated that the Security Agent will also be appointed as substitute attorney pursuant to a substitution deed, which will enable it to act as attorney under the mortgage mandates.

3. Construction Loans

The Issuer will acquire Mortgage Receivables resulting from Mortgage Loans the proceeds of which are intended to be used by the Borrower to construct or to refurbish residential property (the **Construction Loans**). Typically Construction Loans are drawn down by the Borrower in different drawings against submission of invoices, depending on the further completion of the works. The Construction Loans are required to be drawn down to an amount of at least sixty-five (65) per cent. for the Mortgage Receivables

resulting from such Construction Loans to be eligible for purchase on the Cut-Off Date or, in the case of New Mortgage Receivables, on the relevant Purchase Date.

The Issuer shall purchase the Mortgage Receivables resulting from each Construction Loan in its entirety as from the Closing Date or, in the case of New Mortgage Receivables, from the relevant Purchase Date, but shall only pay to the Seller a purchase price calculated on the basis of the part of the Construction Loan that is drawn down on the Cut-Off Date or, in the case of New Mortgage Receivables, on the relevant Purchase Date. On the 22nd day of each month, or in case such day is not a Business Day, the next succeeding Business Day, the Issuer shall pay to the Seller such part of the Purchase Price equal to the difference between (a) the balance standing to the credit of the Construction Account and (b) the aggregate Construction Amounts at the immediately preceding Monthly Calculation Date.

The Issuer will not be required to pay the remaining part of the Initial Purchase Price if at the relevant time (a) there is a reasonable doubt as to whether the Issuer would acquire good and exclusive title to that part of the Construction Loan that is further drawn down, (b) the relevant Borrower has become subject to a private insolvency proceeding (*collectieve schuldenregeling / règlement collectif de dettes*) or is otherwise manifestly insolvent or (c) the Seller has become insolvent unless the Issuer has obtained satisfactory confirmation that notwithstanding the applicable Bankruptcy Proceedings, the Seller and any Bankruptcy Official appointed in respect of the Seller will fully comply with these arrangements in respect of the Construction Loans.

If a Notification Event has occurred, the Issuer shall be entitled, but shall not be obliged, to transfer the amounts reserved in the Construction Account to the MPT Provider for the latter to release to the Borrowers in accordance with the terms of the relevant Mortgage Loan.

4. Representations and Warranties

4.1 Representations and Warranties relating to the Seller

Pursuant to the Mortgage Receivables Purchase Agreement, the Seller will represent and warrant for the benefit of the Issuer and the Security Agent on the date of the Mortgage Receivables Purchase Agreement, on the Closing Date and on each Purchase Date that:

- (a) it is a limited liability company (*naamloze vennootschap / société anonyme*), duly organised and validly existing under the laws of Belgium with full power and authority to execute and deliver, and to perform all of its obligations under the Mortgage Receivables Purchase Agreement and all necessary corporate authority has been obtained and corporate action has been taken and all necessary consents and approvals obtained, for it to sign and perform the transactions contemplated the Mortgage Receivables Purchase Agreement;
- (b) it is duly licensed as a credit institution and as a mortgage loan institution by the CBFA under respectively the Credit Institutions Supervision Act and the Mortgage Credit Act;
- (c) it (i) is not in a situation of cessation of payments within the meaning of Belgian insolvency laws, (ii) has not resolved to enter into *vereffening / liquidation*, (iii) has not filed for bankruptcy (*faillissement / faillite*) or judicial composition (*gerechtelijk akkoord / concordat judiciaire*) or for stay of payment (*uitstel van betaling / sursis de paiement*), (iv) has not been adjudicated bankrupt or annulled as legal entity, nor (v) has any corporate action been taken or is pending in relation to any of the above;
- (d) the Mortgage Receivables Purchase Agreement constitutes legal and valid obligations binding on it and enforceable in accordance with its terms;
- (e) it is not in breach of or in default under any agreement to an extent or in a manner which has or which could have a material adverse effect on it or on its ability to perform its obligations under the Mortgage Receivables Purchase Agreement;

- (f) no Notification Event has occurred or will occur as a result of the entering into or performance of the Mortgage Receivables Purchase Agreement;
- (g) the information that may reasonably be relevant for the transaction envisaged in the Mortgage Receivables Purchase Agreement and that has been supplied by it to the Issuer and the Security Agent in connection with the Mortgage Receivables Purchase Agreement is to the best of its knowledge true, complete and accurate in all material respects and it is not aware of any facts or circumstances that have not been disclosed to the Issuer and the Security Agent which might if disclosed adversely affect the decision of the Issuer and the Security Agent to enter into the transaction envisaged in the Mortgage Receivables Purchase Agreement; and
- (h) no litigation, arbitration or administrative proceeding has been instituted, or is pending, or, to the best of its belief, threatened which might have a material adverse effect on it or on its ability to perform its obligations under the Mortgage Receivables Purchase Agreement.

4.2 Representations and Warranties relating to the Mortgage Loans and the Mortgage Receivables

Pursuant to the Mortgage Receivables Purchase Agreement, the Seller will on the Closing Date make the following representations and warranties in relation to the Mortgage Loans and the Mortgage Receivables for the benefit of the Issuer and the Security Agent.

- (a) Valid existence – Mortgage Loan Characteristics
 - (i) The Mortgage Receivables and Related Security exist and are valid, legally binding and enforceable obligations of the relevant Borrowers, or as the case may be, the relevant Insurance Company or third party provider of additional collateral.
 - (ii) The Mortgage Loans are granted with respect to Real Estate.
 - (iii) The Borrowers of the Mortgage Loans are not employees of the Seller.
 - (iv) Each Mortgage Loan was granted by the Seller or, as the case may be, its legal predecessor as the original lender as a loan secured by a Mortgaged Asset and, in the latter case, acquired by the Seller as a true sale and in accordance with the then prevailing credit policies of the original lender.
 - (v) The Mortgage Loans are either Annuity Mortgage Loans, Linear Mortgage Loans or Interest-only Mortgage Loans.
- (b) Governing legislation
 - (i) Each Mortgage Loan and relating Related Security is governed by Belgian law and no Mortgage Loan or relating Mortgage and Mortgage Mandate expressly provides for the jurisdiction of any court or arbitral tribunal other than Belgian courts or tribunals.
 - (ii) Each Mortgage Loan is either subject to Royal Decree 225 or to the Mortgage Credit Act.
 - (iii) Each Mortgage Loan and relating Mortgage and Mortgage Mandate originated after 1 January 1995 complies in all material respects with the requirements of the Mortgage Credit Act and implementing regulations; each Mortgage Loan, Mortgage and Mortgage Mandate originated before 1 January 1995 and after 1 January 1993, complies in all material respects with the requirements of either the Mortgage Credit Act and implementing regulations or with the Royal Decree 225; and each Mortgage Loan, Mortgage and Mortgage Mandate originated before 1 January 1993, complies in all material respects with the requirements of the Royal Decree 225.

- (iv) All Standard Loan Documentation has been duly and timely submitted to the CDV or the CBFA in accordance with the relevant provisions in Royal Decree 225 and the Mortgage Credit Act.
 - (v) The Act of 12 June 1991 on consumer credit loans does not apply to any of the Mortgage Loans.
- (c) Free from third-party rights
- (i) Each Mortgage Loan has been granted by the Seller for its own account or if applicable, by the original lender.
 - (ii) The Seller has exclusive, good and marketable title to and has the absolute property right over each Mortgage Loan and Mortgage Receivable and the other rights, interests and entitlements sold pursuant to the Mortgage Receivables Purchase Agreement.
 - (iii) The Mortgage Loans, the Mortgage Receivables and Related Security are free and clear of any encumbrances, liens, charges, pledges, pre-emption rights, options or other rights or security interests of any nature whatsoever in favour of, or claims of, third parties, and of any attachments (*derdenbeslag / saisie-arrêt*).
 - (iv) The Seller has not assigned, transferred, pledged, disposed of, dealt with or otherwise created or allowed to arise or subsist any security interest or other adverse right or interest in respect of its right, title, interest and benefit in or to any of the Mortgage Loans, Mortgage Receivables or Related Security and of the rights relating thereto or any of the property, rights, titles, interests or benefits sold or assigned pursuant to the Mortgage Receivables Purchase Agreement or pledged pursuant to the Pledge Agreement, in any way whatsoever other than pursuant to the Mortgage Receivables Purchase Agreement or the Pledge Agreement.
 - (v) The Mortgage Loans can be easily segregated and identified for ownership and collateral security purposes.
- (d) Each Mortgage Receivable is secured by (i) a first ranking Mortgage, and, as the case may be, (ii) (A) a lower ranking Mortgage, and/or (B) a mandate to create Mortgages over the Mortgaged Assets.
- (e) Fully disbursed Mortgage Loans
- (i) Other than the aggregate Construction Amounts under Construction Loans, the proceeds of each Mortgage Loan (including any brokers' fees) have been fully disbursed and the Seller has no further obligation to make further disbursement relating to the Mortgage Loan.
 - (ii) With respect to the Construction Loans, each Construction Loan has been drawn down to an amount of at least sixty-five (65) per cent on the Cut-Off Date or, in the case of New Mortgage Receivables, on the relevant Purchase Date.
- (f) No set-off or other defense
- (i) None of the Mortgage Loans and Related Security is subject to any reduction resulting from any valid and enforceable *exceptie / exception* or *verweermiddel / moyen de défense* (including *schuldvergelijking / compensation*) available to the relevant Borrower, Insurance Company or third party collateral provider and arising from any act or omission on the part of, or event or circumstance attributable to, the Seller prior to the execution of the Mortgage Receivables Purchase Agreement (except any *exceptie* or *verweermiddel* based on the provisions of Article 1244, paragraph 2 of the Belgian Civil Code or the provisions of Belgian insolvency laws).

(ii) No pledge, lien or counterclaim (except commercial discounts as applicable) or other security interest has been created or arisen or now exists between the Seller and any Borrower or Insurance Company which would entitle such Borrower to reduce the amount of any payment otherwise due under its Mortgage Loan.

(g) No subordination

The Seller has not entered into any agreement, which would have the effect of subordinating the right to the payment of any of the Mortgage Loans to any other indebtedness or other obligations of the Borrower thereof.

(h) No limited recourse

The Seller has not entered into any agreement, which would have the effect of limiting the rights in respect of the Mortgage Loan to any assets of the Borrower for the payment thereof.

(i) No abstraction

Except for Mortgage Receivables incorporated in a negotiable instrument (*grosse aan order/grosse à ordre*), no bills of exchange or promissory notes have been issued or subscribed in connection with any amounts owing under any Mortgage Loan.

(j) No waiver

The Seller has not knowingly waived or acquiesced in any breach of any of its rights under or in relation to a Mortgage Loan or any Related Security, provided that the Permitted Variations made in accordance with the Transaction Documents shall not constitute a breach of this warranty.

(k) Performing loan

(i) Except for any arrears referred to in paragraph (ii) below, no event has occurred and has not been cured prior to the Closing Date, entitling the Seller to accelerate the repayment of such Mortgage Loan.

(ii) On the Cut-Off Date, no Mortgage Loan is in arrears for more than two months, or, in case of New Mortgage Receivables, on the first day of the month in which the relevant Purchase Date falls, the new Mortgage Loan is not in arrears.

(iii) No notice of prepayment of all or any part of the Mortgage Loan has been received by the Seller.

(l) Litigation

The Seller has not received written notice of any litigation or claim calling into question in any material way the Seller's title to any Mortgage Loan or Related Security.

(m) Insolvency

The Seller has not received written notice, nor is otherwise aware, that any Borrower is bankrupt, has entered into or has filed for a rescheduling or repayments (*betalingsfaciliteiten / facilités de paiements*), a judicial composition (*gerechtelijk akkoord / concordat judiciaire*) or a moratorium (*uitstel van betaling / sursis de paiement*), or has applied for a collective reorganisation of its debts (*collectieve schuldenregeling / règlement collectif*) pursuant to the law of 5 July 1998, or is in a situation of cessation of payments or has otherwise become insolvent nor has the Seller any reason to believe that any Borrower is about to enter into, or to file for, any of the above situations or procedures.

(n) Incapacity

The Seller has not received notice of the death or any other incapacity of any Borrower.

(o) No Withholding Tax

Neither the Seller nor the Borrower is required to make any withholding or deduction for or on account of tax in respect of any payment in respect of the Mortgage Loans.

(p) Assignability of the Mortgage Receivables

- (i) Each Mortgage Receivable, secured by the Related Security, may be validly assigned to the Issuer and each Mortgage Receivable may be validly pledged by the Issuer in accordance with the Pledge Agreement.
- (ii) Each Mortgage Receivable, secured by Related Security, is legally entitled of being transferred by way of sale, and their transfer by way of sale is not subject to any contractual or legal restriction, other than the notification to the Borrower or, with respect to Mortgage Receivables incorporated in a negotiable instrument (*grosse aan order/grosse à ordre*), endorsement of the negotiable instrument to the order of the Issuer.
- (iii) No sale of a Mortgage Receivable in the manner herein contemplated will be recharacterised as any other type of transaction and the sale of all Mortgage Receivables will be effective to pass to the Issuer full and unencumbered title thereto and benefit thereof, and no further act, condition or thing will be required to be done in connection therewith to enable the Issuer to require payment of each Mortgage Receivable or the enforcement of each Mortgage Receivable in any court other than the giving of notice to the Borrower of the sale of such Mortgage Receivable by the Seller to the Issuer.
- (iv) Upon the sale of any Mortgage Receivables such Mortgage Receivables will no longer be available to the creditors of the Seller on its liquidation.

(q) Valid Mortgage

- (i) Each Mortgage exists and constitutes, or upon registration at the relevant Mortgage Registrar will constitute, a valid and subsisting mortgage over the relevant Mortgaged Asset.
- (ii) Each Mortgage which has been registered at the relevant Mortgage Registrar, is first-ranking over any other mortgage or security interest attached to any Mortgaged Asset, save in case the Seller also has all prior ranking Mortgage(s) and such Mortgage(s) is/are also transferred to the Issuer.
- (iii) No other mortgage or security interest attaches to any Mortgaged Asset other than any (a) mortgages and liens which apply to the Mortgaged Asset by operation of law, (b) higher ranking mortgages as envisaged in paragraph (q)(ii) above and (c) any lower ranking mortgages, liens, encumbrances or claims.
- (iv) In relation to each Mortgage where registration is pending at the relevant mortgage register:
 - (A) the Seller has an absolute right to be registered as mortgagee of the relevant Mortgaged Asset;
 - (B) there is no condition, notice or other entry of which the Seller is aware which will prevent such registration;
 - (C) the Seller has instructed the relevant notary to take all action to effectively register the Seller as mortgagee of the relevant Mortgaged Asset; and
 - (D) such registration will be accomplished ultimately before the Mortgage Loan is in arrears for more than 2 months.

- (v) All steps necessary with a view to perfecting the Seller's title to each Mortgage were duly taken at the appropriate time or are in the process of being taken without undue delay on the part of the Seller and those within its control.
 - (vi) As at the date of origination of the Mortgage Loan the immovable property over which such Mortgage has been granted existed or was under construction and the Seller has received no notice nor has it any reason to believe that it does not exist.
 - (vii) Subject to (vi) above, each Mortgage Receivable is secured on and each Mortgage relating thereto relates to a Mortgaged Asset situated in Belgium for residential use by the Borrowers.
- (r) Mortgage Mandate
- (i) Each attorney appointed under a Mortgage Mandate and as long as such attorney, if a legal person, exists, or, if a private person, is alive, has the power under the Mortgage Mandate to create a mortgage in favour of the Issuer;
 - (ii) Each Mortgage Mandate permits the appointment of a substitute attorney under such Mortgage Mandate.
- (s) Valid Hazard Insurance Policies
- Under the current Standard Loan Documentation the Borrowers are required to have the relevant Mortgaged Asset adequately insured under a home owners' hazard insurance policy against all risks usually covered by a comprehensive hazard insurance policy.
- (t) Valid Umbrella Hazard Insurance Policy
- (i) The Seller has entered into an appropriate Umbrella Hazard Insurance Policy covering the risk at any time of no or insufficient Hazard Insurance Policy by Borrowers with respect to any and all Mortgage Loans in accordance with the provisions of the Mortgage Receivables Purchase Agreement. The Umbrella Hazard Insurance Policy is subject to customary limitations and deductibles; and
 - (ii) The Seller has not received notice and is not otherwise aware of the suspension, cancellation or other material breach of the terms of the Umbrella Hazard Insurance Policy.
- (u) Valid Life Insurance Policy
- Under the current Credit Policies each Borrower, either individually or jointly with its co-borrowers and for amounts to be apportioned between them, has been requested to insure the Mortgage Loans under a Life Insurance Policy executed as collateral security to the Seller for each such Mortgage Loan or, in relation to which the Seller is mentioned as loss payee.
- (v) Related Security
- The Seller has not received notice of any material breach of the terms of any Related Security.
- (w) The Mortgaged Assets
- (i) Prior to providing a Mortgage Loan to a Borrower, the Seller instructed the notary public to conduct a search on origin and validity of the Borrower's title to the Mortgaged Asset and such search:
 - (A) did not disclose anything material which would cause the Seller, acting reasonably, not to proceed with the Mortgage Loan on the proposed terms;
 - (B) did disclose that the Borrower or a third party collateral provider had the exclusive, absolute and unencumbered title over the Mortgaged Asset; and

- (C) did not disclose any tax liabilities, registrations, annotations or transcriptions or deficiencies in the title of property which may substantially impair the rights of the Seller, including, but not limited to, deferred payment of the purchase price, reservation of title (*eigendomsvoorbehoud / reserve de propriété*), any condition precedent or any resolutive condition, usufruct (*vruchtgebruik / usufruit*) or negative undertakings not to transfer or mortgage.
- (ii) The notary public has not been dispensed from any of its responsibilities and/or liabilities in relation to any Mortgage Loan, Mortgage and Mortgage Mandate.
- (iii) None of the Mortgages and Mortgage Mandates has been created over a part in an undivided property, a collective property (*mede-eigendom / co-propriété*) or a property which has been purchased pursuant to a purchase agreement which results in an effective *tontine* or a similar arrangement, except
 - (A) in case there is another first-ranking Mortgage relating to the same Borrower that meets all representations and warranties set out herein; or
 - (B) in case of a *tontine* or a similar arrangement;
 - I. each of the Borrowers under the same Mortgage Loan has granted the relevant Mortgage with respect to all their present and future rights in respect of the Mortgaged Asset; and
 - II. such Mortgage is still in full force and effect for each such Borrower.
- (iv) The Seller has not received any notice requiring the compulsory acquisition (*expropriation / onteigening*) of such Mortgaged Asset.
- (x) The Seller's compliance with laws

The Seller has, in relation to the origination, the servicing and the assignment of the Mortgage Loans and Mortgage Receivables, complied in all material respects with all relevant banking, consumer protection, privacy, money laundering and other laws.
- (y) Servicing

Except for the Sub-MPT Provider, no other person has been granted or conveyed the right to service any Mortgage Loan and/or to receive any consideration in connection therewith, unless agreed otherwise between the parties hereto.
- (z) Selection process

The Seller has not taken any action in selecting the Mortgage Loans which, to the Seller's knowledge, would result in delinquencies or losses on the Mortgage Loans being materially in excess of the average delinquencies or losses on the Seller's total portfolio of loans of the same type.
- (aa) Originating and Standard Loan Documentation
 - (i) Prior to making each Mortgage Loan the Seller carried out or caused to be carried out all investigations, searches and other actions and made such enquiries as to the Borrower's status and obtained such consents (if any) as would a reasonably prudent lender and nothing which would cause any such a lender to decline to proceed with the initial loan on the proposed terms was disclosed.
 - (ii) Prior to making each Mortgage Loan, the Seller's lending criteria laid down in the Credit Policies or, as the case may be, the lending criteria of the Seller applicable at the time or the lending criteria of the relevant original lender, were satisfied so far as applicable subject to such waivers as might be exercised by a reasonably prudent mortgage lender.

- (iii) Each Mortgage Loan has been granted and each of the Related Security has been created, subject to the general terms and conditions and materially in the forms of the Standard Loan Documentation (so far as applicable) and any amendment to the terms of the Mortgage Loans has been made substantially in accordance with the Credit Policies or the then prevailing credit policies of the Seller or the original lender.

(bb) Proper Accounts and Records

Each Mortgage Loan and Related Security is properly documented in the Contract Records relating to such Mortgage Loan. The relevant transactions, payments, receipts, proceedings and notices relating to such Mortgage Loan and such Contract Records are properly recorded in the Contract Records and in the possession of the Seller or held to its order.

(cc) Data protection and privacy laws

The Seller and the databases it maintains, in particular with regard to the Mortgage Loans and the Borrowers, fully comply with the data protection and privacy laws and regulations.

The Seller has (i) notified the Borrowers of the change to the original finality of the processing of the personal data resulting from the Transaction, (ii) amended the privacy clause in the Standard Loan Documentation (for new Borrowers) and (iii) notified the Privacy Commission of this amended finality of the processing resulting from the Transaction.

(dd) Credit Policies

The Credit Policies attached as Schedule 13 to the Mortgage Receivables Purchase Agreement are certified by the Seller to be true and accurate.

(ee) Missing Data

As for any Mortgage Loans where the Seller confirms that no actual or no complete data are available, the characteristics of those Mortgage Loans are substantially the same as the ones under the Credit Policies.

(ff) Financial Criteria

- (i) The interest rate on each Mortgage Loan was market conform at its origination date.
- (ii) On the Cut-Off Date the Outstanding Principal Amount of each Mortgage Receivable as of its Cut-Off Date, plus the nominal amount of the principal comprised in all the Instalments that fell due under the Mortgage Receivable on or before, but have not been paid by, its Cut-Off Date, is not more than EUR 700,000.
- (iii) On the Cut-Off Date:
 - (A) the aggregate outstanding principal amount under all Existing Loans (except debit balances on current account) that are secured by the same Mortgage as a particular Mortgage Receivable, does not exceed 10 per cent. of the Outstanding Principal Amount of such Mortgage Receivable; and
 - (B) the aggregate Outstanding Principal Amount of all Mortgage Receivables which are secured by a Mortgage that also secures Existing Loans (except debit balances on current account) , does not exceed 5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables.
- (iv) Each Mortgage Receivable, except Mortgage Receivables under Interest-only Mortgage Loans, is repayable by way of monthly or quarterly Instalments.
- (v) Each Mortgage Receivable is denominated exclusively in euro (this includes Mortgage Loans historically denominated in Belgian frank).

- (vi) On the Cut-Off Date, no Mortgage Receivable is a Disputed Mortgage Receivable.
 - (vii) Each Mortgage Receivable has a fixed rate period that is not less than 1 year.
 - (viii) Each Mortgage Receivable has a fixed interest rate period that does not exceed 30 years.
 - (ix) No Mortgage Receivable has an initial maturity in excess of 30 years.
 - (x) In respect of each Mortgage Loan, at least one Instalment has been received.
- (gg) Initial Portfolio
- (i) On the Cut-Off Date, the Outstanding Principal Amount of each Mortgage Receivable as of the Cut-Off Date plus the nominal amount of principal comprised in all the unpaid Instalments that fell due under that Mortgage Receivable on or before the Cut-Off Date does not exceed EUR 700,000.
 - (ii) On the Cut-Off Date, the Mortgage Receivables satisfy conditions (vii), (xiv), (xvi), (xvii), (xviii) and (xix) of the Purchase Conditions as set forth below.

5. Eligibility Criteria

All representations and warranties other than those relating to the Seller, as set out under section 4.2 above, shall be considered to constitute the eligibility criteria relating to the Mortgage Loans or, as the case may be, the Mortgage Receivables (the **Eligibility Criteria**). The Eligibility Criteria pertain to the Mortgage Receivables and Mortgage Loans on the Cut-Off Date or, in the case of New Mortgage Receivables, on the first day of the month in which the relevant Purchase Date falls.

6. Purchase of New Mortgage Receivables

The Mortgage Receivables Purchase Agreement provides that during the Revolving Period, the Issuer will apply the Purchase Available Amount on any Purchase Date (up to the Quarterly Payment Date immediately preceding the first Amortisation Date or, as the case may be, the first Optional Redemption Date), to purchase any New Mortgage Receivables from the Seller if and to the extent offered by the Seller. The Initial Purchase Price payable by the Issuer as consideration for any New Mortgage Receivables will be equal to the aggregate Outstanding Principal Amount on the first day of the month wherein the relevant Purchase Date falls and shall be payable on the relevant Purchase Date. The Issuer will be entitled to all proceeds in respect of the New Mortgage Receivables following such assignment from (and including) the relevant Purchase Date.

The Revolving Period is the period commencing on the Closing Date and ending on the Quarterly Payment Date immediately preceding the first Amortisation Date, or as the case may be, the first Optional Redemption Date. The first **Amortisation Date** is the first Quarterly Payment Date following an Amortisation Event. Each of the following will constitute an amortisation event (each an **Amortisation Event**):

- (a) the Purchase Available Amount exceeds the Outstanding Principal Amount of Mortgage Receivables offered for sale by the Seller pursuant to the Mortgage Receivables Purchase Agreement on any Purchase Date during the Revolving Period and the Issuer declares this to be an Amortisation Event,
- (b) any part of the Pre-funded Amount remains upon expiration of the Pre-funding Period,
- (c) a Notification Event has occurred,
- (d) the Seller has failed to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement, or
- (e) an amount has been debited to the Class F Cumulative Realised Losses Ledger.

The purchase by the Issuer of New Mortgage Receivables during the Revolving Period will be subject to a number of conditions (the **Purchase Conditions**), which include, *inter alia*, the conditions that on the relevant date of completion of the sale and purchase of the New Mortgage Receivables:

- (i) the Seller will represent and warrant to the Issuer and the Security Agent that the matters set out in Clauses 11 and 12 of the Mortgage Receivables Purchase Agreement are true and correct in all material respects with respect to the Seller, the new Mortgage Receivables and the New Mortgage Loans relating thereto (to the extent relevant and provided that any reference to the Cut-Off Date should be deemed to be a reference to the first day of the month in which the relevant Purchase Date falls and any reference to the Closing Date should be deemed to be a reference to the relevant Purchase Date);
- (ii) no Notification Event has occurred and is continuing on the date of such completion;
- (iii) 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;
- (iv) the then current ratings assigned to the Notes by any of the Rating Agencies are not adversely affected as result of the purchase of the relevant New Mortgage Receivables;
- (v) the Purchase Available Amount is sufficient to pay the Initial Purchase Price for the relevant New Mortgage Receivables;
- (vi) no drawing made under the Liquidity Facility is outstanding;
- (vii) not more than 0.65 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables is in arrears for a period exceeding 90 days. The Issuer and the Seller may agree to a higher percentage, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof;
- (viii) not more than 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables (including such New Mortgage Receivables on such date) relates to Mortgage Receivables which are in arrears for up to 1 month, and not more than 2 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables (including such New Mortgage Receivables on such date) relates to Mortgage Receivables which are in arrears for more than 1 month but less than 2 months. The Issuer and the Seller may agree to a higher percentage, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof;
- (ix) on the first Quarterly Payment Date of every year, the portfolio of Mortgage Receivables including the relevant New Mortgage Receivables purchased on such Purchase Date does not exceed the threshold value of the Moody's Portfolio Variation Test (the **MPV Test**) of the Mortgage Receivables as determined at the Closing Date;
- (x) the weighted average of the LTV-ratio of all Mortgage Receivables upon origination on the Purchase Date (including such New Mortgage Receivables on such date) (the **Weighted Average Original LTV** or **WAOLTV**), does not exceed the WAOLTV at the Closing Date plus 5 per cent. The Issuer and the Seller may agree to a higher LTV-ratio, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof;
- (xi) the weighted average of the LTV-ratio of all Mortgage Receivables on the Purchase Date (including such New Mortgage Receivables on such date) (the **Weighted Average Current LTV** or **WACLTV**), does not exceed the WACLTV at the Closing Date plus 5 per cent. The Issuer and the Seller may agree to a higher LTV-ratio, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof;
- (xii) On the first and third Quarterly Payment Date of every year, the weighted average loss severity (**WALS**) multiplied by the weighted average foreclosure frequency (**WAFF**) for the Mortgage Receivables including the relevant New Mortgage Receivables, according to S&P, does not

exceed by more than 0.25 per cent. the product of the WALs and the WAFF for the Mortgage Receivables, according to S&P as constituted at the Closing Date.

If the WACLTV exceeds the WACLTV at Closing by more than 2.5 per cent., then on every Quarterly Payment Date thereafter, the WALs multiplied by the WAFF for the Mortgage Receivables including the relevant New Mortgage Receivables, according to S&P, does not exceed by more than 0.25 per cent. the product of the WALs and the WAFF for the Mortgage Receivables, according to S&P as constituted at the Closing Date.

- (xiii) the weighted average seasoning of the Portfolio remains at least 18 months after the addition of the New Mortgage Receivables;
- (xiv) at least 90 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables (including the New Mortgage Receivables on such date) is fully secured by a Mortgage. The Issuer and the Seller may agree to a lower percentage, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof;
- (xv) at least 35 per cent. of the Outstanding Principal Amount of each New Mortgage Receivable is fully secured by a Mortgage. The Issuer and the Seller may agree to a lower percentage, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof;
- (xvi) (A) the aggregate outstanding principal amount under all Existing Loans that are secured by the same Mortgage as a particular New Mortgage Receivable, does not exceed 10 per cent. of the Outstanding Principal Amount of such New Mortgage Receivable; and
(B) the aggregate Outstanding Principal Amount of all Mortgage Receivables (including such New Mortgage Receivables on such date) which are secured by a Mortgage that also secures Existing Loans (except debit balances on current account), does not exceed 5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables (including such New Mortgage Receivables on such date);
- (xvii) the aggregate Outstanding Principal Amount of Mortgage Receivables (including such New Mortgage Receivables) of which the Related Security relates to Mortgaged Assets that are the subject of residential letting and are not occupied by the relevant Borrower, does not exceed 5 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables (including such New Mortgage Receivables). The Issuer and the Seller may agree to a higher percentage, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof;
- (xviii) the aggregate Outstanding Principal Amount of the Mortgage Receivables (including such New Mortgage Receivables) with a Construction Amount does not exceed 5.50 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables (including such New Mortgage Receivables). The Issuer and the Seller may agree to a higher percentage, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof;
- (xix) the percentage of the aggregate Outstanding Principal Amount of all Mortgage Receivables resulting from Interest-only Mortgage Loans (including such New Mortgage Receivables) divided by the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables (including such New Mortgage Receivables) does not exceed 10 per cent.. The Issuer and the Seller may agree to a higher percentage, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof;
- (xx) the amount equal to the aggregate Outstanding Principal Amount of the New Mortgage Receivables purchased on the Purchase Date less the amount of any debiting of the Pre-funded Account on such date, if applicable, does not, on an annual basis, exceed 20 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables (including such New

Mortgage Receivables) on the first day of the Quarterly Calculation Period wherein the relevant Purchase Date falls. The Issuer and the Seller may agree to a higher percentage, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof;

- (xxi) the aggregate Outstanding Principal Amount of all New Mortgage Receivables purchased by the Issuer less an amount equal to the aggregate amounts drawn from the Pre-funded Account, does not exceed 85 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables purchased by the Issuer on the Closing Date increased with the Pre-funded Amount. The Issuer and the Seller may agree to a higher percentage, provided that the then current ratings assigned to the Notes will not be adversely affected as a result thereof; and
- (xxii) the then current ratings assigned to the Notes by any of S&P, Moody's and Fitch are not adversely affected as result of the purchase of the relevant New Mortgage Receivables on any of the following (and only on such) Purchase Dates: (i) the Purchase Date on which the balance standing to the credit of the Pre-funded Account is equal to or falls below 50 per cent. of the balance that was standing to the credit of the Pre-funded Account on the Closing Date and (ii) the earlier of (x) the Purchase Date on which the balance standing to the credit of the Pre-funded Account is zero and (y) the Purchase Date falling in July 2007.

7. Repurchases, Call Options and Permitted Variations

7.1 Repurchase

If at any time after the Closing Date or, in the case of New Mortgage Receivables, after the relevant Purchase Date, any of the representations and warranties relating to a Mortgage Loan or a Mortgage Receivable (including a New Mortgage Receivable) proves to have been untrue or incorrect, the Seller shall within 30 calendar days of receipt of written notice thereof from the Issuer 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 calendar days, the Seller shall on the next succeeding Monthly Calculation Date, repurchase and accept re-assignment of such Mortgage Receivable and Related Security.

