PROSPECTUS FOR ADMISSION TO TRADING ON EURONEXT BRUSSELS

B-ARENA NV/SA, COMPARTMENT N°3

(*institutionele VBS naar Belgisch recht/SIC institutionelle de droit belge*)

euro 300,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2012 due 2045,

issue price 100%

euro 540,000,000 floating rate Senior Class A2 Mortgage-Backed Notes 2012 due 2045,

issue price 100%

euro 160,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2012 due 2045,

issue price 100%

euro 10,000,000 floating rate Subordinated Class C Notes 2012 due 2045

issue price 100%

Application has been made for an admission to trading of the euro 300,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2012 due 2045 (the **Senior Class A1 Notes**), the euro 540,000,000 floating rate Senior Class A2 Mortgage-Backed Notes 2012 due 2045 (the **Senior Class A2 Notes**, and together with the Senior Class A1 Notes, the **Senior Class A Notes**), the euro 160,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2012 due 2045 (the **Mezzanine Class B Notes**), and the euro 10,000,00 floating rate Subordinated Class C Notes 2012 due 2045 (the **Subordinated Class C Notes)**, and together with the Senior Class A Notes and the Mezzanine Class B Notes, the **Notes**), to be issued by B-Arena NV/SA, *institutionele VBS naar Belgisch recht/SIC institutionelle de droit belge* (the **Issuer**) acting through its Compartment N°3, on Euronext Brussels NV (**Euronext Brussels**). The Notes will be issued on 23 January 2012 or such later date as may be agreed between the Issuer, the Manager and the Arranger (the **Closing Date**).

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

The Notes are scheduled to mature on the Quarterly Payment Date falling in January 2045 the **Final Maturity Date**). On each Quarterly Payment Date the Notes (other than the Subordinated Class C Notes) will be subject to mandatory partial redemption in accordance with the Conditions through the application of the Notes Redemption Available Amount to the extent available.

On the Quarterly Payment Date falling in January 2017 and on each Quarterly Payment Date thereafter (each an **Optional Redemption Date**), the Issuer will have the option to redeem the Notes then outstanding at their Principal Amount Outstanding subject to and in accordance with the terms and conditions of the Notes (the **Conditions**).

The Notes will carry a floating rate of interest, payable quarterly in arrears, which will be three months Euribor, plus, in relation to the Senior Class A Notes only, a margin per annum, which will be 1.00% for the Senior Class A1 Notes and 1.00% for the Senior Class A2 Notes.

It is a condition precedent to issuance that the Senior Class A Notes, on issue, be assigned at least an 'Aaa(sf)' rating by Moody's Investors Services Limited (**Moody's**) and an 'AAA(sf)' rating by DBRS Ratings Limited (**DBRS** and together with Moody's, the **Rating Agencies**). The Mezzanine Class B Notes and the Subordinated Class C Notes will not be rated. As of the date of this Prospectus, each of the Rating Agencies is established in the European Union and is registered under Regulation (EU) No 1060/2009 (as amended) (the **CRA Regulation**). As such each of the Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. For a discussion of some of the risks associated with an investment in the Notes, see *Risk factors* herein.**

The Notes will (directly and indirectly) be secured by a first ranking right of pledge in favour of the Secured Parties, including Deloitte Bedrijfsrevisoren/Reviseurs d'Entreprises BV o.v.v.e. CVBA (the **Security Agent**) in its own name but on behalf of the Noteholders and the other Secured Parties over (i) the Mortgage Receivables, (ii) the Issuer's claims under or in connection with the Transaction Documents, and (iii) the balances standing to the credit of the Transaction Accounts. The right to payment of interest and principal on the Mezzanine Class B Notes and the Subordinated Class C Notes will be subordinated and may be limited as more fully described herein. Recourse in respect of the Notes is limited to the Mortgage Receivables, any claims of the Issuer under the Transaction Documents and the balances standing to the credit of the Transaction Accounts and there will be no other assets of the Issuer, such as any assets that would relate to other compartments of the Issuer, and any rights in connection therewith, available for any further payments.

The Notes of each Class will be issued in the form of dematerialised notes under the Belgian Company Code (*Wetboek van Vennootschappen/ Code des Sociétés*) (the **Company Code**) and cannot be physically delivered. The Notes will be delivered in the form of an inscription on a securities account. The clearing of the Notes will take place through the X/N securities and cash clearing system operated by the National Bank of Belgium (the **NBB**) or any of its successors (the **Clearing System**). Access to the Clearing System is available through participants which include certain banks, stock brokers and Euroclear and Clearstream, Luxembourg.

The Notes will be solely the obligations of Compartment N°3 of the Issuer and have been allocated to Compartment N°3 of the Issuer. The Notes will not be obligations or responsibilities of, and will not be guaranteed by, any other entity or person. In particular, the Notes will be no obligations or responsibilities of, and will not be guaranteed by, any of the parties to the Transaction Documents, other than the Issuer acting through its Compartment N°3. Furthermore, none of such persons or entities or any other person in whatever capacity (i) has assumed or will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes, or (ii) is or will be under any obligation whatsoever to provide additional funds to the Issuer (except for the limited circumstances described in this Prospectus).

The Seller has in the Subscription Agreement and in the Mortgage Receivables Purchase Agreement undertaken to the Issuer, the Arranger and the Manager, that the Seller will at all times comply with the requirements of Article 122a of directive 2006/48/EC (as amended by directive 2009/111/EC, and as amended, supplemented or superseded, from the time to time, including, any statements of interpretation, practice or guidelines issued by the Committee of European Banking Supervision or European Banking Authority (or any successor body), in respect of the same) (the **Capital Requirements Directive**) (which does not take into account any corresponding implementing rules or other measures made in any EEA state).

The Seller has specifically undertaken that it will at all times retain a material net economic interest of not less than five per cent. in the securitisation transaction described in this Prospectus (the **Transaction**) in accordance with the requirements of the Capital Requirements Directive. As at the Closing Date, such interest will in accordance with Article 122a paragraph (1) sub-paragraph (d) of the Capital Requirements Directive be comprised of an interest in the first loss tranche (held through the Subordinated Class C Notes and the Mezzanine Class B Notes). The Seller has further undertaken that any intended or actual change in, or the manner in which, its interest in the first loss tranche is held will be made in accordance with Article 122a of the Capital Requirements Directive and will be notified by the Seller to the Issuer and the Noteholders.

In addition to the information set out herein and forming part of this Prospectus, the Seller has in the Subscription Agreement undertaken to the Issuer, the Arranger and the Manager: to make available to the Noteholders all materially relevant data required to ensure that the Seller complies with Article 122a paragraph (7) of the Capital Requirements Directive, and such information can be obtained from the Seller upon request.

The Seller has provided the same undertakings described in the previous two paragraphs to the Issuer and the Security Agent in the Mortgage Receivables Purchase Agreement so long as the Notes are outstanding.

In addition to the information set out herein and forming part of this Prospectus, the Issuer has undertaken in the Subscription Agreement and the Mortgage Receivables Purchase Agreement that (a) after the Closing Date, the Issuer will prepare quarterly investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with confirmation by the Seller of its compliance with the requirements of the Capital Requirements Directive, including, confirmation of the retention of the material net economic interest by the Seller; and (b) if the Issuer receives a notification from the Seller of any intended or actual change in (the manner in which) the Seller's interest in the first loss tranche is held, then, at the request of the Seller, the Issuer will inform the Noteholders thereof as soon as is reasonably practicable. Such reports, confirmations and information can be obtained from the website www.B-arenaRMBS.be.

For the avoidance of doubt, none of the Issuer, the Seller, the Arranger or the Manager makes any representation as to the accuracy or suitability of any financial model which may be used by a prospective investor in connection with its investment decision. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 122a and none of the Issuer, the Seller (in its capacity as the Seller and the MPT Provider), the Issuer Administrator, the Arranger nor the Manager makes any representation that the information described above is sufficient in all circumstances for such purposes. The Seller accepts responsibility for the information set out on this page 2 in relation to the Capital Requirements Directive. In addition, each prospective noteholder should ensure that it complies with the implementing provisions in respect of Article 122a of the Capital Requirements Directive in its relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator.

The Senior Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not necessarily mean that the Senior Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Mezzanine Class B Notes and the Subordinated Class C Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

This prospectus (**Prospectus**) has been approved by the Belgian Financial Services and Markets Authority (**FSMA**) on 17 January 2012 pursuant to Article 32 of the Belgian Act of 16 June 2006 concerning the public offer of investment securities and the admission of investment securities to trading on a regulated market (the **Prospectus Implementation Law**). This approval cannot be considered as a judgment as to the opportunity or the quality of the transaction, nor on the situation of the Issuer.

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

For a discussion of certain risks that should be considered in connection with any investment in the Notes, see *Risk Factors* herein.

Arranger

The Royal Bank of Scotland plc

Manager

Delta Lloyd Bank NV

The date of this Prospectus is 18 January 2012

IMPORTANT INFORMATION

Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Prospectus or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus. Neither the Issuer nor any party have an obligation to update this Prospectus, except when required in accordance with applicable law.

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

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

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

Neither this Prospectus nor any part thereof constitutes an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. This Prospectus is published exclusively for the purpose of the admission to trading of the Notes on Euronext Brussels. This Prospectus has been approved by the Financial Services and Markets Authority (**FSMA**) on 17 January 2012 pursuant to Article 32 of the Prospectus Implementation Law. This approval cannot be considered as a judgment as to the opportunity or the quality of the Transaction, nor on the situation of the Issuer.

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

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or the Manager to subscribe for or to purchase any Notes and neither this Prospectus nor any part hereof may be used for or in connection with an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any person who is not an Eligible Holder or to whom it is unlawful to make such offer or solicitation.

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

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. In making an investment decision, investors must rely on their own examination of the terms of this offering and the Notes

and the risks and rewards involved. The content of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisors prior to making a decision to invest in the Notes.

The Notes will be solely the obligations of Compartment N°3 of the Issuer and will not be obligations or responsibilities of, and will not be guaranteed by, any other entity or person. In particular, the Notes will not be obligations or responsibilities of, and will not be guaranteed by, any of the parties to the Transaction Documents, other than the Issuer acting through its Compartment N°3. Furthermore, none of such persons or entities or any other person in whatever capacity acting (i) has assumed or will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes, or (ii) is or will be under any obligation whatsoever to provide additional funds to the Issuer (except for the limited circumstances described in this Prospectus).

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

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

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

Notes may not be acquired by a transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the BITC 1992). See further *Purchase and Sale – Excluded holders* for a list of transferees that, at the date of this Prospectus, are considered as excluded holders.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the **Securities Act**), or any state securities laws, and may not be offered, sold or delivered within the United States or to, or for the benefit of, U.S. persons as defined in Regulation S under the Securities Act, except in certain transactions exempt from or not subject to the registration requirements of the Securities Act (see *Purchase and Sale* below).

Notes having a maturity of more than one year will be issued in compliance with U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(C) (the **C Rules**) (see *Purchase and Sale* below).

In connection with the issue of the Notes, Delta Lloyd Bank NV (as the **Stabilising Manager)**, or persons acting on behalf of the Stabilising Manager, may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or person(s) acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the issue date of the Notes and 60 calendar days

after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meaning as set out in this Prospectus. An index of defined terms, including those which are not defined in the Conditions, starts on page 8.

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

Where relevant, a reference to the Issuer must be construed as a reference to Compartment N°3 of the Issuer. All obligations of the Issuer to the Noteholders and the other Secured Parties have been allocated to Compartment N°3 of the Issuer and the Noteholders and the other Secured Parties only have recourse to the Pledged Assets of Compartment N°3.

RESPONSIBILITY STATEMENTS

The Issuer is responsible for the information contained in this Prospectus. The responsibility of the Issuer is based on Article 61 of the Prospectus Implementation Law. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in this Prospectus has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, does not omit anything which would render the reproduced information inaccurate or misleading. The Issuer accepts responsibility accordingly. The registered office of the Issuer is located at Louizalaan 486, 1050 Brussels.

The Seller is responsible for the information contained in the following sections of this Prospectus: *The Belgian Residential Mortgage Market, Delta Lloyd Bank, Description of the Mortgage Loans, Summary of the Provisional Pool, Mortgage Loan Underwriting and Mortgage Services* and *Related Party Transactions – Material Contracts – The Seller* and for the information relating to Article 122a of the Capital Requirements Directive, as set out in this Prospectus on page 2, the risk factor entitled *Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*, the paragraph entitled 'Capital Requirements Directive' in section *Mortgage Receivables Purchase Agreement* and the paragraph entitled 'Capital Requirements Directive' in section *Subscription and Sale* only. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in these paragraphs has been accurately reproduced and, as far as the Seller is aware and is able to ascertain from information published by that third party, does not omit anything which would render the reproduced information inaccurate or misleading. The Seller accepts responsibility accordingly. The registered office of the Seller is located at Sterrenkundelaan 23, 1210 Brussels.

The Sub MPT Provider is responsible for the information contained in the section *Related Party Transactions Material Contracts – The Sub MPT Provider* only. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Sub MPT Provider accepts responsibility accordingly. The registered office of the Sub MPT Provider is located at Kanselarijstraat 17A, 1000 Brussels.

The Security Agent is responsible for the information contained in the section *The Security Agent* and in the section *Related Party Transactions – Material Contracts – The Security Agent* only. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Security Agent accepts responsibility accordingly. The registered office of the Security Agent is located at Berkenlaan 8b, 1831 Diegem.

The Issuer Administrator is responsible for the information contained in the section *Main Transaction Expenses –Issuer Administrator* and in the section *Material Contracts – Related Party Transactions – Material Contracts – The Issuer Administrator* only. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer Administrator accepts responsibility accordingly. The registered office of the Issuer Administrator is located at Olympic Plaza 1HG, Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

The Domiciliary Agent, the Listing Agent and the Reference Agent are responsible for the information contained in the section *Related Party Transactions – Material Contracts – The Domiciliary Agent – the*

Listing Agent – the Reference Agent only. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Domiciliary Agent, the Listing Agent and the Reference Agent accept responsibility accordingly. The registered office of the Domiciliary Agent, the Listing Agent and the Reference Agent is located at Rue d'Antin 3, 75002 Paris, France, acting through its branch at Boulevard Louis Schmidt 2, 1040 Brussels, Belgium.

The Floating Rate GIC Provider is responsible for the information contained in the section *Related Party Transactions – Material Contracts – The Floating Rate GIC Provider* only. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Floating Rate GIC Provider accepts responsibility accordingly. The registered office of the Floating Rate GIC Provider is located at Warandeberg 3, 1000 Brussels.

The Swap Counterparty is responsible for the information contained in the section *Related Party Transactions – Material Contracts – The Swap Counterparty* only. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. The Swap Counterparty accepts responsibility accordingly. The registered office of the Swap Counterparty is located at 36 St Andrew Square, EH2 2YB Edinburgh, United Kingdom. The Swap Counterparty is acting out of its London Branch which has is registered office located at 135 Bishopsgate, EC2M 3UR London, United Kingdom.

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

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

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risk associated with the Notes are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. The description of the risk factors below should not be read as a legal advice. If you are in any doubt about the content of this Prospectus or the regulatory framework, you should consult an appropriate professional adviser.

1. RISK FACTORS - THE ISSUER AND THE NOTES

1.1 Regulatory Framework

Belgian legislation provides for a specific legal framework designed to facilitate securitisation transactions. These rules are set out in the Securitisation Act and its implementing decrees. The law provides for a dedicated category of collective investment vehicles which are designed for making investments in receivables.

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

(a) a fund having no legal personality (*gemeenschappelijk fonds voor belegging in schuldvordering/fonds commun de placement en créances*); or

(b) a company having legal existence (*vennootschap voor belegging in schuldvorderingen/société d'investissement en créances* – **VBS/SIC**). A VBS/SIC may either take the form of a *naamloze vennootschap/société anonyme or commanditaire vennootschap op aandelen/société en commandite par actions*.

The vehicle may either be public or institutional:

(a) a public VBS/SIC (or public fund) has the following characteristics: funding must, at least partly, be obtained pursuant to a public offer as defined in the Securitisation Act; its operations are governed by the Securitisation Act and its implementing decrees, its articles of association and the Company Code; it is subject to the regulatory supervision of the FSMA; or

(b) an institutional VBS/SIC (or institutional fund) has the following characteristics: funding must be provided at all times by specific types of institutional or professional investors within the meaning of Article 5, §3 of the Securitisation Act, acting for their own account (**Institutional Investors**) and the securities can only be assigned to such types of institutional or professional investors; its operations are governed by the Securitisation Act and its implementing decrees, its articles of association and the Company Code.

In order to facilitate securitisation transactions, a VBS/SIC benefits from certain special rules on assignment of receivables (see *Risk Factors – Mortgage Loans – Transfer of Legal Title to Mortgage Receivables and Pledge*) and from a special tax regime (see *The Issuer – Tax Position of the Issuer*). The status as VBS/SIC is in particular a requirement for the true sale of the Mortgage Receivables,

for the absence of corporate tax on the revenues of the Issuer and for an exemption of VAT on certain expenses of the Issuer. The loss of such VBS/SIC status would impact adversely on the Issuer's ability to satisfy its payment obligations to the Noteholders.

1.2 Institutional VBS/SIC

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

The Securitisation Act explicitly provides that the admission to trading of the Notes on an organised market that is accessible to the public, such as *e.g.*, Euronext Brussels or the acquisition, outside the control of the Issuer, of Notes by investors who are not Institutional Investors, will not impact on the status as an institutional VBS/SIC if the Issuer has taken "adequate measures" to ensure that the investors of the VBS/SIC are Institutional Investors acting for their own account and does not contribute to or promote the holding of the Notes by investors other than Institutional Investors acting for their own account.

The Royal Decree of 15 September 2006 implementing certain provisions relating to undertakings for collective investment in receivables (the **Institutional Royal Decree**) specifies the conditions under which an institutional VBS/SIC is considered to have taken "adequate measures". The Issuer has complied and has undertaken to comply with the conditions set out in the Institutional Royal Decree in order to qualify and remain qualified as an institutional VBS/SIC.

The measures taken by the Issuer are as follows:

(a) The Conditions, the Articles of Association of the Issuer and any document relating to the issuance of, subscription to or the acquisition of the Notes and the shares issued by the Issuer, will determine that the Notes and the shares may only be acquired by Institutional Investors;

(b) The Issuer's shareholder register and any certificate evidencing the recording of the inscription of the registered shares in the Issuer's shareholder register specify that the shares issued by the Issuer may only be subscribed to, acquired or held by Institutional Investors;

(c) Any notice, communication or other document relating to a transaction in the Notes or the admission to trading of the Notes on Euronext Brussels, or any notice, communication or other document announcing or recommending such transaction, and originating from the Issuer or any person acting in its name or for its account, will determine that the Notes may only be subscribed to, acquired and held by Eligible Holders;

(d) This Prospectus specifies that the Notes may only be subscribed to, acquired and held by Eligible Holders;

(e) Upon issuance of the Notes, the denomination of the Notes is EUR 250,000;

(f) If registered shares issued by the Issuer are acquired by a holder that does not qualify as an Institutional Investor, the Issuer will refuse to register such transfer in its share register;

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

(h) Each payment of dividends in relation to shares issued by the Issuer of which the Issuer becomes aware that they are held by a holder that does not qualify as an Institutional Investor will be suspended; and

(i) The mechanism organised by (f), (g) and (h) is mentioned in the Conditions, the Articles of Association and in this Prospectus and in any documents relating to, announcing or recommending a transaction on the Notes or the admission to trading of the Notes on Euronext Brussels.

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

1.3 Liability under the Notes

The Notes will be solely the obligations of the Issuer acting through its Compartment N°3 and will not be obligations or responsibilities of, and will not be guaranteed by, any other entity or person or any other Compartment of the Issuer. In particular, the Notes will not be obligations or responsibilities of, and will not be guaranteed by, any of the parties to the Transaction Documents, other than the Issuer acting through its Compartment N°3. Furthermore, none of such persons or entities or any other person in whatever capacity acting:

(a) has assumed or will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes; or

(b) is or will be under any obligation whatsoever to provide additional funds to the Issuer (except in the limited circumstances described herein).

1.4 Compartments – Limited Recourse Nature of the Notes

The Issuer has been established to issue notes from time to time, including the Notes. The Notes are issued by the Issuer, acting through its Compartment N°3. This is the third Compartment that has been created by the Issuer.

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

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

(b) in case of the dissolution and liquidation (*ontbinding en vereffening/dissolution et liquidation*) of a compartment the rules on the dissolution and liquidation of companies must be applied *mutatis mutandis*. Each compartment must be liquidated separately and such

liquidation does not entail the liquidation of any other compartment. Only the liquidation of the last compartment will entail the liquidation of the VBS/SIC; and

(c) the Belgian law rules on insolvency proceedings (judicial reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*) and bankruptcy (*faillissement/faillite*)) are to be applied separately for each compartment and a judicial reorganisation or bankruptcy of a compartment does not as a matter of law entail the judicial reorganisation or the bankruptcy to the other compartments or of the VBS/SIC.

All obligations of the Issuer to the Noteholders and the other Secured Parties have been allocated to Compartment N°3 of the Issuer and the Noteholders and the other Secured Parties only have recourse to the Pledged Assets of Compartment N°3.

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

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

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

All obligations of the Issuer to the Noteholders and the other Secured Parties are limited in recourse and the Noteholders and the other Secured Parties will have a right of recourse only in respect of the Pledged Assets (belonging to Compartment N°3) and will not have any claim, by operation of law or otherwise, against, or recourse to any of the Issuer's other assets or its issued and paid up capital.

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

(i) the aggregate amount of all sums due and payable to such Secured Party; and

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

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

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

1.5 Risks inherent to the Notes

(a) Credit Risk

There is a risk of non-payment of principal and/or interest on the Notes due to non-payment of principal and/or interest on the Mortgage Receivables. The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, the receipt by it of interest in respect of the balances standing to the credit of the Transaction Accounts and, in respect of the Senior Class A Notes, the receipt by it of payments under the Swap Agreement. See further *Credit Structure*. In addition, the Issuer will have available to it the balances standing to the credit of the Reserve Account to be drawn for certain of its obligations and the amounts available to be drawn under the Liquidity Funding Account for certain of its interest obligations.

The credit risk is mitigated (a) in respect of the Senior Class A Notes, by the subordinated ranking of each of the other Classes of Notes; and (b) in respect of the Mezzanine Class B Notes, by the subordinated ranking of the Subordinated Class C Notes.

The credit risk is further mitigated:

(i) in respect of the Senior Class A Notes, by the excess margin of 0.40% per annum (the **Excess Margin**) as further described under *Credit Structure – Interest Rate Hedging*;

(ii) in respect of the Senior Class A Notes, by the Reserve Account, as further described under *Credit Structure – Transaction Accounts*; and

(iii) in certain circumstances (and in particular, the risk of non-payment of interest), by the Liquidity Funding Account, as further described under *Credit Structure – Transaction Accounts*.

There is no assurance that these measures will protect the holders of any Class of Notes against all risks or losses. There is no swap agreement in place to mitigate the difference between (i) the interest payable by the Issuer on the Mezzanine Class B Notes or the Subordinated Class C Notes and (ii) interest receipts received by the Issuer.

If, upon default by the Borrowers and after exercise by the MPT Provider of all available remedies in respect of the applicable Mortgage Receivables, the Issuer does not receive the full amount due from such Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

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

(b) Prepayment Risk

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

The rate of prepayment of Mortgage Receivables is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax law (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's behaviour (including, but not limited to, home owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Receivables may experience, and variation in the rate of prepayments of principal on the Mortgage Receivables may affect each Class of Notes differently. The estimated average life of the Notes must be viewed with considerable caution and Noteholders should make their own assessment thereof.

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

(i) a prepayment once a year; and

(ii) a prepayment at any time in an amount of 10% or more of principal.

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

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

(c) Liquidity Risk

There is a risk of temporary liquidity problems if interest on the Mortgage Receivables is not received on time or is not received at all. This risk is mitigated to some extent by the amounts available on the Liquidity Funding Account. There is no assurance that this mitigant will protect the Noteholders in full against this risk.

(d) Maturity Risk

There is a risk that the Issuer will not have received sufficient principal to fully redeem the Notes at their Final Maturity Date. The ability of the Issuer to redeem all the Notes in full and to pay all amounts due to the Noteholders (including after the occurrence of an Event of Default), may depend upon whether the value of the Mortgage Receivables is sufficient to redeem the Notes. In addition, no assurance can be given that the Issuer will exercise its option to redeem the Notes (other than the Subordinated Class C Notes) on the first or any subsequent Optional Redemption Date or that there will be a purchaser for the Mortgage Receivables.

(e) Risk that the Issuer will not exercise its right to redeem the Notes on an Optional Redemption Date

No assurance can be given that the Issuer will exercise the right to redeem the Notes (other than the Subordinated Class C Notes) on the first Optional Redemption Date or on any subsequent Optional Redemption Date. The exercise of such right will, among other things, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example, through the sale of the Mortgage Receivables still outstanding at that time.

(f) Risk of early redemption as a result of Clean-Up Call Option, Regulatory Call Option and Optional Redemption upon a Change of Law or for tax reasons

Should the Seller exercise its Clean-Up Call Option or its Regulatory Call Option on any Quarterly Payment Date, the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes in accordance with the Conditions on such Quarterly Payment Date, whether falling before or after the first Optional Redemption Date. The Issuer will have the option to redeem the Notes for tax reasons or upon the occurrence of a Change of Law in accordance with the Conditions. If the Issuer exercises any of such options, the Notes will be redeemed prior to the first Optional Redemption Date or the Final Maturity Date, as applicable.

(g) Interest Rate Risk

The amount of receipts that the Issuer receives will fluctuate according to the interest rates applicable to the Mortgage Loans, the Transaction Accounts and the Prepayment Penalties received. The Issuer will be subject to floating rate interest obligations under the Notes while the Mortgage Loans are subject to a fixed rate of interest, subject to a reset.

To mitigate the Issuer's exposure in respect of the difference between (i) the revenue it receives from (a) the Mortgage Loans subject to a fixed rate of interest (subject to a reset, and including any Prepayment Penalties) and (b) the interest on the Transaction Accounts and (ii) the interest it pays under the Senior Class A Notes, the Issuer will on or about the Closing Date enter into the Swap Agreement with the Swap Counterparty.

There can be no assurance that the Swap Agreement will adequately address the interest rate risk the Issuer is exposed to in respect of the Senior Class A Notes, in particular in the event that the Swap Counterparty fails to perform its obligations under the Swap Agreement as explained further below.

There is no Swap Agreement in place to mitigate the difference between (i) the interest payable by the Issuer on the Mezzanine Class B Notes and the Subordinated Class C Notes, and (ii) interest receipts received by the Issuer.

Differences in timing of obligations of the Issuer and Swap Counterparty pursuant to the Swap Agreement

There will be differences in the timing of obligations of the Issuer and the Swap Counterparty. The Issuer will be obliged to make monthly payments to the Swap Counterparty on each Swap Payment Date, whereas the Swap Counterparty will only be obliged to make corresponding swap payments each quarter (on each Quarterly Payment Date). If the Swap Counterparty does not meet its payment obligations to the Issuer, the Issuer may have a larger shortfall than it would have had if the Swap Counterparty's payment obligations had coincided with the Issuer's payment obligations under the Swap Agreement. Hence, the difference in timing between the obligations of the Issuer and the Swap Counterparty may affect the Issuer's ability to make payments under the Senior Class A Notes.

Further, and as described in more detail in *Credit Structure – Interest Rate Hedging* below, the Issuer makes its monthly payments to the Swap Counterparty, based, in part, on interest amounts that it is scheduled to receive. In the event that the Issuer does not receive such scheduled amounts, it may be unable to meet its payment obligations pursuant to the Swap Agreement and the Swap

Counterparty may choose to terminate the Swap Agreement as a result. The termination of the Swap Agreement may affect the Issuer's ability to make payments under the Senior Class A Notes.

