Vesteda Residential Funding II B.V.

(incorporated with limited liability in the Netherlands)

EURO 350,000,000 Class A5 Secured Floating Rate Notes 2007 due 2017, issue price 100 per cent.

Application has been made to list the euro 350,000,000 Class A5 Secured Floating Rate Notes 2007 due 2017 (the '**Class A5 Notes**'), of Vesteda Residential Funding II B.V (the '**Issuer**') on Eurolist by Euronext Amsterdam N.V. ('**Euronext Amsterdam**'). The Notes are expected to be issued on 20 April 2007 (the '**Closing Date**').

On 20 July 2005 (the '**Initial Closing Date**') the Issuer issued the €200,000,000 Class A1 Secured Floating Rate Notes 2005 due 2017 (the '**Class A1 Notes**'), the €400,000,000 Class A2 Secured Floating Rate Notes 2005 due 2017 (the '**Class A2 Notes**'), the €400,000,000 Class A3 Secured Floating Rate Notes 2005 due 2017 (the '**Class A3 Notes**), and the €300,000,000 Class A4 Secured Floating Rate Notes 2005 due 2017 (the '**Class A4 Notes**' and together with the Class A1 Notes, the Class A2 Notes, and the Class A3 Notes, the '**Initial Notes**' and together with the Class A5 Notes, the '**Notes**').

The Class A5 Notes will be initially represented by a temporary global note in bearer form (a '**Class A5 Temporary Global Note**'), without coupons, which is expected to be deposited with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System ('**Euroclear**') and Clearstream Banking, société anonyme ('**Clearstream Luxembourg**'), on or around the issue date thereof. Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (the '**Class A5 Permanent Global Note**'), without coupons (the expression '**Class A5 Global Notes**' means the Class A5 Temporary Global Note and the Class A5 Permanent Global Note and the expression '**Class A5 Global Note**' means the Class A5 Temporary Global Note or the Class A5 Permanent Global Note, as the context may require) not earlier than 40 days after the Closing Date (as defined herein) upon certification as to non-U.S. beneficial ownership. Interests in each Class A5 Permanent Global Note will, in certain limited circumstances, be exchangeable for Class A5 Definitive Notes (as defined herein) in bearer form as described in the terms and conditions of the Notes (the '**Conditions**') set out in the section *Terms and Conditions of the Class A5 Notes* below. The Class A5 Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the '**Securities Act** and may not be offered or sold in The United States in absence of registration under or an exemption from the registration requirements of the Securities Act.

Interest on the Class A5 Notes (the '**Interest Amount**') is payable by reference to successive interest periods (each an '**Interest Period**') and will be payable quarterly in arrear on each Interest Payment Date (as defined herein) in respect of the Principal Amount Outstanding (as defined in the Class A5 Conditions). The first Interest Period will commence on (and include) the Closing Date (as defined herein) and, subject to adjustment as specified herein for non-business days, end on (but exclude) 20 July 2007. Interest Amounts on the Class A5 Notes will be payable quarterly in arrear in euros on 20 January, 20 April, 20 July and 20 October in each year subject to adjustment for non-business days (each an '**Interest Payment Date**'). Interest on the Class A5 Notes will accrue on their Principal Amount Outstanding at an annual rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three month deposits in euro (determined in accordance with the Conditions) plus a margin which will be equal to 0.13 per cent. per annum up to (and including) the Interest Period ending in July 2012 and, thereafter, 1.13 per cent. per annum. See the section *Overview – the Class A5 Notes* and the Conditions.

The Class A5 Notes will mature on the Interest Payment Date falling in July 2017, unless previously redeemed.

As security for the Notes, the Issuer has on and around the Initial Closing Date created security in favour of Stichting Security Trustee Vesteda Residential Funding II (the '**Security Trustee**') over all of its assets at that time in order to secure its obligations under the Notes and its other obligations. On the Closing Date, the Issuer will create further security in favour of the Security Trustee over all of its assets in order to secure its obligations under the Notes and its other obligations, to the extent not already secured as aforementioned.

The Class A5 Notes will be solely the obligations of the Issuer. The Class A5 Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Vesteda Companies or obligations or responsibilities of, or guaranteed by, the Security Trustee, the Borrowers, the Manager, the ATC Entities, the Arranger, the Account Bank, the Liquidity Facility Provider, the Hedging Providers, the Paying Agent, the Reference Agent (each as defined herein) other than the Issuer. Furthermore, none of the Vesteda Companies, the Security Trustee, the Borrowers, the Manager, the ATC Entities, the Arranger, the Account Bank, the Liquidity Facility Provider, the Hedging Providers, the Reference Agent, the Paying Agent, or any other person, in whatever capacity acting, will accept any liability whatsoever to the Class A5 Noteholders (as defined herein) in respect of any failure by the Issuer to pay any amounts due under the Class A5 Notes. None of the Vesteda Companies, the Security Trustee, the Borrowers, the Manager, the ATC Entities, the Account Bank, the Liquidity Facility Provider, the Hedging Providers, the Reference Agent or the Paying Agent will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

It is a condition precedent to issuance that the Class A5 Notes, on issue, be assigned an 'Aaa' rating by Moody's Investors Service Limited ('**Moody's**'), an AAA rating by Fitch Ratings Limited ('**Fitch**') and an 'AAA' rating by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. ('**S&P**' and together with Fitch and Moody's, the '**Rating Agencies**'). **The ratings assigned to the Class A5 Notes by Fitch and S&P reflect timely payment of interest and ultimate payment of principal not later than the Final Maturity Date of the Class A5 Notes. The ratings assigned to the Class A5 Notes by Moody's address the expected loss posed to investors at legal final maturity in relation to the initial principal balance of the Class A5 Notes. However, the ratings assigned to the Class A5 Notes by the Rating Agencies do in respect of Fitch and S&P not address timely payment or ultimate payment of the Step-Up Amounts (as defined herein) and in respect of Moody's not address the likelihood of and expected loss of payments of such Step Up Amounts. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation and, amongst other things, will depend on the underlying characteristics and the on-going activities of the Vesteda Group (as defined herein).** Each security rating should be evaluated independently of any other rating.

For a discussion of some of the risks associated with an investment in the Notes, see the section *Risk Factors* herein.

Arranger
ABN AMRO BANK N.V.
Lead Manager
ABN AMRO BANK N.V.
The date of this Prospectus is 18 April 2007

The Issuer is responsible for the information contained in this Prospectus other than the information referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information, except for the information for which Vesteda Groep B.V. is responsible contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

Vesteda Groep B.V., acting in its capacity as manager (*beheerder*) of Vesteda Woningen, a mutual fund under Dutch law (*fonds voor gemene rekening*), pursuant to a mandate (*last*) granted by DRF I, DRF II and DRF III (each as defined herein), in their capacity as custodians (*bewaarders*) of Vesteda Woningen, is responsible solely for the information contained in the following sections of this Prospectus: *Overview of the Netherlands Residential Property Market, Vesteda Group – Corporate Profile and Business, Property Leasing in the Netherlands – Regulatory Framework, Description of the Portfolio, Management of Vesteda Groep* and *Financial Information.* To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information, provided by Vesteda Groep B.V. contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Vesteda Groep B.V. accepts responsibility accordingly.

Information that has been sourced from a third party, has been accurately reproduced and as far as the Issuer and Vesteda Groep B.V. are aware and are able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Class A5 Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, Vesteda Groep B.V. or the Manager.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy Class A5 Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Class A5 Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this document (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A fuller description of the restrictions on offers, sales and deliveries of the Class A5 Notes and on the distribution of this Prospectus is set out in the section *Purchase and Sale* below. No one is authorised to give any information or to make any representation concerning the issue or the offering of the Class A5 Notes other than those contained in this Prospectus in accordance with applicable laws and regulations.

Each investor contemplating purchasing any Class A5 Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Class A5 Notes constitutes an offer or invitation by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase any Class A 5 Notes.

Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Class A5 Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Prospectus.

The Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Class A5 Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Class A5 Notes.

The Class A5 Notes have not been and will not be registered under the Securities Act, and include Class A5 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 U.S. persons (as defined in Regulation S under the Securities Act ('***Regulation S***')) except in certain transactions permitted by U.S. tax regulations and the Securities Act. For a more complete description of restrictions on offers and sales and applicable U.S. tax law requirements, see the section *Purchase and Sale* below.

Currency

In this Prospectus, unless otherwise specified, references to "€", "EUR" or "euro" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union.

Stabilisation

In connection with the issue of the Class A5 Notes, ABN AMRO Bank N.V. (the '***Stabilising Manager***') (or persons acting on behalf of the Stabilising Manger) may over-allot Class A5 Notes (provided that the aggregate principal amount of Class A5 Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Class A5 Notes) or effect transactions with a view to supporting the market price of the Class A5 Notes at a level higher than that which might otherwise prevail for a limited period after the Closing Date.

However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake any such 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 Class A5 Notes is made and if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Closing Date and 60 days after the date of the allotment of the Class A5 Notes. Such stabilisation shall be in compliance with all applicable laws and regulations.

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RISK FACTORS

The following is a summary of certain aspects of the issue of the Class A5 Notes of which prospective Class A5 Noteholders should be aware. It is not intended to be exhaustive, and prospective Noteholders should read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

The Class A5 Notes will not be obligations of anyone other than the Issuer and will not be obligations or responsibilities of, or guaranteed by, any other person or entity. No person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Class A5 Notes.

A. ISSUES RELATING TO THE CLASS A5 NOTES

The Issuer's ability to meet its obligations under the Notes

The Class A5 Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, acting in whatever capacity, including, without limitation, the Vesteda Companies (including the participants with a stock or participation interest in Vesteda Woningen), the Security Trustee, the Borrowers, the ATC Entities, the Arranger, the Manager, the Liquidity Facility Provider, the Hedging Providers, the Account Bank, the Paying Agent or the Reference Agent (other than the Issuer itself). Furthermore, none of the Security Trustee, the Borrowers, the Corporate Administrator, the Manager, the Liquidity Facility Provider, the Hedging Providers, the Account Bank, the Paying Agent, the Arranger, the Reference Agent, the participants with a stock or participation interest in Vesteda Woningen or any member of the Vesteda Companies or any other person acting in whatever capacity, will accept any liability whatsoever to the Class A5 Noteholders in respect of any failure by the Issuer to pay any amounts due under the Class A5 Notes (other than the Issuer itself).

The ability of the Issuer to meet its obligations under the Class A5 Notes in full in relation to the Notes will depend upon, *inter alia*:

(a) the receipt by it of funds from the Borrowers under the Secured Loan Agreement in respect of the payment of interest and principal on the Term Advances (as defined below) and of certain other sums thereunder;

(b) the receipt by it of interest on moneys on deposit in the Issuer Account and any other accounts that the Issuer may have or otherwise from euro denominated demand or time deposits, certificates of deposits and other short-term unsecured debt obligations issued by an entity the unsecured, unguaranteed and otherwise unsupported short-term obligations of which are rated at least "F1+" by Fitch Ratings Limited ('**Fitch**'), "P-1" by Moody's Investors Service Limited ('**Moody's**') and "A-1+" by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. ('**S&P**' and together with Fitch and Moody's, the '**Rating Agencies**') (such investments, the '**Eligible Investments**"), provided that in all cases such investments have a maturity date falling no later than the next following date on which a payment is required to be made with the monies therein and that amounts due can be paid without reduction or withholding on account of tax) made by it;

(c) the receipt by it of payments from the Liquidity Facility Provider under the Liquidity Facility Agreement; and

(d) the receipt by it of payments from the Hedging Providers under the Hedging Agreements.

Therefore, the Issuer is subject to all risks to which the Borrowers are subject, to the extent that such risks could limit the Borrowers' ability to satisfy in full and on a timely basis their obligations under the Secured Loan Agreement. See Section D *Business Risks* below for a further description of certain of these risks.

With particular regard to paragraph (d) above:

(a) the Caps will only be available to the Issuer to hedge amounts of floating rate interest from (but excluding) the Initial Closing Date up to (and including) the applicable Cap Expiry Date (scheduled to occur on 20 April 2007 for the Caps relating to the Class A1 Notes, the Class A2 Notes and, partially, the Class A3 Notes). After that time, and additionally, if a Cap terminates for any reason and for so long as there is no replacement Original Hedging Provider, the Borrowers will remain obliged to pay interest amounts on the Initial Term Loans pursuant to the Secured Loan Agreement, and correspondingly, the Issuer on the Initial Notes, but at an unhedged rate, although the Issuer will after the Cap Expiry Date in principle have the benefit of the Forward Swaps. This may result in the Borrowers not being able to fulfil their obligations to pay amounts due under the Secured Loan Agreement and in turn, affect the ability of the Issuer to fulfil its obligations under the Notes and lead to a downgrading of the then applicable ratings assigned to the Notes. A failure to find a suitable replacement Original Hedging Provider in accordance with the terms of the Original Hedging Agreement will ultimately constitute a Borrower Event of Default under the Secured Loan Agreement unless the Rating Agencies confirm that no downgrading of the Notes will occur as a result of the Issuer not having entered into replacement interest rate Caps or any other appropriate hedging arrangement;

(b) the Forward Swaps will only be available to the Issuer to hedge amounts of floating rate interest during the period from (but excluding) a Cap Expiry Date (scheduled to occur on 20 April 2007 for the Caps relating to the Class A1 Notes, the Class A2 Notes and, partially, the Class A3 Notes) up to (and including) the Forward Swaps Expiry Date. After that time, and additionally, if the Forward Swaps terminate for any reason and for so long as there is no replacement Original Hedging Provider, the Borrowers will remain obliged to pay interest amounts on the Initial Term Loans pursuant to the Secured Loan Agreement, and correspondingly, the Issuer on the Initial Notes, but at an unhedged rate; and

(c) the Supplemental Swap will only be available to the Issuer to hedge amounts of floating rate interest in respect of the Class A5 Notes during the period from the Supplemental Forward Swap Commencement Date up to (and including) the Supplemental Forward Swap Expiry Date. After that time, and additionally, if the Supplemental Forward Swap terminate for any reason and for so long as there is no replacement New Hedging Provider, the Borrowers will remain obliged to pay interest amounts on the Initial Term

A5 Loans pursuant to the Secured Loan Agreement, and correspondingly, the Issuer on the Class A5 Notes, but at an unhedged rate.

This may result in the Borrowers not being able to fulfil their obligations to pay amounts due under the Secured Loan Agreement and in turn, affect the ability of the Issuer to fulfil its obligations under the Notes and lead to a downgrading of the then applicable ratings assigned to the Notes. A failure to find a suitable replacement Hedging Provider in accordance with the terms of the relevant Hedging Agreement will ultimately constitute a Borrower Event of Default under the Secured Loan Agreement unless the Rating Agencies confirm that no downgrading of the Notes will occur as a result of the Issuer not having entered into a replacement interest rate Forward Swaps or any other appropriate hedging arrangement. See below under the heading Hedging Providers in Section B *Structural Risks* for a summary of risks relating to the Hedging Agreements.

Prior to the occurrence of an Issuer Event of Default if the Issuer is unable on any Interest Payment Date to pay in full items (a) to (d) (inclusive) of the Issuer Pre-enforcement Priority of Payments, the Issuer will have available to it, subject to the satisfaction of certain conditions precedent as to drawing, moneys available under the Liquidity Facility Agreement. The amount available for drawing under the Liquidity Facility Agreement to meet such items will be a maximum aggregate amount of €115,500,000 (subject to a *pro rata* reduction in connection with a redemption of the Notes). The Liquidity Facility may be applied by the Issuer for other purposes, including payment of costs and expenses in relation to the establishment of any security interests pursuant to the Security Agreement and, in certain circumstances, towards repayment of any third party loans that may impede the enforcement of the security by the Security Trustee on behalf of the Noteholders. The Liquidity Facility will not cover any Step-Up Amounts.

Other than the foregoing, the Issuer will not have any other funds available to it to meet its obligations in respect of the Notes or any other item ranking in priority or *pari passu* thereto.

Payments of the Interest Amount on the Notes will rank *pari passu* among themselves and before payments of principal in respect of the Notes, which will also rank *pari passu* among themselves – see the paragraph below entitled *Prepayment*.

The Liquidity Facility Provider will have the benefit of security provided by the Issuer pursuant to the Security Agreement. Amounts due to the Liquidity Facility Provider, other than any Liquidity Subordinated Amounts, will be paid in priority to the payment of interest and principal on the Notes in accordance with the Issuer Post-enforcement Priority of Payments.

Expected Maturity Date

The ability of the Issuer to pay in full all interest amounts and to repay in full all principal under the Class A5 Notes on the Expected Maturity Date will depend on the sufficiency and availability of amounts repaid by the Borrowers under the Secured Loan Agreement, which will in turn, depend on the performance of Vesteda Woningen's business operations, its ability to secure refinancing, subject to and in accordance with the terms of the Secured Loan Agreement. The Secured Loan Agreement and the Conditions set out certain consequences which arise when

a Non-Payment on the Expected Maturity Date Event occurs – see further the section *Summary of Principal Documents – Secured Loan Agreement* and Condition 6(b) of the Conditions below. No assurance can therefore be given as to whether and, if so, as to how long it will take for the Issuer to pay and repay, respectively, amounts of interest and principal in respect of the Class A5 Notes to the Class A5 Noteholders. However, there is a period of approximately two years between the Loan Maturity Date under the Secured Loan Agreement and the Final Maturity Date to enable the Borrowers to procure funds from other sources to fulfil their obligations under the Secured Loan Agreement and hence, the Issuer in respect of the Class A5 Notes.

Prepayment

The Secured Loan Agreement provides that the Borrowers may prepay, in whole or in part, the Term Loans on an Interest Payment Date. The prepayment of the Term Loans by the Borrowers should result in a redemption of the Class A5 Notes. No additional amounts will be payable to the Class A5 Noteholders as a result of such early redemption. These funds may arise from, *inter alia*, rental proceeds and the disposals of Properties, subject to and in accordance with the terms of the Secured Loan Agreement. The amount of funds arising from such disposals are dependent on, *inter alia*, the factors referred to in Section *D Business Risks* below.

Fund Unwind Event

The Secured Loan Agreement provides that if a decision is made or resolution is adopted by the participants with a stock or a participation interest in Vesteda Woningen to unwind Vesteda Woningen (other than in connection with the CV Conversion (as defined herein) (a '***Fund Unwind Event***'), (one of) the Borrowers shall open an account into which all proceeds of disposals of Properties shall be paid. This account shall be pledged to the Security Trustee. Following the occurrence of a Fund Unwind Event the proceeds of disposals of Properties shall be applied by the Borrowers (i) to enable Vesteda Woningen to pay dividends or other distributions of any kind to participants in Vesteda Woningen necessary to enable Holding DRF to distribute dividends at such dates and in such amounts as are required to maintain the status of Holding DRF as "*Fiscale Beleggingsinstelling*" under Section 28 of the Netherlands Corporate Income Tax Act, which distributions shall be made to each of the participants in Vesteda Woningen *pro rata parte* to their participation in Vesteda Woningen in accordance with the Participation Agreement and the Fund Conditions and capital expenditures of the Vesteda Group and (ii) to repay the Term Advances, and or the New Term Advances, as the case may be. The amount of funds arising from such a disposal are dependent on, *inter alia*, the factors referred to in the Section D *Business Risks*. The occurrence of a Fund Unwind Event should result in a repayment of the Class A5 Notes and no additional amounts will be payable to the Class A5 Noteholders if the Class A5 Notes are redeemed early as a result thereof.

Reliance on representations and warranties made by the Vesteda Woningen Entities

The Issuer will be lending the issue proceeds of the Class A5 Notes to the Borrowers in reliance on representations and warranties made by the Borrowers and Groep under the Secured Loan Agreement and Holding DRF under the Security Agreement. None of the Arranger, the Security Trustee, the Issuer or the Manager has made any independent investigation of any matters. If the relevant Vesteda Woningen Entity fails to remedy any breach of a material

representation, warranty, covenant or undertaking, and this has a material adverse effect on the ability of any Borrower to meet its obligations under the Secured Loan Agreement, this will constitute a Borrower Event of Default and the Security Trustee will be entitled to take enforcement action.

Eligible Investments

Prior to the service of an Issuer Enforcement Notice and unless otherwise instructed by the Issuer or the Security Trustee, and subject to certain limitations as to the term and nature of the particular instruments, the Account Bank (on behalf of the Issuer) is entitled to invest amounts standing to the credit of the accounts of the Issuer in Eligible Investments. Such investments, however might, notwithstanding the ratings assigned to them, be irrecoverable due to bankruptcy or insolvency of the debtor under the investment or of a financial institution involved or due to the loss of an investment amount during its transfer.

Limited Resources

If the Security Documents are enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to amounts due under the Class A5 Notes, to repay in full all principal and to pay in full all interest and other amounts due in respect of the Class A5 Notes, then, as the Issuer has no other assets, it may be unable to meet claims in respect of any, such unpaid amounts. Enforcement of the Security Documents by the Security Trustee is the only remedy available to the Class A5 Noteholders for the purpose of recovering amounts owed in respect of the Class A5 Notes.

The Borrowers' ability to meet their obligations under the Secured Loan Agreement

The Borrowers' ability to meet their obligations under the Secured Loan Agreement will depend primarily on receipt by Vesteda Woningen of rental income from the Properties, sale proceeds from disposals of Properties and/or their ability to obtain other refinancing. It should be noted that receipt by the Borrowers of rental income and sale proceeds from the Properties may not result in the aggregate principal amount advanced under the Secured Loan Agreement being repaid in full on or before the Loan Maturity Date. In turn, therefore, the Issuer may not have available to it sufficient funds to redeem in full the aggregate principal amount of the Notes prior to their Final Maturity Date. However, as aforementioned, there is a period of approximately two years between the Loan Maturity Date under the Secured Loan Agreement and the Final Maturity Date to enable the Borrowers to procure funds from other sources to fulfil their obligations under the Secured Loan Agreement and hence, the Issuer in respect of the Class A5 Notes.

Priority of Liquidity Facility Provider

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a 364 day committed facility from which the Issuer may draw in circumstances where, *inter alia*, any of the items specified in (a) to (d) (inclusive) of the Issuer Pre-enforcement Priority of Payments cannot be paid in a timely fashion by the Issuer.

The Liquidity Facility Provider will have the benefit of the security provided by the Issuer pursuant to the Security Agreement. Amounts due to the Liquidity Facility Provider, other than any Liquidity Subordinated Amounts, will be paid in priority to the payment of interest and principal on the Notes in accordance with the Issuer Post-enforcement Priority of Payments.

Ratings of the Notes

The ratings assigned to the Class A5 Notes by the Rating Agencies will be based on the value and cash flow generating ability of the Properties and other relevant structural features of the transaction, including, *inter alia*, the short-term unsecured and unsubordinated debt rating of the Liquidity Facility Provider, the Hedging Provider, and reflect only the views of the Rating Agencies.

On issue, the Class A5 Notes are expected to be rated AAA by Fitch, Aaa by Moody's and AAA by S&P. The ratings assigned to the Class A5 Notes by Fitch and S&P reflect timely payment of interest and ultimate payment of principal not later than the Final Maturity Date of the Class A5 Notes. The ratings assigned to the Class A5 Notes by Moody's address the expected loss posed to investors at legal final maturity in relation to the initial principal balance of the Class A5 Notes. **However, the ratings assigned to the Class A5 Notes by the Rating Agencies do in respect of Fitch and S&P not address timely payment or ultimate payment of the Step-Up Amounts and in respect of Moody's not address the likelihood of and expected loss of payments of such Step Up Amounts.**

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the Rating Agencies' judgement, circumstances so warrant. Rating agencies, other than the Rating Agencies, could seek to rate the Class A5 Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Class A5 Notes by the Rating Agencies, such unsolicited ratings could have an adverse effect on the value of the Class A5 Notes. For the avoidance of doubt and unless the Relevant Documents otherwise require, any references to "ratings" or "rating" in this Prospectus are to ratings assigned by the Rating Agencies only. Future events also, including events affecting the Liquidity Facility Provider, the Hedging Providers and/or circumstances relating to the Properties and/or the property market generally affecting the Vesteda Companies, could have an adverse effect on the rating of the Class A5 Notes. **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 by the assigning Rating Agency.**

Step-Up Amounts

A failure by the Issuer to pay any Step-Up Amounts does not result in an Issuer Event of Default. However, once an Issuer Event of Default has occurred and an Issuer Enforcement Notice has been issued, Class A5 Noteholders can claim the Step-Up Amounts, provided that any payment of such amounts shall be subject to the Issuer Post-enforcement Priority of Payments.

Matters relating to the Security Trustee

The Security Agreement will contain provisions requiring the Security Trustee to have regard to the interests of the Noteholders. However, it will also have regard to the interest of the other Beneficiaries, provided that in the event of a conflict of interests between the Beneficiaries, the Issuer Priority of Payments (set out herein) shall determine whose interests will prevail.

The Secured Loan Agreement provides that for certain matters set out in the Secured Loan Agreement, the Borrowers require the consent of the Security Trustee. The Security Trustee will be entitled to assume, for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to the Relevant Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders if the Rating Agencies have confirmed to the Security Trustee that no reduction or withdrawal of the rating of the Notes will occur as a result of such exercise.

Other Obligations of the Issuer

Following a Non-Payment on the Expected Maturity Date Event, the Issuer shall redeem the Notes in order of priority such that the Notes with the shortest Expected Maturity Date are redeemed first.

Furthermore, in the circumstances described in, and subject to the conditions set out in, the Conditions, the Issuer will be entitled to raise additional finance through the issue of Further Notes or New Notes. Such Further Notes or New Notes will be secured over the same assets that secure the Notes. However, it will be a condition precedent to any issue of Further Notes or New Notes that, *inter alia*, the Rating Agencies confirm that such issue will not result in a downgrade of the rating of the Notes.

If any Further Notes or New Notes were to *rank pari passu* with the Notes, the Security Trustee will be required to have regard to the interests of both the holders of the existing Notes and the Further Notes or New Notes (as the case may be) as if they formed a single class when exercising its rights, powers, trusts, authorities, duties and discretions.

The provisions of the Secured Loan Agreement will permit the Borrowers to create (or agree to create) or permit to subsist security interests over its present or future revenue or assets or undertaking ranking no more than *pari passu* with any security interests created pursuant to the Relevant Documents up to an aggregate amount not exceeding €25,000,000 in respect of financial indebtedness permitted to be created as described in the Secured Loan Agreement (described in the paragraph below) provided that the Borrowers shall be entitled to create (or agree to create) or permit to subsist first ranking mortgages over Properties with an aggregate Book Value of up to €25,000,000 in respect of such financial indebtedness.

In addition, the provisions of the Secured Loan Agreement will permit the Borrowers to, *inter alia*, incur or create financial indebtedness by, *inter alia*, entering into third party loans pursuant to which it may raise additional funds. Such indebtedness may rank *pari passu* with advances made under the Secured Loan Agreement and share in the security therefor or may be secured by other security rights. However, the Borrowers will need to obtain the prior consent of the Security Trustee before, *inter alia*, creating any financial indebtedness in excess of

€25,000,000. Such consent will be given if the Rating Agencies confirm that the Notes will not be downgraded as a result thereof.

Absence of Secondary Markets; Limited Liquidity

There can be no assurance that a secondary market in the Class A5 Notes will develop or, if it does develop, that it will provide the Class A5 Noteholders with liquidity of investment, or that it will continue for the life of the Class A5 Notes. However, application has been made to admit the Class A5 Notes to Euronext Amsterdam. Listing of the Class A5 Notes on Euronext Amsterdam is expected to take place on or around the Closing Date. There can be no assurance that listing of the Class A5 Notes will take place on or around the Closing Date or at all.

In addition, the market value of the Class A5 Notes may fluctuate with changes in prevailing rates of interest. Consequently, any sale of the Class A5 Notes by the Class A5 Noteholders in the secondary market which may develop may be at a discount to the original purchase price of the Class A5 Notes.

B. STRUCTURAL RISKS

Distributions by Vesteda Group

The Vesteda Group Companies may apply rental proceeds from the Properties and sale proceeds from disposals of Properties for the payment of dividends or other distributions of any kind in certain circumstances set out in the Secured Loan Agreement, which shall include the payment of dividends or other distributions of any kind necessary to comply with the Participation Agreement, the Fund Conditions and to enable Holding DRF to distribute dividends at such dates and in such amounts as are required to maintain the status of Holding DRF as 'Fiscal Investment Institution' (*Fiscale Beleggingsinstelling*) ('***FII Status***') under Section 28 of the Netherlands Corporate Income Tax Act.

Such distributions shall be made to each of the participants in Vesteda Woningen *pro rata parte* to their participations in Vesteda Woningen in accordance with the Participation Agreement and the Fund Conditions. See further the section *Income Tax Aspects of Vesteda's Structure in Vesteda Group – Corporate Profile and Business* below. There can be no assurance that the making of such payments will not adversely affect the ability of the Borrowers to meet all of their obligations under the Secured Loan Agreement, and hence, the Issuer under the Notes. However, upon the occurrence of a Non-Payment on the Expected Maturity Date Event, such distributions, save for those aforementioned to maintain the FII Status of Holding DRF, will not be permitted. Upon the occurrence of a Fund Unwind Event such distributions may not be made from the proceeds of any disposal of a Property, save for those aforementioned to maintain the FII status of Holding DRF. Further, upon or following the occurrence of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event (in each case which is continuing) or a Borrower Event of Default (in each case whichever is earlier), no distributions will be permitted.

CV Conversion

Under current tax laws, the acquisition of an interest in Vesteda Woningen of less than 1/3 is not subject to real property transfer tax. It is expected that in the near future this beneficial tax treatment will only be available for entities with legal personality. Vesteda Woningen, a mutual fund under Dutch law (*fonds voor gemene rekening*), does not have legal personality. Pursuant to forthcoming legislation, a limited partnership under Dutch law (*commanditaire vennootschap*) can opt for legal personality. Thus, a conversion in a limited partnership is expected to make an investment in Vesteda Woningen more attractive for potential investors.

Vesteda Woningen is therefore considering converting its legal form from a mutual fund into a limited partnership and – after enactment of the forthcoming legislation – to opt for legal personality (the '**CV Conversion**') so as to continue benefiting from the beneficial transfer tax treatment.

The Secured Loan Agreement provides that Vesteda Woningen is entitled to effect a CV Conversion provided that the Rating Agencies have confirmed in writing that the Notes will not be downgraded as a result of the CV Conversion and the amendments to the Secured Loan Agreement and other Relevant Documents in connection therewith. If such condition is met, the Secured Loan Agreement and the other Relevant Documents, to the extent necessary, will be amended to take account of Vesteda Woningen's new legal form. This means that the terms of the Transaction Documents as they read following the CV Conversion can vary from the terms described in this Prospectus. The Secured Loan Agreement further provides that if the CV Conversion is effected, the Noteholders shall be informed in accordance with Condition 13 and the amended Relevant Documents shall be made available to the Noteholders for inspection.

Tax Status of Holding DRF

If Holding DRF was no longer regarded, together with DRF I, DRF II, DRF III and DRF IV, as a fiscal unity for corporate income tax purposes, a Fiscal Investment Institution, this would result in a 25.5% (20% for the first €25,000 of taxable income and 23.5% for taxable income between €25,000 and €60,000) annual corporate income tax liability for Holding DRF as from the beginning of the year in which it loses the FII Status and an obligation to release an amount equal to the "rounding-off reserve" (*afrondingsreserve*). Holding DRF would, for example, lose this status if it did not properly distribute the annual available profit. See further the section *Income Tax Aspects of Vesteda's Structure in Vesteda Group – Corporate Profile and Business*. Holding DRF is the parent company of the corporate income tax fiscal unity. All members of a corporate income tax fiscal unity are jointly and severally liable for any corporate income tax due by the parent company of the fiscal unity. This would result in an additional cost for the Borrowers which may affect their ability to repay the Term Advances, and hence the Issuer's ability to repay the Notes.

Tax Status of Vesteda Woningen

Vesteda Woningen is not liable to income tax, as a result of which its results are, for Dutch income tax purposes, included in the income of the participants on a *pro rata* basis. If Vesteda Woningen was to lose its tax transparency, this would make Vesteda Woningen an entity for corporate income tax purposes and liable for 25.5% (20% for the first €25,000 of taxable income and 23.5% for taxable income between €25,000 and €60,000) corporate income

tax. In addition, this would make Vesteda Woningen liable to dividend withholding tax on distributions. Vesteda Woningen would, for example, lose its tax transparency if the participants were to decide to change the Fund Conditions such that the approval of all participants for the issue or transfer of participations in Vesteda Woningen would not longer be required. This would result in an extra cost for the Borrowers which may affect their ability to repay the Term Advances, and hence the Issuer's ability to repay the Notes.

Vesteda Woningen is joined in a VAT fiscal unity with Groep, Vesteda Project B.V., Gordiaan Vastgoed B.V., H.O.G. Heerlen Onroerend Goed B.V., DRF I and DRF II (the '***VAT Fiscal Unity***'). All members of a VAT fiscal unity are jointly and severally liable for Dutch VAT due by any member of the fiscal unity. DRF III is not part of the VAT Fiscal Unity but may be included in the VAT Fiscal Unity at a later stage. Also in their capacity as custodians for Vesteda Woningen, the Borrowers are (and were already at the Initial Closing Date) accountable for VAT liabilities of the VAT Fiscal Unity for which each of them can be held jointly and severally liable.

This risk is mitigated by certain representations given by Groep and Vesteda Project B.V. that as at the Closing Date no outstanding material VAT liability was due and payable and that none of Gordiaan Vastgoed B.V. and H.O.G. Heerlen Onroerend Goed B.V. have any outstanding VAT liability and will as long as they are members of the VAT Fiscal Unity have any VAT liabilities due to any relevant tax authority.

Availability of Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a committed 364 day facility for drawings to be made. The Issuer may draw down under the Liquidity Facility Agreement provided it satisfies certain conditions set out therein. The Issuer shall be entitled to apply funds received pursuant to the Liquidity Facility to pay, *inter alia*, items (a) to (d) (inclusive) of the Issuer Pre-enforcement Priority of Payments. It should be noted that the Liquidity Facility may not be sufficient to meet the full amount of interest payable on the Notes on any Interest Payment Date (the amount available for drawing for these items and in addition, to meet costs incurred by the Issuer in relation to the establishment of any security interests pursuant to the Security Agreement and, in certain circumstances, towards repayment of any third party loans that may impede the enforcement of the security by the Security Trustee on behalf of the Noteholders) being limited to a maximum aggregate amount of €115,500,000) (subject to a *pro rata* reduction in connection with a redemption of the Notes). In the event that a Liquidity Event of Default occurs, the Issuer will not be entitled to draw from the Liquidity Facility. See further *Summary of Principal Documents – Liquidity Facility Agreement.*

The Liquidity Facility Provider at the Closing Date will have a rating in respect of its short-term unsecured unsubordinated and unguaranteed debt obligations of at least F1+, P-1 and A-1+, by Fitch, Moody's and S&P, respectively (the '***Required Ratings***'). If the credit rating assigned by a Rating Agency in respect of the short-term debt obligations of the Liquidity Facility Provider at any time after the Closing Date falls below the relevant Required Rating or the Liquidity Facility Provider has declined to renew the Liquidity Facility at the relevant date, the Issuer may request a Liquidity Facility Standby Loan (as described in *Summary of Principal Documents – Liquidity Facility Agreement*) or may cancel the Liquidity Facility (provided the

Issuer shall have first made arrangements for a replacement Liquidity Facility Provider with a bank that has the Required Ratings on terms which are acceptable to the Security Trustee and the Rating Agencies) or require the Liquidity Facility Provider to novate or transfer its rights and obligations under the Liquidity Facility to a bank which has the Required Ratings. Further, if the Liquidity Facility Provider defaults in respect of its obligations under the Liquidity Facility Agreement, or declines to renew the Liquidity Facility, this may result in a termination of the Liquidity Facility Agreement. In such circumstances, there may be a downgrading of the Notes.

Groep

Groep has a broad function. It acts as manager of Vesteda Woningen as well as managing director of Vesteda Project B.V. – see the section *Vesteda Group – Corporate Profile and Business*.

Pursuant to the Fund Conditions, if Groep failed to fulfil its obligations pursuant thereto, a replacement manager could be appointed in its place. However, no assurance can be given that such an entity would be found, or if found, would be willing to act. Should Groep default in its obligations as manager or cease to act as manager in the event of bankruptcy or otherwise, the DRFs shall be entitled to manage Vesteda Woningen until a new manager is appointed. If a new manager has not been appointed within ten weeks, Vesteda Woningen will be dissolved and liquidated unless the participants unanimously decide to extend the term.

Creation of Security Interests

The Secured Loan Agreement includes a list of events (Borrower Events of Default, a Failure to Pay Interest Event, a Failure to Refinance Event and a Failure to Pay Principal Event as more fully set out in the Secured Loan Agreement (see the section *Summary of Principal Documents – Secured Loan Agreement* below)), the occurrence of which will entitle the Security Trustee to create (and oblige Groep and the Borrowers to cooperate with the creation of) Mortgages over sufficient Properties representing a Book Value (as defined herein) of 150 per cent. of the Borrower Principal Obligations. Furthermore, on the occurrence of a Non-Payment on Expected Maturity Date Event, Failure to Pay Interest Event, a Failure to Refinance Event or a Failure to Pay Principal Event (which is continuing) or a Borrower Event of Default, whichever is earlier, the Borrowers and Groep shall be obliged to create a disclosed security interest over the Rent Collection Accounts, Master Collection Account, Segregated Account and any similar accounts opened by the Borrowers. Upon the occurrence of a Fund Unwind Event, the Borrowers shall be obliged to open and to create a disclosed right of pledge over the Repayment Account (see further the section *Summary of Principal Documents – Secured Loan Agreement*).

If the relevant security interest shall not have been created prior to a bankruptcy order or suspension of payments order in respect of the party that is obliged to provide security, such security interest can no longer be validly created. Further, if Properties are subject to any attachment prior to the creation of a security interest, the security interest shall not take priority over the attachment. In both cases the Security Trustee will not have the (full) benefit of the security interests, which could affect the Issuer's ability to repay the Class A5 Notes. However, *inter alia*, to mitigate this risk, certain financial covenants have been provided under the Secured Loan Agreement (including an LTV covenant of 45 per cent. loan to value), a breach of which, if

not cured within the applicable period shall constitute a Borrower Event of Default and thus require the creation of mortgages. Further, since the DRFs are made subject to restrictions and provide certain covenants in respect of their activities pursuant to the Secured Loan Agreement, the risk of the DRFs becoming bankrupt or being granted a suspension of payments is reduced.

Share Pledge Agreement

To secure the obligations of the Borrowers and Groep under the Secured Loan Agreement, Holding DRF has granted a pledge over the DRF Shares in favour of the Security Trustee pursuant to the Share Pledge Agreement (see the section *Summary of Principal Documents – Share Pledge Agreement*). The pledge over the DRF Shares does not, by itself, create a security over the Properties. However, it will permit the Security Trustee to replace the management boards of the DRFs, in the circumstances described in the paragraph below.

The purpose of the pledge over the DRF Shares is primarily to protect the Issuer against the insolvency of Groep, in which case Groep could no longer act as manager of Vesteda Woningen. On or following the occurrence of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event (which is continuing) or a Borrower Event of Default, whichever is earlier, the Security Trustee will be able to exercise the voting rights attaching to the pledged shares, provided that, in the case of a Failure to Refinance Event, a Failure to Pay Principal Event, Failure to Pay Interest Event (in each case, which is continuing), the Security Trustee shall agree not to dismiss or suspend the boards of the DRFs unless a Borrower Event of Default occurs. By being able to control the boards of the DRFs (and if necessary appoint its own nominees to these boards), the Security Trustee would be able to procure the creation of Mortgages in accordance with, and pursuant to, the Security Agreement (until a new manager to replace Groep has been appointed in accordance with the Participation Agreement and the Fund Conditions) if Groep became insolvent or defaulted in respect of its obligations under the Fund Conditions and the boards of the DRFs refused to cooperate with the creation of such Mortgages and liquidate the Properties. However, as stated above, the DRFs can no longer validly create the Mortgages if they themselves become bankrupt or are granted a suspension of payments, in which case such security interest cannot be validly constituted. Further, if Properties are subject to any attachment prior to the creation of a security interest, the security interest shall not take priority over the attachment. However, since the DRFs are made subject to restrictions and provide certain covenants in respect of their activities pursuant to the Secured Loan Agreement, the risk of the DRFs becoming bankrupt or being granted a suspension of payments is reduced.

In addition to being the legal owners of the Properties, the DRFs have liabilities, and will incur liabilities, in their capacity as custodians of Vesteda Woningen. The DRFs are likely to have incurred liabilities or will incur liabilities that will rank *pari passu* with their obligations towards the Issuer as Borrowers under the Secured Loan Agreement which may result in the Borrowers not being able to fulfil their obligations to pay amounts due under the Secured Loan Agreement and, if the Borrowers became insolvent as a result of such liabilities, would limit or terminate the ability of the Security Trustee to exercise its rights under the Share Pledge. Both situations would, in turn, affect the ability of the Issuer to fulfil its obligations under the Class A5 Notes. However, as aforementioned, the DRFs are made subject to restrictions and provide certain covenants in respect of their activities pursuant to the Secured Loan Agreement so that

the liabilities which they can incur are limited. Further, subject to the conditions of the Liquidity Facility Agreement, Liquidity Drawings may be made to pay such liabilities in order to reduce the risk of Borrowers becoming the subject of insolvency proceedings.

Account Pledges and Repayment Account Pledge

Pursuant to the Security Agreement, each of the Borrowers and Groep has agreed to create upon the occurrence of certain events (see the section *Summary of Principal Documents – Secured Loan Agreement* below), pledges over the Rent Collection Accounts, the Master Collection Account, the Repayment Account and the Segregated Account establishing a pledge over the credit balances of these accounts relating to payments that are made prior to the bankruptcy or suspension of payments of the relevant holder of the account, being, respectively, Groep in the case of the Rent Collection Accounts, and in respect of the other accounts, the Borrowers. Monies standing to the credit of the Rent Collection Accounts are transferred at least once monthly to the Master Collection Account. Amounts that are paid into these accounts after the bankruptcy or suspension of payments of the relevant account holder will no longer be subject to the right of pledge and will become part of the estate of the account holder (unless the ultimate beneficiary of the payments can successfully claim that from the designation of the accounts it can be derived that any payments received in the accounts do not form part of the account holder's estate and are therefore the property of such beneficiary).

If Groep were to become insolvent and the payments into the relevant accounts are determined to be part of Groep's estate, the Borrowers will have a non-preferred and unsecured claim against Groep for the payments which Groep received on behalf of the Borrowers. It cannot be excluded that the estate of Groep will be insufficient to pay (part of) such claim, in which case the Borrowers may not receive the rental income in full, which could affect their ability to make payments under the Secured Loan Agreement (and, in turn, the Issuer's ability to make payments under the Class A5 Notes). However, in the event that Groep becomes bankrupt or is made subject to a suspension of payments, the Secured Loan Agreement provides that, *inter alia*, the Borrowers are obliged to open new accounts in their name and arrange for amounts payable by tenants to be redirected to such new accounts so that these amounts are no longer part of Groep's estate.

Impact of Netherlands Insolvency Law

The Security Trustee can, pursuant to the Security Agreement and Netherlands law, in the event of bankruptcy or a suspension of payments in respect of any of the providers of security, exercise the rights afforded by law to a secured party as if there were no bankruptcy or suspension of payments. However, bankruptcy or a suspension of payments involving any of the providers of security would affect the position of the Security Trustee as a secured party in some respects, the most important of which are: (i) a mandatory "cool-off" period (*afkoelingsperiode*) of up to four months may apply in case of bankruptcy or a suspension of payments involving any of the providers of security, which, if applicable would delay the exercise of the right created by the relevant security interest, including any such right created by a mortgage, and (ii) the Security Trustee may be obliged to enforce a security interest, including a security interest such as a mortgage or pledge, within a reasonable period as determined by the judge – commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of any of the Borrowers.

Foreclosure of Security Interests

Under Netherlands law, a security interest (mortgage or pledge) is in principle foreclosed through a public auction of the relevant assets. This auction has to be effected in accordance with the applicable provisions of the Netherlands Civil Code (*Burgerlijk Wetboek*) and the Netherlands Civil Procedures Code (*Wetboek van Burgerlijke Rechtsvordering*). The application of certain provisions of Netherlands law could cause delay in the foreclosure process or could limit the discretion of the Security Trustee as to the manner of foreclosure, as further set out below.

The Netherlands Civil Code provides, in the case of mortgage or pledge, that the relevant assets can also be sold by way of private sale. Such sale is subject to court approval, which can only be requested after the security interest has become enforceable. The approval (although discretionary) is likely to be granted if the terms of the sale are better than the terms that would have been received if the assets were sold at a public auction.

With respect to pledges, it is furthermore possible that, once the security interest has become enforceable, the pledgor and pledgee agree to an alternative foreclosure procedure or that, at the request of the pledgee, the pledged asset is kept by the pledgee against a consideration approved by the courts.

As stated above, a mortgage can be foreclosed through a public auction or a private sale. A private sale may in some circumstances be preferable as it might be on better terms than a public sale. However, this could be more time-consuming than a sale by way of public auction. In any case, the Security Agreement provides that the Security Trustee can avail itself of experts and advisers to assist with a foreclosure of the security interests created by, and pursuant to, the Security Agreement, in order to determine the most appropriate foreclosure procedure at the relevant time.

Holding DRF has granted a pledge, pursuant to the Share Pledge Agreement, over the DRF Shares. Upon or following the occurrence of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event (in each case, which is continuing) or a Borrower Event of Default, whichever is earlier, the Security Trustee shall be entitled to exercise the voting rights attaching to the pledged shares, provided that in the case of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event (in each case, which is continuing), the Security Trustee shall agree not to dismiss or suspend the boards of the DRFs unless a Borrower Event of Default occurs. This will enable the Security Trustee to exercise control over the DRFs, which, as custodians, are the legal owners of the Properties, so that it will be in a position to procure the creation of Mortgages and liquidate the Properties. It is not intended that the Security Trustee will foreclose such pledge for the sole purpose of applying the foreclosure proceeds to satisfy the Borrower Secured Obligations (although it cannot be excluded that the Security Trustee will do so if this is in the interest of the Issuer or the Beneficiaries, as the case may be) since the DRFs do not have an economic interest in the Properties and the DRFs would, following such foreclosure, still be holding the Properties as custodians. If the Security Trustee would foreclose and lose its voting control over the DRFs, the DRFs would still be subject to their obligations under the Relevant Documents to which they are

a party. A foreclosure of the pledge could be effected by the Security Trustee through one of the foreclosure alternatives described above.