All Mortgage Receivables to be repurchased by the Seller pursuant to the preceding paragraph shall be repurchased for a price equal to the then Outstanding Principal Amount of such Mortgage Receivables plus accrued interest thereon and costs (including any costs incurred by the Issuer for effecting and completing such repurchase and reassignment) up to (but excluding) the date of completion of the repurchase (the **Repurchase Price**).

In addition, the Seller has in certain circumstances the right to repurchase and accept reassignment of Mortgage Receivables in relation to which the Issuer has decided to convert a Mortgage Mandate to create a Mortgage in its favour. The purchase price for the Mortgage Receivables so repurchased and reassigned shall be equal to the then Outstanding Principal Amount together with accrued interest due but unpaid, if any, up to the relevant date of such repurchase or reassignment and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment), except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 calendar days or in respect of which a foreclosure proceeding has been started, the purchase price shall be 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 Receivables up to the relevant date of such sale or repurchase and (b) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than 12 months old is available or if the existing valuation report no longer reflects the true market value of the Mortgaged Assets, the foreclosure value of the Mortgaged Assets determined based on a valuation report to be established as of the date on which the Mortgage Receivables are 90 calendar days in arrears. For this purpose, a foreclosure proceeding is deemed to have been started when an order to pay has been served on the Borrower by a bailiff's writ (*het bevel bij exploit werd betekend/ le commandement a été signifié par exploit*) (the **Optional Repurchase Price**).

7.2 Clean-Up Call Option

On each Quarterly Payment Date the Seller or any third party appointed by the Seller may, but is not obliged to, repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount of all Mortgage Receivables is less than 10 per cent. of the sum of (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables as of the Closing Date, and (ii) the aggregate Outstanding Principal Amount of the New Mortgage Receivables purchased during the Pre-funding Period (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, to the extent it holds the Mortgage Receivables upon exercise by the Seller of the Clean-Up Call Option.

All Mortgage Receivables to be so repurchased by the Seller or the third party appointed by the Seller shall be repurchased for a price equal to the Optional Repurchase Price.

7.3 Regulatory Call Option

On each Quarterly Payment Date the Seller has the Regulatory Call Option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change. A **Regulatory Change** will be a change in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the **Basle Accord**) or in the international, European or Belgian regulations, rules and instructions (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 such a change in the manner in which the Basle Accord or the 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 Belgian 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 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 Regulatory Call Option, to the extent it holds the Mortgage Receivables upon exercise by the Seller of the Regulatory Call Option.

All Mortgage Receivables to be so repurchased by the Seller shall be repurchased for a price equal to the Optional Repurchase Price.

7.4 Permitted Variations

Upon request of a Borrower to change the terms and conditions of or in relation to a Mortgage Receivable or any rights in relation thereto, the MPT Provider shall be entitled to change such terms and conditions or rights if all the following conditions are satisfied (a **Permitted Variation**):

- (a) no Enforcement Notice has been given by the Security Agent that remains in effect at the date of the relevant variation;
- (b) the repayment type of the Mortgage Receivable shall not be changed;
- (c) the variation would not cause the Mortgage Loan or Mortgage Receivable to no longer comply with all the Eligibility Criteria;
- (d) if the variation relates to the variation of the interest rates applicable to a Mortgage Receivable other than in accordance with the applicable Mortgage Conditions, the interest rate after such variation is market conform;

- (e) if the variation relates to a waiver, amendment or release with respect to a Mortgage or a Mortgage Mandate, the MPT Provider has obtained the prior written consent of the Issuer Administrator and the Security Agent;
- (f) if the variation relates to a waiver of a negative pledge undertaking under the Mortgage Conditions, the MPT Provider has obtained the prior consent of the Issuer Administrator and the Security Agent, it being understood that the following shall be considered as a waiver of negative pledge for which the prior consent of the Issuer Administrator and the Security Agent is required:
 - (i) the Seller or, as the case may be, the MPT Provider agrees that a mortgage can be created over the Mortgaged Assets in favour of a third party, and
 - (ii) the Borrower agrees to grant an additional mortgage on the Mortgaged Assets in favour of the Seller, other than a mortgage created pursuant to the exercise of a Mortgage Mandate in accordance with Clause 8 of the Mortgage Receivables Purchase Agreement;
- (g) the Outstanding Principal Amount of the Mortgage Receivable shall not be reduced otherwise than as a result of an effective payment of principal;
- (h) if the variation results from a discharge (*ontlasting/décharge*) in connection with a divorce (*echtscheiding/divorce*) or from a discharge of a personal guarantor (*persoonlijke borg/garantie personelle*):
 - (i) such variation shall be considered by the MPT Provider acting as a reasonably prudent mortgage lender (*bonus pater familias*);
 - (ii) all underwriting criteria as set out in the Credit Policies remain satisfied following the acceptance of such variation;
- (i) the final redemption date of such varied Mortgage Receivable would as a consequence of the variation not be extended beyond the Quarterly Payment Date falling in April 2044.

A proposed variation that does not meet the conditions set out above, is a **Non-Permitted Variation**.

For the avoidance of doubt:

- (a) the waiver by the MPT Provider of any Prepayment Penalty in connection with the voluntary prepayment of any Mortgage Receivable, is a Non-Permitted Variation; and
- (b) the power of the MPT Provider to agree to a Permitted Variation is subject to a request to that effect being made by the relevant Borrower.

The MPT Provider shall keep a note of any variation, amendment or waiver with respect to a Mortgage Receivable.

The Issuer or the Security Agent shall be entitled to terminate the powers of the MPT Provider to make Permitted Variations with three (3) months prior notice, provided another procedure or powers are put into place to deal with variations without any additional cost or expense for the MPT Provider. Such new procedure and powers will have no adverse impact on the then current ratings assigned to the Notes.

8. Non-Permitted Variations

If the proposed variation is a Non-Permitted Variation and provided that the Non-Permitted Variation has been requested by the Borrower of the relevant Mortgage Receivable:

- (a) the MPT Provider must promptly inform the Issuer Administrator and the Security Agent, and

- (b) if and to the extent that the Seller requests that such Non-Permitted Variation is accepted and except if the Issuer Administrator and the Security Agent confirm that the Seller does not need to repurchase the relevant Mortgage Receivable, within five (5) Business Days after such request has been made, but in any event prior to the actual processing of the Non-Permitted Variation, the Seller shall repurchase and accept re-assignment of the relevant Mortgage Receivable at a price equal to the Optional Repurchase Price.

9. Notification Events

If:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by the Seller under the Mortgage Receivables Purchase Agreement or under any Transaction Document to which it is or will be a party and such failure is not remedied within 10 Business Days after notice thereof has been given by the Issuer or the Security Agent 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 Transaction Document to which it is or will be a party and, if such failure is capable of being remedied, such failure is not remedied within 10 Business Days after notice thereof has been given by the Issuer or the Security Agent to the Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the Mortgage Receivables (which the Seller consequently repurchases), or under any of the Transaction Documents to which the Seller is or will be a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or
- (d) an order being made or an effective resolution being passed for the winding up (*ontbinding / dissolution*) of the Seller except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Security Agent in writing or by an Extraordinary Resolution of the Noteholders; or
- (e) the Seller, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (d) above, ceases or, through an official action of the board of directors of the Seller, threatens to cease to carry on business or the Seller is unable to pay its debts as and when they fall due or the value of its assets falling to less than the amount of its liabilities or otherwise becomes insolvent; or
- (f) (i) any steps have been taken or legal proceedings have been instituted or threatened against the Seller for the judicial composition (*gerechtelijk akkoord / concordat judiciaire*), bankruptcy (*faillissement / faillite*), stay of payment (*uitstel van betaling/sursis de paiement*) or for any analogous insolvency proceedings under any applicable law, or (ii) an administrator, receiver or like officer (including a *voorlopig bewindvoerder / administrateur provisoire* (ad hoc administrator)) has been appointed in respect of the Seller or any of its assets; or
- (g) if (i) in the reasonable opinion of the Issuer and the Security Agent, there is a major change in the activities of the Seller or any of its subsidiaries, (ii) the Seller sells and transfers (or intends to sell and transfer) all (or a major part) of its assets or ceases all (or a major part) of its activities, or (iii) a change of control occurs with respect to the Seller as a result of which Delta Lloyd Bankengroep N.V. (**Delta Lloyd Bankengroep**) no longer controls the Seller; for the purpose of this paragraph, **control** has the meaning given to such term in Article 5 and following of the Belgian Company Code, it being understood that any dissolution or merger by way of absorption (*fusie door opslorping / fusion par absorption*) by the Seller of UNIMO NV (RPR 0459.108.423) and UNIMO Limburg CVBA (RPR 0401.322.850) will not constitute a Notification Event; or
- (h) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under any of the Transaction Documents to which it is or will be a party; or

- (i) any action is taken by any authority, court or tribunal, which results or may result in the revocation of the license of the Seller (i) to act as a credit institution within the meaning of the Law of 22 March 1993 on the status and supervision of credit institutions (the **Credit Institutions Supervision Act**) or (ii) as a mortgage undertaking within the meaning of the Mortgage Credit Act; or
- (j) the Seller becomes subject to any reorganisation measure (*mesures d'assainissement / saneringsmaatregelen*) or winding-up procedures (*procédures de liquidation / liquidatieprocedures*) within the meaning of Article 3 § 1 of the Credit Institutions Supervision Act; or
- (k) Delta Lloyd Bankengroep on a consolidated basis, during a period of any two consecutive months fails to have, on a consolidated basis, a solvency ratio at least 0.25 per cent. above the percentage required by Guideline 4001 issued pursuant to the Dutch Act on the Supervision of the Credit System 1992 (*Wet Toezicht Kredietwezen 1992, Wtk*) as set out in the Dutch Central Bank's Credit System Supervision Manual as amended from time to time (**Handboek Wtk**) for tier 1 capital and 0.50 per cent. above the percentage required by Guideline 4101 of the Handboek Wtk for tier 1 capital, upper tier 2 capital and lower tier 2 capital together and the actual liquidity is not greater or equal to the required liquidity under the broad liquidity test, as defined in such Guideline 4101 of the Handboek Wtk during a period of any two consecutive months; or
- (l) Delta Lloyd Bank on a consolidated basis, during a period of any two consecutive months fails to have, on a consolidated basis, a solvency ratio at least 0.25 per cent. above the percentage required by Article 18 of the Decree concerning the regulations of own funds in relation to credit institutions enacted by the CBFA, as amended from time to time; or
- (m) the Dutch Central Bank (*De Nederlandse Bank*) has restricted Delta Lloyd Bankengroep in accordance with Clause 28.3 (a) of the Wtk and within two weeks after any such events Delta Lloyd Bankengroep has not taken the necessary steps resulting in such measures being withdrawn; or
- (n) the CBFA has found that Delta Lloyd Bank is not operating in accordance with the provisions of the Credit Institutions Supervision Act and its implementing decrees and regulations, that its management policy or financial position is likely to prevent it from honouring its commitments or does not offer sufficient guarantees for its solvency, liquidity or profitability, or that its management structure, administrative and accounting procedures or internal control systems present serious deficiencies and Delta Lloyd Bank has not taken the necessary steps to rectify the situation by the deadline imposed by the CBFA; or
- (o) a Pledge Notification Event occurs;

then the Seller, unless otherwise instructed by the Security Agent (provided that not giving notice as described below will have no adverse impact on the then current ratings assigned to the Notes), shall forthwith notify in writing the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral, of the assignment of the Mortgage Receivables and the Related Security to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself or on behalf of the Seller.

ISSUER SERVICES AGREEMENT

Services

In the Issuer Services Agreement, the **MPT Provider** will agree to provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Loans and the Mortgage Receivables.

The MPT Provider 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 MPT Provider will, in accordance with the Issuer Services Agreement, appoint the Sub-MPT Provider as its sub-agent to carry out the activities described above upon the terms and provisions of and in accordance with the Issuer Services Agreement. The Sub-MPT Provider will accept this appointment and will commit itself, in favour of the Issuer and the Security Agent, to carry out the activities subject to and on the terms provided in the Issuer Services Agreement.

In the Issuer Services Agreement, the **Issuer Administrator** will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) the direction of amounts received by the Seller to the Issuer Collection Account and the production of quarterly reports in relation thereto, (b) the operation of the Transaction Accounts, (c) drawings (if any) to be made by the Issuer under the Liquidity Facility and from the Reserve Account, (d) all payments to be made by the Issuer under the Swap Agreement and under the other Transaction Documents, (e) all payments to be made by the Issuer under the Notes in accordance with the Agency Agreement and the Conditions and (f) all calculations to be made pursuant to the Conditions under the Notes. The Issuer Administrator will also provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement.

Termination

The appointment of the MPT Provider and/or the Issuer Administrator under the Issuer Services Agreement may be terminated by the Issuer (with the consent of the Security Agent) or the Security Agent in certain circumstances, including (a) a default by the MPT Provider and/or the Issuer Administrator in the payment on the due date of any payment due and payable by it under the Issuer Services Agreement, (b) a default by the MPT Provider and/or the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Issuer Services Agreement, (c) the MPT Provider and/or the Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it under any reorganisation procedure (*saneringsmaatregelen / measures d'assainissement*) or winding-up procedures (*liquidatieprocedures / procedures de liquidation*) within the meaning of Article 3 §1 of the Credit Institutions Supervision Act or for any insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or (d) the license of the MPT Provider as mortgage undertaking is revoked by the CBFA in accordance with Article 43 §3 of the Mortgage Credit Act or the license of the MPT Provider as credit institution has been revoked in accordance with Article 56 of the Credit Institutions Supervision Act.

After termination of the appointment of the MPT Provider and/or the Issuer Administrator under the Issuer Services Agreement, the Issuer and, in the case of a termination of the appointment of the MPT Provider, the Issuer Administrator (and whenever a Protection Notice or Enforcement Notice has been served, the Security Agent in consultation with the Issuer and/or Issuer Administrator) shall use their best efforts to appoint a substitute mpt provider and/or issuer administrator and such substitute mpt provider and/or issuer administrator shall enter into an agreement with the Issuer and the Security Agent substantially on the terms of the Issuer Services Agreement, provided that such substitute mpt provider and/or issuer administrator shall have the benefit of a fee at a level to be then determined. Any such substitute mpt provider and/or issuer administrator is obliged to, among other things, (i) have experience of administering mortgage loans and mortgages of residential property in Belgium and (ii) hold all required licences under applicable law therefore. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such

agreement in favour of the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties, on the terms of the Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Agent.

The Issuer Services Agreement may be terminated by the MPT Provider and/or the Issuer Administrator upon the expiry of not less than 12 months' notice of termination given by the MPT Provider and/or the Issuer Administrator to each of the Issuer and the Security Agent provided that – *inter alia* – (a) the Security Agent consents in writing to such termination, which consent shall not be unreasonably withheld and (b) a substitute mpt provider and/or issuer administrator shall be appointed on the same terms as the terms of the Issuer Services Agreement, such appointment to be effective not later than the date of termination of the Issuer Services Agreement and the MPT Provider and/or the Issuer Administrator shall not be released from its obligations under the Issuer Services Agreement until such substitute mpt provider and/or issuer administrator has entered into such new agreement.

THE ISSUER

The Issuer has been established as a special purpose vehicle for the purpose of issuing securities, including the Notes.

1. Name and Status

The Issuer is a limited liability company (*naamloze vennootschap / société anonyme*) incorporated under the name B-Arena N.V./S.A., *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* in accordance with the Securitisation Act.

The registered office of the Issuer is located at Terkamerenlaan 74, 1000 Brussels and its telephone number is 00 32 2 640 16 18. The Issuer is registered with the Crossroads Bank for Enterprises under number RPR 882.540.048.

The Issuer is subject to the rules applicable to *institutionele vennootschappen voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge*, as set out in the Securitisation Act.

This Issuer has been registered with the Federal Public Service Finance (*Federale Overheidsdienst Financiën/Service Public Fédéral Finances*) on 18 August 2006 as an *institutionele vennootschappen voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge*. This registration cannot be considered as a judgement as to the opportunity or the quality of the Transaction, nor on the situation of the Issuer.

The Issuer has been licensed by the CBFA on 5 September 2006 as a mortgage loan institution in accordance with Article 43 of the Mortgage Credit Act.

The Issuer is a public company within the meaning of Article 438 of the Belgian Company Code. The Issuer has been registered with the CBFA on 3 October 2006 as a public company.

2. Incorporation

The Issuer was incorporated on 13 July 2006 for an unlimited period of time.

A copy of the deed of incorporation and the Articles of Association of the Issuer will be available for public inspection at the registered office of the Issuer and the specified office of the Paying Agent. 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 Transaction Documents.

3. Share Capital and Shareholding

The Issuer has an issued share capital of EUR 61,500 represented by 100 registered shares without nominal value, which are fully paid up.

All shares of the Issuer are held by B-Arena Holding B.V. B-Arena Holding B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands on 3 May 2006 (the **Shareholder**). The objects of the Shareholder are to invest in securities, including debt securities or rights of participation, in collective investment undertakings under Dutch or foreign law or in securitisation structures, as well as to finance collective investment undertakings or securitisation structures. The sole managing director of the Shareholder is as of 3 May 2006, ATC Management B.V. (the **Shareholder Director**). All shares of the Shareholder are held by Stichting Shareholder B-Arena Holding. The Shareholder is the founder of the Issuer within the meaning of Article 450 of the Belgian Company Code.

Stichting Shareholder B-Arena Holding is a foundation (*stichting*) incorporated under the laws of the Netherlands on 26 April 2006. The objects of Stichting Shareholder B-Arena Holding are, inter alia, to

incorporate, acquire and to hold shares in the share capital of the Shareholder and to exercise all rights attached to such shares. The sole managing director of Stichting Shareholder B-Arena Holding is ATC Management B.V.

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.

The Shareholder Director has entered into a management agreement with each of Stichting Shareholder and the Shareholder and the Security Agent. In these management agreements (the **Shareholder Management Agreements**) the Shareholder Director agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director or director should do or should refrain from doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents or the then current ratings assigned to the Notes. The shares in the Issuer can only be validly transferred to an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act. In addition, the Articles of Association provide for a specific share transfer procedure, requiring the consent of the Issuer's board of directors.

4. Corporate Purpose and Permitted Activity

The corporate purpose of the Issuer consists exclusively in the collective investment of financial means, that are exclusively collected with institutional or professional investors for the purposes of Article 103 of the Securitisation Act, in receivables that are assigned to it by third parties.

The securities issued by the Issuer can only be acquired by those institutional or professional investors.

The Issuer may carry out all activities and take all measures that can contribute to the realisation of its corporate purpose, such as e.g., but not exclusively, to issue financial instruments whether or not negotiable, contract loans or credit agreements in order to finance its portfolio of receivables or to manage payment default risks on the receivables and pledge the receivables it holds in its portfolio and its other assets. The Issuer may hold additional or temporary term investments, liquidities and securities. The Issuer may purchase, issue or sell all sorts of financial instruments, purchase or sale options relating to financial instruments, interest instruments or currencies, as well as enter into swaps, interest swaps or term contracts relating to currencies or interest and negotiate options on such contracts, provided that the transaction serves to cover a risk linked to one or more assets on its balance sheet.

Outside the scope of the securitisation transactions carried out by it and outside the investments permitted by law, the Issuer may not hold any assets, enter into any agreements or engage in any other activities. It may not engage personnel.

Any amendment of the corporate purpose of the Issuer requires a special majority of eighty (80) percent of the voting rights.

The Compartment N° 1 of the Issuer has been set up with as purpose the collective investment of financial means collected in accordance with the Articles of Association in a portfolio of selected mortgage receivables.

5. Compartments

The Articles of Association authorise the Issuer's board of directors to create several compartments within the meaning of Article 26 § 4 of the Securitisation Act, which applies to an institutional VBS/SIC pursuant to Article 106 § 1 of the Securitisation Act.

The Pledged Assets and all liabilities of the Issuer relating to the Notes and the Transaction Documents will be exclusively allocated to Compartment N° 1. The parties involved in future securitisation transactions of the Issuer will not have any recourse to the Pledged Assets. Unless expressly provided otherwise, all

appointments, rights, title, assignments, obligations, covenants and representations, assets and liabilities, relating to the issue of the Notes will be exclusively allocated to Compartment N° 1 and will not extend to other transactions or other compartments of the Issuer or any assets of the Issuer other than those allocated to Compartment N° 1 under the Transaction Documents.

The creation of Compartments means that the Issuer is internally split into subdivisions and that each such subdivision, a Compartment, legally constitutes a separate group of assets to which corresponding liabilities are allocated.

The liabilities allocated to a Compartment are exclusively backed by the assets of such Compartment.

6. Administrative, Management and Supervisory Bodies

6.1 Board of directors

The board of directors of the Issuer ensures the management of the Issuer. Pursuant to Article 14 of its Articles of Association, the board of directors of the Issuer consists of two directors. The Issuer current board of directors consists of the following persons:

- (a) BVBA Sterling Consult, a company with its registered office at Camille Huysmanslaan 91, 2020 Antwerp (Belgium), registered with the legal entities register under number 0861.696.827, represented by its permanent representative and sole manager, Mr Georges De Booseré, residing at Camille Huysmanslaan 91, 2020 Antwerp (Belgium); and
- (b) Mr Dirk P. Stolp, residing at Mr. Sixlaan 32, 1181 PK Amstelveen (the Netherlands).

(the **Issuer Directors**)

The current term of office of the Issuer Directors expires after the annual shareholders' meeting to be held in 2011.

Companies of which Georges De Booseré has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Axa Bank.

Companies of which Dirk P. Stolp has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Adaltis (Holding) B.V., Alkmaar Export B.V., Argenta Life Nederland N.V., Argenta Nederland, N.V., ATC Corporate Services (Netherlands) B.V., Bakery Finance, Stichting, Bewaarder Vastgoed Maatschap APF 1, Stichting, Bewaarder Vastgoed Maatschap APF II, Stichting, BioChem Vaccines B.V., BLT Depot Stichting, Burani Designer Holding B.V., Cheniere International Investments, B.V., Cispadan Investment B.V., Cresta, Stichting, Danel Medical B.V., Deepwater B.V., Dow Corning Netherlands B.V., DP Coinvest B.V., Edo Properties, Stichting, Euromedic Diagnostics B.V., Euromedic Intermediate Holdings B.V., Euromedic International B.V., Felding Finance B.V., FN Cable Holdings B.V., Friction Netherlands I B.V., Friction Netherlands II B.V., Global Connexion B.V., GPM Finance B.V., Green Tower B.V., Hinent International B.V., Home Credit Finance 1 B.V., International Dialysis Centers B.V., International Dialysis Centers Russia Holding B.V., Inven, Stichting, Leciva CZ a.s., Meta 4 N.V., Montequity B.V., MopBert B.V., North Westerly CLO I B.V., North Westerly CLO II B.V., Optimix Beleggersgiro, Stichting, ParBert B.V., Renoir CDO B.V., Scooter Holding 3 B.V., Scooter Holding 4 B.V., Soilmec International B.V., Sunwood Properties Asia B.V., Sunwood Properties Korea B.V., Tageplan B.V., Tanaud International B.V., Tractebel Energia de Monterrey B.V., Tractebel Energia de Monterrey Holdings B.V., Trevi Contractors B.V., Vaco B.V., W.G. S.P.R.L., Windermere III CMBS B.V., WP IX Holdings B.V. and WP Lexington Private Equity B.V.

None of the Issuer Directors have been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor have they been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

The business offices of the directors are located at:

Sterling Consult BVBA
Camille Huysmanslaan 91
2020 Antwerpen
Belgium

Dirk P. Stolp
Fred Roeskestraat 123
1076 EE Amsterdam
Netherlands

6.2 Other administrative, management or supervisory bodies

The Issuer has no other administrative, management or supervisory bodies other than the board of directors. The board of directors will delegate some of its management powers to the Issuer Administrator for the purpose of assisting it in the management of the affairs of the Issuer but it will retain overall responsibility for the management of the Issuer, in accordance with the Securitisation Act. For more information about the Issuer Administrator, see below *Related Party Transactions – the Issuer Administrator*.

6.3 Conflict of interest

None of the Issuer Directors has any conflict of interest between its duties as director and its other duties or private interests.

None of the Issuer, the Shareholder or Stichting Shareholder B-Arena Holding have a conflict of interest with any of its directors with respect to the entering into the Transaction Documents.

6.4 Issuer Management Agreement

Each of the Issuer Directors has entered into a management agreement with the Issuer and the Security Agent. In these management agreements (the **Issuer Management Agreements**) each of the Issuer Directors agrees and undertakes to, *inter alia*, (i) act as managing director of the Issuer and to perform certain services in connection therewith, (ii) do all that an adequate managing director or director should do or should refrain from doing, and (iii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents or the then current ratings assigned to the Notes. In addition each of the Issuer Directors agrees in the relevant Issuer Management Agreements that it will not enter into any agreement in relation to the Issuer acting through its Compartment N° 1 other than the Transaction Documents to which it is a party, without the prior written consent of the Security Agent, provided that there will be no adverse effect on the then current ratings assigned to the Notes. The Issuer Management Agreements do not provide for additional benefits upon termination.

7. Shareholders' Meeting

The shareholders' meeting has the power to take decisions on matters for which it is competent pursuant to the Belgian Company Code. In addition, the Articles of Association provide that if as a result of a conflict of interest of one or more directors with respect to a decision to be taken by the board of directors of the Issuer, such decision cannot be validly taken due to the applicable legal provisions with respect to conflicts of interests in public companies, the matter will be submitted to the shareholders' meeting and the shareholders' meeting will have the power to take a decision on such matter.

The annual shareholders' meeting will be held each year on the last Business Day of the month of June at 2.00 pm (Central European Time) at the registered office of the Issuer. The shareholders' meetings are held at the Issuer's registered office. A general meeting may be convened at any time and must be convened whenever this is requested by shareholders representing one-fifth of the share capital or, as the case may be, representing one fifth of the capital attributed to a particular Compartment.

Shareholders' meetings are convened upon convening notice of the board of directors. Such notices contain the agenda as well as the proposals of resolutions and are made in accordance with the Belgian Company Code. Copies of the documents to be provided by law are provided with the convening notice.

A shareholder may be represented at a meeting of shareholders by a proxyholder. In order to be valid, the proxy must state the agenda of the meeting and the proposed resolutions, a request for instruction for the exercise of the voting right for each item on the agenda and the information on how the proxyholder must exercise his voting right in the absence of restriction of the shareholders.

The shareholders' meeting may validly resolve irrespective of the number of shares present or represented, unless otherwise provided by law. Any resolution is validly adopted at the majority of the votes. Amendments to the Articles of Association require a majority of seventy-five (75) per cent. of the votes (and a majority of eighty (80) per cent. for the amendment of the corporate purpose).

Pursuant to Article 646, §2 of the Belgian Company Code, the Shareholder will, as long as it remains the sole shareholder of the Issuer, exercise the powers vested with the shareholders' meeting.

8. Changes to the Rights of Holders of Shares

The board of directors is authorised to create various categories of shares, where each category coincides with a separate part or Compartment of the assets of the Issuer. The board of directors can make use of this authorisation and decide to create a Compartment by reallocating existing shares in different categories, in compliance with the equality between shareholders, or by issuing new shares. The rights of the holders of shares and of creditors with respect to a Compartment or that arise by virtue of the creation, the operation, or the liquidation of a Compartment are limited to the assets of such compartment.

Upon creation of a Compartment via (re)allocation of existing shares or via the issue of new shares, the board of directors shall ensure that the shares of that compartment, except with the prior written consent of all shareholders of the category concerned, are assigned to the shareholders in the same proportion as in the other compartments.

9. Share Transfer Restrictions

Given the specific purpose of the Issuer and Article 103, 2° of the Securitisation Act, the shares in the Issuer can only be held by institutional or professional investors within the meaning of Article 5, §3 of the Securitisation Act. Each transfer in violation of the share transfer restrictions contained in Article 10 of the articles of association of the Issuer, is null and is not enforceable against the Issuer. In addition:

- (a) if shares are transferred to a transferee who does not qualify as an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, the Issuer will not register such transfer in its share register; and
- (b) as long as shares are held by a shareholder who does not qualify as an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, the payment of any dividend in relation to the shares held by such shareholder will be suspended.

Share transfers are further subject to authorisation by the board of directors. If a proposed transfer of shares is not authorised by the board of directors, the board of directors will have to propose one or more alternative transferees for the shares.

The shares may not be pledged or be the subject matter of another right in rem other than the property interest, unless approved by the board of directors.

10. Corporate Governance

The Issuer complies with all binding regulations of corporate governance applicable to it in Belgium.

11. Accounting Year

The Issuer's accounting year ends on 31 December of each year.

As at the date of this Prospectus, the Issuer has not commenced operations, other than the Transaction, and no financial statements have been made up.

12. The Auditor

PriceWaterhouseCoopers Bedrijfsrevisoren CVBA, with its registered office at Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Mr Luc Discry, is appointed as auditor of the Issuer.

13. Tax Position of the Issuer

(a) Registration tax

Contributions to the capital of the Issuer are not subject to registration tax and are subject only to a nominal fixed fee of EUR 25.

(b) Withholding tax on moneys collected by the Issuer

All interest payments made by any Borrower to the Issuer are exempt from Belgian withholding tax.

(c) Corporate income tax

The Issuer is subject to corporation tax at the current ordinary rate of 33.99 per cent. (inclusive of the 3 per cent. crisis surcharge). However its tax base is notional: it is only taxed on disallowed expenses and abnormal or gratuitous benefits received by it. The Issuer does not anticipate incurring substantially disallowed expenses or receiving any such abnormal or gratuitous benefits.

(d) Value added tax ("VAT")

The Issuer qualifies in principle as a VAT taxpayer but is fully exempt from VAT in respect of its operations. Any input VAT incurred by the Issuer (at the current rate of 21 per cent.) is, therefore, not recoverable under the VAT legislation.

Services supplied to the Issuer by the parties to the Transaction Documents, including the Auditor, or other parties under the Transaction Documents will, in general, be subject to VAT. However, fees paid in respect of the management of the Issuer (including its administration and the organisation and management of its financing instruments) and its assets (including the receipt of payments on behalf of the Issuer and the forced collection of receivables), as well as transactions with respect to receivables (with the exception of the forced collection thereof), securities and liquid assets are exempt from Belgian VAT.

14. 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

Issued Share Capital	euro 61,500
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Borrowings

Senior Class A Notes	euro 920,000,000
Mezzanine Class B Notes	euro 20,000,000
Mezzanine Class C Notes	euro 20,000,000
Junior Class D Notes	euro 18,000,000

Junior Class E Notes	euro 10,500,000
Subordinated Class F Notes	euro 11,500,000
Subordinated Class G Notes	euro 10,000,000
Subordinated Loan	euro 2,300,000

15. Information to Investors – Availability of Information

15.1 Investor Reports

The Issuer Administrator will prepare quarterly reports to be addressed to the Security Agent, the Rating Agencies and the Paying Agent on or about each Quarterly Payment Date.

The Investor Reports will be made available for inspection on the website of the Issuer Administrator and will be made available upon request free of charge to any person at the office of the Paying Agent.

In addition, the Issuer Administrator and the Auditor will assist the Issuer in the preparation of the annual reports to be published in order to inform the Noteholders.

15.2 Notices

For Notices to the Noteholders, see Condition 4.15.

16. Financial Information Concerning the Issuer

16.1 Financial position

Since the date of its incorporation, the Issuer has not commenced operations other than the Transaction and no financial statements have been made up as at the date of this Prospectus.

16.2 Dividend policy

Pursuant to Article 30 of the Articles of Association of the Issuer, the profit of the Issuer may (after constitution of the legal reserve) either be distributed as dividend or reserved for later distribution or for the cover of risk of default of payment of the Mortgage Receivables.

16.3 Investment policy

The Issuer has as such no borrowing or leverage limits. Pursuant to its Articles of Association, the Issuer may however only invest in receivables that are assigned to it by third parties as well as in temporary investments. The Issuer may not hold other assets than those necessary for the realisation of its corporate purpose.

The Compartment N° 1 of the Issuer has been set up with as purpose the collective investment of financial means collected in accordance with the Articles of Association in a portfolio of selected mortgage receivables.

17. Negative Statements

As at the date of this Prospectus, the Issuer has not commenced any operations other than the Transaction and no financial statements have been made up.