Cap on Issuer Expenses and calculation of Excess Spread, each to be retained by the Issuer pursuant to the Swap Agreement

Pursuant to the Swap Agreement, the Issuer will deduct from its payments to the Swap Counterparty on each monthly Swap Payment Date an amount equal to the lesser of (i) one twelfth of the Issuer Expenses estimated to be payable in the relevant calendar year and (ii) an amount equal to the product of (x) 0.10 per cent per annum and (y) the Notional Amount (Class A) as at the first day of the Floating Rate Interest Period immediately preceding the relevant Swap Payment Date and (z) the fixed rate day count fraction (as defined in the Swap Agreement). To the extent that the Issuer Expenses are higher than such amount as is so deducted from the Issuer's payments to the Swap Counterparty, the Issuer will therefore be required to fund the Issuer Expenses from other funds available for such purpose and this may have an impact on the ability of the Issuer to make payments in respect of the Notes.

The Issuer will also deduct from its payments to the Swap Counterparty on each monthly Swap Payment Date an excess spread. This will be calculated as a percentage of the Notional Amount (Class A) as at the first day of the Floating Rate Interest Period immediately preceding the relevant Swap Payment Date and the amount payable will not relate to the aggregate Principal Amount Outstanding of the Mezzanine Class B Notes or the Subordinated Class C Notes. There will be no excess spread retained in respect of any Notes other than the Senior Class A Notes therefore and this will mean that the Issuer will have to fund payments under the priorities of payment from sources other than retained excess spread.

Termination and the failure to make payments under the Swap Agreement

A failure by the Swap Counterparty to make timely payments of amounts due under the Swap Agreement will constitute a default thereunder. The Swap Counterparty is obliged to make payments under the Swap Agreement only to the extent that the Issuer duly makes its payments under the Swap Agreement and no event of default (as defined under the Swap Agreement) in respect of the Issuer is outstanding. To the extent that the Swap Counterparty defaults in its obligations under the Swap Agreement to make payment to the Issuer on any payment date under the Swap Agreement, the Issuer will be fully exposed to the difference between (i) the receipts on the Mortgage Receivables and the Transaction Accounts and (ii) the floating rate of interest obligations under the Senior Class A Notes.

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

The Swap Agreement will be terminable by one party if an event of default or a termination event (as defined therein) occurs. Termination events include, but are not limited to, the following: (i) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (ii) an Enforcement Notice is served or (iii) in certain circumstances, if the Issuer redeems the Senior Class A Notes in full. Events of default in relation to the Issuer in the Swap Agreement will include but not be limited to (i) non-payment under the Swap Agreement, and (ii) insolvency events.

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

If the Swap Agreement is terminated, no assurance can be given on the ability of the Issuer to enter into a replacement swap, or if one is entered into, as to the credit rating of a replacement swap counterparty. In these circumstances, ratings on the Senior Class A Notes could be adversely affected.

Novation by the Swap Counterparty

In certain circumstances the Swap Counterparty has the right to novate (in whole but not in part), the Swap Agreement to any third party, subject to, amongst other things, the then current rating of the Senior Class A Notes not being downgraded as a result of such novation.

Withholding or deduction of Taxes

All payments by the Issuer or the Swap Counterparty under the Swap Agreement will be made without any withholding or deduction for or on account of tax unless such deduction or withholding is required by law. The Issuer will not in any circumstances be required to gross up if any deduction or withholding for or on account of tax is required for payments made under the Swap Agreement.

If any withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amounts as are necessary to ensure that the net amount received by the Issuer under the Swap Agreement will equal the amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will provide, however, that if due to:

(a) action taken by a relevant taxing authority or brought in a court of competent jurisdiction; or

(b) any change in tax law,

in both cases after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a **Tax Event**), the Swap Counterparty may (with the consent of the Issuer) transfer its rights and obligations under the Swap Agreement to another of its offices, branches or affiliates to avoid the relevant Tax Event.

Failing such remedy, the Swap Agreement may be terminated.

Interest Rate Risk with respect to the Mezzanine Class B Notes and Subordinated Class C Notes.

The Swap Agreement mitigates differences between certain interest receipts of the Issuer and the Issuers' obligations to pay interest in respect of the Senior Class A Notes. The Swap Agreement does not provide any credit support in respect of the Issuer interest obligations under the Mezzanine Class B Notes or Subordinated Class C Notes. As a result, the holders of such Notes are fully exposed to differences between the Issuers' interest receipts and the Issuers' interest obligations in respect of such Notes.

(h) Absence of secondary market and prevailing economic conditions

There is not, at present, any active and/or liquid secondary market for any Class of Notes. None of the Notes have been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under *Purchase and Sale*. There can be no assurance that such market will develop, or if a secondary

market will develop, that it will provide the holders of the Notes with liquidity or that such liquidity will continue. A decrease in liquidity of the Notes may cause an increase in the volatility associated with the price of the Notes. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Any investor in the Notes must be prepared to hold the Notes for an indefinite period of time or until redemption of the Notes. If any person begins making a market for the Notes, it is under no obligation to continue to do so and may stop making a market at any time. Illiquidity may have a severely adverse effect on the market value of Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. The Issuer cannot predict whether or when these circumstances will change or whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in the future.

Noteholders should also be aware that the recent sovereign debt crisis in Europe may result in changes to the composition of the European Monetary Union (including, members of the European Monetary Union to exit the Eurozone) and this may have an severely adverse impact on the liquidity and the market value of the Notes.

Delta Lloyd Bank intends to acquire a substantial part of the Notes, which may result in Delta Lloyd Bank holding a participation substantially exceeding 75% of the Principal Amount Outstanding of the Notes. In addition, Affiliated Entities of Delta Lloyd Bank may also subscribe to the Notes. There can however be no assurance that Delta Lloyd Bank or any Affiliated Entity of Delta Lloyd Bank will continue to hold these Notes, without prejudice to the requirements pursuant to Article 122a of the Capital Requirements Directive (as referred to above).

(i) Lack of liquidity in the secondary market may adversely affect the market value of the Notes

As at the date of this Prospectus, the secondary market for mortgage-backed securities is experiencing significant disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities experiencing very limited liquidity. These conditions may continue or worsen in the future.

Limited liquidity in the secondary market has had an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk. Consequently an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to an investor.

(j) Voting rights

There may be potential conflicts of interest between the interests of Delta Lloyd Bank (or any Affiliated Entity) as holder of part of the Notes and the interests of External Investors.

Delta Lloyd Bank will acquire a substantial part of the Notes, which may result in Delta Lloyd Bank holding a participation substantially exceeding 75% of the Principal Amount Outstanding of the Notes. In addition, Affiliated Entities of Delta Lloyd Bank may also subscribe to the Notes. While Delta Lloyd Bank (or any Affiliated Entity) remains the owner of those Notes, it will be entitled to vote in respect of them, except that with respect to the voting of any Basic Terms Modification, specific quorum- and majority requirements, as set out in Condition 4.13, will apply in order to protect the interest of External Investors.

1.6 Reliance on Third Parties

Counterparties to the Issuer, including the Seller, may not perform their obligations under the Transaction Documents or may terminate such Transaction Documents in accordance with their terms, which may result in the Issuer not being able to meet its obligations. In addition, counterparties under the Transaction Documents could provide independent commercial services to the Borrowers and therefore a counterparty may have a conflict of interest resulting from its responsibilities pursuant to the Transaction Documents, on the one hand, and its concern to preserve its commercial relations with the Borrowers, on the other hand.

Due to the dependency on the performance of the relevant counterparties of their obligations in connection with this transaction, a deterioration of the credit quality of any of these counterparties might have an adverse effect on the rating of the Senior Class A Notes.

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

1.7 Force Majeure

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

1.8 Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and similar factors. Other factors such as loss of earnings, illness, divorce or other similar factors may lead to an increase in delinquencies and bankruptcy filings or filing for a collective debt arrangement by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Loans. The ultimate effect of this could be to delay or reduce the payments on the Notes or to increase the rate of repayment of the Notes.

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

The security for the Notes created under the Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value may result in losses to the Noteholders if such security is required to be enforced.

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

1.10 Subordination of the Mezzanine Class B Notes and the Subordinated Class C Notes

To the extent set forth in Condition 4.10, (a) the Mezzanine Class B Notes are subordinated in right of payment to the Senior Class A Notes and (b) the Subordinated Class C Notes are subordinated in right of payment to the Senior Class A Notes and the Mezzanine Class B Notes. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such other Class of Notes. See *Credit Structure.*

The Senior Class A Notes consist of the Senior Class A1 Notes and the Senior Class A2 Notes and the Senior Class A1 Notes and the Senior Class A2 Notes rank *pari passu* and pro rata without any preference or priority in respect of the Security Interests and payments of interest. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied (i) first, to the Senior Class A1 Notes and (ii) then, to the Senior Class A2 Notes. To the extent that the Notes Redemption Available Amount is insufficient to repay any amount of principal in respect of the Senior Class A1 Notes and/or the Senior Class A2 Notes within fifteen days after the due date of such principal or to the extent that the Notes Interest Available Amount is insufficient to pay interest on the Senior Class A1 Notes and/or the Senior Class A2 Notes within ten days of the due date of such interest, this will constitute an Event of Default in accordance with Condition 4.9(a). The Senior Class A2 Notes therefore do not purport to provide credit enhancement to the Senior Class A1 Notes. If, on any date, the Security Interests are to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, pro rata and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes bearing a greater loss than that borne by the Senior Class A1 Notes.

If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due on the Notes, to the extent set forth in Condition 4.10. On any Quarterly Payment Date, any such losses on the Mortgage Loans will be allocated as described in *Credit Structure* below.

1.11 Parallel Debt

Under Belgian law no security interest can be validly created in favour of a party which is not the creditor of the claim which the security interest purports to secure. Consequently, in order to secure the valid creation of the Security Interests in favour of the Security Agent on behalf of the Secured Parties, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Agent amounts equal to the amounts due by it to the Secured Parties. Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Agent may in case of an insolvency of the Security Agent not be separated from the Security Agent's other assets so the Secured Parties accept a credit risk on the Security Agent.

Further, in accordance with Article 5 of the Collateral Law, security interests relating to assets which are subject to the Collateral Law (**Financial Assets**) granted in favour of a representative acting in its own name, but of the account of beneficiaries, are valid and enforceable provided that the identity of the beneficiaries (which may change over time) can be determined on the basis of the relevant security agreements. The Security Agent has been appointed as agent acting in its own name but on behalf of the Noteholders and the Secured Parties for the purposes of Article 5 of the Collateral Law.

Financial Assets include:

(i) certain financial instruments;

(ii) cash in bank accounts; and

(iii) credit claims (i.e. pecuniary claims arising out of an agreement whereby a credit institution or mortgage undertaking grants credit in the form of a loan).

Consequently, the Security Interests with respect to Financial Assets, i.e. including cash standing to the credit of the Transaction Accounts, Permitted Investments qualifying as financial instruments under the Collateral Law and the Mortgage Receivables, will be created in favour of the Security Agent, acting in its own name but on behalf of the Noteholders and the other Secured Parties.

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

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

1.12 Enforcement of Security Interests

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

The Security Agent will also be permitted:

(a) with respect to the Pledged Assets constituting Financial Assets, to sell such Pledged Assets without prior court authorisation; and

(b) with respect to the cash on the Transaction Accounts only, to appropriate such cash without prior court authorisation; and

(c) with respect to the Pledged Assets that do not constitute Financial Assets, apply to the president of the commercial court (*rechtbank van koophandel/tribunal de commerce*) for authorisation to sell the Pledged Assets.

The Security Agent and the other Secured Parties have a first ranking claim over the proceeds of any sale or appropriation. Other than claims under the Mortgage Receivables Purchase Agreement in relation to a material breach of a warranty and a right of action for damages in relation to a breach of the Issuer Services Agreement, the Issuer and the Security Agent will have no recourse to the Seller.

In addition to other methods of enforcement permitted by law, Article 27 § 2 of the Securitisation Act also permits all Noteholders (acting together) to request the president of the commercial court to attribute to them the Pledged Assets in payment of an amount estimated by an expert. In accordance

with the terms of the Common Representative Appointment Agreement, only the Security Agent shall be permitted to exercise these rights.

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

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

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

The enforcement rights of creditors are suspended during insolvency proceedings, including bankruptcy proceedings and judicial reorganisation proceedings. With respect to bankruptcy proceedings, Secured Parties will be entitled to enforce their security, but only after the filing of the first report of verification of claims submitted in the bankrupt estate has been completed and the liquidator (*curator/curateur*) and the supervising judge have drawn up a record of all liabilities. This normally implies a suspension of enforcement of about two months, but the liquidator may ask the court to suspend individual enforcement for a maximum period of one year from the date of the bankruptcy judgement.

There should, however, pursuant to the Collateral Law, be no suspension of enforcement in relation to the pledge over the Financial Assets provided that both the grantor of the security interest and the beneficiary (i.e. the Security Agent) qualify as financial persons (*financiële rechtspersoon/personne morale financière*) within the meaning of Article 3, 11° of the Collateral Law. At the date of this prospectus both the Issuer and the Security Agent qualify as financial persons (under Article 3, 11° paragraph (e), respectively paragraph (h) of the Collateral Law).

1.13 Insolvency of the Issuer

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

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

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

1.14 Limited capitalisation of the Issuer

The Issuer is incorporated under Belgian law as a company with limited liability (*naamloze vennootschap/société anonyme*) and currently has a share capital of EUR 86,100 of which EUR 2,460 is allocated to Compartment N°3. In addition, the shareholder is a Dutch company with limited liability (*besloten vennootschap*) which has been capitalised for the purpose of its shareholding in the Issuer. There is no assurance that the shareholder will be in a position to recapitalise the Issuer, if the Issuer's share capital falls below the minimum legal share capital.

The Secured Parties will have no recourse to the Issuer's issued and paid-up capital.

1.15 Preferred Creditors

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

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

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

1.16 Commingling Risk

The Issuer's liability to make payments in respect of the Notes and to pay its operating and administrative expenses depends on funds being received from the Borrowers by the Seller and such funds subsequently being swept on a daily basis by the Seller or the MPT Provider on its behalf to the Issuer Collection Account. The Seller may also collect other funds in the same account on which the payments by the Borrower under the Mortgage Receivables are made, and to this extent there may be a risk of commingling of proprietary funds of the Seller and the Issuer. In case of an insolvency of the Seller, the recourse the Issuer would have against the Seller would be an unsecured claim against the insolvent estate of the Seller for collection money received by the Seller from the Borrower in connection with the Mortgage Receivables at such time.

This commingling risk is mitigated by the fact that the amounts received by the Seller in respect of the Mortgage Receivables will be swept on a daily basis by the Seller or the MPT Provider on its behalf to the Issuer Collection Account. See further *Credit Structure*.

Furthermore, upon the occurrence of a Notification Event, the Seller shall, unless an appropriate remedy to the satisfaction of the Issuer and the Security Agent is found and implemented within a period of thirty (30) calendar days and provided that the then current ratings assigned to the Senior Class A Notes will not be adversely affected as a consequence thereof, except in the occurrence of certain Notification Events where no remedy period of thirty (30) calendar days shall apply, forthwith notify in writing the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral, of the assignment of the Mortgage Receivables and the Related Security to the Issuer and instruct the relevant Borrowers of the Mortgage Loans and

any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral to pay any amounts due directly to the Issuer Collection Account or, at its option, the Issuer shall be entitled to make such notifications and to give such instructions itself or on behalf of the Seller. See further *Mortgage Receivables Purchase Agreement*.

1.17 Ratings of the Notes

The rating of the Senior Class A Notes addresses the assessment made by the Rating Agencies of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

The rating expected to be assigned to the Senior Class A Notes by the Rating Agencies is based on the value and cash flow generating ability of the Mortgage Loans and other relevant structural features of the Transaction, including, *inter alia*, the short-term and long-term unsecured and unsubordinated debt rating of the other parties involved in the transaction and reflect only the views of the Rating Agencies.

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. Any rating agency other than the Rating Agencies could seek to rate the Senior Class A Notes and if such unsolicited ratings are lower than the comparable rating assigned to the Senior Class A Notes by the Rating Agencies, such unsolicited ratings could have an adverse effect on the (value of the) Senior Class A Notes. For the avoidance of doubt, any references to "ratings" or "rating" in this Prospectus are to ratings assigned by the Rating Agencies only. Future events and/or circumstances relating to the Mortgage Receivables and/or the Belgian residential mortgage market, in general could have an adverse effect on the rating of the Senior Class A Notes.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating.

The Mezzanine Class B Notes and the Subordinated Class C Notes will not be rated.

1.18 Conflict of interests

Circumstances may arise when the interests of the holders of different Classes of Notes or the other Secured Parties could conflict. The Common Representative Appointment Agreement contains provisions requiring the Security Agent to have regard to the interests of all Secured Parties to the extent that there is no conflict amongst them. If an actual conflict exists or is likely to exist between the interests of the Noteholders and the interests of the other Secured Parties, the Security Agent shall always have regard to the interest of the Noteholders in priority to the interests of the other Secured Parties.

Further, for so long as there are any Senior Class A Notes outstanding, the Security Agent is to have regard solely to the interests of the Senior Class A Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Senior Class A Noteholders and (b) the holders of any of the other Classes of Notes and/or any other Secured Parties. If there are no longer any Senior Class A Notes outstanding, but for so long as there are any Mezzanine Class B Notes outstanding, the Security Agent is to have regard solely to the interests of the Mezzanine Class B Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Mezzanine Class B Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties. If there are no longer any Senior Class A Notes or Mezzanine Class B Notes outstanding, but for so long as there are any Subordinated Class C Notes outstanding, the Security Agent is to have regard

solely to the interests of the Subordinated Class C Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Subordinated Class C Noteholders and (b) any other Secured Parties.

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

1.19 The Security Agent may agree to modifications without the Noteholders' prior consent

Pursuant to the terms of the Common Representative Appointment Agreement, the Security Agent may without the consent of the Noteholders or the other Secured Parties (subject to the exceptions set forth in paragraph 1.20 below) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any covenants or provisions contained in or arising pursuant to the Notes or any of the Transaction Documents, but only in so far as in its opinion the interest of the Noteholders will not be materially prejudiced thereby. Any such authorisation or waiver will be binding on the Noteholders and the other Secured Parties (subject to the exceptions set forth in paragraph 1.20 below).

Furthermore, the Security Agent may without the consent of the Noteholders or the other Secured Parties (subject to the exceptions set forth in paragraph 1.20 below) at any time and from time to time, concur with the Issuer or any other person in making any modification:

(a) to the Transaction Documents which in the opinion of the Security Agent is of a formal, minor, or technical nature or is to correct a manifest error or to comply with the mandatory provisions of Belgian law; or

(b) to the Transaction Documents which in the opinion of the Security Agent is not materially prejudicial to the interests of the Noteholders, provided that the then current rating of the Notes will not be adversely affected by any such modification (it being understood that the fact that the then current rating of the Notes will not be adversely affected does not address whether such modification is in the best interest of, or prejudicial to, some or all of the Noteholders).

Any such modification shall be binding on the Noteholders and the other Secured Parties (subject to the exceptions set forth in paragraph 1.20 below).

1.20 Certain amendments and waivers to the Transaction Documents may only be made with the Swap Counterparty's or another Secured Party's prior consent

The Common Representative Appointment Agreement will contain provisions that provide that if any Transaction Document is amended or waived without the prior written consent of the Swap Counterparty with the effect that, as a result of any such amendment or waiver, (a) the Swap Counterparty would be required to pay more or receive less under the Swap Agreement, or (b) if the Swap Counterparty were to replace itself as swap counterparty under Swap Agreement, it would be required to pay more or receive less in connection with such replacement (as compared to what the Swap Counterparty would have been required to pay or would have received had such amendment or waiver not been made or granted, respectively) then, in each case, the Swap Counterparty has the right to terminate the Swap Agreement within thirty (30) days from the earlier of (i) the date on

which it became aware of the amendment or waiver and (ii) the date on which it was notified of the amendment or waiver.

Notwithstanding the above, any modification of or waiver in relation to a provision of any Transaction Document must always be approved by each party to such Transaction Document.

Accordingly, a Secured Party can (in certain circumstances) veto a proposed amendment or waiver to a Transaction Document by not giving its consent to such amendment or waiver.

1.21 No Gross-up for Taxes

As provided in Condition 4.8, if withholding of, or deduction for, or an account of any present or future taxes, duties or charges of whatsoever nature are imposed by or on behalf of the Kingdom of Belgium or any other jurisdiction or any political subdivision or any authority therein or thereof having power to tax, the Issuer, the Clearing System Operator or the Domiciliary Agent (as applicable) will make the required withholding or deduction of such taxes, duties or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to the Noteholders.

2. RISK FACTORS - MORTGAGE LOANS

2.1 Transfer of Legal Title to Mortgage Receivables and Pledge

(a) General

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

The sale will have the following characteristics:

(i) the Issuer will have no recourse to the Seller except in case of a breach of the representations and warranties given in the Mortgage Receivables Purchase Agreement;

(ii) the sale will be for the Outstanding Principal Amount under the Mortgage Receivables;

(iii) the Seller may be required to repurchase Mortgage Receivables in relation to which there is a breach of warranty at the time of the transfer of the Mortgage Receivable or upon a Non-Permitted Variation; and

(iv) the Seller has in certain circumstances the right to repurchase Mortgages Receivables in relation to which the Issuer wishes to convert a Mortgage Mandate to create a mortgage in its favour.

See further *Mortgage Receivables Purchase Agreement*.

The enforceability of a transfer or pledge of mortgage receivables towards third parties, including the creditors of the Seller, is subject to article 5 of the Law of 16 December 1851, as amended on mortgages (the **Mortgage Law**) which prescribes a notary deed and marginal inscription of the transfer or pledge in the local Mortgage Register. Articles 50 and following of the Mortgage Credit Act (and, in relation to a pledge only, Article 4/1§1 of the Collateral Law) grant an exemption from

article 5 of the Mortgage Law in relation to a transfer and pledge of mortgage receivables by or to a (public or institutional) VBS/SIC, so that a transfer or pledge of the Mortgage Receivables to or by the Issuer is enforceable against third parties (*tegenwerpelijk aan derden/opposable aux tiers*) without marginal inscription. As to (the maintenance of) the status of the Issuer as institutional VBS/SIC, see *Risk Factors* set forth under 1.1 above.

A loss of the status as an institutional VBS/SIC would result in the exemption set out in Articles 50 and following of the Mortgage Credit Act not being available and therefore there would be no effective sale of the Mortgage Receivables.

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

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

Article 1690 of the Belgian Civil Code will apply to the transfer of the Mortgage Receivables. Between the Seller and the Issuer, as well as against third parties (other than the Borrowers), the Mortgage Receivables are transferred on the Closing Date, without the need for the Borrowers' involvement.

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

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

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

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

(ii) if the Seller were to transfer or pledge the same Mortgage Receivables, Insurance Policies or other collateral to a party other than the Issuer either before or after the Closing Date (or if the Issuer were to transfer or pledge the same to a party other than the Security Agent) the assignee who first notifies or obtains acknowledgment from the Borrowers or, as the case may be, the Insurance Companies or, as the case may be, the other collateral providers and acts in good faith would have the first claim to the relevant Mortgage Receivable, Insurance

Policies or the additional collateral. The Seller will, however, represent to the Issuer and the Security Agent that it has not made any such transfer or pledge on or prior to the Closing Date, and it will undertake to the Issuer and the Security Agent that it will not make any such transfer or pledge after the Closing Date, and the Issuer will make a similar undertaking to the Security Agent;

(iii) payments made by Borrowers, Insurance Companies or other collateral providers to creditors of the Seller will validly discharge their respective obligations under the Mortgage Receivables, the Insurance Policies or the additional collateral provided the Borrowers or, as the case may be, the Insurance Companies or, as the case may be, the other collateral providers and such creditors act in good faith. However, the Seller will undertake:

(A) to notify the Issuer of any *bewarend beslag/saisie conservatoire* or *uitvoerend beslag/saisie exécutoire* (attachment) by its creditors on any Mortgage Receivables, Insurance Policies or other collateral which may lead to such payments;

(B) not to give any instructions to the Borrowers, Insurance Companies or other collateral providers to make any such payments; and

(C) to indemnify the Issuer and the Security Agent against any reduction in the obligations to the Issuer of the Borrowers, Insurance Companies or other collateral providers due to payments to creditors of the Seller;

(iv) Borrowers, Insurance Companies or other collateral providers may raise against the Issuer (or the Security Agent) all rights and defences, including rights of set-off, which existed against the Seller prior to notification of the transfer or pledge. Under the Mortgage Receivables Purchase Agreement, the Seller will represent and warrant in relation to each Mortgage Receivable and Related Security, that no such rights and defences have arisen in favour of the Borrower, Insurance Company or other collateral provider up to the Closing Date. If a Borrower, Insurance Company or other collateral provider subsequently fails to pay in full any of the amounts which the Issuer is expecting to receive, claiming that such a right or defence has arisen in its favour against the Issuer, the Seller will indemnify the Issuer and the Security Agent for the amount by which the amounts due under the relevant Mortgage Receivable, Insurance Policy or other collateral are reduced (whether or not the Seller was aware of the circumstances giving rise to the Borrowers, Insurance Company's or other collateral provider's claim at the time it gave the warranty described above).

The Mortgage Receivables Purchase Agreement provides that upon the occurrence of a Notification Event (as set out in the Mortgage Receivables Purchase Agreement), the Seller shall, unless an appropriate remedy to the satisfaction of the Issuer and the Security Agent is found and implemented within a period of thirty (30) calendar days and provided that the then current ratings assigned to the Senior Class A Notes will not be adversely affected as a consequence thereof, except in the occurrence of certain Notification Events where no remedy period of thirty (30) calendar days shall apply, forthwith notify in writing the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral, of the assignment of the Mortgage Receivables and the Related Security to the Issuer and instruct the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral to pay any amounts due directly to the Issuer Collection Account or, at its option, the Issuer shall be entitled to make such notifications and to give such instructions itself or on behalf of the Seller See further *Mortgage Receivables Purchase Agreement*. A similar principle is included in the Pledge Agreement with respect to the Security Interests in the Mortgage Receivables.

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

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

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

2.2 Mortgages

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

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

Other Mortgage Receivables result from loans that are granted in the form of a credit facility (*kredietopening/ouverture de crédit*). The mortgage that is granted as security for this type of loans will usually also be an All Sums Mortgage, but may also be a mortgage that is used to secure all advances (*voorschotten / avances*) made available under such revolving facility.

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

The Mortgage Receivables Purchase Agreement subordinates all Seller Loans to the Mortgage Receivables in relation to all sums received out of the enforcement of the Mortgages that secure both such Seller Loans and the Mortgage Receivables, whether such Mortgages where created prior to the sale of the relevant Mortgage Receivables or as a result of the conversion of a Mortgage Mandate pertaining to the relevant Mortgage Receivables following such sale. This subordination could be considered as a waiver of rank which, pursuant to Article 5 of the Mortgage Law, requires a notarial deed and an inscription in the relevant Mortgage Register in order to be enforceable against third parties. The subordination provided for in the Mortgage Receivables Purchase Agreement will not be notarised and will not be registered in the relevant Mortgage Register. As a consequence, the subordination of Existing Loans and, with respect to Mortgages created pursuant to the conversion

of Mortgage Mandates following the sale of the relevant Mortgage Receivables to the Issuer, the subordination of the Seller Loans as contemplated in the Mortgage Receivables Purchase Agreement may not be enforceable against third parties, including the bankruptcy receiver of the Seller.