Groep and the Borrowers have undertaken to create a right of pledge, pursuant to the Account Pledges, over, *inter alia*, amounts standing to the credit of, in the case of Groep, the Rent Collection Accounts, and in the case of the Borrowers, the Master Collection Account and the Segregated Account immediately upon the occurrence of a Non-Payment on the Expected Maturity Date Event, a Failure to Refinance Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event (in each case which is continuing). The Borrowers have, upon the occurrence of a Fund Unwind Event, agreed to create a right of pledge over the Repayment Account. These pledges can in principle be enforced by requiring the bank where the accounts are held to pay these credit balances to a designated account of the Security Trustee. The Security Trustee can apply these amounts by off-setting them against the Borrower Secured Obligations.

The Issuer has pledged and will pledge pursuant to the Issuer Pledge Agreement its assets, consisting of rights under the Relevant Documents to which it is a party and the amounts standing to the credit of its bank accounts, to the Security Trustee. This pledge can be enforced by the Security Trustee through an exercise of the Issuer's rights under such Relevant Documents. The Security Trustee can further foreclose the pledge through one of the foreclosure alternatives described above although this may, in the circumstances, be less appropriate.

The Netherlands Bankruptcy Code provides that the bankruptcy trustee of a pledgor or mortgagor can require the pledgee or the mortgagee to foreclose its security interest within a reasonable period (see above), failing which the bankruptcy trustee can foreclose the pledge or mortgage on behalf of the pledgee or mortgagee (which will then have to share in the bankruptcy costs). Given the purpose of the Share Pledge, there is an interest not to foreclose the pledge before the relevant Mortgages have been created. Although the expectation is that this can be done reasonably quickly, there could be unexpected delays, which may result in a situation that not all required Mortgages can be vested in time. However, the risk that Holding DRF, as pledgor of the DRF Shares, can become insolvent is remote given the limited scope of its activities and the covenants to which it has agreed in the Security Agreement.

Hedging Providers

The Original Hedging Provider will be obliged to make payments under the Caps and the Forward Swaps without any withholding or deduction of taxes unless required by law and the New Hedging Provider will be obliged to make payments under the Supplemental Forward Swap without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the relevant Hedging Provider will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. Each Hedging Agreement provides, however, that if due to (i) action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the relevant Hedging Agreement, the relevant Hedging Provider will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a '***Tax Event***'), such Hedging Provider may

with the consent of the Issuer (which consent shall not be unreasonably withheld) subject to the consent of the Rating Agencies transfer (by way of novation or assignment) its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event.

The Caps and the Forward Swaps will be terminable by the Issuer if an Event of Default or Termination Event (each as defined in the Original Hedging Agreement) occurs in relation to the Original Hedging Provider. The Supplemental Forward Swap will be terminable by the Issuer if an Event of Default or Termination Event (each as defined in the Supplemental Hedging Agreement) occurs in relation to the New Hedging Provider.

The Original Hedging Provider as at the Closing Date will have a rating in respect of its short-term unsecured, unsubordinated and unguaranteed debt obligations of F1+, Prime-1 and A-1+ by Fitch, Moody's and S&P, respectively, and has a rating in respect of its long-term unguaranteed, unsecured and unsubordinated debt obligations of Aa3 by Moody's. The New Hedging Provider as at the Closing Date will have a rating in respect of its short-term unsecured, unsubordinated and unguaranteed debt obligations of F1+, Prime-1 and A-1+ by Fitch, Moody's and S&P, respectively, and has a rating in respect of its long-term unguaranteed, unsecured and unsubordinated debt obligations of Aa1 by Moody's.

Each Hedging Provider must have a short-term unsecured, unsubordinated and unguaranteed debt rating of at least F1, Prime-1 and A-1 by Fitch, Moody's and S&P, respectively (or any of their successors) and must have long-term unguaranteed, unsecured and unsubordinated debt obligations of at least A1 by Moody's (the '***Required Ratings***'). If the credit rating assigned by a Rating Agency falls below the required ratings (or their equivalent), then the relevant Hedging Provider may, subject to the consent of the Rating Agencies and at its own cost, either (i) provide suitable collateral or (ii) find a suitable guarantor to support the performance of its obligations under the relevant Hedging Agreement or (iii) transfer (by way of novation or assignment) all of its rights and obligations to a replacement hedge provider with the consent of the Issuer (which consent shall not be unreasonably withheld). If the relevant Hedging Provider defaults in respect of its obligations, the Borrowers may be obliged to procure a replacement hedging agreement for the Issuer to enter into at their own cost with another appropriately rated entity or procure credit support. For so long as there is no replacement hedge provider, the Borrowers will remain obliged to fulfil their obligations to pay interest amounts on the Term Loans pursuant to the Secured Loan Agreement but at an unhedged rate. In such circumstances, it cannot be excluded that there may be a downgrading of the Class A5 Notes. See further the sections *Issues relating to the Notes – The Issuer's ability to meet its obligations under the Notes* and *Summary of Principal Documents – The Original Hedging Agreement* and *The Supplemental Hedging Agreement*.

Termination Payments under the Forward Swaps and the Supplemental Forward Swap

If a Forward Swap or the Supplemental Forward Swap is terminated under the relevant Hedging Agreement, the Issuer may be obliged to pay a termination payment to the relevant Hedging Provider. The amount of any termination payment will be based on the market value of the terminated Forward Swap or the Supplemental Forward Swap (as the case may be) based on market quotations of the cost of entering into a transaction with the same terms and conditions

that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

The funds which the Issuer has available to make payments on the Notes may be reduced if the Issuer is obliged to make a termination payment to one of the Hedging Providers in respect of a Forward Swap or the Supplemental Forward Swap. If, however, (a) a Forward Swap is terminated due to (i) a prepayment of any of the Initial Term Loans under the Secured Loan Agreement; or (ii) any Borrower failing to comply with its payment obligations to the Issuer under the Secured Loan Agreement, or (b) the Supplemental Forward Swap is terminated due to (i) a prepayment of any of the Term A5 Loans under the Secured Loan Agreement; or (ii) any Borrower failing to comply with its payment obligations to the Issuer under the Secured Loan Agreement, then, pursuant to the Secured Loan Agreement, the Borrowers have agreed to pay to the Issuer an amount equal to such termination payments due and payable to the relevant Hedging Provider under the relevant Hedging Agreement in respect of such Forward Swap or the Supplemental Forward Swap (as the case may be) (unless such Hedging Provider is in default under its obligations under the relevant Hedging Agreement). In addition, any termination payment due and payable to one of the Hedging Providers which arises owing to a default by such Hedging Provider shall not rank in priority to payments due to any Noteholder. See further the section *Summary of Principal Documents – Secured Loan Agreement.*

Delegation

Except to the limited extent described herein, none of the Security Trustee or any Noteholder will participate in the management of the Issuer or the Borrowers. In particular, such parties cannot supervise the functions relating to the management or operation of the Properties. The Issuer has no executive management resources of its own and, as such, the Issuer will rely upon, *inter alia*, its Director and the Corporate Administrator for all its executive and administrative functions. Failure by any such party to perform its obligations could have an adverse effect upon the Issuer's ability to repay the Class A5 Notes. There can be no assurance that, were any such party is to resign or its appointment be terminated, a suitable replacement director or corporate administrator could be found or would be found in a timely manner and engaged on terms which would not cause a downgrade or withdrawal of the rating of the Class A5 Notes.

Change of Law

The structure of the issue of the Class A5 Notes and the ratings which are to be assigned to them are based on the Netherlands law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change in Netherlands law or administrative practice in the Netherlands after the date of this Prospectus.

C. RISKS RELATING TO THE PROPERTY

Liquidation Value

The liquidation value of the Properties may be adversely affected by risks generally incidental to interests in real property, including, but without limitation, changes in political and economic conditions or in specific industry segments, declines in property values, declines in

rental or occupancy rates, increases in interest rates, changes in governmental rules, regulations and fiscal and other policies, terrorism, flooding, and other factors which are beyond the control of the Vesteda Group Companies and the Issuer.

Tenancy Agreements

The Borrowers and Groep will covenant in the Secured Loan Agreement not to amend, vary, supplement or terminate (save for any termination in connection with a Permitted Disposal (as defined in the Master Definitions Agreement)) in any material way any terms of the Tenancy Agreements other than in cases where it would be acceptable to a reasonably prudent buyer/seller and owner of residential property or in cases such that it would not have a material adverse effect. There can therefore be no assurance that market practice in respect of Tenancy Agreements and/or the demands of prospective tenants over the life of the Notes will not subject the Borrowers to more onerous or less favourable covenants on its part or that tenant obligations under such Tenancy Agreements will not significantly diminish which, in any such event, may have an adverse effect on the value of, or income from, the Properties.

Appointment of Independent Advisor

The Secured Loan Agreement provides that in certain circumstances, the Borrowers shall, subject to the approval of the Security Trustee, appoint an external, independent and appropriately qualified advisor to perform certain functions, including, to assume control and management of the process of liquidating the Properties. No assurance can be given that in any such circumstances an individual or entity who or what will act on terms acceptable to the Security Trustee, or who or what will be willing to act at all, would be found.

Insurance

Holding DRF and Groep have obtained insurance cover, in the form of (i) a liability policy in the name of Holding DRF and (ii) a comprehensive insurance policy in the name of Groep, together the '***Insurance Policies***', under which the DRFs are named as insured companies. The insured risks comprise, principally, typical property insurance risks for properties of this type. The Insurance Policies are due to expire on 1 January 2008, with tacit renewal for a certain period thereafter. No assurances can be given that the Insurance Policies will be renewed on the same terms or will be renewed at all. The amount of cover provided under the Insurance Policies varies and deductibles apply. The deductible in respect of the comprehensive insurance policy of Groep is approximately 0.04% of the insured amount in respect of the Properties.

The Borrowers and Groep covenant in the Secured Loan Agreement that they will keep all of the Properties of an insurable nature insured in the aggregate to full replacement costs, excluding the relevant deductible, and in accordance with the terms of the Tenancy Agreements, and provide insurance in respect of each Property with reputable insurers against loss or damage resulting from, *inter alia*, fire and explosion and maintain such other insurances as are in accordance with sound and prudent commercial practice.

No assurance can be given that the proceeds of any such insurance will be sufficient to pay, in full, all the amounts due from the Borrowers under the Secured Loan Agreement and,

hence, the Notes. Certain types of risks and losses (for example, losses resulting from terrorism) are normally not covered in respect of the Properties. Other types of risks and losses may become either uninsurable or not economically insurable or are not covered by the Insurance Policies. If an uninsured or uninsurable loss were to occur, the Borrowers might not have sufficient funds to repay in full all amounts owing under the Secured Loan Agreement.

Reliance on Valuation

The value of the Properties as at 31 December 2006 was, in aggregate, €4,365,907,034. However, there can be no assurance that the market value of the Properties will continue to be equal to or exceed such value. The valuations of the Properties express the professional opinion of the relevant valuers on the relevant Property and are not guarantees of present or future value in respect of such Property. One valuer may, in respect of any Property, reach a different conclusion than the conclusion in relation to a particular Property that would be reached if a different valuer were appraising such Property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing property owner. As the market value of the Properties fluctuates, there is no assurance that the market value of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Secured Loan Agreement. If the Properties are sold following a Failure to Pay Principal Event or a Borrower Event of Default pursuant to the Secured Loan Agreement, there is no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Secured Loan Agreement.

Disposals/Valuation

As part of Vesteda Woningen's strategy, the Vesteda Group will make disposals of Properties, from time to time. The price at which the Properties will be disposed of will be influenced by general economic conditions and other factors described below under the heading *General* in the section - *Business Risks*.

Environmental Risks

The Borrowers and Groep provide representations and warranties to the Issuer and the Security Trustee in the Secured Loan Agreement in relation to their compliance with environmental laws and approvals. The Borrowers also covenant to continue to comply with such laws and approvals. However, if an environmental liability arises in relation to any Property and it is not remedied, or it is not capable of being remedied, this may adversely affect such Property and the business of the Vesteda Group (either because of the cost implications for Vesteda Woningen or because of disruption to services provided at the relevant Property). It may also result in a reduction of the value of the relevant Property or affect the ability of Vesteda Woningen to dispose of the relevant Property or its ability to service the Term Loans.

State of the Properties

The Borrowers provide representations and warranties to the effect that the Properties are in good and substantial repair and condition and fit for the purpose for which they are presently used and that there is no material defect in their condition or construction. The Borrowers also

provide certain covenants in connection with the state and repair of the Properties. However, if a liability in this respect arises in respect of a Property, and it is not remedied, or it is not capable of being remedied, this may adversely affect such Property and the business of the Vesteda Group (either because of the cost implications for Vesteda Woningen or because of disruption to services provided at the relevant Property). It may also result in a reduction of the value of the relevant Property or affect the ability of Vesteda Woningen to dispose of the relevant Property or its ability to service the Term Loans.

D. BUSINESS RISKS

General

Real property investments are subject to varying degrees of risk. Rental revenues, property values and the demands of tenants are affected by changes in the general economic climate and local conditions such as an over supply of space, a reduction in demand for residential property in an area, competition from other available space or increased operating costs. Rental revenues and property values are also affected by such factors as political developments, government regulations and changes in planning laws or policies or tax laws, interest rate levels, inflation, wage rates, levels of employment and the availability of consumer credit. Further, the ability to attract the appropriate types and numbers of tenants paying rent levels sufficient to allow the Borrowers to make payments under the Secured Loan Agreement will be dependent, among other things, on the performance generally of the real property market. Rental revenues and values are sensitive to such factors which can sometimes result in rapid, substantial increases and decreases in rental and valuation levels. Any resulting decline in market value may adversely affect the ability of the Borrowers to meet their obligations under the Secured Loan Agreement.

Competition

Vesteda Woningen is the largest private residential fund in the Netherlands, acquiring, developing, managing, letting and selling residential properties currently located in the Netherlands. In the low-rent sector and the medium-rent sector, the housing associations are the largest landlords in the Netherlands by social and community goals. However, the Properties fall predominantly in the high-rent sector. An increase in competition could, for example, have an impact on the rental income available to Vesteda Woningen and the value of its Properties, which could affect the Borrowers' ability to make payments under the Secured Loan Agreement. However, the number and value of Properties relating to the amounts outstanding from time to time under the Secured Loan Agreement, and the covenants imposed on the Borrowers pursuant to the Secured Loan Agreement, as well as the repayment conditions of the Term Advances under the Secured Loan Agreement, should reduce the risk that increased competition will affect the ability of the Issuer to pay interest and principal on the Class A5 Notes.

Strategy

The strategy of Vesteda Woningen is based on certain assumptions relating to, *inter alia*, economic conditions, market for rental properties, and demographic conditions in the Netherlands. Although Vesteda Woningen has no reason to believe that these assumptions are

inappropriate, it cannot be excluded that these assumptions turn out to be incorrect. This could, for example, have an impact on the rental income available to Vesteda Woningen and the value of its Properties, which could affect the Borrowers' ability to make payments under the Secured Loan Agreement. However, the number and value of Properties relating to the amounts outstanding from time to time under the Secured Loan Agreement, and the covenants imposed on the Borrowers pursuant to the Secured Loan Agreement, as well as the repayment conditions of the Term Advances under the Secured Loan Agreement, should reduce the risk that adverse change in conditions or markets that are relevant to the assumptions on which Vesteda Woningen's strategy is based, will affect the ability of the Issuer to pay interest and principal on the Class A5 Notes.

Property Management

The net cash flow realised from the Properties may be affected by management decisions. As described above, the Properties are managed by Groep. Groep and its local management branches are responsible for finding new tenants and for negotiating the terms of leases with such tenants. All of Groep and its representatives located at their management branches are responsible for finding new tenants and negotiating leases although Groep is ultimately responsible. Whilst Groep is experienced in managing residential property, there can be no assurance that decisions taken in the future by it (or by its representatives at local branches on its behalf) will not adversely affect the value and/or cash flows of the Properties.

E. REGULATORY

Vesteda Woningen is subject to varying degrees of local, regional and national regulation, covering environmental, safety and maintenance standards and tenants' rights, and other factors that affect the property market. There can be no assurance that such laws or regulations or the interpretation or enforcement of or change in any such laws or regulations will not have an adverse effect on the value of the Properties or require Vesteda Woningen to incur additional costs or otherwise adversely affect the management of its Properties, which could adversely affect the results of operations and financial condition of Vesteda Woningen. See further section *Property Leasing in the Netherlands – Regulatory Framework* below for further details.

F. GENERAL

EU Savings Directive

On 7 June 2005, the last necessary approval for the EU Savings Directive ('***Directive***') was granted by the EU's council of Economic and Finance Ministers. Therefore, the Directive has come into effect on 1 July 2005. The Directive requires the disclosure of information by paying agents in EU member states and certain other countries and territories. These paying agents are required to provide to the tax authorities of other EU member states details of payments of interest and other similar income paid to individual beneficial owners resident in that other EU member state. Austria, Belgium, Luxembourg and certain other countries and territories will instead of disclosure impose a withholding tax on such payments. As from 1 July, 2005 the withholding tax will amount to 15 per cent. On July 1, 2008 and July 1, 2011 the

percentage will be increased to 20 per cent. respectively 35 per cent. This would only be an issue where a Paying Agent would make payments from one of the jurisdictions mentioned in this paragraph.

Reports

No new reports have been prepared specifically for the purpose of this Prospectus, or the transaction contemplated herein and none of the Issuer, the Manager and the Security Trustee has made any independent investigation of any of the matters stated therein, except as disclosed in this Prospectus.

Historical Information

The historical financial and other information set out in the sections *Overview of the Netherlands Residential Property Market, Vesteda Group – Corporate Profile and Business, Property Leasing in the Netherlands – Regulatory Framework and Description of the Portfolio* below represents the historical experience of the Vesteda Group. There can be no assurance that the future experience and performance of the property leasing market will be similar to the experience shown in this document.

Information to Noteholders

Except for the information to be delivered pursuant to the Secured Loan Agreement which is to be made available to the Class A5 Noteholders at the office of the Paying Agent (see the section *Summary of Principal Documents – Secured Loan Agreement* below), the Issuer will have no obligation to keep the Class A5 Noteholders or any other person informed as to matters arising in relation to the Properties or to disclose to them any financial or other information or the contents of any notice received or given by it in respect of the Properties.

Conflicts of Interest

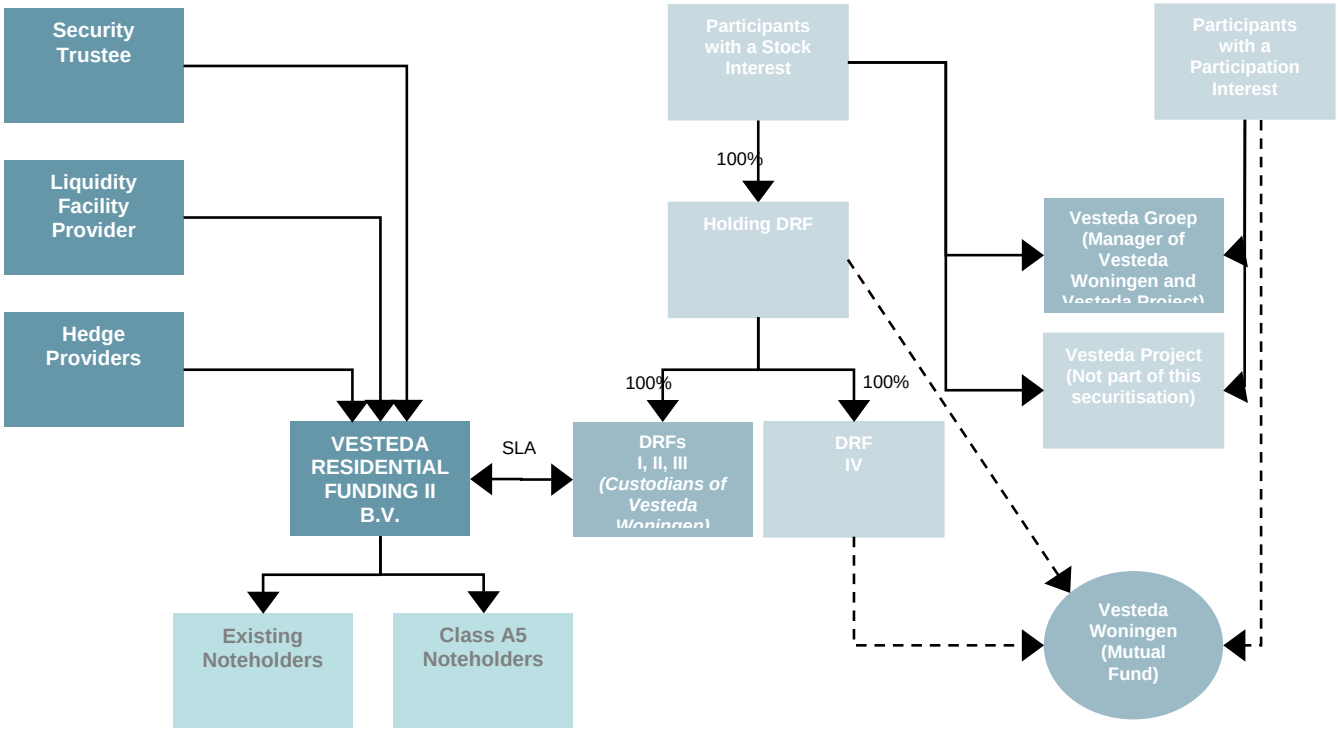
ATC Management B.V., being the sole director of the Issuer and the Shareholder, belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., being the sole director of the Security Trustee. Therefore, a conflict of interest could arise. In this respect, it is noted that each of ATC Management B.V. and Amsterdamsch Trustee's Kantoor B.V is, with regard to the exercise of its powers and rights as either the sole director of the Issuer, the sole director of the Security Trustee and the sole director of the Shareholder, under the relevant management agreement bound by the restrictions set out in the respective management agreement that are intended to ensure that the powers and rights are exercised in the interest of the Issuer, the Shareholder and the Security Trustee and the other parties involved in this transaction. The Security Trustee is a party to the management agreements with the Issuer and the Shareholder for, inter alia, the better preservation and enforcement of its rights under the Issuer Security Documents.

The Issuer and the Borrowers believe that the risks described above are the material risks inherent in the transaction for the Class A5 Noteholders, that the inability of the Issuer to pay

interest, principal or other amounts on or in connection with the Class A5 Notes may occur for other reasons and the Issuer and the Borrowers do not represent that the above statements regarding the risk of holding the Class A5 Notes are exhaustive. Although the Issuer and the Borrowers believe that the various structural elements described in this Prospectus lessen some of these risks for the Class A5 Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to the Class A5 Noteholders of interest, principal or any other amounts on or in connection with the Class A5 Notes on a timely basis or at all.

TRANSACTION DIAGRAM

Prospective investors are advised to read carefully, and should rely on, the entire final Prospectus in making their investment decisions. This diagram does not include all relevant information relating to the Class A5 Notes, particularly with respect to the risks and special considerations associated with an investment in the Class A5 Notes.



OVERVIEW

The following is an overview of the principal features of the Class A5 Notes. This overview should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Prospectus. A list of pages on which certain capitalised terms are defined is found in the section entitled "Index of Defined Terms" below. This description is not a summary as referred to in Section 5:14 of the Netherlands Financial Supervision Act (Wet op het financieel toezicht).

The Parties

Issuer:	Vesteda Residential Funding II B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), under number B.V. 1330079 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam, under number 34229747 (herein referred to as the '***Issuer***'). The issued share capital of the Issuer is comprised of 18 shares of €1,000 each currently held by the Shareholder (as defined below).
Shareholder:	Stichting Vesteda Residential Funding II established under the laws of the Netherlands as a foundation (*stichting*) and registered with the Commercial Register of the Chamber of Commerce of Amsterdam, under number 34228679 (herein referred to as the '***Shareholder***'). The Shareholder holds the entire issued share capital of the Issuer.
Borrowers:	Dutch Residential Fund I B.V., Dutch Residential Fund II B.V. and Dutch Residential Fund III B.V., each incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) on 23 December 1997, under numbers B.V. 617.839, 617.840 and 617.841 respectively, each registered with the Commercial Register of the Chamber of Commerce of Zuid-Limburg, under numbers 14056950, 14056952 and 14056954 respectively and each with its registered office at Plein 1992 1, 6221 JP Maastricht, The Netherlands (telephone +31 (0) 43 329666) (each in their capacity as custodians (*bewaarders*) of Vesteda Woningen and referred to herein as '***DRF I***', '***DRF II***' and '***DRF III***' respectively and collectively as either the '***DRFs***' or the '***Borrowers***') as borrowers under the secured loan agreement dated 18 July 2005 between, i*nter alios*, the Borrowers, Groep and the Issuer (the '***Original Secured***

	Loan Agreement'), which will be amended and restated on the Closing Date (such amended and restated agreement, the '***Secured Loan Agreement***'). Where reference is made herein to rights and/or obligations of the Borrowers, these are to rights and/or obligations of the Borrowers in their capacity as custodians (*bewaarders*) of Vesteda Woningen, entered into or incurred, as the case may be, by Groep (as defined below), acting in its capacity as manager (*beheerder*) of Vesteda Woningen, pursuant to an exclusive mandate (*privatieve last*) granted by the Borrowers. See further the section *Vesteda Group – Corporate Profile and Business – History and Structure* below.
Vesteda Woningen:	Vesteda Woningen, a mutual fund (*fonds voor gemene rekening*) organised under the laws of the Netherlands (herein referred to as '***Vesteda Woningen***').
Groep:	Vesteda Groep B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), under number B.V. 1.186.491 and registered with the Commercial Register of the Chamber of Commerce of Zuid-Limburg, under number 14071789, shall, *inter alia*, enter into the Secured Loan Agreement (as defined herein) in its independent capacity and in its capacity as manager (*beheerder*) of Vesteda Woningen, pursuant to a mandate granted by DRF I, DRF II and DRF III in their capacity as custodians (*bewaarders*) of Vesteda Woningen (herein referred to as '***Groep***', and together with DRF I, DRF II and DRF III, referred to as the '***Vesteda Woningen Entities***', and the Vesteda Woningen Entities together with Vesteda Woningen and Holding DRF, herein referred to as the '***Vesteda Group***' and any company within the Vesteda Group being referred to as a '***Vesteda Group Company***' and together the '***Vesteda Group Companies*** '.
Holding DRF:	Holding Dutch Residential Fund B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), under number B.V. 617.838 and registered with the Commercial Register of the Chamber of Commerce of Zuid-Limburg, under number 14056947 (herein referred to as '***Holding DRF***''). Holding DRF holds the entire issued share capital of DRF I, DRF II and DRF III (the '***DRF Shares***') and is a direct and indirect participant in Vesteda Woningen.
Corporate Administrator:	ATC Financial Services B.V., (herein referred to as the

	'***Corporate Administrator***') (or another ATC Entity (as defined below)) entered on 18 July 2005 into the corporate services agreements with the Issuer, the Shareholder and the Security Trustee (as defined below) (the '***Corporate Services Agreements***') in order to provide administrative services to the Issuer, the Security Trustee and the Shareholder.
Directors:	ATC Management B.V. is the sole director of the Issuer, Amsterdamsch Trustee's Kantoor B.V. is the sole director of the Security Trustee and ATC Management B.V. is the sole director of the Shareholder (each referred to herein as a '***Director***' and together with ATC Financial Services B.V., the '***ATC Entities***').
Security Trustee:	Stichting Security Trustee Vesteda Residential Funding II, established under the laws of the Netherlands as a foundation (*stichting*) and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34228680 (herein referred to as the '***Security Trustee***') has been appointed pursuant to a trust deed dated 20 July 2005 between the Issuer and the Security Trustee (the '***Original Trust Deed***'), which is to be amended and restated on or about the Closing Date (such amended and restated deed, the '***Trust Deed***') to represent, *inter alia*, the interests of the holders of the Class A5 Notes (the '***Class A5 Noteholders***'). Further, the Security Trustee has been appointed pursuant to a security agreement dated 18 July 2005 (the "***Original Security Agreement')*** between, *inter alios*, the Issuer, the Security Trustee, the Borrowers, Holding DRF, Groep, the Liquidity Facility Provider, the ATC Entities and the Account Bank and amended and restated on or around the Closing Date (such amended and restated agreement, the '***Security Agreement***') to hold the security to be granted by the Borrowers, Groep, the Issuer and Holding DRF pursuant to the Security Agreement on behalf of itself, the Paying Agent, the Principal Paying Agent, the Reference Agent, the Noteholders, the Hedging Providers, the Liquidity Facility Provider, the ATC Entities and the Account Bank (the '***Beneficiaries***').
Liquidity Facility Provider:	On 18 July 2005, Lloyds TSB Bank Plc (herein referred to as the '***Liquidity Facility Provider***') and the Issuer, *inter alios*, entered into a liquidity facility agreement (the '***Original Liquidity Facility Agreement***'), which will be amended and restated on or about the Closing Date (such amended and restated agreement, the '***Liquidity Facility***

Agreement'). Subject to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider may be replaced by such other bank with a rating assigned for its unsecured, unsubordinated and unguaranteed short term debt obligations of at least F1+, P-1 and A-1+ (or its equivalent) from, respectively, Fitch, Moody's and S&P.

Hedging Providers:

On 18 July 2005, the Issuer entered into a deed of novation, amendment and restatement (the '***Novation and Amendment Deed***') between, *inter alios*, the Issuer, Vesteda Residential Funding I B.V. and Deutsche Bank AG, London Branch (the '***Original Hedging Provider***') in respect of an ISDA Master Agreement (the '***Existing Hedging Agreement***') entered into on 19 July 2002, as amended and restated on 29 April 2004. Pursuant to the Novation and Amendment Deed: (a) the Issuer has assumed the benefit of certain interest rate cap transactions entered pursuant to the Existing Hedging Agreement and certain ISDA Confirmations (each a '***Cap***' and together, the '***Caps***') that were originally entered into pursuant to an ISDA Master Agreement between Groep (acting in its capacity as manager (*beheerder*) of Vesteda Woningen pursuant to a mandate (*last*) granted by DRF I, DRF II and DRF III in their capacity as custodians (*bewaarders*) of Vesteda Woningen) and the Original Hedging Provider, and which were subsequently novated to Vesteda Residential Funding I B.V. on 19 July 2002; (b) the Existing Hedging Agreement has been amended and restated in the form set out in the Novation and Amendment Deed; and (c) the Issuer has entered into certain forward interest rate swap transactions pursuant to the Original Hedging Agreement (as defined below) and certain ISDA Confirmations (each a '***Forward Swap***' and together, the '***Forward Swaps***', and the Existing Hedging Agreement, in the form of the ISDA Master Agreement and Schedule, as amended and restated pursuant to the Novation and Amendment Deed, and the ISDA Confirmations in respect of the Caps and Forward Swaps, together, the '***Original Hedging Agreement***').

On or around the Closing Date, the Issuer will enter into an ISDA Master Agreement and Schedule with, *inter alios*, ABN AMRO Bank N.V., London Branch (the '***New Hedging Provider***' and together with the Original Hedging Provider, the ***Hedging Providers***') and a forward interest rate swap transaction in connection with the Class A5 Notes represented by an ISDA Confirmation (the '***Supplemental Forward Swap***' and the ISDA Master

Agreement and Schedule and the ISDA Confirmation in respect of the Supplemental Forward Swap, together, the '***Supplemental Hedging Agreement***' and together with the Original Hedging Agreement, the ***Hedging Agreements***').

Account Bank:

On 18 July 2005, Deutsche Bank Amsterdam Branch acting out of its office at Herengracht 450-454, 1017 CA Amsterdam, the Netherlands (herein referred to as the '***Account Bank***') entered into a bank account and cash management agreement with, *inter alios*, the Issuer (the '***Bank Account and Cash Management Agreement***').

Principal Paying Agent and Reference Agent:

On 18 July 2005, Deutsche Bank AG, London Branch acting out of its office at Winchester House 1, Great Winchester Street, London EC2N 2D3, United Kingdom (herein referred to in its capacity as principal paying agent and reference agent as the '***Principal Paying Agent***', and the '***Reference Agent***') and Deutsche Bank Amsterdam Branch acting out of its office at Herengracht 450-454, 1017 CA Amsterdam, the Netherlands (herein referred to as the '***Paying Agent***') entered into a paying agency agreement dated 18 July 2005 with, *inter alios*, the Issuer (the '***Original Paying Agency Agreement***'), which will be amended and restated on or around the Closing Date (such amended and restated agreement, the '***Paying Agency Agreement***'). The Principal Paying Agent will be responsible for, *inter alia*, performing certain tasks in respect of the Notes as described in the Paying Agency Agreement and the Conditions.

The Paying Agent will be appointed by the Issuer in accordance with the Listing Rules of Euronext Amsterdam and will be responsible for, *inter alia*, performing certain tasks as described in the Paying Agency Agreement and the Conditions.

Original Securitisation and Issue of Class 5 Notes

Original Securitisation:

The Issuer entered on 18 July 2005 into a securitisation transaction (the '***Original Securitisation***') in connection with which the Issuer made the Initial Term Loans available to the Borrowers pursuant to the terms of the Original Secured Loan Agreement. The Issuer in turn funded the Initial Terms Loans through the issuance of the Initial Notes.

The Original Securitisation was subject to the terms of,

inter alia, the Original Security Agreement, the Original Trust Deed, the Original Hedging Agreement, the Original Secured Loan Agreement, the Share Pledge Agreement, the Original Issuer Pledge Agreement, the Original Liquidity Facility Agreement, the Bank and Cash Management Agreement and the Original Paying Agency Agreement, the Original Corporate Services Agreements (each as defined herein) (the '***Original Relevant Documents***').

Issue of Initial Notes:

The issue of the €200,000,000 Class A1 Secured Floating Rate Notes 2005 due 2017 (the '***Class A1 Notes***'), the €400,000,000 Class A2 Secured Floating Rate Notes 2005 due 2017 (the '***Class A2 Notes***'), the €400,000,000 Class A3 Secured Floating Rate Notes 2005 due 2017 (the '***Class A3 Notes***'), the €300,000,000 Class A4 Secured Floating Rate Notes 2005 due 2017 (the '***Class A4 Notes***') and together with the Class A1 Notes, the Class A2 Notes and the Class A3 Notes, the '***Initial Notes***') was constituted by the Original Trust Deed dated 20 July 2005 (the '***Initial Closing Date***') between the Issuer and the Security Trustee as trustee for the holders for the time being of the Class A1 Notes (the '***Class A1 Noteholders***'), the Class A2 Notes (the '***Class A2 Noteholders***'), the Class A3 Notes (the '***Class A3 Noteholders***') and the Class A4 Notes (the '***Class A4 Noteholders***') and together with the Class A1 Noteholders, the Class A2 Noteholders and the Class A3 Noteholders, the '***Initital Noteholders***').

Issue of Class A5 Notes:

The Class A5 Notes will be issued on the Closing Date pursuant to Condition 16 of the Initial Conditions and will constitute New Notes (as defined in Condition 16 of the Initial Conditions). The Class A5 Notes will be governed by terms and conditions in substantially similar form to the Initial Notes.

The Initial Notes issued pursuant to the Original Securitisation will be left outstanding (subject to the making of certain modifications to their terms and conditions as more particularly set out in *Changes to the terms and conditions of the Initial Notes* below).

In connection with the issue of the Class A5 Notes, the Issuer will on or around the Closing Date, subject to the terms of a master amendment and restatement agreement to be entered into on or around the Closing Date between the Parties to the New Relevant Documents (as described below) (the '***Master Amendment and Restatement Agreement***'), enter into, *inter alia*, the Security

Agreement, the Trust Deed, the Supplemental Issuer Pledge Agreement, the Supplemental Hedging Agreement, the Secured Loan Agreement, the Liquidity Facility Agreement, the Class A5 Note Subscription Agreement, the Paying Agency Agreement and the Master Deed of Amendment (each as defined and more fully described herein) (together with the Master Amendment and Restatement Agreement, the '***New Relevant Documents***')

References in this Prospectus to the '***Relevant Documents***' are to the Original Relevant Documents (to the extent not amended by or pursuant to the New Relevant Documents) and the New Relevant Documents.

The Initial Noteholders will be notified of the proposed Transaction and will be given the opportunity to inspect the Relevant Documents to be entered into on or about the Closing Date.

Changes to the terms and conditions of the Initial Notes:

Pursuant to the Trust Deed to be entered on the Closing date certain modifications will be made to the terms and conditions of the Initial Notes (the '***Initial Conditions***') with effect from the issuance of the Class A5 Notes on the Closing Date which will be reflected in the terms and conditions of the Notes forming part of the Trust Deed (such modified terms and conditions, the '***Conditions***'), in particular:

(a) the circumstances in which the Security Trustee shall give an Issuer Enforcement Notice (as defined herein) to the Issuer;

(b) the circumstances in which the Security Trustee shall be bound to take such steps as it may think fit to enforce the Issuer Security Documents (as defined herein); and

(c) meetings of Noteholders, in each case, to provide for the existence of the Class A5 Noteholders.

The Class A5 Notes

Class A5 Notes:

The €350,000,000 Class A5 Secured Floating Rate Notes 2007 due 2017 (the '***Class A5 Notes***') together with the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class A4 Notes, the '***Notes***' and the holders of such Class A5 Notes, the '***Class A5 Noteholders***', and together with the Initial Noteholders, the '***Noteholders***') will be issued by the Issuer on or around 20 April 2007 (or

	such later date as may be agreed between the Issuer and the Manager) (the '***Closing Date***').
Classes of Notes:	Any reference in this Prospectus to a '***Class***' of Notes or of Noteholders shall be a reference to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A4 Notes and/or the Class A5 Notes, as the case may be, or to the respective holders thereof.
Status, Form and Denomination:	The Class A5 Notes will be constituted by the Trust Deed, to be governed by Netherlands law and will be secured, along with the Initial Notes, on the assets compromised in the same security granted by the Issuer to the Security Trustee pursuant to the Security Agreement. The obligation of the Issuer in respect of the Class A5 Notes will rank in point of security and as to payment of interest and principal behind certain obligations of the Issuer in respect of the Liquidity Facility Agreement, the Hedging Agreements and certain other costs and expenses arising out of the transaction. Payments of interest on the Notes will rank *pari passu* and *pro rata* between themselves and before payments of principal thereon. Payments of principal on the Notes will be equal to the amounts received by the Issuer from the Borrowers towards repayment of the principal amount outstanding in respect of the relevant advance, subject to Condition 6(b). See further the section *Summary of Principal Documents – Secured Loan Agreement* below. The Security Trustee acknowledges that in exercising its rights, discretions and powers under or pursuant to the Relevant Documents (as defined herein) (i) it will consider the interests of the Noteholders (but shall not have regard to the consequences of such exercise for individual Noteholders) and (ii) it will have regard to the interests of the other Beneficiaries, provided that in the event of a conflict of interest between the Beneficiaries, the priority of payments set forth in the Trust Deed (see further the section *Summary of Principal Documents – Issuer Priority of Payments* below) determines whose interests will prevail. Where there are amounts outstanding under the Liquidity Facility Agreement, the Security Trustee shall in the event of a conflict be required to have regard to the interests of the Liquidity Facility Provider ahead of the interests of the Noteholders.

The Class A5 Notes will be the obligations of the Issuer only. The Class A5 Notes will not be obligations or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Class A5 Notes will not be obligations or the responsibility of, or guaranteed by, without limitation, the Vesteda Companies, the Security Trustee, the Borrowers, the Manager, the ATC Entities, the Arranger, the Account Bank, the Liquidity Facility Provider, the Hedging Providers, the Paying Agent or the Reference Agent and the term 'Vesteda Companies' shall mean the Vesteda Group, Vesteda Project B.V., DRF IV (as defined herein) and participants with a stock interest or a participation interest in Vesteda Woningen. None of the foregoing nor anyone other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Class A5 Notes.

The Class A5 Notes (which will be in the denomination of €100,000 will be subject to *pro rata* redemption save in the circumstances described herein) will initially be represented by a single Class A5 Temporary Global Note. Interests in the Class A5 Temporary Global Note will be exchangeable, subject as provided below under the section *Global Notes*, for interests in the Class A5 Permanent Global Note upon the Exchange Date (as defined herein) not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. The Class A5 Permanent Global Note will not be exchangeable for the Class A5 Definitive Notes save in certain limited circumstances. See further the section *Global Note* below.

Interest:

The Interest Amount is payable by reference to successive Interest Periods and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding as at the start of the relevant Interest Period (as defined in the Conditions) on the 20th day of January, April, July and October (or, if such day is not a Business Day (as defined below), the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day), in each year (each such day being an '***Interest Payment Date***'). A '***Business Day***' means a day on which banks are open for business in Amsterdam and London provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement

European Transfer System ('***TARGET System***') or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Interest Period will commence on (and include) an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) 20 July 2007.

Interest on the Class A5 Notes will accrue on their Principal Amount Outstanding at an annual rate equal to the sum of Euribor for three month deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 0.13 per cent. per annum up to (and including) the Interest Period ending in July 2012, and thereafter, 1.13 per cent. per annum.

Non-Payment on Expected Maturity Date:

In the event that on 20 July 2008 (the '***Term A1 Expected Maturity Date***'), the Borrowers have not repaid the full amount of principal, fees, commissions and expenses due under the Secured Loan Agreement on the Term A1 Loan (as defined herein), then subject to a grace period for administrative or technical delay, the Interest Amount on the Class A1 Notes for each Interest Period from such date will accrue at an annual rate equal to the sum of Euribor for three month deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.12 per cent. per annum. In the event that on 20 July 2010 (the '***Term A2 Expected Maturity Date***'), the Borrowers have not repaid the full amount of principal, fees, commissions and expenses due under the Secured Loan Agreement on the Term A2 Loan (as defined herein), then subject to a grace period for administrative or technical delay, the Interest Amount on the Class A2 Notes for each Interest Period from such date will accrue at an annual rate equal to the sum of the Euribor (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.15 per cent. per annum. In the event that on 20 July 2012 (the '***Term A3 and A5 Expected Maturity Date***', and together with the Term A1 Expected Maturity Date and the Term A2 Expected Maturity Date, each a '***Term Expected Maturity Date***'), the Borrowers have not repaid the full amount of principal, fees, commissions and expenses due under the Secured Loan Agreement on the Term A3 Loan and the Term A5 Loan (as defined herein), then subject to a grace period for administrative or technical delay, the Interest Amount on the Class A3 Notes and the Class A5 Notes for

each Interest Period from such date will accrue at an annual rate equal to the sum of the Euribor (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.20 per cent. per annum in the case of the Class A3 Notes and 1.13 per cent. per annum in the case of the Class A5 Notes. In addition to an increase in the Interest Amount payable by the Issuer on the relevant class of Notes, further consequences will apply as set out in the Secured Loan Agreement. See further the sections *Expected Maturity, Security and Application of Funds, Summary of Principal Documents – Secured Loan Agreement – Non-Payment on Expected Maturity Date* below.

Failure to Pay Principal:

In the event that on 20 July 2015, the Borrowers have not repaid the full amount of principal, fees, commissions and expenses due under the Secured Loan Agreement on the Term A1 Loan and/or the Term A2 Loan and/or the Term A3 Loan and/or the Term A4 Loan and/or the Term A5 Loan (as defined herein), then subject to a grace period for administrative or technical delay, (i) the Interest Amount on the Class A1 Notes for each Interest Period from such date, if relevant, will continue to accrue at an annual rate equal to the sum of Euribor for three month deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.12 per cent. per annum, (ii) the Interest Amount on the Class A2 Notes for each Interest Period, if relevant, will continue to accrue at an annual rate equal to the sum of Euribor for three months deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.15 per cent. per annum, (iii) the Interest Amount on the Class A3 Notes for each Interest Period from such date will accrue at an annual rate equal to the sum of Euribor for three months deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.20 per cent. per annum, (iv) the Interest Amount on the Class A4 Notes for each Interest Period from such date will accrue at an annual rate equal to the sum of Euribor for three months deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.28 per cent. per annum and (v) the Interest Amount or the Class A5 Notes for each Interest Period from such date will accrue at an annual rate equal to the sum of Euribor for three months plus a margin which will be equal to 1.13 per cent. per annum. In addition to an increase, or continuation of such increase, in the Interest Amount

payable by the Issuer on the relevant class of Notes, further consequences will apply as set out in the Secured Loan Agreement. See further the sections *Security and Application of Funds, Summary of Principal Documents – Secured Loan Agreement – Failure to Pay Principal Event* below.

Failure to Pay Interest: In the event that the Borrowers fail to pay interest due from them with respect to a particular Term Advance on any date upon which payment was due, the Issuer may subject to the terms of the Liquidity Facility Agreement, make a drawing under the Liquidity Facility Agreement to pay amounts due and payable under the Notes. In addition, further consequences will apply as set out in the Secured Loan Agreement. See further the section *Summary of Principal Documents – Secured Loan Agreement – Failure to Pay Interest Event* below.

Mandatory Redemption: On the occurrence of a Failure to Pay Principal Event in respect of any class of Notes or a Borrower Event of Default (each as defined herein), but prior to the enforcement of the security for the Notes (other than on any Interest Payment Date on which the Notes are to be redeemed in full), the Issuer shall apply an amount equal to:

(a) the Class A1 Note Redemption Available Amount (as defined in Condition 6(c) of the Conditions) (if any) on that Interest Payment Date in redeeming the Class A1 Notes *pro rata* to the Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) in respect of the Class A1 Notes;

(b) the Class A2 Note Redemption Available Amount (as defined in Condition 6(c) of the Conditions) (if any) on that Interest Payment Date in redeeming the Class A2 Notes *pro rata* to the Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) in respect of the Class A2 Notes;

(c) the Class A3 Note Redemption Available Amount (as defined in Condition 6(c) of the Conditions) (if any) on that Interest Payment Date in redeeming the Class A3 Notes *pro rata* to the Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) in respect of the Class A3 Notes;

(d) the Class A4 Note Redemption Available Amount (as defined in Condition 6(c) of the Conditions) (if any) on that Interest Payment Date in redeeming the Class A4 Notes *pro rata* to the Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) in respect of the Class A4 Notes; and

(e) the Class A5 Note Redemption Available Amount (as defined in Condition 6(c) of the Conditions) (if any) on that Interest Payment Date in redeeming the Class A5 Notes *pro rata* to the Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) in respect of the Class A5 Notes.

The redemption amounts under the Notes will be equal to the amounts received by the Issuer from the Borrowers in repayment of the principal amount outstanding in respect of the Term Advances (as defined herein) corresponding to that class of Notes. Following a Non-Payment on the Expected Maturity Date Event, any principal prepayment by a Borrower must be applied to repay the Term Loan with the shortest expected maturity until repaid in full, the then next shortest maturity until, finally, the Term A4 Loan is repaid in full. See further the section *Summary of Principal Documents – Secured Loan Agreement* below.