The Issuer has not been involved in any governmental, legal or arbitration proceedings (including proceedings which are pending or threatened of which the Issuer is aware), during a period since its incorporation, which may have or have had in the recent past significant effects on the Issuer or its financial position or profitability.

RELATED PARTY TRANSACTIONS – MATERIAL CONTRACTS

1. THE SELLER

1.1 Name and Status

The Mortgage Receivables have been originated by the Seller or its legal predecessors.

For a description of the Seller, see further *Delta Lloyd Bank*.

1.2 Mortgage Receivables Purchase Agreement

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the transfer by way of assignment of legal title to any and all relevant rights (the **Mortgage Receivables** which will include upon the purchase of any New Mortgage Receivables, such New 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 proceeds of the Mortgage Receivables from the Cut-Off Date or in the case of New Mortgage Receivables from the relevant Purchase Date.

For a description of the Mortgage Receivables Purchase Agreement, see further in the section entitled *Mortgage Receivables Purchase Agreement*.

2. THE ISSUER ADMINISTRATOR

2.1 Name and status

Pursuant to the Issuer Services Agreement, the Issuer has appointed ATC Financial Services B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), with its registered office at Olympic Plaza 1HG, Frederik Roeskestraat 123 1076 EE Amsterdam, the Netherlands, registered with the commercial register (*kamer van koophandel en fabrieken voor Amsterdam*) under number 33210270 as the Issuer Administrator. Its phone number is +31 20 577 11 77 and fax number: +31 20 577 11 88. E-mail: securitisation@atctrust.nl. Corporate websites: www.atcgroup.info and www.atccapitalmarkets.com.

2.2 Issuer Services Agreement

Under the Issuer Services Agreement, the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer.

For a description of the Issuer Services Agreement, see further in the section entitled *Issuer Services Agreement*.

2.3 Remuneration

The Issuer Administrator shall receive an upfront fee of EUR 8,000 (exclusive of VAT) for its involvement in setting up the Transaction. This fee is subject to certain assumptions. With respect to the duties and responsibilities as Issuer Administrator from the Closing Date and during the Transaction, the Issuer shall pay on each Quarterly Payment Date in arrears an amount of EUR 6,250 (*i.e.*, EUR 25,000 on an annual basis) (exclusive of VAT). This fee represents 250 hours at an hourly rate of EUR 100 per man hour. If the actual time spent deviates from this assumption with more than 10%, the fee shall be adjusted in consultation with the Issuer and the Security Agent. In addition, the Issuer will reimburse to the Issuer Administrator all reasonable out-of pocket costs, expenses and charges properly incurred by the Issuer Administrator in connection with the services and the preparation, execution, delivery, administration, modification or amendment in respect of its rights, obligations and responsibilities under the agreement.

2.4 Replacement

In certain events, the Issuer (with the prior consent of the Security Agent) or the Security Agent may terminate the appointment of the Issuer Administrator with effect from a date (no earlier than the date of the notice) specified in the notice provided that the effective date of such termination shall be no earlier than the effective date of the appointment of a substitute issuer administrator.

The appointment of a substitute issuer administrator is subject to the following conditions:

- (a) such substitute issuer administrator must be approved by the Security Agent;
- (b) such substitute issuer administrator must have experience in delivering the relevant services and must hold all required licences under applicable law therefore;
- (c) there will be no adverse impact on the then current rating assigned to the Notes;
- (d) the termination shall not become effective and the Issuer Administrator shall not be released from its obligations under this Agreement until such substitute issuer administrator has entered into such new agreement; and
- (e) the Issuer shall promptly following the execution of the agreement with the substitute issuer administrator pledge its interest in such agreement in favour of the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties, on the terms of the Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Agent.

3. THE SECURITY AGENT

3.1 Name and status

Deloitte Enterprise Risk Services (the **Security Agent**) a *coöperatieve vennootschap met beperkte aansprakelijkheid / société coopérative à responsabilité limitée* incorporated under the laws of Belgium on 10 April 2000 with registered office at Louizalaan/Avenue Louise 240 1050 Brussels and registered with the Crossroads Bank for Enterprises under number RPR 0471.736.635, Commercial Court of Brussels is appointed as representative of the Noteholders and as agent of the Secured Parties on terms and subject to the conditions set out in the Common Representative Appointment Agreement. The Security Agent is appointed as representative (*vertegenwoordiger / représentant*) of the Noteholders in accordance with the Securitisation Act.

3.2 Common Representative Appointment Agreement

For a description of the Common Representative Appointment Agreement, see further in the section entitled *Security Agent*.

3.3 Remuneration

With respect to duties and responsibilities carried out up to and including the Closing Date, a once off fee based on an average hourly rate of EUR 250 per man hour of effective service, exclusive of VAT, capped at EUR 20,000 (exclusive of VAT) will be payable by the Issuer to the Security Agent.

With respect to the duties and responsibilities as Security Agent from the Closing Date and during the Transaction, the remuneration of the Security Agent shall be calculated at the applicable current billing rate per hour of its services with a floor of EUR 5,000 per annum, exclusive of VAT.

3.4 Replacement

In certain events, the Issuer may by written notice to the Security Agent, the other Secured Parties and the Rating Agencies terminate the powers delegated to the Security Agent under the Common Representative Appointment Agreement and the Transaction Documents with effect from a date (no

earlier than the date of the notice) specified in the notice and appoint a substitute security agent selected by the Issuer which shall act as security agent until a new security agent is appointed by the general meeting of Noteholders, which shall promptly be convened by the Issuer.

In addition, the Noteholders shall be entitled to terminate the appointment of the Security Agent by an Extraordinary Resolution notified to the Issuer and the Security Agent, provided that (i) in the same resolution a substitute security agent is appointed, and (ii) such substitute security agent meets all legal requirements to act as security agent and representative and accepts to be bound by the terms of the Transaction Documents in the same way as its predecessor.

Such termination shall also terminate the appointment and power of attorney by the other Secured Parties. The other Secured Parties hereby irrevocably agree that the substitute security agent shall from the date of its appointment act as attorney (*mandataris/mandataire*) of the other Secured Parties on the terms and conditions set out in these Conditions and the Transaction Documents.

The Security Agent shall not be discharged from its responsibilities under the Common Representative Appointment Agreement until a suitable substitute security agent, which has been accepted by the Issuer and the Noteholders (such approval not being unreasonably withheld) is appointed.

4. THE MPT PROVIDER

4.1 Name and Status

The Seller has been appointed as MPT Provider.

For a description of the Seller, see further *Delta Lloyd Bank*.

4.2 The Issuer Services Agreement

Pursuant to the Issuer Services Agreement the Seller has been appointed as MPT Provider and, in this capacity as MPT Provider, will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Receivables. The MPT Provider will initially appoint the Sub-MPT Provider as its sub-agent.

For a description of the Issuer Services Agreement, see further in the section entitled *Issuer Services Agreement*.

4.3 Remuneration

In consideration of the MPT Provider's agreement to carry out certain services as agreed in the Issuer Services Agreement, the Issuer shall pay quarterly in arrear on each Quarterly Payment Date to the MPT Provider a servicing fee of 0.01 per cent. calculated over the aggregate Outstanding Principal Amount of all Mortgage Receivables as at the Quarterly Calculation Date.

4.4 Replacement

In certain events, the Security Agent or the Issuer (with the prior consent of the Security Agent) may terminate the appointment of the MPT Provider with effect from a date (no earlier than the date of the notice) specified in the notice provided that the effective date of such termination shall be no earlier than the effective date of the appointment of a substitute mpt provider.

The appointment of a substitute mpt provider is subject to the following conditions:

- (a) such substitute mpt provider must be approved by the Security Agent;
- (b) such substitute mpt provider must have experience in delivering the relevant services and must hold all required licences under applicable law therefore;

- (c) there will be no adverse impact on the then current rating assigned to the Notes;
- (d) the termination shall not become effective and the MPT Provider shall not be released from its obligations under this Agreement until such substitute mpt provider has entered into such new agreement; and
- (e) the Issuer shall promptly following the execution of the agreement with the substitute mpt provider pledge its interest in such agreement in favour of the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties, on the terms of the Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Agent.

4.5 Conflict of Interest

The MPT Provider may have a conflict of interest resulting from its responsibilities as MPT Provider for the Issuer pursuant to the Issuer Services Agreement, on the one hand, and its concern to preserve its commercial relations with the Borrowers, on the other hand. This conflict of interest risk is mitigated by the terms of the Issuer Services Agreement. The Issuer Services Agreement provides, among other things, that the MPT Provider must at all times act in such a manner as would be reasonable to expect from a reasonably prudent professional of high standing in providing services similar to the services provided by the MPT Provider. In addition, the Issuer Services Agreement contains certain specific undertakings to protect the interests of the Issuer.

5. THE SUB MPT PROVIDER

5.1 Name and status

The MPT Provider has appointed Stater Belgium N.V. to act as Sub-MPT Provider to assist the MPT Provider in providing certain mortgage payment transactions.

5.2 Activities

Stater Belgium N.V. (**Stater**) is the leading independent, third party provider of mortgage payment transactions with regard to residential mortgages in Belgium. The activities are provided in a completely automated and nearly paperless electronic format. Stater has pioneered the use of technology in all aspects of its activities and features capabilities to enhance, accelerate and facilitate securitisation transactions. Stater's registered office is at Kanselarijstraat 17A, 1000 Brussels, Belgium.

Stater was established on 29 December 2000. The combination of technology and experience in originating and providing activities consisting of mortgage payment transactions and ancillary activities with regard to residential mortgage loans in the Kingdom of Belgium has led to a market share of 5 per cent.

Stater provides activities consisting of mortgage payment transactions and ancillary activities with regard to a total of approximately 110,000 mortgage loans. The shares of Stater are held by Stater N.V. (72 per cent.) and Credibe N.V. (28 per cent.). The shares in Stater N.V. are held for 100 per cent. by ABN AMRO Bank N.V.

In the securitisation process, Stater is able to identify specific loan pools based on underwriting criteria as instructed by its clients and provides the Issuer Administrator access to pool performance and information. Finally, Stater provides detailed investor reports regarding pool status on a consistent basis.

The multilingual Stater computer system is regularly updated and modified.

6. THE FLOATING RATE GIC PROVIDER

6.1 Name and status

Pursuant to the Floating Rate GIC, Fortis Bank N.V./S.A. as the Floating Rate GIC Provider guarantees a certain interest rate (the **Floating Rate GIC Interest Rate**) determined by reference to one-month Euribor in respect of the balance standing from time to time to the credit of certain bank accounts maintained by the Issuer with the Floating Rate GIC.

Fortis Bank N.V./S.A. was incorporated under the laws of Belgium and is duly licensed as a credit institution (*kredietinstelling / établissement de crédit*) in Belgium. Fortis Bank N.V./S.A. has a long-term debt credit rating of “Aa3” from Moody’s and “AA-” from S&P.

Its registered office is located at Montagne du Parc 3 at 1000 Brussels, Belgium. Its enterprise number is RPM/RPR 0403.199.702. Its business office is at Montagne du Parc 3, 1000 Brussels, Belgium.

6.2 Activities

Fortis Bank N.V./S.A. forms part of the Fortis Group. Fortis is an international financial services provider engaged in banking and insurance. Fortis offers personal, business and institutional customers a comprehensive package of products and services through Fortis channels, in collaboration with intermediaries and through other distribution partners.

Building on Fortis’ leading position in the Benelux countries, Fortis offers an integrated network to internationally operating companies throughout Europe and provides wealthy private clients and business people with advanced services based on a unique set of competencies. Fortis’ experience in niche markets such as shipping, commodity, export and project finance, and fund administration has made it a regional or world leader in those areas. Fortis also successfully combines its banking and insurance expertise in growth markets in Europe and Asia and leads the banc assurance markets in Spain and Portugal.

With a market capitalisation of EUR 38.7 billion, Fortis ranks among the twenty largest financial institutions in Europe. Fortis’ sound solvency positions, its presence in 50 countries and its dedicated, professional workforce of 58,000 enables it to combine global strength with local flexibility and provide its clients with optimum support.

6.3 Floating Rate GIC

For a description of the Floating Rate GIC, see further in the section entitled *Credit Structure – Transaction Accounts*.

6.4 Replacement of the Floating Rate GIC Provider

In certain events, the Issuer may at any time (but, if prior to the date on which the Notes are redeemed or written off in full, only with the prior written consent of the Security Agent), by not less than thirty (30) Business Days’ written notice terminate the Floating Rate GIC with immediate effect from the expiry of such notice.

If:

- (a) 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 Prime-1 by Moody’s or F1 by Fitch or any of such rating is withdrawn; or
- (b) the amount standing to the credit of:
 - (i) the Issuer Collection Account exceeds euro 50,000,000; or
 - (ii) the Pre-funded Account exceeds euro 100,000,000,

and the long-term unsecured unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Aa3 by Moody's or its rating is withdrawn,

the Issuer and the Floating Rate GIC Provider shall use their best efforts within 30 calendar days (A) to transfer the balance of the relevant Transaction Accounts to an alternative bank with the required minimum rating, or (B) to find a third party, acceptable to the Rating Agencies, to guarantee the obligations of the Floating Rate GIC Provider.

7. THE PAYING AGENT - THE DOMICILIARY AGENT – THE LISTING AGENT – THE REFERENCE AGENT

7.1 Name and Status

Fortis Bank N.V./S.A. has been appointed as Paying Agent, Domiciliary Agent, Listing Agent and Reference Agent (together referred to as **Agents**) pursuant to the Agency Agreement dated on or about the Closing Date.

7.2 Activities

A description of the overall activities of the Paying Agent is given in the section entitled *Related Party Transactions – Floating Rate GIC Provider*.

7.3 Agency Agreement

Under the Agency Agreement, the Paying Agent will undertake to ensure the payment of the sums due on the Notes and perform all other obligations and duties imposed on it by the Conditions and the Agency Agreement.

The Paying Agent will, in its capacity as Domiciliary Agent, perform the tasks described in the Clearing Agreement dated on or about the Closing Date, which comprise inter alia providing the Clearing System Operator with information relating to the issue of the Notes, the Prospectus and other documents required by law.

The Listing Agent will cause an application to be made to Euronext Brussels N.V./S.A. for the admission to trading of the Notes. The Reference Agent shall determine the Floating Rates of Interest for each Class of Notes applicable to each Floating Rate Interest Period, the Interest Amount and the relevant Quarterly Payment Date, all subject to an in accordance with the Conditions and the Agency Agreement.

7.4 Remuneration

On each Quarterly Payment Date, the Issuer shall pay to the Paying Agent and the Domiciliary Agent an amount of EUR 1,250 (i.e. EUR 5,000 on an annual basis) or, after conversion of the Notes into Definitive Notes, EUR 10,000 (i.e. EUR 40,000 on an annual basis), for commissions, fees and expenses in respect of the services of the Paying Agent and the Domiciliary Agent.

No fees will be charged by the Listing Agent and the Reference Agent for their services. However, the listing fees charged by Euronext Brussels N.V. will be charged to the Issuer.

7.5 Replacement of the Paying Agent, Domiciliary Agent, Listing Agent or Reference Agent

The Issuer and each Agent may at any time, subject to prior written notice, terminate the appointment of a relevant Agent under the Agency Agreement. In addition, in certain events, the Issuer may terminate the appointment of an Agent forthwith, subject to the prior approval of the Security Agent.

The termination of the appointment of an Agent (whether by the Issuer or by the resignation of the Agent) shall not be effective unless upon the expiry of the relevant notice there is:

- (a) a Domiciliary Agent and the Domiciliary Agent will at all times be a participant in the X/N System;
- (b) a Paying Agent (which may be the Domiciliary Agent) having its specified offices in a European city which, so long as the Notes are listed on Euronext Brussels, shall be Brussels;
- (c) a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directives;
- (d) a Listing Agent; and
- (e) a Reference Agent.

The information in sections 7.1 and 7.2 (and by reference in section 6.2 above) has been provided solely by Fortis Bank N.V./S.A. for use in this Prospectus and Fortis Bank N.V./S.A. is solely responsible for the accuracy of these sections. Except for these sections, Fortis Bank N.V./S.A. in its capacity as Paying Agent, Domiciliary Agent, Listing Agent and Reference Agent has not been involved in the preparation of, and does not accept responsibility for, this Prospectus.

8. THE RATING AGENCIES

The following rating agencies have been requested to rate the Notes:

- (a) Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc;
- (b) Moody's Investors Service Limited;
- (c) Fitch Ratings Limited.

9. THE SWAP COUNTERPARTY

9.1 Name and status

The rates of interest on the Mortgage Receivables will not necessarily equal the floating rates applicable to the Notes. In order to provide a hedge against certain differences in these rates, the Issuer will enter into the Swap Agreement with ABN AMRO Bank N.V., acting through its London Branch (as the Swap Counterparty).

ABN AMRO Holding N.V. (**Holding**) is incorporated as a limited liability company under Dutch law by deed of 30 May 1990 as the holding company of ABN AMRO Bank N.V. Holding's main purpose is to own ABN AMRO Bank N.V. and its subsidiaries. Holding owns 100 per cent. of the shares of ABN AMRO Bank N.V. and is jointly and severally liable for all liabilities of ABN AMRO Bank N.V. ABN AMRO Bank N.V. is registered in the Commercial Register of Amsterdam under number 33002587. The registered office of ABN AMRO Bank N.V. is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

9.2 Activities

The ABN AMRO group, which consists of Holding and its subsidiaries (including ABN AMRO Bank N.V.), is a prominent international banking group offering a wide range of banking products and financial services on a global basis through its network of 3,557 offices and branches in 58 countries and territories as of year-end 2005. ABN AMRO is one of the largest banking groups in the world with total consolidated assets of EUR 880.8 billion as at 31 December 2005.

ABN AMRO is the largest banking group in The Netherlands and it has a substantial presence in Italy, Brazil and the MidWestern United States. ABN AMRO is one of the largest foreign banking groups

in the United States, based on total assets held as of 31 December 2005. ABN AMRO is listed on Euronext and the New York Stock Exchange.

The long-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank N.V. are currently rated “AA-” by S&P, “Aa3” by Moody’s and “AA-” by Fitch. The short-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank N.V. are currently rated “A-1+” by S&P, “P-1” by Moody’s and “F1+” by Fitch.

Any press releases issued by ABN AMRO can be obtained from the ABN AMRO website at <http://www.abnamro.com/pressroom>.

The information in the second paragraph of section 9.1 and in this section 9.2 has been provided solely by ABN AMRO Bank N.V. for use in this Prospectus and ABN AMRO Bank N.V. is solely responsible for the accuracy of the preceding five paragraphs. Except for the foregoing five paragraphs, ABN AMRO Bank N.V., in its capacity as the Swap Counterparty and its affiliates have not been involved in the preparation of, and does not accept responsibility for, this Prospectus.

9.3 Swap Agreement

(a) Description

For a description of the Swap Agreement, see further in the section entitled *Credit Structure – 11. Interest Rate Hedging*.

(b) Termination of the Swap Agreement

The swap transaction under the Swap Agreement will terminate on the earlier of (a) the Final Maturity Date and (b) the date on which the Notes have been redeemed in full in accordance with the Conditions or, in the case of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes, the Subordinated Class F Notes and the Subordinated Class G Notes, the holders of such Notes have no further claim against the Issuer for the Principal Amount Outstanding of such Notes in accordance with Condition 4.10(b).

The swap transaction under the Swap Agreement may also be terminated in other circumstances, including the following, each as more specifically defined in the Swap Agreement:

- (i) if there is a failure to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (ii) if certain insolvency events occur with respect to a party;
- (iii) if a breach of a provision of the Swap Agreement by the Swap Counterparty is not remedied within the applicable grace period;
- (iv) if a change in law results in the obligations of one of the parties becoming illegal;
- (v) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under the Swap Agreement;
- (vi) if the Swap Counterparty is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement and described above (see section entitled *Credit Structure – 11.2 Downgrade of Swap Counterparty*); and
- (vii) if an Enforcement Notice is served upon the Issuer by the Security Agent.

Upon an early termination of the swap transaction under the Swap Agreement, the Issuer or Swap Counterparty may be liable to make a termination payment to the other. The termination payment will be calculated and made in euro. The amount of any termination payment will be based on quotations sought from leading dealers as to the costs of entering into a swap with the same terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment

obligations of the parties (or based upon a good faith determination of total losses and costs (or gains) if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result) and will include any unpaid amounts that become due and payable prior to the date of termination. Any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders.

(c) **Transfer of the Swap Agreement**

The Swap Counterparty may, with the prior written consent of the Issuer and the Security Agent and subject to certain conditions specified in the Swap Agreement, transfer its obligations under the Swap Agreement to another entity.

The Issuer and Security Agent are not entitled to withhold their consent if:

- (i) any proposed transferee of the Swap Counterparty would enter into documentation identical (or, subject to the Security Agent's consent, substantially similar) to the Swap Agreement and the documents executed in connection with the Swap Agreement; and
- (ii) such a transfer would not result in a downgrade of the then current ratings of the Notes.

10. THE LIQUIDITY FACILITY PROVIDER

10.1 Name and status

Pursuant to the Liquidity Facility Agreement, ABN AMRO Bank N.V. as the Liquidity Facility Provider will agree to make available a 364-day committed facility (the **Liquidity Facility**) under which the Issuer may in certain circumstances make drawings in case of (temporary) interest revenue shortfalls.

10.2 Activities

A description of the overall activities of the Liquidity Facility Provider is given in the section entitled *Related Party Transactions – Swap Counterparty– Activities*.

10.3 Liquidity Facility Agreement

(a) **Description**

For a description of the Liquidity Facility Agreement, see further *Credit Structure – 9. Liquidity Facility*.

(b) **Interest**

Interest on any Liquidity Facility Drawing and any Liquidity Facility Stand-by Drawing shall accrue daily from (and including) the day on which the Liquidity Facility Loan or Liquidity Facility Stand-by Loan is made available and shall be calculated on the outstanding daily balance of the relevant Liquidity Facility Loan or Liquidity Facility Stand-by Loan on the basis of actual days elapsed and a 360-day year up to (but excluding) the Quarterly Payment Date on which the relevant Liquidity Facility Loan or Liquidity Facility Stand-by Loan is repaid in full.

(c) **Fees and expenses**

Subject to Clause 10 of the Liquidity Facility Agreement, the Issuer shall pay to the Liquidity Facility Provider the liquidity facility commitment fee specified in the Liquidity Facility Agreement in arrear on each Quarterly Payment Date.

Subject to Clause 10 of the Liquidity Facility Agreement, the Issuer shall pay the reasonable costs and expenses (including reasonable legal costs and expenses) and any irrecoverable value added tax

thereon of the Liquidity Facility Provider, in connection with:

- (i) the enforcement by the Liquidity Facility Provider of its rights hereunder;
- (ii) the preservation, enforcement or the attempted preservation and enforcement of any of the rights of the Liquidity Facility Provider under the Transaction Documents; and
- (iii) any variation (other than as requested by the Liquidity Facility Provider), consent or approval relating to the Liquidity Facility Agreement or any related documents.

The Liquidity Facility Provider shall pay the reasonable costs and expenses (including reasonable legal costs and expenses), of the Issuer in connection with the cancellation or replacement of the Liquidity Facility Provider as set out in the Liquidity Facility Agreement.

11. THE SUBORDINATED LOAN PROVIDER

11.1 Name and Status

The Seller will act as Subordinated Loan Provider.

For a description of the Seller, see further *Delta Lloyd Bank*.

11.2 The Subordinated Loan Agreement

Pursuant to the Subordinated Loan Agreement, the Seller, as subordinated loan provider, will agree to make a subordinated loan to the Issuer, the proceeds of which will be used to pay certain initial costs and expenses in connection with the issue of the Notes.

The Subordinated Loan will bear interest from (and including) the Closing Date until the Subordinated Loan (and all approved interest thereon) will be paid in full at the rate of three months' EURIBOR plus a margin of 5 per cent. per annum.

12. THE CLEARING SYSTEM OPERATOR

Pursuant to the Clearing Agreement, the Clearing System Operator will provide clearing services for the Issuer.

13. SECURITY

A description of the security is given in the section entitled *Description of Security*.

MAIN TRANSACTION EXPENSES

1. Issuer Administrator

The Issuer Administrator shall receive an upfront fee of EUR 8,000 (exclusive of VAT) for its involvement in setting up the Transaction. This fee is subject to certain assumptions. With respect to the duties and responsibilities as Issuer Administrator from the Closing Date and during the Transaction, the Issuer shall pay on each Quarterly Payment Date in arrears an amount of EUR 6,250 (i.e., EUR 25,000 on an annual basis) (exclusive of VAT). This fee represents 250 hours at an hourly rate of EUR 100. If the actual time spent deviates from this assumption with more than 10%, the fee shall be adjusted in consultation with the Issuer and the Security Agent. In addition, the Issuer will reimburse to the Issuer Administrator all reasonable out-of-pocket costs, expenses and charges properly incurred by the Issuer Administrator in connection with the services and the preparation, execution, delivery, administration, modification or amendment in respect of its rights, obligations and responsibilities under the agreement.

2. Security Agent

With respect to duties and responsibilities carried out up to and including the Closing Date, a once off fee based on an average hourly rate of EUR 250 per man hour of effective service, exclusive of VAT, capped at EUR 20,000 (exclusive of VAT) will be payable by the Issuer to the Security Agent.

With respect to the duties and responsibilities as Security Agent from the Closing Date and during the transaction, the remuneration of the Security Agent shall be calculated at the applicable current billing rate per hour of its services with a floor of EUR 5,000 per annum, exclusive of VAT.

3. MPT Provider

In consideration of the MPT Provider's agreement to carry out certain services as agreed in the Issuer Services Agreement, the Issuer shall pay quarterly in arrear on each Quarterly Payment Date to the MPT Provider a servicing fee of 0.01 per cent. calculated over the aggregate Outstanding Principal Amount of all Mortgage Receivables as at the Quarterly Calculation Date.

4. Paying Agent, Domiciliary Agent, Listing Agent and Reference Agent

On each Quarterly Payment Date, the Issuer shall pay to the Paying Agent and the Domiciliary Agent an amount of EUR 1,250 (i.e. EUR 5,000 on an annual basis) or, after conversion of the Notes into Definitive Notes, EUR 10,000 (i.e. EUR 40,000 on an annual basis), for commissions, fees and expenses in respect of the services of the Paying Agent and the Domiciliary Agent.

5. Other Senior Expenses Payable by the Issuer

The Issuer shall in addition pay the following ongoing expenses:

- (a) to the Auditors;
- (b) to the NBB, fees as provided under the Clearing Agreement, which will be payable as long as any of the Notes are outstanding;
- (c) to the CBFA, an annual fee calculated in accordance with Belgian law and regulations;
- (d) and others, provided that they are justified and duly documented.

USE OF PROCEEDS

The net proceeds of the Notes to be issued on the Closing Date will be euro 1,010,000,000.

The net proceeds of the issue of the Notes (other than the Subordinated Class G Notes), will be applied as follows:

- (a) an amount of euro 211,872,182.27 will be deposited in the Pre-funded Account and will be available for the purchase of New Mortgage Receivables during the Pre-funding Period; and
- (b) the remainder will be applied on the Closing Date to pay (part of) the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement.

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

An amount of euro 4,576,845.76 of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Account.

The proceeds of the Subordinated Loan, in the amount of euro 2,300,000 will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes.

DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Agent an amount equal to the aggregate amount due (*verschuldigd / dû*) by the Issuer (the **Parallel Debt**):

- (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 MPT Provider under the Issuer Services Agreement;
- (d) as fees and expenses to the Issuer Administrator under the Issuer Services Agreement;
- (e) as fees and expenses to the Paying Agent, the Domiciliary Agent, the Listing Agent and the Reference Agent under the Agency Agreement;
- (f) to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (g) to the Swap Counterparty under the Swap Agreement;
- (h) the Floating Rate GIC Provider under the Floating Rate GIC;
- (i) to the Seller under the Mortgage Receivables Purchase Agreement;
- (j) the holders of the Residual Certificates under the Residual Certificates; and
- (k) to the Subordinated Loan Provider under the Subordinated Loan.

(together with the Security Agent, the **Secured Parties**).

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Agent's own separate and independent claim to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent 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 Agent irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Agent shall, following the delivery of an Enforcement Notice, 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:

- (i) amounts recovered by it on the Mortgage Receivables and the other Pledged Assets, and
- (ii) the amounts received in connection with the Common Representative Appointment Agreement and penalty provided in the Mortgage Receivables Purchase Agreement insofar such penalty relates to the Mortgage Receivables and the other Pledged Assets, and
- (iii) 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,
- (iv) **less** any amounts already paid by the Security Agent to the Secured Parties pursuant to the Common Representative Appointment Agreement, and
- (v) **less** the *pro rata* part of the costs and expenses of the Security Agent (including, for the avoidance of doubt, any costs of, *inter alia*, any legal advisor, auditor or accountant appointed by the Security Agent).

In addition, the Security Agent has been designated as representative of the Noteholders, in compliance with Article 27 and Article 106 of the Securitisation Act which states that the representative (the Security Agent) may bind all Noteholders and represent them vis-à-vis third parties or in court, in accordance with the terms of its mission. The representative may act in courts and represent the Noteholders in any bankruptcy, judicial composition or similar insolvency proceedings without having to reveal the identity of the Noteholders it

represents. The Security Agent, acting in its capacity as representative of the Noteholders, acts in the sole benefit of the Noteholders.

The Security Agent has also been appointed as irrevocable agent (*mandataris / mandataire*) of the other Secured Parties. In relation to any duties, obligations and responsibilities of the Security Agent to the other Secured Parties in its capacity as agent of the other Secured Parties in relation to the Pledged Assets and under or in connection with the Transaction Documents, the Security Agent and the other Secured Parties agree and the Issuer concurs, that the Security Agent shall discharge these duties, obligations and responsibilities by performing and observing its duties, obligations and responsibilities as representative of the Noteholders in accordance with the provisions of the Common Representative Appointment Agreement, the Transaction Documents, the Conditions and the Residual Conditions.

The Issuer shall grant on the Closing Date a first ranking pledge (*pand / gage*) to the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties (the **Pledge Agreement**) over:

- (a) the Mortgage Receivables, including the New Mortgage Receivables, secured by the Related Security, acquired or to be acquired by the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (b) all rights, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) in, to, under and in respect of the Transaction Accounts;
- (c) all monies and proceeds payable or to become payable under, in respect of, or pursuant to the Transaction Accounts and the right to receive payment of such monies and proceeds and all payments made, including all sums of money that may at any time be credited to any Transaction Account together with all interest accruing from time to time on such money and the debts represented by any Transaction Account;
- (d) all ancillary rights, accretions and supplements in respect of the Transaction Accounts; and
- (e) all rights, title, interest and benefit of the Issuer under or pursuant to the Transaction Documents to which the Issuer is a party (other than the Pledge Agreement), including without limitation, its rights under the (A) Mortgage Receivables Purchase Agreement, (B) the Issuer Services Agreement, (C) the Issuer Management Agreements, (D) the Floating Rate GIC, (E) the Liquidity Facility Agreement, and (F) the Swap Agreement.

The Pledge Agreement provides that the pledge on the Mortgage Receivables, New Mortgage Receivables and Related Security will not be notified to the Borrowers, the Insurance Companies or other relevant parties, except in case certain notification events occur, which include the Notification Events and similar events relating to the Issuer (the **Pledge Notification Events**). Prior to notification of the pledge to the Borrowers, the pledge on the Mortgage Receivables will be an undisclosed pledge. The pledge on the Related Security vis-à-vis the Umbrella Hazard Insurance Company will be notified to the Umbrella Hazard Insurance Company and will therefore be a disclosed pledge.

The pledge created pursuant to the Pledge Agreement over the rights referred to in paragraph (b) to (e) above will be acknowledged by the relevant obligors and will therefore be a disclosed pledge.

The Pledge Agreement is subject to Belgian law. Under Belgian law, upon enforcement of the Security Interests, the Security Agent, in its capacity as pledgee and acting on its own behalf and on behalf of the other Secured Parties, will be permitted to collect any moneys payable in respect of the Mortgage Receivables, any monies payable under the Transaction Documents pledged to it and any monies standing to the credit of the Transaction Accounts and to apply such moneys in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement. The Security Agent will also be permitted to apply to the president of the Commercial Court (*Rechtbank van Koophandel / Tribunal de Commerce*) for authorisation to sell the Pledged Assets (with the exception of the Transaction Accounts, which can be realised in accordance with the terms of the Transaction Receivables Pledge Agreement only).