2.3 Mortgage Mandates

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

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

(a) the Borrower or the third party collateral provider that has granted a Mortgage Mandate, may grant a mortgage to a third party that will rank ahead of the Mortgage to be created pursuant to the conversion of the Mortgage Mandate, although this would generally constitute a contractual breach of the Standard Loan Documentation;

(b) if a conservatory or an executory attachment of the real property covered by the Mortgage Mandate has been filed by a third party creditor of the Borrower or, as the case may be, of the third party collateral provider, a Mortgage registered pursuant to the exercise of the Mortgage Mandate after the writ of attachment has been recorded in the Mortgage Register, will not be enforceable against the creditor who filed the attachment;

(c) if the Borrower or the third party collateral provider is a merchant or commercial entity:

  (i) the Mortgage Mandate can no longer be converted following the bankruptcy of the Borrower or, as the case may be, the third party collateral provider and any Mortgage registered in the Mortgage Register after the bankruptcy judgement is void; and

  (ii) a Mortgage registered in the Mortgage Register pursuant to the exercise of a Mortgage Mandate during the pre-bankruptcy investigation period (i.e. after the date of cessation of payments that may be fixed by the court) for a pre-existing loan will not be enforceable against the bankrupt estate. Under certain circumstances, the clawback rules are not limited in time, for example where a Mortgage has been granted pursuant to a Mortgage Mandate and in order to "fraudulently prejudice" creditors; and

  (iii) Mortgages registered after the day of cessation of payments of debt can be declared void by the bankruptcy court, if the registration was made more than 15 days after the creation of the mortgage; and

(iv) the effect of a judicial reorganisation (*gerechtelijke reorganisatie*/*réorganisation judiciaire*) of a Borrower or of a third party collateral provider on the Mortgage Mandate is uncertain.

(d) if the Borrower or the third party collateral provider, as the case may be, is a private person and started collective debt settlement proceedings, a Mortgage registered in the Mortgage Register after the Judge has declared the request admissible, is not enforceable against the other creditors of the Borrower or of the third party collateral provider;

(e) besides the possibility that the Borrower or the third party collateral provider may grant a Mortgage to another lender discussed above, the Mortgage to be created pursuant to a Mortgage Mandate may also rank behind certain statutory mortgages (such as e.g. the statutory mortgage of the tax and social security authorities) to the extent these mortgages are registered before the exercise of the Mortgage Mandate. In this respect, it should be noted that the notary involved in preparing the mortgage deed will need to notify the tax administration, and, as the case may be, the social security administration, before finalising the mortgage deed pertaining to the creation of the mortgage;

(f) if the Borrower or the third party collateral provider, as the case may be, is a private person, certain limitations apply to the conversion of the Mortgage Mandate into a Mortgage if the Borrower or third party collateral provider dies before the conversion; certain limitations also apply in case of a dissolution of the Borrower or third party collateral provider that is a legal person.

In the same way as the Mortgages, the Mortgage Mandates used by the Seller do not only purport to secure (once converted) a specific loan or advance, but also the revolving credit facility and all other amounts which the Borrower owes or in the future may owe to the Seller.

The Mortgage Receivables Purchase Agreement will provide that:

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

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

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

(*toebehoren/accessoires*) plus three years of interest, *minus* the aggregate secured amount of any existing Mortgage securing the relevant Mortgage Receivable.

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

The rules set out above in relation to the exercise of Mortgage Mandates will apply *mutatis mutandis* to the creation of any Mortgages pursuant to any Mortgage Promises.

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

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

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

(B) Each Mortgage Mandate permits the appointment of a substitute attorney under such Mortgage Mandate.

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

2.4 Assignment of salary

The assignment of the salary of a Borrower who is an employee is governed by special legislation (Articles 27 to 35 of the Belgian Act of 12 April 1965 on the protection of the salary of employees). In the absence of reported precedents, it is not absolutely certain to which extent the Seller can validly transfer the benefit of such assignment to the Issuer. Therefore, there is the risk that the Issuer may not have the benefit of such arrangement in case of insolvency of the Seller, which may adversely affect the ability of the Issuer to meet its obligations in full to pay interest and principal in respect of the Notes.

Moreover:

(a) the Borrower may have assigned his salary as security for debts other than the Mortgage Loans; the assignee who first starts actual enforcement of the assignment against the Borrower would have priority over the other assignees; and

(b) there are arguments that a transfer of salary in a notarised deed still requires a bailiff notification to be enforceable against third parties.

2.5 Set-Off

The sale of the Mortgage Receivables to the Issuer and the granting of the Security Interests in the Mortgage Receivables to the Secured Parties, including the Security Agent acting in its own name on behalf of the Noteholders and the other Secured Parties will not be notified to or acknowledged by the Borrowers nor to the Insurance Companies or to third party providers of additional collateral,

except in certain circumstances. Set-off rights can therefore continue to arise in respect of cross-claims between a Borrower (or the Insurance Company or third party provider of additional collateral) and the Seller, potentially reducing amounts payable to the Issuer and the Secured Parties. The Seller will agree to indemnify the Issuer if a Borrower, Insurance Company or provider of additional collateral successfully claims a right to set-off against the Issuer. The rights to payment pursuant to such indemnity claim will be pledged in favour of the Secured Parties.

(a) Set-off following the sale of the Mortgage Receivables

As from the date on which the Borrower is notified of the transfer of the Mortgage Receivables, the Issuer will only be subject to rights of set-off: (a) accrued prior to the receipt of the notice (i.e. to the extent that both debts were due and payable prior to the receipt of the notice) and will thus no longer be subject to rights of set-off for which the conditions are only met after the receipt of the notice (i.e. where at least one of the debts only becomes due and payable after such notice) or which arise in relation to transactions between the Seller and the Borrower after such notice has been given (Article 1295 of the Belgian Civil Code) or (b), only with respect to Borrowers qualifying as merchants (*kooplieden/commerçants*), to the extent that the Contract Records provide for a contractual right of set-off for the Borrower (see *Set-off upon or following insolvency of the Seller*).

Case law of the Belgian Supreme Court (*Hof van Cassatie/Cour de Cassation*) suggests that even if the claims are closely connected (*verknochtheid/connexité*), no exception exists on the prohibition to invoke set-off after notification to or acknowledgment by the Borrower of the transfer if the conditions for set-off are only satisfied after such notification or acknowledgment. This case law has however been criticised by certain legal writers.

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

(b) Set-off upon or following insolvency of the Seller

As from the insolvency of the Seller, set-off will no longer be permitted, except where:

(i) rights of set-off accrued prior to the Seller's insolvency (i.e. to the extent that both debts were due and payable prior to the Seller's insolvency);

(ii) only with respect to Borrowers qualifying as merchants (*kooplieden/commerçants*), the Contract Records contain provisions that give the Borrower a contractual set-off right; or

(iii) both debts are "closely connected" (*verknochtheid/connexité*).

The exception for *verknochtheid/connexité* is not laid down in any statute but has been developed by case law. Under the exception of *verknochtheid/connexité*, post-insolvency set-off is allowed on the condition that the mutual debts are so closely interrelated or connected that they should be considered as originating from one and the same source (*ex aedem causa*) or as constituting a single, indivisible economic whole. These criteria will need to be assessed by a court in its full discretion on a case by case basis. One legal author has argued that clauses of unicity of accounts (*eenheid van rekening/unicité de comptes*) and compensation clauses may constitute an indication of

verknochtheid/connexité between the mutual debts of a bank and its borrower. According to this author, even if these clauses are stipulated for the benefit of the bank only (and not for the benefit of the borrower), such clauses could be interpreted as characterising the relationship between the bank and a borrower as such and such characterisation should not be different when looked at from the point of view of the bank or from the point of view of the borrower. The Standard Loan Documentation contains a set-off clause stipulated to the benefit of Delta Lloyd Bank.

Furthermore, the same author has stated that, upon insolvency of the Seller, a Borrower could invoke its right of set-off even if the claim the Seller holds against it has not yet become due and payable provided that the mutual debts between the Borrower and the Seller are closely connected. In his view, based on the defence of "non-performance" (*exceptio non adimpleti contractus*), the Borrower would have the right to withhold payment of its debts to the Seller in order to set-off its debts against any claims it may hold against the Seller, as and when its debts owed to the Seller fall due.

The Issuer has been advised that the contractual extension of connexity as set forth above combined with the defence of non performance does not seem to have been confirmed as such by case law. In addition, a view could be taken that the contractual extension of connexity is not consistent with the essence of the defence of non performance, which implies an intrinsic reciprocity of obligations.

Indeed, under Belgian law a party to a reciprocal agreement may, in certain circumstances, in case of default of its counterparty invoke the defence of non-performance, pursuant to which it would be entitled to suspend payment under its obligations towards this counterparty until such counterparty has duly discharged its obligations due and payable to the debtor. The defence of non-performance is subject to various conditions the most important ones being: (a) there must be a close interrelationship between the two debts, typically such close interrelationship is accepted to exist where both debts arise under the same agreement or otherwise are so closely interrelated that they are part of a single and indivisible transaction, (b) the debt in respect of which payment is suspended must be due and must be conditional upon payment of a debt owed by the other party; (c) the other party must have defaulted on its debt in a material way; (d) the amount/value involved in the suspension must be in proportion to the amount/value of the default.

If and to the extent all such conditions are met, the defence of non-performance may be invoked by a Borrower in respect of a Mortgage Loan. If a Borrower would invoke the defence of non performance to its benefit following the insolvency of the Seller, there are good arguments that not all conditions for the defence of non performance are met, such as:

(a) The obligations of the Seller under the Borrower's bank account and the obligations of the Borrower under the Mortgage Loan are not closely connected; the close connection between the two obligations which is required for the defence of non performance should not be construed in the same manner as the close connection (*verknochtheid / connexité*) requirement of set-off; the defence of non performance requirement is more stringent and an extension of the interpretation given to the close connexity under set-off does not seem to be consistent with the use of the defence of non performance because the defence of non performance traditionally requires an inherent reciprocity of debts; there are good arguments to defend that under the current state of the jurisprudence and legal doctrine such close connection does not merely result from a specific contractual arrangement, such as contractual unicity of accounts or compensation clauses;

(b) Furthermore, the Belgian Supreme Court has stated that the defence of non performance is subject to the general principle of good faith (*goede trouw / bonne foi*). According to the jurisprudence this should be construed as the obligation to have a certain proportionality between the default and the suspended obligation. Therefore, should on a specific date the Borrower have an amount to the credit of his bank account which is disproportionally low

compared to the amount he owes to the Seller and which is due at that specific date, there would be good arguments to defend that the defence of non performance would be abusive.

Furthermore, the risk that a Borrower would invoke the defence of non performance is mitigated by the existence of the deposit protection schemes. Deposit accounts held by a Borrower may benefit from a protection from the Deposit Protection Fund (established by the Law of 17 December 1998) and the Special Deposit Protection Fund (established by the Royal Decree of 14 November 2008). In principle, through the combination of the deposit guarantee cover by the Deposit Protection Fund on the one hand and the Special Deposit Protection Fund on the other hand, eligible deposits (in accordance with the applicable laws and regulations) will be reimbursed up to a maximum amount of EUR 100,000 per beneficiary.

For the purpose of calculating the compensation, all claims of the same person on the same credit institution which are eligible for reimbursement under the deposit protection scheme shall be added up by category, after legal or contractual set-off between the claims of the credit institution and the claims of the client of the credit institution.

In addition, if the client has debts or other liabilities owing to the credit institution, in respect of which no legal or contractual set-off is possible, the amount of such debts or liabilities will be deducted from the amount of compensation to be paid by the Deposit Protection Fund / Special Deposit Protection Fund, except when those debts or liabilities are secured by sufficient security, other than the deposits in respect of which the compensation is applied for (point 35 of the Regulation of the Deposit Protection Fund and article 11 item 11 of the Royal Decree of 16 March 2009 on the Special Deposit Protection Fund).

After payment of the compensation, the Deposit Protection Fund/Special Deposit Protection Fund is subrogated in the rights of the client-beneficiary of the compensation for the amount of the compensation paid to the client. For the amount of deposits held by the client in excess of the amount of the compensation paid, the client will retain a claim towards the credit institution, on a *pari passu* basis with the Deposit Protection Fund/Special Deposit Protection Fund.

Under the regulations of the Deposit Protection Fund and the Special Deposit Protection Fund, the Borrowers will need to apply within a short time period for a compensation by the relevant funds (in principle 2 months after the publication of the decision regarding the intervention by the funds). Borrowers are therefore likely to make a claim under the relevant deposit protection schemes, rather than merely invoking the defence of non performance, as invoking this defence could lead to a long legal procedure. The outcome of such procedure would be uncertain and would in the best case only allow the Borrower to offset amounts due under the Mortgage Loan with the amounts to the credit of his bank accounts. The Borrower would take the risk of being in default under his payment obligations towards the relevant credit institutions.

The rights of the Borrower to invoke set-off upon or following insolvency of the Seller are subject to Article 1295 of the Belgian Civil Code. This means that, in any case, the Borrower may no longer exercise its rights of set-off where the conditions for such set-off would only be met after receipt of the notice of the transfer of the Mortgage Receivables or where such set-off would arise in relation to transactions between the Seller and the Borrower after such notice has been given. Based on the case law of the Belgian Supreme Court, this would apply even if the claims are closely connected. As to the theory based on the defence of "non-performance", if a court would accept that the conditions of this defence are satisfied (amongst others that both debts are "closely connected", also from the point of view of the Borrower), such defence may be enforceable against the Issuer following notification of the transfer of the Mortgage Receivables and is not addressed by Article 1295 of the Belgian Civil Code.

A set-off following the insolvency of the Seller would result in a loss of collections for the Issuer and could therefore adversely affect the Issuer's ability to make full payments of principal and interest to the Noteholders.

The set-off risk is, however, mitigated by the following considerations:

(a) the Transaction Documents provide mechanics to procure that notice of the assignment is to be given by the Seller, the Issuer or the Security Agent prior to insolvency of the Seller;

(b) as from the date of receipt of such notice, a Borrower will no longer be entitled to set-off amounts not yet due and payable on such date (see above); and

(c) the notice of the assignment can still be validly given following the commencement of insolvency proceedings in respect of the Seller.

2.6 Insurance Policies

(a) Life Insurance Policies

Article 22 § 3 *juncto* article 104 of the Securitisation Act provides that, in case of assignment of a receivable to an institutional VBS/SIC, the assignment of all rights in the insurance policies which have been conferred to the originator as collateral for the assigned debt is governed by the general principles applying to all receivables (i.e. Article 1690, Belgian Civil Code). The specific formalities and approvals required by the insurance act of 25 June 1992 (the **Insurance Act**) need therefore not be complied with or be obtained for the assignment to the Issuer.

Because the exemption provided by article 22 §3 only expressly refers to an assignment of the receivables it could be argued that it does not apply to pledging of the receivables. If so, the creation of a pledge over the Insurance Policies in favour of the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties, would still require the compliance with the Insurance Act. The Issuer has been advised that a view could be taken that if the exemption applies to a full transfer of the benefit it should certainly apply to the granting of a more limited interest therein, such as a pledge.

(b) Hazard Insurance Policies

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

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

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

Pursuant to Article 66 §2 of the Insurance Act:

(i) the Insurance Company can invoke the suspension, reduction or termination of the insurance coverage only after having given the creditor one month prior notice; and

(ii) if the suspension or termination of the insurance coverage is due to the non-payment of premiums, the Seller has the right to pay the premiums within the one-month notice period and thus avoid the suspension or termination of the insurance coverage.

2.7 Enforcement of Loan Security

The sale proceeds of the sale of the Loan Security may not entirely cover the outstanding amount under such Mortgage Receivable. Subject to the availability of credit enhancement, there is a risk that a shortfall will affect the Issuer's ability to make the payments due to the Noteholders. Moreover, if action is taken by a third party creditor against a Borrower prior to Stater acting as Sub MPT Provider following the sale of the Mortgage Receivables to the Issuer, the MPT Provider will not control the foreclosure proceedings but rather will become subject to any prior foreclosure proceedings initiated by a third party creditor prior to the institution of foreclosure proceedings by the MPT Provider.

In addition, certain Mortgage Receivables may not be 100% covered by a mortgage, as set out in the Eligibility Criteria.

2.8 Data Protection

The transfer of Mortgage Receivables by the Seller to the Issuer in connection with the Transaction constitutes a processing of personal data under the Belgian Act of 8 December 1992 on the protection of privacy in relation to the processing of personal data (the **Belgian Data Protection Act**).

The Belgian Data Protection Act permits the processing of personal data under several permissibility grounds, including (a) the prior consent of the data subject, and (b) if the data processing is necessary for the legitimate interests pursued by the Seller or for those pursued by the Issuer (and these interests are not overridden by privacy interests of the Borrowers). The Issuer has been advised that, although this is not entirely certain, the transfer of the Mortgage Receivables by the Seller to the Issuer is permitted based on the latter permissibility ground, so that the prior consent of the Borrowers must not be obtained.

3. RISK FACTORS - PORTFOLIO INFORMATION

3.1 No Searches and Investigations

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

representations and warranties will be given in relation to the Mortgage Receivables and all rights related thereto.

If there is an unremedied material breach of any representation and warranty in relation to any Mortgage Receivable and Related Security relating thereto and, to the extent the breach can be remedied, the Seller has not remedied the breach within 30 calendar days of the earlier of (i) receipt of written notice thereof from the Issuer or (ii) the date of a notice by the Seller relating to such misrepresentation in accordance with the Mortgage Receivables Purchase Agreement, the Issuer will have the right (exercisable upon its own initiative or at the direction of the Issuer Administrator or the Security Agent) to require the Seller to repurchase such Mortgage Receivables and the Related Security, for an aggregate amount equal to the then Outstanding Principal Amount of the repurchased Mortgage Receivable plus accrued interest thereon and costs up to (but excluding) the date of completion of the repurchase. The Issuer, the Security Agent and the Issuer Administrator will have no other remedy in respect of such breach if the Seller fails to effect such repurchase in accordance with the Mortgage Receivables Purchase Agreement. This may affect the quality of the Mortgage Receivables and the Related Security and accordingly the ability of the Issuer to make payments due on the Notes.

3.2 Historical Information

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

The historical and other information set out under *The Belgian Residential Mortgage Market* is historical information, and therefore the description of the Belgian mortgage market may not constitute a comprehensive and up-to-date description. There can be no assurance of future similar developments of the Belgian mortgage market.

3.3 Forecasts and estimates

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

3.4 Limited Provision of Information

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

4. RISK FACTORS - GENERAL

4.1 Factors which might affect an investor's ability to make an informed assessment of the risk associated with Notes

Investors in the Notes must be able to make an informed assessment of the Notes, based upon full knowledge and understanding of the facts and risks. Investors must determine the suitability of that

investment in light of their own circumstances. The following factors might affect an investor's ability to appreciate the risk factors outlined below, placing such investor at a greater risk of receiving a lesser return on his investment:

(a) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined below;

(b) if such an investor does not have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Notes will have on his overall investment portfolio;

(c) if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the investor's currency;

(d) if such an investor does not understand thoroughly the terms of the Notes and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated thereof) as such investor is more vulnerable to any fluctuations in the financial markets generally; and

(e) if such an investor is not able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

4.2 Return on investment in Notes will be affected by charges incurred by investors

An investor's total return on an investment in Notes will be affected by the level of fees charged to the investor, including fees charged to the investor as a result of the Notes being held in a clearing system. Such fees may include charges for opening accounts, transfers of securities, custody services and fees for payment of principal, interest or other sums due under the terms of the Notes. Investors should carefully investigate these fees before making their investment decision.

4.3 Notes in dematerialised form

The Notes will be issued in the form of dematerialised notes under the Company Code and will be represented exclusively by book entries in the records of the Clearing System.

Access to the Clearing System is available through its Clearing System Participants whose membership extends to securities such as the Notes (the **Clearing System Participants**). Clearing System Participants include certain Belgian banks, stock brokers (*beursvennootschappen/sociétés de bourse*), Clearstream and Euroclear Bank.

Transfers of interests in the Notes will be effected between the Clearing System Participants in accordance with the rules and operating procedures of the Clearing System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Clearing System Participants through which they hold their Notes.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the Clearing System or its Clearing System Participants of their obligations under their respective rules and operating procedures.

Investors will only be able to hold the Notes through an X-account through a Clearing System Participant, including Euroclear or Clearstream. The Investors will therefore need to confirm their

status as Eligible Investor (as defined in Article 4 of the *Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/Arrêté Royal du 26 mai 1994 sur la retenue et bonification du précompte mobilier* (Royal Decree of 26 May 1994 on the deduction and indemnification of withholding tax)) in the account agreement to be entered into with a Clearing System Participant, including Euroclear or Clearstream.

4.4 Change in Law and Tax

The structure of the transaction described in this Prospectus and, among other things, the issue of the Notes and the ratings assigned to the Notes are based on law, tax rules, regulations, guidelines, rates and procedures, and administrative practice in effect at the date of this document. No assurance can be given that there will be no change to such law, tax rules, regulations, guidelines, rates, procedures or administrative practice after the date of this Prospectus which change might have an adverse impact on the Notes and the expected payments of interest and repayment of principal in respect of the Notes. See also Condition 4.5(h) on Optional Redemption in case of Change of Law.

4.5 Implementation of and/or changes to the Basel II framework may affect the capital requirements and/or the liquidity of the Notes.

In 1988, the Basel Committee on Banking Supervision (the "**Basel Committee**") adopted capital guidelines that explicitly link the relationship between a bank's capital and its credit risks. In June 2006 the Basel Committee finalised and published new risk-adjusted capital guidelines ("**Basel II**"). Basel II includes the application of risk-weighting which depends upon, amongst other factors, the external or, in some circumstances and subject to approval of supervisory authorities, internal credit rating of the counterparty. The revised requirements also include allocation of risk capital in relation to operational risk and supervisory review of the process of evaluating risk measurement and capital ratios.

The International Convergence of Capital Measurement and Capital Standards of the Basel Committee on Banking Supervision (the "**Basel II Framework**") has not been fully implemented in all participating jurisdictions. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II Framework has been implemented in the European Union by the Capital Requirements Directive. Certain amendments have been made to the Capital Requirements Directive, including by Directive 2010/76/EU (the so-called "**CRD III**"), which is required to be implemented by Member States by the end of 2011 and which introduces (amongst other things) higher capital requirements for certain trading book positions and re-securitisation positions.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework(such changes being commonly referred to as "**Basel III**") and on 1 June 2011 issued its final guidance, which envisages a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a minimum leverage ratio for financial institutions. In particular, the changes include, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). Member countries will be required to implement the new capital standards from January 2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The Basel Committee is also considering introducing additional capital requirements for systemically important institutions from 2016. The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that

are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

The European authorities support the work of the Basel Committee on the approved changes in general and, on 20 July 2011, the European Commission adopted a legislative package of proposals (known as "**CRD IV**") to implement the changes through the replacement of the existing Capital Requirements Directive with a new Directive and Regulation. As with Basel III, the proposals contemplate the entry into force of the new legislation from January 2013, with full implementation by January 2019; however the proposals allow individual Member States to implement the stricter definition and/or level of capital more quickly than is envisaged under Basel III.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby, amongst other things, affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Manager, the Arranger or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Closing Date or at any time in the future.

In particular, investors subject to European supervision should be aware of Article 122a of the Capital Requirements Directive which applies in general to newly issued asset-backed securities after 31 December 2010. Article 122a restricts a EU regulated credit institution from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5% in respect of certain specified credit risk tranches or asset exposures, as contemplated by Article 122a. Article 122a also requires a EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

Article 122a applies in respect of the Notes. Investors should therefore make themselves aware of the requirements of Article 122a (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the Seller to retain a material net economic interest in the securitisation as contemplated by Article 122a and with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by the Seller or the Issuer Administrator on the Issuer's behalf) in relation to the due diligence requirements under Article 122a, please see the statements set out on pages 1 and 2 of this Prospectus. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 122a (and any corresponding implementing rules of their regulator) and none of the Issuer, the Seller, the Issuer

Administrator, the Arranger nor the Manager makes any representation that the information described above is sufficient in all circumstances for such purposes.

There remains considerable uncertainty with respect to Article 122a and its implementation in the EEA states and it is not clear what will be required to demonstrate compliance to national regulators. Article 122a has been implemented in Belgium in the own fund regulations of the Belgian National Bank (*Règlement de la CBFA du 17 octobre 2006 concernant le règlement relatif aux fonds propres des établissement de crédit et des entreprises d'investissement/Reglement van de CBFA van 17 oktober 2006 over het eigen vermogen van de kredietinstellingen en de beleggingsondernemingen,* as amended), and further guidance is available based on the communication of the NBB (NBB_2011_03) dated 4 July 2011. It should be noted that EEA states may implement Article 122a (and related provisions) differently. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non compliance with Article 122a should seek guidance from their regulator. Similar requirements to those set out in Article 122a are expected to be implemented for other EU regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds and certain hedge fund managers) in the future.

Article 122a of the Capital Requirements Directive and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

4.6 U.S. Foreign Account Tax Compliance withholding may affect payments on the Notes

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act, ("**FATCA**") generally impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to certain non-US financial institutions (including entities such as the Issuer) (each, a foreign financial institution, or "**FFI**" (as defined by FATCA)) that do not enter into and comply with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on the holders of its debt or equity (other than debt or equity interests that are regularly traded on an established securities market). The new withholding regime will be phased in beginning in 2014.

The IRS has not yet provided comprehensive guidance regarding FATCA and no assurance can be provided that the Issuer will enter into such an agreement with the IRS. If the Issuer does not enter such an agreement, the Issuer would be subject to a 30 per cent. withholding tax on all, or a portion of all, payments received from U.S. sources and from compliant FFIs. Any such withholding imposed on the Issuer may reduce the amounts available to the Issuer to make payments on the Notes and there will be no "gross up" (or any other additional amount) payable by way of compensation to the holders for the deducted amount.

In the alternative, if the Issuer determines that it must comply with FATCA in order to receive certain payments free of U.S. withholding tax, holders may be required to provide certain information, (or, for certain non-US financial institutions, otherwise comply with FATCA) to avoid withholding on amounts paid to such holder. The Issuer and other FFIs through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2014 in respect of any Notes which are treated as equity for U.S. federal tax purposes if the Issuer has a positive "pass thru percentage" (as defined by FATCA), and A) a noteholder does not provide sufficient information to establish whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of such Issuer or (B) any FFI through which payment on such Notes is made is not a participating FFI.

If an amount in respect of U.S. withholding tax is deducted or withheld from interest, principal or other payments on the Notes as a result of a holder's failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, the terms of the Notes will not require any person to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected.

FATCA is particularly complex and its application to the Issuer is uncertain at this time. Each prospective noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how this legislation might affect the holder in its particular circumstance.

4.7 EC Savings Directive

Under the EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), member states of the European Economic Union (the **EU Member States** and each an E**U Member State**) are required to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU Member State or to certain limited types of entities established in that other EU Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

4.8 Exchange rates and exchange controls

The Issuer will pay principal and interest on the Notes in euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to euro would decrease (1) the investor's currency-equivalent yield on the Notes, (2) the investor's currency-equivalent value of the principal payable on the Notes and (3) the investor's currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate and/or restrict the convertibility or transferability of currencies within and/or outside of a particular jurisdiction. As a result, investors may receive less interest or principal than expected, or receive it later than expected or not at all.

4.9 Eligible collateral

The relevant central bank will ultimately assess and confirm whether the Senior Class A Notes issued pursuant to the Transaction qualify as eligible collateral for liquidity and/or open market operations. In accordance with its policies, the relevant central bank will not confirm the eligibility of the Senior Class A Notes for such purposes prior to the issuance of these Notes pursuant to the Transaction. If any Senior Class A Notes are accepted for such purposes, the relevant central bank may amend or withdraw any such approval in relation to those Notes at any time. None of the Issuer

and the Manager nor any Affiliated Entity of the Issuer or the Manager give any representation or warranty as to whether the relevant central bank will ultimately confirm the eligibility of such Notes for such purpose and none of the Issuer and the Manager nor any Affiliated Entity of the Issuer and the Manager will have any liability or obligation in relation thereto if the Notes are at any time deemed ineligible for such purposes.

In any event, the Mezzanine Class B Notes and the Subordinated Class C Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem.

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

TRANSACTION OVERVIEW

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

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

Risk Factors

There are certain risk factors which prospective Noteholders should take into account. These risk factors relate to, among other things, the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables and the receipt by it of certain other funds. Despite certain facilities, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Mortgage Receivables. See further *Risk Factors*.