Accordingly, in the event of a Non-Payment on the Expected Maturity Date Event (as defined herein) in respect of the Notes, the Issuer shall redeem the Notes in order of priority such that the class of Notes with the shortest Expected Maturity Date (as defined below) is in each case redeemed first.

Final Redemption: Unless previously redeemed as provided above and below, the Class A5 Notes will mature on the Interest Payment Date falling in July 2017 (the '***Final Maturity Date***').

Optional Redemption: The Notes may be prepaid on any Interest Payment Date provided certain conditions are satisfied. Such prepayment is, *inter alia*, subject to (i) the Conditions and (ii) prepayment by the Borrowers of the relevant Advance corresponding to the relevant class of Notes which they may do, in whole or in part, on any Interest Payment Date. Any amounts received by the Issuer under the relevant Advance under the Secured Loan Agreement shall be used to redeem the Notes pursuant to the Issuer Priority of Payments.

Redemption for Taxation:	In the event of (i) certain tax changes affecting the Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction), (ii) it becoming unlawful for the Issuer to advance monies or keep outstanding any moneys as advanced to the Borrowers under the Secured Loan Agreement, or (iii) certain tax changes affecting the amounts paid or to be paid to the Issuer under the Secured Loan Agreement, including that any of the Borrowers are obliged or will be obliged to make any withholding or deduction from payments of interest and/or principal under the Secured Loan Agreement, the Issuer may (but is not obliged to) redeem all, but not some only, of the Notes in whole but not in part, at their Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) together with accrued interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, provided that the Security Trustee is satisfied that the Issuer will have on the relevant date of redemption sufficient funds to meet any costs and expenses ranking in priority to or *pari passu* with the Notes and to make such redemption of the Notes in full.
Method of Payment:	For so long as the Class A5 Notes are represented by the Class A5 Global Note, payments of principal and interest will be made in euro to a common depository for Euroclear and Clearstream Luxembourg, for the credit of the respective accounts of the Noteholders.
Use of Proceeds:	The proceeds of the issue of the Class A5 Notes will, on or around the Closing Date, be applied by the Issuer in making the Term A5 Advance (as defined herein) to the Borrowers pursuant to the terms of the Secured Loan Agreement. The Borrowers will use the proceeds, in turn, for the general corporate purposes of Vesteda Woningen and for the payment of dividends and other distributions by Vesteda Woningen.
Further Issues:	The Issuer will be entitled (but not obliged) at its option from time to time on any date, without the consent of the Noteholders, to raise further funds by the creation of an issue of (i) Further Class A1 Notes (the '***Further Class A1 Notes***') which will carry the same terms and conditions in all respects (save as regards to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class A1 Notes

and/or (ii) Further Class A2 Notes (the '***Further Class A2 Notes***') which will carry the same terms and conditions in all respects (save as regards to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class A2 Notes and/or (iii) Further Class A3 Notes (the '***Further Class A3 Notes***') which will carry the same terms and conditions in all respects (save with respect to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class A3 Notes and/or (iv) Further Class A4 Notes (the '***Further Class A4 Notes***') which will carry the same terms and conditions in all respects (save with respect to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class A4 Notes and/or (v) Further Class A5 Notes (the '***Further Class A5 Notes***') which will carry the same terms and conditions in all respect (save with respect to the first Interest Period) as, and so that the same shall be consolidated and form a single series with, the Class A5 Notes. It shall be a condition precedent to the issue of any Further Notes (as defined herein), *inter alia*, that:

(a) the aggregate principal amount of all Further Notes to be issued on such date shall not be less than €50,000,000;

(b) such Further Notes shall rank no more than *pari passu* with the Notes then outstanding;

(c) the Further Notes shall have the same benefit of the security granted to the Security Trustee in respect of the Notes under the terms of the Security Agreement;

(d) the Rating Agencies confirm in writing to the Security Trustee that the existing classes of Notes will not be downgraded as a result of the proposed issue of the Further Notes or as a result of the manner of application of the proceeds of such Further Notes by way of further term advances in accordance with the terms of the Secured Loan Agreement; and

(e) no Issuer Event of Default or Potential Issuer Event of Default has occurred and is continuing unremedied or unwaived.

New Issues: The Issuer will be entitled (but not obliged) at its option from time to time on any date, without the consent of the

Noteholders, to raise further funds by the creation and issue of further notes of a new class (the '***New Notes***') which will be in bearer form and which may rank *pari passu* with the Notes and which carry terms which differ from the Notes and do not form a single series with either of them. It shall be a condition precedent to the issue of New Notes, *inter alia*, that:

(a) the aggregate principal amount of all New Notes to be issued on such date shall not be less than €50,000,000;

(b) such New Notes shall rank no more than *pari passu* with the Notes then outstanding;

(c) the New Notes shall have the same benefit of the security granted to the Security Trustee in respect of the Notes under the terms of the Security Agreement;

(d) the Rating Agencies confirm in writing to the Security Trustee that the existing classes of Notes will not be downgraded as a result of the proposed issue of New Notes or as a result of the manner of application of the proceeds of such New Notes by way of new term advances in accordance with the terms of the Secured Loan Agreement; and

(e) no Issuer Event of Default or Potential Issuer Event of Default has occurred and is continuing unremedied or unwaived.

Expected Maturity:

Repayment of the Term Advances on 20 July 2015 (the '***Loan Maturity Date***') is expected to be funded through refinancing. Notwithstanding the foregoing, the Borrowers are incentivised, pursuant to the Secured Loan Agreement, to repay the Term A1 Advance, the Term A2 Advance, the Term A3 Advance and the Term A5 Advance prior to the Loan Maturity Date by their respective Term Expected Maturity Date all proceeds of which will be applied by the Issuer to redeem the Class A1 Notes, Class A2 Notes, the Class A3 Notes and the Class A5 Notes. The Term A4 Advance will be repaid on the Loan Maturity Date, all proceeds of which will be applied by the Issuer to redeem the Class A4 Notes. The expected maturity dates of the Notes are therefore expected to be, in the case of the Class A1 Notes, the Interest Payment Date falling in July 2008, in the case of the Class A2 Notes, the Interest Payment Date falling in July 2010, in case of the Class A3 Notes and the Class A5 Notes, the Interest Payment Date falling

	in July 2012 and in case of the Class A4 Notes, the Interest Payment Date falling in July 2015 (in each case referred to as the '***Expected Maturity Date***') relating to the relevant Class of Notes. See further the sections *Summary of Principal Documents – Secured Loan Agreement – Non-Payment on Expected Maturity Date Event* below and Condition 6(b) of the Conditions.
Withholding Tax:	All payments of, or in respect of, principal of and interest on the Class A5 Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Class A5 Noteholders and shall not pay any additional amounts to such Class A5 Noteholders.
Information to Class A5 Noteholders:	The Issuer shall, make, *inter alia* (i) the Annual Reports (ii) the Quarterly Reports and (iii) the Borrower Compliance Certificates available for a inspection by the Class A5 Noteholders as further set out in paragraph 7 of section *General Information.*
Listing:	Application has been made for the Class A5 Notes to be listed on Euronext Amsterdam. Listing of the Class A5 Notes is expected to take place on or around the Closing Date.
Rating:	It is a condition precedent to issuance that the Class A5 Notes, on issue, be assigned a rating of AAA by Fitch, Aaa by Moody's and AAA by S&P.
Governing Law:	The Class A5 Notes and this Prospectus will be governed by and construed in accordance with the laws of the Netherlands.
	Security and Application of Funds
Security for the Notes:	The Class A5 Notes will be secured pursuant to the Security Agreement. Under the terms of the Original Security Agreement, the Issuer has entered on 18 July 2005 into an issuer pledge agreement (the '***Original Issuer Pledge Agreement***') with the Security Trustee and created, to the extent possible, a disclosed first priority pledge (*openbaar pandrecht, eerste in rang*), and otherwise a non-disclosed first priority

pledge, in favour of the Security Trustee over, *inter alia*, (i) its rights against the Borrowers and Groep under the Original Secured Loan Agreement, and (ii) its rights under the other Original Relevant Documents (as defined herein), including the Issuer's rights to the amounts standing to the credit of its bank accounts (the '***Original Issuer Pledge***').

Under the terms of the Security Agreement, the Issuer will enter into a supplemental issuer pledge agreement (the '***Supplemental Issuer Pledge Agreement***' and together with the Original Issuer Pledge Agreement, the '***Issuer Pledge Agreement***') with the Security Trustee on the Closing Date and will create, to the extent possible and to the extent not already pledged pursuant to the Original Issuer Pledge Agreement, a disclosed first priority pledge (*openbaar pandrecht, eerste in rang*), and otherwise a non-disclosed first priority pledge, in favour of the Security Trustee over, *inter alia*, its rights under the New Relevant Documents (as defined herein) including the Issuer's rights to the amounts standing to the credit of its bank accounts, (the '***Supplemental Issuer Pledge***', and together with the Original Issuer Pledge, the '***Issuer Pledge***'). Furthermore, the Issuer will undertake in the Issuer Pledge Agreement to pledge or create any other security from time to time on each and any of its current and future assets to secure, *inter alia*, its obligations under the Class A5 Notes.

In order to create a valid, enforceable security interest in favour of the Security Trustee under the laws of the Netherlands, the undertakings, obligations and liabilities of the Issuer to the Security Trustee are expressed to be separate and independent obligations from the corresponding principal obligations which the Issuer has to the Beneficiaries pursuant to the Relevant Documents (the '***Issuer Principal Obligations***'). This is referred to as the '***Issuer Parallel Debt***' and represents the Security Trustee's own claims to receive payment of an amount not exceeding the total amount of the Issuer Principal Obligations and the term '***Issuer Secured Obligations***' used herein shall mean the obligations of the Issuer to pay the Issuer Parallel Debt in respect of the Issuer Principal Obligations.

The Class A5 Noteholders will indirectly have the benefit of security created by the DRFs, Holding DRF and Groep in favour of the Security Trustee pursuant to the Security

Agreement. Pursuant to the Share Pledge Agreement dated 18 July 2005 (the '***Share Pledge Agreement***'), Holding DRF created a first priority right of pledge (*pandrecht, eerste rang*) in respect of the DRF Shares and related rights (the '***Share Pledge***'). The terms of the Share Pledge provide that the voting rights attached to the DRF Shares will be transferred upon the occurrence of a Failure to Refinance Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event (in each case, which is continuing) or a Borrower Event of Default (provided that upon the occurrence of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event, the Security Trustee shall not be entitled to dismiss or suspend the Borrowers' management unless a Borrower Event of Default has occurred).

Upon the occurrence of a Failure to Pay Interest Event or a Failure to Refinance Event, a Failure to Pay Principal Event (and in each case, which is continuing) or a Borrower Event of Default, as described in the Secured Loan Agreement (see further the section *Summary of Principal Documents – Secured Loan Agreement* below), whichever is earlier and at any time thereafter, each of the Borrowers and Groep has agreed to immediately create in favour of the Security Trustee, in order to secure the Borrower Secured Obligations (defined below) and (therefore indirectly the Issuer Secured Obligations), first ranking mortgage rights (*hypotheek, eerste rang*) over sufficient Properties (as defined herein) having a Book Value (as defined herein) of 150 per cent. of the Borrower Principal Obligations (as defined below).

Upon the occurrence of a Non-Payment on the Expected Maturity Date Event, a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event (in each case, which is continuing) or a Borrower Event of Default, each of the Borrowers and Groep has agreed to create account pledges (the '***Account Pledges***') (see further the section *Summary of Principal Documents – Secured Loan Agreement* below).

Upon the occurrence of a Fund Unwind Event, the Borrowers have agreed to open the Repayment Account (as defined herein) and to create a disclosed right of pledge over the Repayment Account (the '***Repayment Account Pledge***') (See further the section *Summary of Principal Documents of Secured Loan Agreement* below).

As described above, in order to create a valid, enforceable

security interest in favour of the Security Trustee under the laws of the Netherlands, the undertakings, obligations and liabilities of the Borrowers to the Security Trustee are expressed to be separate and independent obligations from the corresponding principal obligations which the Borrowers have to the Issuer pursuant to the Relevant Documents (the '***Borrower Principal Obligations***'). This is referred to as the '***Borrower Parallel Debt***' and represents the Security Trustee's own claims to receive payment of an amount not exceeding the total amount of the Borrower Principal Obligations and the term '***Borrower Secured Obligations***' used herein shall mean the obligations of the Borrowers to pay the Borrower Parallel Debt in respect of the Borrower Principal Obligations.

Certain other obligations of the Issuer (including amounts owing to the Security Trustee, the Liquidity Facility Provider and the other Beneficiaries) shall also be secured (indirectly) by the security interests referred to above.

The Security Agreement, the Issuer Pledge Agreement, the Share Pledge Agreement, the Mortgages, the Repayment Account Pledge Agreement and the Account Pledge Agreements (as defined herein) are or, as the case may be, will be governed by Netherlands law.

Issuer Priority of Payments:

Prior to occurrence of an Issuer Event of Default (as defined herein), the amounts standing to the credit of the Issuer Account on each Interest Payment Date will comprise of:

(a) the payments received by the Issuer on such Interest Payment Date into the Issuer Account pursuant to the terms of the Secured Loan Agreement;

(b) interest received on the Issuer Account and any other account that the Issuer may have or otherwise from Eligible Investments (as defined herein) which it has the option to invest in under the Bank Account and Cash Management Agreement;

(c) the proceeds of any drawing, if any, made under the Liquidity Facility Agreement on or prior to such Interest Payment Date; and

(d) the amounts, if any, paid by the Hedging Providers under the Caps, the Forward Swaps and the

Supplemental Forward Swap as applicable, on or prior to such Interest Payment Date.

Prior to the security under any or all of the Security Documents (as defined herein) having become enforceable and the Security Trustee having taken steps to enforce such security, amounts standing to the credit of the Issuer Account shall be applied in the following order of priority (the '***Issuer Pre-enforcement Priority of Payments***') set out in the Trust Deed (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full):

(a) *first*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof:

(i) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of the Security Agreement and any of the other Relevant Documents (as defined herein), together with interest thereon as provided for therein;

(ii) the fees and expenses of the Reference Agent and the Paying Agents incurred under the Paying Agency Agreement;

(iii) the fees and expenses of the ATC Entities under the Corporate Services Agreements;

(iv) any amounts due in respect of the Issuer's liability to the tax authorities (insofar as payment cannot be satisfied out of profits);

(v) the fees and expenses of any legal advisers, accountants and auditors appointed by the Issuer; and

(vi) the fees and expenses of the Rating Agencies;

(b) *secondly*, in or towards satisfaction of all amounts of principal, interest (including Mandatory Costs, (as defined in the Liquidity Facility Agreement)), commitment fee, costs, expenses and other amounts from time to time due or accrued but unpaid to the Liquidity Facility Provider under the terms of the Liquidity Facility Agreement, other than any additional amounts in respect of increased costs (including Mandatory Costs (as defined in

the Liquidity Facility Agreement)) and tax gross up payments in respect of withholding taxes payable to the Liquidity Facility Provider in excess of 0.20 per cent. per annum on the maximum amount available to be drawn under the Liquidity Facility Agreement from time to time (such additional amounts being referred to as the '***Liquidity Subordinated Amounts***');

(c) *thirdly*, in or towards satisfaction of, the fees, costs, expenses and liabilities of the Account Bank under the Bank Account and Cash Management Agreement;

(d) *fourthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof (i) all amount of interest due or accrued due but unpaid under the Notes (other than that proportion of the interest payable on the Notes calculated by applying the Step-Up Margin (as defined in Condition 4(c) of the Conditions (the '***Step-Up Amounts***')) and all accrued but unpaid Step-Up Amounts (if any) and interest thereon); (ii) all amounts due to the Hedging Providers under the Hedging Agreements (other than any Hedging Subordinated Amounts (as defined below)); and (iii) any Early Note Prepayment Compensation Amounts (as defined below) due under the Notes pursuant to an optional redemption referred to under Condition 6(e) (if any);

(e) *fifthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, all amounts of principal due or accrued due but unpaid under the Notes which shall correspond to the Advance repaid by the Borrowers pursuant to the Secured Loan Agreement;

(f) *sixthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, the Step-Up Amounts (as defined in (d) above), then due and payable;

(g) *seventhly*, in or towards satisfaction of, *pro rata*, any amounts due or overdue (if any) to third parties under obligations incurred in the course of the Issuer's business not paid under (a) above including amounts due or accrued due but unpaid to any party under the Relevant Documents (other

than as referred to in (a) to (f) above and (h) and (i) below);

(h) *eighthly*, in or towards satisfaction of, the Liquidity Subordinated Amounts, due under the Liquidity Facility Agreement to the Liquidity Facility Provider;

(i) *ninthly*, in or towards satisfaction of all amounts due and payable to a Hedging Provider under the Hedging Agreements with such Hedging Provider in circumstances where such Hedging Provider is in default under such Hedging Agreement (the '***Hedging Subordinated Amounts***'); and

(j) *tenthly*, any surplus to the Borrowers in consideration for the novation and benefit of the Caps.

Payments may only be made out of the Issuer Account other than on any Interest Payment Date to satisfy liabilities set out in paragraphs (a) and (g) above.

To the extent that the Issuer's funds are insufficient to make payments under items (a) to (d) above, on the relevant Interest Payment Date or in the case of (a), on any Business Day, the Issuer may, in certain circumstances, make a drawing under the Liquidity Facility (as defined herein) or, to the extent credited thereto, the Liquidity Standby Reserve Account (as defined herein). See further the section *Summary of Principal Documents – Liquidity Facility Agreement* below.

Following the security under the Security Documents having become enforceable and the Security Trustee having taken steps to enforce such security, amounts standing to the credit of the Issuer Account shall be applied in the following order of priority (the '***Issuer Post-enforcement Priority of Payments***' and together with the Issuer Pre-enforcement Priority of Payments, the '***Issuer Priority of Payments***' as the context may require) set out in the Trust Deed (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full):

(a) *first*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof:

(i) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges,

liabilities and expenses incurred by it under the provisions of the Security Agreement and any of the other Relevant Documents, together with interest thereon as provided for therein;

(ii) the fees and expenses of the Paying Agents and the Reference Agent incurred under Paying Agency Agreement;

(iii) the fees and expenses of the ATC Entities under the Corporate Services Agreements;

(iv) the fees and expenses of any legal advisers, accountants and auditors appointed by the Issuer; and

(v) the fees and expenses of the Rating Agencies;

(b) *secondly*, in or towards satisfaction of, all amounts of principal (including Mandatory Costs, as defined in the Liquidity Facility Agreement), interest, commitment fee, costs, expenses and other amounts from time to time due or accrued due but unpaid to the Liquidity Facility Provider under the terms of the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);

(c) *thirdly*, in or towards satisfaction, of the fees, costs, expenses and liabilities of the Account Bank under the Bank Account and Cash Management Agreement;

(d) *fourthly*, in or towards satisfaction of all amounts due to the Hedging Providers under the Hedging Agreements (other than any Hedging Subordinated Amounts);

(e) *fifthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof (i) all amounts of interest due or accrued due but unpaid under the Notes (other than any and all Step-Up Amounts and interest thereon); and (ii) any Early Note Prepayment Compensation Amounts (as defined below) due under the Notes pursuant to an optional redemption referred to under Condition 6(e) (if any);

(f) *sixthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, all

amounts of principal due or accrued due but unpaid under the Notes;

(g) *seventhly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, of Step-Up Amounts (if any) then due and payable;

(h) *eighthly*, in or towards satisfaction of, any Liquidity Subordinated Amounts under the Liquidity Facility Agreement to the Liquidity Facility Provider;

(i) *ninthly*, in or towards satisfaction of, any Hedging Subordinated Amounts under a Hedging Agreement to the relevant Hedging Provider;

(j) *tenthly*, in or towards satisfaction of, *pro rata*, any amounts due or overdue (if any) to third parties (including any amounts due to the tax authorities) under obligations incurred in the course of the Issuer's business not paid under (a) above including amounts due or accrued due but unpaid to any party under the Relevant Documents (other than as referred to in (a) to (i) above); and

(k) *eleventhly*, any surplus to the Borrowers in consideration for the novation and benefit of the Caps.

Main Transaction Documents

Secured Loan Agreement:

The net issue proceeds of the Class A5 Notes will, on or around the Closing Date, be applied by the Issuer for the purpose of making the Term A5 Advance (as defined herein) to the Borrowers pursuant to the terms of the Secured Loan Agreement in an amount equal to the aggregate principal amount of the Class A5 Notes. See further the section *Summary of Principal Documents – Secured Loan Agreement – The Term Facilities* below.

If the Class A5 Notes are not fully repaid on their Expected Maturity Date, specific provisions will apply to incentivise the Borrowers to repay the Class A5 Term Advance in order to redeem the Notes.

Each of DRF I, DRF II, DRF III and Groep will be required to provide the Issuer and the Security Trustee with the benefit of certain covenants, representations and warranties (including those relating to the disposal of assets and substitute assets). See further the section *Summary of Principal Documents – Secured Loan*

Agreement below.

Further Term Advances (as defined herein) and New Term Advances (as defined herein) may be made pursuant to the Secured Loan Agreement as described in the section *Summary of Principal Documents – Secured Loan Agreement – Further Term Facilities and New Term Facilities* below.

Hedging Agreements:

The terms and the amount of hedging provided under the Caps correspond with the terms and amount of the Initial Notes, and are expected to be sufficient to protect the Issuer against any interest rate risk arising in respect of its floating rate interest obligations under the Initial Notes from (but excluding) the Initial Closing Date up to (and including) the date on which the respective Caps expire which will be earlier than the respective Expected Maturity Date (respectively, each a '***Cap Expiry Date***'). The Cap Expiry Date is scheduled to occur on 20 April 2007 for the Caps relating to the Class A1 Notes, the Class A2 Notes and, partially, the Class A3 Notes. Following a Cap Expiry Date, the floating rate interest obligations under the Notes will be hedged under a Forward Swap in the period from (but excluding) the relevant Cap Expiry Date up to (and including) the Expected Maturity Date of the Initial Notes (respectively, the '***Forward Swaps Expiry Date***').

The terms and amount of hedging provided under a Forward Swap correspond with the terms and the amounts of the relevant Initial Notes to protect the Issuer against any interest rate risk arising in respect of its floating rate interest obligations under the Initial Notes during the period from (but excluding) a Cap Expiry Date up to (and including) the Forward Swaps Expiry Date. Following the expiry of the Forward Swaps, the floating rate interest obligations under the Initial Notes will not be hedged by any hedging arrangements and the Borrowers shall be obliged to pay interest due under the Secured Loan Agreement at a floating rate and which the Issuer shall apply to pay interest due on the Initial Notes unless and until the Borrowers procure further hedging arrangements. (See further the sections *Overview – Issuer Priority of Payments* and *Summary of Principal Documents – The Original Hedging Agreement*).

The terms and amount of hedging provided under the Supplemental Forward Swap will correspond with the terms and the amounts of the Class A5 Notes to protect

	the Issuer against any interest rate risk arising in respect of its floating rate interest obligations under the Class A5 Notes during the period from the Interest Payment Date immediately following the Closing Date (the '***Supplemental Forward Swap Commencement Date*** up to (and including) the Expected Maturity Date of the Class A5 Notes (the '***Supplemental Forward Swap Expiry Date***'. The interest payable during the period from the Closing Date up to (and including) the first Interest Payment Date after the Closing Date will be fixed prior to the Closing Date and will therefore not be hedged. Following the expiry of the Supplemental Forward Swap, the floating rate interest obligations under the Class A5 Notes will not be hedged by any hedging arrangements and the Borrowers shall be obliged to pay interest due under the Secured Loan Agreement at a floating rate and which the Issuer shall apply to pay interest due on the Class A5 Notes unless and until the Borrowers procure further hedging arrangements. (See further the sections *Overview – Issuer Priority of Payments* and *Summary of Principal Documents – The Supplemental Hedging Agreement*).
Liquidity Facility Agreement:	On or around the Closing Date, the Issuer will enter into the Liquidity Facility Agreement (as defined above) pursuant to which the Liquidity Facility Provider will continue to make available to the Issuer, a committed facility of a maximum aggregate amount of €115,500,000 (subject to a *pro rata* reduction in connection with a redemption of the Notes) for a term of 364 days (the '***Liquidity Facility***'). The Liquidity Facility will be available to the Issuer on any Interest Payment Date to meet certain of its payment obligations falling due on such date, including interest payable on the Notes, to the extent that it receives insufficient funds for that purpose from the Borrowers pursuant to the Secured Loan Agreement. See further the section *Summary of Principal Documents – Liquidity Facility Agreement* below.
Corporate Services Agreements:	On 18 July 2005 the Issuer, the Shareholder and the Security Trustee entered into the Corporate Services Agreements with the relevant ATC Entity. Pursuant to the Corporate Services Agreements, the relevant ATC Entity undertakes to act and continue to act as Director of the Issuer, the Shareholder and the Security Trustee, respectively, and to perform certain services in connection therewith. The relevant ATC Entity is, with regard to the exercise of its powers and rights as Director bound by the

	restrictions set out in the Corporate Services Agreements that are intended to ensure that the powers and rights are exercised in the interest of the Issuer, the Shareholder and the Security Trustee and the parties involved in this transaction. The Security Trustee is a party to the Corporate Services Agreements with the Issuer and the Shareholder for, *inter alia*, the better preservation and enforcement of its rights under the Security Agreement.
Bank Account and Cash Management Agreement:	On 18 July 2005, the Issuer, the Security Trustee and the Account Bank entered into the Bank Account and Cash Management Agreement pursuant to which the Account Bank holds the Issuer Account and will, when appropriate, hold the Liquidity Standby Reserve Account, on behalf of the Issuer. The Account Bank shall further perform certain services in relation to these accounts and, subject to the terms of the Bank Account and Cash Management Agreement, may, from time to time, invest amounts standing to the credit of the accounts in Eligible Investments.

SUMMARY OF PRINCIPAL DOCUMENTS

The following is a summary of certain provisions of the principal documents relating to the transactions described herein and is qualified in its entirety by reference to the detailed provisions of the relevant documents.

Secured Loan Agreement

The Original Secured Loan Agreement was entered into on 18 July 2005 and the Secured Loan Agreement will be entered into on or around the Closing Date between the Issuer, Groep, the Borrowers and the Security Trustee.

***The Term Facilities*:** Under the Original Secured Loan Agreement the following facilities were made available to the Borrowers on the Initial Closing Date:

(a) a secured term loan facility in an aggregate principal amount of €200,000,000 (the '***Term A1 Facility***', the advance thereunder, the '***Term A1 Advance***' and all amounts outstanding under such Term A1 Facility, the '***Term A1 Loan***');

(b) a secured term loan facility in an aggregate principal amount of €400,000,000 (the '***Term A2 Facility***', the advance thereunder, the '***Term A2 Advance***' and all amounts outstanding under such Term A2 Facility, the '***Term A2 Loan***');

(c) a secured term loan facility in an aggregate principal amount of €400,000,000 (the '***Term A3 Facility***', the advance thereunder, the '***Term A3 Advance***' and all amounts outstanding under such Term A3 Facility, the '***Term A3 Loan***'); and

(d) a secured term loan facility in an aggregate principal amount of €300,000,000 (the '***Term A4 Facility***', the advance thereunder the '***Term A4 Advance***', and all amounts outstanding under such Term A4 Facility the '***Term A4 Loan***', and the Term A4 Facility together with the Term A1 Facility, the Term A2 Facility and the Term A3 Facility, shall herein be referred to as the '***Initial Term Facilities***', the Term A4 Advance together with the Term A1 Advance, the Term A2 Advance and the Term A3 Advance shall herein be referred to as the '***Initial Term Advances***' and the Term A4 Loan together with the Term A1, the Term A2 Loan and the Term A3 Loan shall herein be referred to as the '***Initial Term Loans***').

The Secured Loan Agreement provides that, in addition to the Initial Term Facilities and subject to the terms and conditions set out therein, the Issuer will make available to the Borrowers on the Closing Date a secured term loan in an aggregate amount of €350,000,000 which will be equal to the aggregate net proceeds from the issue of the Class A5 Notes (the '***Term A5 Facilities***' and together with the Initial Term Facilities, the '***Term Facilities***'; the advance thereunder, the '***Term A5 Advance***' and together with the Initial Term Advances, the '***Term Advances***', and all amounts outstanding under such Term A5 Facilities, the '***Term A5 Loan***' and together with the Initial Term Loans, the '***Term Loans***').

***Use of Proceeds*:** The Secured Loan Agreement will provide that the Term A5 Advance be applied by the Borrowers at the Closing Date for general corporate purposes of Vesteda Woningen and for the payment of dividends and other distributions by Vesteda Woningen.

***Conditions Precedent to Drawdown of the Term A5 Facility*:** It will be a condition precedent on the Closing Date to the Issuer making the Term A5 Facility available to the Borrowers that the Security Trustee is satisfied that, *inter alia*, the Class A5 Notes have been issued and the subscription proceeds have been received by or on behalf of the Issuer and that certain other documents (such as corporate authorisations, legal opinions and duly executed copies of the New Relevant Documents (as defined herein)) have been received by the Security Trustee.

Further Term Facilities and New Term Facilities*:** The Secured Loan Agreement provides that the Borrowers may also at any time request upon written notice a further term facility (a 'Further Term Facility***' and each advance thereunder a '***Further Term Advance***' and all amounts outstanding under such Further Term Facility, the '***Further Term Loan***') or a new term facility (a '***New Term Facility***' and each advance thereunder a '***New Term Advance***' and all amounts outstanding under such New Term Facility, the '***New Term Loan***'), any such advance to be made on a drawdown date (a '***Drawdown Date***'). A Further Term Facility and a New Term Facility may rank *pari passu* with a Term Facility. Each Further Term Facility and New Term Facility will be financed by the issue of Further Notes or New Notes, as the case may be, by the Issuer, and will only be permitted if the following conditions precedent, amongst others, are satisfied:

(a) it is for a minimum aggregate principal amount of €50,000,000;

(b) the Security Trustee is satisfied that the Issuer has or will have available to it on the relevant Drawdown Date sufficient proceeds from the issue of Further Notes or New Notes, as the case may be, to permit it to make the relevant Further Term Advance or New Term Advance;

(c) the Rating Agencies confirm to the Security Trustee that the existing classes of Notes will not be downgraded as a result of the proposed issue or as a result of the manner of application of the proceeds of such Further Term Facility and/or New Term Facility; and

(d) no Borrower Event of Default, Potential Borrower Event of Default, Failure to Pay Interest Event, Failure to Pay Principal Event, Non-Payment on Expected Maturity Date and/or breach of certain financial covenants (see below) has occurred and is continuing which has not been waived, or would result from the making of the relevant Further Term Advance or New Term Advance and that certain representations and warranties given under the Secured Loan Agreement are true on the relevant Drawdown Date.

Interest: The Secured Loan Agreement provides that interest under the Term Facilities is payable quarterly in arrear on each Interest Payment Date on the aggregate amount of all advances then drawn and outstanding thereunder in each case at the rates per annum equal to the

sum of the applicable interest rate margin of 0.12 per cent. per annum in respect of the Term A1 Advance, 0.15 per cent. per annum in respect of the Term A2 Advance, 0.20 per cent. per annum in respect of the Term A3 Advance, 0.28 per cent. per annum in respect of the Term A4 Advance and 0.13 per cent. per annum in respect of the Term A5 Advance plus, in each case, the Underlying Rate for the relevant period. In certain circumstances, the Term Loans are subject to a step-up margin as further described below in section *Non-Payment on Expected Maturity Date Event*.

The '***Underlying Rate***' shall be for a relevant Term Advance or part of a relevant Term Advance:

(a) if and for so long as the hedging provided pursuant to a Cap is in place in respect of the Term A1 Advance, the Term A2 Advance, the Term A3 Advance or the Term A4 Advance, and the Original Hedging Provider continues to comply with its payment obligations thereunder, then the Underlying Rate in respect of such Term Advance shall be Euribor provided that it shall never exceed the Cap Rate;

(b) if and for so long as the hedging provided pursuant to a Forward Swap in respect of the Term A1 Advance, the Term A2 Advance, the Term A3 Advance or the Term A4 Advance is in place, and the Original Hedging Provider continues to comply with its payment obligations thereunder, then the Underlying Rate in respect of such Term Advance shall be the applicable Forward Swap Rate;

(c) during the period from the Closing Date up to (and including) the first Interest Payment Date after the Closing Date, the Underlying Rate with respect to the Term A5 Advance shall be Euribor, and thereafter, if and for so long as the hedging provided pursuant to the Supplemental Forward Swap in respect of the Term A5 Advance is in place, and the New Hedging Provider continues to comply with its payment obligations thereunder, then the Underlying Rate in respect of the Term A5 Advance shall be the Supplemental Forward Swap Rate; and

(d) if neither (a) nor (b) is applicable in relation to any of the Term A1 Advance, the Term A2 Advance, the Term A3 Advance or the Term A4 Advance, or (c) is not applicable in relation to the Term A5 Advance, then the Underlying Rate of the relevant Term Advance shall be Euribor.

***Fees*:** The Secured Loan Agreement provides that the Borrowers will pay to the Issuer certain fees from time to time which allow the Issuer to pay the fees and expenses incurred in connection with the issue of the Class A5 Notes as well its senior ranking costs and expenses during the course of the transaction.

Repayment*:** The Secured Loan Agreement provides in respect of the Term Advances, Further Term Advances and New Term Advances that no scheduled amortisation shall be applicable in respect of any Term Advances prior to 20 July 2015 (the 'Loan Maturity Date***'). The Borrowers shall be obliged to pay the full outstanding principal amount of such Term

Advances together with any outstanding interest, costs, fees or any other amount required to be paid under the Secured Loan Agreement on the Loan Maturity Date.

***Prepayment*:** The Secured Loan Agreement provides in respect of the Term Loans and Further Term Loans, that the Borrowers may prepay moneys advanced and outstanding under the Secured Loan Agreement (subject to a minimum amount of €2,000,000 and integral multiples of €500,000 thereafter in respect of the Term Loans) on any Interest Payment Date by giving not more than 60 and not less than 15 days prior written notice to the Issuer and the Security Trustee.

If the Borrowers elect to make a prepayment under the Term A1 Loan, the Term A2 Loan, the Term A3 Loan, the Term A4 Loan or the Term A5 Loan, any such prepayment shall be applied in the following order of priority (such that the loan relating to the Advance with the shortest Term Expected Maturity Date is in each case repaid first) and to the extent that no payment shall be made in respect of a particular item until all amounts payable under a prior ranking item in such order of priority has been paid in full:

(a) *firstly*, to prepay all amounts outstanding under the Term A1 Loan including any accrued but unpaid interest;

(b) *secondly*, to prepay all amounts outstanding under the Term A2 Loan including any accrued but unpaid interest and the relevant Early Loan Prepayment Compensation Amount (if any);

(c) *thirdly*, *pro rata* and *pari passu*, to the amounts outstanding thereunder, to prepay all amounts outstanding under the Term A3 Loan and the Term A5 Loan including any accrued but unpaid interest and the relevant Early Loan Prepayment Compensation Amount (if any); and

(d) *fourthly*, to prepay all amounts outstanding under the Term A4 Loan including any accrued but unpaid interest and the relevant Early Loan Prepayment Compensation Amount (if any).

***Early Loan Prepayment Compensation Amount*:** means with respect to a Term Advance an amount equal to X * Y whereby X is the Term A2 Outstanding, the Term A3 Outstanding, the Term A4 Outstanding and/or the Term A5 Outstanding being prepaid, as the case may be, and Y is the Early Loan Prepayment Percentage applicable to that Term Advance (if any).

The ***Early Loan Prepayment Percentage*** means:

With respect to the Term A2 Advance: (i) if a prepayment pursuant to clause 9.1 of the Secured Loan Agreement occurs during the period from the Initial Closing Date up to and including 20 July 2006, 0.50 per cent., (ii) if a prepayment occurs during the period from 21 July 2006 up to and including 20 July 2007, 0.30 per cent., and (iii) if a prepayment occurs during the period from 21 July 2007 up to and including 20 July 2008, 0.15 per cent.

With respect to the Term A3 Advance: (i) if a prepayment pursuant to clause 9.1 of the Secured Loan Agreement occurs during the period from the Initial Closing Date up to and including 20 July 2006, 0.50 per cent., (ii) if a prepayment occurs during the period from 21 July

2006 up to and including 20 July 2007, 0.40 per cent., (iii) if a prepayment occurs during the period from 21 July 2007 up to and including 20 July 2008, 0.25 per cent., and (iv) if a prepayment occurs during the period from 21 July 2008 up to and including 20 July 2009, 0.15 per cent.

With respect to the Term A4 Advance: (i) if a prepayment pursuant to clause 9.1 of the Secured Loan Agreement occurs during the period from the Initial Closing Date up to and including 20 July 2006, 0.50 per cent., (ii) if a prepayment occurs during the period from 21 July 2006 up to and including 20 July 2007, 0.40 per cent., (iii) if a prepayment occurs during the period from 21 July 2007 up to and including 20 July 2008, 0.30 per cent., (iv) if a prepayment occurs during the period from 21 July 2008 up to and including 20 July 2009, 0.20 per cent., and (v) if a prepayment occurs during the period from 21 July 2009 up to and including 20 July 2010, 0.10 per cent.

With respect to the Term A5 Advance: (i) if a prepayment pursuant to clause 9.1 of the Secured Loan Agreement occurs during the period from the Closing Date up to and including 20 July 2007, 0.50 per cent., (ii) if a prepayment occurs during the period from and including 21 July 2007 up to and including 20 July 2008, 0.40 per cent., (iii) if a prepayment occurs during the period from and including 21 July 2008 up to and including 20 July 2009, 0.25 per cent., and (iv) if a prepayment occurs during the period from and including 21 July 2009 up to and including 20 July 2010, 0.15 per cent.

In respect of the prepayment of any New Term Advance, the terms upon which it may be prepaid shall, unless otherwise agreed in writing between the Issuer, the Security Trustee and the Borrowers, match the terms upon which the relevant issue of New Notes made or to be made by the Issuer to fund such New Term Advance may be prepaid.

If any payments by the Borrowers under the Secured Loan Agreement become subject to any withholding or deduction in respect of tax, or any Term Advance, New Term Advance or a Further Term Advance becomes illegal due to a change of law, the Borrowers may, on giving not more than 60 days' and not less than 35 days' (or such shorter period as may be required by any relevant law in the case of any Term Advance, New Term Advance or a Further Term Advance which becomes illegal as aforesaid) prior written notice to the Issuer, the Security Trustee and the Reference Agent (or on or before the latest date permitted by the relevant law) and whilst the relevant circumstances continue, prepay the full amounts outstanding under the Term Loans, any Further Term Loan or any New Term Loan, together with all accrued but unpaid interest on such loans up to (but excluding) the date of prepayment.

The Issuer will apply any amounts received by way of prepayment of the Term A1 Loan, the Term A2 Loan, the Term A3 Loan, the Term A4 Loan and the Term A5 Loan, any Further Term Loan or any New Term Loan (or part thereof) in making prepayments under the corresponding Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A4 Notes and the Class A5 Notes, any Further Notes or any New Notes (respectively).

The Borrowers may purchase any Notes, Further Notes or New Notes in the market. Any Notes purchased by any Borrower shall be surrendered to the Issuer by the relevant Borrower and such Borrower shall be entitled to set-off the aggregate amount of principal and any accrued

but unpaid interest of such Notes surrendered against amounts then outstanding in respect of the corresponding interest and principal under the Term A1 Loan, Term A2 Loan, Term A3 Loan, Term A4 Loan, the Term A5 Loan, Further Term Loan or New Term Loan, as the case may be, so as to reduce the aggregate amount of the principal and/or accrued but unpaid interest on any of the Term Advances, Further Term Advance or any New Term Advance, as the case may be.

***Withholding*:** All payments of, or in respect of, principal of and interest and fees (if any) on the Secured Loan Agreement will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having the power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Borrowers will pay such additional amounts as will result in the receipt by the Issuer of such amounts as would have been received by it if no such withholding or deduction had been required.

***Borrower to pay certain costs payable by the Issuer under the Hedging Agreements*:** If:

(a) there is a prepayment of any of the Term Loans under the Secured Loan Agreement; or

(b) any Borrower fails to comply with any of its payment obligations to the Issuer under the Secured Loan Agreement;

and the Issuer is required to pay any Termination Amounts (as defined in each of the Hedging Agreements) to the relevant Hedging Provider as a result of the circumstances described in (a) or (b), then the Borrowers shall pay the Issuer such amounts due and payable by it to the relevant Hedging Provider under the relevant Hedging Agreement (in each case unless the relevant Hedging Provider is in default under its obligations under such Hedging Agreement).

***Representations*:** No independent investigation with respect to matters represented in the Secured Loan Agreement will be made by the Beneficiaries (including the Issuer and the Security Trustee), other than a search on the Closing Date against the Vesteda Group Companies in the relevant file held by the Commercial Register of the Chamber of Commerce of Zuid-Limburg and the District Court of Maastricht in respect of, *inter alia*, bankruptcy or suspension of payments of any such Vesteda Group Companies. In relation to such matters, the Issuer and the Security Trustee will, save as previously disclosed, rely entirely on the representations to be given by Groep and the Borrowers which will be contained in the Secured Loan Agreement. These will include, *inter alia*, representations broadly, as to the following and other matters:

(a) due incorporation of and no dissolution or insolvency proceedings relating to the Vesteda Woningen Entities;

(b) all necessary corporate action taken, and all consents and advice necessary as of the Closing Date having obtained in due time;

(c) that the issued share capital of the Vesteda Woningen Entities is duly authorised and fully paid up and there are no third party rights granting the right to call for

the issue or allotment of any share or other instrument that can be converted into shares in the capital of the Vesteda Woningen Entities;

(d) there being no material breach of any material agreement, law, court order, regulation, directive or licence (including, without limitation those relating to environmental matters) that could have a Material Adverse Effect (as defined in the Master Definitions Agreement);

(e) there being no current, pending or, to the best knowledge of the Vesteda Woningen Entities, threatened material claim against any of the Vesteda Woningen Entities with respect to environmental matters;

(f) no material litigation or enforcement, or other material legal, arbitration or governmental proceedings pending, or to the knowledge of the Vesteda Woningen Entities, threatened;

(g) legal validity and power to perform obligations under the Relevant Document to which it is a party and the legal and binding nature of such obligations;

(h) no Borrower Event of Default or Potential Borrower Event of Default having occurred;

(i) all necessary and material licences, approvals and authorisations having been obtained and their terms having been complied with in all material aspects;

(j) enforceability of security rights created in favour of the Security Trustee;

(k) no material additional liabilities other than as disclosed, reserved against or provided for;

(l) any financial statements disclosed to the Issuer presenting a true and fair view of the financial position of Vesteda Woningen in all material respects;

(m) there having been no material adverse change since the Initial Closing Date;

(n) no withholdings on account of tax in connection with the transactions contemplated by the Relevant Documents;

(o) none of the Borrowers having received any written notice claiming that any obligations to pay VAT have not been complied with;

(p) there being no security on assets of the Vesteda Woningen Entities which would rank in priority to or *pari passu* with security for its obligations under the Relevant Documents (save as permitted therein); and

(q) the correctness of all material information disclosed to the Issuer in connection with the proposed financing transaction (including, without limitation, with respect to the assets comprising the Portfolio an their respective values) in all

material respects, such information to be specified in an attachment to the Secured Loan Agreement, as well as warranties with respect to the Properties comprising the Portfolio, which property warranties shall relate to:

(i) title;

(ii) easements and other contractual party rights;

(iii) adverse interests in respect of the Properties;

(iv) licenses and consents;

(v) planning matters;

(vi) disputes;

(vii) the state of repair of the Properties;

(viii) lease agreements entered into in relation to the Properties;

(ix) insurances; and

(x) environmental matters.

Certain of the representations to be given on the Closing Date will be repeated as at each Financial Quarter Date, by reference to the facts and circumstances then existing.

***Financial Covenants*:** Under the terms of the Secured Loan Agreement, the Borrowers covenant and undertake that they shall ensure that for so long as any of the Notes are outstanding to ensure that the financial covenants described below are satisfied:

(a) ***Debt Service Cover Ratio*:** from and including the Initial Closing Date, the ratio of EBITDA to Total Net Debt Service in respect of Vesteda Woningen shall not be less than 1.80:1 (the '***DSCR Covenant***');

(b) ***Loan to Value Ratio:*** from and including the Initial Closing Date, the ratio of the total amount of any debt owed by Vesteda Woningen (including any amounts outstanding under the Term Advances) to the then current Book Value of the Properties (excluding the Book Value of the Properties over which an encumbrance has been created, agreed to be created or permitted to subsist (other than pursuant to the Relevant Documents) as permitted under the Secured Loan Agreement) constituting the Portfolio shall not exceed 0.45:1 (the '***LTV Covenant***'), and

(c) ***Cash Flow Ratio*:** from and including the Initial Closing Date, the Cash Flow Ratio of Vesteda Woningen shall be greater than 1.5:1 (the '***Cash Flow Covenant***'),

it being understood that any reference to Vesteda Woningen under the heading Financial Covenants above and Defined Terms below shall not include Groep or Vesteda Project B.V.

The covenants and undertakings contained in clauses (a) and (c) above have been tested regularly since the Initial Closing Date and will be tested for the first time after the Closing Date on 20 July 2007 and thereafter on each Financial Quarter Date by reference to the unaudited combined financial statements required to be delivered pursuant to the Secured Loan Agreement.

The covenant and undertaking contained in (b) above have most recently been tested on 31 December 2006, and will be tested on an annual basis by reference to the audited combined financial statements required to be delivered pursuant to the Secured Loan Agreement.

For these purposes '***Book Value***' shall be calculated in accordance with the method set out at the end of this description of the Secured Loan Agreement.