In addition to other methods of enforcement permitted by law, Article 27 § 2 of the Securitisation Act also permits all Noteholders (acting together) to request the president of the commercial court to attribute to them

the Pledged Assets in payment of an amount estimated by an expert. In accordance with the terms of the Common Representative Appointment Agreement, only the Security Agent shall be permitted to exercise these rights.

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, the Junior Class E Noteholders, the Subordinated Class F Noteholders and the Subordinated Class G Noteholders, but, *inter alia*, amounts owing to the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to Senior Class A Noteholders, amounts owing to Mezzanine Class C Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders and the Mezzanine Class B Noteholders, amounts owing to 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, amounts owing to Junior 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, amounts owing to Subordinated Class F 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, the Junior Class D Noteholders and the Junior Class E Noteholders and amounts owing to the Subordinated Class G Noteholders will rank in priority after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders. See *Credit Structure* above.

THE SECURITY AGENT

1. NAME AND STATUS

Deloitte Enterprise Risk Services (the **Security Agent**) is a *coöperatieve vennootschap met beperkte aansprakelijkheid / société coopérative à responsabilité limitée* incorporated under the laws of Belgium on 10 April 2000 with registered office at Louizalaan/Avenue Louise 240, 1050 Brussels and registered with the Crossroads Bank for Enterprises under number RPR 0471.736.635, Commercial Court of Brussels.

2. POWERS, AUTHORITIES AND DUTIES

The Security Agent, acting in its own name and on behalf of the Secured Parties shall have the power:

- (a) to accept the Security Interests on behalf of the Noteholders and the other Secured Parties;
- (b) upon service of an Enforcement Notice, to proceed against the Issuer to enforce the performance of the Transaction Documents and to enforce the Security Interests on behalf of the Secured Parties;
- (c) to collect all proceeds in the course of enforcing the Security Interests;
- (d) to apply or to direct the application of the proceeds of enforcement in accordance with the Conditions, the provisions of the Common Representative Appointment Agreement and the Pledge Agreement;
- (e) to instruct the Paying Agent (or any substitute paying agent appointed in accordance with the provisions of the Agency Agreement) to open a bank account with an Eligible Institution for the purposes of depositing the proceeds of enforcement and to give all directions to the Eligible Institution and/or the Paying Agent (or its substitute) to administer such account, and to receive a power of attorney given by Paying Agent to administer such account;
- (f) to exercise all other powers and rights and perform all duties given to the Security Agent under the Transaction Documents; and
- (g) generally, to do all things necessary in connection with the performance of such powers and duties.

Eligible Institution means a credit institution within the meaning of the Belgian law of 22 March 1993 on credit institutions.

In addition, the Parallel Debt Agreement provides that the Security Agent is the beneficiary of the Parallel Debt.

The Security Agent has also been designated as representative of the Noteholders, in compliance with Article 27 and Article 106 of the Securitisation Act which states that the representative (the Security Agent) may bind all Noteholders and represent them vis-à-vis third parties or in court, in accordance with the terms of its mission. The representative may act in courts and represent the Noteholders in any bankruptcy, judicial composition or similar insolvency proceedings without having to reveal the identity of the Noteholders it represents. The representative must act in the sole benefit of the Noteholders.

The Security Agent has also been appointed as irrevocable agent (*mandataris / mandataire*) of the other Secured Parties. In relation to any duties, obligations and responsibilities of the Security Agent to the other Secured Parties in its capacity as agent of the other Secured Parties in relation to the Pledged Assets and under or in connection with the Transaction Documents, the Security Agent and the other Secured Parties agree and the Issuer concurs, that the Security Agent shall discharge these duties, obligations and responsibilities by performing and observing its duties, obligations and responsibilities as representative of the Noteholders in accordance with the provisions of the Common Representative Appointment Agreement, the Transaction Documents, the Conditions and the Residual Conditions.

The Security Agent may delegate the performance of any of the foregoing powers to any persons (including any legal entity) whom it may designate. Notwithstanding any sub-contracting or delegation of the performance of its obligations under the Common Representative Appointment

Agreement, the Security Agent shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of the obligations of the Security Agent under the Common Representative Appointment Agreement and shall be jointly and severally liable for the performance or non-performance or the manner of performance of any sub-contractor, agent or delegate and such sub-contracting or delegation shall not affect the Security Agent's obligations under the Common Representative Appointment Agreement.

2.1 Protection Notice

The Security Agent may in accordance with Clause 6.6 of the Common Representative Appointment Agreement serve a protection notice as a result of which no payments shall be made from the Transaction Accounts without the prior consent of the Security Agent, provided that such will not alter the relevant Priority of Payments (the **Protection Notice**).

2.2 Variations

The Security Agent may on behalf of the Noteholders and without the consent of the Noteholders or the other Secured Parties, at any time and from time to time, concur with the Issuer or any other person in making any modification:

- (a) to the Transaction Documents which in the opinion of the Security Agent is of a formal, minor, or technical nature or is to correct a manifest error or to comply with the mandatory provisions of Belgian law; or
- (b) to the Transaction Documents which in the opinion of the Security Agent is not materially prejudicial to the interests of the Noteholders, provided that the then current ratings of the Notes will not be adversely affected by any such modification, authorisation or waiver (it being understood that the fact that the then current ratings of the Notes will not be adversely affected does not address whether such modification is in the best interest of, or prejudicial to, some or all of the Noteholders),

it being understood that any modification of a Transaction Document must be approved by each party thereto.

Any such modification shall be binding on the Noteholders.

In no event may such modification be a Basic Terms Modification. The Security Agent shall not be bound to give notice to the Noteholders of any modifications to the Transaction Documents agreed pursuant to this paragraph. The Issuer shall cause notice of any such modification to be also given to the Rating Agencies, the Issuer Administrator, the MPT Provider and the Paying Agent.

If in the Security Agent's opinion it is not sufficiently established that the proposed amendment or variation can be approved by it in accordance with this paragraph, it will determine in its full discretion whether to submit the proposal to a duly convened meeting of Noteholders or to refuse the proposed amendment or variation.

2.3 Waivers

The Security Agent may, without the consent of the Noteholders and the other Secured Parties or the Issuer, without prejudice to its rights in respect of any further or other breach, condition, event or act from time to time and at any time, but only if and in so far as in its opinion the interests of the Noteholders will not be materially prejudiced thereby, (i) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Common Representative Appointment Agreement, the Notes or any of the Transaction Documents, or (ii) determine that any breach, condition, event or act which constitutes (and/or which, with the giving of notice or the lapse of time and/or the Security Agent making any relevant determination and/or issuing any relevant certificate would constitute), but for such determination, an Event of Default shall not, or shall not be subject to

specified conditions, be treated as such for the purposes of the Common Representative Appointment Agreement. Any such authorisation, waiver or determination pursuant to this clause shall be binding on the Noteholders and if, but only if, the Security Agent shall so require, notice thereof shall be given to the Noteholders and the Rating Agencies.

2.4 Reliance

In determining whether or not any power, trust, authority, duty or discretion or any change, event or occurrence under or in relation to the Conditions or any of the Transaction Documents will be materially prejudicial to the interests of Noteholders, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud. Concurrently, the Security Agent may, along with any other relevant factors, have regard for whether the Rating Agencies have confirmed that the then current rating of the Notes, would not be adversely affected by such exercise. For the avoidance of doubt, any such confirmation by the Rating Agencies shall not be construed to mean that such action, change, event or occurrence is not materially prejudicial to the interest of the Noteholders.

2.5 Conflicts of interest

In connection with the exercise of its powers, authorities and discretions, the Security Agent shall have regard to the interests of the Noteholders as a Class and shall not have regard to the consequence of such exercise for individual Noteholders.

The Security Agent shall take account of the interests of the Secured Parties to the extent that there is no conflict amongst them. To the extent that:

- (a) an actual conflict exists or is likely to exist between the interests of the Secured Parties in relation to any material action, decision or duty of the Security Agent under or in relation to the Common Representative Appointment Agreement and the Conditions; and
- (b) any of the Transaction Documents and the Conditions give the Security Agent a material discretion in relation to such action, decision or duty;

the Security Agent shall always have regard to the interests of the Noteholders in priority to the interests of the other Secured Parties.

For so long as there are any Senior Class A Notes outstanding, the Security Agent is to have regard solely to the interests of the Senior Class A Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Senior Class A Noteholders and (b) the holders of any of the other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes outstanding, but for so long as there are any Mezzanine Class B Notes outstanding, the Security Agent is to have regard solely to the interests of the Mezzanine Class B Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Mezzanine Class B Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes and Mezzanine Class B Notes outstanding, but for so long as there are any Mezzanine Class C Notes outstanding, the Security Agent is to have regard solely to the interests of the Mezzanine Class C Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Mezzanine Class C Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes, Mezzanine Class B Notes and Mezzanine Class C Notes outstanding, but for so long as there are any Junior Class D Notes outstanding, the Security Agent is to have regard solely to the interests of the Junior Class D Noteholders if, in the Security

Agent's opinion, there is a conflict between the interests of (a) the Junior Class D Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Junior Class D Notes outstanding, but for so long as there are any Junior Class E Notes outstanding, the Security Agent is to have regard solely to the interests of the Junior Class E Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Junior Class E Noteholders and (b) any other Secured Parties.

If there are no longer any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes and Junior Class E Notes outstanding, but for so long as there are any Subordinated Class F Notes outstanding, the Security Agent is to have regard solely to the interests of the Subordinated Class F Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Subordinated Class F Noteholders and (b) any other Secured Parties.

If there are no longer any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes, Junior Class E Notes and Subordinated Class F Notes outstanding, but for so long as there are any Subordinated Class G Notes outstanding, the Security Agent is to have regard solely to the interests of the Subordinated Class G Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Subordinated Class G Noteholders and (b) any other Secured Parties.

Further, to the extent that:

- (i) an actual conflict exists or is likely to exist between the interests of the Issuer, the Secured Parties and the interests of the Seller and/or the holders of Residual Certificates in relation to any material action, decision or duty of the Security Agent under or in relation to the Common Representative Appointment Agreement and any other Transaction Document; and
- (ii) the Common Representative Appointment Agreement and any other Transaction Document gives the Security Agent a material discretion in relation to such action, decision or duty;

then the Security Agent shall have regard to the interests of the Issuer and the Secured Parties (other than the Seller and/or the holders of Residual Certificates) in priority to the interests of the Seller and/or the holders of Residual Certificates.

2.6 No obligation to act

All the parties to the Common Representative Appointment Agreement agree that the Security Agent shall not be bound to take any action under its powers or duties other than those referred to under paragraph (a), (c) and (e) of *Powers, authorities and duties* and under *Variations*, unless:

- (a) it shall have been directed to do so by an Extraordinary Resolution of the holders of the Highest Ranking Class of Notes then outstanding; or
- (b) it shall have been requested to do so by the holders of not less than twenty-five (25) per cent. in Principal Amount Outstanding of the Highest Ranking Class of Notes then outstanding; and
- (c) it shall in all cases have been indemnified to its satisfaction against all liability, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith, save where these are due to its own Gross Negligence, wilful misconduct or fraud.

2.7 Restrictions on the Secured Parties to act

At any time after the Notes have become due and repayable the Security Agent may, at its discretion and without further notice, take such steps and proceedings against the Issuer as it may think fit to enforce the Security Interests and to enforce repayment of the Notes together with payment of accrued interest, but it shall not be bound to take any such proceedings unless:

- (a) it shall have been directed to do so by an Extraordinary Resolution of the holders of the Highest Ranking Class of Notes then outstanding; or
- (b) it shall have been requested to do so by holders of not less than twenty-five (25) per cent. in Principal Amount Outstanding of the Highest Ranking Class of Notes then outstanding; and
- (c) it shall have been indemnified or secured to its satisfaction for against all liability, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages and expenses which it may incur by so doing, save where due to its own Gross Negligence, wilful misconduct or fraud, it being understood that Gross Negligence shall mean negligence of such serious nature that not any prudent Security Agent would have acted similarly.

Only the Security Agent may enforce the Security Interests and no other Secured Party shall be entitled to enforce such security or proceed against the Issuer to enforce the performance of any of the provisions of the Pledge Agreement, unless the Security Agent, having become bound to take such steps as provided in the Pledge Agreement and the Common Representative Appointment Agreement, fails to do so within a reasonable period (thirty (30) calendar days being deemed for this purpose to be a reasonable period) and such failure shall be continuing.

2.8 Accountability, Indemnification and Exoneration of the Security Agent

If so requested in advance by the board of directors of the Issuer, the Security Agent shall report to the general meeting of Noteholders on the performance of its duties under the Common Representative Appointment Agreement and the Transaction Documents provided such request is notified by registered mail no later than ten (10) Business Days prior to the relevant general meeting of Noteholders. The board of directors of the Issuer shall require such report if so requested by those Noteholders who have requested that such general meeting be convened.

The Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Security Agent and providing for its indemnification in certain circumstances, including provisions relieving the Security Agent from taking enforcement proceedings or enforcing the Security Interests unless indemnified to its satisfaction.

The Security Agent shall not be liable to the Issuer or any of the Secured Parties in respect of any loss or damage which arises out of the exercise, or the attempted exercise of, or the failure to exercise any of its powers or any loss resulting there from, except that the Security Agent shall be liable for such loss or damage that is caused by its Gross Negligence, wilful misconduct or fraud.

The Security Agent shall not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Pledged Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the MPT Provider or any agent or related company of the MPT Provider or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Security Agent.

The Security Agent shall have no liability for any breach of or default under its obligations under the Transaction Documents if and to the extent that such breach is caused by any failure on the part of the Issuer, any of the Secured Parties to duly perform any of their material obligations under any of the Transaction Documents. In the event that the Security Agent is rendered unable to duly perform its obligations under the Transaction Documents by any circumstances beyond its control, the Security Agent shall not be liable for any failure to carry out its obligations under the Transaction Documents which are thus affected by the event in question and, for so long as such circumstances continue, its obligations under the Transaction Documents which are thus affected will be suspended without liability for the Security Agent.

The Security Agent shall not be responsible for monitoring the compliance by any of the other party (including the Issuer and the MPT Provider) with their obligations under the Transaction Documents. The Security Agent may, until it has actual knowledge or express notice to the contrary, assume the Issuer and the MPT Provider are observing and performing all their obligations under any of the

Transaction Documents and in any notices or acknowledgements delivered in connection with any such Transaction Documents.

The Security Agent shall not be responsible for ensuring that any Security Interest is created by, or continues to be managed by, the Issuer, the Security Agent, or any other person in such a manner as to create or maintain sufficient control to obtain the type of Security Interest described in the Pledge Agreement in relation to the assets of the Issuer which are purported to be secured thereby, provided that it complies with the provisions of the Transaction Documents.

Except if such meeting is convened by the Security Agent, but only to the extent that any defect has arisen directly from the Security Agent's Gross Negligence, wilful misconduct or fraud, the Security Agent shall not be liable for acting upon any resolution purporting to have been passed at any meeting of any Class of Noteholders in respect whereof minutes have been made and signed even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or passing of the resolution or that for any reason the resolution was not valid or binding upon such Noteholders.

If the Security Agent has acted upon such resolution, each Noteholder of such Class of Notes shall forthwith on demand indemnify the Security Agent for its *pro rata* share in any liability, loss or expense incurred or expected to be incurred by the Security Agent in any way relating to or arising out of its acting as Security Agent in respect of that of a particular Class of Notes, except to the extent that the liability or loss arises directly from the Security Agent's Gross Negligence, wilful misconduct or fraud. The liability shall be divided between the Noteholders of the relevant Class of Notes *pro rata* according to the respective Principal Amount Outstanding of the Notes held by each of them respectively.

The Security Agent shall not be liable to the Issuer or any Noteholder by reason of having accepted as valid or not having rejected any Note purporting to be such and subsequently found to be forged or not authentic.

2.9 Instructions and indemnity

Whenever the interests of the Noteholders are or can be affected in the opinion of the Security Agent, the Security Agent may - if indemnified to its satisfaction - take legal action on behalf of the Noteholders and represent the Noteholders in any bankruptcy (*faillissement / faillite*), liquidation (*vereffening / liquidation*), judicial composition (*gerechtelijk akkoord / concordat judiciaire*) and any other legal proceedings initiated against the Issuer or any other party to a Transaction Document.

The Security Agent can under no circumstances, including the situation wherein Noteholders' instruction or approval cannot be obtained for whatever reason, be required to act without it being remunerated and indemnified or secured to its satisfaction.

The Security Agent shall be indemnified by the Issuer and held harmless, in respect of any and all liabilities and expenses incurred by it or by anyone appointed by it or to whom any of its functions may be delegated by it in carrying out its functions.

2.10 Replacement of the Security Agent

In certain events, the Issuer may by written notice to the Security Agent, the other Secured Parties and the Rating Agencies, terminate the powers delegated to the Security Agent under the Common Representative Appointment Agreement and the Transaction Documents with effect from a date (to be no earlier than the date of the notice) specified in the notice and appoint a substitute security agent selected by the Issuer which shall act as security agent until a new security agent is appointed by the general meeting of Noteholders, which shall promptly be convened by the Issuer.

In addition, the Noteholders shall be entitled to terminate the appointment of the Security Agent by an Extraordinary Resolution notified to the Issuer and the Security Agent, provided that (i) in the same resolution a substitute security agent is appointed, and (ii) such substitute security agent meets all

legal requirements to act as security agent and representative and accepts to be bound by the terms of the Transaction Documents in the same way as its predecessor.

Such termination shall also terminate the appointment and power of attorney by the other Secured Parties. The other Secured Parties hereby irrevocably agree that the substitute security agent shall from the date of its appointment act as attorney (*mandataris/mandataire*) of the other Secured Parties on the terms and conditions set out in these Conditions and the Transaction Documents.

The Security Agent shall not be discharged from its responsibilities under the Common Representative Appointment Agreement until a suitable substitute security agent, which has been accepted by the Issuer and the Noteholders (such approval not being unreasonably withheld) is appointed.

TAXATION IN BELGIUM

This section provides a general description of the main Belgian tax issues and consequences of acquiring, holding, redeeming and/or disposing of the Notes. This summary provides general information only and is restricted to the matters of Belgian taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Belgian tax issues and consequences associated with or resulting from any of the above-mentioned transactions. Prospective acquirers are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Notes.

The summary provided below is based on the information provided in this Prospectus and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Prospectus and with the exception of subsequent amendments with retroactive effect.

General Rule

Any taxes which may be due relating to payments of interest and/or principal in respect of the Notes will be borne by the beneficiary of those payments.

If the Issuer, the Clearing System Operator, the Paying Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Notes, the Issuer, the Clearing System Operator, the Paying Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, the Clearing System Operator, the Paying Agent nor any other person will be obliged to gross up the payment in respect of the Notes or make any additional payments to holders of Notes in respect of such withholding or deduction.

Belgian Withholding Tax

Under current Belgian withholding tax legislation, all interest payments in respect of the Notes (including the part of the capital gain realised upon redemption of the Notes by the Issuer) will be subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 15%. Tax treaties may provide for a lower rate subject to certain conditions.

Under Belgian domestic law, payments by or on behalf of the Issuer of interest on the Notes may be made without deduction of withholding tax for Notes held by Tax Eligible Investors (as defined below) in an exempt account (an "X-Account") with the X/N Securities Settlement System, as defined and organised by the Act of 6 August 1993, as amended, and its implementing decrees or with a Participant in the X/N Securities Settlement System.

Tax Eligible Investors include *inter alia*:

- (a) Belgian resident companies subject to corporate income tax;
- (b) qualifying Belgian pension funds in the form of an ASBL;
- (c) semi-public governmental social security institutions or institutions similar thereto;
- (d) corporate investors who are non-residents of Belgium, whether they have a permanent establishment in Belgium or not.

Tax Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or Belgian non-profit organisations, other than those referred to under (b) and (c) above.

The above categories only summarise the detailed definitions contained in Article 4 of the Royal Decree of 26 May 1994, as amended, to which investors should refer to for a precise description of the relevant eligibility rules.

Upon opening an X-Account with the X/N Securities Settlement System or a Participant therein, a Tax Eligible Investor is required to provide a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for eligible investors save that they need to inform the Clearing System Participants, Participants of any change of the information contained in the statement of their eligible status. However, Clearing System Participants, Participants are required to make annual declarations to the Clearing System Operator as to the eligible status of each investor for whom they hold Notes in an X-Account.

These identification requirements do not apply to Notes held by Tax Eligible Investors through Euroclear or Clearstream Luxembourg or their sub-participants outside of Belgium, provided that these institutions or sub-participants only hold X-Accounts and are able to identify the identity of the accountholder.

In the event of any changes made in the laws or regulations governing the exemption for Tax Eligible Investors, neither the Issuer nor any other person will be obliged to make any additional payment in the event that the Issuer, the Clearing System Operator or its Clearing System Participants are required to make any withholding or deduction in respect of the payments due on the Notes.

Transfers of Notes between an “X-Account” and an “N-Account” give rise to certain adjustment payments on account of withholding tax:

- (a) a transfer from an “N-Account” to an “X-Account” gives rise to the payment by the transferor non-eligible Investor to the National Bank of Belgium (NBB) of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date;
- (b) a transfer from an “X-Account” to an “N-Account” gives rise to the refund by the NBB to the transferee non-eligible investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date;
- (c) transfers of Notes between two “X-Accounts” do not give rise to any adjustment on account of withholding tax.

Income Tax

- (a) **Belgian Resident Corporations**

Noteholders who are residents of Belgium, subject to Belgian corporate income tax, are liable to corporate income tax on the income of the Notes and capital gains realised upon the disposal of the Notes. Capital losses realised upon the disposal of the Notes are tax deductible.

- (b) **Belgian Resident Legal Entities**

For Noteholders who are residents of Belgium, subject to Belgian legal entities income tax, the 15% withholding tax on interest will constitute the final tax in their hands. If no withholding tax was levied due to the fact that they hold the Notes through a X-Account with the X/N Securities Settlement System, they will have to declare the interest and pay spontaneously the applicable withholding tax to the Treasury.

Belgian legal entities are not liable to income tax on capital gains realised upon the disposal of the Notes.

- (c) **Non-Residents of Belgium**

Noteholders who are non-residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian establishment and do not invest the Notes in the course of their Belgian professional activity will not incur or become liable for any Belgian tax on income or capital gains (save as the case may be, in the form of withholding tax) by reason only of the acquisition, ownership or disposal of the Notes.

Miscellaneous Taxes

- (a) The sale of the Notes on the secondary market executed in Belgium through a financial intermediary will trigger a tax on stock exchange transactions of 0.07% (due on each sale and acquisition separately) with a maximum of EUR 500 per party and per transaction. An exemption is available for non-residents and certain Belgian institutional investors acting for their own account provided that certain formalities are respected.
- (b) The *reportverrichtingen / opérations de reports* through the intervention of a financial intermediary are subject to a tax of 0.085% (due per party and per transaction) with a maximum of EUR 500 per party and per transaction. An exemption is available for non-residents and certain Belgian institutional investors provided that certain formalities are respected.

NOTES IN GLOBAL FORM

Each Permanent Global Note has been deposited by the Paying Agent acting as Domiciliary Agent on behalf of the Issuer with the National Bank of Belgium as operator of the X/N securities clearing system (the **Clearing System Operator**) on the Closing Date.

Upon deposit of the Permanent Global Notes, the account of the Paying Agent acting as Domiciliary Agent will be credited by the Clearing System Operator with the principal amount of the Permanent Global Notes.

Each Permanent Global Note will be in bearer form and therefore transferable by physical delivery. The Permanent Global Notes will not be exchangeable for Notes in definitive form except in the limited circumstances described in the Conditions.

As long as the Notes are represented by the Permanent Global Notes, the interest will be transferable in accordance with the rules and procedures of the Clearing System Operator.

Each of the persons appearing from time to time in the records of the Clearing System as the Noteholder will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of the Clearing System. Such persons shall have no claim directly against the Issuer in respect of payment due on the Notes. Any claim, which such person has, must be made by the holder of the Permanent Global Note, as long as such Permanent Global Note is outstanding.

The Issuer and the Paying Agent will not have any responsibility for the proper performance by the Clearing System or its participants (the **Clearing System Participants**) of their obligations under their respective rules and operating procedures.

As long as the Notes are represented by the Permanent Global Notes, the Permanent Global Notes will be transferable in accordance with the rules and procedures of the Clearing System, as amended from time to time.

Upon any exchange of the Permanent Global Notes for Definitive Notes, the Issuer shall procure that the Paying Agent shall deliver in exchange for the then Principal Amount Outstanding of the Permanent Global Notes, an equal principal amount of Definitive Notes in bearer form in compliance with the terms of the Paying Agent Agreement.

It is important to note that pursuant to the Law of 14 December 2005 abolishing bearer securities:

- (a) it will no longer be possible from 1 January 2008 to issue bearer securities; all new securities issued from that moment must be either in registered or in dematerialised form;
- (b) from 1 January 2008, it will no longer be possible to physically deliver in Belgium bearer securities issued under Belgian or foreign law and held in account; and
- (c) several categories of bearer securities, including securities of Belgian companies which are admitted to trading on a Belgian or foreign regulated market, which are held on account on 31 December 2007 will be automatically converted into dematerialised securities on 1 January 2008.

As a consequence, the Notes will be automatically converted into dematerialised notes on 1 January 2008.

ADMISSION TO TRADING AND DEALING ARRANGEMENTS

Total amount and denomination

The Issuer's Board of Directors has resolved to issue 3,680 Senior Class A Notes, 80 Mezzanine Class B Notes, 80 Mezzanine Class C Notes, 72 Junior Class D Notes, 42 Junior Class E Notes, 46 Subordinated Class F Notes and 40 Subordinated Class G Notes.

The Senior Class A Notes are Notes with each a nominal amount of EUR 250,000. The Senior Class A Notes are numbered 1 through 3,680.

The Mezzanine Class B Notes are Notes with each a nominal amount of EUR 250,000. The Mezzanine Class B Notes are numbered 1 through 80.

The Mezzanine Class C Notes are Notes with each a nominal amount of EUR 250,000. The Mezzanine Class C Notes are numbered 1 through 80.

The Junior Class D Notes are Notes with each a nominal amount of EUR 250,000. The Junior Class D Notes are numbered 1 through 72.

The Junior Class E Notes are Notes with each a nominal amount of EUR 250,000. The Junior Class E Notes are numbered 1 through 42.

The Subordinated Class F Notes are Notes with each a nominal amount of EUR 250,000. The Subordinated Class F Notes are numbered 1 through 46.

The Subordinated Class G Notes are Notes with each a nominal amount of EUR 250,000. The Subordinated Class G Notes are numbered 1 through 40.

Admission to trading

Application has been made for an admission to trading of the Notes on Eurolist by Euronext Brussels.

Clearing

The Notes will be accepted for clearance through the "X/N Securities Settlement System" currently operated by the National Bank of Belgium (the **X/N Securities Settlement System**) under:

- (a) the ISIN number BE 0002350222 and common code 027103863 for the Senior Class A Notes;
- (b) the ISIN number BE 0002351238 and common code 027103910 for the Mezzanine Class B Notes;
- (c) the ISIN number BE 0002352244 and common code 027104029 for the Mezzanine Class C Notes;
- (d) the ISIN number BE 0002353259 and common code 027104061 for the Junior Class D Notes;
- (e) the ISIN number BE 0002354265 and common code 027104142 for the Junior Class E Notes;
- (f) the ISIN number BE 0002355270 and common code 027104266 for the Subordinated Class F Notes;
and
- (g) the ISIN number BE 0002356286 and common code 027104339 for the Subordinated Class G Notes.

Access to the X/N Securities Settlement System is available through those of its Clearing System Participants whose membership extends to securities such as the Notes .

Clearing System Participants include certain banks, stock brokers (*beursvennootschappen / sociétés de bourse*), and Euroclear Bank N.V./S.A. (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**). Accordingly, the Notes will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their Notes on securities accounts in Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Notes will be effected between Clearing System Participants in accordance with the rules and operating procedures of the X/N Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Clearing System Participants through which they hold their Notes.

The Domiciliary Agent will perform the obligations of domiciliary agent included in the Clearing Agreement, including, without limitation, providing the Clearing System Operator the information required by law, publishing notices required in connection with any redemption of the Notes and notifying, on behalf of the Issuer, the Paying Agent, the Clearing System Operator and the Swap Counterparty of the Interest Amounts and amounts of principal relating to each Note.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the X/N Securities Settlement System or its Clearing System Participants of their obligations under their respective rules and operating procedures.

GENERAL

1. EXPENSES OF THE ADMISSION TO TRADING

1.1 Euronext

Costs are:

- per tranche of EUR 25,000,000: EUR 125 with a maximum of EUR 2,500;
- plus EUR 500 per listing year.

The maximum amounts to EUR 20,000 (and this per tranche as there will be 7 listings (*lignes de cotation*)).

The costs are to be paid as of the moment of listing.

1.2 NBB

- Handling charges and data creation: EUR 3,640 upfront;
- Financial service, custody and various: an annual fee of EUR 1,050 plus 0.005 per thousand per series.

2. POST ISSUANCE REPORTING

On each Quarterly Payment Date, the Issuer Administrator will prepare the Investor Report, consisting of a duly completed report comprising information regarding, among other things, the performance of the Mortgage Receivables in respect of the preceding Quarterly Calculation Period in the form set out in Schedule 5 of the Issuer Services Agreement.

The Investor Reports will be made available for inspection on the website of the Issuer Administrator and on www.B-arenaRMBS.be and will be made available free of charge to the Noteholders at the office of the Paying Agent.

3. DOCUMENTS ON DISPLAY

For the life of the Prospectus, copies of (i) the Articles of Association of the Issuer and (ii) all reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request, any part of which is included or referred to in the Prospectus, may be inspected at the office of the Paying Agent (Fortis Bank N.V./S.A.).

TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions (the **Conditions**) of the Notes. The Conditions are subject to amendment and the final form thereof will appear in the Common Representative Appointment Agreement.*

1. GENERAL

The issue of the euro 920,000,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2044 (the **Senior Class A Notes**), the euro 20,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2044 (the **Mezzanine Class B Notes**), the euro 20,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2006 due 2044 (the **Mezzanine Class C Notes**), the euro 18,000,000 floating rate Junior Class D Mortgage-Backed Notes 2006 due 2044 (the **Junior Class D Notes**), the euro 10,500,000 floating rate Junior Class E Mortgage-Backed Notes 2006 due 2044 (the **Junior Class E Notes**), the euro 11,500,000 floating rate Subordinated Class F Mortgage-Backed Notes 2006 due 2044 (the **Subordinated Class F Notes**) and the euro 10,000,000 floating rate Subordinated Class G Notes 2006 due 2044 (the **Subordinated Class G Notes**) and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes, the Notes) was authorised by a resolution of the board of directors of B-Arena N.V./S.A., *institutionele vennootschap voor belegging in schuldvorderingen / société d'investissement en créances institutionnelle* (the **Issuer**) passed on 10 October 2006. The Notes are issued in accordance with an agency agreement to be entered into on or before the Closing Date (the **Agency Agreement**) (which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time modified) between the Issuer, Fortis Bank N.V./S.A. (the **Paying Agent**, the **Domiciliary Agent**, the **Listing Agent** and the **Reference Agent**) and Deloitte Enterprise Risk Services C.V.B.A. (the **Security Agent**) as security agent for, among others, the holders for the time being of the Notes (the **Noteholders**).

The Issuer may be organised into separate Compartments. The Notes, the Pledged Assets (as defined below) and the Transaction Documents (as defined below) are exclusively allocated to Compartment N° 1 of the Issuer and the rights thereunder against the Issuer will not be recoverable from any other Compartment or any assets of the Issuer other than those allocated to its Compartment N° 1.

On the Closing Date, a portfolio of mortgage receivables resulting from Belgian residential mortgage loans (the **Mortgage Receivables**) will be sold by Delta Lloyd Bank N.V. (the **Seller**) to the Issuer acting on behalf of Compartment N° 1. During the Revolving Period, the Issuer shall on each Purchase Date apply the Purchase Available Amount towards the purchase from the Seller of New Mortgage Receivables subject to the fulfilment of certain conditions which include the criteria set forth in the Mortgage Receivables Purchase Agreement and to the extent offered by the Seller.