Transaction Overview

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

1. On or about 18 January 2012 the Issuer will enter into a mortgage receivables purchase agreement (the **Mortgage Receivables Purchase Agreement**) with the Seller and the Security Agent. Pursuant to the Mortgage Receivables Purchase Agreement the Seller will sell and assign to the Issuer legal title to the Mortgage Receivables. The Mortgage Receivables consist of any and all rights of the Seller against certain borrowers under loans originated or acquired by the Seller which loans are secured by (i) a first-ranking Mortgage, and/or (ii) a lower-ranking Mortgage provided that the benefit of all higher ranking Mortgages on the same Real Estate has been transferred to the Issuer pursuant to the Mortgage Receivables Purchase Agreement, and/or (iii) a mandate to create Mortgages over residential properties in Belgium. The initial purchase price for the Mortgage Receivables amounts to EUR 1,000,000,380.61. The transfer of legal title to the Mortgage Receivables will take place on 23 January 2012 or on such later date as may be agreed between the Issuer, the Seller and the Manager (the **Closing Date**). The Issuer will pay part of the initial purchase price on the Closing Date.

   The Issuer will use the proceeds of the issue of the Notes (other than the Subordinated Class C Notes) to fund the initial purchase price on the Closing Date.

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

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

2. The amounts of interest received on the Mortgage Receivables and the Transaction Accounts will not necessarily equal the floating rates applicable to the Notes. In order to provide a hedge against certain differences in these rates as compared to the Issuers' obligations to pay interest on the Senior Class A Notes, the Issuer will enter into an interest rate swap transaction documented under a swap confirmation, which supplements, forms part of, and is subject to an ISDA Master Agreement with a schedule attached thereto (together the **Swap Agreement**) with The Royal Bank of Scotland plc (as the Swap Counterparty).

3. The ability of the Issuer to meet its obligations under the Notes will depend primarily upon the receipt by it of principal and interest from the Borrowers under the Mortgage Receivables and in respect of the Senior Class A Notes, the receipt of funds under the Swap Agreement. The Issuer will secure its obligations under the Notes. Pursuant to a parallel debt agreement (the **Parallel Debt Agreement**) the Issuer will undertake to pay to the Security Agent, on the same terms and conditions, an amount equal to the aggregate of all amounts from time to time due and payable by the Issuer to the Noteholders and the other Secured Parties (such payment undertaking and the obligations and liabilities resulting from it being referred to as the **Parallel Debt**). Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

4. The Issuer will enter into a common representative appointment agreement (the **Common Representative Appointment Agreement**) with Deloitte Bedrijfsrevisoren/Reviseurs d'Entreprises BV o.v.v.e. CVBA (the **Security Agent**) pursuant to which the Security Agent is appointed (i) as representative (*vertegenwoordiger/représentant*) of the Noteholders in accordance with Article 27 and 106 of the Securitisation Act with respect to their rights and obligations under the Notes and the Conditions, (ii) as irrevocable agent (*mandataris/mandataire*) of the other Secured Parties and (iii) as agent in its own name but on behalf of the Noteholders and the other Secured Parties in accordance with Article 5 of the Collateral Law.

5. The obligations of the Issuer to the Secured Parties and the Parallel Debt are secured by a first-ranking pledge over (i) the Mortgage Receivables, (ii) the Issuer's claims under the Transaction Documents and (iii) the balances standing to the credit of the Transaction Accounts, pursuant to a pledge agreement (the **Pledge Agreement**). Upon the occurrence of an Event of Default under the Notes, the Security Agent may give notice to the Issuer that the amounts outstanding under the Notes (and under the Parallel Debt) are immediately due and payable and may enforce the Pledge Agreement. The Security Agent will apply the amounts recovered upon enforcement of the Pledge Agreement in accordance with the Priority of Payments upon Enforcement towards satisfaction of the amounts owed by the Issuer to the Noteholders and such other transaction parties. See *Credit Structure*.

6. The Issuer will enter into a subordinated loan agreement (the **Subordinated Loan Agreement**) with Delta Lloyd Bank (as the **Subordinated Loan Provider**) on or before the Closing Date, pursuant to which the Subordinated Loan Provider will agree to make available to the Issuer a subordinated loan (the **Subordinated Loan**), the proceeds of which will be used to fund the liquidity funding account (the **Liquidity Funding Account**) out of which the Issuer may in certain circumstances make drawings in case of (temporary) interest revenue shortfalls.

7. The Issuer will enter into an expenses subordinated loan agreement (the **Expenses Subordinated Loan Agreement**) with Delta Lloyd Bank (as the **Expenses Subordinated Loan Provider**) on or before the Closing Date, pursuant to which the Expenses Subordinated Loan Provider will agree to make available to the Issuer a subordinated loan (the **Expenses Subordinated Loan**), the proceeds of which will be used to pay certain initial costs and expenses in connection with the issue of the Notes and, as the case may be, part of the initial purchase price of the Mortgage Receivables.

8. The Issuer will enter into a guaranteed investment contract (the **Floating Rate GIC**) with Fortis Bank NV/SA (as the **Floating Rate GIC Provider**) and the Security Agent on or before the Closing Date, pursuant to which the Floating Rate GIC Provider guarantees a certain interest rate (the **Floating Rate GIC Interest Rate**) determined by reference to one-month Euribor minus 0,1 % (with a minimum rate of 0,25% and a maximum rate of 10% per annum) in respect of the balance standing from time to time to the credit of certain bank accounts maintained by the Issuer with the Floating Rate GIC Provider.

9. The Issuer will enter into a mortgage payment transactions and issuer services agreement (the **Issuer Services Agreement**) with the Seller (as the **MPT Provider**), Stater Belgium NV (as **Sub-MPT Provider**), Deloitte Bedrijfsrevisoren/Reviseurs d'Entreprises BV o.v.v.e. CVBA (as **Security Agent**) and ATC Financial Services B.V. (as **Issuer Administrator**) on or before the Closing Date, pursuant to which (i) the MPT Provider will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Receivables, and (ii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer. The MPT Provider will initially appoint the Sub-MPT Provider as its sub-agent.

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

(a) a subscription agreement (the **Subscription Agreement**) with The Royal Bank of Scotland plc (as **Arranger**) and Delta Lloyd Bank (as **Manager**) pursuant to which the Manager agrees to subscribe and pay for or to procure subscription and payment for the Notes;

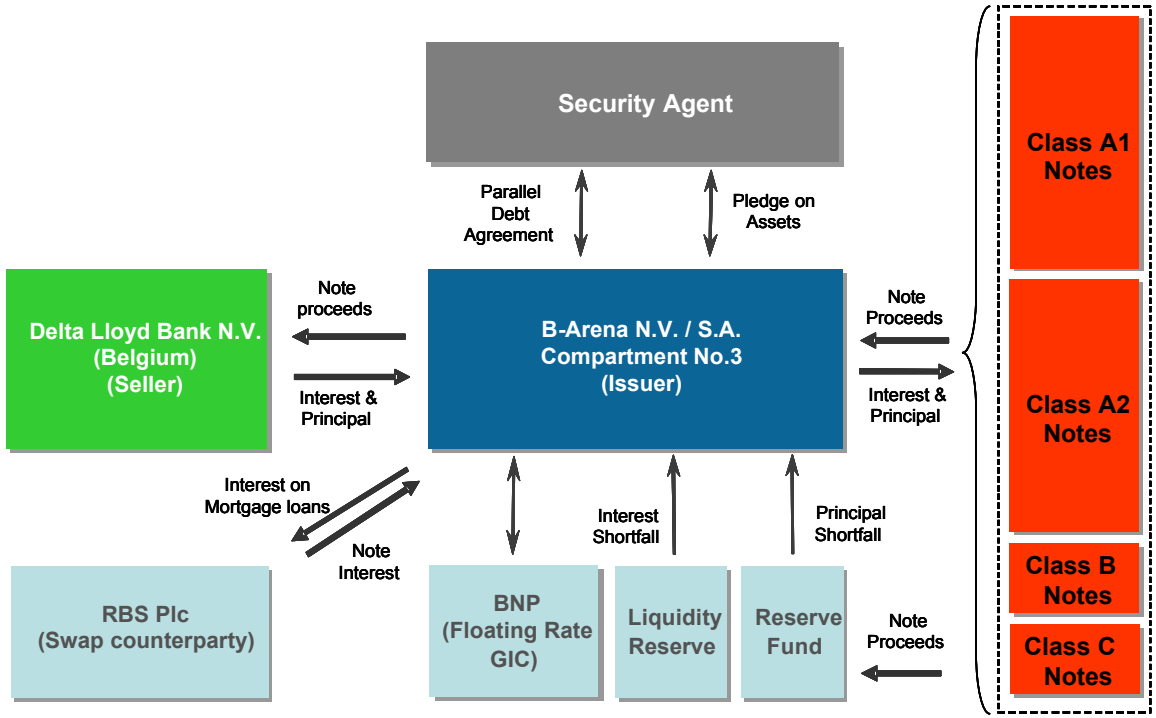
(b) an agency agreement (the **Agency Agreement**) with BNP Paribas Securities Services SCA, acting through its Brussels branch (as the **Domiciliary Agent , Reference Agent** and **Listing Agent**) pursuant to which the Domiciliary Agent, the Listing Agent and the Reference Agent will respectively act as domiciliary agent, listing agent and reference agent in relation to the Notes;

(c) a clearing agreement (the **Clearing Agreement**) with the Domiciliary Agent and the National Bank of Belgium (as **Clearing System Operator**) pursuant to which the Notes will be cleared in accordance with the Clearing System;

(d) a master definitions agreement (the **Master Definitions Agreement**) with, among others, the Secured Parties, setting out certain definitions, terms and principles that are used for the interpretation and construction of the Transaction Documents; and

(e) issuer management agreements (the **Issuer Management Agreements**) with the Issuer Directors and the Security Agent pursuant to which the Issuer Directors will undertake to act as managing directors of the Issuer and to perform certain services in connection therewith.

TRANSACTION STRUCTURE DIAGRAM



SUMMARY OF THE NOTES

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

	Senior Class A1	**Senior Class A2**	**Mezzanine Class B**	**Subordinated Class C**
Principal Amount	€ 300,000,000	€ 540,000,000	€ 160,000,000	€ 10,000,000
Credit Enhancement	Subordination of Subordinated Class C Notes and Mezzanine Class B Notes Reserve Account	Subordination of Subordinated Class C Notes and Mezzanine Class B Notes Reserve Account	Subordination of Subordinated Class C Notes	Nil
Margin	1.00%	1.00%	Nil	Nil
Interest Accrual	Act/360	Act/360	Act/360	Act/360
Quarterly Payment Date	22nd day of January, April, July and October (or, if such day is not a Business Day, the next succeeding Business Day			
Final Maturity Date	22 January 2045	22 January 2045	22 January 2045	22 January 2045
Denomination	€ 250,000	€ 250,000	€ 250,000	€ 250,000
Form	Dematerialised			
Listing	Euronext Brussels	Euronext Brussels	Euronext Brussels	Euronext Brussels
Rating	Aaa(sf) by Moody's and AAA(sf) by DBRS	Aaa(sf) by Moody's and AAA(sf) by DBRS	Not rated	Not rated
ISIN Code	BE0002410828	BE0002411834	BE0002412840	BE0002413855
Common Code	073448905	073448883	073448964	073449049

KEY PARTIES AND OVERVIEW PRINCIPAL FEATURES

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

Key Transaction Parties

Issuer:

B-Arena NV/SA, *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge*, acting through its Compartment N°3. The Issuer was incorporated as a limited liability company (*naamloze vennootschap/société anonyme*) existing under the laws of the Kingdom of Belgium, and has its registered office at Louizalaan 486, 1050 Brussels, registered with the Crossroads Bank for Enterprises under number RPR 882.540.048, Commercial Court of Brussels.

The Issuer qualifies as a Belgian institutional company for investment in receivables (*institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge*) in accordance with the Securitisation Act and has been registered as such with the Federal Public Service Finance (*Federale Overheidsdienst Financiën/Service Pubic Fédéral Finances*) on 18 August 2006. Compartment N°3 of the Issuer has been registered with the Federal Public Service Finance (*Federale Overheidsdienst Financiën/Service Public Fédéral Finances*) on 5 December 2011. Such registration cannot be considered as a judgment as to the opportunity or the quality of the Transaction, nor on the situation of the Issuer or its Compartment N°3.

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

The Notes are issued by the Issuer, acting through its Compartment N°3. The Noteholders and the other Secured Parties only have recourse to the Pledged Assets of Compartment N°3 of the Issuer.

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

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

See further *The Issuer*.

Seller:	Delta Lloyd Bank NV/SA (**Delta Lloyd Bank**), a credit institution existing under the laws of the Kingdom of Belgium, with its registered office at Sterrenkundelaan 23, 1210 Brussels, registered with the Crossroads Bank for Enterprises under number RPR 0404.140.107, Commercial Court of Brussels.
MPT Provider:	Delta Lloyd Bank. The MPT Provider will appoint the Sub-MPT Provider, as its sub-agent.
Sub-MPT Provider:	Stater Belgium NV, a limited liability company (*naamloze vennootschap/société anonyme*) existing under the laws of the Kingdom of Belgium, with its registered office at Kanselarijstraat 17A, 1000 Brussels registered with the Crossroads Bank for Enterprises under number RPR 0473.774.625, Commercial Court of Brussels.
Issuer Administrator:	ATC Financial Services B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), with its registered office at Olympic Plaza 1HG, Frederik Roeskestraat 123 1076 EE Amsterdam, the Netherlands, registered with the commercial register (*kamer van koophandel en fabrieken voor Amsterdam*) under number 33210270.
Security Agent:	Deloitte Bedrijfsrevisoren/Reviseurs d'Entreprises BV o.v.v.e. CVBA, a cooperative limited liability company (*burgerlijke vennootschap onder de vorm van een CVBA*) existing under the laws of Belgium, with its registered office at Berkenlaan 8b, Diegem, registered with the Crossroads Bank for Enterprises under number RPR 0429.053.863. The Security Agent is also appointed (i) as representative (*vertegenwoordiger/représentant*) of the Noteholders in accordance with the Securitisation Act, (ii) as irrevocable agent (*mandataris/mandataire*) of the other Secured Parties and (iii) as agent in its own name but on behalf of the Noteholders and the other Secured Parties in accordance with Article 5 of the Collateral Law. See further *The Security Agent*.
Shareholder:	B-Arena Holding B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands, registered with the commercial register (*kamer van koophandel en fabrieken voor Amsterdam*) under number 34247655.
Stichting Shareholder:	Stichting Shareholder B-Arena Holding, a Dutch foundation (*stichting*), with its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands, registered with the commercial register (*kamer van koophandel en fabrieken voor Amsterdam*) under number 34247208.
Issuer Directors:	BVBA Sterling Consult, a personal limited liability company (*besloten vennootschap met beperkte aansprakelijkheid/société privée à responsabilité limitée)* with registered office at Camille Huysmanslaan 91, 2020 Antwerp, registered with the Crossroads Bank for Enterprises under number RPR 0861.696.827, Commercial Court of Antwerp,

	represented by its legal representative and sole manager Mr Georges De Booseré, and Mr Dirk P. Stolp. The board of directors is responsible for the management and administration of the Issuer.
Shareholder Director:	ATC Management B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with its registered office at Olympic Plaza 1HG, Frederik Roeskestraat 123 1076 EE Amsterdam, the Netherlands, registered with the commercial register (*kamer van koophandel en fabrieken voor Amsterdam)* under number 33226415 (together with the Issuer Directors, the **Directors**).
Expenses Subordinated Loan Provider:	Delta Lloyd Bank.
Subordinated Loan Provider	Delta Lloyd Bank.
Swap Counterparty:	The Royal Bank of Scotland plc, having its office at 36 St Andrew Square, EH2 2YB Edinburgh, United Kingdom and acting out of its London Branch having its office at 135 Bishopsgate, EC2M 3UR London, United Kingdom.
Floating Rate GIC Provider:	Fortis Bank NV/SA, a credit institution organised under the laws of Belgium, having its registered office at Warandeberg 3, 1000 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0403.199.702, Commercial Court of Brussels.
Domiciliary Agent:	BNP Paribas Securities Services SCA, a credit institution organised under the laws of France acting through its Brussels Branch, with offices at Boulevard Louis Schmidt 2, 1040 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 471.778.603, Commercial Court of Brussels.
Reference Agent:	BNP Paribas Securities Services SCA, a credit institution organised under the laws of France acting through its Brussels Branch, with offices at Boulevard Louis Schmidt 2, 1040 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 471.778.603, Commercial Court of Brussels.
Listing Agent:	BNP Paribas Securities Services SCA, a credit institution organised under the laws of France acting through its Brussels Branch, with offices at Boulevard Louis Schmidt 2, 1040 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 471.778.603, Commercial Court of Brussels.
Clearing System Operator:	The *Nationale Bank van België/La Banque Nationale de Belgique*, a public limited liability company incorporated under the laws of Belgium, with registered office at De Berlaimontlaan 14, 1000 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0203.201.340, Commercial Court of Brussels.
Auditors:	Ernst & Young, with its registered office at De Kleetlaan 2, 1831 Diegem, registered with the Crossroads Bank for Enterprises under number 0446.334.711, Commercial Court of Brussels, represented by Marc Van Steenvoort.

Principal features of the Notes

Notes:	The euro 300,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2012 due 2045 (the **Senior Class A1 Notes**), the euro 540,000,000 floating rate Senior Class A2 Mortgage-Backed Notes 2012 due 2045 (the **Senior Class A2 Notes,** and together with the Senior Class A1 Notes, the **Senior Class A Notes**), the euro 160,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2012 due 2045 (the **Mezzanine Class B Notes**) and the euro 10,000,000 floating rate Subordinated Class C Notes 2012 due 2045 (the **Subordinated Class C Notes**), and together with the Senior Class A Notes and the Mezzanine Class B Notes, the **Notes**) will be issued by the Issuer on 23 January 2012 or on such later date as may be agreed between the Issuer, the Seller and the Manager (the **Closing Date**).
Issue Price:	The issue prices of the Notes will be as follows: (a) the Senior Class A1 Notes 100%; (b) the Senior Class A2 Notes 100%; (c) the Mezzanine Class B Notes, 100%; and (d) the Subordinated Class C Notes, 100%.
Eligible Holders only	The Notes are only offered, directly or indirectly, to holders (**Eligible Holders**) who qualify both as: (i) an Institutional Investor (as referred to in Article 5, §3 of the Securitisation Act), acting for its own account; and (ii) a holder of an exempt securities account (X-account) with the Clearing System operated by the National Bank of Belgium or with a participant in such system. Only investors referred to in article 4 of the Royal Decree of 26 May 1994 can hold an X-account (**Tax Eligible Investors**). In the event that the Issuer establishes that the Notes are held by persons which do not qualify as Eligible Holder, the Issuer will suspend the payment of interest on such Notes. See further *Taxation in Belgium* for a non-exhaustive list of Tax Eligible Investors and *Terms and Conditions of the Notes – Holding and Transfer Restrictions* and *Annex 1* for a list of investors that, at the date of this Prospectus, are deemed to be Institutional Investors.
Excluded holders:	Notes may not be acquired by a transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the BITC 1992).

	See further *Purchase and Sale – Excluded holders* for a list of transferees that, at the date of this Prospectus, are considered as excluded holders.
Form:	The Notes will be issued in the form of dematerialised notes under the Company Code and will be represented exclusively by book entries in the records of the Clearing System and will not be physically delivered. The Notes will be delivered in the form of an inscription on a securities account.
Denomination:	The Notes will be issued in denominations of EUR 250,000 each.
Status and Ranking:	The Notes of each Class (as defined in the Conditions) rank *pari passu* without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Common Representative Appointment Agreement, (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and (ii) payments of principal and interest on the Subordinated Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes. To the extent that the Notes Redemption Available Amount is insufficient to repay any amount of principal in respect of the Senior Class A1 Notes and/or the Senior Class A2 Notes within fifteen days after the due date of such principal or to the extent that the Notes Interest Available Amount is insufficient to pay interest on the Senior Class A1 Notes and/or the Senior Class A2 Notes within ten days of the due date of such interest, this will constitute an Event of Default in accordance with Condition 4.9(a). The Senior Class A2 Notes therefore do not purport to provide credit enhancement to the Senior Class A1 Notes. If, on any date, the Security Interests are to be enforced and the proceeds of the enforcement would be insufficient to redeem the Senior Class A Notes in full, such loss will be borne, pro rata and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes bearing a greater loss than that borne by the Senior Class A1 Notes. See further *Credit Structure*.
Interest:	Interest on the Notes is payable by reference to successive quarterly interest periods (each a **Floating Rate Interest Period**) and will be payable quarterly in arrears in euro. Each Note shall bear interest on its Principal Amount Outstanding on the 22nd day of January, April, July and October (or, if such day is not a Business Day, the next succeeding Business Day) in each year (each such day being a **Quarterly Payment Date**). Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in April 2012. The interest will be calculated on the basis of the actual days elapsed in a Floating Rate

Interest Period divided by a year of 360 days.

A **Business Day** means a day on which banks are open for business in Brussels, Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system (**TARGET 2**) or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Interest on the Notes for each Floating Rate Interest Period from the Closing Date will accrue at a rate equal to the sum of the Euro Interbank Offered Rate (**Euribor**) for three months deposits in euro (determined in accordance with Condition 4.4) plus, in relation to the Senior Class A Notes only, a margin of (i) 1.00% per annum for the Senior Class A1 Notes and (ii) 1.00% for the Senior Class A2 Notes.

Average Life:

The estimated average life of the Notes from the Closing Date up to (but excluding) the first Optional Redemption Date based on a conditional prepayment rate of 5%, will be as follows:

(a) the Senior Class A1 Notes 2.1 years;

(b) the Senior Class A2 Notes 5.0 years;

(c) the Mezzanine Class B Notes 5.0 years; and

(d) the Subordinated Class C Notes 5.0 years.

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

Final Maturity Date:

Unless previously redeemed as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in January 2045 (the **Final Maturity Date**).

Optional Redemption of the Notes:

On the Quarterly Payment Date falling in January 2017 and on each Quarterly Payment Date thereafter (each an **Optional Redemption Date**), the Issuer will have the option to redeem all (but not some only) of the Notes (other than the Subordinated Class C Notes) at their respective Principal Amount Outstanding together with interest accrued but unpaid or, in case of a Principal Shortfall, the Issuer will have the option, subject to Condition 4.10 and with the prior written consent of the Security Agent, to partially redeem all (but not some only) Mezzanine Class B Notes at their Principal Amount Outstanding less the relevant Principal Shortfall, on such date, subject to and in accordance with the Conditions.

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

been fulfilled, will be available for redemption of the Subordinated Class C Notes.

Mandatory Redemption of the Notes:

On each Quarterly Payment Date the Issuer will be obliged to apply the Notes Redemption Available Amount to (partially) redeem the Notes (other than the Subordinated Class C Notes) at their respective Principal Amount Outstanding together with interest accrued but unpaid on a *pro rata* basis and *pari passu* within each Class as mentioned below and in the following order:

(a) firstly, the Senior Class A1 Notes, until fully redeemed;

(b) secondly, the Senior Class A2 Notes, until fully redeemed; and

(c) thirdly, the Mezzanine Class B Notes, until fully redeemed.

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

Redemption for tax reasons:

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

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

(b) if on the next Quarterly Payment Date, the Issuer, the Swap Counterparty or any other person would be required to deduct or withhold for or on account of any present or future taxes, duties assessments or governmental charges of whatever nature imposed by the United Kingdom or the Kingdom of Belgium (or any sub-division or authority thereof or therein), or any other sovereign authority having the power to tax, from

any payment under the Swap Agreement; or

(c) if the total amount payable in respect of interest on any of the Mortgage Receivables ceases to be receivable by the Issuer due to withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature in respect of such payments; or

(d) if, after the Closing Date, the IIR Tax Regulations are changed or applied in a way materially adverse to the Issuer or would no longer apply to the Issuer.

Clean-Up Call Option: On each Quarterly Payment Date, the Seller or any third party appointed by the Seller has the option (but not the obligation) to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount of all Mortgage Receivables is less than 10% of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the Closing Date (the **Clean-Up Call Option**).

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion in case of the exercise of the Clean-Up Call Option to the extent it still holds the Mortgage Receivables upon exercise by the Seller of the Clean-Up Call Option. The purchase price will be calculated as described in the *Mortgage Receivables Purchase Agreement*. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 4.5.

Optional Redemption in case of Change of Law: On each Quarterly Payment Date, the Issuer may (but is not obliged to) redeem all of the Notes subject to and in accordance with the Conditions if there is a change in, or any amendment to the laws, regulations, decrees or guidelines of the Kingdom of Belgium, (including in respect of any EU legislation, regulations or guidelines implemented or applicable in the Kingdom of Belgium) or of any authority therein or thereof having legislative or regulatory powers or in the interpretation by a relevant authority or a court of, or in the administration of, such laws, regulations, decrees or guidelines after the Closing Date which would or could affect the Issuer or the Noteholders in a materially adverse way (an **Optional Redemption in case of Change of Law**).

See the detailed provisions contained in Condition 4.5(h).

Regulatory Call Option: On each Quarterly Payment Date, the Seller or any third party appointed by the Seller has the option (but not the obligation) to repurchase all (but not only part of) the Mortgage Receivables upon the occurrence of a Regulatory Change (the **Regulatory Call Option**).

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller in its sole discretion, in case

	the Seller exercises the Regulatory Call Option to the extent it still holds the Mortgage Receivables upon exercise by the Seller of the Regulatory Call Option. The purchase price will be calculated as described in the *Mortgage Receivables Purchase Agreement*. If the Seller exercises its Regulatory Call Option, then the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes subject to and in accordance with Condition 4.5. See *Mortgage Receivables Purchase Agreement*.
Withholding Tax:	All payments in respect of the Notes of each class will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature, unless the Issuer, the Clearing System Operator, the Domiciliary Agent or any other person is required by applicable law to make any payment in respect of the Notes of such class subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, the Clearing System Operator, the Domiciliary Agent or such other person (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, the Clearing System Operator, the Domiciliary Agent nor any other person will be obliged to gross up the payments in respect of the Notes of any class or to make any additional payments to any Noteholders in respect of any such withholding or deduction. In particular, but without limitation, no additional amounts shall be payable in respect of any Note, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive 2003/48/EC on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive.
Method of Payment:	Payments of principal and interest will be made in euro to the Clearing System Operator, for the credit of the respective accounts of the Noteholders. See further *Terms and Conditions of the Notes – Dematerialised Notes*.
Use of proceeds:	The Issuer will use the net proceeds from the issue of the Notes (other than the Subordinated Class C Notes) to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of an agreement dated 18 January 2012 (the **Mortgage Receivables Purchase Agreement**) and made between the Seller, the Issuer and the Security Agent. See further *Mortgage Receivables Purchase Agreement*. The Issuer will credit the net proceeds from the issue of the Subordinated Class C Notes to the Reserve Account. See further *Use of Proceeds*.
Admission to Trading:	Application has been made for the Notes to be admitted to trading on

Euronext Brussels.

Ratings: It is a condition precedent to issuance that the Senior Class A Notes, on issue, be assigned at least an Aaa(sf) rating by Moody's and an AAA(sf) rating by DBRS. No ratings will be assigned to the Mezzanine Class B Notes or the Subordinated Class C Notes.

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

Mortgage Receivables

Mortgage Receivables: Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the transfer by way of assignment of legal title to and any and all rights (the **Mortgage Receivables)** of the Seller against certain borrowers (the **Borrowers**) under or in connection with certain selected Mortgage Loans. The Issuer will be entitled to the proceeds of the Mortgage Receivables from the Cut-Off Date.

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

(a) in case any of the representations and warranties given by the Seller in respect of such Mortgage Receivable or its related Mortgage Loan are untrue or incorrect;

(b) if a Borrower requests a Non-Permitted Variation to a Mortgage Receivable and if the Seller requests that such Non-Permitted Variation be accepted, except if the Issuer Administrator and the Security Agent confirm that the Seller does not need to repurchase the relevant Mortgage Receivable; and

(c) which is a Mortgage Receivable in respect of which a Realised Loss has been incurred, if, following the occurrence of a Property Value Audit, it appears from the Property Valuation Report that the Property Value Representation in relation to such Mortgage Receivable is untrue or incorrect.