***Defined Terms*:** The terms used with respect to the above-mentioned financial covenants under the heading Financial Covenants shall be construed in accordance with the Vesteda Accounting Principles as used in the most recent audited combined financial statements of Vesteda Woningen but so that:

(a) '***Cash Flow Ratio***' means the Free Operating Cash Flow for such Relevant Period divided by Total Net Debt Service for such Relevant Period;

(b) '***EBITDA***' means, for any Relevant Period, the combined earnings of Vesteda Woningen before the deduction of Interest Charges and corporation tax on the overall income of Vesteda Woningen payable in respect of the financial period to which the relevant profit and loss accounts relate, after adding back any of those items listed at (i) to (iii) (inclusive) below and after making the required adjustments to exclude items referred to at (iv) to (vi) (inclusive) below:

(i) any amount attributable to amortisation of goodwill, or other intangible assets and any deduction for depreciation;

(ii) the amortisation or the writing off of costs associated with the issue of the Notes (including costs written off as a result of the prepayment of existing indebtedness and the financing costs associated therewith);

(iii) fair value adjustments and other non-cash provisions;

(iv) any losses or gains arising from the sale of any Property;

(v) items treated as extraordinary income/charges under the Vesteda Accounting Principles; and

(vi) any amount attributable to the writing up or writing down of any assets of Vesteda Woningen after the Initial Closing Date;

(c) '***Free Operating Cash Flow***' means, in respect of any Relevant Period, EBITDA for that Relevant Period:

(i) minus all capital expenditures incurred during that Relevant Period;

(ii) minus any amount of corporation or other tax payable during that Relevant Period in respect of income or gains having a cash effect;

(iii) minus the amount of any decrease or plus the amount of any increase in provisions for that Relevant Period having a cash effect;

(d) '***Financial Quarter***' means with respect to the first financial quarter, the period commencing on the Initial Closing Date and ending on 30 September 2005 and thereafter each period beginning on the day after a Financial Quarter Date and ending on the next Financial Quarter Date, with the exception of the last financial quarter, which will end on the last date upon which any of the Notes are outstanding;

(e) '***Financial Quarter Date***' means 31 December, 31 March, 30 June and 30 September each year;

(f) '***Interest Charges***' means any interest (including the interest element of any payment made under finance leases or hire purchase agreements), commission, fees, discounts and other finance charges payable, less any interest earned by Vesteda Woningen (excluding, for the avoidance of doubt, (i) any interest earned but not received on loans made by Vesteda Woningen to any entity outside the Vesteda Group and (ii) any interest earned on loans made by Vesteda Woningen to any entity within the Vesteda Group) during such period, but excluding any amount paid or payable by Vesteda Woningen to the Issuer in respect of fees under the Secured Loan Agreement;

(g) '***Loan to Value Ratio***' means, in respect of any Relevant Period, the total amount of any debt owed by Vesteda Woningen at the end of such Relevant Period (including any amounts outstanding under the Term Advances and to the extent applicable Further Term Advances) divided by the then current Book Value of the Properties constituting the Portfolio (excluding the Book Value of the Properties over which an encumbrance has been created, agreed to be created or permitted to subsist (other than pursuant to the Relevant Documents) as permitted under the Secured Loan Agreement) such Book Value to be determined in accordance with the Vesteda Accounting Principles;

(h) '***Relevant Period***' means the period of four Financial Quarters ending on the date on which the relevant calculation falls to be made and the period of one Financial Quarter ending on the date on which the relevant calculation falls to be made, save as the context requires otherwise;

(i) '***Total Net Debt Service***' means the Interest Charges in respect of any Relevant Period and in respect of Vesteda Woningen.

(j) '***Vesteda Accounting Principles***' means the accounting principles, standards, conventions and practices, from time to time and at any time generally accepted in the Netherlands, and which implement the requirements of the Netherlands Civil Code, Dutch GAAP and of any other legislation or regulation, compliance with which is required by law in connection with the preparation of accounts of Vesteda Woningen, or compliance with which is generally adopted and practised by companies such as Vesteda Woningen in the Netherlands in effect from time to time and consistently applied by Vesteda Woningen.

***Property Disposals and Acquisitions*:** A proposed disposal of any Property or a proposed acquisition of a new property by a Borrower will only be permitted if:

(a) in the case of disposals of Properties, no Borrower Event of Default or Potential Borrower Event of Default has occurred and is subsisting at the time of the relevant disposal or acquisition and unless a Fund Unwind Event has occurred the number of units (*eenheden*) in the Portfolio (as defined herein) disposed of during each Financial Year does not exceed 15% (fifteen per cent.) of the number of units (*eenheden*) in the Portfolio owned at the beginning of the Financial Year concerned and that on average from the Initial Closing Date[1], the number of units (*eenheden*) in the Portfolio disposed of does not exceed 5% (five per cent.) per annum; and

(b) in the case of acquisitions of new properties, no Borrower Event of Default, Potential Borrower Event of Default, Failure to Pay Interest Event, Failure to Pay Principal Event or Non-Payment on Expected Maturity Date Event has occurred and is subsisting.

Compliance Certificate. The Borrowers shall be obliged to certify to the Security Trustee as soon as such has been prepared and in any event within 45 days after the end of each Financial Quarter, as part of a compliance certificate addressed to the Security Trustee and signed by an authorised signatory/signatories of Groep (acting in its capacity as manager (*beheerder*) of Vesteda Woningen) or its successor (the '***Compliance Certificate***'), that:

(a) the LTV Covenant, the DSCR Covenant and the Cash Flow Covenant, that will have been calculated in accordance with (a)(i) through to (iii) below, shall have been complied with:

(i) the LTV Ratio shall be calculated as the ratio between the total amount of any debt owed by Vesteda Woningen at the end of such Financial Quarter (including any amounts outstanding under the Term Advances) divided by an amount equal to the sum of:

[1] The Original Secured Loan Agreement made a distinction between a "Core Portfolio" and "Divestment Portfolio" and referred in this paragraph to "Core Portfolio" instead of "Portfolio" and the calculation was until the Closing Date made in respect of the Core Portfolio. Since most Properties included in the Divestment Portfolio have been disposed of, the Secured Loan Agreement does no longer make a distinction between a Core Portfolio and a Divestment Portfolio.

(A) the aggregate Book Value of the Properties and/or units (*eenheden*) at the time when the LTV Ratio was previously tested;

(B) plus the Book Value of the Properties and/or units (*eenheden*) acquired since the last LTV Ratio was calculated; and

(C) less the Book Value of the Properties and/or units (*eenheden*) disposed of since the last LTV Ratio was calculated;

(ii) the DSCR shall be calculated as the ratio of Adjusted EBITDA to Total Net Debt Service in respect of Vesteda Woningen; and

(iii) the Cash Flow Ratio shall be calculated as the ratio of the Free Operating Cash Flow, calculated on the basis of the Adjusted EBITDA, for the previous Financial Quarter divided by Total Net Debt Service for the previous Financial Quarter,

it being understood that (x) for the purposes hereof, ***Adjusted EBITDA*** means EBITDA taking into account net rent from the Properties as at the date of such Compliance Certificate annualised and for a Financial Quarter, for the avoidance of doubt including rent on Properties acquired during the immediately preceding Financial Quarter and excluding rent on Properties disposed of during the immediately preceding Financial Quarter, and (y) if any of the Borrowers fails to satisfy any of the tests in this (a) above or fails to comply with any of the provisions of (a), the same consequences as if a Financial Condition Event (as defined herein) has occurred (see below under Occurrence of a Financial Condition Event);

(b) if the results of any of the tests of the financial covenants performed pursuant to (a) above are:

(i) in the case of the LTV Ratio, higher than 40%; or

(ii) in the case of the DSCR, lower than 2.1:1; or

(iii) in the case of the Cash Flow Ratio, lower than 1.65:1,

then the Borrowers shall, in addition to what they have certified pursuant to (a) above, certify that the DSCR Covenant and the Cash Flow Covenant and the LTV Covenant, that will have been calculated in accordance with this (b)(A) and (B) and (C) below, shall have been complied with:

(A) the DSCR shall be calculated as the ratio of Further Adjusted EBITDA to Total Net Debt Service in respect of Vesteda Woningen;

(B) the Cash Flow Ratio shall be calculated as the ratio of the Free Operating Cash Flow, calculated on the basis of the Further Adjusted EBITDA, for

the previous Financial Quarter divided by Total Net Debt Service for the previous Financial Quarter; and

(C) the LTV Ratio shall be calculated in accordance with (a)(i) above save that it shall exclude the Book Value of Properties in respect of which, in the good faith opinion of the management of Groep or its successor (acting in its capacity as manager (*beheerder*) of Vesteda Woningen), there is a high degree of certainty that such Property will be disposed of during the immediately following Financial Quarter,

it being understood that (x) for the purposes hereof, ***Further Adjusted EBITDA*** means the Adjusted EBITDA, excluding rent on Properties in respect of which the management of Groep or its successor (acting in its capacity as manager (*beheerder*) of Vesteda Woningen) in good faith believes that, there is a high degree of certainty that such Property will be disposed of during the immediately following Financial Quarter and (y) if any of the Borrowers fails to satisfy any of the tests in this (b) or fails to comply with any of the provisions of this (b), the Borrowers shall not be permitted to make any anticipated disposal as referred to in this (b); and

(c) with respect to any acquisitions of Property made by the Borrowers during the preceding Financial Quarter that:

(i) each such acquisition was made on arm's length terms; and

(ii) the acquired Property satisfied the standard environmental, health and safety and title checks as would normally be expected to be conducted by Vesteda Woningen (or any other institutional investors investing in Dutch residential real estate).

Payments from a Fixed Account*:** The Secured Loan Agreement provides that the moneys standing to the credit of certain of the bank accounts of the Borrowers (the 'Fixed Accounts***') may only be withdrawn with the prior written consent of the Security Trustee, provided that with respect to the moneys standing to the credit of the Rent Collection Accounts and the Master Collection Account (as described below) such consent shall only be required upon the occurrence of a Failure to Pay Principal Event, a Failure to Pay Interest Event or a Non-Payment on the Expected Maturity Date Event (each defined below). The Borrowers may not dispose of the moneys standing to the credit of each Fixed Account upon the occurrence of a Borrower Event of Default. The following terms will apply to payments from the Fixed Accounts:

(a) ***Rent Collection Accounts*** and the ***Master Collection Account*:** All rental income from the Properties (net of costs) will be paid into the Rent Collection Accounts in the name of Groep (the '***Rent Collection Accounts***') and transferred at least monthly to the Master Collection Account in the name of one of the Borrowers (the '***Master Collection Account***') and in the event of:

(i) a Non-Payment on the Expected Maturity Date Event, the credit balance of these accounts may only be withdrawn with the prior written consent of the Security Trustee, such consent not to be unreasonably withheld or delayed if the Borrowers satisfy the Security Trustee that such moneys will be applied:

(A) for the payment of dividends or other distributions of any kind to participants in Vesteda Woningen that are required in order to maintain the FII Status of Holding DRF (which distributions shall be made to each of the participants in Vesteda Woningen *pro rata parte* to their participations in Vesteda Woningen in accordance with the Participation Agreement and the Fund Conditions) (see further the section *Vesteda Group – Corporate Profile and Business* below) and expansionary capital expenditure of the Vesteda Group; or

(B) for the repayment of any outstanding amount of principal, fees, commissions or expenses on the Term A1 Advance, the Term A2 Advance, the Term A3 Advance, the Term A5 Advance, the Further Term Advances and/or the New Term Advances, as the case may be,

(ii) a Failure to Pay Principal Event, the credit balance of these accounts may only be withdrawn with the prior written consent of the Security Trustee, such consent not to be unreasonably withheld or delayed if the Borrowers satisfy the Security Trustee that such moneys will be applied for the repayment of any outstanding amount of principal, fees, commissions or expenses on the Term Advances, the Further Term Advances and/or the New Term Advances, as the case may be;

(b) ***Segregated Account*:** upon the occurrence of a Failure to Pay Interest Event, a Failure to Pay Principal Event or Non-Payment on the Expected Maturity Date Event whichever is earlier, the net proceeds of all disposals of Property shall promptly be deposited into a separate bank account in the name of one of the Borrowers (the '***Segregated Account***') and the credit balance of the Segregated Account may thereafter only be withdrawn with the prior written consent of the Security Trustee, which consent will not be unreasonably withheld or delayed if such moneys will be applied:

(i) in the case of a Failure to Pay Principal Event, *pro rata* for the repayment of any outstanding amount of principal, fees, commissions or expenses on the Term Advances, the Further Term Advances and/or the New Term Advances; and

(ii) and in the case of a Non-Payment on the Expected Maturity Date Event, for the repayment of any outstanding amount of principal, fees, commissions or expenses on the Term Advances or the New Term

Advances in order of priority such that the relevant advance with the shortest Term Expected Maturity Date is, in each case, repaid first.

(c) ***Repayment Account*:** other than upon the occurrence of a Failure to Pay Interest Event, a Failure to Pay Principal Event or a Non-Payment on the Expected Maturity Date Event, the net proceeds from any disposal of Property following a Fund Unwind Event will immediately or as soon as reasonably practicable be paid into the Repayment Account (the '***Repayment Account***') (provided that upon the occurrence of a Failure to Pay Interest Event, a Failure to Pay Principal Event or a Non-Payment on the Expected Maturity Date Event, amounts standing to the credit of the Repayment Account shall promptly be paid into the Segregated Account – see (b) above). The credit balance of the Repayment Account shall be applied as follows:

(i) *first*, for the payment of dividends or other distributions of any kind to participants in Vesteda Woningen necessary to enable Holding DRF to distribute dividends at such dates and in such amounts as are required to maintain the FII Status of Holding DRF, which distributions shall be made to each of the participants in Vesteda Woningen *pro rata parte* to their participation in Vesteda Woningen in accordance with the Participation Agreement and the Fund Conditions and for capital expenditures of the Vesteda Group; and/or

(ii) *second*, for the repayment of any outstanding amount of principal, interest, fees, commissions or expenses on the Term Advances, the Further Term Advances and/ or the New Term Advances, as the case may be.

***Covenants – General*:** Each Borrower provides the Issuer and the Security Trustee with the benefit of certain other covenants including, but not limited to, the following negative covenants:

(a) no financial indebtedness, save for an aggregate amount not exceeding €25,000,000 ranking no more than *pari passu* (other than as a result of any security rights created in accordance with (c) below) with any financial indebtedness created pursuant to the Relevant Documents, without the prior written consent of the Security Trustee;

(b) no leasing, hire purchase, conditional sale or other agreements for the acquisition of any asset upon deferred payment terms save where the purchase price of such assets does not exceed an aggregate amount of €500,000;

(c) save for an aggregate amount not exceeding €25,000,000 ranking no more than *pari passu* with any security right created pursuant to the Relevant Documents provided that first ranking security rights may be created by the Borrowers on Properties with an aggregate Book Value of up to €25,000,000, no security will be granted or other encumbrances to be created other than in favour of the Security

Trustee as contemplated under the Relevant Documents, without prior written consent of the Security Trustee;

and, for the avoidance of doubt, (a) and (c) above shall not be cumulative it being noted that the Borrowers may create security rights under (c) above to secure debt permitted to be created under (a) above,

(d) save for an aggregate amount not exceeding €25,000,000, grant any loans, guarantees or indemnities in respect of any person other than with respect to the loan in the amount of €25,000,000 made available by the Borrowers to Vesteda Project B.V. before the Initial Closing Date;

(e) no redemption, repurchase or cancellation of any share capital;

(f) no dividends or distributions of any kind by Vesteda Woningen to its participants other than a Permitted Distribution (as defined below) out of Excess Cash (as defined in the Master Definitions Agreement) without prior written consent of the Security Trustee, which consent shall, other than in the case of a Non-Payment on Expected Maturity Date Event, a Failure to Refinance Event, a Failure to Pay Principal Event, a Failure to Pay Interest or a Borrower Event of Default (as described below), not be unreasonably withheld ('***Permitted Distribution***' shall mean a distribution that is required to preserve the current FII Status of Holding DRF (which distributions shall be made to each of the participants in Vesteda Woningen *pro rata parte* to their participations in Vesteda Woningen in accordance with the Participation Agreement and the Fund Conditions), a distribution in accordance with the provisions of the Participation Agreement and the Fund Conditions or a distribution of the amount equal to the positive difference between (i) the proceeds from the sale of Properties and (ii) the most recent Book Value of the Properties sold);

(g) no material changes to the general nature of the business as carried on at the Closing Date, or start of any other business which results in any material change to the nature of that business (other than following a Fund Unwind Event);

(h) no mergers, demergers, amalgamations, acquisitions with respect to legal entities, restructuring, and joint ventures, without prior written consent of the Security Trustee, which consent shall not be unreasonably withheld;

(i) other than as permitted under the Secured Loan Agreement, no material change in tax and accounting policies and external reporting practices, except in accordance with Dutch accounting rules and applicable law; and

(j) no change in auditors without prior written consent of the Security Trustee, which consent shall not be unreasonably withheld.

With respect to (a), (c) and (h) above, the consent of the Security Trustee will be granted if the Rating Agencies confirm that entering into the relevant transaction would not result in a downgrade of the Notes.

Each Borrower will also provide the Issuer and the Security Trustee with the benefit of certain positive covenants, including, without limitation, covenants relating to the maintenance of insurances, conduct of business, notification of events of default, notification of material legal proceedings and compliance with material regulatory requirements.

***Provision of Financial Information*:** Each Borrower will deliver to the Security Trustee and the Rating Agencies the following:

(a) by no later than 120 days after the end of its financial year the audited combined financial statements (including balance sheet, profit and loss and cash flow statements) and related auditor's reports of Vesteda Woningen for such financial year (the '***Annual Report***'), such Annual Report and the Quarterly Report (defined below) showing the assets and liabilities of Vesteda Woningen (which are economically owned by the participants of Vesteda Woningen) and therefore exclude those of Groep, Vesteda Project B.V. and the participants in Vesteda Woningen);

(b) by no later than 45 days after the end of each Financial Quarter, commencing with the first Financial Quarter ending after the Initial Closing Date:

(i) the unaudited combined financial statements (in a form reasonably acceptable to the Security Trustee) of the Vesteda Woningen in respect of the then current financial year on a year to date basis from the commencement of the then current financial year to the end of such Financial Quarter (the '***Quarterly Report***'), including:

(A) combined balance sheet and combined profit and loss accounts;

(B) combined cash flows of Vesteda Woningen together with, in respect of the then current financial year on a year to date basis, a comparison with the performance in the corresponding period of the previous financial year;

(C) operating statistics with respect to the Portfolio, including with respect to occupancy rates and total rental / revenue growth of the Properties;

(D) the number and details of Properties disposed of by way of Permitted Disposals or acquired by way of Permitted Acquisitions, and the number of Properties; and

(E) a management commentary on the unaudited financial statements for the then current financial year on a year to date basis commencing with the Financial Quarter ending on the previous anniversary of the Initial Closing Date as to, *inter alia*, Vesteda Woningen's performance during such period and any material developments or proposals affecting Vesteda Woningen or its business, together with, when applicable, a comparison of actual

performance by Vesteda Woningen with the performance in the corresponding period of the previous financial year;

(ii) a Borrower Compliance Certificate (the '***Borrower Compliance Certificate***') for the relevant period:

(A) certifying whether or not the financial covenants and undertakings have been observed, supported by detailed calculations;

(B) certifying that, so far as it is aware as of the date thereof, no Borrower Event of Default or Potential Borrower Event of Default (which, in either case, has not been previously notified in writing to the Security Trustee) has occurred or, if it has occurred a description thereof and the action taken or proposed to be taken to remedy it; and

(C) certifying that, certain representations contained in the Secured Loan Agreement are true and it is in compliance with the covenants contained in the Secured Loan Agreement;

(c) from time to time and at the request of the Security Trustee or the Rating Agencies, furnish to each of them such information about the business, operations, performance, prospects and financial condition of Vesteda Woningen as any of them may reasonably require.

The above-mentioned information will be made available in English and the information to be delivered pursuant to (b) above will be made available to the required party in hard copy. See further *General Information.*

***Independent Audit and Valuation*:** In addition to the information to be provided as described above:

(a) in the case of a Borrower Event of Default or a Potential Borrower Event of Default, the Security Trustee may require a full independent audit and investigation into the business and affairs of the Vesteda Group Companies;

(b) each of the Borrowers shall promptly deliver to the Security Trustee and the Rating Agencies, at their request, copies of any updated valuations of Properties in accordance with the Secured Loan Agreement;

(c) the Security Trustee may require that, at the expense of the Borrowers, an actual independent, external valuation of all Properties be conducted at least annually on Properties constituting at least 50 per cent. of the value of the Portfolio and at least once every two years (on a per Property basis) provided the Properties that have been owned by Vesteda Woningen for more than two years and have been made completely available for letting for more than two years; and

(d) other than for Properties where an up-to-date valuation is available, the Security Trustee may require an actual independent, external valuation of (certain of) the Properties in the case of either a downgrade by the Rating Agencies of the Notes, a Borrower Event of Default, a Potential Borrower Event of Default, a Failure to Pay Principal Event, a Failure to Pay Interest Event or a Non-Payment on Expected Maturity Date Event.

Events of Default. The Secured Loan Agreement contains certain standard events that may lead to a default and acceleration of amounts outstanding for a full recourse facility of its nature (each, a '***Borrower Event of Default***' and any event which with the giving of notice, any relevant certificate, the lapse of time or fulfilment of any other condition would become a Borrower Event of Default, a '***Potential Borrower Event of Default***'). These include an event for nonpayment. However, the mere occurrence of non-payment may not in itself entitle the Security Trustee to accelerate the repayment obligations of any Borrower. In certain prescribed circumstances, non-payment shall constitute a Non-Payment on the Expected Maturity Date Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event and specific consequences shall apply as more fully set out below. If the Borrowers fail to comply with the relevant provisions which are applicable on the occurrence of one of these events, a Borrower Event of Default shall have occurred. Other events include breach of financial covenant, misrepresentation, and insolvency of any Vesteda Group Company.

Failure to Pay Interest Event: If any of the Borrowers has failed to pay any amount of interest due from it under the Secured Loan Agreement on any date upon which payment therefore was due and in the manner specified in the Secured Loan Agreement and such amount was not either paid at such time on such Borrower's behalf by any of the other Borrowers, then the Borrowers shall one week after the relevant Interest Payment Date and each subsequent week thereafter (each a '***Cash Collateralisation Payment Date***') pay to the Issuer Account on each Cash Collateralisation Payment Date, for same day value, an amount of at least one-twelfth of the aggregate amount drawn by the Issuer under the Liquidity Facility Agreement or from the Liquidity Standby Reserve Account, as appropriate, on the preceding Interest Payment Date to pay amounts due and payable under the Notes, together with interest and costs that will accrue on such amount up to but excluding the next succeeding Interest Payment Date.

If any of the Borrowers continues to fail to pay the full amount of interest that was due from it on the relevant Interest Payment Date under the Secured Loan Agreement on the tenth Business Day after the relevant Interest Payment Date upon which it was due and in the manner specified therein and such is not either paid at such time on such Borrower's behalf by any of the other Borrowers (a '***Failure to Pay Interest Event***'), then the consequences set out in (b), (c), (e) and (f) under the heading Failure to Pay Principal Event below shall apply to the Borrowers.

Further, the Borrowers shall, subject to obtaining the prior written consent of the Security Trustee, also appoint an external, independent and appropriately qualified advisor to advise on the steps and actions needed to remedy or cure the failure or the cause of the failure to pay interest on the relevant Interest Payment Date.

If any of the Borrowers fails at any time to comply in full with its or their obligations described above, a Borrower Event of Default shall have occurred.

Non-Payment on Expected Maturity Date Event*:** In the event that and for so long as any Borrower has failed to repay the full amount of principal, fees, commissions or expenses or other amounts (other than interest) on the Term A1 Advance, the Term A2 Advance, the Term A3 Advance or the Term A5 Advance, in each case, on the relevant Term Expected Maturity Date thereof, and such failure has not been remedied within a period of three (3) Business Days allowed for administrative or technical delay, a 'Non-Payment on Expected Maturity Date Event***' shall have occurred and the following shall apply with respect to each of the Borrowers for as long as any of the above-mentioned amounts remain outstanding:

(a) the interest margin applicable with respect to that part of the unpaid principal, fees, commissions, expenses or other sums due (excluding interest) on the Term A1 Advance, the Term A2 Advance, the Term A3 Advance and the Term A5 Advance, as the case may be, will be increased by 100 basis points;

(b) no payments to parties outside of the Vesteda Group will be permitted where such payments relate (A) to dividends or distributions of any kind (other than such distributions necessary to preserve the FII Status of Holding DRF under Netherlands tax law (which distributions shall be made to each of the participants in Vesteda Woningen *pro rata parte* to their participations in Vesteda Woningen in accordance with the Participation Agreement and the Fund Conditions), or (B) to expansionary capital expenditure of the Vesteda Group;

(c) a disclosed security interest shall be created over the Rent Collection Accounts, the Master Collection Account and the Segregated Account although payments from such accounts shall be permitted where such relate to (i) distributions that are necessary to preserve the FII Status of Holding DRF under Netherlands tax law (which distributions shall be made to each of the participants in Vesteda Woningen *pro rata parte* to their participations in Vesteda Woningen in accordance with the Participation Agreement and the Fund Conditions) or (ii) expansionary capital expenditure of the Vesteda Group;

(d) parties shall enter into good faith discussions with respect to increasing the amount covered by the Caps and/or the Forward Swaps, and/or the Supplemental Forward Swap as applicable or entering into another appropriate hedging arrangement, unless the Rating Agencies confirm that not entering into replacement hedging arrangements would not result in a downgrade of the Notes; and

(f) the net proceeds of all disposals of Property by the Borrowers promptly be paid into the Segregated Account and then applied as referred to above – see the Section *Payments from a Fixed Account* above.

Failure to Pay Principal Event: In the event that and for so long as any Borrower has failed to repay the full amount of principal, fees, commissions or expenses or other amounts (other than interest) on the Term A1 Advance, the Term A2 Advance, the Term A3 Advance, the Term A4 Advance and/or the Term A5 Advance, and in each case, on the Loan Maturity Date and such failure has not been remedied within a period of three (3) Business Days allowed for

administrative or technical delay, a '***Failure to Pay Principal Event***' shall have occurred the following shall apply for as long as any of the abovementioned amounts remain outstanding:

(a) the interest rate margin applicable to the outstanding amounts shall be increased by 100 basis points, (provided that if the applicable interest rate margin has already been increased in respect of the Term A1 Advance and/or the Term A2 Advance and/or the Term A3 Advance and/or the Term A5 Advance the provisions applicable upon Non-Payment on Expected Maturity Date (as described above), such applicable interest rate margin shall not be increased a second time);

(b) no payments to parties outside of the Vesteda Group (which will include Holding DRF only for as long as it holds the DRF Shares) shall be permitted where such payments relate (A) to dividends or other distributions of any kind to any shareholders or participants in any members of the Vesteda Group or (B) to expansionary capital expenditure of the Vesteda Group;

(c) a disclosed security interest shall be created over the Rent Collection Accounts, the Master Collection Account and the Segregated Account;

(d) parties shall enter into good faith discussions with respect to increasing the amount covered by the Caps, the Forward Swaps and/or the Supplemental Forward Swap, as applicable or entering into another appropriate hedging arrangement, unless the Rating Agencies confirm that not entering into replacement hedging arrangements would not result in a downgrade of the Notes;

(e) the voting rights in respect of the DRF Shares shall transfer to the Security Trustee (however, the Security Trustee shall agree not to dismiss or suspend the boards of the DRFs unless a Borrower Event of Default occurs);

(f) the Vesteda Woningen Entities are obliged to create Mortgages over such of the Properties so that the aggregate Book Value of the mortgaged Properties is equal to 150 per cent. of all amounts outstanding by the Borrowers to the Issuer at such time under the Secured Loan Agreement; and

(g) the Vesteda Woningen Entities are obliged to liquidate in an orderly manner and as soon as reasonably practicable, but in any event before the twelfth anniversary of the Initial Closing Date, the Properties constituting the Portfolio, with the net proceeds of all disposals of Property being paid immediately or as soon as reasonably practicable thereafter into the Segregated Account and then applied as referred to above – see above Payments from a Fixed Account.

With respect to (g) above, the Borrowers shall as soon as practicably possible following the occurrence of a Failure to Pay Principal Event (subject to obtaining the prior written consent of the Security Trustee), appoint an external, independent and appropriately qualified advisor to monitor compliance by the Borrowers with their obligations under (g) above. If at any time following its appointment such advisor is of the reasonable opinion that the Borrowers are not in compliance in all material respects with their obligations under (g) and in particular if such

advisor is of the reasonable opinion that the Borrowers will not be able to liquidate before 20 July 2017 a sufficient number of the Properties in order to allow the repayment in full of any and all amounts of principal, fees, commissions, expenses or other sums due from the Borrowers under the Relevant Documents, then the Security Trustee shall be entitled to require that such advisor assumes control and management of the process of liquidating the Properties as referred to in (g).

Failure to Refinance Event*:** The Borrowers must demonstrate 90 days prior to the Loan Maturity Date (the 'Refinance Commitment Date***'), to the satisfaction of the Security Trustee, that there is a firm commitment to refinance the Term Advance, the Further Term Advance and the New Term Advance (as the case may be) on the Loan Maturity Date. An engagement letter with a bank is deemed to be a firm commitment. Failure to provide this three Business Days after the Refinance Commitment Date will be deemed a '***Failure to Refinance Event***' and the following shall apply with respect to each of the Borrowers:

(a) a disclosed security interest shall be created over the Rent Collection Accounts, the Master Collection Account and the Segregated Account;

(b) the voting rights in respect of the DRF Shares shall transfer to the Security Trustee (however the Security Trustee shall agree not to dismiss or suspend the boards of the DRFs unless a Borrower Event of Default occurs);

(c) the Vesteda Woningen Entities are obliged to create Mortgages over such of the Properties so that the aggregate Book Value of the mortgaged Properties is equal to 150 per cent. of all amounts outstanding by the Borrowers to the Issuer at such time under the Secured Loan Agreement;

(d) no payments to parties outside of the Vesteda Group (which will include Holding DRF only for as long as it holds the DRF Shares) shall be permitted where such payments relate (A) to dividends or other distributions of any kind to any shareholders or participants in any members of the Vesteda Group or (B) to expansionary capital expenditure of the Vesteda Group.

Occurrence of a Financial Condition Event*:** If at the end of any Financial Quarter the Borrowers have not complied with the relevant financial covenants – see above Financial Covenants – (a 'Financial Condition Event***'), the Borrowers will have the period until the end of the following Financial Quarter in which to remedy such breach through appropriate remedial action. In such a case, the Borrowers must, subject to the prior written consent of the Security Trustee, appoint an independent advisor to advise on actions needed to remedy the relevant breach by the end of the following Financial Quarter. If:

(a) the adviser is of the view that the relevant breach cannot be remedied or cured by the end of the following Financial Quarter or that it remains unremedied or uncured by the end of the following Financial Quarter; or

(b) a second Financial Condition Event occurs within a period of twelve (12) months following a previous occurrence,

then a Borrower Event of Default will have occurred.

***Consequences of Borrower Event of Default*:** Upon the occurrence of a Borrower Event of Default (which in certain cases will be subject to a material adverse effect qualification), the Security Trustee may by written notice to the Rating Agencies and the Borrowers:

(a) suspend or cancel the commitment of the Issuer to make any Further Term Advances or New Advances (as the case may be); and/or

(b) declare the aggregate principal amount of all advances made pursuant to the Secured Loan Agreement together with any accrued and unpaid interest thereon and any other sums then owed by the Borrowers to be immediately due and payable; or

(c) declare the aggregate principal amount of all advances made pursuant to the Secured Loan Agreement together with any accrued and unpaid interest thereon and any other sums then owed by the Borrowers to be due and payable on demand of the Security Trustee; and/or

(d) without prejudice to the provisions of the Security Agreement which permit the Security Trustee to enforce the security created thereunder in any other circumstances, exercise all rights and remedies available to it including declaring that the Security Agreement and the security created thereunder shall have become enforceable.

Further, in the case of the insolvency of Groep, the Borrowers shall be required to, *inter alia*, open new accounts in their name with the Account Bank, procure that amounts deposited on the Rent Collection Accounts are transferred to such new accounts and give notice to tenants and other parties that are obliged to make payments to pay into the relevant new account.

***Book Value*:** Where in the Secured Loan Agreement the term Book Value will be used, a distinction will be made between assets that, as at the relevant date, have been made completely available for letting by Vesteda Woningen for more than two years and those that have not been made completely available for letting by Vesteda Woningen for more than two years. The methodology applicable in each case is reflected below. Any proposed changes to this methodology will require confirmation by an independent financial advisor that the changes will not negatively affect the Noteholders.

Properties made completely available for letting by Vesteda Woningen for more than two years*:** With respect to assets which have been made completely available for letting by Vesteda Woningen for more than two years 'Book Value***' will be the higher of the Sale Value and the Investment Value. The Sale Value and the Investment Value are calculated according to the methodology below. To the extent that the Investment Value for any Property exceeds by more than 10 per cent. the Sale Value, then the Book Value for that Property will be an amount equal to 110 per cent. of the Sale Value.

Sale Value and Investment Value are based on the assumption that the assets are completely sold including its current tenants. Both valuations are determined by a discounted

cash flow method. In respect of at least 50 per cent. of the Portfolio, both the Sale Value and the Investment Value are a result of external full appraisal. For the remaining part of the Portfolio (as defined herein) the Sale Value and the Investment Value are actualised by external valuers at year-end.

The Sale Value is determined on the assumption that the asset is completely sold including its current tenants to an entity specialised in the selling of individual units. The Investment Value is determined on the assumption that the asset is completely sold including its current tenants to an investor that intends to hold the units comprising the asset for letting purposes.

The auditors of Vesteda Woningen will on an annual basis audit the consistency of the then current Investment Values as compared to historical Investment Values and comment on any material changes. If the auditors of Vesteda Woningen are not able to confirm such consistency, such fact will be included as a qualification in the audit letter of the auditors of Vesteda Woningen, which qualification could result in a breach of covenant under the Secured Loan Agreement. Such breach can be cured by calculating book value using external Open Market Value valuations and for these purposes, '***Open Market Value***' shall mean an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

(a) a willing seller;

(b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;

(c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

(d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

***Properties not made completely available for letting by Vesteda Woningen for more than two years*:** With respect to assets that have not been made completely available for letting by Vesteda Woningen for more than two years as at the relevant date, Book Value will be equal to the purchase price paid by Vesteda Woningen for the relevant asset. In case that there is market evidence that market value is lower than the purchase price, Book Value will be equal to market value. To the extent that there are any additional investments with respect to such assets, such will be added to the Book Value at cost. Properties owned by Vesteda Woningen that are under construction are valuated at cost.

***CV Conversion*:** The Secured Loan Agreement provides that Vesteda Woningen is entitled to effect a CV Conversion provided that the Rating Agencies have confirmed in writing that the Notes will not be downgraded as a result of the CV Conversion and the amendments to the Secured Loan Agreement and other Relevant Documents in connection therewith. If such condition is met, the Secured Loan Agreement and the other Relevant Documents, to the extent necessary, will be amended to take account of Vesteda Woningen's new legal form. The Secured Loan Agreement further provides that if the CV Conversion is effected, the Noteholders shall be informed in accordance with Condition 13 and the amended Relevant Documents shall be made available to the Noteholders for inspection.

***Governing law*:** The Secured Loan Agreement is governed by Netherlands law.

Security Agreement

The Original Security Agreement was entered into on 18 July 2005 and the Security Agreement will be entered into on or around the Closing Date between, *inter alios*, the Issuer, Groep, the Borrowers and the Beneficiaries. Pursuant to the terms of the Security Agreement, each of the Borrowers, Groep, Holding DRF and the Issuer undertakes to grant in favour of the Security Trustee certain security rights thereunder and pursuant thereto. A summary of the terms of the Security Agreement, the security created pursuant thereto and the security created at a future date on the occurrence of specified events set out in the Secured Loan Agreement and the Trust Deed are described below. Further, the Security Agreement contains common standard provisions which apply to the Security Documents (as defined below).

In order to create a valid, enforceable security interest in favour of the Security Trustee under the laws of the Netherlands, the undertakings, obligations and liabilities of the Borrowers and the Issuer to the Security Trustee are expressed to be separate and independent obligations from the corresponding principal obligations which the Borrowers and the Issuer have, respectively, to the Issuer and the Beneficiaries pursuant to the Relevant Documents, being, respectively the Borrower Principal Obligations and the Issuer Principal Obligations. This is referred to as the Borrower Parallel Debt and the Issuer Parallel Debt and represents the Security Trustee's own claims to receive payment of an amount not exceeding the total amount of the Borrower Principal Obligations and the Issuer Principal Obligations. The Borrower Secured Obligations and the Issuer Secured Obligations are therefore the obligations of the Borrowers to pay the Borrower Parallel Debt in respect of the Borrower Principal Obligations and the obligations of the Issuer to pay the Issuer Parallel Debt in respect of the Issuer Principal Obligations.

The Security Agreement provides that the Relevant Documents (including the Conditions) may be amended in writing, and any rights thereunder may be waived in writing after reasonable notification of the details of amendment or waiver has been given to the Beneficiaries from time to time by the Security Trustee, provided, however, that any amendment or waiver which in the opinion of the Security Trustee has the effect in respect of any Relevant Documents (including the Conditions) of (i) a dilution of security or the rights of the Beneficiaries under the Relevant Documents (including the Conditions), (ii) a change in the Issuer Priority of Payments or the Borrower Priority of Payments, or (iii) a change in the timing of any payment, shall not be made unless each Rating Agency, after having been notified by the

Security Trustee, shall have confirmed that such action will not result in a downgrade of the rating of the Notes and the Security Trustee shall have confirmed that it is satisfied the amendment or waiver is not prejudicial to the interests of the Noteholders.

The Security Agreement contains certain standard warranties and covenants given by Holding DRF to the Security Trustee. Should it cease to be the holder of the DRF Shares, then the transferee shall, as a condition of such transfer, be required to give substantially similar warranties and covenants.

The Security Agreement is governed by Netherlands law.

Borrower Security

Pursuant to the Original Security Agreement, Holding DRF and the Borrowers entered on 18 July 2005 into a Netherlands law governed Share Pledge Agreement by which Holding DRF created a pledge in respect of its shares in the capital of the Borrowers (as further set out below) in favour of the Security Trustee to secure the Borrower Secured Obligations (which, for the avoidance of doubt, includes the payment obligations in respect of the Term A5 Loan).

On or following the occurrence of a Non-Payment on the Expected Maturity Date Event , a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event, (in each case which is continuing), or a Borrower Event of Default, whichever is earlier, or at any time thereafter, the Borrowers will enter into the following:

(a) save in the event of a Non-Payment on the Expected Maturity Date Event, one or more Netherlands law governed Mortgage Deeds (defined below); and

(b) Netherlands law governed Account Pledges over the Rent Collection Accounts, the Master Collection Account and the Segregated Account.

Following the occurrence of a Fund Unwind Event, the Borrowers will open the Repayment Account and will create a right of pledge over the Repayment Account Pledge in favour of the Security Trustee pursuant to the Repayment Account Pledge Agreement.

Each of the Security Agreement, the Share Pledge Agreement, the Mortgage Deeds, the Repayment Account Pledge and the Account Pledges shall be in favour of the Security Trustee to secure the Borrower Secured Obligations and shall be referred to together as the '***Borrower Security Documents***' described below.

Issuer Security

The Issuer and the Security Trustee on 18 July 2005 entered into the Netherlands law governed Original Issuer Pledge Agreement in favour of the Security Trustee to secure the Issuer Secured Obligations.

On or around the Closing Date, the Issuer will enter into the Netherlands law governed Supplemental Issuer Pledge Agreement in favour of the Security Trustee to further secure the Issuer Secured Obligations.

The Security Agreement and the Issuer Pledge Agreement shall be referred to together as the '***Issuer Security Documents***' and together with the Borrower Security Documents, the '***Security Documents***'.

Enforcement of Security

The Security Agreement provides that neither the Beneficiaries nor the Issuer shall exercise any independent power that they may have to enforce or to exercise any rights, discretions or powers or to grant any consents, waivers or releases under or pursuant to the Security Documents or otherwise exercise direct recourse to the assets secured pursuant to the Security Documents except through the Security Trustee. Subject to the Security Trustee being indemnified to its satisfaction in relation to the performance and enforcement of the Security Documents, the Security Trustee shall take such action or, as the case may be, refrain from taking such action under or pursuant to the Security Documents:

(a) in the case of enforcement of any Borrower Security Document, as the Issuer shall direct or, if an Issuer Event of Default has occurred and an Issuer Enforcement Notice has been given pursuant to Condition 10 of the Conditions, as the Security Trustee shall deem to be in the interest of the Beneficiaries; and

(b) in the case of enforcement of any Issuer Security Document, if an Issuer Event of Default has occurred and an Issuer Enforcement Notice has been given pursuant to Condition 10 of the Conditions, the Security Trustee may, at its discretion and without further notice, take such steps as it may think fit to enforce the Issuer Security Documents but it shall not be bound to take any such steps unless it is directed by an Extraordinary Resolution of the Noteholders or if so requested in writing by the holders of the Notes holding at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes, provided that it shall enforce an Issuer Security Document without such Extraordinary Resolution or directions, as the case may be, if a failure to take immediate enforcement action would or may jeopardise the value or availability of the security created pursuant to any or all of the Issuer Security Documents for the benefit of the Noteholders, but will have no regard for the interests of any other Beneficiary under the Security Documents or the Trust Deed (for the avoidance of doubt as defined in the section *Overview – The Parties – Security Trustee* above).

Application of Security Proceeds

After one or more of the security interests constituted by a Security Document have become enforceable, the Security Trustee shall seek recourse to (*zich verhalen op*) any and all proceeds received under or pursuant to the relevant Security Documents or pursuant to a foreclosure on (*uitwinnen*) the relevant secured assets, but subject to the payment of any claims having priority to the relevant security interests, to pay the respective secured obligations secured thereby. The Security Agreement and the Trust Deed contain provisions regulating the priority of application of amounts forming part of such security among the Beneficiaries.

In the event of a Borrower Event of Default, as set out in the Secured Loan Agreement (see further the section *Summary of Principal Documents – Secured Loan Agreement* above) the Security Trustee shall apply the proceeds received under the Borrower Security Documents in accordance with the Borrower Priority of Payments (contained in the Security Agreement and set out below) and the Issuer Pre-enforcement Priority of Payments (contained in the Trust Deed but incorporated by reference in the Security Agreement and set out below). In the event that the Security Trustee has given an Issuer Enforcement Notice, the Security Trustee shall apply the proceeds received under the Issuer Security Documents in accordance with the Issuer Post-enforcement Priority of Payments (contained in the Trust Deed and set out below).

Borrower Priority of Payments

Upon the occurrence of a Borrower Event of Default which is then subsisting and notification thereof to the Security Trustee by the Issuer, the Security Trustee shall collect and foreclose on the assets securing the Borrower Secured Obligations secured by the Borrower Security Documents and apply the proceeds arising therefrom in the following order (the '***Borrower Priority of Payments***'):

(a) *first, pro rata*, in or towards satisfaction of the respective amounts due (i) to the Security Trustee in respect of its fees, costs and expenses and (ii) the fees, costs and expenses of a mortgage advisor to be appointed by the Security Trustee pursuant to the Secured Loan Agreement to assist with, *inter alia*, the creation of Mortgages (the '***Mortgage Advisor***');

(b) *second*, to the Issuer in discharge of the amounts due to the Issuer under the Secured Loan Agreement required to satisfy in full the Issuer's obligations set out in paragraphs (a), (b) and (c) under the Issuer Priority of Payments;

(c) *third, pro rata*, in or towards satisfaction of the amounts due to the Issuer in respect of the Term Advances, an amount equal to the aggregate amount required by the Issuer to satisfy in full its obligations to pay (i) interest on the Notes (other than the Step-Up Amounts) (ii) all amounts due to the Hedging Provides under the Hedging Agreements (other than Hedging Subordinated Amounts) and (iii) any Early Note Prepayment Compensation Amounts due under the Notes pursuant to an optional redemption referred to under Condition 6 (e) (if any);

(d) *fourth, pro rata*, in or towards satisfaction of the amounts due to the Issuer in respect of the Term Advances, an amount required by the Issuer to satisfy in full its obligation to pay principal under the Notes;

(e) *fifth, pro rata*, in or towards satisfaction of the amounts due to the Issuer in respect of the Term Advances, an amount equal to the aggregate amount required by the Issuer to satisfy in full its obligation to pay Step-Up Amounts;

(f) *sixth*, to the Issuer in discharge of the amounts due to the Issuer under the Secured Loan Agreement required to satisfy in full the Issuer's obligations set out in paragraph (g) under the Issuer Pre-enforcement Priority of Payments; and

(g) *seventh*, to the Issuer in discharge of the amounts due to the Issuer under the Secured Loan Agreement required to satisfy in full the Issuer's obligations set out in paragraphs (h) and (i) under the Issuer Pre-enforcement Priority of Payments.

Issuer Pre-enforcement Priority of Payments

The Security Agreement incorporates, by reference, certain provisions of the Trust Deed including provisions relating to the Issuer Priority of Payments. Prior to the occurrence of an Issuer Event of Default, the amounts standing to the credit of the Issuer Account on each Interest Payment Date will comprise of:

(a) the payments received by the Issuer on such Interest Payment Date into the Issuer Account pursuant to the terms of the Secured Loan Agreement;

(b) interest received on the Issuer Account and any other account that the Issuer may have or otherwise from Eligible Investments which it has the option to invest in under the Bank Account and Cash Management Agreement;

(c) the proceeds of any drawing, if any, made under the Liquidity Facility Agreement on or prior to such Interest Payment Date; and

(d) the amounts, if any, paid by the Hedging Providers under the Hedging Agreements, as applicable, on or prior to such Interest Payment Date.

Prior to the security under any or all of the Security Documents having become enforceable and the Security Trustee having taken steps to enforce such security, amounts standing to the credit of the Issuer Account shall be applied in accordance with the Issuer Pre-enforcement Priority of Payments set out in the Trust Deed (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full):

(a) *firstly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof:

(i) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of the Security Agreement and any of the other Relevant Documents (as defined herein), together with interest thereon as provided for therein;

(ii) the fees and expenses of the Reference Agent and the Paying Agent incurred under the Paying Agency Agreement;

(iii) the fees and expenses of the ATC Entities under the Corporate Services Agreements;

(iv) any amounts due in respect of the Issuer's liability to the tax authorities (insofar as payment cannot be satisfied out of profits);

(v) the fees and expenses of any legal advisers, accountants and auditors appointed by the Issuer; and

(vi) the fees and expenses of the Rating Agencies;

(b) *secondly,* in or towards satisfaction of, all amounts of principal, interest, (including Mandatory Costs, (as defined in the Liquidity Facility Agreement), commitment fee, costs, expenses and other amounts from time to time due or accrued due but unpaid to the Liquidity Facility Provider under the terms of the Liquidity Facility Agreement (other than Liquidity Subordinated Amounts);

(c) *thirdly,* in or towards satisfaction of, the fees, costs, expenses and liabilities of the Account Bank under the Bank Account and Cash Management Agreement;

(d) *fourthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof (i) all amount of interest due or accrued due but unpaid under the Notes (other than any and all Step-Up Amounts and interest thereon); and (ii) all amounts due to the Hedging Providers under the Hedging Agreements (other than Hedging Subordinated Amounts) and (iii) any Early Note Prepayment Compensation Amounts due under the Notes pursuant to an optional redemption referred to under Condition 6(e) (if any);

(e) *fifthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, all amount of principal due or accrued due but unpaid under the Notes which shall correspond to the relevant advance repaid by the Borrowers pursuant to the Secured Loan Agreement;

(f) *sixthly,* in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, Step-Up Amounts, then due and payable;

(g) *seventhly*, in or towards satisfaction of, *pro rata*, any amounts due or overdue (if any) to third parties under obligations incurred in the course of the Issuer's business not paid under (a) above, including amounts due or accrued due but unpaid to any party under the Relevant Documents (other than referred to in (a) to (f) above and (h) and (i) below);

(h) *eighthly*, in or towards satisfaction of, any Liquidity Subordinated Amounts due under the Liquidity Facility Agreement to the Liquidity Facility Provider;

(i) *ninthly*, in or towards satisfaction of, any Hedging Subordinated Amounts due to a Hedging Provider under the relevant Hedging Agreement; and

(j) *tenthly*, any surplus to the Borrowers in consideration for the novation and benefit of the Caps.