The Notes are secured by the security created pursuant to, and on the terms set out in, an agreement for the appointment of the Security Agent (the **Common Representative Appointment Agreement**), an agreement for the creation of parallel debt (the **Parallel Debt Agreement**) and a Belgian law Pledge Agreement establishing security over the assets relating to Compartment N° 1 (the **Pledge Agreement**) to be entered into on or before the Closing Date between, among others, the Issuer and the Security Agent. Pursuant to the Agency Agreement, provision is made for, among other things, the payment of principal and interest in respect of the Notes and the determination of the rate of interest payable on the Notes and the admission to trading of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of:

- (a) the Common Representative Appointment Agreement;
- (b) the Agency Agreement;
- (c) the Parallel Debt Agreement;
- (d) the Pledge Agreement;

- (e) the issuer services agreement (the **Issuer Services Agreement**) to be entered into on or before the Closing Date between, among others, the Issuer, the Seller, acting as MPT Provider, Stater Belgium N.V., acting as Sub-MPT Provider and ATC Financial Services B.V., acting as Issuer Administrator;
- (f) the floating rate guaranteed investment contract (the **Floating Rate GIC**) to be entered into on or before the Closing Date between, among others, the Issuer and Fortis Bank N.V./S.A. acting as Floating Rate GIC Provider;
- (g) the mortgage receivables purchase agreement (the **Mortgage Receivables Purchase Agreement**) between the Seller and the Issuer to be entered into on or before the Closing Date;
- (h) the subordinated loan agreement (the **Subordinated Loan Agreement**) between the Seller as the Subordinated Loan Provider and the Issuer to be entered into on or before the Closing Date;
- (i) the clearing agreement (the **Clearing Agreement**) to be entered into on or before the Closing Date between the Issuer and the Clearing System Operator;
- (j) the master definitions agreement (the **Master Definitions Agreement**) to be entered into on or before the Closing Date between, among others, the Issuer, the Seller and the Security Agent;
- (k) the interest rate swap agreement (the **Swap Agreement**) to be entered into on or before the Closing Date between the Issuer and ABN AMO Bank N.V. acting through its London branch, acting as the Swap Counterparty;
- (l) the liquidity facility agreement (the **Liquidity Facility Agreement**) to be entered into on or before the Closing Date between the Issuer and ABN AMRO Bank, acting as the Liquidity Facility Provider;
- (m) the issuer management agreements (the **Issuer Management Agreements**) to be entered into on or before the Closing Date between the Issuer and the Directors; and
- (n) the shareholder management agreements (the **Shareholder Management Agreements**) to be entered into on or before the Closing Date between the Stichting Shareholder, the Shareholder and the Shareholder Director.

The Issuer, ABN AMRO Bank N.V. acting through its London branch (the **Arranger**) and ABN AMRO Bank N.V. acting through its London Branch, Delta Lloyd Securities N.V. and Fortis Bank N.V./S.A. (the **Managers**) will enter into a subscription agreement on or before the Closing Date (the **Subscription Agreement**).

The Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Agency Agreement, the Pledge Agreement, the Parallel Debt Agreement, the Permanent Global Notes, the Residual Certificates, the Subscription Agreement, the Swap Agreement, the Floating Rate GIC, the Clearing Agreement, the Liquidity Facility Agreement, the Subordinated Loan Agreement, the Master Definitions Agreement, the Issuer Management Agreements, the Shareholder Management Agreements, the Common Representative Appointment Agreement and all agreements, forms and documents executed pursuant to or in relation to such documents collectively, will be referred to as the **Transaction Documents**. The issue of the Notes and the other transactions contemplated in the Transaction Documents shall be referred to as the **Transaction**.

Copies of the Agency Agreement, the Pledge Agreement, the Parallel Debt Agreement, the Clearing Agreement and the other Transaction Documents are available for inspection at the specified offices of the Paying Agent. By subscribing for or otherwise acquiring the Notes, the Noteholders will be deemed to have knowledge of, accept and be bound by all the provisions of the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Agency Agreement, the Pledge Agreement, the Parallel Debt Agreement, the Permanent Global Notes, the Residual Certificates, the Subscription Agreement, the Swap Agreement, the Floating Rate GIC, the Clearing Agreement, the Liquidity Facility Agreement, the Subordinated Loan Agreement, the Master Definitions Agreement, the Management Agreements, the Common Representative Appointment Agreement and all other Transaction Documents.

The issue of the Notes was authorised by resolution of the Board of Directors of the Issuer passed on 10 October 2006.

2. GLOBAL NOTES

The Notes, each issued in the denomination of EUR 250,000, of each class are represented by:

- (a) in the case of the Senior Class A Notes, a Permanent Global Senior Class A Note in the principal amount of EUR 920,000,000;
- (b) in the case of the Mezzanine Class B Notes, a Permanent Global Mezzanine Class B Note in the principal amount of EUR 20,000,000;
- (c) in the case of the Mezzanine Class C Notes, a Permanent Global Mezzanine Class C Note in the principal amount of EUR 20,000,000;
- (d) in the case of the Junior Class D Notes, a Permanent Global Senior Class D Note in the principal amount of EUR 18,000,000;
- (e) in the case of the Junior Class E Notes, a Permanent Global Senior Class E Note in the principal amount of EUR 10,500,000;
- (f) in the case of the Subordinated Class F Notes, a Permanent Global Senior Class F Note in the principal amount of EUR 11,500,000; and
- (g) in the case of the Subordinated Class G Notes, a Permanent Global Subordinated Class G Note in the principal amount of EUR 10,000,000;

in each case without Coupons (each a **Permanent Global Note** and, together, the **Permanent Global Notes**).

Each Permanent Global Note will be deposited by the Paying Agent on behalf of the Issuer with the National Bank of Belgium as operator of the X/N securities clearing system (the **Clearing System**) on the date of issue of the Notes (the **Closing Date**) which is expected to be 16 October 2006 or on such later date as may be agreed between the Issuer, the Seller and the Managers. Upon deposit of each Permanent Global Note, the account of the Paying Agent will be credited by the National Bank of Belgium with the principal amount of the Permanent Global Note. The Paying Agent shall then credit the account of each of the purchasers of such Notes with a principal amount of Notes equal to the principal amount for which the relevant purchasers have purchased.

Each Permanent Global Note will be in bearer form and therefore transferable by physical delivery. The Permanent Global Notes will not be exchangeable for definitive bearer notes (each a **Definitive Note**) except in the limited circumstances described below.

Each of the persons appearing from time to time in the records of the Clearing System 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 the Clearing System. Such persons shall have no claim directly against the Issuer in respect of payment due on the Notes. Any claim which such person has, must be made by the holder of the Permanent Global Note, as long as such Permanent Global Note is outstanding.

If a Permanent Global Note is lost, stolen or destroyed, it shall, upon satisfactory evidence of, and indemnity for, such loss, theft or destruction being given to the Issuer, be replaced with a duly executed replacement Permanent Global Note delivered by the Issuer to the Clearing System Operator.

The Issuer and the Paying Agents will not have any responsibility for the proper performance by the Clearing System or the Clearing System Participants of their obligations under their respective rules and operating procedures.

As long as the Notes are represented by the Permanent Global Notes, the Permanent Global Notes will be transferable in accordance with the rules and procedures of the Clearing System, as amended from time to

time. As long as the Notes are represented by the Permanent Global Notes, each person who is for the time being shown in the records of the Clearing System Operator as the holder of a particular principal amount of Notes (each such person, an **Accountholder**) will be entitled to be treated by the Issuer, the Paying Agent and the Security Agent as the holder of such principal amount of Notes and the expression **Noteholder** shall be construed accordingly, but without prejudice to (a) the entitlement of the bearer of the relevant Permanent Global Note to be paid principal and interest thereon in accordance with its terms and (b) the application of the provisions of the Royal Decree No. 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated), including, without limitation, Article 13 thereof.

The Notes may only be acquired and held by Eligible Holders (see below *Holding and Transfer Restrictions*). Each payment of interest on Notes of which the Issuer becomes aware that they are held by a holder that does not qualify as an Eligible Holder will be suspended.

Principal and interest on the Permanent Global Note will be payable against the presentation of the Permanent Global Note at the specified office of the Paying Agent or as directed by the Paying Agent, provided that no payment of interest on the Permanent Global Note may be made by, or upon presentation of the Permanent Global Note to, any paying agent in the United States of America. A record of each payment made on a Permanent Global Note, distinguishing between any payment of principal and interest, will be endorsed on or attached to the Permanent Global Note, and such record shall be prima facie evidence that the payment in question has been made.

If:

- (a) a Permanent Global Note is held by or on behalf of the National Bank of Belgium or an Alternative Clearing System (as defined below) and the Clearing System or the Alternative Clearing System is closed for business for a continuous period of fourteen (14) calendar days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so and no other alternative clearing system satisfactory to the Security Agent is available; or
- (b) the principal amount of the Notes of any class becomes immediately due and repayable pursuant to Condition 4.9; or
- (c) as a result of any amendment to, or change in, the laws or regulations of Belgium (or of any 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 by a revenue authority or a court which becomes effective on or after the Closing Date, the Issuer, the Paying Agent, the National Bank of Belgium or any of its Clearing System Participants is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes to a Tax Eligible Investor (as defined in Condition 4.5), which would not be required were the Notes in definitive form;

then the Issuer will, to the extent permitted by applicable law, at its sole cost and expense issue Definitive Notes relating to the Class of Notes represented by such Permanent Global Note in exchange for the whole, but not part only, of the Principal Amount Outstanding of the relevant Permanent Global Note within sixty (60) calendar days of the occurrence of the relevant event.

Upon any exchange of a Permanent Global Note for Definitive Notes:

- (a) the Issuer shall procure that the Paying Agent shall deliver, in exchange for the then Principal Amount Outstanding of the Permanent Global Note, an equal principal amount of Definitive Notes and coupons in bearer form and otherwise complying with the requirements of the Agency Agreement; and
- (b) the principal amount thereof shall be reduced for all purposes to zero and the Paying Agent shall procure that the Permanent Global Note is cancelled.

Definitive Notes for which interests in the Permanent Global Note have been exchanged shall have attached thereto Coupons in respect of interest which has not already been paid against presentation of the Permanent Global Note. Pursuant to the Law of 14 December 2005 abolishing bearer securities, the Notes will be automatically converted into dematerialised notes on 1 January 2008.

If at any time the Notes are transferred to another clearing system, not operated or not exclusively operated by the National Bank of Belgium, these provisions shall apply *mutatis mutandis* to such successor clearing system and a successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system, an **Alternative Clearing System**).

3. HOLDING AND TRANSFER RESTRICTIONS

The Notes may only be acquired, by direct subscription, by transfer or otherwise and may only be held by holders (**Eligible Holders**) who qualify both as (i) an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, acting for their own account, and (ii) a holder of an exempt securities account (X-account) with the Clearing System operated by the National Bank of Belgium or with a participant in such system.

A list of for the time being institutional or professional investors within the meaning of Article 5, §3 of the Securitisation Act is attached as Annex I.

Any acquisition of a Note by or transfer of a Note to a person who is not an Eligible Holder shall be void and not binding on the Issuer and the Security Agent. If a Noteholder ceases to be an Eligible Holder, it is obliged to report this to the Issuer and it will promptly transfer the Notes it holds to a person that qualifies as an Eligible Holder on at arm's length market conditions.

Each payment of interest on Notes of which the Issuer becomes aware that they are held by a holder that does not qualify as an Eligible Holder will be suspended.

By subscribing or otherwise acquiring the Notes, the Noteholders certify that they are an Eligible Holder, and that they will only sell, transfer or otherwise assign the Notes to prospective Noteholders that qualify as Eligible Holders.

4. TERMS AND CONDITIONS OF THE NOTES

If Notes in definitive form were to be issued, the terms and conditions (subject to amendment and completion) set out on each Note would be as set out below. While the Notes remain in global form, the same terms and conditions governing Notes in definitive form govern Notes in global form, except to the extent that they are appropriate only to Notes in definitive form and except that, where these Conditions may include references to the Issuer in making payments in relation to the Notes, such reference may include references to the National Bank of Belgium, if appropriate in the context.

Except where the context otherwise requires, each of the Conditions will apply to each Class of the Notes and reference herein to "Notes", except where the context otherwise requires, means the Notes of that Class.

Except as expressly provided otherwise, all Conditions apply exclusively to the Notes as allocated to Compartment N°1 of the Issuer and all appointments, rights, title, assignments, obligations, covenants, representations, assets and liabilities generally in relation to this transaction are exclusively allocated to, or binding on, Compartment N°1 and will not be recoverable against any other compartments of the Issuer or any assets of the Issuer other than those allocated to Compartment N°1.

By subscribing to or otherwise acquiring the Notes, the Noteholders (i) shall be deemed to have knowledge of, accept and be bound by the Conditions; (ii) acknowledge and accept that the Notes are allocated to Compartment N°1; (iii) acknowledge that they are Eligible Holders and that they can only transfer their Notes to Eligible Holders; (iv) waive any right to payment and recourse to the extent that such payment or part thereof would cause the Issuer's net assets (as determined in accordance with Article 617 and 619 of the Belgian Company Code, taking into account all its compartments) to become lower than the minimum share capital required by Belgian law; (v) shall not sue for recovery of or take any other steps for the purpose of recovering any amounts or liabilities whatsoever owing to them, in whatever capacity, by the Issuer or in respect of any of its liabilities whatsoever under any of the Transaction Documents, in each case unless and until the Security Agent having become bound to enforce the Security Interests, fails to do so within a reasonable time (30 calendar days being deemed for this purpose to be a reasonable period) and such failure is continuing; and (vi), or any other person acting on their behalf, shall not until the date falling one year

after the latest maturing Note is paid in full, initiate or join any person in initiating, any Bankruptcy Event or the appointment of any Bankruptcy Official in relation to the Issuer or any of its Compartments.

Words and expressions defined in the Master Definitions Agreement and not defined herein shall have the same meaning in the Conditions, unless otherwise defined herein.

4.1 Form, Denomination and Title

- (a) The Notes are issued in bearer form in the denomination of EUR 250,000 each with interest coupons (**Interest Coupons**) and principal coupons (**Principal Coupons** and together with the Interest Coupons, the Coupons). Title to the Notes and Coupons shall pass by delivery.
- (b) The holder of any Note and the holder of any Coupon may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Note or Coupon, as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon.
- (c) The holder of each Coupon (whether or not the Coupon is attached to the relevant Note) in his capacity as such shall be subject to and bound by all the provisions contained in the relevant Note.
- (d) The Notes and the Coupons may only be acquired or subscribed to and may only be held by Eligible Holders. **Eligible Holders** are holders who qualify both as (i) an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, acting for their own account and (ii) a holder of an exempt securities account (X-account) with the Clearing System operated by the National Bank of Belgium or with a participant in such system.

Any acquisition of a Note by or transfer of a Note to a person who is not an Eligible Holder shall be void and not binding on the Issuer and the Security Agent. If a Noteholder ceases to be an Eligible Holder, it is obliged to report this to the Issuer and it will promptly transfer the Notes it holds to a person that qualifies as an Eligible Holder on at arm's length market conditions.

Each payment of interest on Notes of which the Issuer becomes aware that they are held by a holder that does not qualify as an Eligible Holder will be suspended.

- (e) By subscribing or otherwise acquiring the Notes, the Noteholders certify that they are an Eligible Holder, and that they will only sell, transfer or otherwise assign the Notes to prospective Noteholders that qualify as Eligible Holders.

4.2 Status, Relationship between the Notes and Security

- (a) Status and Priority
 - (i) The Senior Class A Notes and related Coupons are direct, secured and unconditional obligations of Compartment N°1 of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The rights of the Senior Class A Notes, in respect of priority of payment are set out in Condition 4.2(c) and 4.10;
 - (ii) The Mezzanine Class B Notes and related Coupons are direct, secured and unconditional obligations of Compartment N°1 of the Issuer and are equally secured by the Security Interests as the Senior Class A Notes. The Mezzanine Class B Notes and the related Coupons rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Mezzanine Class B Notes are subordinated to the Senior Class A Notes in the event of the Security Interests being enforced as well as prior to such event, as set out in Condition 4.2(c) and 4.10;
 - (iii) The Mezzanine Class C Notes and related Coupons are direct, secured and unconditional obligations of Compartment N°1 of the Issuer and are equally secured by the Security Interests as the Senior Class A Notes and the Mezzanine Class B Notes. The Mezzanine Class C Notes

and the related Coupons rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Mezzanine Class C Notes are subordinated to the Senior Class A Notes and the Mezzanine Class B Notes in the event of the Security Interests being enforced as well as prior to such event, as set out in Condition 4.2(c) and 4.10;

- (iv) The Junior Class D Notes and related Coupons are direct, secured and unconditional obligations of Compartment N° 1 of the Issuer and are equally secured by the Security Interests as the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes. The Junior Class D Notes and the related Coupons rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Junior Class D Notes are subordinated to the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes in the event of the Security Interests being enforced as well as prior to such event, as set out in Condition 4.2(c) and 4.10;
- (v) The Junior Class E Notes and related Coupons are direct, secured and unconditional obligations of Compartment N° 1 of the Issuer and are equally secured by the Security Interests as the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes. The Junior Class E Notes and the related Coupons rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Junior Class E Notes are subordinated to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes in the event of the Security Interests being enforced as well as prior to such event, as set out in Condition 4.2(c) and 4.10;
- (vi) The Subordinated Class F Notes and related Coupons are direct, secured and unconditional obligations of Compartment N° 1 of the Issuer and are equally secured by the Security Interests as the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes. The Subordinated Class F Notes and the related Coupons rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Subordinated Class F Notes are subordinated to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Junior Class E Notes in the event of the Security Interests being enforced as well as prior to such event, as set out in Condition 4.2(c) and 4.10;
- (vii) The Subordinated Class G Notes and related Coupons are direct, secured and unconditional obligations of Compartment N° 1 of the Issuer and are equally secured by the Security Interests as the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes. The Subordinated Class G Notes and the related Coupons rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Subordinated Class G Notes are subordinated to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes in the event of the Security Interests being enforced as well as prior to such event, as set out in Condition 4.2(c) and 4.10;
- (viii) The Common Representative Appointment Agreement contains provisions which provide that in connection with the exercise of its powers, authorities and discretions, the Security Agent shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequence of such exercise for individual Noteholders. For so long as there are any Senior Class A Notes outstanding, the Security Agent is to have regard solely to the interests of the Senior Class A Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Senior Class A Noteholders and (b) the holders of any of the other Classes of Notes and/or any other Secured Parties. If there are no longer any Senior Class A Notes outstanding, but for so long as there are any Mezzanine Class B Notes outstanding, the Security Agent is to have regard solely to the interests of the Mezzanine Class B Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Mezzanine Class B Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes and Mezzanine Class B Notes outstanding, but for so long as there are any Mezzanine Class C Notes outstanding, the Security Agent is to have regard solely to the interests of the Mezzanine Class C Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Mezzanine Class C Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties. If there are no longer any Senior Class A Notes, Mezzanine Class B Notes and Mezzanine Class C Notes outstanding, but for so long as there are any Junior Class D Notes outstanding, the Security Agent is to have regard solely to the interests of the Junior Class D Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Junior Class D Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties. If there are no longer any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Junior Class D Notes outstanding, but for so long as there are any Junior Class E Notes outstanding, the Security Agent is to have regard solely to the interests of the Junior Class E Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Junior Class E Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties. If there are no longer any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes and Junior Class E Notes outstanding, but for so long as there are any Subordinated Class F Notes outstanding, the Security Agent is to have regard solely to the interests of the Subordinated Class F Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Subordinated Class F Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties. If there are no longer any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes, Junior Class E Notes and Subordinated Class F Notes outstanding, but for so long as there are any Subordinated Class G Notes outstanding, the Security Agent is to have regard solely to the interests of the Subordinated Class G Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Subordinated Class G Noteholders and (b) any other Secured Parties.

(b) Security

Pursuant to the Pledge Agreement, a pledge will be created in favour of the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties, as security for, among other things, the Notes over:

- (i) the Mortgage Receivables, including the New Mortgage Receivables and the Related Security, acquired by the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (ii) all rights, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) in, to, under and in respect of the Transaction Accounts;
- (iii) all monies and proceeds payable or to become payable under, in respect of, or pursuant to the Transaction Accounts and the right to receive payment of such monies and proceeds and all payments made, including all sums of money that may at any time be credited to any Transaction Account together with all interest accruing from time to time on such money and the debts represented by any Transaction Account;
- (iv) all ancillary rights, accretions and supplements in respect of the Transaction Accounts; and
- (v) all rights, title, interest and benefit of the Issuer under or pursuant to its rights under the Transaction Documents to which the Issuer is a party (other than the Pledge Agreement), including without limitation, its rights under the (A) Mortgage Receivables Purchase Agreement, (B) the Issuer Services Agreement, (C) the Issuer Management Agreements, (D) the Floating Rate GIC, (E) the Liquidity Facility Agreement, and (F) the Swap Agreement.

The security created by the Issuer pursuant to the Pledge Agreement (in favour of all the Secured Parties), is referred to herein as the **Security Interests**. The assets over which the Security Interests are created are referred to herein collectively as the **Pledged Assets**.

The Pledged Assets serve as security for payments to the Noteholders but the Pledged Assets also provide security for other amounts payable by the Issuer under the Transaction Documents but to the extent only that such amounts, costs and expenses have been properly and specifically allocated to Compartment N°1, including amounts thus payable to (i) the Security Agent under the Parallel Debt Agreement, the Common Representative Appointment Agreement or the Pledge Agreement, (ii) the MPT Provider under the Issuer Services Agreement, (iii) the Issuer Administrator under the Issuer Services Agreement, (iv) the Seller under the Mortgage Receivables Purchase Agreement, (v) the holders of the Residual Certificates under the Residual Conditions, (vi) the Floating Rate GIC Provider under the Floating Rate GIC, (vii) the Paying Agent, the Domiciliary Agent, the Listing Agent and the Reference Agent under the Agency Agreement, (viii) the Swap Counterparty under the Swap Agreement and (ix) the Directors under the Management Agreements and (x) the Liquidity Facility Provider under the Liquidity Facility Agreement, all in accordance with the order of priorities set out below.

The Noteholders will be entitled to the benefit of the Pledge Agreement and the Noteholders will be entitled to the benefit of the Parallel Debt Agreement, the Common Representative Appointment Agreement, the Agency Agreement and all other Transaction Documents, and by subscribing for or otherwise acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by, the terms and conditions set out therein, including the appointment of the Security Agent to hold the Security Interests and to exercise the rights under the Pledge Agreement for the benefit of the Noteholders and the other Secured Parties. The Noteholders shall have recourse only against the Pledged Assets and to no other assets of the Issuer.

(c) Priorities of payment

The Common Representative Appointment Agreement contains provisions regulating the priority of application of amounts forming part of the Security Interests among the persons entitled thereto.

Prior to the service of an Enforcement Notice by the Security Agent, the Notes Interest Available Amount (as defined below) will be applied in accordance with the Interest Priority of Payments (as defined below). The Notes Redemption Available Amount will be applied in accordance with the Principal Priority of Payments.

Following an Enforcement Notice, payments will be made only in accordance with the Priority of Payments upon Enforcement.

Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Agent, the sum of the following amounts, calculated as at each Quarterly Calculation Date (being the fourth Business Day prior to each Quarterly Payment 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 (xi) being hereafter referred to as the **Notes Interest Available Amount**):

- (i) as interest, including penalty interest, on the Mortgage Receivables less any amounts paid to the Swap Counterparty under the Swap Agreement at the two immediately preceding Swap Payment Dates in the relevant Quarterly Calculation Period;
- (ii) as interest accrued on the Issuer Collection Account, the Construction Account, the Reserve Account and the Pre-funded Account less any amounts paid to the Swap Counterparty under the Swap Agreement at the two immediately preceding Swap Payment Dates in respect of the relevant Quarterly Calculation Period;
- (iii) as Prepayment 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) 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 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;
- (viii) 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;
- (ix) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Common Representative Appointment Agreement to the extent such amounts do not relate to principal;
- (x) any (remaining) amounts standing to the credit of the Issuer Collection Account to the extent they relate to Estimated Losses; and
- (xi) any (remaining) amounts standing to the credit of the Issuer Collection Account to the extent they do not relate to principal;

will pursuant to the terms of the Common Representative Appointment Agreement 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), except that an amount corresponding to the Reverse Loss Amount (if any) will be applied to item (z) (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;
- (b) *second*, in or towards satisfaction of fees and expenses due and payable to the Issuer Administrator under the Issuer Services Agreement;
- (c) *third*, in or towards satisfaction of any fees due and payable to the Security Agent under the Common Representative Appointment Agreement and of any costs, charges, liabilities and expenses incurred by the Security Agent under or in connection with any of the Transaction Documents, including, but not limited to, fees and expenses of any legal advisor, auditor and/or accountant appointed by the Security Agent;
- (d) *fourth*, 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 connection with the Issuer's business (other than under the Transaction 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 (ii) fees and expenses due to the Paying Agent, the Domiciliary Agent, the Listing Agent and the Reference Agent under the Agency Agreement, (iii) fees and expenses due to the MPT Provider under the Issuer Services Agreement and (iv) the liquidity facility commitment fee under the Liquidity Facility Agreement to the Liquidity Facility Provider;
- (e) *fifth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (w) 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 Ledger;

- (f) *sixth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A Notes and (ii) amounts, if any, due but unpaid under the Swap Agreement, (except for any termination payment due or payable as a result of the occurrence of an Event of Default (as defined therein) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined therein) relating to the credit rating of the Swap Counterparty (as such terms are defined in the Swap Agreement), including a Settlement Amount (as defined therein) (a **Swap Counterparty Default Payment**) payable under (v) below but excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral;
- (g) *seventh*, in or towards making good any shortfall reflected in the Class A Quarterly Realised Losses Ledger until the debit balance, if any, on the Class A Quarterly Realised Losses 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 Quarterly Realised Losses Ledger until the debit balance, if any, on the Class B Quarterly Realised Losses 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 towards making good any shortfall reflected in the Class C Quarterly Realised Losses Ledger until the debit balance, if any, on the Class C Quarterly Realised Losses 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 Quarterly Realised Losses Ledger until the debit balance, if any, on the Class D Quarterly Realised Losses Ledger is reduced to zero;
- (n) *fourteenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Junior Class E Notes;
- (o) *fifteenth*, in or towards making good any shortfall reflected in the Class E Quarterly Realised Losses Ledger until the debit balance, if any, on the Class E Quarterly Realised Losses Ledger is reduced to zero;
- (p) *sixteenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Subordinated Class F Notes;
- (q) *seventeenth*, in or towards making good any shortfall reflected in the Class F Quarterly Realised Losses Ledger until the debit balance, if any, on the Class F Quarterly Realised Losses Ledger is reduced to zero;
- (r) *eighteenth*, in or towards making good any shortfall reflected in the Estimated Losses Ledger until the debit balance, if any, on the Estimated Losses Ledger is reduced to zero;
- (s) *nineteenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Subordinated Class G Notes;
- (t) *twentieth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;

- (u) *twenty-first*, in or towards satisfaction of principal amounts due under the Subordinated Class G Notes on the earlier of (i) the Optional Redemption Date on which the Notes (other than the Subordinated Class G Notes) will be redeemed in full or (ii) the Final Maturity Date;
- (v) *twenty-second*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (w) *twenty-third*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (x) *twenty-fourth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;
- (y) *twenty-fifth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement; and
- (z) *twenty-sixth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the holders of the Residual Certificates.

Priority of Payments in respect of principal

Prior to the delivery of an Enforcement Notice by the Security Agent, the sum of the following amounts, calculated as at any Quarterly Calculation Date, as being received during the immediately preceding Quarterly Calculation Period (items (i) up to and including (x) hereinafter referred to as the **Notes Redemption Available Amount**):

- (i) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding Prepayment Penalties;
- (ii) as Net Proceeds on any Mortgage Receivables to the extent such proceeds relate to principal;
- (iii) as amounts received in connection with a repurchase of Mortgage Receivables 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;
- (iv) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Common Representative Appointment Agreement to the extent such amounts relate to principal;
- (v) as amounts to be credited to the Quarterly Realised Losses Ledger under items (q), (o), (m), (k), (i) and (g) of the Interest Priority of Payments, on the immediately succeeding Quarterly Payment Date;
- (vi) as partial prepayment in respect of Mortgage Receivables;
- (vii) as amounts received as Post-foreclosure Proceeds on the Mortgage Receivables;
- (viii) 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 Optional Redemption Date;
- (ix) as amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement; and
- (x) on the first Amortisation Date or, as the case may be on the Quarterly Payment Date falling in July 2007, as amounts standing to the credit of the Pre-funded Account;

will, as of the first Amortisation Date or, as the case may be, the first Optional Redemption Date, be applied by the Issuer on the Amortisation Date or, as the case may be, the Optional Redemption Date immediately succeeding such Quarterly Calculation 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 each Amortisation Date or, as the case may be, Optional Redemption 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 Amortisation Date or, as the case may be, Optional Redemption 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 Amortisation Date or, as the case may be, Optional Redemption 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 Amortisation Date or, as the case may be, Optional Redemption Date, including, as the case may be, the Final Maturity Date, until fully redeemed;
- (e) *fifth*, in or towards satisfaction of principal amounts due under the Junior Class E Notes on the relevant Amortisation Date or, as the case may be, Optional Redemption Date, including, as the case may be, the Final Maturity Date, until fully redeemed; and
- (f) *sixth*, in or towards satisfaction of principal amounts due under the Subordinated Class F Notes on the relevant Amortisation Date or, as the case may be, Optional Redemption 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 Agent under the Common Representative Appointment Agreement will be applied 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, *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;
- (b) *second*, in or towards satisfaction of fees and expenses due and payable to the Issuer Administrator under the Issuer Services Agreement;
- (c) *third*, in or towards satisfaction of any fees due and payable to the Security Agent under the Common Representative Appointment Agreement and of any cost, charge, liability and expenses incurred by the Security Agent under or in connection with any of the Transaction Documents, which will include, *inter alia*, the fees and expenses of any legal advisor, auditor and/or accountant appointed by the Security Agent;
- (d) *fourth*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing due and payable but unpaid under the Liquidity Facility Agreement;
- (e) *fifth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees and expenses of the Paying Agent, the Domiciliary Agent, the Listing Agent and the Reference Agent incurred under the provisions of the Agency Agreement and (ii) the fees and expenses of the MPT Provider under the Issuer Services Agreement;
- (f) *sixth*, in or towards satisfaction of any sums due and payable but unpaid under the Liquidity Facility Agreement but excluding any amounts due under the Liquidity Facility Agreement payable under (v) below;

- (g) *seventh*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, 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 (u) below, excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral;
- (h) *eighth*, in or towards satisfaction of all amounts of (i) interest due or interest accrued but unpaid and (ii) principal and any other amount due but unpaid in respect of the Senior Class A Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class B 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 B Notes;
- (k) *eleventh*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class C Notes;
- (l) *twelfth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class C Notes;
- (m) *thirteenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Junior Class D Notes;
- (n) *fourteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class D Notes;
- (o) *fifteenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Junior Class E Notes;
- (p) *sixteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class E Notes;
- (q) *seventeenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class F Notes;
- (r) *eighteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class F Notes;
- (s) *nineteenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class G Notes;
- (t) *twentieth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class G Notes;
- (u) *twenty-first*, in or towards satisfaction of amounts due and payable under the Swap Agreement in connection with the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (v) *twenty-second*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (w) *twenty-third*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan; and
- (x) *twenty-fourth*, in and towards satisfaction of any Deferred Purchase Price Instalment to the holders of the Residual Certificates.

(d) Application of Principal Amounts during the Revolving Period

During the Revolving Period, the Issuer will purchase on each Purchase Date New Mortgage Receivables to the extent offered by the Seller by applying the Purchase Available Amount. During the Pre-funding Period, the **Purchase Available Amount** consists of the sum of (i) the Principal Available Amount, and (ii) any drawing from the Pre-funded Account on such Purchase Date in accordance with the Common Representative Appointment Agreement. Thereafter, the Purchase Available Amount consists of the Principal Available Amount. The **Principal Available Amount** is the sum of all amounts received or deposited by the Issuer, during the immediately preceding Monthly Calculation Period which would form part of the Notes Redemption Available Amount, increased with any Principal Available Amount calculated on the immediately preceding Purchase Date which has not been applied towards the purchase of New Mortgage Receivables on such preceding Purchase Date.