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

The purchase price for any Mortgage Receivable repurchased by the Seller in accordance with the preceding paragraphs will be paid to the Issuer and, for a certain period of time, held in an account held with the Floating Rate GIC Provider (the **Repurchase Reserve Account**).

See further *Credit Structure – Transaction Accounts* and *Mortgage Receivables Purchase Agreement – Repurchases, Call Options and Permitted Variations*.

Mortgage Loans:

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will result from loans secured by (i) a first-ranking Mortgage, and/or (ii) a lower ranking Mortgage provided that the benefit of all higher ranking Mortgages on the same Real Estate has been transferred to the Issuer pursuant to the Mortgage Receivables Purchase Agreement, and, as the case may be, and/or (iii) a mandate to create Mortgages over Real Estate (the **Mortgaged Assets**) and entered into by the Seller or its legal predecessors and the relevant Borrowers which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date (the **Mortgage Loans**).

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

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

(a) Linear Mortgage Loans;

(b) Annuity Mortgage Loans and

(c) Interest-only Mortgage Loans.

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

(i) Delta Lloyd Bank (previously Bankunie N.V.);

(ii) Bank Nagelmackers 1747 N.V., which merged into Delta Lloyd Bank;

(iii) Codep Spaarbank C.V., which merged into Bank Nagelmackers 1747 N.V.; and

(iv) Bank van Limburg CVBA, which transferred its business to Bankunie N.V.

Linear Mortgage Loans:

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

Annuity Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) are in the form of annuity mortgage loans (hereinafter **Annuity Mortgage Loans**).

Under an Annuity Mortgage Loan, the Borrower pays a constant total monthly or quarterly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that the Annuity Mortgage Loan will be fully redeemed at the maturity of such Annuity Mortgage Loan.

The monthly payment is calculated based on monthly scheduled payments in arrears, and as such the distribution between the interest and principal components alters every month.

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

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

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

See *Mortgage Receivables Purchase Agreement – Repurchases, Call Options and Permitted Variations*.

Security for the Notes

Parallel Debt Agreement: On or before the Closing Date, the Issuer and the Security Agent will enter into a parallel debt agreement (the **Parallel Debt Agreement**) for the benefit of the Secured Parties under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Agent amounts equal to the amounts due by it to the Secured Parties. Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall in aggregate be reduced by an amount equal to the amount so received.

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

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

	Related Security, and amounts received by the Security Agent as creditor under the Parallel Debt Agreement. Payments to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement. See further *Risk Factors* and for a more detailed description see *Description of Security*.
Cash flow structure	
Liquidity Funding Account:	The Issuer shall maintain with the Floating Rate GIC Provider an account (the **Liquidity Funding Account**) out of which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further *Credit Structure.*
Seller Collection Account:	The Seller maintains an account (the **Seller Collection Account**) to which collections of all amounts of interest, Prepayment Penalties and principal received under the Mortgage Loans will be paid. The Seller Collection Account is administrated by the MPT Provider.
Issuer Collection Account:	The Issuer shall maintain with the Floating Rate GIC Provider an account (the **Issuer Collection Account**) to which, *inter alia*, on a daily basis all amounts from the Seller Collection Account will be transferred by the Seller or by the Sub-MPT Provider on its behalf.
Repurchase Reserve Account	The Issuer shall maintain with the Floating Rate GIC Provider an account (the **Repurchase Reserve Account**) to which the purchase price for certain Mortgage Receivables repurchased by the Seller from the Issuer must be transferred.
Reserve Account:	The Issuer will pay the proceeds of the Subordinated Class C Notes into an account (the **Reserve Account**, together with the Issuer Collection Account, the Repurchase Reserve Account and the Liquidity Funding Account, the **Transaction Accounts**) held with the Floating Rate GIC Provider. See *Credit Structure – Transaction Accounts*
Floating Rate GIC:	The Issuer and the Floating Rate GIC Provider will enter into a guaranteed investment contract (the **Floating Rate GIC**) on the Closing Date, whereunder the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest (the **Floating Rate GIC Interest Rate**) determined by reference to one month Euribor minus 0,1 % (with a minimum rate of 0,25 % and a maximum rate of 10% per annum) on the balance standing from time to time to the credit of the Transaction Accounts.
Subordinated Loan Agreement:	On or before the Closing Date, the Issuer will enter into a subordinated loan agreement (the **Subordinated Loan Agreement**) with the Subordinated Loan Provider for an amount of euro 25,000,000. The proceeds of the Subordinated Loan will be used to fund the Liquidity Funding Account.

See further *Credit Structure – Transaction Accounts*

Expenses Subordinated Loan Agreement: On or before the Closing Date, the Issuer will enter into a subordinated loan agreement (the **Expenses Subordinated Loan Agreement**) with the Expenses Subordinated Loan Provider for an amount of euro 1,500,000. The proceeds of the Subordinated Loan will be used to pay certain start-up costs and expenses incurred by the Issuer in connection with the issue of the Notes, and, as the case may be, part of the initial purchase price for the Mortgage Receivables.

Swap Agreement: On or before the Closing Date, the Issuer will enter into a swap agreement with the Swap Counterparty in respect of the Senior Class A Notes (the **Swap Agreement**) to mitigate the risk between (a) the interest to be received by the Issuer on the Mortgage Receivables (including Prepayment Penalties) and the interest to be received by the Issuer on the Transaction Accounts multiplied by the A Note Ratio and (b) the floating rate of interest payable by the Issuer on the Senior Class A Notes.

See further *Credit Structure – Interest Rate Hedging*.

OTHER:

Issuer Services Agreement: Under a mortgage payment transaction and an issuer services agreement to be entered into on or before the Closing Date (the **Issuer Services Agreement**) between the Issuer, the MPT Provider, the Sub-MPT Provider, the Issuer Administrator and the Security Agent, (i) the MPT Provider will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Receivables on a day-to-day basis (see further the section *Mortgage Loan Underwriting and Mortgage Services* below), and (ii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis. The MPT-Provider will initially appoint the Sub-MPT Provider as its sub-agent.

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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

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

CREDIT STRUCTURE

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

1. Mortgage Loan Interest Rates

1.1 Interest and interest rates

The interest rate of each Mortgage Loan is fixed, subject to a reset from time to time. On the Cut-off Date the weighted average interest rate of the Mortgage Loans is expected to be 3.65%. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Description of the Mortgage Loans*.

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

1.2 Prepayment Penalties

In accordance with applicable law, the Contract Records allow for Prepayment Penalties equal to three (3) months interest on the prepaid amount, calculated at the interest rate then applicable to the prepaid Mortgage Loan (except in case of: (a) the death of a Borrower if the Mortgage Loan is repaid from the proceeds of the Life Insurance Policy taken out in relation to the Mortgage Loan; or (b) in case of destruction of or damage to the property because of hazard, to the extent that the prepayment occurs with funds paid pursuant to a Hazard Insurance Policy relating to the Mortgage Loan).

1.3 Default interest

In respect of arrears on the Mortgage Loans, default interest (*nalatigheidsinterest/intérêt moratoire*) at a rate of up to 0.5% per annum is charged/applied in addition to the interest rate then applicable to the Mortgage Loan.

2. Cash Collection Arrangement

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

On each Business Day the MPT Provider shall transfer all amounts of principal, interest, Prepayment Penalties and interest penalties received by the Seller in respect of the Mortgage Receivables to the Issuer Collection Account. Upon the occurrence of a Notification Event, the Seller shall, unless an appropriate remedy to the satisfaction of the Issuer and the Security Agent is found and implemented within a period of thirty (30) calendar days and provided that the then current ratings assigned to the

Senior Class A Notes will not be adversely affected as a consequence thereof, except in the occurrence of certain Notification Events where no remedy period of thirty (30) calendar days shall apply, forthwith notify in writing the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral, of the assignment of the Mortgage Receivables and the Related Security to the Issuer and instruct the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral to pay any amounts due directly to the Issuer Collection Account or, at its option, the Issuer shall be entitled to make such notifications and to give such instructions itself or on behalf of the Seller.

3. Transaction Accounts and Swap Collateral Accounts

The Issuer Collection Account, the Reserve Account, the Repurchase Reserve Account and the Liquidity Funding Account (together the **Transaction Accounts**) will be held at the Floating Rate GIC Provider.

If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Prime-1 by Moody's or such rating is withdrawn by Moody's (the **Required Minimum Rating**, the Issuer will be required within 30 calendar days to transfer the balance of the relevant Transaction Accounts to an alternative bank with the Required Minimum Rating or to find a third party with the Required Minimum Rating, to guarantee the obligations of the Floating Rate GIC Provider.

If at the time when a transfer of the relevant Transaction Accounts would otherwise have to be made, there is no other bank which has the Required Minimum Rating and which is willing to act as floating rate GIC provider under the Transaction Documents and if the Security Agent so agrees, the Transaction Accounts will not need to be transferred until such time as there is a bank which has the Required Minimum Rating and which is willing to act as floating rate GIC provider under the Transaction Documents, whereupon such transfer will be made to the bank meeting such criteria within one (1) month of identification of such bank.

3.1 Issuer Collection Account

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

On the basis of the information provided by the MPT Provider, the Issuer Administrator will identify all amounts paid into the Issuer Collection Account by crediting such amounts to ledgers established for such purpose. Payments received in respect of the Mortgage Receivables will be identified as principal or revenue receipts and credited to a principal ledger (the **Principal Ledger**) or a revenue ledger (the **Revenue Ledger**), as the case may be. In particular, the amounts forming part of the Notes Interest Available Amount will be credited to the Revenue Ledger. The amounts forming part of the Notes Redemption Available Amount will be credited to the Principal Ledger.

On each Quarterly Payment Date, the Issuer may appoint a duly licensed investment manager, which will have the option to invest any balance standing to the credit of the Issuer Collection Account and the Reserve Account in:

(a) euro denominated securities with a maturity not beyond the next succeeding Quarterly Payment Date, in each case provided that such securities have been assigned a rating of:

  (i) where the Senior Class A Notes are rated Aaa(sf), investments in instruments with maturities up to one month, at least Prime-1 or A2 by Moody's;

(ii) where the Senior Class A Notes are rated Aa2, investments in instruments with maturities up to one month, at least Prime-1 or A3 by Moody's;

(iii) where the Senior Class A Notes are rated Aaa(sf), investments in instruments with maturities between one month and three months, at least Prime-1 and A1 by Moody's;

(iv) where the Senior Class A Notes are rated Aa2, investments in instruments with maturities between one month and three months, at least Prime-1 or A2 by Moody's;

(v) where the Senior Class A Notes are rated Aaa(sf), investments in instruments with maturities between three months and six months, at least Prime-1 and Aa3 by Moody's; or

(vi) where the Senior Class A Notes are rated Aa2, investments in instruments with maturities between three months and six months, at least Prime-1 and A1 by Moody's; and

(b) any other investment possibility with a maturity not beyond the next succeeding Quarterly Payment Date, provided that:

(i) the notional amount is unconditionally guaranteed by a party having at least the Required Minimum Rating; or

(ii) such investment will not adversely affect the then current ratings assigned to the Notes.

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

3.2 Reserve Account

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

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

The **Reserve Account Required Amount** shall on any Quarterly Calculation Date be equal to (i) the amount of the net proceeds of the Subordinated Class C Notes paid into the Reserve Account on the Closing Date, or (ii) zero, on the Optional Redemption Date whereon the Senior Class A Notes have been or are to be redeemed in full, subject to the Conditions.

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

The Reserve Account will be replenished up to the Reserve Account Required Amount in accordance with the Interest Priority of Payments.

After all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class C Notes, have been paid and all payments or provisions of the Interest Priority of Payments ranking higher in priority have been made, any amount standing to the credit of the Reserve Account and the Issuer Collection Account (if any) will be applied to redeem or partially redeem, as the case may be, the Subordinated Class C Notes.

3.3 Liquidity Funding Account

The Issuer will further maintain with the Floating Rate GIC Provider the Liquidity Funding Account. On the Closing Date, the net proceeds of the Subordinated Loan will be credited to the Liquidity Funding Account.

Amounts credited to the Liquidity Funding Account will be available on any Quarterly Payment Date to make drawings from the Liquidity Funding Account. Any drawing from the Liquidity Funding Account by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, after the application of amounts available on the Reserve Account, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (f) (inclusive).

The **Liquidity Funding Account Required Amount** shall be the higher of an amount equal to (i) 2.5 % of the aggregate Principal Amount Outstanding of the Notes (other than the Subordinated Class C Notes) at any Quarterly Payment Date or (ii) 1 % of the aggregate Principal Amount Outstanding of the Notes (other than the Subordinated Class C Notes) at the Closing Date.

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

The Liquidity Funding Account will be replenished up to the Liquidity Funding Account Required Amount in accordance with the Interest Priority of Payments.

After all amounts of interest and principal due in respect of the Notes have been paid and all payments or provisions of the Interest Priority of Payments ranking higher in priority have been made, any amount standing to the credit of the Liquidity Funding Account will be applied to pay or partially repay, as the case may be, the Subordinated Loan.

3.4 Repurchase Reserve Account

The purchase price for certain Mortgage Receivables repurchased by the Seller will be paid to the Issuer and held in an account held with the Floating Rate GIC Provider (the **Repurchase Reserve Account**). See further *Mortgage Receivables Purchase Agreement*.

Amounts so transferred into the Repurchase Reserve Account will not be included as Notes Redemption Available Amount and/or Notes Interest Available Amounts until the expiration of a 6 month period starting on the repurchase date of the relevant repurchased Mortgage Receivable.

Upon the expiration of the 6 month period starting on the repurchase date of the relevant Mortgage Receivable, an amount corresponding to the purchase price of that repurchased Mortgage Receivable will become available for inclusion in the Notes Redemption Available Amount and/or the Notes Interest Available Amounts provided that if in the meantime insolvency proceedings were started in relation to the Seller the amount corresponding to the purchase price of the repurchased Mortgage

Receivable so reserved shall remain reserved in the Repurchase Reserve Account until the Issuer is satisfied that such repurchase is no longer open for challenge by the bankruptcy trustee of the Seller and the risk of such repurchase being held ineffective against the bankrupt estate of the Seller can no longer materialise.

3.5 Swap Collateral Accounts

If any collateral in the form of cash is provided by the Swap Counterparty to the Issuer, the Issuer will be required to open a separate account with the Floating Rate GIC Provider in which such cash provided by the Swap Counterparty will be held (the **Cash Swap Collateral Account**). If any collateral in the form of securities is provided, the Issuer will be required to open a custody account with the Floating Rate GIC Provider in which such securities provided by the Swap Counterparty will be held (the **Securities Swap Collateral Account** and together with the Cash Swap Collateral Account, the **Swap Collateral Accounts**). No withdrawals are permitted in respect of the Swap Collateral Accounts other than in relation to the return of Excess Swap Collateral, unless pursuant to the termination of the Swap Agreement, an amount is owed by the Swap Counterparty to the Issuer, in which case, an amount of the collateral equal to the amount owed by the Swap Counterparty to the Issuer may be applied in accordance with the Common Representative Appointment Agreement.

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

Any Excess Swap Collateral in such accounts from time to time shall be transferred directly to the Swap Counterparty (outside of the Interest Priority of Payments) pursuant to the terms of the Swap Agreement.

4. Subordination

The Senior Class A Notes will be senior to each of the Mezzanine Class B Notes and the Subordinated Class C Notes.

4.1 Senior Class A Notes

The Senior Class A Notes are direct, secured and unconditional obligations of Compartment N°3 of the Issuer. To the extent that the Notes Redemption Available Amount is insufficient to repay any amount of principal in respect of the Senior Class A1 Notes and/or the Senior Class A2 Notes within fifteen days after the due date of such principal or to the extent that the Notes Interest Available Amount is insufficient to pay interest on the Senior Class A1 Notes and/or the Senior Class A2 Notes within ten days of the due date of such interest, this will constitute an Event of Default in accordance with Condition 4.9(a). The Senior Class A2 Notes therefore do not purport to provide credit enhancement to the Senior Class A1 Notes. If, on any date, the Security Interests are to be enforced and the proceeds of the enforcement would be insufficient to redeem the Senior Class A Notes in full, such loss will be borne, pro rata and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes bearing a greater loss than that borne by the Senior Class A1 Notes.

The rights of the Senior Class A1 Notes and the Senior Class A2 Notes in respect of priority of payment are set out in Condition 4.2(c) and 4.10 (see also items 6 through 12 below).

4.2 Mezzanine Class B Notes

The Mezzanine Class B Notes are direct, secured and unconditional obligations of Compartment N°3 of the Issuer and are equally secured by the Security Interests as the Senior Class A Notes. The Mezzanine Class B Notes rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Mezzanine Class B Notes are subordinated to the Senior Class A Notes in the event of the Security Interests being enforced as well as prior to such event, as set out in Condition 4.2(c) and 4.10 (see also items 6 through 12 below).

4.3 Subordinated Class C Notes

The Subordinated Class C Notes are direct, secured and unconditional obligations of Compartment N°3 of the Issuer and are equally secured by the Security Interests as the Senior Class A Notes and the Mezzanine Class B Notes. The Subordinated Class C Notes rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Subordinated Class C Notes are subordinated to the Senior Class A Notes and the Mezzanine Class B Notes in the event of the Security Interests being enforced as well as prior to such event, as set out in Condition 4.2(c) and 4.10 (see also items 6 through 12 below).

4.4 General Subordination

In the event of insolvency (which term includes bankruptcy (*faillissement / faillite*), winding up (*vereffening / liquidation*)) and judicial reorganisation (*gerechtelijke reorganisatie / réorganisation judiciaire*) of the Issuer:

(a) any amount due or overdue in respect of the Senior Class A1 Notes will, in priority of payment and security, rank *pari passu* with any amount due or overdue in respect of the Senior Class A2 Notes;

(b) any amount due or overdue in respect of the Mezzanine Class B Notes will:

(i) rank lower in priority of payment and security than any amount due or overdue in respect of the Senior Class A Notes; and

(ii) only become payable after any amounts due in respect of any Senior Class A Notes have been paid in full;

(c) any amount due or overdue in respect of the Subordinated Class C Notes will:

(i) rank lower in priority of payment and security than any amount due or overdue in respect of the Senior Class A Notes and the Mezzanine Class B Notes; and

(ii) only become payable after any amounts due in respect of any Senior Class A Note, and any Mezzanine Class B Note sequentially have been paid in full.

4.5 Limited Recourse - Compartments

The obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment N°3 and the recourse for such obligations is limited so that only the Pledged Assets allocated to Compartment N°3 will be available to meet the claims of the Noteholders and the other Secured Parties.

If, on the earlier of, (a) the Final Maturity or (b) the date following the enforcement of the Security Interests, the Security Interests in respect of the Notes have been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking in priority to the relevant Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of such Class of Notes shall have no further claim against

the Issuer or the Security Agent in respect of any such unpaid amounts which shall be extinguished. Except as otherwise provided by Conditions 4.11 and 4.12, none of the Noteholders or any other Secured Party shall be entitled to initiate proceedings or, in case of the Secured Parties, take any steps to enforce any relevant Security Interests.

5. Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Agent, the sum of the following amounts, calculated as at each Quarterly Calculation Date (being the fourth Business Day prior to each Quarterly Payment Date) and which have been received or deposited during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date (the **Notes Interest Available Amount**):

(i) as interest, including default interest, on the Mortgage Receivables, as interest accrued on the Transaction Accounts and as Prepayment Penalties under the Mortgage Loans less any amounts paid to the Swap Counterparty under the Swap Agreement at the two immediately preceding Swap Payment Dates in the relevant Quarterly Calculation Period;

(ii) as Net Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal;

(iii) as amounts to be drawn from the Liquidity Funding Account in accordance with the Common Representative Appointment Agreement on the immediately succeeding Quarterly Payment Date;

(iv) as amounts to be drawn from the Reserve Account in accordance with the Common Representative Appointment Agreement on the immediately succeeding Quarterly Payment Date;

(v) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date, if any, excluding, for the avoidance of doubt, any collateral to be transferred by the Swap Counterparty pursuant to the Swap Agreement and any tax credits, if any, as described in the Swap Agreement;

(vi) as amounts received in connection with a repurchase of Mortgage Receivables and released from the Repurchase Reserve Account in accordance with the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, to the extent such amounts do not relate to principal;

(vii) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Common Representative Appointment Agreement to the extent such amounts do not relate to principal;

(viii) any (remaining) amounts standing to the credit of the Issuer Collection Account to the extent they do not relate to principal;

(ix) as amounts of Notes Redemption Available Amount up to an amount equal to the Class A Interest Shortfall Amount; and

(x) on the Quarterly Payment Date on which the Notes have been redeemed in full in accordance with the Conditions, (x) any (remaining) amounts standing to the credit of the Issuer Collection Account which are not included in items (i) up to and including (ix) on such Quarterly Payment Date and (y) any (remaining) amounts standing to the credit of the Reserve Account,

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

(a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements;

(b) *second*, in or towards satisfaction of fees and expenses due and payable to the Issuer Administrator under the Issuer Services Agreement;

(c) *third,* in or towards satisfaction of any fees due and payable to the Security Agent under the Common Representative Appointment Agreement and of any costs, charges, liabilities and expenses incurred by the Security Agent under or in connection with any of the Transaction Documents, including, but not limited to, fees and expenses of any legal advisor, auditor and/or accountant appointed by the Security Agent;

(d) *fourth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in connection with the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax and sums due to the Rating Agencies, the FSMA, the NBB, Euronext Brussels and fees and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer, (ii) fees and expenses due to the Domiciliary Agent, the Listing Agent and the Reference Agent under the Agency Agreement, (iii) fees and expenses due to the MPT Provider under the Issuer Services Agreement and (iv) fees and expenses due to the Floating Rate GIC Provider under the Floating Rate GIC;

(e) *fifth*, in or towards satisfaction of all amounts, if any, due but unpaid under the Swap Agreement, (except for any termination payment due or payable as a result of the occurrence of an Event of Default (as defined therein) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined therein) relating to the credit rating of the Swap Counterparty (as such terms are defined in the Swap Agreement) (a **Swap Counterparty Default Payment**) payable under (s) below) but excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral;

(f) *sixth*, *pro rata* and *pari passu*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;

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

(h) *eighth*, in or towards satisfaction of any sums required to replenish the Liquidity Funding Account up to the amount of the Liquidity Funding Account Required Amount;

(i) *ninth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;

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

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

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

(m) *thirteenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Subordinated Class C Notes;

(n) *fourteenth*, in or towards making good any shortfall reflected in the Class C Interest Deficiency Ledger until the debit balance, if any, on the Class C Interest Deficiency Ledger is reduced to zero;

(o) *fifteenth*, in or towards satisfaction of principal amounts due under the Subordinated Class C Notes on the earlier of (i) the Optional Redemption Date on which the Notes (other than the Subordinated Class C Notes) will be redeemed in full or (ii) the Final Maturity Date;

(p) *sixteenth,* in or towards satisfaction of any Swap Counterparty Default Payment payable to a Swap Counterparty under the terms of the Swap Agreement;

(q) *seventeenth,* in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(r) *eighteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(s) *nineteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(t) *twentieth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(u) *twenty-first*, in or towards transfer to the Share Capital Account on each Quarterly Payment Date of amounts payable to the Issuer under the Common Representative Agreement; and

(v) *twenty-second,* in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

The Share Capital Account means the bank account opened by the Issuer with the Floating Rate GIC Provider in which (i) the share capital portion allocated to Compartment N°3, (ii) the amounts credited at item (u) of the Interest Priority of Payments and (iii) the interest accrued on the Share Capital Account are held.

6. Priority of Payments in respect of principal

Prior to the delivery of an Enforcement Notice by the Security Agent, the sum of the following amounts, minus the amount referred to in paragraph (ix) below, calculated as at any Quarterly Calculation Date, as being received during the immediately preceding Quarterly Calculation Period (the **Notes Redemption Available Amount**):

(i) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding Prepayment Penalties;

(ii) as Net Proceeds on any Mortgage Receivables to the extent such proceeds relate to principal;

(iii) as amounts received in connection with a repurchase of Mortgage Receivables and released from the Repurchase Reserve Account in accordance with the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;

(iv) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Common Representative Appointment Agreement to the extent such amounts relate to principal;

(v) as amounts to be credited to the Principal Deficiency Ledger under items (g) and (l) of the Interest Priority of Payments on the immediately succeeding Quarterly Payment Date;

(vi) as partial prepayment in respect of Mortgage Receivables;

(vii) as amounts received as Post-foreclosure Proceeds on the Mortgage Receivables; and

(viii) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date,

(ix) *minus*, any Class A Interest Shortfall Amount on the immediately succeeding Quarterly Payment Date,

will, pursuant to the Common Representative Appointment Agreement, be applied by the Issuer on the Quarterly Payment Date immediately succeeding such Quarterly Calculation Date as follows (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Principal Priority of Payments**):

(a) *first,* in or towards satisfaction of principal amounts due under the Senior Class A1 Notes, until fully redeemed;

(b) *second,* in or towards satisfaction of principal amounts due under the Senior Class A2 Notes, until fully redeemed; and

(c) *third,* in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes, until fully redeemed.

7. Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Agent under the Common Representative Appointment Agreement will be applied in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the **Priority of Payments upon Enforcement**):

(a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements;

(b) *second*, in or towards satisfaction of fees and expenses due and payable to the Issuer Administrator under the Issuer Services Agreement;

(c) *third,* in or towards satisfaction of any fees due and payable to the Security Agent under the Common Representative Appointment Agreement and of any cost, charge, liability and expenses incurred by the Security Agent under or in connection with any of the Transaction Documents, which will include, *inter alia*, the fees and expenses of any legal advisor, auditor and/or accountant appointed by the Security Agent;

(d) *fourth,* in or towards satisfaction*, pro rata*, according to the respective amounts thereof, of (i) the fees and expenses of the Domiciliary Agent, the Listing Agent and the Reference Agent incurred under the provisions of the Agency Agreement, (ii) the fees and expenses of the MPT Provider under the Issuer Services Agreement and (iii) the fees and expenses of the Floating Rate GIC Provider under the Floating Rate GIC;

(e) *fifth,* in or towards satisfaction of all amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement including any amounts to be paid by the Issuer upon early termination of the Swap Agreement as determined in accordance with its terms but excluding (i) any Swap Counterparty Default Payment payable under subparagraph (k) below and (ii) the repayment to the Swap Counterparty of Excess Swap Collateral;

(f) *sixth, pro rata* and *pari passu,* in or towards satisfaction of all amounts of (i) interest due or interest accrued, but unpaid and (ii) principal and any other amount due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;

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

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

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

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

(k) *eleventh,* in or towards satisfaction of amounts due and payable under the Swap Agreement in connection with the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;

(l) *twelfth,* in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Expenses Subordinated Loan;

(m) *thirteenth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan; and

(n) *fourteenth,* in and towards satisfaction of any Deferred Purchase Price Instalment to the Seller.

8. Subordinated Loan

On the Closing Date the Seller will make available to the Issuer the Subordinated Loan. The Subordinated Loan will be in an amount of euro 25,000,000 and will be used by the Issuer to fund the Liquidity Funding Account.

9. Expenses Subordinated Loan

On the Closing Date the Seller will make available to the Issuer the Expenses Subordinated Loan. The Expenses Subordinated Loan will be in an amount of euro 1,500,000 and will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes, and, as the case may be, part of the initial purchase price of the Mortgage Receivables.

10. Principal Deficiency Ledger

A **Principal Deficiency Ledger** comprising two sub-ledgers (the Class A Principal Deficiency Ledger and the Class B Principal Deficiency Ledger) will be established by or on behalf of the Issuer in order to record a Class A Interest Shortfall and a Principal Deficiency.