Payments may only be made out of the Issuer Account other than on any Interest Payment Date to satisfy liabilities set out in paragraphs (a) and (g) above.

To the extent that the Issuer's funds are insufficient to make payments under items (a) to (d) above on the relevant Interest Payment Date, or in the case of (a) only, on any Business Day, the Issuer may, in certain circumstances, make a drawing under the Liquidity Facility or, to the extent credited thereto, the Liquidity Standby Reserve Account (as defined herein). See further section *Summary of Principal Documents – Liquidity Facility Agreement* below.

Issuer Post-enforcement Priority of Payments

Following the security under the Security Documents having become enforceable and the Security Trustee having taken steps to enforce such security, amounts standing to the credit of the Issuer Account shall be applied in the following order of priority in accordance with the Issuer Post-enforcement Priority of Payments set out in the Trust Deed (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full):

(a) *firstly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof:

  (i) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of the Security Agreement and any of the other Relevant Documents, together with interest thereon as provided for therein;

  (ii) the fees and expenses of the Paying Agents and the Reference Agent incurred under the Paying Agency Agreement;

  (iii) the fees and expenses of the ATC Entities under the Corporate Services Agreements;

  (iv) the fees and expenses of any legal advisors, accountants and auditors appointed by the Issuer; and

  (v) the fees and expenses of the Rating Agencies;

(b) *secondly*, in or towards satisfaction of, all amounts of principal, interest, (including Mandatory Costs, (as defined in the Liquidity Facility Agreement), commitment fee, costs, expenses and other amounts from time to time due or accrued due but unpaid to the Liquidity Facility Provider under the terms of the Liquidity Facility Agreement (other than Liquidity Subordinated Amounts);

(c) *thirdly*, in or towards satisfaction, of the fees, costs, expenses and liabilities of the Account Bank under the Bank Account and Cash Management Agreement;

(d) *fourthly*, in or towards satisfaction of all amounts due to the Hedging Providers under the Hedging Agreements (other than Hedging Subordinated Amounts);

(e) *fifthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof (i) all amount of interest due or accrued due but unpaid under the Notes

and the (other than any and all Step-Up Amounts (if any) and interest thereon) and (ii) any Early Note Prepayment Compensation Amounts (as defined below) due under the Notes pursuant to an optional redemption referred to under Condition 6(e) (if any);

(f) *sixthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, all amount of principal due or accrued due but unpaid under the Notes;

(g) *seventhly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, Step-Up Amounts, then due and payable;

(h) *eighthly*, in or towards satisfaction of, Liquidity Subordinated Amounts due under the Liquidity Facility Agreement to the Liquidity Facility Provider;

(i) *ninthly*, in or towards satisfaction of, Hedging Subordinated Amounts due to a Hedging Provider under the relevant Hedging Agreement;

(j) *tenthly*, in or towards satisfaction of, *pro rata*, any amounts due or overdue (if any) to third parties (including any amounts due to the tax authorities) under obligations incurred in the course of the Issuer's business not paid under (a) above, including amounts due or accrued due but unpaid to any party under the Relevant Documents (other than as referred to in (a) to (i) above; and

(k) *eleventhly*, any surplus to the Borrowers in consideration for the novation and benefit of the Caps.

Borrower Security: Share Pledge Agreement

Holding DRF granted on 18 July 2005 pursuant to the Share Pledge Agreement a third party pledge (*derdenpand*) over the DRF Shares in order to create a first priority right of pledge (*pandrecht, eerste in rang*) in favour of the Security Trustee for the benefit of the Issuer to secure and provide for the payment of the Borrower Secured Obligations.

Pursuant to the Share Pledge Agreement, in order to secure the payment and discharge of all Borrower Secured Obligations, Holding DRF has pledged (*verpand*) to the Security Trustee by way of a first ranking pledge all of the issued shares in the capital of DRF I, DRF II and DRF III (together, the '***Present Shares***'). Further, Holding DRF has pledged (*verpand*) to the Security Trustee by way of a first ranking right of possessory pledge or disclosed pledge (*vuistpandrecht of openbaar pandrecht*) and, in so far as no possessory or disclosed pledge is effectively created, will pledge to the Security Trustee by way of a first ranking right of non-possessory pledge or non-disclosed pledge (*bezitloos pandrecht of stil pandrecht*), all cash dividends and assets that may be issued or distributed in connection with the Present Shares.

Further, if a Failure to Refinance Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event occurs (in each case, which is continuing), or a Borrower Event of Default occurs, whichever is earlier, and notice thereof is given by the Security Trustee to the DRFs, the voting rights (the '***Voting Rights***') attaching to the Present Shares and any shares issued in the future (the '***Shares***'), as the case may be, will transfer to the Security Trustee and the Security

Trustee shall, *inter alia*, have the sole and exclusive right and authority to exercise such Voting Rights in its absolute discretion, provided that in the case of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event, the Security Trustee will agree not to dismiss or suspend the boards of the DRFs unless a Borrower Event of Default occurs.

Without prejudice to any restrictions with respect to the payment of dividends referred to in the Relevant Documents, Holding DRF may receive, retain and utilise the dividends as long as no Borrower Event of Default has occurred. However, upon the occurrence of a Borrower Event of Default, DRF I, DRF II and/or DRF III, as the case may be, shall cease to pay dividends to Holding DRF.

The Share Pledge Agreement contains certain representations given by Holding DRF and each of the DRFs that, *inter alia*, other than the security interest created pursuant to thereto, the Present Shares and Related Assets are not encumbered and that the Present Shares have been duly authorised, validly issued and fully paid.

The Share Pledge Agreement is governed by Netherlands law.

Borrower Security: Mortgage Deeds

Pursuant to the Security Agreement, each of the DRFs and Groep have undertaken to the Security Trustee for the benefit of the Issuer that immediately upon the occurrence of a Failure to Refinance Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event (and in each case, which is continuing) or a Borrower Event of Default, whichever is the earlier, and at any time thereafter, it shall create first ranking mortgage rights (*hypotheek, eerste in rang*) over sufficient Properties representing a Book Value of 150 per cent. of the Borrower Principal Obligations (a '***Mortgage***') as well as a first right of pledge over any related rights. The Security Trustee has sole discretion as regards over which of the Properties Mortgages shall be created. Each DRF (as '***Mortgagor***') together with the Security Trustee (in its capacity as '***Mortgagee***') shall, on the occurrence of such a Failure to Refinance Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event (in each case, which is continuing) or Borrower Event of Default, whichever is earlier, enter into a notarial mortgage deed (a '***Mortgage Deed***') in the form prescribed by the Security Agreement and shall thereby grant to the Security Trustee:

(i) a first mortgage right on the relevant Property; and

(ii) a first right of pledge in respect of, *inter alia*, all movable property relating to the Property (together with the Property referred to as the '***Security Assets***').

The Mortgage Deed will contain certain declarations that, *inter alia*, the Security Assets are not encumbered with, *inter alia*, mortgage registrations, rights of pledge or other limited rights or attachments and that it is the owner of the Property.

The Mortgage Deed will be governed by Netherlands law.

Borrower Security: Account Pledges and Repayment Account Pledge

Pursuant to the Security Agreement, each of the DRFs and Groep have undertaken to the Security Trustee that immediately upon the occurrence of a Non-Payment on the Expected Maturity Date Event, a Failure to Refinance Event, a Failure to Pay Principal Event, a Failure to Pay Interest Event (in each case, which is continuing) or a Borrower Event of Default, whichever is the earlier, and at any time thereafter, to create a disclosed right of pledge over any and all of its rights, interest and title in and to the Rent Collection Accounts held by Groep and the Master Collection Account and the Segregated Account which are held by the Borrowers (as described in the section *Summary of Principal Documents – Secured Loan Agreement*) by executing an account pledge in the form prescribed by the Security Agreement. The pledge will be in respect of the pledged claims, being the claims of the relevant pledgor from time to time against the bank where the accounts are held (to the extent that they constitute registered claims (*vorderingen op naam*) of the pledgor against the bank) resulting from any and all amounts standing from time to time to the credit of the relevant accounts (the '***Pledged Claims***'). Further, the terms of the Account Pledges shall provide that the relevant pledgor shall not be permitted to dispose of the pledged claims (in whole or in part) or apply the proceeds of the pledged claims, except in accordance with the terms of the Security Agreement and the Secured Loan Agreement.

In the event that Groep is unable to create valid pledges over the accounts in accordance with the terms of the Account Pledges, the Borrowers shall be obliged to open new accounts, transfer monies to those accounts and notify, *inter alia*, tenants that payments must be made to such new accounts forthwith. These new accounts will be pledged to the Security Trustee.

Furthermore, pursuant to the Security Agreement, the Borrowers have undertaken to the Security Trustee that immediately upon the occurrence of a Fund Unwind Event (i) they will open the Repayment Account, (ii) transfer all proceeds from disposals of Property to the Repayment Account and (iii) create a disclosed right of pledge over any and all of their rights, interest and title in and to the Repayment Account held by the Borrowers (as described in *Summary of Principal Documents – Secured Loan Agreement*) by executing an account pledge in the form prescribed by the Security Agreement. The pledge will be in respect of the Pledged Claims. Further, the terms of the Repayment Account Pledge shall provide that the relevant pledgor shall not be permitted to dispose of the pledged claims (in whole or in part) or apply the proceeds of the pledged claims, except in accordance with the terms of the Security Agreement and the Secured Loan Agreement.

The Account Pledges and the Repayment Account Pledge will be governed by Netherlands law.

Issuer Pledge Agreement

On or around the Closing Date, the Issuer will, pursuant to the Supplemental Issuer Pledge Agreement, create, to the extent possible (and to the extent not already created pursuant to the Original Issuer Pledge Agreement), a disclosed first ranking right of pledge (*openbaar pandrecht eerste in rang*), and to the extent that any Issuer Debtors (as defined below) have not been notified of the pledge of the Pledged Claims, an undisclosed first priority right of pledge (*stil pandrecht eerste in rang*) over the Pledged Claims. The Issuer further agrees to grant such right of pledge insofar as the same cannot be fully granted on or around the Closing Date. Such pledge shall be in the form prescribed by the Security Agreement and created pursuant to the

issuer pledge agreement between the Issuer and the Security Trustee in order to secure and provide for the payment of the Issuer Secured Obligations.

For these purposes, '***Issuer Debtors***' shall mean any obligor in respect of the rights that the Issuer can exercise pursuant to or in connection with the Relevant Documents.

On or immediately following the Closing Date, the Security Trustee may serve notice of the pledge (*mededeling van pandrecht*) of the Pledged Claims upon the Issuer Debtors and notify such Issuer Debtors that payment must be made in a designated bank account. Alternatively, the Security Trustee may require the Issuer to do so at the Issuer's expense.

The Issuer Pledge Agreement shall contain certain representations and warranties given by the Issuer to the Security Trustee (which representations shall be deemed repeated each time a Pledged Claim arises and in respect of such Pledged Claim) in respect of, *inter alia*, its entitlement to pledge its rights, title and interest in and to the Pledged Claims.

Further, the Issuer Pledge Agreement shall provide, that no Pledged Claims will be released or settled (except by payment in full) without the Security Trustee's prior written approval unless permitted by the Relevant Documents.

The Issuer Pledge Agreement will be governed by Netherlands law.

Liquidity Facility Agreement

Under the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will continue to provide a 364 day commitment to permit a drawing under the liquidity facility (the '***Liquidity Facility***') to be made available up to a maximum aggregate principal amount of €115,500,000 (subject to a *pro rata* reduction in connection with a redemption of the Notes). In circumstances where the Issuer has insufficient funds available on an Interest Payment Date falling within such 364 day period to pay in full any of the items specified in (a) to (d) (inclusive) of the Issuer Pre-enforcement Priority of Payments (a '***Liquidity Shortfall***'), the Issuer may make a drawing under the Liquidity Facility. The Liquidity Facility will also be available to meet costs and expenses in relation to the establishment of any security interests pursuant to the Security Agreement and to repay any third party loans in circumstances where they may impede the enforcement of the security by the Security Trustee on behalf of the Noteholders. If any of the Notes are redeemed, there shall be a corresponding reduction in the aggregate principal amount of the Liquidity Facility available for drawdown. The revised amount available for drawing under the Liquidity Facility will be re-calculated on each yearly renewal date of the Liquidity Facility Agreement on the terms provided therein. The Liquidity Facility Provider will be under no obligation to increase the maximum aggregate principal amount of the Liquidity Facility should the Issuer issue Further Notes or New Notes.

The Liquidity Facility Agreement provides that if, *inter alia*, at any time there is a downgrade of the short-term, unsecured, unsubordinated and unguaranteed debt of the Liquidity Facility Provider to lower than F1+, P-1 and A-1+ (or its equivalent) by Fitch, Moody's and S&P respectively (or such other short-term rating as is commensurate with the rating assigned to the Notes, from time to time), or the Liquidity Facility Provider declines to renew the term of the Liquidity Facility, the Issuer may require the Liquidity Facility Provider to pay into a designated

bank account of the Issuer (the '***Liquidity Standby Reserve Account***') maintained with an appropriately rated bank an amount equal to its undrawn commitment under the Liquidity Facility Agreement. Amounts standing to the credit of such account, subject to no Liquidity Event of Default having occurred, will be available to the Issuer for drawing in the event of there being a Liquidity Shortfall, unless doing so would not be sufficient to cover the full amount of such shortfall, in which case no drawing under the Liquidity Facility Agreement can be made. After the occurrence of a Liquidity Event of Default, all amounts standing to the credit of the Liquidity Standby Reserve Account will be held for the benefit of the Liquidity Facility Provider and can only be applied in or towards repayment of all amounts then due but unpaid to the Liquidity Facility Provider under the Liquidity Facility Agreement. The Issuer may also, in certain circumstances, replace the Liquidity Facility Provider provided that such Liquidity Facility Provider is replaced by an appropriately rated bank and all amounts outstanding to such Liquidity Facility Provider are repaid in full.

The Liquidity Facility Provider will have as at the Closing Date a rating assigned for its unsecured, unsubordinated and unguaranteed short-term debt obligations of F1+, P-1 and A-1 + from Fitch, Moody's and S&P, respectively.

The Liquidity Facility Agreement is governed by Netherlands law.

The Original Hedging Agreement

The Issuer has the benefit of the Caps provided by the Original Hedging Provider under the Original Hedging Agreement (as described above in *Overview – Main Transaction Documents – Caps*)). The Issuer shall pay any surplus to the Borrowers following satisfaction of all its obligations which rank in priority thereto in the Issuer Priority of Payments in consideration for the benefit of the novation of the Caps by Vesteda Residential Funding I B.V. under the Novation and Amendment Agreement (initially novated by Groep to Vesteda Residential Funding I B.V.). It shall be provided that the Issuer may unwind any unused portion of the Caps or assign any unused portion of the Caps to another third party as consented to by the Original Hedging Provider in accordance with the provisions of the Original Hedging Agreement. Any fee for the unwind or the assignment shall be paid into the Issuer Account (by either the Original Hedging Provider, if there is an unwind, or another third party, if there is an assignment) and applied by the Issuer in accordance with the Issuer Priority of Payments. See the section *Overview – Issuer Priority of Payments.*

Under the terms of the Caps, in the event that Euribor for three month euro deposits (as determined in accordance with Condition 4(d)) exceeds 4.5 per cent. (the '***Cap Rate***'), the Original Hedging Provider will be required to make a payment equal to the difference between Euribor (as so determined) and the Cap Rate calculated on the notional principal amount specified and for the relevant period specified in the relevant Cap.

The Issuer also has the benefit of the Forward Swaps provided by the Original Hedging Provider under the Original Hedging Agreement.

Under the terms of a Forward Swap, during the period from (but excluding) a Cap Expiry Date up to (and including) the Forwards Swaps Expiry Date, the Issuer shall pay the Original

Hedging Provider an amount calculated by reference to the interest rate specified in the relevant Forward Swap (such rate, a '***Forward Swap Rate***') calculated on the notional principal amount specified under the Forward Swap for the relevant period and the Original Hedging Provider shall pay the Issuer Euribor calculated on the notional principal amount outstanding under the Initial Notes for the relevant period specified in such Forward Swap.

Under the Original Hedging Agreement, the Issuer may in certain circumstances reduce the level of hedging provided to the Issuer under the Caps and Forward Swaps and/or novate the Caps and Forward Swaps to a third party subject to, amongst other things, the prior consent of the Original Hedging Provider. The Original Hedging Agreement provides that if in connection with a redemption of the Notes the level of hedging under the relevant transaction is not reduced (by way of reduction of the amount of the transaction or novation of (part of) the transaction) or the approval of the Original Hedging Counterparty not to reduce the level of hedging has not been obtained, this could in certain circumstances result in an early termination of the relevant transaction, in which case a swap termination payment may become due.

On the Closing Date, the Original Hedging Provider will have a current rating assigned to its short-term, unguaranteed, unsubordinated and unsecured debt obligations by the Rating Agencies of F1+, Prime-1 and A-1 + by Fitch, Moody's and S&P respectively and has a rating in respect of its long-term unguaranteed, unsecured and unsubordinated debt obligations of Aa3 by Moody's.

If any rating assigned to the Original Hedging Provider's short-term, unguaranteed and unsubordinated and unsecured debt obligations is reduced below F1, or A-1 by, respectively, Fitch or S&P (or any successor thereto) (the '***S&P and Fitch Required Ratings***' and together with the Moody's Required Ratings, as defined below, the '***Required Ratings***') or is withdrawn by Fitch or S&P, then the Original Hedging Provider shall, within thirty days of such reduction or withdrawal of any such rating, at the cost of the Original Hedging Provider, either (i) find a third party, acceptable to Fitch and S&P to guarantee the obligations of the Original Hedging Provider under the Original Hedging Agreement subject to prior written confirmation from each of Fitch and S&P that the identity of such third party and the terms of the guarantee will not adversely affect the rating of the Notes or (ii) provide credit support sufficient to maintain the rating of the Notes at the level which would have subsisted but for the then current rating of the Original Hedging Provider subject to prior written confirmation from each of Fitch and S&P that the reduction or withdrawal of the rating of the Original Hedging Provider will not adversely affect the rating of the Notes, or (iii) transfer and assign its rights and obligations under the Original Hedging Agreement to a replacement hedge provider subject to the prior written consent of the Issuer (which consent shall not be unreasonably withheld) and each of Fitch and S&P, provided that in the case of Fitch, if the short-term, unsecured and unsubordinated debt obligations of the Original Hedging Provider cease to be rated F2 or the long-term, unsecured and unsubordinated debt obligations of the Original Hedging Provider cease to be rated BBB+, or where the initial downgrade reduced the relevant rating to a level below F2 or BBB+ then only (i) and (iii) above, are the recommended actions of choice, and (ii) is acceptable only if the mark-to-market calculations and the correct and timely posting of collateral are verified by an independent third party, and if there is a further downgrade below a short-term unsecured and unsubordinated rating below F3 or a long-term unsecured and unsubordinated rating of BBB- only actions (i) and (iii) are acceptable. Any failure by the Original Hedging Provider to comply

with its obligations under this paragraph shall constitute an Additional Termination Event (as defined in the Original Hedging Agreement) with respect to the Original Hedging Provider under the Original Hedging Agreement with the Original Hedging Provider as the sole Affected Party and may lead to a downgrading of the then applicable ratings assigned to the Notes.

In the event (such event, a '***Moody's Level 1 Downgrade***') that, because of a withdrawal or downgrading of rating, the unguaranteed, unsecured and unsubordinated short-term debt obligations of the Original Hedging Provider fail to be rated at least Prime-1 by Moody's or the unguaranteed, unsecured and unsubordinated long-term debt obligations of the Original Hedging Provider fail to be rated at least A1 by Moody's, or Moody's ceases to assign a long-term or short-term senior unsecured debt rating to the Original Hedging Provider (the '***Moody's Required Ratings***') then unless Moody's confirms in writing that the then current rating of the Notes will not be downgraded or placed under review for possible downgrade as a result of the Moody's Level 1 Downgrade, the Original Hedging Provider must, if the Moody's Level 1 Downgrade is then continuing, within 30 days of the occurrence of such Moody's Level 1 Downgrade take any one of the following four measures:

(i) put in place a mark-to-market collateral agreement in form and substance acceptable to Moody's (which may be based on credit support documentation published by the International Swaps and Derivatives Association, Inc. ('***ISDA***') or otherwise) which establishes a level of collateral (in the form of cash or securities or both) in accordance with its published criteria (the '***Moody's Criteria***') (or such less restrictive criteria as may be agreed with Moody's); or

(ii) procure the transfer of all rights and obligations of the Original Hedging Provider with respect to the Original Hedging Agreement to a replacement third party with the Required Ratings which is located in the same legal jurisdiction as the Original Hedging Provider or the Issuer (or such other jurisdiction that Moody's shall agree); or

(iii) procure a guarantor in respect of the obligations of the Original Hedging Provider under the Original Hedging Agreement, such guarantor may be a financial institution with the Required Ratings which is located in the same legal jurisdiction as the Original Hedging Provider or the Issuer (or such other jurisdiction that Moody's shall agree); or

(iv) take such other action as the Original Hedging Provider may agree with Moody's to remedy such downgrade and which such action results in the rating of all the Notes then outstanding being not rated lower than the rating of such Notes by Moody's immediately before the downgrade.

If the Original Hedging Provider does not take one of the four measures described above within such 30 day period, such failure shall constitute an Additional Termination Event with respect to the Original Hedging Provider on the 30th day following such Moody's Level 1 Downgrade with the Original Hedging Provider as the sole Affected Party and may lead to a downgrading of the then applicable ratings assigned to the Notes. The cost of putting in place

each of the arrangements described in items (i), (ii), (iii) and (iv) shall be borne by the Original Hedging Provider in each case.

If the Original Hedging Provider elects to transfer all of its rights and obligations pursuant to provision (ii) above, the Original Hedging Provider shall procure that any such replacement third party agrees to accede to the terms of the Trust Deed and agrees to be bound by its terms.

In the event that the rating of the unguaranteed, unsecured, unsubordinated short-term debt of the Original Hedging Provider fails to be rated at least Prime-2 by Moody's, or the unguaranteed unsecured and unsubordinated long-term debt obligations of the Original Hedging Provider fail to be rated at least A3 by Moody's or Moody's ceases to assign a long-term or short-term senior unsecured debt rating to the Original Hedging Provider (the '***Moody's Level 2 Downgrade***'), the Original Hedging Provider will, at its own cost and expense, on a reasonable efforts basis take one of the actions set out in (ii), (iii) or (iv) (the choice of action being the Original Hedging Provider's sole discretion) above within 30 days of this event. Pending compliance with the above, the Original Hedging Provider will take the actions set out in (i) above, within the later of (x) 10 days of the occurrence of a Moody's Level 2 Downgrade; and (y) 30 days of the occurrence of a Moody's Level 1 Downgrade, immediately, at its own cost, post such collateral or additional collateral, as applicable, (in the form of cash and securities or both) as is required in compliance with the Moody's Criteria (or such less restrictive criteria as may be agreed with Moody's). In the event that the Original Hedging Provider is unable to take one of the measures above described, this failure shall constitute an Additional Termination Event with respect to the Original Hedging Provider on the 30th day following the Moody's Level 2 Downgrade of the Original Hedging Provider with the Original Hedging Provider as the sole Affected Party and may lead to a downgrading of the then applicable ratings assigned to the Notes.

The Issuer and the Security Trustee shall use their reasonable endeavours to co-operate with the Original Hedging Provider in connection with such transfer of the rights and obligations of the Original Hedging Provider under the Original Hedging Agreement or (as the case may be) in putting in place such credit support documentation published by ISDA, or otherwise, including agreeing to such arrangements in such documentation as may satisfy Moody's, Fitch and S&P with respect to the operation and management of the collateral and entering into such documents as may be reasonably requested by the Original Hedging Provider in connection with the provision of such collateral.

Similarly, if the Original Hedging Provider defaults in its obligations under the Original Hedging Agreement resulting in a termination of the Original Hedging Agreement, the Borrowers will be obliged to procure a replacement Original Hedging Provider for the Issuer to enter into with an appropriately rated entity within 60 days of such default unless the Rating Agencies confirm that there will be no downgrading of the Notes. For so long as there is no replacement Original Hedging Provider, the Borrowers will remain obliged to pay unhedged interest amounts on the Initial Term Loans pursuant to the Secured Loan Agreement.

If the Original Hedging Provider defaults in its obligations under the Original Hedging Agreement, any possible shortfall in the amount required by the Issuer to meet its obligations

under item (d)(ii) in the Issuer Pre-enforcement Priority of Payments will be met through a drawing (subject to funds being available) under the Liquidity Facility Agreement.

Any failure by the Borrowers to procure replacement Caps and/or Forward Swaps or other hedging arrangements when required to do so can lead to an event of default under the Secured Loan Agreement unless the Rating Agencies confirm that no downgrading of the Notes will occur as a result of the Issuer not having entered into a new interest rate hedging agreement.

In respect of the Caps only, the Issuer will not be liable to make any payment to the Original Hedging Provider.

The Original Hedging Agreement is governed by English law.

The Supplemental Hedging Agreement

On or around the Closing Date the Issuer will enter into the Supplemental Hedging Agreement as a result of which it will have the benefit of the Supplemental Forward Swap.

Under the terms of the Supplemental Forward Swap, during the period from the Supplemental Forward Swap Commencement Date up to (and including) the Supplemental Forward Swap Expiry Date, the Issuer shall pay the New Hedging Provider an amount calculated by reference to the interest rate specified in the Supplemental Forward Swap (such rate, the '***Supplemental Forward Swap Rate***') calculated on the notional principal amount specified under the Supplemental Forward Swap for the relevant period and the New Hedging Provider shall pay the Issuer Euribor calculated on the notional principal amount outstanding under the Class A5 Notes for the relevant period specified in the Supplemental Forward Swap. The interest payable during the period from the Closing Date up to (and including) the Supplemental Forward Swap Expiry Date will be fixed prior to the Closing Date and will therefore not be hedged.

Under the Supplemental Hedging Agreement, the Issuer may in certain circumstances reduce the level of hedging provided to the Issuer under the Supplemental Forward Swap and/or novate the Supplemental Forward Swap to a third party subject to, amongst other things, the prior consent of the New Hedging Provider. The Supplemental Hedging Agreement provides that if in connection with a redemption of the Notes the level of hedging under the Supplemental Forward Swap is not reduced (by way of reduction of the amount of the transaction or novation of (part of) the transaction) or the approval of the Supplemental Hedging Counterparty not to reduce the level of hedging has not been obtained, this could in certain circumstances result in an early termination of the Supplemental Forward Swap, in which case a swap termination payment may become due.

On the Closing Date, the New Hedging Provider will have a current rating assigned to its short-term, unguaranteed, unsubordinated and unsecured debt obligations by the Rating Agencies of F1+, Prime-1 and A-1 + by Fitch, Moody's and S&P respectively and has a rating in respect of its long-term unguaranteed, unsecured and unsubordinated debt obligations of Aa1 by Moody's.

If any rating assigned to the New Hedging Provider's short-term, unguaranteed and unsubordinated and unsecured debt obligations is reduced below the S&P and Fitch Required Ratings or is withdrawn by Fitch or S&P, then the New Hedging Provider shall, within thirty

days of such reduction or withdrawal of any such rating, at the cost of the New Hedging Provider, either (i) find a third party, acceptable to Fitch and S&P to guarantee the obligations of the New Hedging Provider under the Supplemental Hedging Agreement subject to prior written confirmation from each of Fitch and S&P that the identity of such third party and the terms of the guarantee will not adversely affect the rating of the Notes or (ii) provide credit support sufficient to maintain the rating of the Notes at the level which would have subsisted but for the then current rating of the New Hedging Provider subject to prior written confirmation from each of Fitch and S&P that the reduction or withdrawal of the rating of the New Hedging Provider will not adversely affect the rating of the Notes, or (iii) transfer and assign its rights and obligations under the Supplemental Hedging Agreement to a replacement hedge provider subject to the prior written consent of the Issuer (which consent shall not be unreasonably withheld) and each of Fitch and S&P, provided that in the case of Fitch, if the short-term, unsecured and unsubordinated debt obligations of the New Hedging Provider cease to be rated F2 or the long-term, unsecured and unsubordinated debt obligations of the New Hedging Provider cease to be rated BBB+, or where the initial downgrade reduced the relevant rating to a level below F2 or BBB+ then only (i) and (iii) above, are the recommended actions of choice, and (ii) is acceptable only if the mark-to-market calculations and the correct and timely posting of collateral are verified by an independent third party, and if there is a further downgrade below a short-term unsecured and unsubordinated rating below F3 or a long-term unsecured and unsubordinated rating of BBB- only actions (i) and (iii) are acceptable. Any failure by the New Hedging Provider to comply with its obligations under this paragraph shall constitute an Additional Termination Event (as defined in the Supplemental Hedging Agreement) with respect to the New Hedging Provider under the Supplemental Hedging Agreement with the New Hedging Provider as the sole Affected Party and may lead to a downgrading of the then applicable ratings assigned to the Notes.

In the event of a Moody's Level 1 Downgrade in respect of the New Hedging Provider, then unless Moody's confirms in writing that the then current rating of the Notes will not be downgraded or placed under review for possible downgrade as a result of the Moody's Level 1 Downgrade, the New Hedging Provider must, if the Moody's Level 1 Downgrade is then continuing, within 30 days of the occurrence of such Moody's Level 1 Downgrade take any one of the following four measures:

(i) put in place a mark-to-market collateral agreement in form and substance acceptable to Moody's (which may be based on credit support documentation published by ISDA or otherwise) which establishes a level of collateral (in the form of cash or securities or both) in accordance with the Moody's Criteria (or such less restrictive criteria as may be agreed with Moody's); or

(ii) procure the transfer of all rights and obligations of the New Hedging Provider with respect to the Supplemental Hedging Agreement to a replacement third party with the Required Ratings which is located in the same legal jurisdiction as the New Hedging Provider or the Issuer (or such other jurisdiction that Moody's shall agree); or

(iii) procure a guarantor in respect of the obligations of the New Hedging Provider under the Supplemental Hedging Agreement, such guarantor may be a financial

institution with the Required Ratings which is located in the same legal jurisdiction as the New Hedging Provider or the Issuer (or such other jurisdiction that Moody's shall agree); or

(iv) take such other action as the New Hedging Provider may agree with Moody's to remedy such downgrade and which such action results in the rating of all the Notes then outstanding being not rated lower than the rating of such Notes by Moody's immediately before the downgrade.

If the New Hedging Provider does not take one of the four measures described above within such 30 day period, such failure shall constitute an Additional Termination Event with respect to the New Hedging Provider on the 30th day following such Moody's Level 1 Downgrade with the New Hedging Provider as the sole Affected Party and may lead to a downgrading of the then applicable ratings assigned to the Notes. The cost of putting in place each of the arrangements described in items (i), (ii), (iii) and (iv) shall be borne by the New Hedging Provider in each case.

If the New Hedging Provider elects to transfer all of its rights and obligations pursuant to provision (ii) above, the New Hedging Provider shall procure that any such replacement third party agrees to accede to the terms of the Trust Deed and agrees to be bound by its terms.

In the event of a Moody's Level 2 Downgrade in respect of the New Hedging Provider, the New Hedging Provider will, at its own cost and expense, on a reasonable efforts basis take one of the actions set out in (ii), (iii) or (iv) (the choice of action being the new Hedging Provider's sole discretion) above within 30 days of this event. Pending compliance with the above, the New Hedging Provider will take the actions set out in (i) above, within the later of (x) 10 days of the occurrence of a Moody's Level 2 Downgrade; and (y) 30 days of the occurrence of a Moody's Level 1 Downgrade, immediately, at its own cost, post such collateral or additional collateral, as applicable, (in the form of cash and securities or both) as is required in compliance with the Moody's Criteria (or such less restrictive criteria as may be agreed with Moody's). In the event that the New Hedging Provider is unable to take one of the measures above described, this failure shall constitute an Additional Termination Event with respect to the New Hedging Provider on the 30th day following the Moody's Level 2 Downgrade of the New Hedging Provider with the New Hedging Provider as the sole Affected Party and may lead to a downgrading of the then applicable ratings assigned to the Notes.

The Issuer and the Security Trustee shall use their reasonable endeavours to co-operate with the New Hedging Provider in connection with such transfer of the rights and obligations of the New Hedging Provider under the Supplemental Hedging Agreement or (as the case may be) in putting in place such credit support documentation published by ISDA, or otherwise, including agreeing to such arrangements in such documentation as may satisfy Moody's, Fitch and S&P with respect to the operation and management of the collateral and entering into such documents as may be reasonably requested by the New Hedging Provider in connection with the provision of such collateral.

Similarly, if the New Hedging Provider defaults in its obligations under the Supplemental Hedging Agreement resulting in a termination of the Supplemental Hedging Agreement, the

Borrowers will be obliged to procure a replacement New Hedging Provider for the Issuer to enter into with an appropriately rated entity within 60 days of such default unless the Rating Agencies confirm that there will be no downgrading of the Notes. For so long as there is no replacement New Hedging Provider, the Borrowers will remain obliged to pay unhedged interest amounts on the Term A5 Loans pursuant to the Secured Loan Agreement.

If the New Hedging Provider defaults in its obligations under the Supplemental Hedging Agreement, any possible shortfall in the amount required by the Issuer to meet its obligations under item (d)(ii) in the Issuer Pre-enforcement Priority of Payments will be met through a drawing (subject to funds being available) under the Liquidity Facility Agreement.

Any failure by the Borrowers to procure a replacement Supplemental Forward Swap or other hedging arrangements when required to do so can lead to an event of default under the Secured Loan Agreement unless the Rating Agencies confirm that no downgrading of the Notes will occur as a result of the Issuer not having entered into a new interest rate hedging agreement.

The Supplemental Hedging Agreement is governed by English law.

Bank Account and Cash Management Agreement

The Bank Account and Cash Management Agreement provides that the Account Bank maintains certain bank accounts and performs certain cash management functions for the Issuer. The Account Bank agrees, among other things, not to exercise any rights of set-off or consolidation in respect of the accounts of the Issuer. The Account Bank may, on behalf of the Issuer, make payments out of sums standing to the credit of the accounts of the Issuer for the purpose of investing moneys from time to time standing to the credit of the accounts of the Issuer in Eligible Investments that are capable of being realised either on demand or on such other basis as is appropriate, having regard to the Issuer's requirement for funds.

The accounts of the Issuer shall at all times be maintained with the Account Bank. If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are rated less than F1+, P-1, A-1+ (or its long-term term equivalent) from Fitch, Moody's and S&P respectively or such other short-term rating as is appropriate for the ratings assigned to the Notes from time to time or which is otherwise acceptable to the Rating Agencies (the '***Rating criteria***') or ceases to be authorised to conduct business in the Netherlands, then as soon as reasonably practicable, the Account Bank and the Issuer will procure the transfer of all the accounts of the Issuer to another bank or banks approved in writing by the Security Trustee in respect of which the rating criteria are satisfied and which are credit institutions authorised to conduct business in the Netherlands. If at the time when a transfer of the accounts there is no other bank which is authorised to conduct business in the Netherlands which meets the rating criteria and which is willing to be the Account Bank on behalf of the Issuer, then:

(a) if the Security Trustee so agrees, the accounts need not then be transferred but shall, as soon as practicable following the identification of a bank or banks which meet(s) the rating criteria and is or are authorised to conduct business in the Netherlands, be transferred to that bank or banks as the case may be; or

(b) the accounts may be transferred to such other bank or banks as the Security Trustee may approve in writing, such approval not to be unreasonably withheld or delayed.

Upon the transfer of the accounts of the Issuer to another bank or banks, the Issuer will procure to the satisfaction of the Security Trustee that the Security Agreement and the Issuer Pledge Agreement will apply to the new account bank and the accounts of the Issuer opened at such bank and that the Issuer will grant security over the new accounts.

The Issuer will pay the Account Bank such fees as may be agreed from time to time between them in respect of the services to be provided under the Bank Account and Cash Management Agreement.

The Bank Account and Cash Management Agreement is governed by Netherlands law.

Paying Agency Agreement

The Paying Agency Agreement provides that the Principal Paying Agent and the Reference Agent will be responsible for, *inter alia*, performing certain tasks in respect of the Notes as described in the Conditions.

The Paying Agent will be appointed by the Issuer in accordance with the Listing Rules of Euronext Amsterdam and will be responsible for, *inter alia*, performing certain tasks as described in the Conditions.

The Issuer has, the right to terminate the appointment of the Paying Agents and the Reference Agent by giving at least 90 days' notice in writing to that effect. Notice of any such termination will be given to the holders of the Notes in accordance with Condition 13 of these Conditions. If any person shall be unable or unwilling to continue to act as Paying Agent or Reference Agent or if the appointment of the Paying Agent or Reference Agent shall be terminated, the Issuer will appoint a successor Paying Agent or Reference Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Paying Agent or Reference Agent (as the case may be) shall take effect until a successor has been appointed.

The Paying Agency Agreement is governed by Netherlands law.

OVERVIEW OF THE NETHERLANDS RESIDENTIAL PROPERTY MARKET

Introduction

The Dutch residential market can broadly be grouped into three main categories based on the definitions assigned by 'VROM', the Dutch Ministry of Housing, Spatial Planning and Environment (*Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieu*).[2] These categories are based on rent levels in each of the sectors, as follows:

- High-rent sector – defined as rents exceeding €508 per month
- Medium-rent sector – defined as rents from €332-508 per month
- Low-rent sector – defined as rents not exceeding €331 per month

Vesteda Woningen's Portfolio (as defined herein) as at 31 December 2006 comprises approximately 82% of units in the high-rent sector, with 18% in the medium-rent sector.

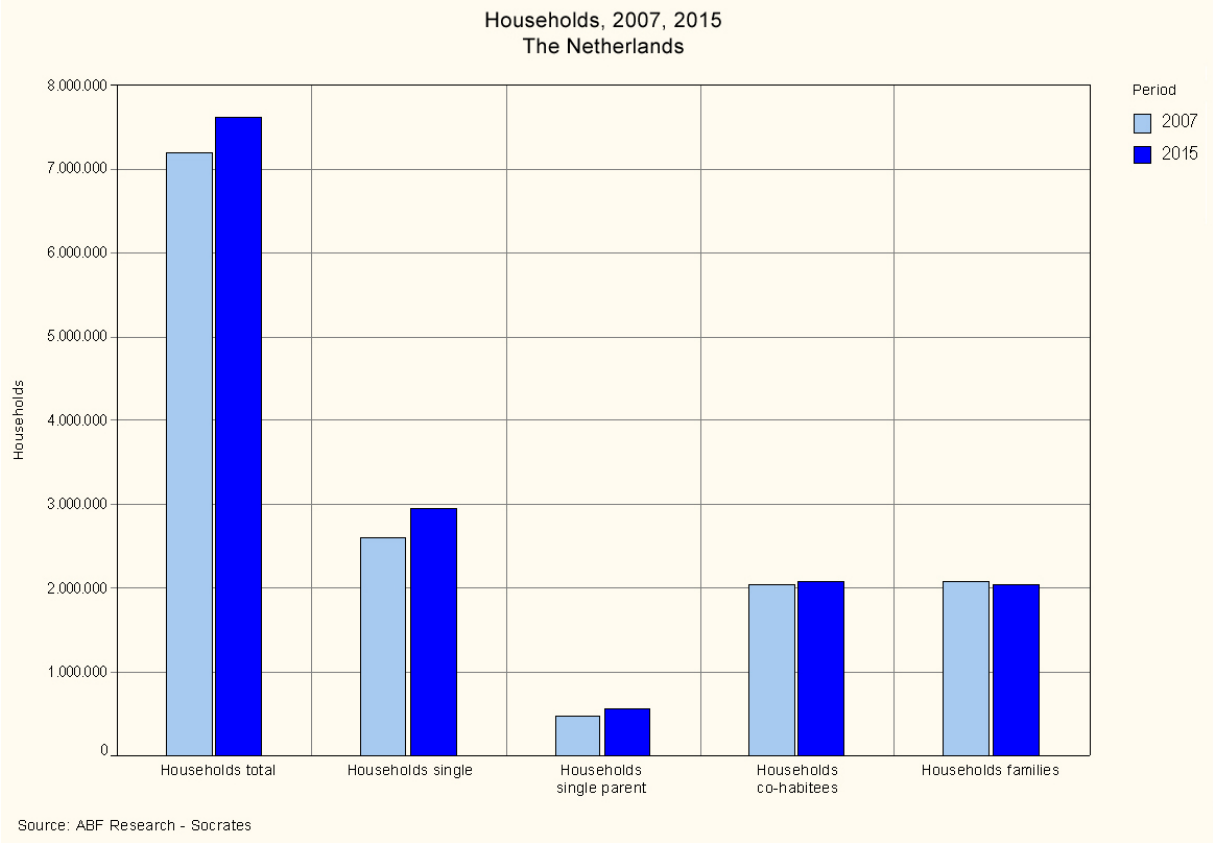
Vesteda Woningen's strategy is to focus on increasing the proportion of units in the high-rent sector based on the roll-over principle.

The market for residential properties in the Netherlands

The Netherlands residential market has in the past and continues to experience an excess of demand over supply. This pattern is expected to persist in the future.[3]

Demand in the residential market is affected by a number of contributing factors: slowing population growth, dwindling household size and low supply. On the basis of the latest long-term projections of the Statistics Bureau of the Netherlands (*Centraal Bureau voor de Statistiek*, '***CBS*** '), the number of inhabitants in the Netherlands is expected to increase by 1.0% during the period from 2007 to 2015 from 16.35 million to 16.60 million.[4] CBS also projects that the total number of households will grow during the same period by about 413,000, from 7.196 million to 7.609 million and that the average household size will decrease from 2.27 to 2.18 people. 35% of current households are now single person households[5]. This group is responsible for generating more than 86% of the growth in the number of households (51,500 per year), whilst two-person households (co-habitees and single parents) generate the remainder.

[2] Source: RIGO. Wonen op een rijtje, de resultaten van het woononderzoek Nederland 2006 –February 2007
[3] Source: RIGO. Wonen op een rijtje, de resultaten van het woononderzoek Nederland 2006 – February 2007
[4] Source: CBS (the Dutch Statistics Bureau) Population and Household Projections 2006-2050
[5] Source: CBS (the Dutch Statistics Bureau) Population and Household Projections 2006-2050



At the beginning of 2007, the Dutch market for residential properties consisted of approximately 6.969 million residential properties, of which 2.97 million were rental units[6]. Of these rental properties, approximately 2.40 million were owned by housing associations, while institutional investors (such as Vesteda Woningen) owned approximately 159,000 units[7]. It is forecast that while total housing stock will increase to 7.47 million by 2015, the level of rented residential stock by 2015 will decrease to 2.86 million according to ABF Housing Market Scan 2006 forecasts.

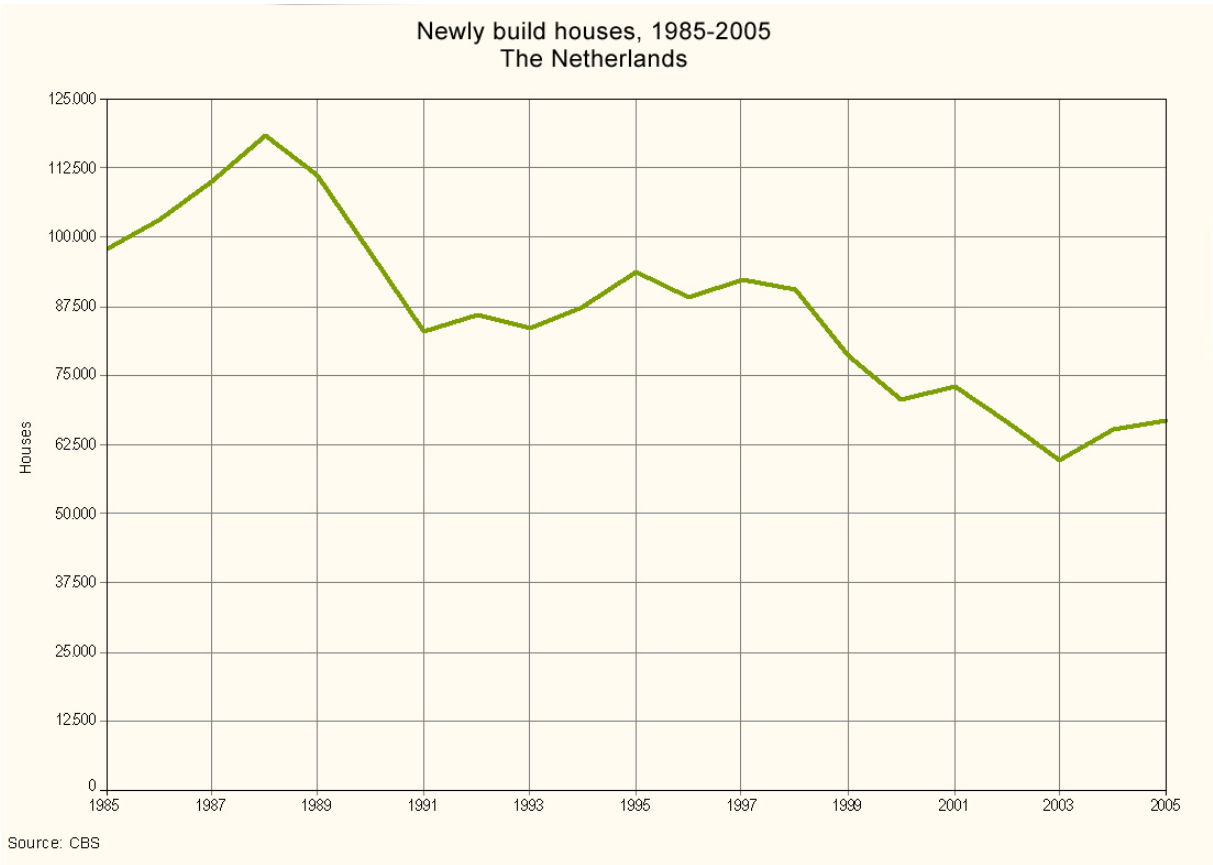
The Dutch Government is aiming to increase owner occupation to the EU average of 65% by 2010. This is estimated to require the transfer of about 700,000 existing rental units into home ownership, 500,000 supplied from the housing associations, with the remainder sourced from local authorities and the private sector[8]. This would result in a significant increase in the annual sales volume by housing associations, and a decrease in the supply of rental residential properties.