4.3 Covenants of the Issuer

Save with the prior written consent of the Security Agent or as provided in or envisaged by any of the Transaction Documents, the Issuer undertakes with the Secured Parties that so long as any Note remains outstanding, it shall not:

- (a) carry on any business other than the business of purchasing mortgage receivables by using different compartments and to finance such acquisitions by issuing securities through such compartments and the related activities described therein and in respect of that business;
- (b) in relation to Compartment N°1 and the Transaction, engage in any activity or do anything whatsoever except:
 - (i) own and exercise its rights in respect of the Pledged Assets and its interests therein and perform its obligations in respect of the Pledged Assets;
 - (ii) preserve and/or exercise and/or enforce any of its rights and perform and observe its obligations under the Transaction Documents in accordance with applicable law;
 - (iii) to the extent permitted by the terms of any of the Transaction Documents, pay dividends or make other distributions in the manner permitted by applicable law;
 - (iv) use, invest or dispose of any of its property or assets in the manner provided in or contemplated by the Transaction Documents; and
 - (v) perform any act incidental to or necessary in connection with (i), (ii), (iii) or (iv) above;
- (c) in relation to Compartment N°1 and the Transaction, save as permitted by the Transaction Documents, incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness;
- (d) in relation to Compartment N°1 and the Transaction, create or permit to exist any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or sell or otherwise dispose of any part of its assets or undertaking, present or future (including any Pledged Assets), other than as expressly contemplated by the Transaction Documents;
- (e) consolidate or merge with any other person or convey or transfer its property or assets substantially or as an entirety to any person, other than as contemplated by the Transaction Documents;
- (f) permit the validity or effectiveness of the Pledge Agreement or any other Transaction Document or the priority of the Security Interests to be amended, terminated postponed or discharged, or permit any person whose obligations form part of the Pledged Assets to be released from such obligations;

- (g) amend, supplement or otherwise modify its by-laws (*statuten / statuts*) or any provisions of these covenants save to the extent that such modifications are required by law or relate only to other transactions that do not adversely affect the assets and liabilities of Compartment N°1;
- (h) have any employees or premises or own shares in any subsidiary or any company allowing the Issuer to exercise a significant influence on the Issuer Administrator;
- (i) in relation to Compartment N°1 and the Transaction, have an interest in any bank account, other than the Transaction Accounts, unless such account or interest is pledged or charged to the Secured Parties on terms acceptable to the Security Agent;
- (j) in relation to Compartment N°1 and the Transaction, issue any further notes or any other type of security (other than any of the Residual Certificates);
- (k) reallocate any assets from Compartment N°1 to any other Compartment that it may set up in the future;
- (l) enter into transactions of which it is aware that they are not at arm's length;
- (m) dispose of any assets of Compartment N°1 except in accordance with the terms of the Transaction Documents.

The Issuer shall procure that all material transactions and material liabilities incurred by the Issuer are clearly allocated to one or more Compartments of the Issuer and it shall not allocate transactions or liabilities to Compartment N°1 other than as envisaged in the Transaction Documents.

As long as any of the Notes remains outstanding the Issuer will procure that there will at all times be a provider of administration services and a servicer for the Mortgage Receivables and a Floating Rate GIC Provider. The appointment of the Security Agent, the Issuer Administrator, the Reference Agent, the Paying Agent, the Domiciliary Agent, the Listing Agent, the MPT Provider, the Floating Rate GIC Provider, the Liquidity Facility Provider and the Swap Counterparty may be terminated only as provided in the Transaction Documents.

In giving any consent to any of the foregoing, the Security Agent may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Security Agent may deem expedient (in its absolute discretion) in the interests of the Noteholders.

In determining whether or not to give any proposed consent, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud. Concurrently, the Security Agent may, along with any other relevant factors, have regard for whether the Rating Agencies have confirmed that the then current rating of the Notes would not be adversely affected by such proposed consent. For the avoidance of doubt, any such confirmation by the Rating Agencies shall not be construed to mean that such proposed consent is not materially prejudicial to the interest of the Noteholders. **Gross Negligence** shall mean for the purposes hereof negligence of such serious nature that not any prudent security agent/common representative would have acted similarly.

The Issuer further covenants with the Secured Parties as follows:

- (a) at all times to carry on and conduct its affairs in a proper and efficient manner;
- (b) to give to, and procure that is given to, the Security Agent such information and evidence (and in such form) as the Security Agent shall reasonably require for the purpose of the discharge of the duties, powers, authorities and discretions vested in it under or pursuant to Condition 4.12, the Common Representative Appointment Agreement and the Pledge Agreement;

- (c) to cause to be prepared and certified by its auditors, in respect of each financial year, accounts in such forms as will comply with the requirements of Belgian laws and regulations;
- (d) at all times to keep proper books of accounts and allow the Security Agent and any person appointed by the Security Agent free access to such books of account at all reasonable times during normal business hours;
- (e) forthwith after becoming aware thereof and without waiting for the Security Agent to take any action, to give notice in writing to the Security Agent of the occurrence of any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default;
- (f) at all times to execute all such further documents and do all such acts and things as may be necessary or appropriate at any time or times to give effect to the Transaction Documents;
- (g) at all times to comply with and perform all its obligations under or pursuant to the Transaction Documents and to use its best endeavours to procure, so far as it is lawfully able to do so, that the other parties thereto, comply with and perform all their respective obligations thereunder and pursuant thereto and not to terminate any of the Transaction Documents or any right or obligation arising pursuant thereto or make any amendment or modification thereto or agree to waive or authorise any material breach thereof;
- (h) at all times to comply with any reasonable direction given by the Security Agent in relation to the Security Interests in accordance with the Pledge Agreement and the Common Representative Appointment Agreement;
- (i) upon occurrence of a termination event under the Floating Rate GIC, to use its best endeavours to appoint a substitute floating rate GIC provider within 30 calendar days;
- (j) upon resignation of an Agent or upon the occurrence of a termination event under the Agency Agreement, to appoint a relevant substitute agent;
- (k) to promptly exercise and enforce its rights and discretions in relation to the Swap Agreement and in particular those rights to require a transfer, collateralisation, an indemnity or a guarantee in the event of a downgrading of the Swap Counterparty;
- (l) at all times to keep separate bank accounts and financial statements allocated to its separate Compartments (as the case may be);
- (m) at all times to keep separate stationery for each of its Compartments (as the case may be);
- (n) at no time to pledge, change or encumber the assets allocated to Compartment N°1 otherwise than pursuant to the Pledge Agreement;
- (o) at all times to have adequate corporate capital to run its business in accordance with the corporate purpose as set out in its Articles of Association;
- (p) at all times not to commingle its own assets allocated to any of its Compartments with the assets of another Compartment or the assets of third parties and, in particular, to expressly allocate any liabilities of any of its Compartments to the relevant Compartment;
- (q) to observe at all times all applicable corporate formalities set out in its by-laws, the Securitisation Act, the Belgian Company Code and any other applicable legislation, including, but not limited to, all formalities to be complied with in its capacity as public and listed company;
- (r) to comply in all respects with the specific statutory and regulatory provisions applicable to an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* and to refrain from all acts which could prejudice the continuation of such status at any time;

- (s) to mention in each communication in relation to the Notes or the admission to trading of the Notes, issued by or on behalf of the Issuer, that the Notes may only be subscribed to or otherwise acquired or held by an Eligible Holder;
- (t) to conduct at all times its business in its own name; for the avoidance of doubt, this requirement does not prejudice those provisions under the Transaction Documents which provide that certain transaction parties (including the Issuer Administrator, the MPT Provider and the Floating Rate GIC Provider) shall for certain purposes act on behalf of the Issuer;
- (u) if it becomes aware of any event which is or may become (with the lapse of time and/or the giving of notice and/or the making of any determination) a Notification Event or an Event of Default under this Agreement, it will without delay inform the Security Agent of such event; and
- (v) if it finds or has been informed that a substantial change has occurred in the development of the Mortgage Receivables or the cash flows generated by the Mortgage Receivables or that any particular event has occurred which may materially change the ratings of the Notes, the expected financial results of the Transaction or the expected cash flows, it will without delay inform the Security Agent of such change or event.

The Issuer shall provide to the Security Agent, the Rating Agencies and the Paying Agent or procure that the Security Agent, the Rating Agencies and the Paying Agent are provided with the Investor Reports on or about each Quarterly Payment Date.

The Investor Reports will be made available for inspection on the website of the Issuer Administrator and will be made available upon request free of charge to any person at the office of the Paying Agent.

4.4 Interest

(a) Period of Accrual

Each Note bears interest on its Principal Amount Outstanding (as defined in Condition 4.5(c)) 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 judgment) 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 calendar day after notice is duly given by the Paying Agent to the relevant Noteholder (in accordance with Condition 4.15) 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 (including any Floating Rate Interest Period (as defined below)), such interest shall be calculated on the basis of the actual days elapsed and a 360 days year.

(b) Interest Periods and Payment Dates

Interest on the Notes is payable quarterly in arrear in euro on the 22nd day of January, April, July and October (or, if such day is not a Business Day, the next succeeding Business Day) in each year (each such day being a **Quarterly Payment Date**), the first Quarterly Payment Date being 22 January 2007. The period from (and including) a Quarterly Payment Date (or the Closing Date in respect of the first Floating Rate Interest Period) to (but excluding) the immediately succeeding (or first) Quarterly Payment Date is called a **Floating Rate Interest Period** in these Conditions. The first Floating Rate Interest Period will commence on (and include) the Closing Date and will end on (but exclude) the first Quarterly Payment Date.

A **Business Day** means a day on which banks are open for business in Brussels, 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.

- (c) Interest on the Notes up to the first Amortisation Date or, as the case may be, the first Optional Redemption Date

During the Revolving Period, 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 three and four months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus, up to (but excluding) the Amortisation Date or, as the case may be, the first Optional Redemption Date:

- (i) for the Senior Class A Notes a margin of 0.11 per cent. per annum;
 - (ii) for the Mezzanine Class B Notes a margin of 0.14 per cent. per annum;
 - (iii) for the Mezzanine Class C Notes a margin of 0.20 per cent. per annum;
 - (iv) for the Junior Class D Notes a margin of 0.40 per cent. per annum;
 - (v) for the Junior Class E Notes a margin of 0.55 per cent. per annum;
 - (vi) for the Subordinated Class F Notes a margin of 1.60 per cent. per annum; and
 - (vii) for the Subordinated Class G Notes a margin of 4.50 per cent. per annum.
- (d) Interest on the Senior Class A Notes following an Amortisation Event up to (but excluding) the first Optional Redemption Date

Following an Amortisation Event, a floating rate of interest will be applicable to the Senior Class A 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, up to but excluding the first Optional Redemption Date, a margin of 0.11 percent per annum.

- (e) Interest on the Notes following the first Optional Redemption Date

If on the first Optional Redemption Date any Class of Notes (other than the Subordinated Class G 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 0.25 per cent. per annum;
 - (ii) for the Mezzanine Class B Notes, a margin of 0.28 per cent. per annum;
 - (iii) for the Mezzanine Class C Notes, a margin of 0.40 per cent. per annum;
 - (iv) for the Junior Class D Notes, a margin of 0.80 per cent. per annum;
 - (v) for the Junior Class E Notes, a margin of 1.10 per cent. per annum;
 - (vi) for the Subordinated Class F Notes, a margin of 3.20 per cent. per annum; and
 - (vii) for the Subordinated Class G Notes, a margin of 9.00 per cent. per annum.
- (f) Euribor

For the purpose of Conditions 4.4(c), 4.4(d) and 4.4 (e) 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 Rate 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 market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and 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 Condition 4.4, 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.

(g) 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 floating rates of interest for each Class of Notes (the **Floating Rates of Interest**) 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 Floating Rates of Interest to the Principal Amount Outstanding of each Class of Notes respectively. 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.

(h) Notification of Rates of Interest and Interest Amounts

At the latest by 02.00 pm (CET) on the Interest Determination Date, the Reference Agent will cause the Floating Rates of Interest and the relevant Interest Amounts to be notified to the Clearing System Operator, the Issuer, the Issuer Administrator, the Security Agent and the Paying Agent and will cause notice thereof to be given to the relevant class of Noteholders. The Interest Amount, the Floating 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.

(i) Determination or Calculation

If the Reference Agent at any time for any reason does not determine the relevant Floating Rates of Interest or fails to calculate the relevant Interest Amounts in accordance with Condition 4.4(g), the Issuer Administrator (and failing the Issuer Administrator, the Issuer or whenever a Protection Notice or Enforcement Notice has been served, the Security Agent in consultation with the Issuer) shall determine or shall cause the relevant Floating Rates of Interest to be determined at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Condition 4.4(f), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Issuer Administrator (and failing the Issuer Administrator, the Issuer or whenever a Protection Notice or Enforcement Notice has been served, the Security Agent in consultation with the Issuer) shall calculate or shall cause the Interest Amounts to be calculated in accordance with Condition 4.4(g), and each such determination or calculation shall (in the absence of manifest error) be final and binding on all parties.

(j) 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 Agent, the right to terminate the appointment of the Reference Agent or of any Reference Bank by giving at least 90 calendar 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 4.15. 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 Agent, 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 Agent has been appointed.

4.5 Redemption and Cancellation

(a) Final redemption

Unless previously redeemed as provided below, the Issuer will redeem the Notes at their Principal Amount Outstanding (as defined below) on the Quarterly Payment Date falling in April 2044 (the **Final Maturity Date**), but in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes, the Subordinated Class F Notes and the Subordinated Class G Notes subject to Condition 4.10(b).

The Issuer may not redeem Notes in whole or in part prior to the Final Maturity Date except as provided in Conditions 4.5(b), 4.5(e), 4.5(f), 4.5(g), 4.5(h) and 4.5(i) but without prejudice to Condition 4.9.

(b) Mandatory Redemption

Provided that no Enforcement Notice has been served in accordance with Condition 4.9, on each Optional Redemption Date the Issuer shall be obliged to apply the Notes Redemption Available Amount (as defined below) to redeem (or partially redeem) the Notes (other than the Subordinated Class G 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;
- (v) fifthly, the Junior Class E Notes until fully redeemed; and
- (vi) sixthly, the Junior Class F Notes until fully redeemed.

The principal amount so redeemable in respect of each relevant Note (each a **Principal Redemption Amount**) on the relevant Quarterly Payment Date shall be the amount (if any) (rounded down to the nearest euro) of the Notes Redemption Available Amount (as applicable to each Class of Notes (other than the Subordinated Class G 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. Following application of the Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

Under the terms of the Common Representative Appointment Agreement, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date to a third party, which may also be the Seller. In addition, on each Quarterly Payment Date, the Seller or any third party appointed by the Seller has the option (but not the obligation) to repurchase and accept re-assignment of the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount of all Mortgage Receivables is less than 10 per cent. of the sum of (i) the aggregate Outstanding Principal Amount of the Mortgage Receivables as of the Closing Date and (ii) the aggregate Outstanding Principal Amount of the New Mortgage Receivables purchased during the Pre-funding Period (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, to the extent it still holds the Mortgage Receivables upon exercise by the Seller of the Clean-Up Call Option.

The proceeds of such sales shall be applied by the Issuer towards redemption of the Notes 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;
- (v) fifthly, the Junior Class E Notes until fully redeemed; and
- (vi) sixthly, the Subordinated Class F Notes until fully redeemed.

All Mortgage Receivables to be so repurchased by the Seller or the third party shall be repurchased for a price equal to the then Outstanding Principal Amount together with accrued interest due but unpaid (if any) up to the relevant date of such repurchase and reassignment and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment), except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 calendar days or in respect of which a foreclosure proceeding has been started, the purchase price shall be 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 Receivables up to the relevant date of such repurchase and reassignment; and (b) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than 12 months old is available or if the existing valuation report no longer reflects the true market value of the Mortgaged Assets, the foreclosure value of the Mortgaged Assets determined based on a valuation report to be established as of the date on which the Mortgage Receivables are 90 calendar days in arrears. For this

purpose, a foreclosure proceeding is deemed to have been started when an order to pay has been served on the Borrower by a bailiff's writ (*het bevel bij exploit werd betekend/ le commandement a été signifié par exploit*) (the **Optional Repurchase Price**).

(c) Definitions

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

- (i) The **Principal Amount Outstanding** on any Quarterly Payment Date of any Note shall 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.
- (ii) The term **Notes Redemption Available Amount** shall mean on any Quarterly Calculation Date the aggregate amount received or held by the Issuer during the immediately preceding Quarterly Calculation Period:
 - (A) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding Prepayment Penalties, if any;
 - (B) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal;
 - (C) as amounts received in connection with a repurchase of Mortgage Receivables 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;
 - (D) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Common Representative Appointment Agreement to the extent such amounts relate to principal;
 - (E) as amounts to be credited to the Quarterly Realised Losses Ledger under items (q), (o), (m), (k), (i) and (g) of the Interest Priority of Payments on the immediately succeeding Quarterly Payment Date;
 - (F) as partial prepayment in respect of Mortgage Receivables;
 - (G) as amounts received as Post-foreclosure Proceeds on the Mortgage Receivables;
 - (H) 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 Optional Redemption Date;
 - (I) as amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement; and
 - (J) on the first Amortisation Date (as defined below) or, as the case may be on the Quarterly Payment Date falling in July 2007, any credit balance of the Pre-funded Account.
- (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 (d) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs.
- (iv) The term **Post-foreclosure Proceeds** shall mean any amounts received, recovered or collected from a Borrower or a third party collateral provider in respect of a Mortgage Receivable in

addition to Net Proceeds, following completion of foreclosure on the Mortgage and other collateral securing the Mortgage Receivables.

- (v) The term **Quarterly Calculation Date** means, in relation to a Quarterly Payment Date, the fourth Business Day prior to such Quarterly Payment Date.
 - (vi) 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 Closing Date and end on and include the last day of December 2006.
- (d) 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 Agent, the Paying Agent, the Reference Agent, the Seller and the Swap Counterparty and will immediately cause notice of each determination of a Principal Redemption Amount and Principal Amount Outstanding in respect of each Class of Notes to be given in accordance with Condition 4.15 by no later than 11.00 hrs (CET) on the 4th Business Day before 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 4.15.
 - (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 Issuer Administrator, failing which the Security Agent in accordance with the preceding paragraphs (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.
- (e) Mandatory Redemption following an Amortisation Event
- Each of the following will constitute an amortisation event (each an **Amortisation Event**):
- (i) the Purchase Available Amount exceeds the Outstanding Principal Amount of Mortgage Receivables offered for sale by the Seller pursuant to the Mortgage Receivables Purchase Agreement on any Purchase Date during the Revolving Period and the Issuer declares this to be an Amortisation Event;
 - (ii) any part of the Pre-funded Amount remains upon expiration of the Pre-funding Period;
 - (iii) a Notification Event has occurred;
 - (iv) the Seller has failed to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement; or
 - (v) an amount has been debited to the Class F Cumulative Net Realised Losses Ledger.

The Issuer shall notify the exercise of its option under (i) above by giving not more than 60 nor less than 30 calendar days written notice to the Security Agent and the Noteholders in accordance with Condition 4.15, prior to the following Quarterly Payment Date. The Issuer or, as the case may be, the Issuer Administrator will notify the Noteholders of the occurrence of an Amortisation Event as set

forth in items (ii) through (v) above, in accordance with Condition 4.15, prior to the following Quarterly Payment Date.

Following an Amortisation Event and provided that no Enforcement Notice has been served in accordance with Condition 4.9, on each Quarterly Payment Date thereafter (each an **Amortisation Date**) the Issuer shall be obliged to apply the Notes Redemption Available Amount to redeem (or partially redeem) the Notes (other than the Subordinated Class G Notes) at their Principal Amount Outstanding on a pro rata 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;
- (E) fifthly, the Junior Class E Notes until fully redeemed; and
- (F) sixthly, the Subordinated Class F Notes until fully redeemed.

The principal amount so redeemable in respect of each relevant Note (each a **Principal Redemption Amount**) on the relevant Quarterly Payment Date shall be the amount (if any) (rounded down to the nearest euro) of the Notes Redemption Available Amount (as applicable to each Class of Notes (other than the Subordinated Class G 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. Following application of the Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(f) **Optional Redemption**

Unless previously redeemed in full, on the Quarterly Payment Date falling in October 2011 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 (other than the Subordinated Class G Notes) at their Principal Amount Outstanding together with interest accrued but unpaid on such date. The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 calendar days written notice to the Security Agent and the Noteholders in accordance with Condition 4.15, 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 F Notes, the Junior Class E Notes, the Junior Class D Notes, the Mezzanine Class C Notes or the Mezzanine Class B Notes respectively, the Issuer may, at its option, subject to Condition 4.10(b), partially redeem all (but not some only) Subordinated Class F Notes or, as the case may be, Junior Class E Notes or, as the case may be, Junior Class D Notes or, as the case may be, Mezzanine Class C Notes or, as the case may be, the Mezzanine Class B Notes at their Principal Amount Outstanding less the relevant Principal Shortfall. Following such redemption the Principal Amount Outstanding of such Subordinated Class F Notes or, as the case may be, such Junior Class E Notes or, as the case may be, such Junior Class D Notes or, as the case may be, such Mezzanine Class C Notes, or, as the case may be, such Mezzanine Class B Notes shall be reduced accordingly and be equal to the relevant Principal Shortfall.

(g) **Redemption of Subordinated Class G Notes**

On the earlier of (i) the Optional Redemption Date on which the Notes (other than the Subordinated Class G Notes) will be redeemed in full or (ii) the Final Maturity Date, the balances standing to the credit of the Reserve Account and the Issuer Collection Account (if any), after all amounts of interest and principal due in respect of the Notes (other than the Subordinated Class G Notes) have been paid

and all items ranking higher in priority in the Interest Priority of Payments have been fulfilled, will be available for redemption of the Subordinated Class G Notes.

(h) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer (which shall be under no obligation to do so) in whole, but not in part, on any Quarterly Payment Date, at their Principal Amount Outstanding, together with interest accrued but unpaid up to and including the date of redemption, if any of the following circumstances arise:

- (i) if on the next Quarterly Payment Date the Issuer, the Clearing System Operator, the Paying Agent or any other person would be required to deduct or withhold for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed by the Kingdom of Belgium (or any sub-division or authority thereof or therein) from any payment of principal or interest in respect of Notes of any Class held by or on behalf of any Noteholder who would, but for any amendment to, or change in, the tax laws or regulations of the Kingdom of Belgium (or of any sub-division or authority thereof or therein having power to tax) or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations after the Closing Date, have been a Tax Eligible Investor; or
- (ii) if on the next Quarterly Payment Date, the Issuer, the Swap Counterparty or any other person would be required to deduct or withhold for or on account of any present or future taxes, duties assessments or governmental charges of whatever nature imposed by the United Kingdom or the Kingdom of Belgium (or any sub-division or authority thereof or therein), or any other sovereign authority having the power to tax, from any payment under the Swap Agreement; or
- (iii) if the total amount payable in respect of interest on any of the Mortgage Receivables ceases to be receivable by the Issuer due to withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature in respect of such payments; or
- (iv) if, after the Closing Date, the IIR Tax Regulations are changed or applied in a way materially adverse to the Issuer or would no longer apply to the Issuer;

by giving not more than 60 nor less than 30 calendar days written notice to the Noteholders and the Security Agent prior to the relevant Quarterly Payment Date in accordance with Condition 4.15, provided that:

- (i) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;
- (ii) prior to giving such notice, the Issuer Administrator shall have provided to the Security Agent a certificate signed by two directors of the Issuer confirming that the Issuer will have on the Relevant Quarterly Payment Date sufficient funds available 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 Interest or Principal Priority of Payment. No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (other than the Subordinated Class G Notes) (or such of them as are then outstanding) are also redeemed in full at the same time; and
- (iii) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer is able to discharge such liabilities.

A **Tax Eligible Investor** includes all persons and organisations referred to in Article 4 of the *Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing / Arrêté royal relatif à la perception et à la bonification du précompte mobilier* (Royal decree of 26 May 1994 on the deduction of withholding tax).

IIR Tax Regulations means the Belgian tax regulations introducing income tax, withholding tax, registration duty and VAT concessions for Belgian companies for investment in receivables (including the Issuer).

(i) Redemption for regulatory reasons

The Issuer shall redeem the Notes in whole, but not in part, subject to Condition 4.10(b), on any Quarterly Payment Date, at their Principal Amount Outstanding together with interest accrued but unpaid up to and including the date of redemption, if the Seller exercises its option to repurchase the Mortgage Receivables upon the occurrence of a change in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the **Basle Accord**) or in the international, European or Belgian regulations, rules and instructions (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 such a change in the manner in which the Basle Accord or the 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 Belgian 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 (a **Regulatory Change**).

The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 calendar days notice to the Noteholders and the Security Agent in accordance with Condition 4.15 prior to the relevant Quarterly Payment Date.

All Mortgage Receivables to be so repurchased by the Seller shall be repurchased for a price equal to the Optional Repurchase Price.

(j) Notice of Redemption

Any such notice as is referred to in Condition 4.5(e), 4.5(f), 4.5(h) and 4.5(i) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at their Principal Amount Outstanding together with interest accrued but unpaid up to and including the date of redemption.

(k) Purchase

The Issuer may not purchase Notes.

(l) Cancellation

All Notes redeemed in full pursuant to the foregoing provisions will be cancelled upon redemption, together with any unmatured Coupons appertaining thereto and attached thereto or surrendered therewith, and may not be resold or re issued.

4.6 Payment

- (a) Payments of principal in respect of the Notes will be made against presentation and surrender of Principal Coupons and, if after such payment the Principal Amount Outstanding of a Note would be zero (including as a result of any other payment due in respect of such Note), surrender of the relevant Note at the specified office of the Paying Agent. Payments of interest in respect of the Notes will (subject as provided in Conditions 4.6(b) and 4.6(c)) be made only against presentation and surrender of Interest Coupons at the specified office of any Paying Agent. Payments will be made in Euro at the specified office of any Paying Agent by Euro cheque drawn on, or, at the option of the holder, by transfer to a Euro account maintained by the payee with, a branch of a bank in Belgium.

- (b) Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.
- (c) Upon the date upon which any Note becomes due and payable in full, unmatured Coupons appertaining thereto (whether or not attached to such Note) shall become void and no payment or, as the case may be, exchange shall be made in respect thereof. If the due date for redemption of any Note is not a Quarterly Payment Date, accrued interest will be paid only against presentation and surrender of such Note.
- (d) If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 4.4(a) will be paid against presentation of such Note or Principal Coupon at the specified office of any Paying Agent.
- (e) The initial Paying Agent is Fortis Bank N.V./S.A. and its initial specified office is at Montagne du Parc 3, 1000 Brussels. The Issuer reserves the right at any time to vary or terminate the appointment of any of the Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and for as long as the Notes are admitted to trading on Eurolist by Euronext Brussels, the Issuer will at all times maintain a paying agent in Belgium. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 4.15.
- (f) On or after the Quarterly Payment Date the final Coupon forming part of any Coupon sheet may be surrendered at any specified office of the Paying Agent in exchange for a further Coupon sheet (excluding any Coupons which shall have become void).
- (g) If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day, such payment shall be due on the immediately succeeding Business Day without any further payments of additional amounts.

4.7 Prescription (verjaring / prescription)

Notes and Principal Coupons shall be prescribed in accordance with the common Belgian rules on prescription of debt, i.e. ten (10) years.

Interest Coupons shall become void unless presented for payment within a period of five (5) years from the relevant date in respect thereof.

After the date on which a Note or a Coupon becomes void in its entirety, no claim may be made in respect thereof. In this Condition, the **relevant date**, in respect of a Note or Coupon, is the date on which a payment in respect thereof first becomes due or (if the full amount of the moneys payable in respect of all the Notes and/or the Coupons due on or before that date has not been received by the Paying Agent or the Security Agent on or prior to such date) the date on which the full amount of such monies having been so received, notice to that effect having been duly given to that effect to the Noteholders in accordance with Condition 4.15.

4.8 Taxation

- (a) All payments in respect of the Notes of each Class will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature, unless the Issuer, the Clearing System Operator, the Paying Agent or any other person is required by applicable law to make any payment in respect of the Notes of such class subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, the Clearing System Operator, the Paying Agent or such other person (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, the Clearing System Operator, the Paying Agent nor any other person will be obliged to gross up the

payments in respect of the Notes of any Class or to make any additional payments to any Noteholders or Couponholders in respect of any such withholding or deduction.

- (b) The Security Agent, the Issuer, the Clearing System Operator, the Paying Agent or any other person being required to make a Tax Deduction shall not constitute an Event of Default.

4.9 Events of Default

- (a) The Security Agent at its discretion may, and, if so directed in writing by the holders of not less than twenty-five (25) per cent. in Principal Amount Outstanding of the Highest Ranking Class of Notes then outstanding or if so directed by or pursuant to an Extraordinary Resolution of the holders of the Highest Ranking Class of Notes (subject, in each case, to being indemnified to its satisfaction for all its liabilities and expenses) (but in the case of the occurrence of any of the events mentioned in paragraphs (ii) to (vi) below, only if the Security Agent shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Highest Ranking Class of Notes then outstanding), shall be bound to declare the Notes to be due and payable following the occurrence and continuation of an Event of Default by giving notice (an **Enforcement Notice**) to the Issuer, the Rating Agencies, the MPT Provider and the Issuer Administrator that the Notes are, and each Note shall become subject to Condition 4.10, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest as provided in these Conditions and the Common Representative Appointment Agreement.

Each of the following events is an **Event of Default**:

- (i) the Issuer fails to pay any amount of principal in respect of the Notes on / within fifteen (15) calendar days of the due date for payment of such principal or, fails to pay any amount of interest in respect of the Notes on / within ten (10) calendar days of the due date for payment of such interest; or
- (ii) the Issuer defaults in the performance or observance of any of its other obligations or is in breach of any of its representations or warranties under or in respect of the Notes or the other Transaction Documents and such default or breach (a) is, in the opinion of the Security Agent, incapable of remedy or (b) being a default or breach which is, in the opinion of the Security Agent, capable of remedy, remains unremedied for thirty (30) calendar days or such longer period as the Security Agent may agree after the Security Agent has given written notice of such default or breach to the Issuer (save that if the Issuer fails to comply with the order of the Priority of Payments prior to the service of an Enforcement Notice (as set out in Condition 4.2 (c)), such period being reduced to fifteen (15) calendar days to rectify any technical errors); or
- (iii) an order being made or an effective resolution being passed for the winding up (*ontbinding / dissolution*) of the Issuer or Compartment N° 1 except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Security Agent in writing or by an Extraordinary Resolution of the Noteholders; or
- (iv) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub paragraph (iii) above, ceasing or, through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business or the Issuer being unable to pay its debts allocated to Compartment N° 1 as and when they fall due or the value of its assets allocated to Compartment N° 1 falling to less than the amount of its liabilities or otherwise becomes insolvent; or
- (v) proceedings are initiated against or by the Issuer under any applicable liquidation, composition, insolvency or other similar law including the *Faillissementswet / loi sur les faillites* (Law on Bankruptcy of 8 August 1997) and the *Wet betreffende het Gerechtelijk Akkoord / loi relative au concordat judiciaire* (Law on Judicial Composition of 17 July 1997) or an administrative receiver or other receiver, administrator or other similar official (including a *voorlopig*

bewindvoerder / administrateur provisoire (ad hoc administrator)) has been appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer or a *bevel tot betalen* (notice of demand) is notified to the Issuer under Articles 1499 or 1564 of the *Gerechtelijk Wetboek / Code judiciaire* (Judicial Code), or *uitvoerend beslag / saisie exécutoire* (distrain) is carried out in respect of the whole or any substantial part of the undertaking or assets allocated to Compartment N°1 of the Issuer and in any of the foregoing cases it shall not be discharged within thirty (30) Business Days; or

- (vi) any action is taken by any authority, court or tribunal, which results in the loss of the Issuer of its status as an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht / société d'investissement en créances institutionnelle de droit belge* or which in the reasonable opinion of the Security Agent, after consultation with the Issuer and the Issuer Administrator, is very likely to result in the loss of such status and would adversely affect the Transaction.
- (b) As long as Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Agent 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 Junior Class E Notes or the Subordinated Class F Notes or the Subordinated Class G 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 Junior Class E Noteholders or the Subordinated Class F Noteholders or the Subordinated Class G Noteholders unless an Enforcement Notice in respect of the Senior Class A Notes has been given by the Security Agent. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Senior Class A Notes, the Security Agent shall not be required to have regard to the interests of the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders, the Subordinated Class F Noteholders or the Subordinated Class G Noteholders.