On each Quarterly Calculation Date, first, the Class A Interest Shortfall and thereafter, the Quarterly Principal Deficiency will be debited to the Class B Principal Deficiency Ledger (such debit items, together with the debit balance, if any, on the Class B Principal Deficiency Ledger on the immediately preceding Quarterly Payment Date being credited at item (l) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than Principal Amount Outstanding of the Mezzanine Class B Notes (the **Class B Principal Deficiency Limit**) and thereafter the Quarterly Principal Deficiency (but not the Class A Interest Shortfall) will be debited to the Class A Principal Deficiency Ledger (such debit items, together with the debit balance, if any, on the Class A Principal Deficiency Ledger on the immediately preceding Quarterly Payment Date being credited at item (g) of the Interest Priority of Payments, to the extent that any part of the Notes Interest Available Amount is available for such purpose) (the **Class A Principal Deficiency Limit**).

Principal Deficiency means, on any Quarterly Calculation Date, the sum of:

(i) the Quarterly Principal Deficiency calculated on such Quarterly Calculation Date; and

(ii) the debit balance, if any, on the Principal Deficiency Ledger on the immediately preceding Quarterly Payment Date (after application of the Notes Interest Available Amount in accordance with the Interest Priority of Payments on that Quarterly Payment Date).

Quarterly Principal Deficiency means, on any Quarterly Calculation Date, the aggregate Realised Losses.

Class A Interest Shortfall means, on any Quarterly Calculation Date, an amount equal to the amount by which the funds available to the Issuer to satisfy its obligations in respect of amounts of interest due on the Senior Class A Notes on the immediately following Quarterly Payment Date fall short of the aggregate amount of interest payable on the Senior Class A Notes on that date.

Realised Losses means, on any Quarterly Calculation Date, the sum of:

(a) the amount corresponding to the difference between (i) the aggregate Outstanding Principal Amount at such Quarterly Calculation Date of Mortgage Receivables in respect of which the foreclosure procedure on the relevant Mortgage Assets has been completed during the immediately preceding Quarterly Calculation Period and (ii) the sum of the Net Proceeds on such Mortgage Receivables; and

(b) with respect to Mortgage Receivables sold by the Issuer during the immediately preceding Quarterly Calculation Period, the amount of the difference, if any, between (x) the aggregate Outstanding Principal Amount at such Quarterly Calculation Date of such Mortgage Receivables and (y) the purchase price received in respect of such Mortgage Receivables to the extent relating to the principal amount of such Mortgage Receivables.

Mortgaged Asset means the Real Estate over which a Mortgage and/or a Mortgage Mandate is granted.

11. Interest Deficiency Ledgers

Interest Deficiency Ledgers will be established by or on behalf of the Issuer in respect of the Mezzanine Class B Notes (the **Class B Interest Deficiency Ledger**) and the Subordinated Class C Notes (the **Class C Interest Deficiency Ledger)** in order to record any shortfalls in the payment of interest on the Mezzanine Class B Notes and the Subordinated Class C Notes, as applicable.

11.1 Interest due under Senior Class A Notes

In the event that on any Quarterly Calculation Date, the Issuer Administrator determines that there will be a Class A Interest Shortfall on the immediately succeeding Quarterly Payment Date, the Issuer shall, on such Quarterly Payment Date, apply the Notes Redemption Available Amount to pay such Class A Interest Shortfall up to an amount equal to the amount that can be debited as Class A Interest Shortfall to the Principal Deficiency Ledgers in accordance with paragraph 10 above (the **Class A Interest Shortfall Amount**).

Subject to Condition 4.9, it shall be an Event of Default under the Senior Class A Notes if on any Quarterly Payment Date, the interest amounts then due and payable under and in respect of the Senior Class A Notes have not been paid in full.

11.2 Interest Deficiency Ledger and interest roll-over

Interest on the Mezzanine Class B Notes shall be payable in accordance with the provisions of Conditions 4.4 and 4.5, subject to the terms of this paragraph.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class B Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Mezzanine Class B Notes. In the event of a shortfall, the Issuer shall debit the Class B Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class B Notes on any Quarterly Payment Date falls short of the aggregate amount of interest payable on the Mezzanine Class B Notes on that date (such shortfall being a **Class B Interest Deficiency**). Any such Class B Interest Deficiency shall not be treated as due on that date. A *pro rata* share of such Class B Interest Deficiency shall be aggregated with the amount of, and treated as if it were interest due, on each Mezzanine Class B Note on the next succeeding Quarterly Payment Date. To the extent that any Class B Interest Deficiency is made good on the next succeeding Quarterly Payment Date, the Issuer shall credit the Class B Interest Deficiency Ledger with an amount equal to the amount by which the Class B Interest Deficiency is reduced.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Subordinated Class C Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Subordinated Class C Notes. In the event of a shortfall, the Issuer shall debit the Class C Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class C Notes on any Quarterly Payment Date falls short of the aggregate amount of interest payable on the Subordinated Class C Notes on that date (such shortfall being the **Class C Interest Deficiency**). Such shortfall shall not be treated as due on that date. A *pro rata* share of such Class C Interest Deficiency shall be aggregated with the amount of, and treated as if it were interest due on each Subordinated Class C Note on the next succeeding Quarterly Payment Date. To the extent that any such Class C Interest Deficiency is made good on the next succeeding Quarterly Payment Date,

the Issuer shall credit the Class C Interest Deficiency Ledger with an amount equal to the amount by which such Class C Interest Deficiency is reduced.

12. Interest Rate Hedging

The Eligibility Criteria require that all Mortgage Loans bear a rate of interest which is fixed for an agreed interest period which can either be equal to or shorter than the term of the Mortgage Loan. If the interest period is shorter than the term of the Mortgage Loan, the rate of interest is subject to a reset at the end of the interest period. The interest rate on the Transaction Accounts is a floating rate. The interest payable by the Issuer with respect to the Senior Class A Notes is calculated as a margin over Euribor. The Issuer will mitigate its interest rate exposure in respect of the Senior Class A Notes by entering into the Swap Agreement with the Swap Counterparty.

Under the Swap Agreement, the Issuer will agree to pay on each **Swap Payment Date** (being the 22nd day of each month, or if such day is not a Business Day, the next succeeding Business Day, or in case of a month in which a Quarterly Payment Date falls, such Quarterly Payment Date) the sum of:

(a) the aggregate amount of interest on the Mortgage Receivables scheduled to be paid during the immediately preceding Monthly Calculation Period (including any Prepayment Penalties); and

(b) the interest received on the Transaction Accounts during the immediately preceding Monthly Calculation Period; and

(c) the aggregate amount of the penalty interest received on any Mortgage Receivable in accordance with the contractual terms of such Mortgage Receivable and in accordance with the Mortgage Credit Act during the immediately preceding Monthly Calculation Period;

multiplied by the A Note Ratio;

less the sum of:

(i) the lesser of (i) the product of (x) 0.10% per annum (y) the Notional Amount (Class A) as at the first day of the Floating Rate Interest Period immediately preceding such Swap Payment Date and (z) the fixed rate day count fraction (as defined in the Swap Agreement) and (ii) one twelfth of the Issuer Expenses estimated to be payable in respect of the calendar year in which the Swap Payment Date falls, where for such purposes, each calendar year begins on and includes the Quarterly Payment Date falling in July of each year; and

(ii) an amount equal to the product of (a) an excess margin of 0.40% per annum (the **Excess Margin**), (b) the Notional Amount (Class A) as at the first day of the Floating Rate Interest Period immediately preceding such Swap Payment Date and (c) the fixed rate day count fraction (as defined in the Swap Agreement).

The Swap Counterparty will agree to pay on each Quarterly Payment Date amounts equal to the interest due under the Senior Class A Notes, and calculated by reference to the floating rate of interest applied to the Notional Amount (Class A) on the first day of the immediately preceding Floating Rate Interest Period.

12.2 Issuer payments based on scheduled interest

If on any Swap Payment Date, the sum of interest actually received by the Issuer (including penalties) on the Mortgage Receivables falls short of scheduled interest to be received on the

Mortgage Receivables, the Issuer may have insufficient funds to meet its payment obligations under the Swap Agreement. This will give rise to the possibility that the Swap Counterparty may terminate the Swap Agreement or may withhold its payment under the Swap Agreement. Such termination or withholding could result in the Issuer not having sufficient funds available to meet its payment obligations in accordance with the priorities described above on such Quarterly Payment Date.

12.3 Downgrade of Swap Counterparty

Pursuant to the Swap Agreement, if, at any time neither the Swap Counterparty nor the guarantor of the Swap Counterparty (if any) (either such party a **Relevant Entity**) has the First Trigger Required Ratings and at least 30 Local Business Days (as defined in the Swap Agreement) have elapsed since the last time a Relevant Entity had the First Trigger Required Ratings, then the Swap Counterparty will post collateral to the Issuer in accordance with the terms of the Swap Agreement. Furthermore, if no Relevant Entity has the Second Trigger Required Ratings at any time, the Swap Counterparty will, at its own cost, use commercially reasonable efforts to procure a guarantee from a guarantor with at least the Second Trigger Required Ratings or to transfer the Swap Agreement to an entity with sufficient ratings.

For the purposes of the above:

First Trigger Required Ratings means, (A) where the relevant entity is the subject of a Moody's Short-term Rating, that such rating is "Prime-1" and that its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A2" or above by Moody's and (B) where the relevant entity is not the subject of a Moody's Short-term Rating, that its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A1" or above by Moody's; and

Second Trigger Required Ratings means, (A) where the relevant entity is the subject of a Moody's Short-term Rating, if such rating is "Prime-2" or above and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's and (B) where the relevant entity is not the subject of a Moody's Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A3" or above by Moody's.

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

13. Sale of Mortgage Receivables

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

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

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

THE BELGIAN RESIDENTIAL MORTGAGE MARKET

1. THE KINGDOM OF BELGIUM

1.1 Economic environment

With 10.95 million inhabitants and 350.4 inhabitants per km², Belgium is the third most densely populated country in Europe, after Malta and The Netherlands (source: Eurostat - http://epp.eurostat.ec.europa.eu/portal/page/portal/population/data, December 2011). In 2010, Belgium had one of the highest GDP per capita in Europe, at USD 42,844 (source: IMF World Economic Outlook Database, September 2011).

In 2009, Belgium's GDP declined by 2.7% (see Chart 1) in comparison to a decline of 4.1% for the 27 countries of the European Union (for the purpose of this section, the **EU**). Growth of GDP for Belgium was at 2.1% for 2010 compared to the EU area average of 1.7%. Belgium's average annual inflation rate (reflected by the Harmonized Indices of Consumer Prices) in 2010 was 4.0% compared to 2.5% for the EU (source: NBB – Economic Indicators for Belgium, July 2011).

During the last four years, Belgium's unemployment rates ranged from a rate of around 7.0% to 8.4% compared to the EU's range of 7.5% to 10.1%. Unemployment reached 8.6% in July 2010 as a result of the global economic downturn. In November 2011, the official unemployment figure was 6.6%(source: NBB – Economic Indicators for Belgium, November 2011).

The average Belgian household savings rate (as a percentage of disposable income) has been steadily decreasing in recent years from a peak of 16.3% in 1995 to 11.2% in 2011 (source: OECD Economic Outlook No.89).

In 2009, the residential debt to GDP was 43.3% compared with 105.6% in the Netherlands and 38.0% in France. The EU average is 51.9% (source: European Mortgage Federation, Hypostat 2009).

Chart 1 Belgium Yearly Change in GDP

Source: NBB - http://www.nbb.be/belgostat

1.2 The Belgian Banking Sector

The Belgian banking sector has witnessed significant consolidation since 1998. The Belgian banking system used to have significant players under the co-operative status, but the merger into larger organisations was followed by the disappearance of the co-operative structures. Dexia, Fortis, ING Belgium and KBC now dominate the mortgage lending market by distributing mortgages through their traditional branch network and also through a more specialised network selling under a different brand name. The remainder of the market is divided amongst various other types of lenders, such as smaller banks, savings banks, insurance companies and "mortgage shops" and national chains of mortgage intermediaries.

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

1.3 Housing market features

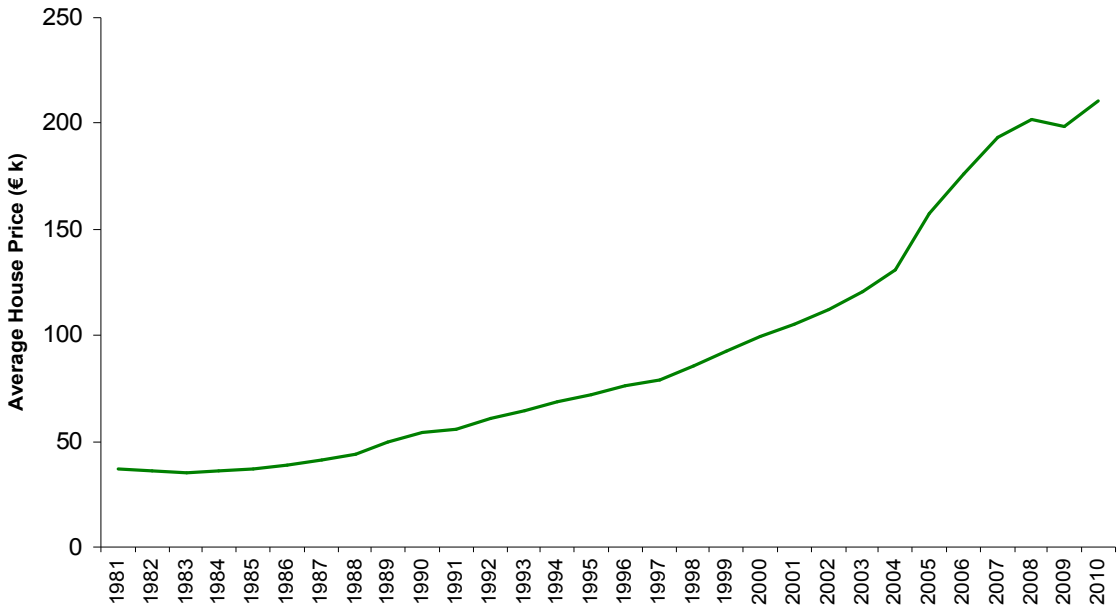
Belgium has a high proportion of 78% of home ownership, compared to the 68.2% EU-27 average (source: European Mortgage Federation, Hypostat 2009). Belgium remains cheap compared to some of Europe's larger economies for housing and is illustrated by average house prices of EUR 2,753 / m² compared to EUR 4,496 / m² in Netherlands, EUR 13,380 / m² in France and EUR 15,187 m² in the United Kingdom respectively (source: Global Property Guide, January 2011).

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

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

As a consequence of the increasing demand and the limited supply, average house prices have risen by 178% in the past fifteen years. House price growth was at the most rapid during 2005 (19.8%), which was also a common feature seen across the EU (sources: STADIM Price Index of Houses – www.stadim.be and European Mortgage Federation, Hypostat 2009). However, growth in recent years has been less significant, and actually fell by 1.4% in 2009 as a result of the global economic crisis. In 2010, house prices began to recover again, and grew by 4.4% in 2010 in by a further 2.9% by mid 2011 (Source: EMF Quarterly Statistics, October 2011).

Chart 2 Belgium Average House Prices (1981-2010)



Source: STADIM – www.stadim.be

2. MORTGAGE PRODUCTS

2.1 Typical mortgage product characteristics

Belgian mortgage loan products are considered conventional in comparison to other European countries, particularly the UK or the Netherlands. Belgian mortgage loans either have a fixed interest rate for their lifetime (typically 15 to 20 years), or are referenced upon Belgian sovereign debt

(*Obligations Linéaires/Lineaire Obligaties*, also known as OLOs). By law referenced mortgage loans cannot refix more frequently than once a year.

As for redemptions, annuity (fixed total payment) or linear (fixed principal payment, floating interest rate component) formulas prevail. Though bullet repayments are available, they tend to be less popular since the absence of tax breaks means that the associated savings vehicles are not like the investment mortgage loans found in the Netherlands. As a result of the features above, a typical residential mortgage in Belgium is an amortising 20-year loan with a fixed interest rate, subject to reset every one, three, five or ten years.

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

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

Typically, Belgium mortgages have a loan to value ratio of 80%-85%, which is broadly in line with the average seen in other European countries (source: European Mortgage Federation, Hypostat 2009). The relatively high LTV ratio can be explained by increase in competition in the mortgage markets and the low interest rate environment. However, since the Global Financial Crisis began in 2008, liquidity constraints have led to banks tightening their lending criteria, including the limiting of leverage for house purchases.

The average mortgage rate for Belgian mortgages in Q1 2010 was 4.32% - as a comparison, the rate peaked at around 5.21% in Q3 2008. The impact of the low rate environment and legislation limiting refix rates has seen a recent trend towards variable rate mortgages. Whereas in Q1 2007, variable rate mortgages made up only 1.5% of the market, by Q4 2009, this figure had grown to 47.6% (source: European Mortgage Federation, Hypostat 2009).

2.2 Security

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

2.3 The credit database

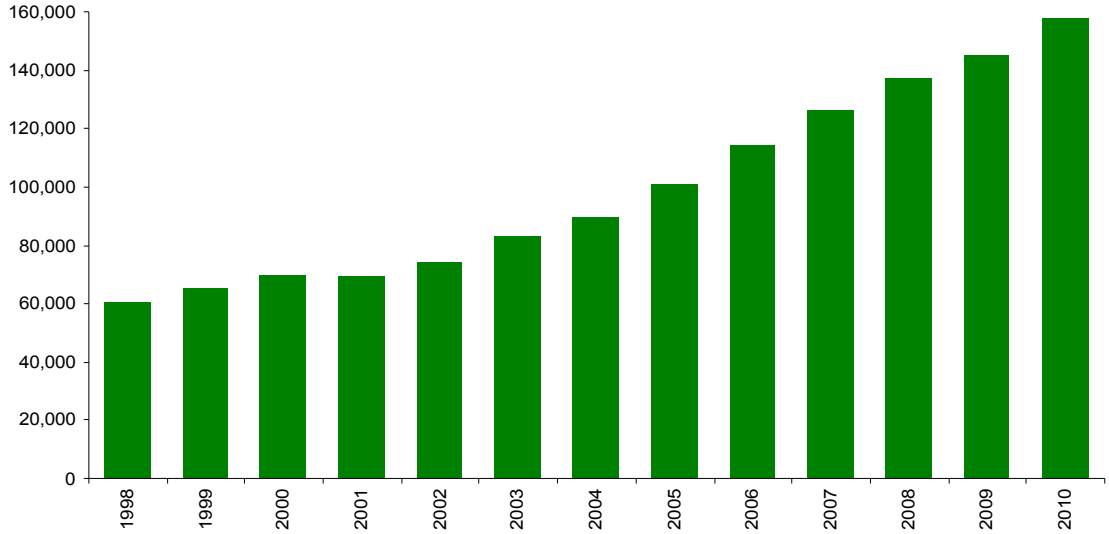
To enable lenders to evaluate a borrower's credit profile and payment history, a database was set up June 2003 by the *Centrale voor Kredieten aan Particulieren / Centrale des Crédits aux Particuliers* (for the purpose of this section, **CKP/CCP**) which contains the registration of all individuals'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

3. THE BELGIAN MORTGAGE MARKET

3.1 Recent Trends

Total outstanding mortgage loan balance at the end of 2010 was EUR 157.9 billion which is more than three times the figure of EUR 42.8 million in 1993.

Chart 3 Value of Outstanding mortgages in Belgium (€ millions)



Source: European Mortgage Federation Quarterly Review Q1 2011

According to figures from the European Mortgage Federation, the total value of mortgage lending increased by 5.9% during 2009. This is growth rate was somewhat below the peak in 2005 where the growth in additional mortgage lending was at 13.1% (source: European Mortgage Federation, Hypostat 2009). In 2010, the growth in mortgage lending was 8.0% and slowed further to 7.8% for the first half of 2011 (source: EMF Quarterly Statistics, October 2011).

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

(a) The liquidity constraints as a result of the global economic crisis has restricted new mortgage lending across Europe;

(b) Economic uncertainty, and rising unemployment rates has led to households showing restraints towards additional mortgage lending.

3.2 Historical performance

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

(a) The CKP/CCP registers positive and negative credit events on all types of credits and lenders are obliged to consult the database prior to granting a new loan;

(b) Strong social support system and borrower-friendly credit legislation;

(c) The "accordion loans" are a common feature of the Belgian Mortgage market. For these loans, at each reset of the interest rate, the borrower can choose to maintain his periodic payment at the same level which will result in a variation of the loan maturity (which can increase with maximum five years compared to the original tenor);

(d) Under the Belgian legal system, lenders have a claim on the borrower's salary and can contact their employer directly.

3.3 Legislation applicable to Belgian Loans

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

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

Mortgage loans granted before 1 January 1995 are subject to the Royal Decree 225 and mortgage loans granted after 1 January 1995 are governed by the Mortgage Credit Act. Loans granted between 1992 and 1995 were required to set out explicitly, which of the two regulatory regimes they were subject to. The Mortgage Credit Act only applies to the mortgage loans granted to individuals mainly acting outside their commercial or professional activities (Section 1 of the Mortgage Credit Act). The other credits guaranteed by a mortgage are governed by general law rules or, as the case may be, other specific legislation.

DELTA LLOYD BANK

1. INTRODUCTION

Delta Lloyd Bank NV/SA (**Delta Lloyd Bank**) is a company with limited liability (*naamloze vennootschap / société anonyme*) existing for an unlimited duration under the laws of Belgium, having its registered office at Sterrenkundelaan 23, 1210 Brussels. It is registered with the Crossroads Bank for Enterprises under number RPR 0404.140.107, Commercial Court of Brussels. Delta Lloyd Bank is recognised as a credit institution under the provisions of the Law of 22 March 1993 on the status and supervision of credit institutions (the **Credit Institutions Supervision Act**).

2. HISTORY

Delta Lloyd Bank has been an indirect subsidiary of Delta Lloyd N.V. since 1999. Delta Lloyd N.V. is a Dutch limited liability company (*naamloze vennootschap*) and provides through its subsidiaries life insurance, general insurance, fund management and banking products and services, with its targeted markets being the Netherlands and Belgium (Delta Lloyd N.V. and its subsidiaries collectively, the **Group**). For a further description of the Group see paragraph 4.2 below.

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

3. SUPERVISORY AND EXECUTIVE BODIES

The composition of the Board of Director of Delta Lloyd Bank is as follows:

Joost Melis (Chairman of the Board of Directors), Gilbert Pluym (member), Piet Verbrugge (member), Aymon Detroch (member), Filip De Campenaere (member), Paul Medendorp (member), Rubus NV (member, represented by Michel Van Hemele), Lucas Laureys NV (member, represented by Lucas Laureys), Jan Van Autreve (member), Koert Verbruggen (member) and Koen Troosters (secretary of the Board of Directors, non member).

The composition of the Audit Committee is as follows:

Rubus NV (Chairman, represented by Michel Van Hemele), Joost Melis (member) and Gilbert Pluym (member).

The composition of the Executive Committee is as follows:

Piet Verbrugge (Chairman), Aymon Detroch (member), Filip De Campenaere (member), Koert Verbruggen (member) and An Vertruyen (secretary of the Executive Committee, non member).

4. BUSINESS

4.1 Delta Lloyd Bank

Delta Lloyd Bank provides its customers with a broad range of products and services, including private banking and asset management. The focus lies on relationship banking for affluent clients (retail and SME). Delta Lloyd Bank's objective is to deliver a quality offering for clients looking for “value for money”. To achieve the cost, income and return on equity objectives, Delta Lloyd Bank has implemented strict risk- and portfolio management procedures. These requirements are in line with the wider Group requirements. Synergies with Delta Lloyd Life Belgium, a Belgian subsidiary

of Delta Lloyd N.V. which provides principally life insurance and general insurance in Belgium, are achieved by combining marketing activities and sharing distribution channels.

4.2 The Group

The Group is a financial services provider offering life insurance, general insurance, fund management and banking products and services with its targeted markets being the Netherlands and Belgium. In 2010, the Group recorded gross written premiums of €4,829 million (excluding Germany). In the first nine months of 2011 gross written premiums totalled € 4,304 million.

The Group employs a multi-brand, multi-channel strategy in the Netherlands in order to position itself advantageously in different distribution channels and customer and pricing segments in the insurance market. The primary differences among the Group's three principal Dutch brands (Delta Lloyd, ABN AMRO Insurance and OHRA) result from the positioning, pricing, marketing and distribution of their products.

Through the Delta Lloyd brand, the Group targets retail and commercial customers in the middle to premium range of the life and general insurance markets, distributing primarily through independent intermediaries, which include independent financial advisers, underwriting agents (*volmacht*, with respect to general insurance), actuarial consulting firms (with respect to group life insurance) and brokers (together, **Intermediaries**). Through the ABN AMRO Insurance brand, the Group generally targets individuals, but has some group and commercial customers, in the middle range of the life and general insurance markets, leveraging the distribution network of ABN AMRO Bank, which includes bank branches, call centres, financial centres and bank internet platforms (together, **Bancassurance**). Through the OHRA brand, the Group offers commodity products in the life and general insurance markets, distributing primarily through direct channels such as call centres and the internet. In Belgium, the Group distributes its insurance products through Intermediaries, tied agents (agents which sell only products of the Group) and through its own network of bank branches.

The Group has extensive distribution networks with large customer bases in the Netherlands and Belgium, which it believes will provide the platform for the Group to continue to grow in those mature markets. In addition, the Group has maintained a strong capital position through the recent economic downturn. The Group seeks to grow through a combination of organic growth and targeted acquisitions.

The Group also has operations in Germany, however intends to fully withdraw from the German market. On September 30, 2011, The Group announced the intention to sell the German operations to Nomura Holdings Inc. This transaction should be finalized by mid 2012.

On 3 November 2009, Delta Lloyd N.V. obtained an official listing on NYSE Euronext in Amsterdam. As of 2 March 2010 it is included in the Amsterdam Midkap Index (**AMX index**). The AMX index is a capitalization weighted index composed of the 25 funds that rank 26-50 in terms of regulated turnover on the Amsterdam Stock Exchange.

5. DELTA LLOYD BANK 2010

Banking activities grew in 2010. Customer numbers rose, savings amounts increased by 5,9 % and loan portfolios expanded by 179 million. Deposits also grew in Belgium despite low interest rates and fierce competition.

6. INCOME AND RESULTS DELTA LLOYD BANK

The non-consolidated result (BE GAAP) of Delta Lloyd Bank for 2010 amounts to € - 4,4 million before taxes.

The IFRS annual result before taxes amounts to € - 55,7 million before taxes, and € - 33,0 million after taxes. Changes in the value of the (ALM) swaps in combination with hedge accounting resulted in an accounting result impact of € -49 million. If we correct for this and other non-operational elements, the result (before taxes) becomes € 15 million.

As in previous years, lending was successful in 2010: the portfolio grew by 3,4 %. The market share of mortgage loans decreased slightly from 3.13% at the end of 2009 to 2.93% at the end of 2010. The capital basis of Delta Lloyd Bank decreased in 2010, with a Tier 1 capital of € 267 million and additional capital (subordinated debt) of € 108 million as at the end of December. This constitutes a decrease of € - 30 million in comparison to the end of 2009, due to the negative result in 2010. The solvency ratio decreased compared to 2009 and amounts to 10.97% while the statutory norm is 8%.

Delta Lloyd Bank

In thousands of euros	**2010 Belgium GAAP**	**2009 Belgium GAAP**	**2008 Belgium GAAP**	**2007 Belgium GAAP**	**2006 Belgium GAAP**	**Code Jaarrekening**
Interest income	215,322	210,463	203,916	170,568	144,706	I
Interest expense	-129,670	-126,906	-131,455	-109,880	-74,870	II
Income from non fixed-income securities	335	674	65	200	210	III
Net fee and commercial income	24,054	20,018	24,463	31,770	33,938	IV - V
Result from financial transactions	9,609	11,992	19,375	-16,379	-2,084	VI
Staff, Marketing and administrative costs	-109,133	-110,159	-108,750	-111,758	-105,243	VII
Depreciation and amortisation	-8,278	-9,230	-9,392	-9,911	-8,030	VIII
Value adjustments	-5,078	-3,677	-1,282	-917	-2,781	IX - X
Provisions	-14,522	-8	2,140	3,438	1,001	XI - XII
Other income	14,290	13,252	12,791	13,658	11,871	XIV
Other expense	-1,780	-2,104	-1,888	-1,583	-1,366	XV
Result before taxation and exceptional income and expenses	-4,851	4,315	9,983	-30,794	-2,648	formule
Exceptional income	1,434	3,288	1,718	4,139	12,770	XVII
Exceptional expense	-1,013	-1,267	-313	-671	-3,181	XVIII
Result before taxation	-4,430	6,336	11,388	-27,326	6,941	formule
Taxation	6	-1,209	-143	-66	11	XIXbis - XX
Result after taxation	-4,424	5,127	11,245	-27,392	6,952	formule
Equity	293,396	297,820	292,693	191,447	183,839	
Total assets	5,894,376	5,398,266	4,822,109	4,456,936	3,740,488	

DESCRIPTION OF THE MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date are any and all rights (whether actual or contingent) of the Seller against any Borrower under or in connection with any Mortgage Loan selected by agreement between the Seller and the Issuer. See further *Mortgage Receivables Purchase Agreement* below.