The growing market for high-rent accommodation

[6] Source: ABF Research, Real Estate Monitor 2006
[7] Source: ABF Research, Real Estate Monitor 2006
[8] Source: Netherlands European Housing review 2004 (RICS)

Looking at the development of high-rent housing in the Netherlands, two indicators are distinguished: the annual demand and supply (transaction-based), and developments in the housing stock (stock-based).

Within the higher-rent sector demand is more than supply. According to the ABF, the annual demand for single units (houses) is 28,000, whilst only 20,000 are available (an excess factor of 1.40). For multiple residency properties the excess demand is even greater at 1.66; supply is only 20.500 against an annual demand for apartments of 34.000[9].

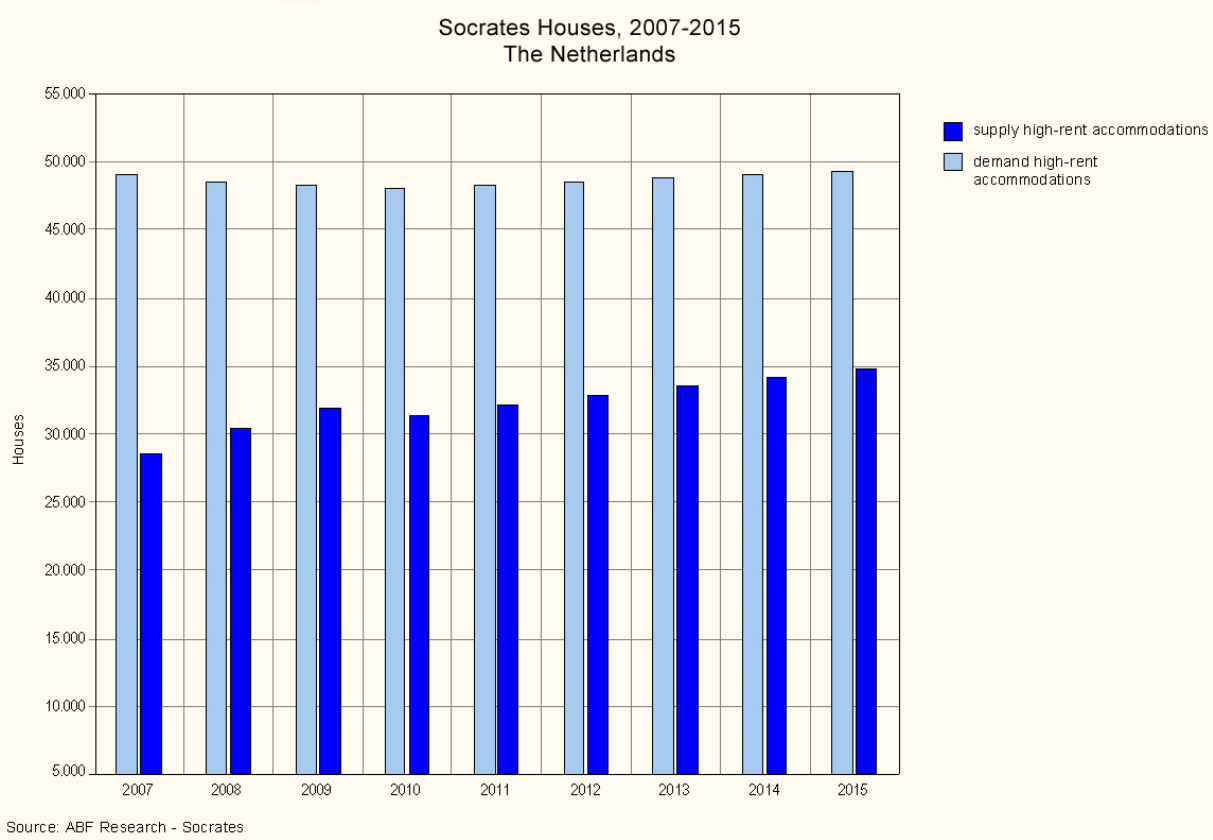


Construction is at a very low level (see figure above). The number of new homes built in 2006 was 72,000 units, up from approximately 67,000.

Total national demand for rental housing in the high-rent sector in the 8-year period from the end of 2006 to the beginning of 2015 is projected to be approximately 389,000[10] (year average 49,000) while supply is projected to total only 255,000 (year average 32,000)[11]. The

[9] Source: ABF Research Real Estate Monitor 2006
[10] Source: ABF Research Real Estate Monitor 2006
[11] Source: ABF Research Real Estate Monitor 2006

forecast suggests that only 34,800 high-rent units will become available in 2015 while there will be demand for 49,300 units[12], resulting in a demand that will be 1.4 times as high as supply.



The most important target groups for the high-rent accommodation sector and for Vesteda Woningen are independent persons, young double-earning couples and elderly people. Their income levels are rising and their share in the total population is expected to increase from approximately 34% in 2007 to approximately 38% in 2015[13]. Vesteda Woningen's strategy is underpinned by an expectation that the demand for quality, flexibility, luxury and customised products for residential properties and the living environment will increase.

The Netherlands faces an ageing population[14]. The percentage of the population over 65 is expected to increase from 14% in 2014 to around 24% in 2050[15]. Since elderly people typically like to remain in their own home environments for as long as possible and are generally keen to take advantage of additional care services, the Dutch Government is seeking to improve and increase the supply of suitable residential properties. The Dutch Government is providing an impetus to the development of new products, services and forms of collaboration through so-called "Residential Care Stimulation Regulations". Housing associations as well as commercial

[12] Source: ABF Research Real Estate Monitor 2006
[13] Source: ABF Housing Market Scan 2006; Household with net income > EUR 19,000 p.a.
[14] Source: CBS
[15] Source: Population Projections for the period 2006-2050

residential property investors/developers such as Vesteda Woningen are expected to play an important role in the implementation of the aforementioned regulations.

It is expected that growth of the high-rent market segment will be highest in urban areas. In addition, the Dutch Government also wants to increase the attractiveness of the city centre as a place to live and plans to construct around 600,000[16] new units in urban areas by 2010. Based on current plans and regulations, it is expected that there will be insufficient space available in the city centres by 2010 to achieve this level of supply.[17]

The policy of the Dutch Government, which was formerly largely oriented towards quantitative demand for housing accommodation, is now oriented toward an improvement in the quality of living[18]. Accordingly, in the rental residential properties sector, the Dutch Government is increasingly encouraging the construction of high quality residential buildings that are fully adapted to the requirements of tenants in an attempt to fill the shortage of supply. In order to achieve these levels of construction, the Dutch Government is co-operating with companies such as Vesteda Woningen.

Rent levels in the Netherlands

In the past the Dutch Government controlled the pattern of rents below the Rent Liberalisation Limit through the Residential Tenancies Act (*Huurprijzenwet Woonruimte*) regime. On 1 August 2003 the provisions of this Act were incorporated in the Dutch Civil Code (sections 7:245 to 7:265 (inclusive)) and the Residential Tenancies Implementation Act (*Uitvoeringswet huurprijzen woonruimte*).

The Rent Liberalisation Limit set by the Dutch Government is determined each year on 1 July and is €615.01 as at 1 July 2006 and will be € 621.78 on 1 July 2007. The regulations stipulate that with respect to residential units subject to a rent below the Rent Liberalisation Limit, annual unilateral increases are permitted up to a maximum percentage determined on an annual basis by governmental decree. This is set to be in line with inflation for the year before (1.1% in 2006) and is maximum 1.1% for the period 1 July 2007 to 1 July 2008. This is also subject to the proviso that the rent increase may not result in a rent exceeding the maximum reasonable rent for such unit (see section *Property Leasing in the Netherlands – Regulatory Framework*).

These restrictions do not apply to the residential units owned by Vesteda Woningen where the amount of the rent of the units exceeds the Rent Liberalisation Limit and the applied lease contract of a liberalised kind. Accordingly, the lease agreements relating to those units contain a special provision on rent increases (see section *Property Leasing in the Netherlands – Regulatory Framework*).

As at 31 December 2006, around 39% of units by number and 49% by rental income comprising the Portfolio achieved rents in excess of the Rent Liberalisation Limit.

[16] Source: VROM 'Mensen, Wensen, Wonen'
[17] Source: VROM 'Mensen, Wensen, Wonen'. Central Planning Bureau (CPB) Wonen en Ruimte, VROM Nota Ruimte
[18] Source: VROM Nota Ruimte

Gross Annual Rental growth from 2002 to 2006 for residential housing in the Netherlands was 12.2% unweighted according to the ROZ/IPD[19]. The growth of the average annual rent per residential unit for Vesteda Woningen over the same period was 12.8% unweighted

New letting policy

The (former) minister presented a far-reaching plan to modernise the letting policy. The changes proposed to link letting policy, house building and the rent allowance. The idea was that landlords should build more residential properties and contribute to the affordability of the rent allowance. In exchange, they were giving scope to raise rents. Proposals for a new letting policy by the Minister of VROM created increasing disquiet among tenants, landlords, municipalities and various interest groups during 2006. There was very little support for the proposed letting policy, fourteen proposed amendments were rejected and only three proposed amendments were passed on. The final act was passed by the lower house (*tweede kamer*) of parliament by 72 votes to 63. Then the lower house (*tweede kamer*) declared the act controversial after the vote in connection with the Balkenende III government care taker status. By declaring the act controversial, the legislation has not come into effect. Furthermore the government has decided to set the act aside.

Price trend in the housing market

Since 1995 housing prices have increased every year, with larger increases having taken place in the period from 1999 to 2000 [20]. The average increase in housing prices during the period 1995 to 2006 was 8.0%, while the average increase in the period 1995 to 2000 was 12.1%[21].

As of 2003, the housing prices became more stable with an average growth of 3.8%. The average price of a residential property in the fourth quarter of 2006 was €241,000, an increase of 5.5% compared with a year earlier. The increase was 4.4% above inflation, which was 1.1%.

In 2006 price rises ranged from 3.6% to 5.9% depending on the type of property. Detached houses rose the most in price and terraced homes the least. Apartments were in the middle, at 4.9%.

Vacancy trends

From 2002 until 2005 the (unweighted) average vacancy rate for residential properties was around 1.4%[22]. Vesteda Woningen's vacancy rate in number of units for the Portfolio (as defined herein)has for the period 2002 untill 2006 been an (unweighted) average of 2.46%.

[19] Source: Comparitive report Vesteda against residential benchmark 2002-2006
[20] Source: NVM
[21] Source: NVM
[22] Source: IPD key centre report 2005 and unit comparative report 2006

VESTEDA GROUP – CORPORATE PROFILE AND BUSINESS

Introduction

Vesteda Woningen, part of the Vesteda Group, is the largest private residential property fund in the Netherlands. Its primary business consists of acquisition, management, letting and sale of residential properties currently located within the Netherlands. Vesteda Woningen will continue to focus on the Netherlands with a view in the future to expanding its operations into other European countries. Vesteda Woningen targets residential units in the high-rent segment mainly for one and two person households with above-average income. The management and development activities of Vesteda Woningen are concentrated in the Randstad region (western part of the Netherlands) as well as the central and southern regions of the Netherlands.

The total real estate portfolio of Vesteda Woningen had a value as at 31 December 2006 of €4,365,907,034. As at 31 December 2006, the Portfolio (as defined below) consisted of 293 properties made up of 27,990 residential units located in the Netherlands. Approximately 59% of the Portfolio (as defined below) are multiple-residency properties and approximately 41% are single-unit residential properties.

In addition, Vesteda Woningen has a total of 41,700 m2 of commercial space as at 31 December 2006 used as offices, for retail and other purposes. In some buildings in the higher-rent segment, Vesteda Woningen also offers additional services for providing comfort, care and service.

History and Structure

Vesteda Woningen was created following a reorganisation of the real estate portfolio of ABP, the pension fund for employers and employees in service of the Dutch Government and the educational sector. In 1997, the investments of the former ABP Woningfonds were transferred into limited partnerships (C.V. Vesteda I, II and III). The limited partners of the limited partnerships were ABP (99%) and the DRFs (1%). The management of the limited partnerships was vested in Vesteda Beheer I B.V., Vesteda Beheer II B.V. and Vesteda Beheer III B.V., who acted as general partners. Vesteda Management B.V. was incorporated on 24 December 1997 and was responsible for managing the Properties and fulfilling the responsibilities of the managing partners. From the end of 1999, DRF II (but not DRF I or DRF III), together with the limited partnerships, became owners of the real estate. Vesteda Management B.V. was responsible for managing the real estate of DRF II.

To further simplify the structure, Vesteda Management B.V. was merged into Groep effective as of 21 December 2002.

Prior to a restructuring (described below), Vesteda Woningen was fully owned by ABP. However, having decided to demerge all of its property funds, including Vesteda Woningen, from under its corporate umbrella and to divest a portion of its equity position in Vesteda Woningen, ABP, as part of this process, repatriated approximately € 1 billion of its equity capital via a short-term bridge loan to Vesteda Woningen. Further, as part of ABP's divestment process, ING Real Estate acquired a 25% stake in Vesteda Woningen on 9 January 2002. Furthermore, on

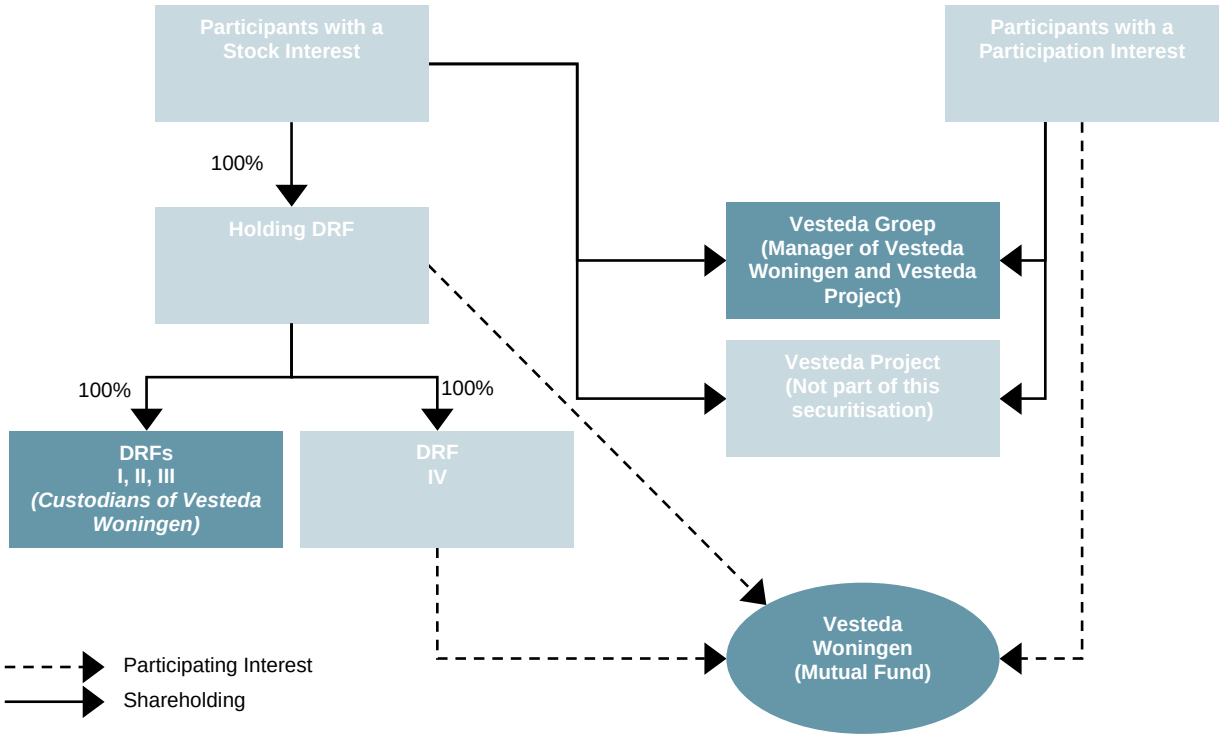
31 January 2002, six other institutional investors acquired in aggregate a 13% stake in Vesteda Woningen.

During 2006 ABP reduced its interest to 46.7%. As at 1 January 2007, the following investors held a stake in Vesteda: Bedrijfstakpensioenfonds voor de Media PNO, Delta Lloyd Levensverzekeringen, Delta Lloyd Vastgoed Participaties B.V., ING Real Estate, Pensioenfonds voor de Grafische Bedrijven, PGGM, ABP, Loyalis Leven, Loyalis Schade, DL Real Estate and TKP Pensioen Real Estate Fonds.

Existing particants may reduce their interest in Vesteda Woningen and new investors may acquire interests in Vesteda Woningen at any time, provided the provisions of the Fund Conditions and Participation Agreement are taken into account.

In order to allow investments by third parties, a further restructuring was put in place, which commenced on 28 December 2001. The below diagram shows the current structure of Vesteda Woningen:

The structure of Vesteda Group as at 31 December 2006



The Portfolio is held in Vesteda Woningen. Vesteda Woningen is a mutual fund (*fonds voor gemene rekening*). Vesteda Woningen is not an entity for legal purposes (a *rechtspersoon*) or Netherlands corporate income tax purposes and all income, expenses and capital gains and losses of Vesteda Woningen are attributed to the participants in Vesteda Woningen for Netherlands income tax purposes.

When making an investment in Vesteda Woningen, a participant may invest either in Holding DRF or directly in Vesteda Woningen. It is anticipated that tax exempt participants generally will have a preference for investing in Holding DRF, while taxable investors will generally have a preference for investing in Vesteda Woningen directly. Once the preference has been established, the participant will in addition acquire a proportionate share in Groep and Vesteda Project B.V. The corporate governance has been structured so that Holding DRF, Vesteda Woningen, Groep and Vesteda Project B.V. will act as a single economic unit. Participants with a stock interest (including ABP) indirectly own an interest in Vesteda Woningen via a stake in Holding DRF which in turn owns all of the shares of Dutch Residential Fund IV B.V. ('***DRF IV***'). Vesteda Woningen's participants under the Fund Conditions (as defined below) are those participants with a participation interest (including ING Real Estate, Holding DRF (1%) and DRF IV).

Legal ownership of the real estate portfolio is held by DRF I, DRF II and DRF III as custodians (*bewaarder*) on behalf of the participants of Vesteda Woningen. Each of DRF I, DRF

II and DRF III are currently wholly owned by Holding DRF. Groep acts as the manager (*beheerder*) of Vesteda Woningen and has been granted an exclusive mandate (*privatieve last*) by each of DRF I, DRF II and DRF III to manage the Properties in accordance with the Participation Agreement (as defined below) and the terms and conditions, as amended from time to time, relating to Vesteda Woningen (the '***Fund Conditions***'). This mandate will terminate upon Groep failing to comply with its obligations, the insolvency of Groep or upon the termination of Groep's appointment as manager of Vesteda Woningen.

Pursuant to the Fund Conditions, rights and obligations of Vesteda Woningen are entered into or incurred, as the case may be, by Groep, acting in its capacity as manager (beheerder) of Vesteda Woningen, pursuant to the exclusive mandate referred to above.

Groep

Groep is responsible for the management of Vesteda Woningen and Vesteda Project B.V. Groep has a two tier board structure consisting of a Board of Directors and a Supervisory Board. Further information about the management structure of Groep is set out in the section *Management of Vesteda Groep*. Management costs will be reimbursed by Vesteda Woningen and Vesteda Project B.V. respectively. Groep is owned by all participants *pro rata* to their overall investments in Vesteda Woningen (stock or participation interest). On 31 December 2006 Vesteda group employed 353 employees in a flat structure.

Holding DRF

Holding DRF is the shareholder of DRF I, DRF II, DRF III and DRF IV. DRF I, DRF II and DRF III act as custodians (*bewaarders*) of Vesteda Woningen.

Holding DRF is solely a holding company and does not undertake any other activities. It does not have any employees.

Vesteda Project B.V.

Vesteda Project B.V. carries out development activities as the preferred supplier for Vesteda Woningen. Vesteda Project B.V. has been created as a separate real estate developer as such activities may not be undertaken by a Fiscal Investment Institution (see description of tax issues relating to Vesteda Woningen below). Vesteda Project is owned by all participants *pro rata* to their overall investments in Vesteda Woningen (stock or participation interests).

Vesteda Project B.V. is a separate legal entity that is not part of Vesteda Woningen. It is not a Borrower under the Secured Loan Agreement and is not involved in the transaction described herein. It is only described in this section for the sake of completeness.

Income Tax Aspects of Vesteda Woningen's Structure

Holding DRF together with its subsidiaries DRF I, DRF II, DRF III, DRF IV, form a fiscal unity for Netherlands corporate income tax purposes and are taxed as a Fiscal Investment Institution ('***FII***') to which a zero rate of income tax applies.

In order to qualify as a FII, the conditions that have to be met include the following:

- The purpose and activities should consist of the passive investment of capital as opposed to carrying on of a business activity.

- The maximum debt level is the sum of 60% of the total fiscal book value of the property and 20% of the fiscal book value of other investments.

- The income available for distribution should be made available to the shareholders as a dividend within eight months after the end of the financial year.

- Since the shares of Holding DRF are not quoted on the stock exchange, at least 75% of the shares should be owned by non-corporate bodies, by entities that are not subject to, or are exempted from, income tax or – either directly or indirectly – by FII's, the shares of which are officially quoted on Euronext Amsterdam.

Vesteda Woningen is not liable to income tax, as a result of which its results are, for Dutch income tax purposes, included in the income of the participants on a pro rata basis. If Vesteda Woningen was to lose its tax transparency, this would make Vesteda Woningen an entity for corporate income tax purposes and liable for 25.5% (20% for the first €25,000 of taxable income and 23.5% for taxable income between €25,000 and €60,000) corporate income tax.

Vesteda Woningen is a mutual fund (*fonds voor gemene rekening*) that is not liable for income tax. It is not an entity (*rechtspersoon*) for Netherlands corporate income tax purposes and all income, expenses and capital gains and losses of Vesteda Woningen are attributed to the participants in Vesteda Woningen for Netherlands income tax purposes.

Strategy

Vesteda Woningen invests in rental residential properties in the high-rent sector, the medium-rent sector and, to a limited degree, the low-rent sector in the Netherlands. The basic motivation behind Vesteda Woningen's strategy is to achieve a steady increase in rental income and long-term value appreciation of the Portfolio. Within this strategy, Vesteda Woningen targets rent increases in excess of inflation and total returns above the industry benchmark.

This strategy has the following elements:

- *Focus on the high-rent sector*: Vesteda Woningen is increasingly orienting itself toward one-person and two-persons households with above-average income. Based on independent research conducted by ABF-Research, this is a rapidly expanding group, which is characterised by a strongly marked preference for the high-rent segment. The number of elderly people and young double-income couples amongst the lessees is continuously increasing. It has been found that such persons look at the quality of the residential property, the living environment, and the services provided. In order to maintain its position in this

market segment, Vesteda Woningen intends to continue to offer a product that meets their needs.

- *Quality portfolio*: A characteristic of the Portfolio is that the Properties are not very old (less than 20 years old approximately). In addition, Vesteda Woningen is constantly trying to modify the Portfolio to the changing preferences of the consumers in the high-rent segment. This, in combination with continuous maintenance, should ensure the quality of the Portfolio in the long-term.

- *'Roll-over' strategy and value appreciation*: In order to maintain the age profile of Properties, and to maintain consistency in quality, a limited portion of the Properties will be replaced each year. The regular sale of residential properties also allows Vesteda Woningen to realise some of the value appreciation that has been built up over the years. The strategy is to keep the number of units acquired and sold in balance with respect to the minimal position of the Portfolio shall not be lower than 27,000 units.

- *Development of new residential products*: Vesteda Woningen develops products and services that relate either to the building itself or to living environment. This includes new residential concepts such as health centres (swimming pools, fitness facilities, etc.), comfort and convenience amenities, care facilities and the coupling of work facilities to residential and business apartments for short stays. Vesteda Woningen expects an increasing need for additional services and luxury amenities. Vesteda Woningen intends to exploit this trend both through acquisitions and by maintaining a high quality standard during development.

- *Selection of regions with potential*: Vesteda Woningen focuses on the areas with a high growth potential in the residential property market, in particular, the high-rent segment. The growth of the Portfolio is intended to take place in these areas, particularly in the medium-sized and large cities. Apart from the Randstad, the emphasis will lie in the central and southern regions of the Netherlands.

- *Increasing acquisitions through urban (re-)development and project development*: In order to enable its 'roll-over' strategy with respect to the Portfolio, Vesteda Woningen, through its separate entity Vesteda Project B.V., will continuously develop projects and will increasingly be involved in the early stages of area and project development. For this reason, Vesteda Woningen intends to focus on developing structural relations with local authorities, participating in area development and urban renewal projects, developing strategic collaboration with project developers, development contractors and housing associations and building up structural relationships with care institutions.

- *Higher client focus and in-house property management*: Vesteda Woningen has chosen to deal with its clients directly. Vesteda has local management supported by the expansion of a back office and a call centre. As part of this, six local management branches are operational in the cities of Amsterdam, Rotterdam, The Hague, Eindhoven, Arnhem and Maastricht. Through the local management

branches the entire Portfolio is managed directly by the Vesteda organisation. The in-house call centre handles complaints and requests for repairs.

It is intended that this strategy will be pursued in the future by Vesteda Woningen, subject to the covenants and provisions contained in the Secured Loan Agreement (including, but not limited, those relating to permitted disposals and permitted acquisitions).

Operations

The Vesteda Group derives most of its revenue from lease agreements entered into with respect to the Properties.

As at 31 December 2006, residential revenue accounted for 95.3% of total gross revenue, with the remainder derived from car parks and garages, commercial rentals, and other ancillary income.

The residential units are primarily let on the basis of standard lease agreements that are entered into directly by Groep (as agent of the (undisclosed) owner of such units). The most important terms and conditions of these lease agreements are set out under the heading '*Vesteda Woningen's residential lease agreements*' below.

Real estate management

Vesteda has its own in-house property management for the administrative, technical and commercial management of its Properties. About 176 employees in locations throughout the country handle letting and maintain personal contact with customers during tenancy. Vesteda has so-called *Woongaleries* (local management branches) throughout the Netherlands. The local representatives are supported by a centralised call center and a back office.

Vesteda Woningen's residential lease agreements

The residential units are primarily let on the basis of standard lease agreements that are entered into by Groep (as agent of the (undisclosed) owner of such units). The most important terms and conditions of these lease agreements are that:

(a) the premises may be used exclusively for residential purposes;

(b) the lease agreements have a minimum period of one year, following which the lease does not automatically terminate, but is extended for an unlimited period. During the first year, the lease agreement may not be terminated by either party;

(c) rent is to be paid monthly in advance (without any set-off or other deduction) on the first day of each month and in the manner agreed;

(d) in addition to the monthly rental, the tenant also pays a monthly amount pertaining to services charges. The amount payable is an estimation of the charges that will actually be incurred. Accordingly, an adjustment payment will be made

at the end of each year, based on which either the excess will be refunded, or the shortage will be charged, to the tenant;

(e) in the case of a non-liberalised unit, the rent may be increased on the basis of an annual proposal by the landlord. The increase may not exceed the maximum percentage determined by the Dutch Government pursuant to the Dutch Civil Code and the Residential Tenancies Implementation Act (*Uitvoeringswet huurprijzen woonruimte*) subject to the maximum reasonable rent for the relevant unit. In the case of a liberalised unit, the rent increase is determined on the basis of an inflation index plus a percentage not higher than 2% (refer to section *Property Leasing in the Netherlands – Regulatory Framework* for further details);

(f) where a lease agreement relating to a liberalised unit has existed for at least five years and the rent has not been adjusted other than on the basis of the principles referred to in (e) above, the landlord will have the right to propose an adjustment of the rent in order to bring it in line with the then applicable market rental level. (If the tenant does not accept, section 7:274 subsection 1(d) of the Dutch Civil Code applies (see the section *Property Leasing in the Netherlands – Regulatory Framework* for further details);

(g) the tenant is prohibited from sub-leasing or in any other way surrendering control of the premises;

(h) at the end of the lease, the tenant is required to return the premises to the landlord in its original state and to bear all costs of bringing the premises to such original condition to the extent permitted under Dutch law;

(i) the landlord is responsible to bear the costs for all major renovations and repairs to the premises, while the tenant will bear the costs for the remaining, day-to-day repairs that are required in respect of the premises;

(j) notice of termination must take place by writ or by registered mail, having effect on the date of the start of the next payment period and taking into account any required notice period, the latter which will be a minimum of one month and a maximum of three months for the tenant and a minimum of three months for the landlord; and

(k) the grounds upon which the landlord may terminate the lease agreement are those provided by law (no others would in any event be permitted) including failure by the tenant to pay.

Rental collection

According to the provisions of the lease agreements entered into with respect to the Properties, the tenant is obliged, on a monthly basis, to pay in advance the rental and any other amounts owing under such lease agreement, without deduction or set-off, either by way of a direct deposit into a bank account designated by the landlord or by a manual bank transfer payment. Moneys received in the various Groep rental collection accounts are received on behalf

of Vesteda Woningen and are transferred to a Master Collection Account in the name of one of the Borrowers at least once monthly.

In the event that a payment is not received on the due date, the following procedure applies for the collection of the relevant amount:

Steps by Vesteda's Property Management:

- if the moneys have not been received by the 10th day of the first following month, a reminder is sent to the tenant;
- if the moneys have not been received by the 20th day of the first following month, a second reminder is sent to the tenant;
- if the moneys have not been received by the 10th day of the second following month, an urgent request for payment is sent to the tenant wherein it is also stated that if the tenant fails to pay by the 20th day of the second following month the matter will be handed over to the bailiff who shall be instructed to collect the outstanding amount; and
- if the moneys have not been received by the 25th day of the second following month, the matter will be handed over to the bailiff who shall be instructed to collect the outstanding amount.

Steps by the bailiff (deurwaarder):

- within 3 days of receipt of the referral from Vesteda's Property Management, a demand letter will be sent to the tenant giving the tenant the opportunity to pay the outstanding amount, as increased by the interest accrued and the costs incurred, within a further 5 days;
- if it is the first time that the tenant has been in default, parties may decide to agree upon a payment arrangement, such arrangement only to be agreed upon if future rental amounts can be paid timely in advance;
- otherwise, if the tenant does not respond to the above-mentioned demand letter, such tenant will within a further 20 days be sued for payment, the summons also to demand evacuation of the premises if deemed appropriate; and
- if the tenant has been in default for more than 3 months, such tenant can also be sued for termination of the lease agreement, evacuation of the premises and payment of the outstanding amounts.

In the case of bankruptcy of a tenant, the Netherlands Bankruptcy Act (*Faillissementswet*) grants both the landlord and the bankruptcy receiver (*curator*) of the bankrupt estate (the latter with the courts' approval) the right to terminate the lease agreement. Outstanding rental amounts that arose before the bankruptcy, must be filed with the bankruptcy receiver for verification. The bankruptcy receiver may grant preference for the payment of such

amounts, since a landlord is sometimes seen as a so-called 'forced creditor' (*dwangcrediteur*). Rental payable in respect of the period after bankruptcy does not need to be filed for verification, but becomes a preferred debt of the bankrupt estate. Local representatives are advised by Groep to require the bankruptcy receiver to pay any rental amounts in advance.

PROPERTY LEASING IN THE NETHERLANDS – REGULATORY FRAMEWORK

Determining the original rent amount

In the Netherlands the rent amount under residential lease agreement is in principle freely negotiable between the landlord and the tenant. However, a points system exists on the basis of which the quality of a property is measured and a maximum rent amount is determined. The calculation is made by adding points for certain positive features (size, location, number of bathrooms, heating system, insulation, etc.) and subtracting points for certain negative features (serious defects, overdue maintenance, etc.). In this manner it is possible to determine whether the rent charged by the landlord is reasonable in relation to the quality of the property. Accordingly, if the tenant believes that the rent is too high, the tenant has six months from the commencement date of the lease to request the competent Rental Commission (*Huurcommissie*) to test the amount of the rent. The Rental Commission will then investigate the matter and if it is determined that the rent is too high, the landlord will be required to lower the amount of the rent.

The former Residential Tenancies Act (*Huurprijzenwet woonruimte*) contained regulations concerning the determination of rent. On 1 August 2003 the provisions of this Act were incorporated in the Dutch Civil Code (section 7:245 to 7:265 (inclusive)) and the Residential Tenancies Implementation Act (*Uitvoeringswet huurprijzen woonruimte*). Material criteria, such as the specific criteria used by the Rental Commission to assess the reasonableness of the rent amount, are to be found in a governmental decree.

Liberalisation of the rental market

If a lease agreement has been entered into after 1 July 1994 or the lease agreement relates to a house that is built on or after 1 July 1989 and the amount of the rent is in excess of the maximum applicable at that time under the Rent Allowance Act (*Huursubsidiewet*), which as of 1 July 2006 is €615.01, the provisions concerning the determination of the rent, subject to certain exceptions, are not applicable to such lease agreement. As a result, such lease agreement is said to be '*liberalised*'. This in principle means that most rules regarding the determination of the rent amount are not applicable. However, there are exceptions, most importantly that the tenant of a liberalised unit has the right to ask the Rental Commission to evaluate the price/quality ratio of the rented property on the basis of the above-mentioned points system within 6 months after the commencement of the lease agreement.

In addition, certain other provisions of the Dutch Civil Code apply to liberalised units (sections 7:249, 251, 259, 261 subsection 1 and 264 of the Dutch Civil Code). Pursuant to these provisions (i) rental agreements may not provide for more than one rent increase per year, (ii) provisions in rental agreements, (other than those relating to the rent amount), are invalid if they provide the landlord, the tenant or a third party with an unreasonable benefit (*onredelijk voordeel*), (iii) certain restrictions apply to additional costs, such as service costs, and (iv) the tenant and the landlord may request the competent district court to determine the tenant's payment obligations relating to the additional costs.

Rules applicable to increasing the rental amount

The landlord of a non-liberalised unit is allowed to raise the rent unilaterally on the basis of a stipulation in the lease agreement (section 7:248 subsection 1 of the Dutch Civil Code) or in the way prescribed in sections 7:252 and 253 of the Dutch Civil Code pursuant to which provisions the landlord is allowed to raise the rent in line with a maximum percentage determined annually by the Minister of Housing, Regional Development and Environment. The minister has determined that the maximum percentage for a rent increase for 2007 is 1.1% (which equals the inflation rate for 2006).

In contrast, the landlord of a liberalised unit is not allowed to raise the rent unilaterally, unless provided otherwise in the rental agreement (e.g. an annual rent increase on basis of an inflation index). However, even if an annual increase of the rent was not agreed, it might still be possible for the landlord of a liberalised unit to force the tenant to agree to an increase of the rent based on section 7:274 subsection 1(d) of the Dutch Civil Code. This subsection provides that if the tenant refuses to enter into a new rental agreement that holds a reasonable offer, which offer may in the case of a liberalised unit include a reasonable increase of the rent, the landlord may give a notice of termination of the lease (refer below for further details on termination of leases).

The standard lease agreement of Vesteda Woningen contains a special provision for liberalised units that provides that the rent is adjusted annually on the basis of an inflation index plus 2%. Based on this standard lease agreement, the extra 2% will not be imbursed if the landlord fails to inform the tenant of the adjustment of the rent.

Termination of lease agreement

Other than in the case of a breach of agreement by the tenant, it is always necessary to give notice of the termination of the agreement. This applies to both the landlord and the tenant. Such notice must always be sent by registered mail or be delivered by a bailiff. While the tenant may terminate the agreement without reason, the landlord may only terminate the agreement on the basis of one of the five grounds indicated below. The lease agreement is only terminated if the tenant agrees in writing with such termination within six weeks after the notification is sent. If the tenant does not so agree, the lease agreement can only be terminated pursuant to a court order.

The following five grounds for termination are:

1. *Breach of contract*: If the tenant does not comply with his obligations under the lease agreement or if the tenant does not behave as befits a good tenant.

2. *Fixed term agreement*: If a landlord wants to let a particular property for a limited period of time, it is possible to terminate a lease agreement following the expiry of such period. However, this is only possible if it is explicitly stipulated in the lease agreement that the property will have to be evicted at the expiry of the relevant period and the landlord has an interest in the eviction of the premises, for example, if after the eviction the landlord will occupy the premises himself.

3. *Urgent inherent usage of the landlord*: If the landlord urgently requires the premises for his own purpose (sale of the premises is not an urgent usage), he can ask the court to terminate the lease on such basis. The following conditions have to be fulfilled: (a) the landlord must demonstrate that his need is so urgent that he cannot be expected to continue the lease, the interests of tenants and possible subtenants are also to be considered and (b) it has to appear that the tenant can find alternative suitable accommodation. The stipulation relating to 'urgent inherent usage' includes any renovation of the property which is impossible without termination of the lease. If the court orders that the lease agreement may be terminated, it may also stipulate that the landlord must pay a contribution to the tenant relating to removal and refurbishment expenses.

4. *Reasonable offer*: If the tenant refuses to accept a reasonable offer of the landlord concerning a new lease, the landlord can demand termination of the lease before the court. If the court considers the offer reasonable, it can allow the tenant a maximum period of not more than one month to accept the new agreement or it can terminate the lease. Such is, however, not possible if the offer relates to a non-liberalised unit and it concerns the rent amount or service charges.

5. *Applicable zoning plan*: It could be that the property upon which the premises are situated, has been designated for certain building works according to an applicable zoning plan. In such case, the landlord can give notice of termination and request the court to terminate the lease agreement. If the court grants such an order, it may also order that the landlord must pay the tenant a contribution towards moving and furnishing costs.

Furthermore, the following points should be considered in connection with a termination of a lease agreement:

- *Fixed period*: A lease agreement for a fixed period of time cannot, in principle, be terminated by either the landlord or the tenant before the expiration of the agreed period. Accordingly, if the tenant wishes to leave the premises before the end of such period, he would be liable to comply with this obligation. However, if both parties agree, the lease agreement may be terminated prematurely. Furthermore, a lease agreement for a fixed period of time can be dissolved by a court order in case of a breach of contract by one of the parties (see below).

- *Notice period*: In order to terminate the lease, the landlord must allow a notice period of at least three months. For each year that the tenant has had undisturbed occupation of the premises, an extra month's notice period is required, however, subject to a maximum of six months. If the tenant wishes to terminate the agreement, the notice period is equal to the payment period under such lease agreement, with a minimum of one month and a maximum of three months. These periods apply even if there are prior oral or written agreements to the contrary.

- *Notice of termination/eviction*: As mentioned above, the landlord must give notice of the termination of the lease, by registered mail or by a bailiffs notification

(*deurwaardersexploit*). The reasons for the termination should be pointed out thoroughly and the landlord must ask the tenant to inform him in writing within six weeks after the date of the notification whether he agrees with the termination or not. If the tenant does not agree, the lease agreement continues. In such case the only way the lease can be terminated is on the basis of a court order.

- *Application to court*: If the tenant does not agree to the termination of the lease within six weeks after the notification, the landlord can institute an action against the tenant before the court. The landlord can apply to the court to request that the court determines the expiry date of the lease. In making its decision, the court will only take into account the reasons mentioned by the landlord in its notice of termination. If the court rejects the application, the lease continues. If the application is granted, the court will determine a date upon which the lease is terminated and when the premises must be evicted. It is possible for the tenant to appeal the decision of the court. The time frame for such court proceedings will differ from case to case and could be prolonged if the tenant decides to appeal the decision of the court in the first instance. However, a judgment may be declared provisionally enforceable, which means that the premises can be evicted before the landlord has received an irrevocable judgment. If the higher court decides in favour of the tenant the landlord may be liable for the damages suffered by the tenant as a result of the (unlawful) eviction.

- *Breach of contract*: If the tenant does not comply with his obligations, the landlord can request the court to terminate the agreement on the basis of malperformance (thus without having sent notice of termination first). Before deciding to order the termination of this agreement due to malperformance, the court can, if it is deemed reasonable, allow the tenant a maximum period of one month to remedy the breach. The court will then set a date by which time the tenant must evacuate the premises. Any provision in a lease agreement stating that, in the case of malperformance by the tenant, the agreement may be terminated without the intervention of the court, is invalid.

- *Failure to agree*: The Dutch Civil Code provides that with respect to non-liberalised units, the landlord may not terminate the lease agreement if the tenant is not in agreement with an increase of the rental amount or due to a dispute over service charges.

DESCRIPTION OF THE PORTFOLIO

General

As mentioned in the section *Vesteda Group – Corporate Profile and Business*, 293 properties owned by Vesteda Woningen (the '***Properties***', each a '***Property***' and together, as the context may require, the '***Portfolio***') as at 31 December 2006 were valued at € 4,365,907,034. No revaluation of the Properties for the purposes of the issue of the Class A5 Notes has taken place.

The following table shows the key indicators for the Properties of Vesteda Woningen.

Properties as at 31 December 2006	
Number of residential units	27,990
Number of m^2 of commercial space	41,725
Number of parking places/garages	8,187
Value in € million approximately	4,366
Gross annual rent* in 2006 in € million	221
Net annual rent** in 2006 in € million	159

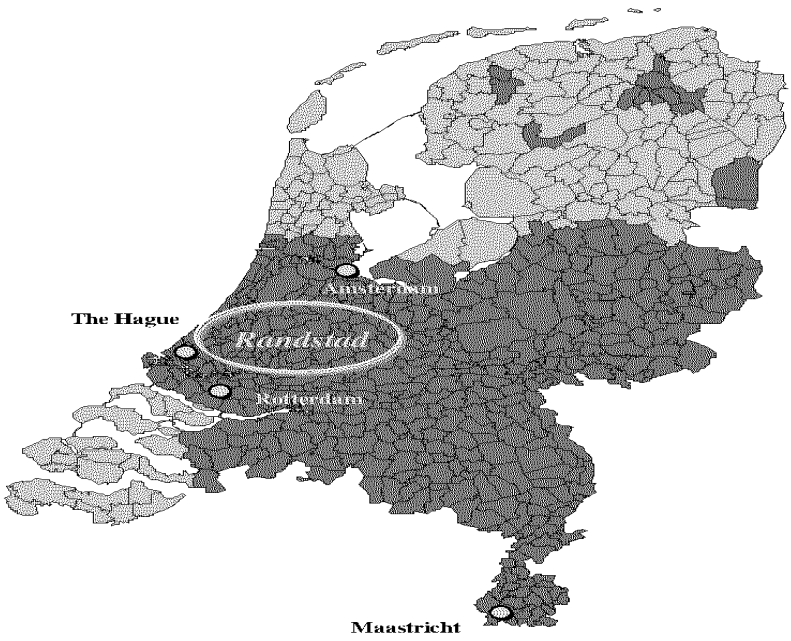
* Annualized passing rent as at 31 December 2006 less financial vacancy plus other income.

** Gross annual rent less 'letting expenses' (27.9% for the whole Portfolio). Letting expenses do not include head office management expenses or capital expenditure.

The Portfolio consists of apartments and single-family attached houses, (including parking places/garages) amounting to 97.5% of the rental value. The value of the Portfolio has been determined on the basis that a Property should be valued at the obtainable market value.

In the above mentioned properties are 5 properties which are partly held under construction and not currently income producing. The value € 59,941,982 attributable to these properties reflects the costs paid to date for these properties whilst under construction. It is anticipated that these properties will be completed by 2007 and will be valued on completion at € 125,000,000. The 293 Properties mentioned above do include the 5 properties under construction. The properties under construction count for 301 units which are not comprised in the number of residential units in the table above.

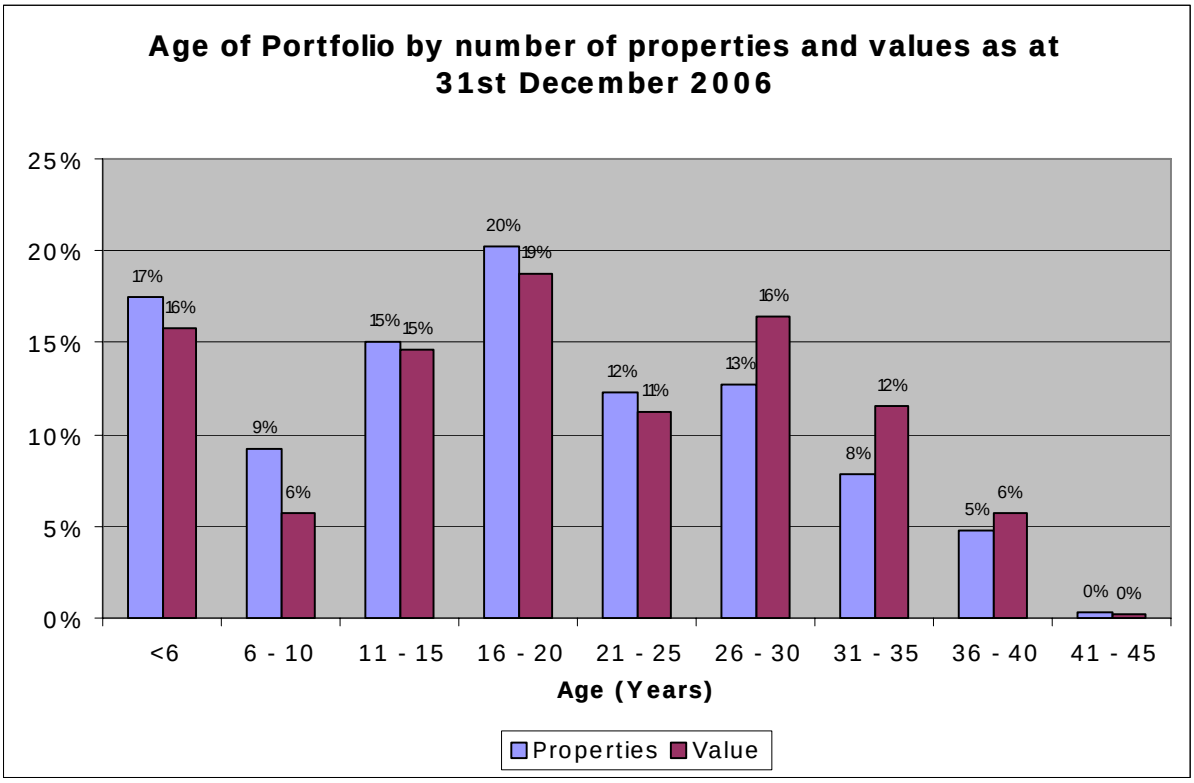
The Portfolio is concentrated in the urban areas in the Randstad and in the central and southern Netherlands, as depicted below.