If there are no longer Senior Class A Notes outstanding, but for so long as there are any Mezzanine Class B Notes outstanding, no Enforcement Notice may or shall be given by the Security Agent to the Issuer in respect of the Mezzanine Class C Notes or the Junior Class D Notes or the Junior Class E Notes or the Subordinated Class F Notes or the Subordinated Class G Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class C Noteholders or the Junior Class D Noteholders or the Junior Class E Noteholders or the Subordinated Class F Noteholders or the Subordinated Class G Noteholders unless an Enforcement Notice in respect of the Mezzanine Class B Notes has been given by the Security Agent. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Mezzanine Class B Notes, the Security Agent shall not be required to have regard to the interests of the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders, the Subordinated Class F Noteholders or the Subordinated Class G Noteholders.

If there are no longer Senior Class A Notes and Mezzanine Class B Notes outstanding, but for so long as there are any Mezzanine Class C Notes outstanding, no Enforcement Notice may or shall be given by the Security Agent to the Issuer in respect of the Junior Class D Notes or the Junior Class E Notes or the Subordinated Class F Notes or the Subordinated Class G Notes, irrespective of whether an Extraordinary Resolution is passed by the Junior Class D Noteholders or the Junior Class E Noteholders or the Subordinated Class F Noteholders or the Subordinated Class G Noteholders unless an Enforcement Notice in respect of the Mezzanine Class C Notes has been given by the Security Agent. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Mezzanine Class C Notes, the Security Agent shall not be required to have regard to the interests of the Junior Class D Noteholders, the Junior Class E Noteholders, the Subordinated Class F Noteholders or the Subordinated Class G Noteholders.

If there are no longer Senior Class A Notes, Mezzanine Class B Notes and Mezzanine Class C Notes outstanding, but for so long as there are any Junior Class D Notes outstanding, no Enforcement Notice may or shall be given by the Security Agent to the Issuer in respect of the Junior Class E Notes or the

Subordinated Class F Notes or the Subordinated Class G Notes, irrespective of whether an Extraordinary Resolution is passed by the Junior Class E Noteholders or the Subordinated Class F Noteholders or the Subordinated Class G Noteholders unless an Enforcement Notice in respect of the Junior Class D Notes has been given by the Security Agent. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Junior Class D Notes, the Security Agent shall not be required to have regard to the interests of the Junior Class E Noteholders, the Subordinated Class F Noteholders or the Subordinated Class G Noteholders.

If there are no longer Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Junior Class D Notes outstanding, but for so long as there are any Junior Class E Notes outstanding, no Enforcement Notice may or shall be given by the Security Agent to the Issuer in respect of the Subordinated Class F Notes or the Subordinated Class G Notes, irrespective of whether an Extraordinary Resolution is passed by the Subordinated Class F Noteholders or the Subordinated Class G Noteholders unless an Enforcement Notice in respect of the Junior Class E Notes has been given by the Security Agent. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Junior Class E Notes, the Security Agent shall not be required to have regard to the interests of the Subordinated Class F Noteholders or the Subordinated Class G Noteholders.

If there are no longer Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes and Junior Class E Notes outstanding, but for so long as there are any Subordinated Class F Notes outstanding, no Enforcement Notice may or shall be given by the Security Agent to the Issuer in respect of the Subordinated Class G Notes, irrespective of whether an Extraordinary Resolution is passed by the holders of the Subordinated Class G Notes unless an Enforcement Notice in respect of the Subordinated Class F Notes has been given by the Security Agent. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Subordinated Class F Notes, the Security Agent shall not be required to have regard to the interests of the Subordinated Class G Noteholders.

4.10 Subordination

(a) Interest

Interest on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes, the Junior Class E Notes, the Subordinated Class F Notes and the Subordinated Class G Notes shall be payable in accordance with the provisions of Conditions 4.4 and 4.5, 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 4.4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4.4, 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. To the extent that any such shortfall is made good on the next succeeding Quarterly Payment Date, the Issuer shall debit the Mezzanine Class B Interest Deficiency Ledger with an amount equal to the amount by which such shortfall is reduced.

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 4.4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4.4, 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. To the extent that any such shortfall is made good on the next succeeding Quarterly Payment Date, the Issuer shall debit the Mezzanine Class C Interest Deficiency Ledger with an amount equal to the amount by which such shortfall is reduced.

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 4.4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4.4, 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. To the extent that any such shortfall is made good on the next succeeding Quarterly Payment Date, the Issuer shall debit the Junior Class D Interest Deficiency Ledger with an amount equal to the amount by which such shortfall is reduced.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Junior Class E Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Junior Class E Notes. In the event of a shortfall, the Issuer shall credit the Junior Class E Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Junior Class E Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Junior Class E Notes on that date pursuant to Condition 4.4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4.4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Junior Class E Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Junior Class E Note on the next succeeding Quarterly Payment Date. To the extent that any such shortfall is made good on the next succeeding Quarterly Payment Date, the Issuer shall debit the Junior Class E Interest Deficiency Ledger with an amount equal to the amount by which such shortfall is reduced.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Subordinated Class F Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Subordinated Class F Notes. In the event of a shortfall, the Issuer shall credit the Subordinated Class F Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class F Notes on any Quarterly Payment Date in accordance with this Condition falls short of the

aggregate amount of interest payable on the Subordinated Class F Notes on that date pursuant to Condition 4.4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4.4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Subordinated Class F Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Subordinated Class F Note on the next succeeding Quarterly Payment Date. To the extent that any such shortfall is made good on the next succeeding Quarterly Payment Date, the Issuer shall debit the Subordinated Class F Interest Deficiency Ledger with an amount equal to the amount by which such shortfall is reduced.

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 G 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 G Notes. In the event of a shortfall, the Issuer shall credit the Subordinated Class G Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class G Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Subordinated Class G Notes on that date for the purposes of Condition 4.4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Subordinated Class G 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 G Note on the next succeeding Quarterly Payment Date. To the extent that any such shortfall is made good on the next succeeding Quarterly Payment Date, the Issuer shall debit the Subordinated Class G Interest Deficiency Ledger with an amount equal to the amount by which such shortfall is reduced.

(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 Cumulative Net Realised Losses 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 Cumulative Net Realised Losses 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 Cumulative Net Realised

Losses 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 Quarterly Payment Date. The Junior Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class D Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the 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 Junior Class E Noteholders will not be entitled to any repayment of principal in respect of the Junior Class E Notes. If, on any Quarterly Payment Date, there is a balance on the Class E Cumulative Net Realised Losses Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class E Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such Quarterly Payment Date. The Junior Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class E Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the 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 and the Principal Amount Outstanding of the Junior Class E Notes is reduced to zero, the Subordinated Class F Noteholders will not be entitled to any repayment of principal in respect of the Subordinated Class F Notes. If, on any Quarterly Payment Date, there is a balance on the Class F Cumulative Net Realised Losses Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Subordinated Class F Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such Quarterly Payment Date. The Subordinated Class F Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class F Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

Principal Shortfall shall mean an amount equal to the quotient of the balance on the relevant sub-ledger of the Cumulative Net Realised Losses Ledger divided by the number of the Notes of the relevant Class on such Quarterly Payment Date.

The Subordinated Class G Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class G 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.

(c) General

In the event that the Security Interests in respect of the Notes and the Coupons appertaining thereto have been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Common Representative Appointment Agreement 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 Agent in respect of any such unpaid amounts.

4.11 Enforcement

(a) Enforcement of the Security Interests

- (i) At any time after the Notes have become due and repayable, the Security Agent may, at its discretion and without further notice, take such steps and proceedings against the Issuer as it may think fit to enforce the Security Interests and to enforce repayment of the Notes together with payment of accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Highest Ranking Class of Notes then outstanding or so requested in writing by the holders of at least twenty-five (25) per cent. in Principal Amount Outstanding of the Highest Ranking Class of Notes then outstanding and (b) it shall have been indemnified or secured to its satisfaction for all expenses and liabilities to which it may become or which it may incur.
- (ii) Only the Security Agent may enforce the Security Interests and no other Secured Party shall be entitled to enforce such security or proceed against the Issuer to enforce the performance of any of the provisions of the Pledge Agreement, unless the Security Agent, having become bound to take such steps as provided in the Pledge Agreement and the Common Representative Appointment Agreement, fails to do so within a reasonable period (thirty (30) days being deemed for this purpose to be a reasonable period) and such failure shall be continuing. The Security Agent shall have regard to the Noteholders as a Class and, for the purposes of exercising its rights, powers, duties or discretions the Security Agent shall as long as different Classes are outstanding have regard only to the holders of the Highest Ranking Class of Notes then outstanding, provided that so long as any of the Highest Ranking Class of Notes are outstanding, the Security Agent shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other Class of Notes unless:
 - (A) to do so would not, in its opinion, be materially prejudicial to the interests of the holders of the Highest Ranking Class of Notes; or
 - (B) (if the Security Agent is not of that opinion) such action of each Class is sanctioned by an Extraordinary Resolution of the holders of the Highest Ranking Class of Notes in accordance with Condition 4.13.
- (iii) The Security Agent cannot, while any of the Notes are outstanding, be required to enforce the Security Interests at the request of any Secured Party other than the Noteholders.
- (iv) If an Enforcement Notice has been delivered by the Security Agent, the Issuer will not be entitled to dispose of the Mortgage Receivables.

(b) Enforcement of other obligations of the Issuer – non-petition

- (i) As representative of the Noteholders and of the other Secured Parties, only the Security Agent may pursue the remedies available under general law or under the Transaction Documents against the Issuer and the Pledged Assets and, other than as permitted in this Condition 4.11, no Secured Party (other than the Security Agent) shall be entitled to proceed directly against the Issuer and the Pledged Assets.
- (ii) Without prejudice to Condition 4.11(a), each Secured Party has agreed in the Common Representative Appointment Agreement that:
 - (A) none of the Secured Parties, other than the Security Agent, (nor any person on their behalf) are entitled, otherwise than as permitted by the Transaction Documents, to direct the Security Agent to take any proceedings against the Issuer or take any proceedings against the Issuer unless the Security Agent, having become bound to serve an Enforcement Notice or having been requested in writing or directed by a resolution of the Noteholders in accordance with Conditions 4.11(a) to take any other action to enforce its rights under the Notes and under the other Transaction Documents (such obligations a **Security Agent Action**), fails to do so within thirty (30) calendar days of

becoming so bound and that failure is continuing (in which case each of the Secured Parties shall (subject to (C) and (D) below) be entitled to take any such steps and proceedings as it shall deem necessary in respect of, the Issuer);

- (B) no Secured Party (nor any person on its behalf), other than the Security Agent, shall have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to any of such Secured Parties, unless the Security Agent, having become bound to take a Security Agent Action, fails to do so within thirty (30) calendar days of becoming so bound and that failure is continuing (in which case each of the Secured Parties shall (subject to (C) and (D) below) be entitled to take any such steps and proceedings as it shall deem necessary in respect of the Issuer);
- (C) until the date falling one year after the latest maturing Note is paid in full, none of the Secured Parties, including the Security Agent, (or any person acting on their behalf) shall initiate or join any person in initiating any Bankruptcy Event or the appointment of any Bankruptcy Official in relation to the Issuer;
- (D) no Secured Party (nor any person on its behalf), including the Security Agent, shall be entitled to take or join in the taking of any steps or proceedings which would result in the applicable priority of payments under the Common Representative Appointment Agreement not being observed; and
- (E) no Secured Party (nor any person on its behalf), other than the Security Agent, shall seek to prevent the Security Agent from exercising its powers and discretions under or pursuant to the Common Representative Appointment Agreement (or any other Transaction Document), unless in the circumstances where they would be entitled to take direct action against the Issuer in accordance with the paragraphs (A) or (B) above.

Bankruptcy Event in respect of a person means: (a) such person is unable or admits its inability to pay its debts as they fall due, or suspends making payments on any of its debts or is otherwise insolvent; or (b) the value of the assets of such person is less than the amount of its liabilities, taking into account its contingent and prospective liabilities; or (c) a moratorium is declared in respect of any indebtedness of such person; or (d) the commencement of negotiations with one or more creditors of such person with a view to rescheduling any indebtedness of such person; or (e) any corporate action, legal proceedings or other procedure or step is taken in relation to: (i) the appointment of a Bankruptcy Official in relation to such person or in relation to the whole or any part of the undertaking or assets of such person; or (ii) any official or representative (excluding, in relation to the Issuer, by the Security Agent) taking possession of the whole or any part of the undertaking or assets of such person; or (iii) the making of an arrangement, composition, or compromise, (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such person, a reorganisation of such person, a conveyance to or assignment for the creditors of such person generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such person generally; or (iv) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such person (excluding, in relation to the Issuer, by the Security Agent); or (f) any procedure or step is taken, or any event occurs, analogous to those set out in (a) to (e) above, in any jurisdiction.

Bankruptcy Official means, in relation to a person, a liquidator, (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Security Agent or by an Extraordinary Resolution of the Noteholders of the Highest Ranking Class of Notes then outstanding), provisional liquidator, administrator, administrative receiver, receiver, manager, compulsory or interim manager, nominee, supervisor, trustee, trustee in bankruptcy, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

4.12 The Security Agent

(a) Appointment

The Security Agent has been appointed by the Issuer as representative of the Noteholders in accordance with Article 27 and Article 106 of the Securitisation Act and as irrevocable attorney (*mandataris / mandataire*) of the other Secured Parties, in each case upon the terms and conditions set out in the Common Representative Appointment Agreement and herein.

(b) Powers, authorities and duties

The Security Agent, acting in its own name and on behalf of the Secured Parties shall have the power:

- (i) to accept the Security Interests on behalf of the Noteholders and the other Secured Parties;
- (ii) upon service of an Enforcement Notice, to proceed against the Issuer to enforce the performance of the Transaction Documents and to enforce the Security Interests on behalf of the Secured Parties;
- (iii) to collect all proceeds in the course of enforcing the Security Interests;
- (iv) to apply or to direct the application of the proceeds of enforcement in accordance with the Conditions, the Residual Conditions, the provisions of the Common Representative Appointment Agreement and the Pledge Agreement;
- (v) to instruct the Paying Agent (or any substitute paying agent appointed in accordance with the provisions of the Agency Agreement) to open a bank account with an Eligible Institution for the purposes of depositing the proceeds of enforcement and to give all directions to the Eligible Institution and/or the Paying Agent (or its substitute) to administer such account, and to receive a power of attorney given by Paying Agent to administer such account;
- (vi) to exercise all other powers and rights and perform all duties given to the Security Agent under the Transaction Documents; and
- (vii) generally, to do all things necessary in connection with the performance of such powers and duties.

Eligible Institution means a credit institution within the meaning of the Belgian law of 22 March 1993 on credit institutions.

The Security Agent may delegate the performance of any of the foregoing powers to any persons (including any legal entity) whom it may designate. Notwithstanding any sub-contracting or delegation of the performance of its obligations under the Common Representative Appointment Agreement, the Security Agent shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of the obligations of the Security Agent under the Common Representative Appointment Agreement and shall be jointly and severally liable for the performance or non-performance or the manner of performance of any sub-contractor, agent or delegate and such sub-contracting or delegation shall not affect the Security Agent's obligations under the Common Representative Appointment Agreement.

The Security Agent has also been appointed as irrevocable agent (*mandataris / mandataire*) of the other Secured Parties. In relation to any duties, obligations and responsibilities of the Security Agent to the other Secured Parties in its capacity as agent of the other Secured Parties in relation to the Pledged Assets and under or in connection with the Transaction Documents, the Security Agent and the other Secured Parties agree and the Issuer concurs, that the Security Agent shall discharge these duties, obligations and responsibilities by performing and observing its duties, obligations and responsibilities as representative of the Noteholders in accordance with the provisions of the Common Representative Appointment Agreement, the Transaction Documents, the Conditions and the Residual Certificates.

The Security Agent may in accordance with Clause 6.6 of the Common Representative Appointment Agreement serve a Protection Notice as a result of which no payments shall be made from the Transaction Accounts without the prior consent of the Security Agent, provided that such will not alter the relevant Priority of Payments.

(c) Variations

The Security Agent may on behalf of the Noteholders and without the consent of the Noteholders or the other Secured Parties at any time and from time to time, concur with the Issuer or any other person in making any modification:

- (i) to the Transaction Documents which in the opinion of the Security Agent is of a formal, minor, or technical nature or is to correct a manifest error or to comply with the mandatory provisions of Belgian law; or
- (ii) to the Transaction Documents which in the opinion of the Security Agent is not materially prejudicial to the interests of the Noteholders, provided that such modification will have no adverse impact on the then current ratings assigned to the Notes (it being understood that the fact that the then current ratings of the Notes will not be adversely affected does not address whether such modification is in the best interest of, or prejudicial to, some or all of the Noteholders),

it being understood that any modification of a Transaction Document must be approved by each party thereto.

Any such modification shall be binding on the Noteholders.

In no event may such modification be a Basic Terms Modification (as defined in Condition 4.13). The Security Agent shall not be bound to give notice to Noteholders of any modifications to the Transaction Documents agreed pursuant to this paragraph. The Issuer shall cause notice of any such modification to be given to the Rating Agencies, the Issuer Administrator, the MPT Provider and the Paying Agent.

If, in the Security Agent's opinion it is not sufficiently established that the proposed amendment or variation can be approved by it in accordance with this paragraph, it will determine in its full discretion whether to submit the proposal to a duly convened meeting of Noteholders or to refuse the proposed amendment or variation.

(d) Waivers

The Security Agent may, without the consent of the Noteholders and the other Secured Parties or the Issuer, without prejudice to its right in respect of any further or other breach, condition, event or act from time to time and at any time, but only if and in so far as in its opinion the interests of Noteholders will not be materially prejudiced thereby, (i) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Common Representative Appointment Agreement, the Notes or any of the Transaction Documents, or (ii) determine that any breach, condition, event or act which constitutes (and/or which, with the giving of notice or the lapse of time and/or the Security Agent making any relevant determination and/or issuing any relevant certificate would constitute) but for such determination, an Event of Default shall not, or shall not subject to specified conditions, be treated as such for the purposes of the Common Representative Appointment Agreement. Any such authorisation, waiver or determination pursuant to this clause shall be binding on the Noteholders and if, but only if, the Security Agent shall so require, notice thereof shall be given to the Noteholders and the Rating Agencies.

(e) Reliance

In determining whether or not any power, trust, authority, duty or discretion or any change, event or occurrence under or in relation to the Conditions or any of the Transaction Documents will be materially prejudicial to the interests of Noteholders, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud. Concurrently, the Security Agent may, along with any other relevant factors, have regard for whether the Rating Agencies have confirmed that the then current rating of the Notes, would not be adversely affected by such change, event or occurrence. For the avoidance of doubt, any such confirmation by the Rating Agencies shall not be construed to mean that such action, change, event or occurrence is not materially prejudicial to the interest of the Noteholders.

(f) Conflicts of interest

In connection with the exercise of its powers, authorities and discretions, the Security Agent shall have regard to the interests of the Noteholders as a Class and shall not have regard to the consequence of such exercise for individual Noteholders.

The Security Agent shall take account of the interests of the Secured Parties to the extent that there is no conflict amongst them. To the extent that:

- (i) an actual conflict exists or is likely to exist between the interests of the Secured Parties in relation to any material action, decision or duty of the Security Agent under or in relation to the Common Representative Appointment Agreement and the Conditions; and
- (ii) any of the Transaction Documents and the Conditions give the Security Agent a material discretion in relation to such action, decision or duty;

the Security Agent shall always have regard to the interests of the Noteholders in priority to the interests of the other Secured Parties.

For so long as there are any Senior Class A Notes outstanding, the Security Agent is to have regard solely to the interests of the Senior Class A Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Senior Class A Noteholders and (b) the holders of any of the other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes outstanding, but for so long as there are any Mezzanine Class B Notes outstanding, the Security Agent is to have regard solely to the interests of the Mezzanine Class B Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Mezzanine Class B Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes and Mezzanine Class B Notes outstanding, but for so long as there are any Mezzanine Class C Notes outstanding, the Security Agent is to have regard solely to the interests of the Mezzanine Class C Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Mezzanine Class C Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes, Mezzanine Class B Notes and Mezzanine Class C Notes outstanding, but for so long as there are any Junior Class D Notes outstanding, the Security Agent is to have regard solely to the interests of the Junior Class D Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Junior Class D Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Junior Class D Notes outstanding, but for so long as there are any Junior Class E Notes outstanding, the Security Agent is to have regard solely to the interests of the Junior Class E Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Junior Class E Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes and Junior Class E Notes outstanding, but for so long as there are any Subordinated Class F Notes outstanding, the Security Agent is to have regard solely to the interests of the Subordinated Class F Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Subordinated Class F Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes, Junior Class E Notes and Subordinated Class F Notes outstanding, but for so long as there are any Subordinated Class G Notes outstanding, the Security Agent is to have regard solely to the interests of the Subordinated Class G Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Subordinated Class G Noteholders and (b) any other Secured Parties.

Further, to the extent that:

- (A) an actual conflict exists or is likely to exist between the interests of the Issuer, the Secured Parties and the interests of the Seller and/or of the holders of Residual Certificates in relation to any material action, decision or duty of the Security Agent under or in relation to the Common Representative Appointment Agreement and any other Transaction Document; and
- (B) the Common Representative Appointment Agreement and any other Transaction Document gives the Security Agent a material discretion in relation to such action, decision or duty;

then the Security Agent shall have regard to the interests of the Issuer and the Secured Parties (other than the Seller and/or the holders of Residual Certificates) in priority to the interests of the Seller and/or of the holders of Residual Certificates.

(g) Replacement of the Security Agent

The Noteholders shall be entitled to terminate the appointment of the Security Agent by an Extraordinary Resolution notified to the Issuer and the Security Agent, provided that:

- (i) in the same resolution a substitute security agent is appointed; and
- (ii) such substitute security agent meets all legal requirements to act as security agent and common representative and accepts to be bound by the terms of the Transaction Documents in the same way as its predecessor.

If any of the following events (each a **Common Representative Termination Event**) shall occur, namely:

- (i) an order is made or an effective resolution is passed for the dissolution (*ontbinding / dissolution*) of the Security Agent except a dissolution (*ontbinding / dissolution*) for the purpose of a merger where the Security Agent remains solvent; or
- (ii) the Security Agent ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of its debts or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent; or

- (iii) the Security Agent defaults in the performance or observance of any of its material covenants and obligations under the Common Representative Appointment Agreement or any other Transaction Document and (except where such default is incapable of remedy, when no such continuation and/or notice shall be required) such default continues unremedied for a period of thirty (30) Business Days after the earlier of the Security Agent becoming aware of such default and receipt by the Security Agent of written notice from the Issuer requiring the same to be remedied; or
- (iv) the Security Agent becomes subject to any bankruptcy (*faillissement / faillite*), judicial composition (*gerechtelijk akkoord / concordat judiciaire*) or other insolvency procedure under applicable laws; or
- (v) the Security Agent is unable to perform its material obligations under the Pledge Agreement for a period of twenty (20) Business Days by circumstances beyond its reasonable control or *force majeure*; or
- (vi) the Security Agent no longer meets the conditions set out in the Securitisation Act and any implementing royal decrees containing the requirements for the appointment of an agent for Noteholders in accordance with Article 27 (excluding the last paragraph of Article 27 § 1) and Article 106 of the Securitisation Act;

then the Issuer may by notice in writing terminate the powers delegated to the Security Agent under the Common Representative Appointment Agreement and the Transaction Documents with effect from a date (not earlier than the date of the notice) specified in the notice and appoint a substitute security agent selected by the Issuer which shall act as security agent until a new security agent is appointed by the general meeting of Noteholders which shall promptly be convened by the Issuer. Upon such selection being made and notified by the Issuer to the Secured Parties in a way deemed appropriate by the Issuer all rights and powers granted to the company then acting as Security Agent shall terminate and shall automatically be vested in the substitute security agent so selected. All references to the Security Agent in the Transaction Documents shall where and when appropriate be read as references to the substitute security agent as selected and upon vesting of rights and powers pursuant this clause.

Such termination shall also terminate the appointment and power of attorney by the other Secured Parties. The other Secured Parties hereby irrevocably agree that the substitute security agent shall from the date of its appointment act as attorney (*mandataris / mandataire*) of the other Secured Parties on the terms and conditions set out in these Conditions and the Transaction Documents.

The Security Agent shall not be discharged from its responsibilities under the Common Representative Appointment Agreement until a suitable substitute security agent, which has been accepted by the Issuer and the Noteholders (such approval not being unreasonably withheld) is appointed.

(h) Accountability, Indemnification and Exoneration of the Security Agent

If so requested in advance by the board of directors of the Issuer, the Security Agent shall report to the general meeting of Noteholders on the performance of its duties under the Common Representative Appointment Agreement and the Transaction Documents provided such request is notified by registered mail no later than ten (10) Business Days prior to the relevant general meeting of Noteholders. The board of directors of the Issuer shall require such report if so requested by those Noteholders who have requested that such general meeting be convened.

The Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Security Agent and providing for its indemnification in certain circumstances, including provisions relieving the Security Agent from taking enforcement proceedings or enforcing the Security Interests unless indemnified to its satisfaction.

The Security Agent shall not be liable to the Issuer or any of the Secured Parties in respect of any loss or damage which arises out of the exercise, or the attempted exercise of, or the failure to exercise any of its powers or any loss resulting there from, except that the Security Agent shall be liable for such loss or damage that is caused by its Gross Negligence, wilful misconduct or fraud.

The Security Agent shall not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Pledged Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the MPT Provider or any agent or related company of the MPT Provider or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Security Agent.

The Security Agent shall have no liability for any breach of or default under its obligations under the Transaction Documents if and to the extent that such breach is caused by any failure on the part of the Issuer, any of the Secured Parties to duly perform any of their material obligations under any of the Transaction Documents. In the event that the Security Agent is rendered unable to duly perform its obligations under the Transaction Documents by any circumstances beyond its control, the Security Agent shall not be liable for any failure to carry out its obligations under the Transaction Documents which are thus affected by the event in question and, for so long as such circumstances continue, its obligations under the Transaction Documents which are thus affected will be suspended without liability for the Security Agent.

The Security Agent shall not be responsible for monitoring the compliance by any of the other party (including the Issuer and the MPT Provider) with their obligations under the Transaction Documents. The Security Agent may, until it has actual knowledge or express notice to the contrary, assume the Issuer and the MPT Provider are observing and performing all their obligations under any of the Transaction Documents and in any notices or acknowledgements delivered in connection with any such Transaction Documents.

The Security Agent shall not be responsible for ensuring that any Security Interest is created by, or continues to be managed by, the Issuer, the Security Agent, or any other person in such a manner as to create or maintain sufficient control to obtain the type of Security Interest described in the Pledge Agreement in relation to the assets of the Issuer which are purported to be secured thereby, provided that it complies with the provisions of the Transaction Documents.

Except if such meeting is convened by the Security Agent, but only to the extent that any defect has arisen directly from the Security Agent's Gross Negligence, wilful misconduct or fraud, the Security Agent shall not be liable for acting upon any resolution purporting to have been passed at any meeting of any Class of Noteholders in respect whereof minutes have been made and signed even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or passing of the resolution or that for any reason the resolution was not valid or binding upon such Noteholders.

If the Security Agent has acted upon such resolution, each Noteholder of such Class of Notes shall forthwith on demand indemnify the Security Agent for its *pro rata* share in any liability, loss or expense incurred or expected to be incurred by the Security Agent in any way relating to or arising out of its acting as Security Agent in respect of that of a particular Class of Notes, except to the extent that the liability or loss arises directly from the Security Agent's Gross Negligence, wilful misconduct or fraud. The liability shall be divided between the Noteholders of the relevant Class of Notes *pro rata* according to the respective Principal Amount Outstanding of the Notes held by each of them respectively.

The Security Agent shall not be liable to the Issuer or any Noteholder by reason of having accepted as valid or not having rejected any Note purporting to be such and subsequently found to be forged or not authentic.

(i) Instructions and indemnity

The Security Agent shall not be bound to take any action under its powers or duties other than those referred to in paragraph (i), (iii) and (v) of Condition 4.12(b) and Condition 4.12(c) unless:

- (A) it shall have been directed to do so by an Extraordinary Resolution of the Highest Ranking Class of Notes then outstanding or it shall have been requested to do so by the holders of not less than 25 per cent. in Principal Amount Outstanding of the Highest Ranking Class of Notes then outstanding; and
- (B) it shall in all cases have been indemnified to its satisfaction against all liability, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith, save where these are due to its own Gross Negligence, wilful misconduct or fraud.

Whenever the interests of the Noteholders are or can be affected in the opinion of the Security Agent, the Security Agent may - if indemnified to its satisfaction - take legal action on behalf of the Noteholders and represent the Noteholders in any bankruptcy (*faillissement / faillite*), liquidation (*vereffening / liquidation*), judicial composition (*gerechtelijk akkoord / concordat judiciaire*) and any other legal proceedings initiated against the Issuer or any other party to a Transaction Document.

The Security Agent can under no circumstances, including the situation wherein Noteholders' instruction or approval cannot be obtained for whatever reason, be required to act without it being remunerated and indemnified or secured to its satisfaction.

The Security Agent shall be indemnified by the Issuer and held harmless, in respect of any and all liabilities and expenses incurred by it or by anyone appointed by it or to whom any of its functions may be delegated by it in carrying out its functions.

(j) Parallel Debt

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Agent an amount equal to the aggregate amount due (*verschuldigd/dû*) by the Issuer (the **Parallel Debt**):

- (i) to the Noteholders under the Notes;
- (ii) as fees or other remuneration to the Directors under the Management Agreements;
- (iii) as fees and expenses to the MPT Provider under the Issuer Services Agreement;
- (iv) as fees and expenses to the Issuer Administrator under the Issuer Services Agreement;
- (v) as fees and expenses to the Domiciliary Agent, the Paying Agent, the Reference Agent and the Listing Agent under the Agency Agreement;
- (vi) to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (vii) to the Swap Counterparty under the Swap Agreement, excluding the return of Excess Swap Collateral;
- (viii) the Floating Rate GIC Provider under the Floating Rate GIC;
- (ix) to the Seller under the Mortgage Receivables Purchase Agreement;
- (x) the holders of Residual Certificates under the Residual Certificates; and
- (xi) to the Subordinated Loan Provider under the Subordinated Loan Agreement.

(together the **Secured Parties**).

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Agent's own separate and independent claim to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent 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 Agent irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Agent 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 by it on the Mortgage Receivables and the other Pledged Assets; and
- (B) the amounts received in connection with the Common Representative Appointment Agreement and penalty provided in the Mortgage Receivables Purchase Agreement insofar such penalty relates to the Mortgage Receivables and the other Pledged Assets; and
- (C) 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;
- (D) **less** any amounts already paid by the Security Agent to the Secured Parties pursuant to the Common Representative Appointment Agreement, and
- (E) **less** the *pro rata* part of the costs and expenses of the Security Agent (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 Agent).

4.13 Meetings of Noteholders, Modifications and Waivers

The Articles 568 to 580 of the Belgian Company Code (*Wetboek van vennootschappen / Code des sociétés*) shall only apply to the extent that the Conditions, the articles of association of the Issuer or the Transaction Documents do not contain provisions which differ from the provisions contained in such articles.

The Common Representative Appointment Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting the interests of Noteholders, including proposals by Extraordinary Resolution to modify, or to sanction the modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents.

The following provisions shall apply where outstanding Notes belong to more than one Class:

- (a) business which in the opinion of the Security Agent affects the Notes of only one Class shall be transacted at a separate meeting of the Noteholders of that Class;
- (b) business which in the opinion of the Security Agent affects the Notes of more than one Class but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class and the Noteholders of any other Class shall be transacted either at separate meetings of the Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes as the Security Agent shall in its absolute discretion determine;
- (c) business which in the opinion of the Security Agent affects the Notes of more than one Class and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class and the Noteholders of any other such Class shall be transacted at separate meetings of the Noteholders of each such Class; and
- (d) as may be necessary to give effect to the above provisions, the preceding paragraphs of these Conditions shall be applied as if references to the Notes and Noteholders were to the Notes of the relevant Class and to the Noteholders of such Notes.

Any resolution passed at a meeting of the Noteholders of a particular Class duly convened and held in accordance with the Conditions shall be binding upon all the Noteholders of such Class whether present or not present at such meeting and whether or not voting and upon all coupon holders of such Class, provided that no Basic Terms Modification shall be effective unless the modification is approved by an Extraordinary Resolution in accordance with the rules set out in the Common Representative Appointment Agreement for approving a Basic Terms Modification, except that if the Security Agent is of the opinion that such Basic Terms Modification is being proposed by the Issuer as a result of, or in order to avoid an Event of Default, no such Extraordinary Resolution is required.