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

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

1. Mortgage Loans

1.1 Governing law

The Mortgage Loans are governed by the following laws:

(a) the Mortgage Loans entered into before 1 January 1993 are governed by the Royal Decree 225;

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

(c) the Mortgage Loans entered into after 1 January 1995 are governed by the Mortgage Credit Act.

1.2 Interest Rates

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

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

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

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

With respect to Mortgage Loans that are subject to Royal Decree 225, the interest rate is *de facto* a 5 year variable interest rate. At the expiry of each fifth anniversary of the Mortgage Loan, the Seller may demand repayment of the outstanding amount under the Mortgage Loan (subject to a three (3)

months notice period). The Borrower can in turn require that the Mortgage Loan is continued at the interest rate applied generally by the Seller at that time for the same type of Mortgage Loans.

1.3 Types of Loans

The Mortgage Loans are granted under the form of a credit facility (*kredietopening / ouverture de crédit*), under which the Borrower may, subject to certain conditions being satisfied and the agreement of the Seller, re-borrow repaid amounts.

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

(a) Linear Mortgage Loans;

(b) Annuity Mortgage Loans; and

(c) Interest-only Mortgage Loans.

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

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

With an Annuity Mortgage Loan, the periodical gross payments under the Mortgage Loans remain the same, whereby the interest payments decrease and the repayments of principal increase. The monthly payment is calculated based on monthly scheduled payments in arrears, as a result of which the distribution between the interest and principal component alters every month.

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

1.4 Loan Security

The Mortgage Loans are secured by:

(a) a first ranking mortgage; and/or, as the case may be

(b) a lower ranking mortgage; and/or

(c) a mandate to create further mortgages.

(i) Mortgage

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

Most of the Mortgage Receivables relate to Mortgage Loans that are secured by a Mortgage which is used to also secure all other amounts which the Borrower owes

or in the future may owe to the Seller, a so-called all sums mortgage (*alle sommen hypotheek/hypothèque pour toute somme*) (**All Sums Mortgage**).

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

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

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

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

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

(ii) Mortgage Mandate

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

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

(d) Other security interests

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

(i) Life Insurance Policies and Hazard Insurance Policies;

(ii) an assignment of salary by the Borrower;

(iii) any pledge, set-off or unity of account rights of the Seller pursuant to its applicable general banking terms and conditions;

(iv) a Mortgage Promise; and/or

(v) any other type of security interest as may be agreed on a case by case basis.

SUMMARY OF THE PROVISIONAL POOL

The final pool of Mortgage Receivables will be selected from a provisional pool of Mortgage Loans (the **Provisional Pool**) that have been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement and will be selected in accordance with such agreement on the Closing Date. The final pool will have the same general characteristics as the Provisional Pool.

Under the Mortgage Receivables Purchase Agreement the Issuer, acting through its Compartment N°3 shall purchase and, on the Closing Date accept the assignment of the Mortgage Receivables relating to the Mortgage Loans selected from the Provisional Pool and any other Mortgage Receivables resulting from Mortgage Loans originated by the Seller or its legal predecessors. On the Closing Date, the Issuer will purchase such Mortgage Receivables representing an aggregate Outstanding Principal Amount of EUR 1,000,000,380.61.

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

The numerical information set out below relates to the Provisional Pool which was selected as of 31 October 2011. All amounts are in euro. Therefore, the information set out below in relation to the Provisional Pool may not necessarily correspond to that of the Mortgage Receivables actually sold and assigned on the Closing Date. After the Closing Date, the portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of Mortgage Receivables.

Summary of the Provisional Pool as of 31 October 2011:

CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO (as at 31 October 2011

Aggregate Loan Balance (€)	1,003,582,174
No. of Borrowers	10,034
Largest Loan Balance (€)	850,181
Average Loan Balance (€)	100,018
No. of Loans	10,977
Largest Loan (€)	850,181
Average Loan (€)	91,426
Weighted Average Loan Seasoning	64 months
Weighted Average Loan Remaining Term	16.8 years
WA Mortgage Coupon	3.60%
WA DTI	34.9%
WA Original Loan to Value	76.5%
WA Current Loan to Value	63.3%
WA Current Loan to Foreclosure Value	84.7%
WA Property Value	263,711
WA Foreclosure Value	199,039

Distribution of Borrowers by Current Principal Balance

Current Balance (€)	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Borrowers	% of Total Borrowers
Greater than 350,000	50,190,569	5.00%	114	1.14%
Greater than 300,000 and less or equal to 350,000	30,304,022	3.02%	94	0.94%
Greater than 250,000 and less or equal to 300,000	52,290,585	5.21%	192	1.91%
Greater than 200,000 and less or equal to 250,000	106,614,639	10.62%	481	4.79%
Greater than 150,000 and less or equal to 200,000	203,619,679	20.29%	1,185	11.81%
Greater than 100,000 and less or equal to 150,000	277,240,885	27.63%	2,246	22.38%
Greater than 50,000 and less or equal to 100,000	207,904,564	20.72%	2,800	27.91%
Less than 50,000	75,417,230	7.51%	2,922	29.12%
Grand Total	**1,003,582,174**	**100.00%**	**10,034**	**100.00%**

Distribution of Loans Parts by Current Loan to Value

Current Loan to Value	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
No Data	-	0.00%	-	0.00%
More than 100% up to and including 110%	7,413,417	0.74%	44	0.40%
More than 75% up to and including 100%	348,622,583	34.74%	2,362	21.52%
More than 50% up to and including 75%	369,601,656	36.83%	3,305	30.11%
More than 25% up to and including 50%	216,958,682	21.62%	3,069	27.96%
More than 0% up to and including 25%	60,985,837	6.08%	2,197	20.01%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans Parts by Current Loan to Foreclosure Value

Current Loan to Foreclosure Value	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
No Data	758,479	0.08%	9	0.08%
More than 150%	18,553,023	1.85%	105	0.96%
More than 125% up to and including 150%	15,486,602	1.54%	104	0.95%
More than 100% up to and including 125%	270,330,558	26.94%	1,789	16.30%
More than 75% up to and including 100%	327,696,090	32.65%	2,738	24.94%
More than 50% up to and including 75%	223,531,321	22.27%	2,522	22.98%
More than 25% up to and including 50%	113,924,094	11.35%	2,191	19.96%
More than -1000% up to and including 25%	33,302,007	3.32%	1,519	13.84%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by DTI (Affordability)

DTI (Affordability)	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
No Data	-	0.00%	-	0.00%
From % to 10%	3,704,311	0.37%	88	0.80%
From 10% to 20%	54,478,261	5.43%	871	7.93%
From 20% to 30%	261,886,615	26.10%	2,599	23.68%
From 30% to 40%	516,074,826	51.42%	6,157	56.09%
From 40% to 50%	104,927,500	10.46%	796	7.25%
From 50%+	62,510,662	6.23%	466	4.25%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by Maturity Date

Maturity Date	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
Before 2015	12,537,958	1.25%	778	7.09%
From 2015 to 2020	70,127,431	6.99%	1,884	17.16%
From 2020 to 2025	181,955,628	18.13%	2,446	22.28%
From 2025 to 2030	318,750,434	31.76%	2,895	26.37%
From 2030 to 2035	254,794,067	25.39%	1,899	17.30%
From 2035 to 2040	152,426,715	15.19%	1,007	9.17%
After 2040	12,989,941	1.29%	68	0.62%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans Part by Interest Fixed Period (months)

Interest fixed period (months)	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
0	208,282	0.02%	1	0.01%
12	33,725,425	3.36%	237	2.16%
24	24,740,982	2.47%	178	1.62%
36	36,747,939	3.66%	310	2.82%
60	30,517,131	3.04%	282	2.57%
72	72,602,483	7.23%	739	6.73%
84	190,880,962	19.02%	2,284	20.81%
120	40,923,809	4.08%	957	8.72%
144	19,625,126	1.96%	463	4.22%
180	88,165,941	8.79%	1,637	14.91%
240	196,098,708	19.54%	1,982	18.06%
300	162,375,385	16.18%	1,190	10.84%
360+	106,970,001	10.66%	717	6.53%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Weighted Average Interest Fixed Period (mths) **187.74**

Distribution of Loans by Reset Date

Reset Date	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
From 2011 to 2013	385,359,193	38.40%	4,350	39.63%
From 2013 to 2015	32,641,199	3.25%	751	6.84%
From 2015 to 2017	13,792,372	1.37%	227	2.07%
From 2017 to 2019	964,108	0.10%	5	0.05%
From 2019 to 2021	2,215,866	0.22%	14	0.13%
From 2021 to 2023	-	0.00%	-	0.00%
From 2023 to 2025	-	0.00%	-	0.00%
Fixed to maturity (no reset)	568,609,435	56.66%	5,630	51.29%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by Type of Redemption

Type of Redemption	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
Annuity	945,086,865	94.17%	10,281	93.66%
Linear	22,172,650	2.21%	478	4.35%
Bullet	36,322,659	3.62%	218	1.99%
Yearly Annuity	-	0.00%	-	0.00%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by Mortgage Coupon

Mortgage Coupon	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
Up to and including 1.00%	656,420	0.07%	7	0.06%
Greater than 1.00% and up to and including 2.00%	97,181,750	9.68%	965	8.79%
Greater than 2.00% and up to and including 3.00%	233,948,696	23.31%	2,488	22.67%
Greater than 3.00% and up to and including 4.00%	230,121,589	22.93%	2,401	21.87%
Greater than 4.00% and up to and including 5.00%	399,875,490	39.84%	4,228	38.52%
Greater than 5.00% and up to and including 6.00%	38,467,445	3.83%	729	6.64%
Greater than 6.00%	3,330,785	0.33%	159	1.45%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by Origination Year

Origination Year	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
Before 2000	25,980,661	2.59%	1,109	10.10%
2000	5,130,536	0.51%	144	1.31%
2001	5,525,801	0.55%	131	1.19%
2002	7,366,908	0.73%	186	1.69%
2003	27,659,284	2.76%	523	4.76%
2004	85,740,110	8.54%	1,030	9.38%
2005	212,127,045	21.14%	2,323	21.16%
2006	251,969,208	25.11%	2,263	20.62%
2007	169,995,102	16.94%	1,446	13.17%
2008	99,216,698	9.89%	830	7.56%
2009	78,853,200	7.86%	617	5.62%
2010	30,022,917	2.99%	270	2.46%
2011	3,994,704	0.40%	105	0.96%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by Loan Term

Loan Term (years)	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
Less than or equal to 5 years	3,362,551	0.34%	49	0.45%
Greater than 5 years and up or equal to 10 years	28,209,904	2.81%	999	9.10%
Greater than 10 years and up or equal to 15 years	120,075,422	11.96%	2,188	19.93%
Greater than 15 years and up or equal to 20 years	406,694,812	40.52%	4,513	41.11%
Greater than 20 years and up or equal to 25 years	297,446,186	29.64%	2,275	20.73%
Greater than 25 years	147,793,299	14.73%	953	8.68%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by Geographic Region

Geographic Region	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
Antwerpen	237,592,828	23.67%	2,903	26.45%
Brussel	148,737,639	14.82%	985	8.97%
Henegouwen	72,598,543	7.23%	850	7.74%
Limburg	74,055,934	7.38%	1,086	9.89%
Luik	86,679,355	8.64%	1,026	9.35%
Luxemburg	12,776,021	1.27%	106	0.97%
Namen	30,653,596	3.05%	308	2.81%
Oost-Vlaanderen	90,278,709	9.00%	1,057	9.63%
Vlaams Brabant	117,194,516	11.68%	1,080	9.84%
Waals Brabant	50,491,902	5.03%	415	3.78%
West-Vlaanderen	49,823,040	4.96%	737	6.71%
N/A	32,700,093	3.26%	424	3.86%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by Primary Home Status

Home Status	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
Unknown	-	0.00%	-	0.00%
House	725,328,553	72.27%	8,217	74.86%
Land	15,476,987	1.54%	182	1.66%
Apartment	158,140,323	15.76%	1,663	15.15%
Farming land + forest	289,450	0.03%	2	0.02%
For commercial use	873,409	0.09%	11	0.10%
Buy-To-Let	17,267,827	1.72%	117	1.07%
Other	1,522,720	0.15%	5	0.05%
Garage	283,323	0.03%	4	0.04%
Chalet	257,239	0.03%	1	0.01%
Land & Property	84,142,343	8.38%	775	7.06%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Borrowers by Employment Type

Type of Job	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Borrowers	% of Total Borrowers
Unknown, Not Available	148,010,234	14.75%	2,354	23.46%
Clerk	404,422,748	40.30%	3,600	35.88%
Worker	147,135,960	14.66%	1,633	16.27%
Manager	25,247,929	2.52%	181	1.80%
Free profession	13,948,085	1.39%	117	1.17%
International civil servant	58,923,429	5.87%	288	2.87%
Civil servant	74,750,295	7.45%	702	7.00%
Military	6,278,114	0.63%	56	0.56%
Retired	2,085,633	0.21%	35	0.35%
Disabled	1,245,576	0.12%	17	0.17%
Social benefits recipient	3,153,322	0.31%	40	0.40%
Jobless	3,719,007	0.37%	48	0.48%
Independent: others	89,059,206	8.87%	736	7.34%
Artist	401,784	0.04%	3	0.03%
Director of companies	16,842,603	1.68%	143	1.43%
Independent : hotels, restaurants and pubs	1,347,189	0.13%	9	0.09%
Intellectual services	2,073,079	0.21%	18	0.18%
Retailer	1,120,560	0.11%	21	0.21%
Construction sector	3,817,421	0.38%	33	0.33%
Grand Total	**1,003,582,174**	**100.00%**	**10,034**	**100.00%**

Distribution of Loans Seasoning

Current Seasoning (months)	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
0 up to 12 months	6,827,344	0.68%	130	1.18%
12 up to 24 months	63,241,257	6.30%	503	4.58%
24 up to 36 months	45,275,886	4.51%	378	3.44%
36 up to 48 months	162,754,236	16.22%	1,340	12.21%
48 up to 60 months	143,698,816	14.32%	1,254	11.42%
60 up to 72 months	255,710,518	25.48%	2,345	21.36%
72 up to 84 months	184,657,632	18.40%	2,099	19.12%
84 up to 96 months	75,036,364	7.48%	934	8.51%
96 up to 108 months	24,539,413	2.45%	465	4.24%
108 up to 120 months	5,961,149	0.59%	168	1.53%
120 up to 132 months	35,879,558	3.58%	1,361	12.40%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Weighted Average Seasoning (months) **63.73**

Distribution of Loans by Remaining Term

Current Remaining Term (years)	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
0 up to 5 years	28,348,190	2.82%	1,391	12.67%
5 up to 10 years	116,741,488	11.63%	2,267	20.65%
10 up to 15 years	276,507,899	27.55%	2,974	27.09%
15 up to 20 years	279,444,261	27.84%	2,292	20.88%
20 up to 25 years	178,295,708	17.77%	1,253	11.41%
Greater than 25 years	124,244,628	12.38%	800	7.29%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by Interest Rate Type

Interest Rate Type	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
Fixed to Maturity	568,609,435	56.66%	5,630	51.29%
Fixed with Resets	434,972,739	43.34%	5,347	48.71%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by Arrears Multiple

Arrears Multiple	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
In Arrears	-	0.00%	-	0.00%
No arrears	1,003,582,174	100.00%	10,977	100.00%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

10 Largest Borrowers

Loan ID	Aggregate Outstanding Principal Balance (€)	% of Total Balance
647,976,275,485	850,181	0.08%
647,026,929,112	740,000	0.07%
647,980,792,150	665,928	0.07%
647,980,917,139	643,189	0.06%
647,985,689,135	600,000	0.06%
648,000,373,016	588,160	0.06%
647,976,756,344	580,459	0.06%
648,000,460,821	562,921	0.06%
647,983,894,130	561,495	0.06%
648,000,448,087	560,000	0.06%
Grand Total	**6,352,332**	**0.63%**

Distribution of Loans by Foreclosure Value

Foreclosure Value	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
No Foreclosure Value	-	0.00%	-	0.00%
€0 up to €25000	2,854,270	0.28%	122	1.11%
€25000 up to €100000	126,762,497	12.63%	2,810	25.60%
€100000 up to €150000	258,463,830	25.75%	3,136	28.57%
€150000 up to €200000	274,234,191	27.33%	2,642	24.07%
€200000 up to €250000	131,685,609	13.12%	1,049	9.56%
€250000 up to €400000	161,045,708	16.05%	1,021	9.30%
€400000 up to €800000	46,265,554	4.61%	187	1.70%
From €800000	2,270,515	0.23%	10	0.09%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Borrowers by Age

Age	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Borrowers	% of Borrowers
Up to 25 yrs	3,446,899	0.34%	27	0.27%
From 25 yrs up to 35 yrs	274,957,328	27.40%	2,189	21.82%
From 35 yrs up to 45 yrs	447,108,164	44.55%	4,186	41.72%
From 45 yrs up to 55 yrs	222,274,864	22.15%	2,621	26.12%
From 55 yrs +	55,794,919	5.56%	1,011	10.08%
Grand Total	**1,003,582,174**	**100.00%**	**10,034**	**100.00%**

WA Borrower Age **40.52**

Distribution of Loans by Mortgaged Amount

% of Loan Mortgaged	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
Fully Mortgaged	751,405,506	74.87%	8,865	80.76%
Fully Mandated	7,686,431	0.77%	233	2.12%
Less than 25%	5,632,703	0.56%	42	0.38%
Greater than or equal to 25% less than 50%	33,757,994	3.36%	268	2.44%
Greater than or equal to 50% less than 75%	187,604,522	18.69%	1,323	12.05%
Greater than or equal to 75% less than 100%	17,495,018	1.74%	246	2.24%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

Distribution of Loans by Insurance

Insurance	Aggregate Outstanding Principal Balance (€)	% of Total Balance	No of Loans	% of Total Loans
Loan Insured	923,893,533	92.06%	9,405	85.68%
No Insurance	79,688,641	7.94%	1,572	14.32%
Grand Total	**1,003,582,174**	**100.00%**	**10,977**	**100.00%**

MORTGAGE LOAN UNDERWRITING AND MORTGAGE SERVICES

1. INTRODUCTION

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

Delta Lloyd Bank currently originates mortgage loans through two main channels: (i) its branch network (57 branches), representing 45% of the mortgage origination in 2010 and (ii) independent agents working under the label of Delta Lloyd Bank (93 agents), accounting for the remaining 55% of the production in 2010.

1.1 Application and approval process

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

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

1.2 Underwriting criteria

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

(a) LTV ratio

Maximum of 110%. Since the economic crisis in 2009, the standard became 80%, but 100% is possible for owner occupied properties or second property ("gezinswoning" of "2e verblijf voor eigen privégebruik"). 110% remains possible for exceptionally good loan applications. In addition, for interest-only mortgage loans for an amount lower than or equal to EUR 500,000 Delta Lloyd Bank requires a down payment of 10% for owner occupied properties and 20% for second or third houses. For max 90% LTV there is a minimum 10% downpayment. Interest-only mortgage loans for an amount higher than EUR 500,000 are always approved by the credit committee.

(b) Debt Service-to-income ratio

In general, the maximum allowed debt service-to-income ratio increases with the borrower's income. The standard maximum debt/income ratio is 40% but it can be higher in function of the borrower's income (with some deviations in exceptional circumstances). In addition, the available income after deduction of debt service expenses must be at least EUR 1,300 for families and EUR 1,000 for singles to make sure the prospective borrower can not only meet

his payments on the requested mortgage loan but also potential other financial obligations and monthly living expenses.

(c) Tenor

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

(d) Collateral

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

(i) the requested loan amount is less than EUR 150,000;

(ii) the requested loan amount is more than EUR 150,000 and lower than or equal to 300,000 but the LTV is ≤90%;

(iii) the requested loan amount is more than EUR 300,000 and lower than or equal to 500,000 but the LTV is ≤80%;

(iv) If the requested loan amount is more than EUR 500,000 there is always a property valuation report needed;

(v) When no property valuation report is needed there is always a description and pictures of the property.

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

(e) Other underwriting conditions

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

(i) mortgage loans are granted only to individuals living in Belgium;

(ii) the potential borrower must have a stable income situation and a proven savings capacity;

(iii) the borrower must be younger than 70 for amortising loans or 65 for bullet loans at maturity of the Mortgage Loan (exceptions can be made for special circumstances).

1.3 Servicing

(a) Payment collections

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

(b) Arrears

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

(c) Foreclosure process

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

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer, acting through its Compartment N°3, will purchase and, on the Closing Date, accept from the Seller the transfer by way of assignment of legal title to any and all rights under or in connection with certain selected Mortgage Loans (the **Mortgage Receivables** of the Seller against certain borrowers (the **Borrowers**). The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers, except in special events as further described hereunder (**Notification Events**). The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables as of the Cut-Off Date.

Capital Requirements Directive

The Seller has in the Mortgage Receivables Purchase Agreement undertaken to the Issuer and the Security Agent, that the Seller will at all times comply with the requirements of Article 122a of the Capital Requirements Directive. The Seller has specifically undertaken that it will at all times retain a material net economic interest of not less than five per cent. in the Transaction in accordance with the requirements of the Capital Requirements Directive. As at the Closing Date, such interest will in accordance with Article 122a paragraph (1) sub-paragraph (d) of the Capital Requirements Directive be comprised of an interest in the first loss tranche (held through the Subordinated Class C Notes and the Mezzanine Class B Notes). The Seller has further undertaken that any intended or actual change in, or the manner in which, its interest in the first loss tranche is held will be made in accordance with Article 122a of the Capital Requirements Directive and will be notified by the Seller to the Issuer, Security Agent and the Noteholders. In addition to the information set out herein and forming part of this Prospectus, the Seller has in the Mortgage Receivables Purchase Agreement undertaken to the Issuer and the Security Agent: to make available to Noteholders all materially relevant data required to ensure that the Seller complies with the requirements of Article 122a paragraph (7) of the Capital Requirements Directive, and such information can be obtained from the Seller upon request.

In addition to the information set out herein and forming part of this Prospectus, the Issuer has in the Mortgage Receivables Purchase Agreement undertaken to the Security Agent that: (a) after the Closing Date, the Issuer will (or the Issuer will cause the Issuer Administrator to) prepare quarterly investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with confirmation by the Seller of its compliance with the requirements of the Capital Requirements Directive, including, confirmation of the retention of the material net economic interest in the Securitisation by the Seller; and (b) if the Issuer receives a notification from the Seller of any intended or actual change in (the manner in which) the Seller's interest in the first loss tranche is held, at the request of the Seller, the Issuer will inform the Noteholders thereof.

1. Sale – Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the **Initial Purchase Price**), being (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables at the Cut-off Date of EUR 1,000,000,380.61, which shall be payable on the Closing Date and (ii) a deferred purchase price (the **Deferred Purchase Price**) payable on each Quarterly Payment Date.

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

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

(a) prior to delivery of an Enforcement Notice, the positive difference, if any, between the Notes Interest Available Amount as calculated on each Quarterly Calculation Date and the

sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (u); or, as the case may be,

(b) following delivery of an Enforcement Notice, the amount remaining after all the payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (m) (see *Credit Structure* above) on such date have been made.

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

(a) all rights and title of the Seller in and under the Mortgage Loans including for the avoidance of doubt, but not limited to:

(i) the right to demand, sue for, recover, receive and give receipts for all principal monies payable or to become payable under the Mortgage Receivables or the unpaid part thereof and the interest and Prepayment Penalties to become due thereon;

(ii) the benefit of and the right to sue on all covenants in each Mortgage Receivable and the right to exercise all powers of the Seller in relation to each Mortgage Receivable;

(iii) the right to demand, sue for, recover, receive and give receipts for all prepayment indemnities (*wederbeleggingsvergoeding/indemnité de remploi*) or fees to the extent they relate to the Mortgage Receivables; and

(iv) the right to exercise all express and implied rights and discretions of the Seller in, under or to the Mortgage Receivables and each and every part thereof (including, if any, the right, subject to and in accordance with the terms respectively set out therein, to set and to vary the amount, dates and number of payments of interest and principal applicable to the Mortgage Receivables);

(b) all rights and title of the Seller to the Related Security insofar as it relates to the Mortgage Receivables;

(c) the benefit of any Mortgage Mandate or Mortgage Promise granted as security for the Mortgage Receivables to have an additional Mortgage created over the relevant Mortgaged Assets in accordance with the provisions of the Mortgage Receivables Purchase Agreement;

(d) all rights, title, interest and benefit of the Seller in any Hazard Insurance Policy and Life Insurance Policy in so far as it relates to the Mortgage Receivables including but without limitation the right to receive the proceeds of any claim thereunder;

(e) all documents, computer data and records on or by which each of the above is recorded or evidenced, to the extent that they relate to the above, including, but not limited to, the Contract Records;

(f) all causes and rights of action against any notary public in connection with the execution of the Mortgage Loans, the researches, opinions, certificates or confirmations in relation to any Mortgage Loan or Mortgaged Assets or otherwise affecting the decision of the Seller to offer to make or to accept any Mortgage Loan;

(g) all causes and rights of action against any valuer/appraiser in connection with the investigation and appraisal of any property, any researches, opinions certificates or confirmations in relation to any Mortgage Receivable or Mortgaged Assets or otherwise

affecting the decision of the Seller to offer to make or to accept any Mortgage Receivable or Related Security relating thereto;

(h) all causes and rights of action against any Mortgage Registrar, including, without limitation, all rights of action mentioned in articles 128, 130 and 132 of the Act of 16 December 1851, with respect to any transcription (*overschrijving/transcription*), inscription (*inschrijving/inscription*) or marginal inscription (*kantmelding/inscription en marge*) of any right relating to the Mortgaged Assets; and

(i) all causes and rights of action against any broker, lawyer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any of the above, or affecting the decision of the Seller to offer to make or to accept any of the above,

it being understood that any Related Security with an all sums nature will continue to secure any other amounts owed by the relevant Borrower to the Seller subject to the conditions set out in section 2 (*All Sums Mortgages – Mortgage Mandates*) below.

2. All Sums Mortgages – Mortgage Mandates

2.1 All Sums Mortgages

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

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

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

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

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

(a) all sums owed by any Borrower to the Seller under a Seller Loan and all the rights and remedies of the Seller in respect of a Seller Loan will at all times be subject and subordinated to any sums owed by the Borrower to the Issuer in relation to all sums received out of the enforcement of the Related Security;

(b) as long as any part of the sums owed to the Issuer under a Mortgage Receivable is or might become outstanding and until all these sums are irrevocably paid in full, all sums received out of the enforcement of the Related Security will be distributed to the Issuer in priority of the Seller by payment into the Issuer Collection Account, unless the Issuer and the Security Agent otherwise agree; and

(c) the Seller undertakes that, as long as any part of the sums owed to the Issuer under a Mortgage Receivable is or might become outstanding and until all these sums are

irrevocably paid in full, it will not be entitled to receive for its own account any of the proceeds of enforcement of the Related Security.