Composition by value of the so-called Woongaleries, central locations in major urban areas from which Vesteda handles the letting, personal customer contacts and promotion of the brand, is as follows: 26% Woongalerie Amsterdam, 20% Woongalerie The Hague, 15% Woongalerie Arnhem, 14% Woongalerie Rotterdam, 11% Woongalerie Eindhoven, 9% Woongalerie Maastricht and 5% externally managed.

The average age of the properties that were fully operational as at 31 December 2006 was 17.4 years.

The figure below shows the age spread of the Portfolio based on 293 Properties (i.e. excluding the Properties under construction).



Some 87% by number and 83% by value of the Properties are less than 30 years old.

As at 31 December 2006, the level of occupancy of the residential Properties in the Portfolio was 96.8% by units.

In 2006 there is no longer classification split between the core portfolio and divestment portfolio, as the divestment portfolio remains only for 1,600 units, and treatment of the core portfolio and divestment portfolio is similar (together referred to as the Portfolio).

Vesteda Woningen plans to maintain the Portfolio at the present level.

Development portfolio

The development portfolio is held by Vesteda Project B.V. It does not form part of the assets of the DRFs but the description below provides insight into Vesteda Woningen's strategy, in particular with respect to future properties that may be sourced for the churn of the Properties.

As a result of this development in Vesteda Project BV at the end of 2006 there are 30 properties under construction valued total € 115,986,391. Completion is planned by 2009 with an end value of about € 730,000,000.

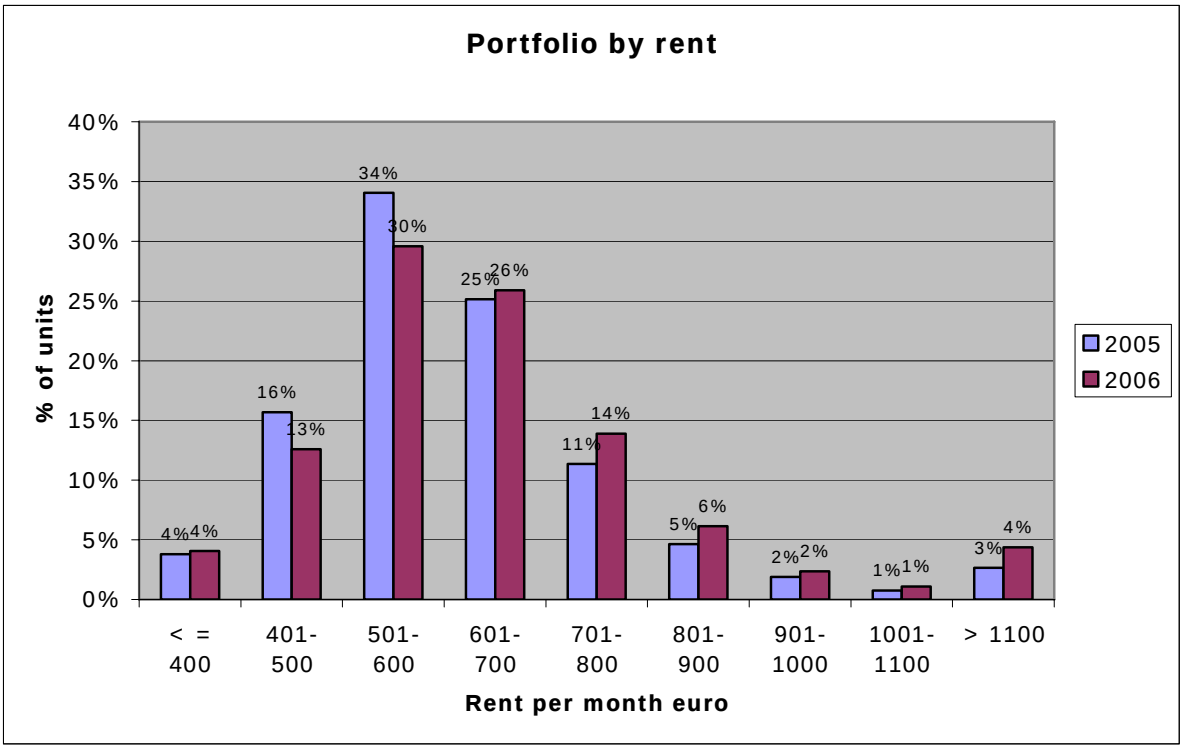
In the last few years, Vesteda Project B.V. has focused on its development portfolio. Particular attention is paid to urban (re)development, building on the experiences gained in the 'Céramique' project in the city of Maastricht. Vesteda Project B.V. has formulated a vision of large-scale intra-city (re)development for various local authorities/cities, in collaboration with a number of influential partners. In these collaborative associations (*samenwerkingsverbanden*), Vesteda Project B.V. provides expertise in the development and letting of residential properties in the higher-rent sector. It is expected that these collaborations will result in concrete projects within the next 3 to 5 years. There are also strategic partnerships with other developers, which should ensure more continuity in the acquisition of property. Preferably, agreements will be made with large developers operating at the national level. Such collaborations enable Vesteda Project B.V. to reduce its own acquisition and development risks.

In addition to large-scale development and strategic collaborations, Vesteda Project B.V. is also engaged in acquiring individual projects.

Vesteda Project B.V. manages land development risk by sharing the risks through Public-Private- Partnerships (PPP) construction projects (for example, in the city of Arnhem), participation in consortia (the Amsterdam 'IJburg project') and via strategic partnerships with developers. Vesteda Project B.V. also acts as a provider of finance, as a result of which it obtains rights in the acquisition of projects. The land is bought by the collaborative association (*samenwerkingsverbanden*) or by the developer, thus spreading the risk amongst the parties involved.

Changes to the Portfolio since December 2006

Whilst the Portfolio has been subject to a net reduction in units, properties, this has been offset by an increase in both the average capital and rental value per unit as well as in the overall value.



In 2005 and 2006:

- A total of 19 completed properties have been acquired, generating rental income from 1,146 units.

- 3,132 units have been sold:

    - 54% of the total of units sold, have been sold as part of the bulk sale of 42 complete Properties, reflecting Vesteda's rolling optimization strategy described in the section *Vesteda Group – Corporate Profile and Business* above.

    - 46% of units have been sold individually from Properties belonging to the Portfolio. This is in line with the sales strategy set out above, whereby the best price possible is achieved subject to market conditions.

	31 December 2004	31 December 2005	31 December 2006
Properties	328	298	293
Residential units	31,122	29,276	27,990
Total value portfolio in €	4,012,820,710	4,112,887,526	4,365,907,034
Properties under construction in €	154,059,217	82,729,594	59,941,982
Value portfolio generating rent in €	3,858,761,493	4,030,157,932	4.305.965.052
Average rent per residential unit per month in €	589	628	661
Annual passing rent in €	227,264,617	235,394,128	233,093,558
Annual passing rent less vacancies and other income in €	220,887,243	222,137,369	220,733,473
Letting expenses in € (calculated as a sustainable rate of the Gross Annualised Rent: 25% in 2004 and 28% in 2005 and 2006)	-56,816,154	-62,198,463	-61,805,372
Management fees in € (calculated as a sustainable rate of 0.38% of the value)	-15,248,719	-15,314,600	-16,362,667
NOI in €	148,822,370	144,624,306	142,565,434
Capex in € (calculated as a sustainable rate of 12% of the Gross Annualised Rent)	-27,271,754	-28,247,295	-27,971,227
NCF in €	121,550,616	116,377,011	114,594,207
Loan size in €	1,300,000,000	1,300,000,000	1,300,000,000
LTV	32.4%	31.6%	29.8%
ISCR (based on NOI and floating rate + spread: 2.29% in 2004; 2.34% in 2005; 2.68% in 2006)	5,00	4.75	4.09
Debt yield (NOI/Debt Amount)	11.45%	11.12%	10.97%

	2005	2006
Units sold since 31 December	-2,515	-1,758
Units completed since 31 December	669	477
Units changed in layout		-5
Net change	-1,846	-1,286

MANAGEMENT OF VESTEDA GROEP

The Board of Directors and the Supervisory Board

Central to the management organisation is Groep, which is the manager (*beheerder*) of Vesteda Woningen, and the director of Vesteda Project B.V. Groep has a two tier board structure consisting of a Board of Directors and a Supervisory Board. The members of the Board of Directors of Groep have also been appointed as the managing directors of Holding DRF, as is required under the provisions of the Participation Agreement (as defined below). Holding DRF is the managing director of DRF I, DRF II, DRF III and DRF IV. The appointment of the members of the Board of Directors of Groep took place in accordance with a resolution passed by the General Meeting of Shareholders of Groep on a non-binding nomination made by the Supervisory Board.

The Board of Directors of Groep consists of the following members:

- *Mr. H.C.F Smeets (60)*: Mr. Smeets has been a member of the Managing Board of Groep since 1 January 2000. Mr. Smeets was appointed as Chairman of the Managing Board on 20 November 2003 and is responsible for Strategy, Project- and Intra-City Development, Personnel and Organisation, Corporate Communications, Legal Affairs and Investor Relations. After graduating in Dutch law of the University of Utrecht, he actively participated in the urban renewal initiative in Maastricht in the late 70s, and also in the Regional and Economic Development of Meerssen. In 1988, he was nominated as Director of Urban Planning and Land-Related Issues in Maastricht. In this capacity, he was the official in charge of, amongst others, large-scale projects such as Céramique and Markt/Maasproject. Other positions held by him include member of the VROM Council and member of the board of NEPROM.

- *F.H. van der Togt RA (54)*: Mr. van der Togt has been the Finance Director of Groep since February 2000, initially on an interim basis. As of 1 January 2002, he was appointed as Director of the Groep and is responsible for Finance, ICT, Tax, Asset Management, International Activities and Investor Relations. After obtaining his HBS-B diploma, Mr. van der Togt became a certified public accountant and worked in the field of accountancy until 1990. After this, he gained four years of experience in the field of international business. Before 2000, Mr. van der Togt was an independent interim manager and independent operator in various functions in a wide variety of organisations.

- *O. Breur (56)*: Mr. Breur was appointed as a Managing Director of Group on 1 July 2004. He is responsible for Property Management, Product Development, Market Research, Sales, International Activities and Facility Management. Mr. Breur joined in 1978, the institutional real estate brokerage department of Zadelhoff Makelaars in Amsterdam. After his transfer to the United States in 1980, he joined Dutch Institutional Holding Company (DIHC) in Atlanta,

Georgia, the US real estate investment office of PGGM (Dutch pension fund) as vice-president acquisition and business development in 1984. In 1990, Mr. Breur joined what is currently named ING Real Estate (the Netherlands). His responsibilities included the asset and fund management of Winkelfonds Nederland, ING's first non-listed real estate fund. From 1996 until July 2004, Mr. Breur was head of Real Estate within pension and asset manager PVF and became general manager of real estate and real estate finance of Achmea, after the merger between Achmea and PVF in 1998.

The Supervisory Board of Groep comprises the following members:

- *Mr. W.F.Th. Corpeleijn (59)*: Mr. Corpeleijn is a lawyer holding supervisory directorships in a number of international companies – some of which are listed companies – in the Netherlands and in Belgium.

- *Ir. J.D. Doets (62) (nominated by ING)*: Mr. Doets started his career as a consultant with the engineering group Dwars/Heedrik/Verheij, and was a director of Grondbedrijf Rotterdam. He has recently retired as chief executive officer of ING Real Estate.

- *P.S. van den Berg RA (61)*: Mr van den Berg started his career as an accountant and management consultant at, among others, Ernst & Young and PGGM. He is currently on the supervisory board or management board at a number of real estate investment funds, including ING Dutch Retail Fund and ING Dutch Office Fund.

- *Drs. D.J. de Beus (60)*: started his career at GAK. He joined PGGM in 1979 and has recently retired as chairman of the board of managing directors of PGGM.

There is a vacancy in the Supervisory Board of Groep and it is expected that this vacancy shall be filled soon.

The Board of Directors and the Supervisory Board of Groep have their domicile at Plein 1992 1, 6221 JP Maastricht.

In order to participate in Vesteda Woningen, the potential participants must become a party to and subscribe to a Participation Agreement, as amended from time to time, between the participants in Vesteda Woningen (the '***Participation Agreement***'). The Participation Agreement governs certain relationships among the participants and vis-à-vis Vesteda Woningen.

In order to secure the transparency for tax purposes of Vesteda Woningen, the admittance of a participant in Vesteda Woningen and the sale or transfer of a participation in Vesteda Woningen is subject to the approval of all participants in Vesteda Woningen.

At the date of the Prospectus, none of the members of the Board of Directors of Groep or the Supervisory Board of Groep have any potential personal conflict of interest between their duties to Groep and their other principal activities as listed above except that under Netherlands law special rules apply in situations where directors of a company are also director of a related

party which is involved in the same transaction, which as a matter of Netherlands law is deemed to constitute a conflict of interest per se.

FINANCIAL INFORMATION

Set out below are the audited financial statements of Vesteda Woningen for 31 December 2006 and 31 December 2005.

The information set out on pages 129 to 136 herein is extracted from the 'Annual Report of Vesteda Groep 2006.

INTRODUCTION

The Vesteda Group is divided into three organisationally associated units: one responsible for ownership, one for property management and one for property development. The legal owners of the property are Dutch Residential Fund I B.V., Dutch Residential Fund II B.V. and Dutch Residential Fund III B.V. Dutch Residential Fund IV B.V. has embodied the beneficial ownership of the property portfolio in units in Vesteda Woningen, a mutual fund. Vesteda Woningen is a closed-end mutual fund, pursuant to the Corporation Tax Act 1969.

A mutual fund is not a legal entity but a vehicle in which property is brought together for collective investment in order for the unit-holders to share in the proceeds. A mutual fund has one or more custodians and a manager. The custodians have title to manage the property of Vesteda Woningen on behalf of the unit-holders.

In their capacity as custodians, Dutch Residential Fund I B.V., Dutch Residential Fund II B.V. and Dutch Residential Fund III B.V. are legally entitled to all the property belonging to Vesteda Woningen on behalf of the unit-holders. The unit-holders have the beneficial entitlement to these assets.

Participation in Vesteda Woningen may be either direct (units) or through Holding Dutch Residential Fund B.V., but participation also involves an obligation to invest to an equal percentage in Vesteda Groep B.V. (management) and Vesteda Project B.V. Vesteda Groep B.V. has the mandate to enter into rights and obligations with respect to the properties.

The rights and obligations of the holders of units in Vesteda Woningen are set out in the Participation Agreement. Vesteda Groep B.V. has been appointed as manager of the fund.

ACCOUNTING POLICIES

Vesteda Woningen is not a legal entity. It is the summation of all the rights and obligations associated with the properties. The rights and obligations are shared among the unit-holders. A unit reflects the rights and obligations as applicable to a unit-holder and set out in the conditions for management and custody.

As Vesteda Woningen has similarities to a company, the financial statements below use terminology customarily used in financial statements.

ACCOUNTING POLICIES FOR VALUING ASSETS AND LIABILITIES

Property

The development portfolio is stated at the lower of cost and market value. On completion of a project, the property is included in the letting portfolio or disposed of.

The letting portfolio is stated at current value. Pursuant to Guideline 213 'Investment properties', the properties in this portfolio are stated at fair value, being the higher of market value with sitting tenants and net realisable value on disposal of complete properties to organisations specialising in the selling of individual units. A condition when establishing the current value is that if the market value with sitting tenants is higher, the current value will be no more than 110% of the net realisable value in the case of disposals of complete properties to organisations specialising in the selling of individual units. New properties are valued at the lower of cost and market value for the first two years after completion. At the end of 2006, all properties which were fully available for letting before 2005 were stated at current value. The market value with sitting tenants and the appraised net realisable value in the case of disposals of complete properties to organisations specialising in the selling of individual units are determined by the discounted cash flow method.

At least 50% of the portfolio is appraised during the year by external valuers and the valuation of the remaining portfolio is updated by a valuer. Conveyancing charges and other selling costs are taken into account in determining both the net realisable value in the case of disposals of complete properties to organisations specialising in the selling of individual units and the market value with sitting tenants.

Financial fixed assets

The interest-rate caps are stated at historical cost less amortisation based on the period for which they have been concluded, in relation to the outstanding principal sums of the loans.

Loans receivable are stated at face value. Where necessary there is a write-down for doubtful debts.

Receivables

Receivables are shown at face value less individual provisions for doubtful debts where necessary.

Other long-term liabilities

This is the dkph (*dynamische kostprijs huur*) grant equalisation account. Grants received in connection with the grossing-up operation not already taken into account in the value of the investments as at 1 January 1998 are included in this equalisation account and are being released to income over a period of ten years. Grants are taken directly to the profit and loss account upon the sale of property for which grants have been received.

Other

Unless otherwise mentioned, valuation is according to the historical cost convention. Amounts are shown at face value.

ACCOUNTING POLICIES FOR THE DETERMINATION OF RESULTS

General

Operating expenses are stated at historical cost. Income is recognised when realised, expenses are recognised as soon as they become known. Income and expenses are allocated to the year to which they relate.

Rental income

This item includes the total rents invoiced to tenants in respect of the financial year. The amount shown, therefore, takes account of rent lost due to vacancies and discounts. Rental income does not include service charges paid in advance by tenants.

Letting expenses

Letting expenses comprise costs directly attributable to a specific property. These costs are mainly maintenance costs, property tax and other levies, insurance premiums, management and letting fees and service costs not chargeable to tenants. There is no equalisation provision for major maintenance.

Grants and other income

This includes releases from the dkph (*dynamische kostprijs huur*) grant.

Property management expenses

Any operating expenses that cannot be allocated directly to the various properties are regarded as property management expenses. Property management expenses relate mainly to expenses recharged by Vesteda Groep B.V. In addition, the Participation Agreement specifies that Holding Dutch Residential Fund B.V. and subsidiaries attribute expenses and liabilities to Vesteda Woningen.

The cost-plus arrangements at Vesteda Groep B.V. are grossed up and, like the management expenses, recharged in full to Vesteda Woningen.

Interest income and expense

Interest income and expense are stated at face value. Interest expense includes the amortisation of the interest-rate caps.

Realised result

The realised result is the sum of the net letting income and other income less property management expenses and net interest charges, plus the results realised on property disposals. The result on disposals is the proceeds from sales (less any facilitation costs) less the most recent value of the properties sold, established each quarter.

Unrealised result

The unrealised result is made up of the total of unrealised revaluations as a consequence of external and internal appraisals.

Tax status

Vesteda Woningen is a closed-end mutual fund, meaning that it is transparent for corporation tax and capital tax purposes. For tax purposes, the assets and liabilities and income and expenses of Vesteda Woningen are attributed directly to the investors holding units in Vesteda Woningen.

Balance sheet as at 31 December 2006
(after appropriation of result)

Amounts in millions of euros	31-12-2006	31-12-2005
ASSETS		
Fixed Assets		
Property	4,366	4,113
Financial fixed assets	31	49
	4,397	4,162
Current Assets		
Amounts receivable from group companies	1	-
Receivables	22	15
Cash	33	1
	56	16
Total Assets	**4,453**	**4,178**
EQUITY AND LIABILITIES		
Fund capital	3,005	2,806
Long-term Liabilities		
Amounts owed to group companies	1,300	1,300
Other long-term liabilities	-	9
	1,300	1,309
Current Liabilities		
Amounts owed to group companies	-	3
Tax and social security charges	3	6
Other current liabilities	6	9
Accruals and deferred income	139	45
	148	63
Total Equity and Liabilities	**4,453**	**4,178**

Profit and loss account for 2006

Amounts in millions of euros	2006	2005
Income		
Rental income	221	219
Less: Letting expenses	62	57
Net letting income	159	162
Grants and other income	6	6
Total operating income	**165**	**168**
Expenses		
Property management expenses	17	17
Interest income	3	4
Interest expense	50	42
Operating result	101	113
Result on disposals	45	76
Realised result	146	189
Unrealised result	285	206
Result	**431**	**395**

Cash flow statement for 2006

Amounts in millions of euros	2006	2005
Realised result	146	189
Release of DKPH grant	5-	6-
Amortisation of financial fixed assets	9	9
Movement in working capital	29-	8
Cash flow from operating activities	121	200
Investments in property	166-	179-
Disposals/investments in financial fixed assets	4	24
Transfer of disposals/investments in ffa to current	5	-
Disposals of property	198	285
Cash flow from investment activities	41	130
Movements in class A notes 2002-2004	-	1,300-
Movements in class A notes 2005	-	1,300
Distributions to unit-holders	130-	340-
Cash flow from financing activities	130-	340-
Total cash flow	**32**	**10-**
Cash at end of year	33	1
Cash at beginning of year	1	11
	32	**10-**

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. The funds in the cash flow statement consist exclusively of cash and cash equivalents. Receipts and expenditure in connection with interest and tax on profit are included in the cash flow from operating activities. Dividends paid are included in the cash flow from financing activities.

NOTES TO THE BALANCE SHEET

Property investments

Amounts in millions of euros	development portfolio	letting portfolio: letting phase	letting portfolio: letting/selling phase	total
Value as at 1 January 2006	325	3,079	709	4,113
Additions	120	35	11	166
Disposals	-	-	198-	198-
Internal transfers	357-	-	357	-
Subtotal	88	3,114	879	4,081
Revaluations during financial year	-	231	54	285
Value as at 31 December 2006	**88**	**3,345**	**933**	**4,366**

Fund capital

Amounts in millions of euros	issued capital	share premium	revaluation reserve	other reserve	total
Balance as at 1 January 2006	-	2,206	600	-	2,806
2006 dividend	-	65-	-	167-	232-
Result for 2006	-	-	285	146	431
Realised from sales	-	-	21-	21	-
Balance as at 31 December 2006	**-**	**2,141**	**864**	**-**	**3,005**

Vesteda Woningen allocated a total of € 232 million to unit-holders in 2006, including € 102 million payable in April 2007.

AUDITOR'S REPORT

To: the Management of Vesteda Woningen

Auditor's Report

In our opinion, the financial information of Vesteda Woningen for the year 2006 and the comparative data for the year 2005, as included in this Prospectus (as set out on pages 129 to 136), are consistent in all material respects, with the financial statements for those years from which they have been derived. We issued unqualified auditors' reports on these financial statements on 15 February 2007 and 9 February 2006. These unqualified auditor's reports are included in the financial statements for the years referred to, which form an integral part of this Prospectus.

For an understanding of the company's financial position and results and for an adequate understanding of the scope of our audit, the financial information should be read in conjunction with the financial statements from which they have been derived and our auditors' reports thereon.

Maastricht, 18 April 2007

For Ernst & Young Accountants

J.G.K. van der Zanden

VESTEDA RESIDENTIAL FUNDING II B.V.

Vesteda Residential Funding II B.V. was incorporated with limited liability under the laws of the Netherlands on 8 July 2005 under number B.V. 1330079 as a special purpose vehicle. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands and its registered office is at Frederik Roeskestraat 123, 1076 EE, Amsterdam, the Netherlands. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34229747.

Sole Director and Corporate Administrator

The sole managing director of the Issuer is ATC Management B.V. The directors of ATC Management B.V. are J.H. Scholts and A.G.M. Nagelmaker, with telephone number +31 20 577 11 77 and its business address at Frederik Roeskestraat 123, 1076 EE, Amsterdam.

The Corporate Administrator and ATC Managament B.V. entered into the Corporate Services Agreements in order to provide administrative services to the Issuer and the Shareholder. These Corporate Services Agreements may be terminated, inter alia, by the Security Trustee upon the occurrence of certain termination events (which include certain failures by Corporate Administrator or ATC Managament B.V. (as the case may be) to comply with its obligations under such Corporate Services Agreement and certain insolvency events).

Purpose

The objectives of the Issuer are, amongst other things:

(a) to raise funds by issuing notes from time to time and to invest the funds raised by the company in connection with such issue in advances made from time to time to the Borrowers pursuant to a secured loan agreement between the Issuer, Groep, DRF I, DRF II and DRF III and the Security Trustee (as amended from time to time);

(b) to grant security in connection with the foregoing; and

(c) to enter into agreements and documents in connection with the foregoing (including one or more secured loan agreements, liquidity facility agreements, interest rate cap agreements and bank account and cash management agreements) and to exercise rights and to comply with its obligations under these agreements and documents.

The Issuer may do all such further acts that are related to the above or that are conducive thereto. The Issuer shall not engage in any transactions that are not related or conducive to the above-described objects.

The Issuer will enter into the Relevant Documents to which it is expressed to be a party, and exercise all related rights, powers and activities incidental thereto.

There is no intention to accumulate surpluses in the Issuer.

Share Capital

The Issuer has an authorised share capital of € 18,000, all of which have been issued and are fully paid. All shares of the Issuer are held by Stichting Vesteda Residential Funding II.

Stichting Vesteda Residential Funding II is a foundation (*stichting*) incorporated under the laws of the Netherlands on 21 June 2005. The objects of Stichting Vesteda Residential Funding II are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Vesteda Residential Funding II is ATC Management B.V.

The financial year of the Issuer coincides with the calendar year.

Capitalisation

The following table shows the capitalisation of the Issuer as of 18 April 2007 as adjusted to take account of the Class A5 Notes expected to be issued on or around the Closing Date:

Share Capital

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

Borrowings

Class A1 Notes	euro 200,000,000
Class A2 Notes	euro 400,000,000
Class A3 Notes	euro 400,000,000
Class A4 Notes	euro 300,000,000
Class A5 Notes	euro 350,000,000

Auditors' Report

The following is the text of a report received by the Managing Board of the Issuer from Ernst & Young Accountants, the auditors to the Issuer:

Balance sheet as of December 31, 2006 (before appropriation of result)

	December 31, 2006		December 31, 2005	
	EUR	EUR	EUR	EUR
ASSETS				
Financial fixed assets				
Secured loan		1.300.000.000		1.300.000.000
Current assets				
Accounts receivable	34.901		34.540	
Interest receivable	9.758.190		6.270.650	
		9.793.091		6.305.190
Cash and cash equivalents		18.236		25.639
		1.309.811.327		1.306.330.829

Shareholder's equity and liabilities

Shareholder's equity		18.000		18.000
Long-term liabilities				
Class A-Notes		1.300.000.000		1.300.000.000
Current liabilities				
Interest payable	9.758.190		6.270.650	
Corporate income tax payable	318		700	
Accrued expenses	34.819		41.479	
		9.793.327		6.312.829
		1.309.811.327		1.306.330.829

Statement of cash flows for the year 2006

	EUR	2006 EUR	EUR	2005 EUR
Cash flow from operating activities				
Net result		0		0
Changes in working capital:				
Net change in accounts receivable	-3.487.901		-6.305.190	
Net change in current liabilities	3.480.498		6.312.829	
		-7.403		7.639
		-7.403		7.639
Cash flow from investing activities				
Granted Secured loan		0		-1.300.000.000
Cash flow from financing activities				
Issue share capital	0		18.000	
Issued Class A-Notes	0		1.300.000.000	
Net cash change during the year		0		1.300.018.000
		-7.403		25.639
Initial cash balance		25.639		0
Cash at end of year		18.236		25.639

Statement of income for the year 2006

	EUR	January 1, 2006 till December 31, 2006 EUR	EUR	July 8, 2005 till December 31, 2005 EUR
Interest income				
Interest income Secured Loan		40.823.470		13.957.450
Interest expense				
Interest expense Class A-Notes		40.823.470		13.957.450
Interest margin		0		0
Operating expenses	225.983		105.612	
Allocated to Borrowers	225.983		105.612	
Income before taxation		0		0
Corporate income tax	800		700	
Allocated to Borrowers	800		700	
		0		0
Net result		0		0

To: the Management of Vesteda Residential Funding II BV (ATC Management BV)

Auditor's Report

In our opinion, the financial information of Vesteda Residential Funding II BV for the year 2006 and the comparative data for the year 2005, as included in this Prospectus (as set out on pages 140 and 141), are consistent, in all material respects, with the financial statements for those years from which they have been derived. We issued unqualified auditors' reports on these financial statements on 14 March 2007 and 14 June 2006. These unqualified auditor's reports are included in the financial statements for the years referred to, which form an integral part of this Prospectus.

For an understanding of the company's financial position and results and for an adequate understanding of the scope of our audit, the financial information should be read in conjunction with the financial statements from which they have been derived and our auditors' reports thereon.

Eindhoven, 18 April 2007

For Ernst & Young Accountants

N.A.J. Silverentand P.J.A.J. Nijssen

USE OF PROCEEDS

The net proceeds from the issue of the Class A5 Notes are expected to amount to approximately €350,000,000, and, subject to the satisfaction of certain conditions precedent, will be applied by the Issuer on the Closing Date to make the Term A5 Advance (as defined herein) to the Borrowers subject to and in accordance with the Secured Loan Agreement. Certain fees and expenses which will be incurred by the Issuer in connection with the issue and listing of the Class A5 Notes will be paid for by Groep.

On or around the Closing Date the Borrowers will apply the Term A5 Facility for the general corporate purposes of Vesteda Woningen and for the payment of dividends and other distributions by Vesteda Woningen.

THE SECURITY TRUSTEE

Stichting Security Trustee Vesteda Residential Funding II (the '***Security Trustee***') is a foundation (*stichting*) incorporated under the laws of the Netherlands on 21 June 2005. The corporate seat (*statutaire zetel*) of the Security Trustee is in Amsterdam, the Netherlands, and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Security Trustee is registered with the commercial register of the Chamber of Commerce of Amsterdam under number 34228680.

The objects of the foundation are:

(a) to act as trustee in respect of a securitisation transaction involving the Issuer and Vesteda Woningen, a mutual fund (*fonds voor gemene rekening*) organised under the laws of the Netherlands;

(b) to act as trustee on behalf of the holders of notes issued from time to time by the Issuer;

(c) to be the beneficiary of payment undertakings in connection with its role as security trustee;

(d) to acquire, manage, exercise and enforce security interests granted or to be granted in connection with the transaction described in paragraph (a) above;

(e) to invest funds obtained as proceeds of security interests for the benefit of parties to such securitisation on a temporary basis; and

(f) to enter into agreements and/or undertake activities, in connection with the objects described above, provided always that such activities are necessary or useful for the entering into and performance of its position of security trustee and trustee for noteholders in relation to the transaction referred to in paragraph (a) above.

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands.

Amsterdamsch Trustee's Kantoor B.V entered into a Corporate Services Agreement in order to provide administrative services to the Security Trustee. This Corporate Services Agreements may be terminated, inter alia, by the Security Trustee upon the occurrence of certain termination events (which include certain failures by Amsterdamsch Trustee's Kantoor B.V. to comply with its obligations under such Corporate Services Agreement and certain insolvency events).

TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes (the '**Conditions**') in the form in which they will be set out in the Trust Deed (as defined below). They will apply to the Notes whether they are in definitive form or global form.*

The issue of the €200,000,000 Class A1 Secured Floating Rate Notes 2005 due 2017 (the '***Class A1 Notes***'), the €400,000,000 Class A2 Secured Floating Rate Notes 2005 due 2017 (the '***Class A2 Notes***'), the €400,000,000 Class A3 Secured Floating Rate Notes 2005 due 2017 (the '***Class A3 Notes***') and the €300,000,000 Class A4 Secured Floating Rate Notes 2005 due 2017 (the '***Class A4 Notes***', and together with the Class A1 Notes, the Class A2 Notes and the Class A3 Notes, the '***Initial Notes***'), was authorised by a resolution of the managing director of Vesteda Residential Funding II B.V. (the '***Issuer***') passed on 14 July 2005. The Initial Notes were issued under a trust deed (the '***Original Trust Deed***') dated 20 July 2005 (the '***Initial Closing Date***') between the Issuer and Stichting Security Trustee Vesteda Residential Funding II (the '***Security Trustee***') as trustee for the holders for the time being of the Class A1 Notes (the '***Class A1 Noteholders***'), the Class A2 Notes (the '***Class A2 Noteholders***'), the Class A3 Notes (the '***Class A3 Noteholders***') and the Class A4 Notes (the '***Class A4 Noteholders***', and together with the Class A1 Noteholders, the Class A2 Noteholders and the Class A3 Noteholders, the '***Initial Noteholders***'), and the holders for the time being of the Coupons (as defined below) appertaining to the Initial Notes (the '***Initial Couponholders***'). The Initial Notes are until the issuance of the Class A5 Notes on the Closing Date subject to the terms and conditions contained in the Original Trust Deed (the '***Initial Conditions***').

The issue of the € 350,000,000 Class A5 Secured Floating Rate Notes 2007 due 2017 (the '***Class A5 Notes***', and together with the Initial Notes, the '***Notes*** ') is expected to take place on 20 April 2007 (the '***Closing Date***') and was authorised by a resolution of the managing director of the Issuer passed on 17 April 2007. The Class A5 Notes are issued under the Original Trust Deed as amended and restated on the Closing Date (the '***Trust Deed***') between the Issuer and the Security Trustee as trustee for the holders for the time being of the Initial Notes and the holders for the time being of the Class A5 Notes (the '***Class A5 Noteholders***' and, together with the Initial Noteholders, the '***Noteholders***'), and the holders for the time being of the Coupons (as defined below) appertaining to the Initial Notes and to the Class A5 Notes (the '***Class A5 Couponholders***' and, together with the Initial Couponholders, the '***Couponholders***'). Upon the issuance of the Class A5 Notes on the Closing Date, the Initial Notes and the Class A5 Notes shall be subject to the terms and conditions set out in the Trust Deed (the '***Conditions***').

The expression the 'Notes' shall in the Conditions, unless the context otherwise requires, include any Further Notes (as defined below) issued pursuant to Condition 15 of the Conditions and forming a single class with the Notes. The expression '***Class***' means either the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A4 Notes or the Class A5 Notes, as the case may be.

Security for the Notes and the other secured creditors of the Issuer (the '***Beneficiaries***') was created pursuant to, and on the terms set out in, a security agreement dated 18 July 2005 as amended and restated on or around the Closing Date (the '***Security Agreement***'), and a pledge

agreement dated 18 July 2005 (the '***Original Issuer Pledge Agreement***'), a pledge agreement dated on or around the Closing Date (the '***Supplemental Issuer Pledge Agreement***' and together with the Initial Pledge Agreement, the '***Issuer Pledge Agreement***' and the Issuer Pledge Agreement together with the Security Agreement being the '***Issuer Security Documents***'), and made between, *inter alios*, the Issuer and the Security Trustee.

Under the paying agency agreement dated 18 July 2005 and amended and restated on or around the Closing Date (the '***Paying Agency Agreement***') between, *inter alios*, the Issuer, Deutsche Bank AG, London Branch as principal paying agent (the '***Principal Paying Agent***'), Deutsche Bank Amsterdam Branch as paying agent (the '***Paying Agent***' and together with the Principal Paying Agent, the '***Paying Agents***') and Deutsche Bank AG London as reference agent (the '***Reference Agent***' and, together with the Paying Agents, the '***Agents***') provision is made for, among other things, the payment of principal and interest in respect of the Notes.

Any reference to the Trust Deed, the Issuer Security Documents, the Paying Agency Agreement or any other Relevant Document (as defined below) is to such document as from time to time modified in accordance with its provisions and any deed or other document expressed to be supplemental to it, as from time to time so modified. References to the Security Trustee or any of the Agents include references to its successors, transferees and assigns and, in the case of the Security Trustee, to any additional trustee appointed under the Trust Deed, or, as the case may be, pursuant to the Security Agreement.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Issuer Security Documents, the Paying Agency Agreement and the other Relevant Documents.

Copies of the master definitions and framework agreement dated 18 July 2005 and amended and restated on or around the Closing Date and signed by all parties to the Relevant Documents (the '***Master Definitions Agreement***'), the Trust Deed, the Master Amendment and Restatement Agreement, the Paying Agency Agreement, the Issuer Security Documents, the Secured Loan Agreement, the Liquidity Facility Agreement, the Corporate Services Agreements, the Bank Account and Cash Management Agreement, the Hedging Agreements and the Share Pledge Agreement (all as defined herein or otherwise in the Master Definitions Agreement) (hereafter referred to as the '***Relevant Documents***') are available for inspection by the Noteholders during normal business hours at the specified offices for the time being of the Paying Agents and the present office of the Security Trustee, being at the date hereof Frederik Roeskestraat 123,1076 EE, Amsterdam, the Netherlands. The Noteholders and Couponholders are bound by, and are deemed to have notice of, all the provisions of the Relevant Documents.

Capitalised terms not otherwise defined in these Conditions shall, unless the context otherwise requires, have the meanings given to them in the Master Definitions Agreement available for inspection as described above.

1. Form, Denomination and Title

(a) Each class of Notes shall be initially represented by (i) in the case of the Class A1 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of

€200,000,000, (ii) in the case of the Class A2 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of €400,000,000, (iii) in the case of the Class A3 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of €400,000,000 and (iv) in the case of the Class A4 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of €300,000,000 and (v) in the case of the Class A5 Notes a Temporary Global Note in bearer form in the principal amount of € 350,000,000 (each a '***Temporary Global Note***'). The Temporary Global Notes in respect of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class A4 Notes were deposited on 20 July 2005, and the Temporary Global Note with respect to the Class A5 Notes will be deposited on or around 20 April 2007, with Deutsche Bank AG, London Branch as common depository (the '***Common Depositary***') for Euroclear Bank S.A./ N.V., as operator of the Euroclear System ('***Euroclear***') and Clearstream Banking, société anonyme ('***Clearstream Luxembourg***'). Upon deposit of each such Temporary Global Note, Euroclear or Clearstream Luxembourg, as the case may be, will credit each purchaser of the Notes represented by such Temporary Global Note with the principal amount of the relevant class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date (or the "restricted period" within the meaning of U.S. Treasury Regulation, Section 1.163-5(c)(2)(i)(D)(7)) of the relevant Notes (the '***Exchange Date***') for interests in a permanent global note (each a '***Permanent Global Note***'), in bearer form, without coupons, in the principal amount of the Notes of the relevant class (the expression '***Global Notes***' meaning the Temporary Global Notes and the Permanent Global Notes and the expression '***Global Note***' means either or both of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant class, the Permanent Global Note will remain deposited with the Common Depository. Title to the Global Notes will pass by delivery. The Permanent Global Note will be exchangeable for Definitive Notes (as defined below) only in the limited circumstances described below.

For so long as the Notes are represented by a Global Note, the Notes will be transferable in accordance with the rules and procedures of Clearstream Luxembourg or Euroclear, as appropriate.

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

(i) Class A1 Notes in definitive form (the '***Class A1 Definitive Notes***') in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A1 Notes;

(ii) Class A2 Notes in definitive form (the '***Class A2 Definitive Notes***') in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A2 Notes;

(iii) Class A3 Notes in definitive form (the '***Class A3 Definitive Notes***') in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A3 Notes;

(iv) Class A4 Notes in definitive form (the '***Class A4 Definitive Notes***') in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A4 Notes; and

(v) Class A5 Notes in definitive form (the '***Class A5 Definitive Notes***' and together with the Class A1 Definitive Notes, the Class A2 Definitive Notes, the Class A3 Definitive Notes and the Class A4 Definitive Notes, the '***Definitive Notes***') in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A5 Notes,

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

(c) Definitive Notes, if issued, will be in the denomination of €100,000 each, serially numbered and in bearer form with (at the date of issue) interest coupons ('***Coupons***'). Title to the Definitive Notes and Coupons will pass by delivery.

(d) The holder of any Definitive Note or Coupon may, to the fullest extent permitted by applicable law, be treated at all times, by all persons and for all purposes, including the making of any payments in respect of the Notes, as the absolute owner of that Definitive Note or Coupon regardless of any notice of ownership, destruction, theft or loss or of any trust or other interest in it or any writing on it. The holder of any Coupon (whether or not such 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 Note.

(e) Notes will bear the following legend:

"This Note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the '***Securities Act***') and may not be offered or sold within the United States or to any U.S. person, except in an offshore transaction and in accordance with Regulation S under the Securities Act, unless an exemption from the registration requirements of the Securities Act is available. Terms used above have the meanings given to them by Regulation S.

ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS

UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

Coupons (as defined herein) will bear the following legend:

"ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

(f) '***Noteholders***' means (i) in relation to any Notes represented by a Global Note, each person (other than Clearstream Luxembourg or Euroclear) who is for the time being shown in the records of Clearstream Luxembourg or Euroclear as the holder of a particular Principal Amount Outstanding (as defined in Condition 6(c), for which purpose any certificate or other document issued by Clearstream Luxembourg or Euroclear as to the Principal Amount Outstanding of the Notes standing to the account of any person will be conclusive and binding on the basis that that person shall be treated by the Issuer, the Security Trustee and all other persons as the holder of that Principal Amount Outstanding of those Notes for all purposes other than for the purpose of payments in respect of those Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the relevant Global Note, who shall be regarded as the Noteholder for that purpose; and (ii) in relation to any Definitive Notes issued under Condition 1(b) of these Conditions, the bearers of those Definitive Notes; and related expressions shall be construed accordingly.

Any reference to the Notes shall include the Global Notes and where applicable, the Definitive Notes.

2. Status, Relationship between the Notes and the Security relating thereto

(a) The Notes and Coupons relating thereto constitute direct, secured and unconditional obligations of the Issuer and rank *pari passu* without any preference or priority among themselves. The rights of the Notes in respect of priority of payment of interest and principal are set out in Conditions 4 and 5 of these Conditions. The Notes are secured over the assets of the Issuer pursuant to and as more fully set out in, the Security Agreement.

(b) The Security Agreement contains provisions requiring the Security Trustee to have regard to the interests of the Class A1 Noteholders, the Class A2 Noteholders, the Class A3 Noteholders, the Class A4 Noteholders and the Class A5 Noteholders. As regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) as a single class, and the Beneficiaries provided that where there is, in the Security Trustee's opinion, a conflict of interest between the Beneficiaries, the Security Agreement requires the Security Trustee to refer to the Issuer Priority of Payment as set out in the Trust Deed which will determine whose interests will prevail.

(c) The Security Trustee shall assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Relevant Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders, the Liquidity Facility Provider and the other Beneficiaries if the Rating Agencies have confirmed that the then current ratings of the Notes would not be adversely affected by such exercise.

(d) In exercising its rights, powers, trusts, authorities, duties and discretions in accordance with Condition 2(c) of these Conditions above, the Security Trustee shall disregard any Step-Up Amount (defined below) for the purposes of determining whether there are any Notes of a particular class outstanding.

(e) The Notes are subject to the provisions of the Trust Deed, the Security Agreement, the Paying Agency Agreement and the other Relevant Documents (each as defined above).

3. Covenants of the Issuer

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

(a) create, incur or suffer to exist any indebtedness other than pursuant to or contemplated by the Relevant Documents;

(b) form, or cause to be formed any subsidiaries;

(c) redeem any of its shares;

(d) create, incur or suffer to exist, or agree to create, incur or suffer to exist, or consent to cause or permit in the future (upon happening of a contingency or otherwise) the creation, incurrence or existence of any security interest or lien on or over any of its assets except for security interests or liens created by or pursuant to the Security Agreement in favour of the Security Trustee;

(e) issue any shares or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares, except for the shares issued to Stichting Vesteda Residential Funding II on or prior to the date hereof;

(f) take any action, or fail to take any action, if such action or failure to take action may interfere with the enforcement of any rights under the Relevant Documents with respect to the rights, benefits or obligations of the Security Trustee;

(g) waive or alter any rights it may have with respect to the Relevant Documents unless specifically contemplated by the Relevant Documents;

(h) take any action, or fail to take any action, if such action or failure to take action may interfere with the enforcement of any rights with respect to the Relevant Documents unless specifically contemplated by the Relevant Documents;

(i) fail to pay any tax which it is required to pay, or fail to defend any action, if such failure to pay or defend may adversely affect the priority or enforceability of the security created by or pursuant to the Security Agreement;

(j) merge with or into any person, effect a demerger, or transfer any of its assets to any person or liquidate or dissolve or otherwise terminate its existence;

(k) take or (if within its control) permit to be taken any action which would have the effect directly or indirectly of causing any amount to be deducted or withheld from interest payments on any of the Notes for or on account of tax;

(l) take or (if within its control) permit to be taken any action which would have the effect directly or indirectly of causing any amount to be deducted or withheld from any payment in relation to the Relevant Documents to which it is a party for or on account of tax;

(m) sell, transfer, exchange or otherwise dispose of any of its assets except as permitted under, and contemplated by the Relevant Documents;

(n) engage in any business or activity other than in connection with the transaction contemplated by the Relevant Documents; or

(o) have any employees.

4. Interest

(a) Period of Accrual

The Initial Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6 of these Conditions) from (and including) the Initial Closing Date. The Class A5 Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6 of these Conditions) 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 day after notice is duly given by the Paying Agents to the holder thereof (in accordance with Condition 13 of these Conditions) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made.

(b) Floating Interest Periods and Interest Payment Dates

Interest on the Notes shall be payable by reference to successive interest periods (each an '***Interest Period***') and will be payable in arrear in euro in respect of the Principal Amount Outstanding of the Notes (as defined in Condition 6 of these Conditions), as at the start of the relevant Interest Period, of the Notes on the 20th day of October, January, April and July or, if such day is not a Business Day (as defined below), the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day (each such day being an '***Interest Payment Date***'). A '***Business Day***' means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement European Transfer System ('***TARGET System***') or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Interest Period will commence on (and include), an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date, except for the first Interest Period, which commenced in respect of the Initial Notes on the Initial Closing Date and ended (but excluded) 20 October 2005 and which will commence in respect of the Class A5 Notes on the Closing Date and end on (but exclude) 20 July 2007.

(c) Rate of Interest on the Notes

The rate of interest on the Notes respectively (the '***Rate of Interest***'), for each Interest Period from (and including) the Closing Date, will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ('***Euribor***') for three months deposits increased with the relevant margin (the '***Relevant Margin***') which shall be the aggregate of:

(i) in respect of the Class A1 Notes, the aggregate of:

(A) 0.12 per cent. per annum; and

(B) for the period from (and including) the Interest Payment Date falling in July 2008 to the date when the Class A1 Notes have been redeemed in full, 1.00 per cent. per annum (the '***Class A1 Step-Up Margin***').

(ii) in respect of the Class A2 Notes, the aggregate of:

(A) 0.15 per cent. per annum; and

(B) for the period from (and including) the Interest Payment Date falling in July 2010 to the date when the Class A2 Notes have been redeemed in full, 1.00 per cent. per annum (the '***Class A2 Step-Up Margin***').

(iii) in respect of the Class A3 Notes, the aggregate of:

(A) 0.20 per cent. per annum; and

(B) for the period from (and including) the Interest Payment Date falling in July 2012 to the date when the Class A3 Notes have been redeemed in full, 1.00 per cent. per annum (the '***Class A3 Step-Up Margin***').