An Extraordinary Resolution passed at any meeting of the Senior Class A Noteholders shall be binding on all the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders, the Subordinated Class F Noteholders and the Subordinated Class G Noteholders irrespective of the effect upon them, except an Extraordinary Resolution to sanction a Basic Terms Modification (as defined below), which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders, the Subordinated Class F Noteholders and the Subordinated Class G Noteholders.

An Extraordinary Resolution passed at any meeting of Mezzanine Class B Noteholders shall not be effective for any purpose while any Senior Class A Notes remain outstanding unless either (i) the Security Agent is of the opinion that it would not be materially prejudicial to the interests of the Senior Class A Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders.

An Extraordinary Resolution passed at any meeting of Mezzanine Class C Noteholders shall not be effective for any purpose while any Senior Class A Notes or Mezzanine Class B Notes remain outstanding unless either (i) the Security Agent is of the opinion that it would not be materially prejudicial to the interests of the Senior Class A Noteholders and the Mezzanine Class B Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and the Mezzanine Class B Noteholders.

An Extraordinary Resolution passed at any meeting of Junior Class D Noteholders shall not be effective for any purpose while any Senior Class A Notes, Mezzanine Class B Notes or Mezzanine Class C Notes remain outstanding unless either (i) the Security Agent is of the opinion that it would not be materially prejudicial to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders.

An Extraordinary Resolution passed at any meeting of Junior Class E Noteholders shall not be effective for any purpose while any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes or Junior Class D Notes remain outstanding unless either (i) the Security Agent is of the opinion that it would not be materially prejudicial to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and the Junior Class D Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and the Junior Class D Noteholders.

An Extraordinary Resolution passed at any meeting of Subordinated Class F Noteholders shall not be effective for any purpose while any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes or Junior Class E Notes remain outstanding unless either (i) the Security Agent is of the opinion that it would not be materially prejudicial to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Junior Class E Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Junior Class E Noteholders.

An Extraordinary Resolution passed at any meeting of Subordinated Class G Noteholders shall not be effective for any purpose while any Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes, Junior Class E Notes or Junior Class F Notes remain outstanding unless either (i) the Security Agent is of the opinion that it would not be materially prejudicial to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, Mezzanine Class C Noteholders, Junior Class D Noteholders, Junior Class E Noteholders and the Subordinated Class F Noteholders.

The Board of Directors of the Issuer or the Auditors for the time being of the Issuer may at any time or upon a request in writing of (i) Noteholders holding not less than one-tenth of the Principal Amount Outstanding of the Notes of the relevant Class for the time being outstanding, (ii) the Security Agent (subject to its being indemnified to its satisfaction against all costs and expenses thereby occasioned), shall convene a general meeting of the Noteholders of the relevant Class.

Any variation, modification, abrogation, cancellation or waiver of certain terms, including the date or priority of redemption of any of the Notes, any modification which would have the effect of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal payable in respect of the Notes or the rate of interest applicable thereto or altering the currency of payment thereof or of the majority required to pass an Extraordinary Resolution or altering the definition of an Event of Default, or altering the Security Agent's duties in respect of the Security Interests is referred to herein as a **Basic Terms Modification**.

The quorum at any meeting of Noteholders of the relevant Class for passing an Extraordinary Resolution (other than where the business of such meeting includes the proposal of a Basic Terms Modification (as defined above)) will be one or more persons holding or representing over fifty (50) per cent. of the Principal Amount Outstanding of the Notes of the relevant Class then outstanding or at any adjourned meeting one or more persons being or representing Senior Class A Noteholders, Mezzanine Class B Noteholders, Mezzanine Class C Noteholders, Junior Class D Noteholders, Junior Class E Noteholders, Subordinated Class F Noteholders or Subordinated Class G Noteholders (as the case may be) whatever the Principal Amount Outstanding of the relevant Class of Notes then outstanding so held or represented and no business (other than the choosing of a chairman) shall be transacted at any such meeting unless the requisite quorum be present at the commencement of business. The quorum at any meeting of Noteholders for passing an Extraordinary Resolution in respect of a Basic Terms Modification shall be one or more persons holding or representing not less than seventy-five (75) per cent. of the Principal Amount Outstanding of the Notes of the relevant Class of Notes then outstanding or, at any adjourned meeting, one or more persons representing not less than twenty-five (25) per cent. of the Principal Amount Outstanding of the Notes in the relevant Class of Notes then outstanding.

The majority required for an Extraordinary Resolution shall be seventy-five (75) per cent. of the votes cast on that resolution, whether on a show of hands or a poll.

The majority for every resolution other than an Extraordinary Resolution shall be a simple majority.

At any general meeting (a) on a show of hands every Noteholder (being an individual) who is present in person and produces a Note or voting certificate or is a proxy shall have one vote and (b) on a poll, every person who is so present shall have one vote in respect of each EUR 250,000 in Principal Amount Outstanding of Notes so produced or represented by the voting certificate so produced or in respect of which that person is a proxy.

The Issuer may with the consent of the Security Agent and without the consent of the Noteholders prescribe such other or further regulations regarding the holding of meetings of Noteholders and attendance and voting thereat as are necessary to comply with Belgian law.

4.14 Replacement of Definitive Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Note or Coupon will only be made on payment of such costs as may be 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 before new ones will be issued. Any Noteholder who has been deprived involuntarily of his Note or Coupon can regain his rights by registering his objection with the *Nationaal kantoor voor de Roerende Waarden* and by fulfilling the other conditions provided for by the law of 24 July 1921, as amended by the Law of 22 July 1991, and the royal decrees implementing such laws.

4.15 Notice to Noteholders

All notices, other than notices given in accordance with the next paragraph, to Noteholders of any class shall be deemed to have been duly given if a notice in English, Dutch and French is published in a leading daily newspaper with general circulation in Belgium (which is expected to be *De Tijd* and *L'Echo*) and by delivery of the relevant notice to Euronext Brussels for communication by it to the relevant account holders. If any such publication is not practicable, publication may be in another leading newspaper printed in the relevant language having general circulation in Europe (which is expected to be *the Financial Times*) or Belgium, as the case may be, previously approved in writing by the Security Agent. Notices of meetings of Noteholders shall in addition be published in the *Belgisch Staatsblad / Moniteur belge* (the **Belgian Official Gazette**). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in one of the newspapers referred to above. Notices of meetings of Noteholders shall be published twice, with an interval of eight (8) calendar days between each publication, the second publication being at least three (3) calendar days before the date of the meeting, but the Security Agent shall not be responsible for any failure to comply with such publication requirements if nevertheless any meeting of Noteholders is duly convened and held in accordance with the Belgian Company Code, Condition 4.13 hereof and the relevant provisions contained in the Common Representative Appointment Agreement. As long as the Notes are represented by the Permanent Global Notes and the Permanent Global Notes are held by or on behalf of a Clearing System Operator, notices to the Noteholders of the availability of the reports and of meetings of Noteholders will also be given by delivery of the relevant notice to that Clearing System Operator for communication by it to the relevant Accountholders. No notifications in any such form will be required for convening meetings of Noteholders if all Noteholders have been identified and have been given an appropriate notice by registered mail.

Notices specifying a Quarterly Payment Date, a Floating Rate of Interest, an Interest Amount, a Principal Redemption Amount (or absence thereof) or a Principal Amount Outstanding or relating generally to payment dates, payments of interest, interest rates, repayments of principal and other relevant information with respect to the Notes shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of Bloomberg or such other medium for the electronic display of data as may be approved by the Security Agent and notified to the Noteholders (the **Relevant Screen**) at least two (2) Business Days before a Quarterly Payment Date. Any such notice shall be deemed to have been given on the first date on which such information appeared on the Relevant Screen or if it is impossible or impracticable to give notice in accordance with this paragraph then notice of the matters referred to in this Condition shall be given in accordance with the preceding paragraph. Such notices may also be distributed by the Arranger or the Security Agent to the extent the Noteholders have been identified.

Couponholders will be deemed for all purposes to have notice of the contents of notices given to Noteholders in accordance with this Condition.

4.16 Governing Law

The Notes and all Transaction Documents other than the documents set out hereafter are governed by, and should be construed in accordance with, Belgian law.

The Swap Agreement is governed by, and should be construed in accordance with, English law.

The courts of Brussels, Belgium are to have jurisdiction to settle any dispute which may arise out of or in connection with the Notes and the Transaction Documents, including the Swap Agreement.

PURCHASE AND SALE

ABN AMRO Bank N.V. acting through its London Branch, Fortis Bank N.V./S.A. and Delta Lloyd Securities N.V. (the **Managers**) have pursuant to a subscription agreement dated 12 October 2006, the Issuer and the Seller (the **Subscription Agreement**) jointly and severally agreed with the Issuer, subject to certain conditions, to subscribe and pay for or to procure subscription and payment for the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Arranger and the Managers against certain liabilities and expenses in connection with the issue of the Notes.

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 Managers to inform themselves about and to observe any such restrictions, including those set out in the following paragraphs. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. 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 of the Managers 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 Holding and Transfer Restrictions

The Notes are only offered, directly or indirectly to holders (**Eligible Holders**) who qualify both as (i) an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, acting for their own account, and (ii) a holder of an exempt securities account (X-account) with the Clearing System operated by the National Bank of Belgium or with a participant in such system. The Notes may only be acquired, by direct subscription, by transfer or otherwise and may only be held by Eligible Holders.

A list of for the time being institutional or professional investors within the meaning of Article 5, §3 of the Securitisation Act is attached as Annex I.

The minimum investment required per investor acting for its own account is EUR 250,000.

Any acquisition of a Note by or transfer of a Note to a person who is not an Eligible Holder shall be void and not binding on the Issuer and the Security Agent. If a Noteholder ceases to be an Eligible Holder, it is obliged to report this to the Issuer and it will promptly transfer the Notes it holds to a person that qualifies as an Eligible Holder.

Each payment of interest on Notes of which the Issuer becomes aware that they are held by a holder that does not qualify as an Eligible Holder will be suspended.

None of the Managers will, after the initial distribution, offer and sale of the Notes as provided in the Subscription Agreement, have any obligation whatsoever to ensure that the Notes are offered, sold, delivered or held by Eligible Holders.

In addition, the following sale and purchase restrictions will apply:

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 Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes to the public in that Relevant

Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time 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;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive or pursuant to any applicable national law of any Relevant Member State;

provided always that an offer of Notes can only be made to Eligible Holders.

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

Kingdom of Belgium

The Prospectus and related documents are not intended to constitute a public offer in Belgium and may not be distributed to the Belgian public and no steps may be taken which would constitute or result in a public offering in Belgium. This offering constitutes a private placement and this Prospectus has been submitted to the CBFA only for the purpose of the admission to trading of the Notes on Eurolist by Euronext Brussels.

Any offer will be made in Belgium exclusively to investors (**Eligible Holders**) who qualify both as (i) an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, acting for their own account, and (ii) a holder of an exempt securities account (X-account) with the Clearing System operated by the National Bank of Belgium or with a participant in such system.

The minimum investment required per investor acting for its own account is EUR 250,000.

This Prospectus is intended for the confidential use of the offeree, and may not be reproduced or used for any other purpose.

United Kingdom

Each Manager has represented and agreed that (i) 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 (ii) 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.

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 to certain persons in offshore transactions in reliance on Regulations 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 US person (as defined in Regulations under the Securities Act), 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 forty (40) calendar days after the later of the commencement of the offering and the closing of the offering within the United States or to, or for the account or benefit of, US persons (as defined in Regulations under the Securities Act) 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 Notes within the United States or to, or for the account or benefit of, US persons (as defined in Regulations under the Securities Act). In addition, until forty (40) calendar 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 Securities Act.

Excluded holders

Notes may not be acquired by a transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the BITC 1992). According to a non-exhaustive lists published by the Belgian tax authorities on 24 August 1991 read in conjunction with Article 73 *quater* of the Royal Decree implementing the BTIC 1992 (as may be amended from time to time) the following can, on the date of this Prospectus, be deemed as such (subject to rebuttal):

- (a) all companies located in Afghanistan, Aldernay, Andorra, Belize, Bosnia and Herzegovina, Burundi, Cape Verde, Central Africa Republic, Comoros, the Cook Islands, Cuba, Dominica, Equatorial Guinea, Gibraltar, Grenada, Guernsey, Guinea Bissau, Haiti, Herm, Iran, Iraq, Jersey, Republic of Kiribati, North Korea, Laos, Liberia, Liechtenstein, Macau, Maldives, The Isle of Man, Marshall Islands, Mayotte, Federated States of Micronesia, Monaco, Montserrat, Namibia, Nauru, Niue, Oman, Panama, St. Christophe & Nevis, St Lucia, Saint Pierre and Miquelon, St Vincent & Grenadines, Samoa, American Samoa, Sao Tomé & Principe, Seychelles, Somalia, Tuvalu, Uzbekistan, Vanuatu, The British Virgin Islands, American Virgin Islands; and
- (b) certain companies located in Antigua, Aruba, Barbados, Cyprus, Costa Rica, Djibouti, Hong Kong, United Arab Emirates, Jamaica, Luxembourg, Malaysia, Malta, Nevis, Netherlands Antilles, Panama, Portugal, Singapore, Uruguay.

The restrictions set out in the preceding paragraph apply to:

- (I) with regard to Luxembourg, holding companies established under the law of 31 July 1929 as well as SICAVs (“*Sociétés d’investissement à capital variable*”), but not SOPARFIs (“*Sociétés de Participations Financières*”);
- (II) with regard to Singapore, companies whose off-shore income benefit from a special advantageous tax regime; and
- (III) with regard to Portugal, companies without operations in Portugal that are established in the free zones of Madeira or Santa Maria Island, as well as companies that have been granted a special tax status by the tax authorities.

DEFINED TERMS

In addition to the terms defined in this Prospectus, the following terms have the following meaning:

Additional Security means with regard to any Mortgage Loan, all claims, whether contractual or in tort, against any Insurance Company, notary public, Mortgage Registrar, public administration, property expert, broker or any other person in connection with such Mortgage Loans or the related Mortgaged Assets or Loan Security or in connection with the Seller's decision to grant such Mortgage Loans and in general any other security or guarantee other than the Loan Security created or existing in favour of the Seller as security for a Mortgage Loan;

Agreed Form means, in relation to any document, the form of the document which has been agreed between the parties thereto;

CDV means the former Belgian insurance supervisor (*Controledienst voor de Verzekeringen/Office de contrôle des Assurances*) until 1 January 2004;

Class of Notes means either the Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes, Junior Class E Notes, Subordinated Class F Notes or the Subordinated Class G Notes;

Collateral Law means the Law of 15 December 2004 on financial collateral (*Wet van 15 december 2004 betreffende financiële zekerheden en houdende diverse fiscale bepalingen inzake zakelijke-zekerheidsovereenkomsten en leningen met betrekking tot financiële instrumenten/Loi du 15 décembre 2004 relative aux sûretés financières et portant des dispositions fiscales diverses en matière de conventions constitutives de sûreté réelle et de prêts portant sur des instruments financiers*), as amended from time to time;

Compartment means a compartment within the meaning of article 26 of the Securitisation Act;

Compartment N° 1 means the Compartment of the Issuer to which the assets and liabilities relating to the Mortgage Receivables and the Notes are allocated;

Construction Amount means an amount corresponding to the part of the Construction Loan that is not drawn down by the Borrower on the Cut-Off Date or, in the case of New Mortgage Receivables, on the relevant Purchase Date;

Contract Records means the file or files, books, magnetic tapes, disks, cassettes or such other method of recording or storing information from time to time relating to each Mortgage Loan and Related Security, containing, *inter alia*, (i) the Mortgage Deeds and all material records and correspondence relating to the Mortgage Loans, the Loan Security and Additional Security and/or the Borrower, (ii) the completed Standard Loan Documentation applicable to the Mortgage Loan and (iii) any payment, arrears and status reports maintained by the Servicer;

Coupon has the meaning ascribed to it in Condition 4.1 (a);

Couponholders means the several persons who are for the time being holders of any Coupons;

Credit Policies means the procedures, policies and practices applied by the Seller with regard to the origination, credit collection and administration and underwriting criteria of its Mortgage Loans, which includes the Stater Vademecum attached as Schedule 13 to the Mortgage Receivables Purchase Agreement, certified by the Seller to be a true, accurate and up-to-date reflection of its current credit policies, provided that if the Seller no longer acts as MPT Provider, any collection and administration procedures and policies to be agreed between the Issuer and the Sub-MPT Provider;

Cut-Off Date means 1 October 2006;

Deferred Purchase Price Instalment means, on any Quarterly Payment Date, the amount 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 (y); 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 (w) on such date have been made.

Disputed Mortgage Receivable means any Mortgage Receivable in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower of such Mortgage Loan, or in respect of which a set-off or counterclaim is being claimed by such Borrower; for the avoidance of doubt, a Mortgage Receivable shall not be a Disputed Mortgage Receivable by reason merely of the fact that any payment thereunder is not made, that the Borrower is in default, insolvent or subject to a *collectieve schuldenregeling/règlement collectif de dettes*, that the Borrower is seeking from the courts the benefit of a grace period, or that there is a conciliation procedure (whether successful or not) in respect of this Mortgage Loan under article 59 of the Mortgage Credit Act;

Existing Loan means any loan or advance originated by the Seller that is secured by the same All Sums Mortgage as a Mortgage Loan and any advance made available by the Seller under a revolving facility (*kredietopening/ouverture de crédit*) that is secured by the same Mortgage as a Mortgage Loan, before the Closing Date or, in the case of New Mortgage Receivables, before the relevant Purchase Date;

Extraordinary Resolution means a resolution passed at a meeting of Noteholders convened and held in accordance with the Common Representative Appointment Agreement by a majority of not less than seventy five per cent. (75 per cent.) of the votes cast, whether on a show of hands or a poll;

Further Loan means any loan or advance originated by the Seller that is secured by the same All Sums Mortgage as a Mortgage Loan and any advance made available by the Seller under a revolving facility (*kredietopening/ouverture de crédit*) that is secured by the same Mortgage as a Mortgage Loan, after the Closing Date or, in the case of New Mortgage Receivables, after the relevant Purchase Date;

Hazard Insurance Policy means an insurance covering fire and/or kindred perils in respect of any Mortgaged Assets;

Highest Ranking Class of Notes means:

- (a) the Senior Class A Noteholders while any Senior Class A Notes are outstanding; or
- (b) the Mezzanine Class B Noteholders if there are no Senior Class A Notes outstanding and while any Mezzanine Class B Notes are outstanding; or
- (c) the Mezzanine Class C Noteholders if there are no Senior Class A Notes and Mezzanine Class B Notes outstanding and while any Mezzanine Class C Notes are outstanding; or
- (d) the Junior Class D Noteholders if there are no Senior Class A Notes, Mezzanine Class B Notes and Mezzanine Class C Notes outstanding and while any Junior Class D Notes are outstanding; or
- (e) the Junior Class E Noteholders if there are no Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Junior Class D Notes outstanding and while any Junior Class E Notes are outstanding; or
- (f) the Subordinated Class F Noteholders if there are no Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes and Junior Class E Notes outstanding and while any Subordinated Class F Notes are outstanding; or
- (g) the Subordinated Class G Noteholders if there are no Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Junior Class D Notes, Junior Class E Notes and Subordinated Class F Notes are outstanding and while any Subordinated Class G Notes are outstanding.

Instalments means in respect of any Mortgage Loan, the aggregate amount of principal and interests which is scheduled to be payable on a particular date or after a particular period in accordance with the contractual

terms of such Mortgage Loan (as amended from time to time);

Insurance Company means any insurance company granting a Hazard Insurance or an Umbrella Hazard Insurance Policy (in respect of the Mortgaged Assets) or a Life Insurance (in respect of a Mortgage Loan);

Insurance Policy means any and all Hazard Insurance Policy, Umbrella Hazard Insurance Policy or Life Insurance Policy.

Junior Class D Noteholders means the several persons who are for the time being holders of any Junior Class D Notes, including the Coupons appertaining thereto (being, to the extent the Notes are represented by a Permanent Global Note, the persons shown as Accountholders, but without prejudice to (a) the entitlement of the bearer of the relevant Permanent Global Note to be paid principal and interest thereon in accordance with its terms and (b) the application of the provisions of the Royal Decree No. 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated), including, without limitation, Article 13 thereof);

Junior Class E Noteholders means the several persons who are for the time being holders of any Junior Class E Notes, including the Coupons appertaining thereto (being, to the extent the Notes are represented by a Permanent Global Note, the persons shown as Accountholders, but without prejudice to (a) the entitlement of the bearer of the relevant Permanent Global Note to be paid principal and interest thereon in accordance with its terms and (b) the application of the provisions of the Royal Decree No. 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated), including, without limitation, Article 13 thereof);

Life Insurance Policy means any insurance policy covering the risk of death of any Borrower of a Mortgage Loan;

Liquidity Facility Drawing means a drawing (other than a Liquidity Facility Stand-by Drawing) under the Liquidity Facility as provided in Clause 4.1 of the Liquidity Facility Agreement;

Loan Security means in respect of a Mortgage Loan, any Mortgage and/or Mortgage Mandate and all rights, title, interest and benefit relating to any Insurance Policies, any guarantee provided for such Mortgage Loan, any assignment of salaries (*loonsoverdracht/cession de salaire*) that the Borrower may earn and any other type of any mortgage (*hypotheek/hypothèque*), privilege (*voorrecht/privilège*), pledge, encumbrance, assignment, right of retention, subordination, right of set-off or any security interest whatsoever, however so created or arising whether relating to existing or future assets, each to the extent expressly referred to in the loan documentation governing the Mortgage Loan and, with respect to a Mortgage and/or Mortgage Mandate, except with respect to a Mortgage created in favour of the Issuer pursuant to an exercise of a Mortgage Mandate or as a result of an exchange of Mortgage (*pandwissel / échange d'hypothèque*), to the extent listed in Schedule 4 of the Mortgage Receivables Purchase Agreement or Annex 1 to the transfer agreement in relation to New Mortgage Receivables (of which a form is attached as Schedule 5 to the Mortgage Receivables Purchase Agreement);

Member State means a member state of the European Union;

Mezzanine Class B Noteholders means the several persons who are for the time being holders of any Mezzanine Class B Notes, including the Coupons appertaining thereto (being, to the extent the Notes are represented by a Permanent Global Note, the persons shown as Accountholders, but without prejudice to (a) the entitlement of the bearer of the relevant Permanent Global Note to be paid principal and interest thereon in accordance with its terms and (b) the application of the provisions of the Royal Decree No. 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated), including, without limitation, Article 13 thereof);

Mezzanine Class C Noteholders means the several persons who are for the time being holders of any Mezzanine Class C Notes, including the Coupons appertaining thereto (being, to the extent the Notes are represented by a Permanent Global Note, the persons shown as Accountholders, but without prejudice to (a) the entitlement of the bearer of the relevant Permanent Global Note to be paid principal and interest thereon in accordance with its terms and (b) the application of the provisions of the Royal Decree No. 62 of 10

November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated), including, without limitation, Article 13 thereof);

Monthly Calculation Date means the 10th day, or if such day is not a Business Day, the next succeeding Business Day of each month;

Monthly Calculation Period means a period starting on the first day of each month and ending on the last day of such month;

Mortgage means, in relation to each Mortgage Loan and to the extent part of the Loan Security, a mortgage (*hypotheek/hypothèque*) as such term is construed under Belgian law securing the Mortgage Loan, together with the benefit of all rights relating thereto, including, for the avoidance of doubt, a mortgage created for the benefit of the Issuer pursuant to the exercise of a Mortgage Mandate or as a result of an exchange of Mortgage (*pandwissel / échange d'hypothèque*);

Mortgage Deed means notarially certified copies of the notarial deeds constituting the mortgage loans;

Mortgage Mandate means, in relation to each Mortgage Loan and to the extent part of the Loan Security, an irrevocable power of attorney granted by a Borrower or a third party collateral provider to certain attorneys to create a mortgage as security for the Mortgage Loan and, as the case may be, all other amounts which the Borrower owes or in the future may owe to the Seller;

Mortgage Registrar means the office (*hypotheekkantoor / bureau des hypothèques*) where mortgages are or are to be registered in accordance with the Mortgage Law;

Prepayment Penalty means a prepayment penalty due in the event of a voluntary prepayment of principal on any Mortgage Loan prior to its scheduled due date in accordance with the provisions for prepayments provided for in the contractual terms of such Mortgage Loans and in accordance with the Mortgage Credit Act;

Privacy Commission means the Belgian Privacy Commission (*Commissie voor bescherming van de persoonlijke levenssfeer / Commission de la protection de la vie privée*);

Real Estate means a real property or soil destined for real property construction located in Belgium;

Related Security means the Loan Security and the Additional Security;

Royal Decree 225 means the Royal Decree n° 225 of 7 January 1936 on mortgage loans and the supervision of mortgage undertakings (*Koninklijk Besluit nr. 225 tot reglementering van de hypothecaire leningen en tot inrichting van de controle op de ondernemingen van hypothecaire leningen/Arrêt Royal nr. 225 réglementant les prêts hypothécaires et organisant le contrôle des entreprises de prêts hypothécaires*);

Securitisation Act means the law of 20 July 2004 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles/Loi relative à certaines formes de gestion collective de portefeuilles d'investissement*) as amended from time to time;

Seller Loans means the Existing Loans and the Further Loans;

Senior Class A Noteholders means the several persons who are for the time being holders of any Senior Class A Notes, including the Coupons appertaining thereto (being, to the extent the Notes are represented by a Permanent Global Note, the persons shown as Accountholders, but without prejudice to (a) the entitlement of the bearer of the relevant Permanent Global Note to be paid principal and interest thereon in accordance with its terms and (b) the application of the provisions of the Royal Decree No. 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated), including, without limitation, Article 13 thereof);

Standard Loan Documentation means the standard documents and forms used for originating Mortgage Loans through the network and according to the procedures of the Seller, attached as Schedule 3 to the Mortgage Receivables Purchase Agreement;

Stater Vademecum means the vademecum of the Sub MPT Provider dated 29 July 2005 regarding the mortgage payment transaction services delivered by the Sub MPT Provider to the MPT Provider and the cooperation agreement (*Samenwerkingsovereenkomst*) entered into between the Sub-MPT Provider and the MPT Provider on 9 September 2004, as amended or updated from time to time;

Subordinated Class F Noteholders means the several persons who are for the time being holders of any Subordinated Class F Notes, including the Coupons appertaining thereto (being, to the extent the Notes are represented by a Permanent Global Note, the persons shown as Accountholders, but without prejudice to (a) the entitlement of the bearer of the relevant Permanent Global Note to be paid principal and interest thereon in accordance with its terms and (b) the application of the provisions of the Royal Decree No. 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated), including, without limitation, Article 13 thereof);

Subordinated Class G Noteholders means the several persons who are for the time being holders of any Subordinated Class G Notes, including the Coupons appertaining thereto (being, to the extent the Notes are represented by a Permanent Global Note, the persons shown as Accountholders, but without prejudice to (a) the entitlement of the bearer of the relevant Permanent Global Note to be paid principal and interest thereon in accordance with its terms and (b) the application of the provisions of the Royal Decree No. 62 of 10 November 1967 concerning the custody and clearing of fungible financial instruments (as coordinated), including, without limitation, Article 13 thereof);

Tax Deduction means any deduction or withholding on account of any Tax, duties, assessment or charges of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium or any political subdivision or authority thereof or therein;

Umbrella Hazard Insurance Company means Mercator Verzekeringen N.V., with registered office at Kortrijksesteenweg 302, 9000 Gent and its successor or successors; and

Umbrella Hazard Insurance Policy means an umbrella hazard insurance covering fire and/or kindred perils in respect of any Mortgaged Assets entered into between the Seller and the Umbrella Hazard Insurance Company.

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ANNEX I

Institutional or professional Investors under the Securitisation Act

Article 5, §3 of the Securitisation Act lists for the time being the following institutional or professional investors:

1. National, regional and community governments;
2. the European Central Bank, the National Bank of Belgium, the other national central banks, the national and supra national institutions, the Interest Fund (*het Rentefonds/le Fonds des Rentes*), the Fund for the Protection of Deposits and Financial Instruments (*het Beschermingsfonds voor Deposito's en Financiële Instrumenten/le Fonds de Protection des Dépôts et des Instruments Financiers*) and the Deposit and Consignment Fund (*Deposito- en Consignatiekas/Caisse de Dépôt et Consignation*);
3. the Belgian and foreign legal entities that have a license or are regulated in order to be active on the financial markets, including, in particular:
 - (a) Belgian and foreign credit institutions contemplated in Article 1, paragraph 2 of the Law of 22 March 1993;
 - (b) the Belgian and foreign investment firms of which the usual activity consists in the provision of investment services on a professional basis under Article 46, 1° of the Law of 6 April 1995;
 - (c)
 - (i) the insurance companies and institutions contemplated in Article 2, §§1 and 3 of the Law of 9 July 1975 concerning the supervision of insurance companies;
 - (ii) the foreign insurance companies that are not active in Belgium; and
 - (iii) the Belgian and foreign re-insurance companies;
 - (d) the Belgian and foreign pension funds and their management companies contemplated in Article 2, §3, 4° and 6° of the Law of 9 July 1975 concerning the supervision of insurance companies, and any other foreign pension fund;
 - (e) the Belgian and foreign collective investment undertakings contemplated in Article 4 of the Securitisation Act and any other foreign collective investment undertaking;
 - (f) the Belgian and foreign management companies of collective investment undertakings contemplated in Article 138 of the Securitisation Act and any other foreign management company of collective investment undertakings;
 - (g) the Belgian and foreign traders in commodities futures (*grondstoffen termijnhandelaars/intermédiaires en instruments de placement à terme portant sur des matières premières*) as contemplated in Article 4 of the Prospectus Implementation Law;
 - (h) the other Belgian and foreign financial institutions that have a license or are regulated;
4. the other Belgian and foreign entities contemplated than in paragraph 5° that do not have a license or are not regulated in order to be active on the financial markets and of which the only purpose is to invest in investment securities as contemplated in Article 4 of the Prospectus Implementation Law;
5. the company, funds or other similar entities established under a foreign law who mainly invest in securities of collective investment undertakings or in securitisation structures, or in collective investment undertakings or to finance collective investment undertaking or securitisation structures, provided that these companies, funds or similar entities under foreign law finance these activities in Belgium exclusively with institutional or professional investors, recognised by or pursuant to this paragraph, or finance themselves abroad;

6. Capitalisation undertakings (*kapitalisatieondernemingen/enterprises de capitalisation*) contemplated in Royal Decree n° 43 of 15 December 1994 on the supervision of capitalisation undertakings;
7. Coordination Centres (*coördinatiecentra/centres de coordination*) contemplated in Royal Decree n° 187 of 30 December 1982 on the establishment of coordination centres;
8. The other Belgian and foreign legal entities than those contemplated in paragraphs 1° through 7° who, according to their most recent annual accounts or consolidated annual accounts, satisfy at least two of the following three criteria:
 - (i) an average number of employees of at least 250 during the financial year;
 - (ii) total assets of more than EUR 43 million; and
 - (iii) a net annual turnover of more than EUR 50 million;
9. Other foreign legal entities, companies and institutions who, according to the law applicable to them, are considered as institutional or professional investors or as a qualified investor for the application of Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public admitted to trading and amending Directive 2001/34/EC or that are viewed as institutional or professional investors according to financial market practices; and
10. Legal entities with registered office in Belgium other than the ones set forth above, that do not satisfy at least two of the criteria set out in paragraph 8 above, but which are registered with the CBFA as institutional or professional investor in accordance with the Royal Decree of 26 September 2006 on the extension of the term “qualified investor” and of the term “institutional or professional investor”.

REGISTERED OFFICES

ISSUER

B-Arena N.V./S.A.

institutionele VBS naar Belgisch recht / SIC institutionelle de droit belge
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1000 Brussels

SELLER / MPT PROVIDER

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1210 Brussels

SECURITY AGENT

Deloitte Enterprise Risk Services CVBA

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1050 Brussels

SUB-MPT PROVIDER

Stater Belgium N.V.

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1000 Brussels

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ATC Financial Services B.V.

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1076 EE Amsterdam
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1000 Brussels

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