(vi) in respect of the Class A4 Notes, the aggregate of:

(A) 0.28 per cent. per annum; and

(B) for the period from (and including) the Interest Payment Date falling in July 2015 to the date when the Class A4 Notes have been redeemed in full, 1.00 per cent. per annum (the '***Class A4 Step-Up Margin***')

(v) in respect of the Class A5 Notes, the aggregate of:

(A) 0.13 per cent. per annum; and

(B) for the period from (and including) the Interest Payment Date falling in July 2012 to the date when the Class A4 Notes have been redeemed in full, 1.00 per cent. per annum (the '***Class A5 Step-Up Margin***' and together with the Class A1 Step-Up Margin, the Class A2 Step-Up Margin, the Class A3 Step-Up Margin and the Class A4 Step-Up Margin, the '***Step-Up Margins***').

The term '***Step-Up Amount***' shall mean the euro amounts payable resulting from the application of the Step-Up Margin in respect of a Note in accordance with the method described in Condition 4(e) of these Conditions below.

(d) Euribor

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

(i) The Reference Agent will obtain for each Interest Period the rate equal to the sum of Euribor for three months deposits in euro. The Reference Agent shall use the Euribor rate which appears on the Telerate Page 248 (or following its replacement by Reuters Screen EURIBOR 01, the Euribor rate which appears on such Reuters Screen) as at or about 11:00 a.m. (Central European time) on the day that is two TARGET Settlement Days preceding the first day of each Interest Period (each an '***Interest Determination Date***'). A '***TARGET Settlement Day***' means a day on which the TARGET System is open.

(ii) If, on the relevant Interest Determination Date, such Euribor rate does not appear on the Telerate Page 248 (or its replacement Reuters Screen), or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:

(A) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the '***Reference Banks***') to provide a quotation for the rate at which three months Euro deposits are offered by it in the Euro-zone interbank mark at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks

in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and

(B) 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

(iii) if fewer than two such quotations are provided as requested, the rates of Interest for the Interest Period in question shall be the Reserve Interest Rate plus the Relevant Margin. The '***Reserve Interest Rate***' shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates quoted to the Reference Agent by two major banks in the Euro-zone, selected by the Reference Agent, at or about 11:00 a.m. (Central European time) on the relevant Interest Determination Date for 3 months loans in euros to leading European banks in an amount that is representative for a single transaction in the relevant market at the relevant time, and the Euribor for such Interest Period shall be the rate per annum equal to the Euro interbank offered rate for Euro deposits as determined in accordance with this paragraph (d), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Interest Period, Euribor applicable to the Notes during such Interest Period will be Euribor last determined in relation thereto.

(e) Determination of the Rate of Interest and Calculation of the Interest Amounts and Step-Up Amount

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Interest Determination Date, determine (i) the Rate of Interest applicable to the Interest Period beginning on (and including) such Interest Determination Date in respect of each class of Notes, (ii) the euro amount (the '***Interest Amount***') payable in respect of such Interest Period in respect of a Note and (iii) the Step-Up Amounts (if any) payable in respect of such Interest Period in respect of a Note.

The Interest Amounts in respect of the Notes on a date shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes as at such date, multiplying such sum by the actual number of days in the Interest Period divided by 360 and rounding the resultant figure downward to the nearest euro cent.

The Step-Up Amounts in respect of the Notes on a date shall be calculated by applying the Step-Up Margin to the Principal Amount Outstanding of the Notes as at such date, multiplying such sum by the actual number of days in the Interest Period divided by 360 and rounding the resultant figure downward to the nearest euro cent.

(f) Notification of the Rate of Interest and the Interest Amount

Without prejudice to Condition 13 of these Conditions, the Reference Agent will cause the relevant Rate of Interest and the relevant Interest Amount and the Interest Payment Date applicable to the Notes to be notified to the Issuer, the Security Trustee, the Paying Agents, the ATC Entities, Euronext Amsterdam and to the holders of the Notes by an advertisement in the

English language in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*). The Interest Amount and Interest 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 Interest Period.

(g) Determination or Calculation by Security Trustee

If the Reference Agent at any time for any reason does not determine the relevant Rate of Interest or fails to calculate the relevant Interest Amount in accordance with paragraph (e) above, the Security Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Interest Amount or Step-Up Amount in accordance with paragraph (e) above, and each such determination or calculation shall be final and binding on all parties.

(h) 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 identity of the Reference Banks will be determined by the Reference Agent at the relevant time. The initial Reference Agent shall be Deutsche Bank AG, London Branch. The Issuer has, subject to prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent by giving at least 90 days' notice in writing to that effect. Notice of any such termination will be given to the holders of the Notes in accordance with Condition 13 of these Conditions. If any person shall be unable or unwilling to continue to act as Reference Agent or if the appointment of the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor Reference Agent to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

5. Payment

(a) Payments of principal and interest in respect of the Global Notes will be made in euros against presentation, and (in the case of any payment which will result in all amounts of principal and interest having been paid on the relevant Global Note) surrender, of the relevant Global Note at the specified office of the Paying Agents.

(b) Payment of principal in respect of Definitive Notes will be made upon presentation and surrender of such Definitive Note at the specified office of the Paying Agents. Payments of interest in respect of the Definitive Notes will (subject as provided in this Condition 6(b) of these Conditions) be made only against presentation and surrender of the relevant Coupons at the specified office of the Paying Agents. Such payment will be made in euros in cash or by transfer to a euro account maintained by the payee with a bank in the Euro zone, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment. All payments of interest shall be made outside the United States.

(c) On the date upon which any Definitive Note becomes due and payable in full, unmatured Coupons (if any) of that class appertaining thereto (whether or not attached to such Note) shall become void and no payment shall be made in respect thereof. If the due date for redemption of any Definitive Note of a particular class is not an Interest Payment Date, accrued interest will be paid only against presentation and surrender of such Definitive Note.

(d) If any amount of principal is improperly withheld or refused on or in respect of any Note, the interest which continues to accrue in respect of such Note will be calculated in accordance with Condition 4 of these Conditions and will be paid against presentation of such Note at the specified office of the Paying Agents.

(e) At the Final Maturity Date (as defined in Condition 6 of these Conditions), or such earlier date the Notes become due and payable, the Definitive Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8 of these Conditions).

(f) If the relevant Interest Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an Euro account as referred to above, the Principal Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agents and their initial specified offices are set out below.

(g) The Issuer reserves the right subject to the prior written approval of the Security Trustee to vary or terminate at any time the appointment of the Paying Agents and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and that the Issuer will at all times maintain a paying agent having a specified office in the European Union which, for as long as the Notes are listed on Euronext Amsterdam shall be located in the Netherlands. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Noteholders at least 30 days prior to such event taking effect, in accordance with Condition 13 of these Conditions.

6. Redemption and purchase

(a) Final redemption

Unless previously redeemed as provided below, the Issuer shall redeem the Notes at their Principal Amount Outstanding on the Interest Payment Date falling in July 2017 (the '***Final Maturity Date***'). The date on which the Notes are redeemed in full could be substantially earlier than the Final Maturity Date.

(b) Mandatory redemption from Available Redemption Funds

Following the occurrence of a Non-Payment on the Expected Maturity Date Event (as defined in the Master Definitions Agreement), but prior to the earlier of the occurrence of a Failure to Pay Principal Event or a Borrower Event of Default (each as defined in the Master Definitions Agreement) or the service of an Issuer Enforcement Notice (as defined in Condition 10 of these Conditions), on each Interest Payment Date (other than the Interest Payment Date on which the Notes are to be redeemed under Condition 6(a) of these Conditions above), the Issuer shall be obliged to apply firstly, *pro rata* and *pari passu*, the Class A1 Note Available Redemption Amount to redeem the Class A1 Notes at their Principal Amount Outstanding, secondly, *pro rata* and *pari passu*, the Class A2 Note Available Redemption Amount to redeem the Class A2 Notes at their Principal Amount Outstanding, thirdly, *pro rata* and *pari passu*, the Class A3 Note Available Redemption Amount to redeem the Class A3 Notes at their Principal Amount Outstanding, and the Class A5 Note Available Redemption Amount to redeem the Class A5 Notes at their Principal Amount Outstanding, and fourthly, *pro rata* and *pari passu*, the Class A4 Note Available Redemption Amount to redeem the Class A4 Notes at their Principal Amount Outstanding.

Following the occurrence of the earlier of a Failure to Pay Principal Event or a Borrower Event of Default (as defined in the Master Definitions Agreement), but, prior to the service of an Issuer Enforcement Notice (as defined in Condition 10 of these Conditions), on each Interest Payment Date (other than the Interest Payment Date on which the Notes are to be redeemed under Condition 6(a) of these Conditions above), the Issuer shall be obliged to apply the Class A1 Note Redemption Available Amount, the Class A2 Note Redemption Available Amount, the Class A3 Note Redemption Available Amount, the Class A4 Note Redemption Available Amount and the Class A5 Note Available Redemption Amount (as defined below) to redeem (or partly redeem) (i) the Class A1 Notes at their Principal Amount Outstanding, (ii) the Class A2 Notes at their Principal Amount Outstanding, (iii) the Class A3 Notes at their Principal Amount Outstanding and (iv) the Class A4 Notes at their Principal Amount Outstanding and (v) the Class A5 Notes at their Principal Amount Outstanding, *pro rata* and *pari passu*, until fully redeemed.

The principal amount so redeemable in respect of each Note (each a '***Principal Redemption Amount***') on the relevant Interest Payment Date shall be the Note Redemption Available Amount relating to the relevant class of Notes on the Calculation Date relating to that Interest Payment Date, divided by the number of Notes of the relevant class subject to such redemption (rounded down to the nearest euro), provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note or the relevant class. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) Definitions

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

'***Calculation Date***' means, in relation to an Interest Payment Date, the date falling five Business Days prior to such Interest Payment Date.

'***Class A1 Note Redemption Available Amount***' shall mean the aggregate amount received by the Issuer as repayment of principal under the Term A1 Loan (as defined in the Master Definitions Agreement), including any amounts received by the Issuer in respect of an optional prepayment of the Term A1 Loan, on the relevant Interest Payment Date pursuant to the Secured Loan Agreement.

'***Class A2 Note Redemption Available Amount***' shall mean the aggregate amount received by the Issuer as repayment of principal under the Term A2 Loan (as defined in the Master Definitions Agreement), including any amounts received by the Issuer in respect of an optional prepayment of the Term A2 Loan, on the relevant Interest Payment Date pursuant to the Secured Loan Agreement.

'***Class A3 Note Redemption Available Amount***' shall mean the aggregate amount received by the Issuer as repayment of principal under the Term A3 Loan (as defined in the Master Definitions Agreement), including any amounts received by the Issuer in respect of an optional prepayment of the Term A3 Loan, on the relevant Interest Payment Date pursuant to the Secured Loan Agreement.

'***Class A4 Note Redemption Available Amount***' shall mean the aggregate amount received by the Issuer as repayment of principal under the Term A4 Loan (as defined in the Master Definitions Agreement), including any amounts received by the Issuer in respect of an optional prepayment of the Term A4 Loan, on the relevant Interest Payment Date pursuant to the Secured Loan Agreement.

'***Class A5 Note Redemption Available Amount***' shall mean the aggregate amount received by the Issuer as repayment of principal under the Term A5 Loan (as defined in the Master Definitions Agreement), including any amounts received by the Issuer in respect of the optional prepayment of the Term A5 Loan, on the relevant Interest Payment Date pursuant to the Secured Loan Agreement.

'***Early Note Prepayment Percentage***' means:

With respect to the Class A2 Notes: (i) if an optional redemption pursuant to Condition 6(e) occurs during the period from the Initial Closing Date up to and including 20 July 2006, 0.50 per cent., (ii) if an optional redemption occurs during the period from and including 21 July 2006 up to and including 20 July 2007, 0.30 per cent., and (iii) if an optional redemption occurs during the period from and including 21 July 2007 up to and including 20 July 2008, 0.15 per cent.

With respect to the Class A3 Notes: (i) if an optional redemption pursuant to Condition 6(e) occurs during the period from the Initial Closing Date up to and including 20 July 2006, 0.50 per cent., (ii) if an optional redemption occurs during the period from and including 21 July

2006 up to and including 20 July 2007, 0.40 per cent., (iii) if an optional redemption occurs during the period from and including 21 July 2007 up to and including 20 July 2008, 0.25 per cent., and (iv) if an optional redemption occurs during the period from and including 21 July 2008 up to and including 20 July 2009, 0.15 per cent.

With respect to the Class A4 Notes: (i) if an optional redemption pursuant to Condition 6(e) occurs during the period from and including the Initial Closing Date up to and including 20 July 2006, 0.50 per cent., (ii) if an optional redemption occurs during the period from and including 21 July 2006 up to and including 20 July 2007, 0.40 per cent., (iii) if an optional redemption occurs during the period from and including 21 July 2007 up to and including 20 July 2008, 0.30 per cent., (iv) if an optional redemption occurs during the period from and including 21 July 2008 up to and including 20 July 2009, 0.20 per cent., and (v) if an optional redemption occurs during the period from and including 21 July 2009 up to and including 20 July 2010, 0.10 per cent.

With respect to the Class A5 Notes: (i) if an optional redemption pursuant to Condition 6(e) occurs from and including the Closing Date up to and including 20 July 2007, 0.50 per cent., (ii) if an optional redemption occurs during the period from and including 21 July 2007 up to and including 20 July 2008, 0.40 per cent., (iii) if an optional redemption occurs during the period from and including 21 July 2008 up to and including 20 July 2009, 0.25 per cent., and (v) if an optional redemption occurs during the period from and including 21 July 2009 up to and including 20 July 2010, 0.15 per cent.

'***Early Note Prepayment Compensation Amount***' means with respect to a Note of a certain class an amount equal to X*Y whereby X is the relevant Redemption Amount (as defined below) in respect of that Note and Y is the Early Note Prepayment Percentage applicable to that Note (if any).

The '***Principal Amount Outstanding***' on any Calculation 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 been paid prior to such date.

(d) Determination of the Principal Redemption Amount and the Principal Amount Outstanding

(i) On each Calculation Date in circumstances where this Condition 6 of these Conditions requires, the Issuer shall determine (or cause the Reference Agent to determine) (a) the Principal Redemption Amount and (b) the Principal Amount Outstanding of the relevant Note on the first day following the Interest Payment Date. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.

(ii) The Issuer will cause each determination of a Principal Redemption Amount and the Principal Amount Outstanding of Notes to be notified forthwith to the Reference Bank which will then forthwith notify the Security Trustee, the Paying Agents, Euroclear, Clearstream Luxembourg, Euronext Amsterdam and to the

holders of Notes by an advertisement in the English language in the Euronext Amsterdam Daily Official List (*Officiële Prijscourant*). If no Principal Redemption Amount is due to be made on the Notes on any applicable Interest Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13 of these Conditions.

(e) Optional redemption

(i) On giving not more than 60 nor less than 15 days' notice to the Security Trustee, the Paying Agents, the Reference Agent and the Noteholders in accordance with Condition 13 of these Conditions and provided that (A) on the Interest Payment Date on which such notice expires, no Issuer Enforcement Notice has been served by the Security Trustee and (B) the Issuer has, prior to giving such notice, certified to the Security Trustee, and provided evidence acceptable to the Security Trustee (by no later than five Business Days prior to the relevant Interest Payment Date) that it will have the necessary funds to pay all principal and interest and Step-Up Amounts (if any) due in respect of the Notes on such Interest Payment Date and to discharge any amounts required under the Security Agreement to be paid in priority to, or *pari passu* with the Notes to be redeemed on such Interest Payment Date (provided that the Class A4 Notes can only be redeemed simultaneously with or after the redemption of the Class A3 Notes, and the Class A5 Notes, the Class A3 Notes and the Class A5 Notes can only be redeemed simultaneously with or after the redemption of the Class A2 Notes, and the Class A2 Notes can only be redeemed simultaneously with or after the redemption of the Class A1 Notes), and that those funds will on the redemption date be subject to the security constituted by the Security Agreement and not subject to the interests of any other person, the Issuer may redeem on any Interest Payment Date, in whole or in part, any classes or class of Notes provided that the minimum amount of any such redemption will be €2,000,000 in aggregate principal amount of the Notes and thereafter in multiples of €500,000 in aggregate principal amount or, if less, the aggregate Principal Amount Outstanding of the Notes to be redeemed on the relevant Interest Payment Date.

(ii) Any note redeemed pursuant to Condition 6(e)(i) of these Conditions will be redeemed at 100 per cent. of the then Principal Amount Outstanding of the relevant Note to be redeemed on the relevant Interest Payment Date (the '***Redemption Amount***') together with accrued but unpaid interest on the Principal Amount Outstanding of such Note and the relevant Early Note Prepayment Compensation Amounts, if required.

(f) Optional redemption for tax or other reasons

If the Issuer at any time satisfies the Security Trustee immediately prior to the giving of the notice referred to below that:

(i) by reason of a change in tax law (or the application or official interpretation thereof), on the next Interest Payment Date, the Issuer would be required to

deduct or withhold from any payment of principal or interest on the Notes are to be made subject to withholding or deduction of any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Netherlands or any political sub-division thereof or any authority thereof or therein; or

(ii) due to a change in law, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any advances made or to be made by it under the Secured Loan Agreement; or

(iii) by reason of a change in tax law (or the application or official interpretation thereof), on the next Interest Payment Date the Borrowers under the Secured Loan Agreement would be required to deduct or withhold from any payment of principal, interest or other sum due and payable under the Secured Loan Agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Netherlands or any political sub- division thereof or any authority thereof or therein,

then the Issuer may, on any date and having given not more than 60 nor less than 35 days' notice in writing (or, in the case of an event described in (ii) above, such shorter period expiring on or before the latest date permitted by relevant law) to the Security Trustee, the Paying Agents, the Reference Agent and the Noteholders in accordance with Condition 13 of these Conditions, redeem all, but not some only, of the Notes at their Principal Amount Outstanding together with accrued but unpaid interest and Step-Up Amount(s) (if any) on their Principal Amount Outstanding up to but excluding the date of repayment provided that any Note which is redeemed in accordance with this Condition 6(f) of these Conditions otherwise than on an Interest Payment Date (the '***Redemption Date***') shall be redeemed at its Principal Amount Outstanding on the Redemption Date together with (i) accrued but unpaid interest and Step-Up Amount(s) (if any) up to (and including) the Redemption Date and (ii) an additional amount equal to:

PAO x [(A-B) x C/360]

where:

'***PAO***' is the Principal Amount Outstanding of such Note to be redeemed on the Redemption Date:

'***A***' is the prevailing Rate of Interest for the Notes for the Interest Period during which the Redemption Date falls;

'***B***' is Euribor determined on the Relevant Date (as defined below) for a period equal to the period from (and including) the Business Day following the Redemption Date to (and excluding) the next succeeding Interest Payment Date ('***Note Relevant Period***'); and

'***C***' is the number of days in the Note Relevant Period.

For the purposes of this Condition 6(f), Euribor shall be calculated in accordance with the method prescribed in Condition 4(d) of these Conditions, but for a period equal to the Note Relevant Period.

(g) Failure to determine Principal Redemption Amount and Principal Amount Outstanding

If the Issuer (or the Reference Agent on its behalf) does not at any time for any reason determine a Principal Redemption Amount and the Principal Amount Outstanding of the Notes in accordance with Condition 6 of these Conditions such Principal Redemption Amount and Principal Amount Outstanding of the Notes shall be determined by the Security Trustee in accordance with Condition 6 of these Conditions and each such determination or calculation shall be deemed to have been made by the Issuer and shall, in the absence of manifest error, be binding upon the Issuer and the Noteholders.

(h) Notice of redemption

Any notice as is referred to in Condition 6(e) and 6(f) of these Conditions shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at the amounts specified in these Conditions.

(i) No purchase by Issuer

The Issuer will not be permitted to purchase any of the Notes, other than in accordance with the Relevant Documents.

(j) Cancellation

All Notes redeemed in full 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.

7. Taxation

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

8. Prescription

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

9. No recourse

In the event that the Issuer Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under clause 8 of the Trust Deed in priority to, or *pari passu* with, the Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes, the Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

10. Events of Default

The Security Trustee, if so requested in writing by the holders of the Notes holding at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes, or, if so directed by an Extraordinary Resolution of the Noteholders (subject, in each case, to being indemnified to its satisfaction) shall (but in the case of the occurrence of any of the events mentioned in (b) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders) give notice (an '***Issuer Enforcement Notice***') to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following shall occur (each an '***Issuer Event of Default***'):

(a) default is made for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes of the relevant class other than Step-Up Amounts; or

(b) the Issuer fails to perform any of its other material obligations binding on it under the Notes and the Relevant Documents and, except where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of thirty (30) days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or

(c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any material part of the Issuer's assets is made and not discharged or released within a period of thirty (30) days; or

(d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or winding-up of the Issuer or for the appointment of an administrator (*bewindvoerder*) of the Issuer; or

(e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*akkoord*) with its creditors; or

(f) the Issuer files a petition for a provisional or definite suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or is declared bankrupt.

11. Enforcement

(a) At any time if an Issuer Event of Default has occurred and an Issuer Enforcement Notice has been issued pursuant to Condition 10 of these Conditions, the Security Trustee may, at its discretion and without further notice, take such steps as it may think fit to enforce the Issuer Security Documents but it shall not be bound to take any such steps unless:

(i) it is directed by an Extraordinary Resolution of the Noteholders; or

(ii) it is so requested in writing by the holders of the Notes holding at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes; and, in each case

(iii) it shall have been indemnified to its satisfaction,

provided that it shall enforce an Issuer Security Document without such Extraordinary Resolution or directions referred to in (i) or (ii) above, as the case may be, if a failure to take immediate enforcement action would or may jeopardise the value or availability of the security created pursuant to any or all of the Issuer Security Documents for the benefit of the Noteholders.

(b) Enforcement of the Issuer Security Documents shall be the only remedy available to the Security Trustee, the Noteholders and the Couponholders for the recovery of amounts owing in respect of the Notes and the Coupons. If and to the extent that the net proceeds of realising the Issuer Security (after discharging prior ranking liabilities in accordance with the Security Agreement) are insufficient to pay in full principal and/or interest in respect of the Notes, then the obligations of the Issuer in respect of such unpaid amounts shall thereupon be extinguished.

(c) Neither the Security Trustee nor the Noteholders may institute against, or join any person in instituting against, the Issuer any bankruptcy, suspension of payment, winding up, insolvency or liquidation proceeding until one year after the payment in full of all obligations of the Issuer (secured pursuant to the Issuer Security Documents).

(d) No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

12. The Security Trustee

(a) The Trust Deed and the Security Agreement contain provisions governing the responsibility (and relief from responsibility) of the Security Trustee and providing for its indemnification in certain circumstances including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security Documents unless indemnified to its satisfaction.

(b) The Security Trustee, the Reference Agent and the Paying Agents and their related companies are entitled to enter into business transactions with the Issuer, the Hedging Provider, any Vesteda Group Company and/or related companies of any of them without accounting for any profit resulting therefrom.

(c) The Security Trustee will not be responsible for, *inter alia*, any loss occasioned thereby from monies received or held by or on behalf of the Security Trustee which may, in accordance with the Security Agreement, be invested in its name by placing it on deposit in the name of the Security Trustee at any bank or institution as the Security Trustee may determine nor for any loss occasioned by the placing of any documents representing its interest in any of the secured assets in any receptacle, *inter alia*, selected by it or with notaries or attorneys.

13. Notices

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

14. Meetings of Noteholders; Modification; Consents; Waiver

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

A meeting of the Noteholders as referred to above may be convened by the Issuer or by the Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes. The quorum for any meeting convened to consider an Extraordinary Resolution will be two-thirds of the Principal Amount Outstanding of the Notes and at such a meeting an Extraordinary Resolution is adopted with not less than a two-third majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution, including, the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes and the majority required shall be at least 75 per cent. of the validly cast votes at that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting

of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-thirds majority of the validly cast votes, except that (i) for an Extraordinary Resolution relating to the sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the validly cast votes, regardless of the Principal Amount Outstanding of the Notes and (ii) if the Extraordinary Resolution relates to the removal and replacement of any or all of the managing directors of the Security Trustee at least 30 per cent. of the Notes should be represented.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Notes, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Notes, as the case may be, shall take effect unless it shall have been sanctioned with respect to the Noteholders.

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

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

(c) In connection with the exercise of its functions (including but not limited to those referred to in this Condition 14) the Security Trustee shall have regard to the interests of the Noteholders as a whole and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15. Further Issues

(a) The Issuer may, without the consent of the Noteholders, but subject always to the provisions of these Conditions and the Trust Deed and provided it does not adversely affect the then current rating of the Notes, raise further funds, from time to time, on any date (subject to certain conditions being met), by the creation and issue of further Notes

(the '***Further Notes***') in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, one of the classes of the Notes provided that:

(i) the aggregate principal amount of all Further Notes to be issued on such date is not less than €50,000,000;

(ii) such Further Notes shall rank no more than *pari passu* with the Notes then outstanding;

(iii) the Further Notes shall have the same benefit of the security granted to the Security Trustee in respect of the Notes and the Notes under the terms of the Security Agreement;

(iv) the Rating Agencies confirm in writing to the Security Trustee that the existing classes of the Notes and the Notes will not be downgraded as a result of the proposed issue of Further Notes or as a result of the manner of application of the proceeds of such Further Notes by way of further advances in accordance with the terms of the Secured Loan Agreement ('***Further Term Advances***'); and

(v) no Issuer Event of Default or Potential Issuer Event of Default has occurred or is continuing unremedied or unwaived.

(b) Any issue of Notes pursuant to Condition 15 shall be notified to the Noteholders in accordance with Condition 13.

16. New Notes

The Issuer may, without the consent of the Noteholders and the Couponholders but subject always to the provisions of these Conditions and the Trust Deed, raise further funds from time to time by the creation and issue of new notes (the '***New Notes***') in bearer form which may rank *pari passu* with the Notes or after the Notes carrying terms which differ from the Notes and which do not form a single series with the Notes provided that the conditions to the issue of Further Notes as set out in Condition 15 of these Conditions are met, *mutatis mutandis*, in respect of the issue of such New Notes.

17. Supplemental Trust Deeds and Security

Any such Further Notes or New Notes will be constituted by a further deed or deeds supplemental to the Trust Deed and have the benefit of security pursuant to the Security Agreement as described above in Condition 2 of these Conditions.

18. Governing Law

The Notes and Coupons are governed by, and will be construed in accordance with, the laws of the Netherlands. In relation to any legal action or proceedings arising out of or in connection with the Notes and Coupons, each of the Issuer, the holder of any Notes and the

holder of any Coupons irrevocably submits to the jurisdiction of the competent court in Amsterdam, the Netherlands.

19. Additional obligations

For as long as the Notes are listed on Euronext Amsterdam, the Issuer will comply with the provisions set forth in Rule 6.10 of Euronext Rule Book, Book 1 (Harmonised Market Rules) as amended from time to time.

THE CLASS A5 GLOBAL NOTES

The Class A5 Notes shall be initially represented by a Temporary Global Note in bearer form, without coupons, in the principal amount of €350,000,000 (the a '***Class A5 Temporary Global Note***'). The Class A5 Temporary Global Note will be deposited with Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London, EC 2N 2DB, United Kingdom, as common depository (the '***Common Depositary***') for Euroclear Bank S.A./N.V., as operator of the Euroclear System ('***Euroclear***') and Clearstream Banking, société anonyme ('***Clearstream Luxembourg***') on or about the Closing Date. Upon deposit of the Class A5 Temporary Global Note, Euroclear or Clearstream Luxembourg, as the case may be, will credit each purchaser of the Notes represented by the Class A5 Temporary Global Note with the principal amount of the relevant class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in the Class A5 Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Class A5 Notes (the '***Exchange Date***') for interests in a permanent global note (the '***Class A5 Permanent Global Note***'), in bearer form, without coupons, in the principal amount of the Notes of the relevant class (the expression '***Class A5 Global Notes***' meaning the Class A5 Temporary Global Note and the Class A5 Permanent Global Note and the expression '***Class A5 Global Note***' means either or both of them, as the context may require). On the exchange of the Class A5 Temporary Global Note for the Class A5 Permanent Global Note, the Class A5 Permanent Global Note will remain deposited with the Common Depository.

The Class A5 Global Notes will be transferable by delivery. The Class A5 Permanent Global Note will be exchangeable for Class A5 Definitive Notes (defined below) only in the circumstances described below. Each of the persons shown in the records of Euroclear or Clearstream Luxembourg as the holder of a Class A5 Note will be entitled to receive any payment made in respect of that Class A5 Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Class A5 Notes, which must be made by the holder of the Class A5 Global Note, for so long as the Class A5 Global Note is outstanding. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange the Class A5 Temporary Global Note for the Class A5 Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Class A5 Notes.

For so long as any Class A5 Notes are represented by the Class A5 Global Note, such Class A5 Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream Luxembourg, as appropriate.

For so long as all of the Class A5 Notes are represented by the Class A5 Global Notes and such Class A5 Global Notes are held on behalf of Euroclear and/or Clearstream Luxembourg, notices to the Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 13 of these Conditions. Any such notice shall be deemed to have been given to the Class A5 Noteholders on

the seventh day after the day on which such notice is delivered to Euroclear and/or Clearstream Luxembourg (as the case may be) as aforesaid.

For so long as a class of the Class A5 Notes are represented by a Class A5 Global Note, each person who is for the time being shown in the records of Euroclear or of Clearstream Luxembourg as the holder of a particular principal amount of Class A5 Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of such Class A5 Notes and the expression Class A5 Noteholder shall be construed accordingly, but without prejudice to the entitlement of the bearer of relevant Class A5 Global Note to be paid principal thereon and interest with respect thereto in accordance with and subject to its terms. Any statement in writing issued by Euroclear or Clearstream Luxembourg as to the persons shown in its records as being entitled to such Class A5 Notes and the respective principal amount of such Class A5 Notes held by them shall be conclusive for all purposes.

If after the Exchange Date (i) the Class A5 Notes become immediately due and payable by reason of accelerated maturity following an Issuer Event of Default, or (ii) either Euroclear or Clearstream Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Class A5 Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue Class A5 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A5 Notes.

Such note in definitive form being referred to herein as '***Class A5 Definitive Notes***'.

The Issuer will issue Class A5 Definitive Notes in each case within 30 days of the occurrence of the relevant event, subject in each case to certification as to non-U.S. beneficial ownership.

MODELLING ASSUMPTIONS

Weighted Average Life of the Notes

The weighted average life of a Note refers to the average amount of time that will elapse from the date of its issuance until each euro allocable to principal of such Note is distributed to the investor. For purposes of this Prospectus, the weighted average life of a Note is determined by (i) multiplying the amount of each principal distribution thereon by the number of years from the Closing Date to the related Interest Payment Date, (ii) summing the results and (iii) dividing the sum by the aggregate amount of the reductions in the Principal Amount Outstanding of such Note.

Accordingly, the weighted average life of any such Note will be influenced by, among other things, the rate at which principal of the Term Loans is paid or otherwise collected or advanced and the extent to which such payments, collections or advances of principal are in turn applied in reduction of the Principal Amount Outstanding of the class of Notes to which such Note belongs.

The following tables indicate the resulting weighted average lives of the Notes and sets forth the percentage of the initial Principal Amount Outstanding of each such class of Notes that would be outstanding after the Closing Date and on each Distribution Date, after repayment or prepayment, as applicable, of principal paid in that period, occurring in October of each year until July 2017, under each of the stated scenarios.

	Class A5	
Interest Payment Date	**Scenario 1**	**Scenario 2**
Initial Percentage	100%	100%
October 2007	100%	100%
October 2008	100%	100%
October 2009	100%	100%
October 2010	100%	0%
October 2011	100%	0%
October 2012	0%	0%
October 2013	0%	0%
October 2014	0%	0%
October 2015	0%	0%
October 2016	0%	0%
July 2017	0%	0%
Weighted Average Life (years)	5.25	3.5

Scenario 1: Notes are assumed to be redeemed at their expected maturity dates.

Scenario 2: Notes are assumed to be redeemed on the first Interest Payment Date following the first day that amounts can be prepaid without incurring any Prepayment Compensation Amounts

Note: For purposes of calculating the numbers in these tables, the IPD are assumed to fall on the 20th day of the month in which the relevant Interest Payment Date falls whether a Business Day or not.

TAXATION IN THE NETHERLANDS

The Information given below is neither intended as a tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Class A5 Notes. Prospective purchasers are advised to acquaint themselves with the overall tax consequences of purchasing, holding and/or selling the Class A5 Notes or the Class A5 Coupons.

The Issuer has been informed that under the current tax law and jurisprudence of the Netherlands:

(A) All payments by the Issuer in respect of the Class A5 Notes or Class A5 Coupons can be made without withholding or deduction for or because of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Netherlands tax authorities or any political subdivision thereof or therein.

(B) A corporation being a holder of a Class A5 Note or a Class A5 Coupon, that derives income from such Class A5 Note or Class A5 Coupon or that realises a gain on the disposal, deemed disposal, exchange or redemption of a Class A5 Note or a Class A5 Coupon, will not be subject to any Netherlands taxes on income or capital gains, unless:

(i) the holder is, or is deemed to be a resident of the Netherlands; or

(ii) the holder has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands, to which enterprise or part of an enterprise the Class A5 Note or Class A5 Coupon is attributable; or

(iii) the holder has a substantial interest, as defined in Dutch tax law, in the share capital of the Issuer and the substantial interest does not form part of the business assets of the holder. For the purposes of this clause (iii), a substantial interest is generally present if a corporation directly or indirectly, owns or has certain other rights over, shares constituting five per cent. or more of the Issuer's aggregate issued share capital or, if the Issuer has several classes of shares, of the issued share capital of any class of shares or, if the Issuer has issued profit certificates, of profit certificates entitling him to at least five per cent. of the annual profit or to at least five per cent. of the liquidation proceeds.

An individual being a holder of a Class A5 Note or a Class A5 Coupon, who derives income from such Class A5 Note or Class A5 Coupon or who realises a gain on the disposal, deemed disposal, exchange or redemption of a Class A5 Note or Class A5 Coupon, will not be subject to any Netherlands taxes on income or capital gains in respect of such income or gain unless the conditions as mentioned under (i) or (ii) above are met, or unless:

(iv) the individual holder of a Class A5 Note or a Class A5 Coupon has elected to be taxed as a resident of the Netherlands; or

(v) the individual holder has an interest in an enterprise that has its place of management in the Netherlands and to which enterprise the Class A5 Note or Class A5 Coupon is attributable, unless such interest arises out of employment or securities; or

(vi) such income or gain form 'results from other activities performed in the Netherlands' (*resultaat uit overige werkzaamheden*) as defined in the Personal Income Tax Act 2001, which would for instance be the case if the activities in the Netherlands with respect to the Class A5 Notes exceed '*normal active asset management*' (*normaal, actief vermogensbeheer*). Such definition includes but is not limited to the case where the individual Class A5 Noteholder or any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, or certain other of such person's relatives has a substantial interest in the Issuer, the Borrowers, any of the participants in Vesteda Woningen or any other corporate entity that legally or de facto, directly or indirectly, has the disposition of the proceeds of the Class A5 Notes. For the purposes of this clause (vi), a substantial interest is generally present if such individual alone or together with his spouse or partner, as the case may be, directly or indirectly, owns, or has certain other rights over, shares constituting five per cent. or more of a company's aggregate issued share capital or, if a company has several classes of shares, of the issued share capital of any class of shares or, if a company has issued profit certificates, of profit certificates entitling him to at least five per cent. of the annual profit or to at least five per cent. of the liquidation proceeds.

A holder of a Class A5 Note or Class A5 Coupon will not be subject to Netherlands taxation on income and capital gains merely by reason of the execution, delivery and/or enforcement of the documents relating to the issue of the Class A5 Notes, the issue of the Class A5 Notes or the performance by the Issuer of its obligations under the Class A5 Notes.

(C) No gift, estate or inheritance taxes will arise in the Netherlands in respect of the transfer or deemed transfer of a Class A5 Note by way of a gift by, or on the death of, a Class A5 Noteholder who is not a resident or deemed resident of the Netherlands, provided that (i) such Class A5 Notes are not attributable to an enterprise, owned by the donor or the deceased or in which the donor or the deceased has, at the time of the gift, or had, at the time of his death an interest and that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands, (ii) such Class A5 Notes are not attributable to an enterprise that has its place of management in the Netherlands and in which the donor or deceased has or had an interest unless such interest arises out of employment or securities, and (iii) in the case of a gift of Class A5 Notes by an individual holder who at the date of the gift was neither resident nor

deemed to be resident in the Netherlands, such individual holder does not die within 180 days after the date of the gift, while being resident or deemed to be resident of the Netherlands.

(D) There will be no registration tax, capital transfer tax, customs duty, stamp duty, property transfer tax or any other similar tax or duty due in the Netherlands in respect of or in connection with the issue, transfer and/or delivery of the Class A5 Notes or Class A5 Coupons or the execution, delivery and/or enforcement by legal proceedings of the Relevant Documents or the performance of the Issuer's obligations thereunder or under the Class A5 Notes.

(E) No value added tax will be due in the Netherlands in respect of payments in consideration of the issue of the Class A5 Notes, and/or in respect of payments of interest and principal on a Class A5 Note or Class A5 Coupon, and/or in respect of the transfer of a Class A5 Note or a Class A5 Coupon, and/or in connection with the Relevant Documents or in connection with the arrangements contemplated thereby, other than value added tax on the fees payable for services which are not expressly exempt from VAT, such as management, administrative, notarial and similar activities, safekeeping of the Class A5 Notes and the handling and verifying of documents.

PURCHASE AND SALE

ABN AMRO Bank N.V., London Branch, (the '***Manager***') has, pursuant to a subscription agreement dated on or around the Closing Date, between the Manager, the Issuer, Groep and the Borrowers (the '***Class A5 Note Subscription Agreement***'), agreed with the Issuer, subject to certain conditions, to purchase the Class A5 Notes at their issue price. The Issuer has agreed to indemnify and reimburse the Manager against certain liabilities and expenses in connection with the issue of the Class A5 Notes.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a '***Relevant Member State***'), the Manager has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the '***Relevant Implementation Date***') it has not made and will not make an offer of Class A5 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 Class A5 Notes to the public in that Relevant Member State:

(a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Class A5 Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, 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 EUR 43,000,000 and (3) an annual turnover of more than EUR 50,000,000, all 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.

For the purposes of this provision, the expression "*offer of Class A5 Notes to the public*" in relation to any Class A5 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 Class A5 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Class A5 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.

United States

The Class A5 Notes have not been and will not be registered under the Securities Act or the securities laws of any state within the United States and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Class A5 Notes are in bearer form and are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

The Manager has agreed that it will not offer or sell the Class A5 Notes, (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering or the Closing Date, except in offshore transactions and in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that:

(a) neither it nor any of its affiliates (including any person acting on its behalf or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Class A5 Notes; and

(b) it and its affiliates have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act.

The Manager has also undertaken that, at or prior to confirmation of sale, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration which purchases the Class A5 Notes from it during the restricted period a confirmation or notice in substantially the following form:

"The Securities covered hereby have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, (a) as part of their distribution at any time; or (b) otherwise until forty (40) days after the later of the commencement of the offering and the Closing Date, except in either case in offshore transactions and in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In addition, the Manager has represented to and agreed with the Issuer that:

(a) except to the extent permitted under United States Treasury Regulation, Section 1.163-5(c)(2)(i)(D) (the "***D Rules***"), (i) it has not offered or sold, and during the restricted period that it will not offer or sell, any Class A5 Notes to a person who is within the United States or its possessions or to a U.S. person; and (ii) it has not

delivered and will not deliver in definitive form within the United States or its possessions any Class A5 Notes that are sold during the restricted period;

(b) it has, and throughout the restricted period it will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Class A5 Notes are aware that the Class A5 Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person, except as permitted by the D Rules;

(c) with respect to each affiliate which acquires Class A5 Notes from it for the purpose of offering or selling such Class A5 Notes during the restricted period, it has either: (i) repeated and confirmed the representations and agreements contained in paragraphs (a) and (b) on its own behalf; or (ii) agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraphs (a) and (b); and

(d) it has not entered and will not enter into any contractual arrangement with a distributor (as that term is defined for the purposes of the D Rules) with respect to the distribution of the Class A5 Notes, except with its affiliates or with respect to the distribution of the Class A5 Notes, except with its affiliates or with the prior written consent of the Issuer.

Terms used in this section have the meanings given to them by Regulation S under the Securities Act and by the United States Internal Revenue Code 1986, as amended, and regulations thereunder, including the D Rules.

United Kingdom

The Manager has represented and agreed that:

(a) 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 Financial Services and Markets Act 2000 ('***FSMA***')) received by it in connection with the issue or sale of the Class A5 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Class A5 Notes in, from or otherwise involving the United Kingdom.

France

The Manager has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, Class A5 Notes to the public in France and that offers and sales of Class A5 Notes in France will be made only to qualified investors (*investisseurs qualifiés*), as

defined in Articles L.411-2 and D.411-1 to D.411-3 of the *Code monétaire et financier*, but excluding individuals referred to in Article D.411-1 II 2°.

In addition, the Manager has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France this Prospectus or any other offering material relating to the Class A5 Notes other than to investors to whom offers and sales of Class A5 Notes in France may be made as described above.

Ireland

The Manager has agreed that:

(a) it will not underwrite the issue of, or place the Class A5 Notes, otherwise than in conformity than with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including, without limitation, Sections 9 and 23 thereof and any codes of conduct rules made under Section 37 thereof and the provisions of the Investor Compensation Act 1998;

(b) it will not underwrite the issue of, or place, the Class A5 Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942- 1999 (as amended) and any codes of conduct rules made under Section 117(1) thereof; and

(c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Class A5 Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by IFSRA pursuant thereto.

Luxembourg

The Manager has represented and agreed that it has not offered or sold, and will not offer or sell, the Class A5 Notes to the public within the territory of the Grand-Duchy of Luxembourg unless:

(a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**") if Luxembourg is the home member state (as defined in the Law of 10 July 2005 on prospectuses for securities and implementing the Prospectus Directive); or

(b) if Luxembourg is not the home member state, the CSSF has been notified by the competent authority in the home member state that a prospectus in relation to the Class A5 Notes has been duly approved in accordance with the Prospectus Directive; or

(c) the offer benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a prospectus.

General

The distribution of this Prospectus and the offering of the Class A5 Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer, or an invitation to subscribe for or purchase, any Class A5 Notes.

GENERAL INFORMATION

1. The issue of the Class A5 Notes has been authorised by a resolution of the managing director of the Issuer adopted on 17 April 2007.

2. The Class A5 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 029584494 and ISIN XS0295844947 and Fondscode 86447.

3. There has been no material adverse change in the financial position or prospects of the Issuer since 18 April 2007.

4. Ernst & Young, auditors of the Issuer has given and not withdrawn its written consent to the inclusion herein of its report in the form and context in which it appears on page 142.

5. Ernst & Young, auditors of the Vesteda Group, has given and not withdrawn its written consent to the inclusion herein of its report in the form and context in which it appears on page 137.

6. Since its incorporation, the Issuer has not been involved in any governmental, legal or arbitration proceedings (including, as far as the Issuer is aware, any such proceedings which are pending or threatened against the Issuer), which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability. In the last 12 months, Vesteda Woningen has not been involved in any governmental, legal or arbitration proceedings (including, as far as Vesteda Woningen is aware, any such proceedings which are pending or threatened against Vesteda Woningen), which may have, or have had in the recent past, significant effects on Vesteda Woningen's financial position or profitability.

7. Copies of the following documents may be inspected (and, in the case of the documents listed in (c), (d), (e) and (f) below, will be made available on the website of Vesteda Woningen (www.vesteda.com) or a secured part thereof and, in the case of the documents listed in (a), (b), (c), (d), (e) and (f) below, may be obtained in hard copy form) during normal business hours at the specified offices of the Security Trustee and the Paying Agents at any time after the date of this document:

   (a) copies of:

      (i) the Deed of Incorporation of the Issuer;

      (ii) the Bank Account and Cash Management Agreement; and

      (iii) the Corporate Services Agreements.

(b) prior to the Closing Date, drafts (subject to modification) and after the Closing Date, copies of the following documents:

(i) the Secured Loan Agreement;

(ii) the Paying Agency Agreement;

(iii) the Trust Deed;

(iv) the Security Agreement;

(v) the Issuer Pledge Agreement;

(vi) the Share Pledge Agreement;

(vii) the Original Hedging Agreement;

(viii) the Liquidity Facility Agreement;

(ix) the Master Definitions Agreement;

(x) the Supplemental Hedging Agreement; and

(xi) The Master Amendment and Restatement Agreement;

(c) the most recent audited financial statements of the Issuer;

(d) the most recent Annual Report;

(e) the most recent Quarterly Report; and

(f) the most recent Borrower Compliance Certificate.

8. The audited financial statements of the Issuer prepared annually shall be made available, free of charge, at the specified offices of the Paying Agents.

9. The following documents are incorporated herein by reference and shall be made available, free of charge, at the office of the Issuer during normal business hours:

(a) the articles of association of the Issuer;

(b) the financial statements of Vesteda Woningen for the year 2005;

(c) the financial statements of Vesteda Woningen for the year 2006;

(d) the financial statements of the Issuer for the year 2005; and

(e) the financial statements of the Issuer for the year 2006.

10. This Prospectus constitutes a prospectus for the purpose of the Rules set forth in Euronext Rule Book, Book 1 (Harmonised Market Rules) Euronext Amsterdam and for the purposes of Directive 2003/71/EC of 4 November 2003.

11. Each individual auditor to the Issuer and Vesteda Group is a member of the Royal NIVRA (*Koninklijk Nederlands Instituut van Registeraccountants*).

12. There has been no significant change in the financial or trading position of Vesteda Group since the end of the last financial period and the last financial statement published.

13. There has been no material adverse change in the prospects of Vesteda Group since the date of its last published audited financial statements.

14. The estimated aggregate costs of the transaction described in this Prospectus amount to 0.4 per cent. of the proceeds of the Class A5 Notes.

15. This Prospectus has been approved by the Netherlands Authority for Financial Markets (*Autoriteit Financiële Markten*) in compliance with Directive 2003/71/EC of 4 November 2003.

INDEX OF DEFINED TERMS

REGISTERED OFFICES

ISSUER

Vesteda Residential Funding II B.V.
Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

CORPORATE ADMINISTRATOR

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

SECURITY TRUSTEE

Stichting Vesteda Residential Funding II
Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

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To the Borrowers and the Issuer as to Dutch law:
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Strawinskylaan 2001
1077 ZZ Amsterdam
The Netherlands

To the Manager as to Dutch law and English law:
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1013 GE Amsterdam
The Netherlands

TAX ADVISERS

To the Borrowers and the Issuer:

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1083 HK Amsterdam
The Netherlands

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1017 CA Amsterdam
The Netherlands

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1082 PP Amsterdam
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