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

2.2 Mortgage Mandates

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

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

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

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

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

If a Mortgage Mandate is exercised in order to create a Mortgage in favour of the Issuer in accordance with and subject to the limitation set out in the preceding paragraph, such Mortgage Mandate may still be exercised to create a mortgage for any balance available under the Mortgage Mandate in favour of the Seller. The rules set out above in relation to the exercise of Mortgage Mandates will apply mutatis mutandis to the creation of any Mortgages pursuant to any Mortgage Promises.

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

3. Representations and Warranties

3.1 Representations and Warranties relating to the Seller

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

(a) it is a company with limited liability (*naamloze vennootschap/société anonyme*), duly organised and validly existing under the laws of Belgium with full power and authority to execute and deliver, and to perform all of its obligations under the Mortgage Receivables Purchase Agreement and all necessary corporate authority has been obtained and corporate action has been taken and all necessary consents and approvals obtained, for it to sign and perform the transactions contemplated by the Mortgage Receivables Purchase Agreement;

(b) it is duly licensed as a credit institution and as a mortgage loan institution by the NBB under the Credit Institutions Supervision Act and by the FSMA under the Mortgage Credit Act;

(c) it (i) is not in a situation of cessation of payments within the meaning of Belgian insolvency laws, (ii) has not resolved to enter into *vereffening/liquidation*, (iii) has not filed for bankruptcy (*faillissement/faillite*) or for stay of payment (*uitstel van betaling/sursis de paiement*), (iv) has not been adjudicated bankrupt or annulled as legal entity, nor (v) has any corporate action been taken or is pending in relation to any of the above;

(d) it is not subject to any reorganisation measures (*mesures d'assainissement/saneringsmaatregelen*) within the meaning of Article 3 § 1, 8° of the Credit Institutions Supervision Act or winding-up procedures (*procédures de liquidation/liquidatieprocedures*) within the meaning of Article 3 § 1, 9° of the Credit Institutions Supervision Act;

(e) the Mortgage Receivables Purchase Agreement constitutes legal and valid obligations binding on it and enforceable in accordance with its terms;

(f) it is not in breach of or in default under any agreement to an extent or in a manner which has or which could have a material adverse effect on it or on its ability to perform its obligations under the Mortgage Receivables Purchase Agreement;

(g) no Notification Event has occurred or will occur as a result of the entering into or performance of the Mortgage Receivables Purchase Agreement;

(h) the information that may reasonably be relevant for the transaction envisaged in the Mortgage Receivables Purchase Agreement and that has been supplied by it to the Issuer and the Security Agent in connection with the Mortgage Receivables Purchase Agreement is to the best of its knowledge true, complete and accurate in all material respects and it is not aware of any facts or circumstances that have not been disclosed to the Issuer and the Security Agent which might if disclosed adversely affect the decision of the Issuer and the Security Agent to enter into the transaction envisaged in the Mortgage Receivables Purchase Agreement; and

(i) no litigation, arbitration or administrative proceeding has been instituted, or is pending, or, to the best of its belief, threatened which might have a material adverse effect on it or on its ability to perform its obligations under the Mortgage Receivables Purchase Agreement.

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

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

(a) Valid existence – Mortgage Loan Characteristics

(i) The Mortgage Receivables and Loan Security (other than any Other Security) exist and are valid, legally binding and enforceable obligations of the relevant Borrowers, or as the case may be, the relevant Insurance Company or third party provider of additional collateral.

(ii) The Mortgage Loans are granted with respect to Real Estate.

(iii) The Borrowers of the Mortgage Loans are resident in Belgium.

(iv) The Borrowers of the Mortgage Loans are not employees of the Seller.

(v) Each Mortgage Loan was granted by the Seller or, as the case may be, its legal predecessor as the original lender, as a loan secured by a Mortgaged Asset and, in the latter case, acquired by the Seller as a true sale and in accordance with the then prevailing credit policies of the original lender and those original lenders are (or were, at the time of the granting of the loan) duly licensed as mortgage undertakings.

(vi) The Mortgage Loans are either Annuity Mortgage Loans, Linear Mortgage Loans or Interest-only Mortgage Loans.

(b) Governing legislation

(i) Each Mortgage Loan and relating Related Security is governed by Belgian law and no Mortgage Loan or relating Mortgage and Mortgage Mandate expressly provides for the jurisdiction of any court or arbitral tribunal other than Belgian courts or tribunals.

(ii) Each Mortgage Loan is either subject to Royal Decree 225 or to the Mortgage Credit Act.

(iii) Each Mortgage Loan and relating Mortgage and Mortgage Mandate originated after 1 January 1995 complies in all material respects with the requirements of the Mortgage Credit Act and implementing regulations; each Mortgage Loan, Mortgage and Mortgage Mandate originated before 1 January 1995 and after 1 January 1993, complies in all material respects with the requirements of either the Mortgage Credit Act and implementing regulations or with the Royal Decree 225, as applicable; and each Mortgage Loan, Mortgage and Mortgage Mandate originated before 1 January 1993, complies in all material respects with the requirements of the Royal Decree 225.

(iv) All Standard Loan Documentation and subsequent amendments to the Standard Loan Documentation have been duly and timely submitted to the FSMA in accordance with the relevant provisions in Royal Decree 225 and the Mortgage Credit Act and the FSMA has not objected thereto.

(v) The Act of 12 June 1991 on consumer credit loans does not apply to any of the Mortgage Loans.

(c) Free from third-party rights

(i) Each Mortgage Loan has been granted by the original lender for its own account.

(ii) The Seller has exclusive, good and marketable title to and has the absolute property right over each Mortgage Loan and Mortgage Receivable and the other rights, interests and entitlements sold pursuant to the Mortgage Receivables Purchase Agreement.

(iii) The Mortgage Loans, the Mortgage Receivables and Related Security are free and clear of any encumbrances, liens, charges, pledges, pre-emption rights, options or other rights or security interests of any nature whatsoever in favour of, or claims of, third parties, and of any attachments (*derdenbeslag/saisie-arrêt*).

(iv) The Seller has not assigned, transferred, pledged, disposed of, dealt with or otherwise created or allowed to arise or subsist any security interest or other adverse right or interest in respect of its right, title, interest and benefit in or to any of the Mortgage Loans, Mortgage Receivables or Related Security and of the rights relating thereto or any of the property, rights, titles, interests or benefits sold or assigned pursuant to the Mortgage Receivables Purchase Agreement or pledged pursuant to the Pledge Agreement, in any way whatsoever other than pursuant to the Mortgage Receivables Purchase Agreement or the Pledge Agreement.

(v) The Mortgage Loans can be easily segregated and identified for ownership and collateral security purposes.

(d) Each Mortgage Receivable is secured by (i) a first ranking Mortgage, and/or (ii) a lower ranking Mortgage provided that the benefit of all higher ranking Mortgages on the same Real Estate has been transferred to the Issuer pursuant to the Mortgage Receivables Purchase Agreement, and/or, as the case may be, (iii) a mandate to create Mortgages over the Mortgaged Assets.

(e) Fully disbursed Mortgage Loans

The proceeds of each Mortgage Loan (including any brokers' fees) have been fully disbursed and the Seller has no further obligation to make further disbursement relating to any Mortgage Loan.

(f) No set-off or other defence

(i) None of the Mortgage Loans and Related Security (other than any Other Security) is subject to any reduction resulting from any valid and enforceable *exceptie/exception* or *verweermiddel/moyen de défense* (including *schuldvergelijking/compensation*) available to the relevant Borrower, Insurance Company or third party collateral provider and arising from any act or omission on the part of, or event or circumstance attributable to, the Seller prior to the execution of the Mortgage Receivables Purchase Agreement (except any *exceptie* or *verweermiddel* based on the provisions of Article 1244, paragraph 2 of the Belgian Civil Code or the provisions of Belgian insolvency laws).

(ii) No pledge, lien or counterclaim (except commercial discounts as applicable) or other security interest has been created or arisen or now exists between the Seller

and any Borrower or Insurance Company which would entitle such Borrower to reduce the amount of any payment otherwise due under its Mortgage Loan.

(g) No subordination

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

(h) No limited recourse

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

(i) No abstraction

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

(j) No waiver

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

(k) Performing loan

(i) No event has occurred and has not been cured prior to the Closing Date, entitling the Seller to accelerate the repayment of such Mortgage Loan.

(ii) On the Cut-Off Date, no Mortgage Loan is in arrears.

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

(l) Litigation

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

(m) Insolvency

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

(n) Incapacity

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

(o) No Withholding Tax

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

(p) Assignability of the Mortgage Receivables

(i) Each Mortgage Receivable, secured by the Related Security, may be validly assigned to the Issuer and each Mortgage Receivable may be validly pledged by the Issuer in accordance with the Pledge Agreement.

(ii) Each Mortgage Receivable, secured by Related Security, is legally capable of being transferred by way of sale, and their transfer by way of sale is not subject to any contractual or legal restriction, other than the notification to the Borrower for the purpose of rendering the assignment enforceable against the Borrower or, with respect to Mortgage Receivables incorporated in a negotiable instrument (*grosse aan order/grosse à ordre*), endorsement of the negotiable instrument to the order of the Issuer.

(iii) No sale of a Mortgage Receivable in the manner herein contemplated will be recharacterised as any other type of transaction and the sale of all Mortgage Receivables will be effective to pass to the Issuer full and unencumbered title thereto and benefit thereof, and no further act, condition or thing will be required to be done in connection therewith to enable the Issuer to require payment of each Mortgage Receivable or the enforcement of each Mortgage Receivable in any court other than, for the purpose of rendering the assignment enforceable against the Borrower, the giving of notice to the Borrower of the sale of such Mortgage Receivable by the Seller to the Issuer.

(iv) Upon the sale of any Mortgage Receivables such Mortgage Receivables will no longer be available to the creditors of the Seller on its liquidation.

(q) Valid Mortgage

(i) Each Mortgage exists and constitutes, or upon registration in the relevant Mortgage Register will constitute, a valid and subsisting mortgage over the relevant Mortgaged Asset and each Mortgage shall continue to secure the relevant Mortgage Receivable following assignment of such Mortgage Receivable.

(ii) Each Mortgage which has been registered at the relevant Mortgage Register, is a first-ranking Mortgage, except if the Seller holds all other prior ranking Mortgage(s) and the benefit of such Mortgage(s) is also transferred to the Issuer pursuant to the Mortgage Receivables Purchase Agreement.

(iii) No other mortgage or security interest attaches to any Mortgaged Asset other than any (a) mortgages and liens which apply to the Mortgaged Asset by operation of law, (b) higher ranking mortgages as envisaged in paragraph (q)(ii) above and (c) any lower ranking mortgages, liens, encumbrances or claims.

(iv) In relation to each Mortgage where registration is pending at the relevant mortgage register:

(A) the Seller has an absolute right to be registered as mortgagee of the relevant Mortgaged Asset;

(B) there is no condition, notice or other entry of which the Seller is aware which will prevent such registration;

(C) the Seller has instructed the relevant notary to take all action to effectively register the Seller as mortgagee of the relevant Mortgaged Asset; and

(D) such registration will be accomplished ultimately before the Mortgage Loan is in arrears for more than two months.

(v) All steps necessary with a view to perfecting the Seller's title to each Mortgage were duly taken at the appropriate time or are in the process of being taken without undue delay on the part of the Seller and those within its control.

(vi) As at the date of origination of the Mortgage Loan the immovable property over which such Mortgage has been granted existed or was under construction and the Seller has received no notice nor has it any reason to believe that it does not exist.

(vii) Subject to (vi) above, each Mortgage Receivable is secured on and each Mortgage relating thereto relates to a Mortgaged Asset situated in Belgium for residential use by the Borrowers.

(r) Mortgage Mandate

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

(ii) Each Mortgage Mandate permits the appointment of a substitute attorney under such Mortgage Mandate.

(s) Valid Hazard Insurance Policies

Under the current Standard Loan Documentation the Borrowers are required to have the relevant Mortgaged Asset adequately insured under a home owners' hazard insurance policy against all risks usually covered by a comprehensive hazard insurance policy.

(t) Valid Life Insurance Policy

Under the current Credit Policies each Borrower, either individually or jointly with its co-borrowers and for amounts to be apportioned between them, has been requested to insure the Mortgage Loans under a Life Insurance Policy executed as collateral security to the Seller for each such Mortgage Loan or, in relation to which the Seller is mentioned as loss payee.

(u) Related Security

The Seller has not received notice of any material breach of the terms of any Related Security.

(v) The Mortgaged Assets

(i) Prior to providing a Mortgage Loan to a Borrower, the Seller instructed the notary public to conduct a search on origin and validity of the Borrower's title to the Mortgaged Asset and such search:

(A) did not disclose anything material which would cause the Seller, acting reasonably, not to proceed with the Mortgage Loan on the proposed terms;

(B) did disclose that the Borrower or a third party collateral provider had the exclusive, absolute and unencumbered title over the Mortgaged Asset; and

(C) did not disclose any tax liabilities or, if applicable, any social security (*sociale zekerheid/sécurité sociale*) liabilities, registrations, annotations or transcriptions or deficiencies in the title of property which may substantially impair the rights of the Seller, including, but not limited to, deferred payment of the purchase price, reservation of title (*eigendomsvoorbehoud/réserve de propriété*), any condition precedent or any resolutive condition, usufruct (*vruchtgebruik/usufruit*) or negative undertakings not to transfer or mortgage.

(ii) The notary public has not been dispensed from any of its responsibilities and/or liabilities in relation to any Mortgage Loan, Mortgage and Mortgage Mandate.

(iii) None of the Mortgages and Mortgage Mandates have been created over a part in an undivided property, a collective property (*mede-eigendom/co-propriété*) or a property which has been purchased pursuant to a purchase agreement which results in an effective *tontine* or a similar arrangement, except:

(A) in case there is another first-ranking Mortgage relating to the same Borrower that meets all representations and warranties set out herein; or

(B) in case of a *tontine* or a similar arrangement:

I. the parties to the arrangement are Borrowers under the same Mortgage Loan, are held jointly and severally, and have granted the relevant Mortgage with respect to all their present and future rights in respect of the Mortgaged Asset; and

II. such Mortgage is still in full force and effect for each such Borrower.

(iv) The Seller has not received any notice requiring the compulsory acquisition (*expropriation/onteigening*) of such Mortgaged Asset.

(w) The Seller's compliance with laws

The original lender or the Seller, as applicable, has, in relation to the origination, the servicing and the assignment of the Mortgage Loans and Mortgage Receivables, complied in all material respects with all relevant banking, consumer protection, privacy, money laundering and other laws.

(x) Servicing

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

(y) Selection process

The Seller has not taken any action in selecting the Mortgage Loans which, to the Seller's knowledge, would result in delinquencies or losses on the Mortgage Loans being materially in excess of the average delinquencies or losses on the Seller's total portfolio of loans of the same type.

(z) Originating and Standard Loan Documentation

(i) Prior to making each Mortgage Loan the Seller or the original lender, as applicable, carried out or caused to be carried out all investigations, searches and other actions and made such enquiries as to the Borrower's status and obtained such consents (if any) as would a reasonably prudent lender and nothing which would cause any such a lender to decline to proceed with the initial loan on the proposed terms was disclosed.

(ii) Prior to making each Mortgage Loan, the Seller's lending criteria laid down in the Credit Policies or, as the case may be, the lending criteria of the Seller or the original lender, as applicable at the time, were satisfied so far as applicable subject to such waivers as might be exercised by a reasonably prudent mortgage lender.

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

(aa) Proper Accounts and Records

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

(bb) Data Protection and privacy law

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

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

(cc) Credit Policies

The Credit Policies attached as Schedule 11 to the Mortgage Receivables Purchase Agreement are certified by the Seller to be true and accurate.

(dd) Missing Data

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

(ee) Financial Criteria

(i) The interest rate on each Mortgage Loan was market conform at its origination date.

(ii) On the Cut-Off Date the Outstanding Principal Amount of each Mortgage Receivable as of the Cut-Off Date, plus the nominal amount of the principal comprised in all the Instalments that fell due under the Mortgage Receivable on or before, but have not been paid by, the Cut-Off Date, is not more than EUR 1,000,000.

(iii) On the Cut-Off Date:

(A) the aggregate outstanding principal amount under all Existing Loans (except debit balances on current account) that are secured by the same Mortgage as a particular Mortgage Receivable, does not exceed 10% of the Outstanding Principal Amount of such Mortgage Receivable; and

(B) the aggregate Outstanding Principal Amount of all Mortgage Receivables which are secured by a Mortgage that also secures Existing Loans (except debit balances on current account), does not exceed 5% of the aggregate Outstanding Principal Amount of all Mortgage Receivables.

(iv) Each Mortgage Receivable, except Mortgage Receivables under Interest-only Mortgage Loans, is repayable by way of monthly or quarterly Instalments. In relation to Interest-only Mortgage Loans, interest is payable on a monthly basis.

(v) Each Mortgage Receivable is denominated exclusively in euro (this includes Mortgage Loans historically denominated in Belgian frank).

(vi) On the Cut-Off Date, no Mortgage Receivable is a Disputed Mortgage Receivable.

(vii) Each Mortgage Receivable has a fixed rate period that is not less than one year.

(viii) Each Mortgage Receivable has a fixed interest rate period that does not exceed 30 years.

(ix) No Mortgage Receivable has an initial maturity in excess of 30 years.

(x) In respect of each Mortgage Loan, at least one Instalment has been received.

(ff) Mortgage Pool Characteristics

(i) On the Cut-Off Date, the Outstanding Principal Amount of each Mortgage Receivable as of the Cut-Off Date plus the nominal amount of principal comprised in all the unpaid Instalments that fell due under that Mortgage Receivable on or before the Cut-Off Date does not exceed EUR 1,000,000.

(ii) On the Cut-Off Date, no Mortgage Receivables are in arrears.

(iii) On the Cut-Off Date, at least 70% of the Outstanding Principal Amount of all Mortgage Receivables is fully secured by a Mortgage.

(iv) On the Cut-Off Date, the aggregate Outstanding Principal Amount of Mortgage Receivables of which the Related Security relates to Mortgaged Assets that are the subject of residential letting and are not occupied by the relevant Borrower, does not exceed 5.0 % of the aggregate Outstanding Principal Amount of all Mortgage Receivables.

(v) On the Cut-Off Date, the percentage of the aggregate Outstanding Principal Amount of all Mortgage Receivables resulting from Interest-only Mortgage Loans divided by the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables does not exceed 8.5 %.

(vi) The final possible maturity date for the Mortgage Receivables is not later than 40 months prior to the Final Maturity Date.

(vii) On the Cut-Off Date, in respect of each Mortgage Receivable, (a) the Recorded Reference Value of the related Mortgaged Asset does not exceed the Relevant Reference Value of such Mortgaged Asset by more than 5 % and (b) the Relevant Reference Value of such Mortgaged Asset can be verified based on objective valuation evidence in the Contract Records (**Property Value Representation**).

4. Eligibility Criteria

All representations and warranties other than those relating to the Seller, as set out under section 3.2 above, shall be considered to constitute the eligibility criteria relating to the Mortgage Loans or, as the case may be, the Mortgage Receivables (the **Eligibility Criteria**). The Eligibility Criteria pertain to the Mortgage Receivables and Mortgage Loans on the Cut-Off Date.

5. Repurchases, Call Options and Permitted Variations

5.1 Repurchase

If at any time after the Closing Date, any of the representations and warranties relating to a Mortgage Loan or a Mortgage Receivable proves to have been untrue or incorrect, the Seller shall within 30 calendar days of the earlier of (i) receipt of written notice thereof from the Issuer or (ii) the date of a notice from the Seller in accordance with the Mortgage Receivables Purchase Agreement, remedy the matter giving rise thereto. The Seller shall, if such matter is not capable of being remedied, on the Monthly Calculation Date immediately following the date of the relevant notice, or if such matter is remediable but not remedied within the said period of 30 calendar days, on the Monthly Calculation Date immediately following the end of the 30 calendar day period, repurchase and accept re-assignment of such Mortgage Receivable and Related Security.

Following the occurrence of a PVA Trigger Event, the MPT Provider will perform a Property Value Audit in respect of all Mortgage Receivables in respect of which a Realised Loss has been incurred at the time of the PVA Trigger Event (the **Relevant Receivables**) in order to determine whether in respect of each such Relevant Receivable, (a) the Recorded Reference Value of the related Mortgaged Asset corresponds with the Relevant Reference Value of such Mortgaged Asset and (b) the Relevant Reference Value of such Mortgaged Asset can be verified based on objective valuation evidence (including without limitation any Mortgage Deeds, valuation reports and any records and correspondence) in the Contract Records. The MPT Provider has undertaken in the Issuer Services Agreement to provide, no later than three months after the occurrence of a PVA Trigger Event, each of the Seller, the Issuer and the Security Agent (with a copy to the Rating Agencies) with a report of its findings, including (i) a statement whether, in relation to the Relevant Receivables, the Mortgaged Asset Value Representation was true and correct at the Cut-Off Date and (ii) a letter from an independent auditor instructed by the MPT Provider confirming that the findings in the report are correct in all material respects (the **Property Valuation Report**) If, on the basis of the Property

Valuation Report, it appears that the Property Value Representation in relation to a Relevant Receivable was not true and correct at the Cut-Off Date, the Seller shall, on the Monthly Calculation Date immediately following the delivery of the Property Valuation Report, repurchase and accept re-assignment of such Relevant Receivable.

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

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

The purchase price for any Mortgage Receivable repurchased by the Seller in accordance with the preceding paragraphs will be paid to the Issuer and, for a period of 6 months, be held in an account held with the Floating Rate GIC Provider (the **Repurchase Reserve Account**).

Amounts so transferred into the Repurchase Reserve Account will not be included as Notes Redemption Available Amount and/or Notes Interest Available Amounts until the expiration of a 6 month period starting on the repurchase date of the relevant repurchased Mortgage Receivable.

Upon the expiration of the 6 month period starting on the repurchase date of the relevant Mortgage Receivable, an amount corresponding to the purchase price of that repurchased Mortgage Receivable will become available for inclusion in the Notes Redemption Available Amount and/or the Notes Interest Available Amounts provided that if in the meantime insolvency proceedings were started in relation to the Seller the amount corresponding to the purchase price of the repurchased Mortgage Receivable so reserved shall remain reserved in the Repurchase Reserve Account until the Issuer is satisfied such repurchase is no longer open for challenge by the bankruptcy trustee of the Seller and the risk of such repurchase being held ineffective against the bankrupt estate of the Seller can no longer materialise.

Any repurchase by the Seller upon a misrepresentation can only take place after the Seller has delivered to the Issuer and the Security Agent a solvency certificate, signed by two directors of the Seller and in the form attached to the Mortgage Receivables Purchase Agreement.

5.2 Clean-Up Call Option

On each Quarterly Payment Date the Seller or any third party appointed by the Seller may, but is not obliged to, repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount of all Mortgage Receivables is less than 10% of the aggregate Outstanding Principal Amount of all Mortgage Receivables as of the Closing Date (the **Clean-Up Call Option**).

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion in case of the exercise of the Clean-Up Call Option, to the extent it holds the Mortgage Receivables at the time of exercise by the Seller of the Clean-Up Call Option.

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

5.3 Regulatory Call Option

On each Quarterly Payment Date the Seller has the Regulatory Call Option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change. A **Regulatory Change** will be a change published on or after the Closing Date (i) in the Basel Capital Accord promulgated by the Basel Committee on Banking Supervision (the **Basel Accord**), in the Basel II Capital Accord promulgated by the Basel Committee on Banking Supervision as set forth in the EU Capital Adequacy Directive, 2006/49/EC, as amended and supplemented from time to time (the **Basel II Accord**) and as further amended (the **Basel III Accord**) or in the international, European or Belgian regulations, rules and instructions (the **Bank Regulations**) applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord or the Basel II Accord or the Basel III Accord) or such a change in the manner in which the Basel Accord, the Basel II Accord or the Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Belgian Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes or (ii) in the eligible collateral framework of the European Central Bank, as a result of which the Notes no longer qualify as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosytem.

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion in case of the exercise of the Regulatory Call Option, to the extent it holds the Mortgage Receivables at the time of exercise by the Seller of the Regulatory Call Option.

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

5.4 Permitted Variations

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

(a) no Enforcement Notice has been given by the Security Agent that remains in effect at the date of the relevant variation;

(b) the repayment type (e.g. amortising, linear or interest-only) and the repayment frequency of the Mortgage Receivable shall not be changed;

(c) the variation would not cause the Mortgage Receivable to no longer comply with all the Eligibility Criteria;

(d) if the variation relates to the variation of the interest rates applicable to a Mortgage Receivable, such variation is in accordance with the applicable Mortgage Conditions;

(e) if the variation relates to a waiver, amendment or release with respect to a Mortgage or a Mortgage Mandate:

(i) the MPT Provider has obtained the prior written consent of the Issuer Administrator and the Security Agent;

(ii) the variation will not provide for a partial release (*handlichting/mainlevée*) of the Mortgage or a substitution of the mortgaged property (*pandwissel/substitution*) relating to any Mortgage Receivable as a result of which the CLTV immediately following such variation is higher than the CLTV immediately preceding such variation;

(iii) the variation will not provide for a partial release (*handlichting/mainlevée*) of the Mortgage or a substitution of the mortgaged property (*pandwissel/substitution*) as a result of which the CLTM immediately following such variation is higher than the CLTM immediately preceding such variation; and

(iv) the variation will not provide for a partial release (*handlichting/mainlevée*) of the Mortgage or a substitution of the mortgaged property (*pandwissel/substitution*) as a result of which the substituted mortgaged property is not of equal quality;

(f) if the variation relates to a waiver or amendment of a negative pledge undertaking under the Mortgage Conditions, the MPT Provider has obtained the prior consent of the Issuer Administrator and the Security Agent, it being understood that the following shall be considered as a waiver or amendment of negative pledge for which the prior consent of the Issuer Administrator and the Security Agent is required:

(i) the Seller or, as the case may be, the MPT Provider agrees that a mortgage can be created over the Mortgaged Assets in favour of a third party;

(ii) the Borrower agrees to grant an additional mortgage on the Mortgaged Assets in favour of the Seller, other than a mortgage created pursuant to the exercise of a Mortgage Mandate in accordance with Clause 8 of the Mortgage Receivables Purchase Agreement;

(g) the Outstanding Principal Amount of the Mortgage Receivable shall not be reduced otherwise than as a result of an effective payment of principal;

(h) if the variation results from a discharge (*ontlasting/décharge*) in connection with a divorce (*echtscheiding/divorce*) or from a discharge of a personal guarantor (*persoonlijke borg/garantie personnelle*):

(i) such variation shall be considered by the MPT Provider acting as a reasonably prudent mortgage lender (*bonus pater familias*);

(ii) all underwriting criteria as set out in the Credit Policies remain satisfied following the acceptance of such variation; and

(i) the final redemption date of such varied Mortgage Receivable would as a consequence of the variation not be extended beyond 30 years from the initial start date of such Mortgage Receivable and in any case not beyond the final possible maturity date for the Mortgage Receivables.

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

For the avoidance of doubt:

(a) the waiver by the MPT Provider of any Prepayment Penalty in connection with the voluntary prepayment of any Mortgage Receivable, is a Non-Permitted Variation; and

(b) the power of the MPT Provider to agree to a Permitted Variation is subject to a request to that effect being made by the relevant Borrower.

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

The Issuer or the Security Agent shall be entitled to terminate the powers of the MPT Provider to make Permitted Variations with three months' prior notice, provided another procedure or powers are put into place to deal with variations without any additional cost or expense for the MPT Provider.

6. Non-Permitted Variations

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

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

(b) if and to the extent that the Seller requests that such Non-Permitted Variation is accepted, within five (5) Business Days after such request has been made by the Seller but in any event prior to the actual processing of the Non-Permitted Variation, the Seller shall repurchase and accept re-assignment of the relevant Mortgage Receivable at a price equal to the Optional Repurchase Price.

The purchase price for any Mortgage Receivable repurchased by the Seller in accordance with the preceding paragraph will be paid to the Issuer and be held in the Repurchase Reserve Account in accordance with the provisions of the Mortgage Receivables Purchase Agreement (See section 5.1 above).

7. Notification Events

If:

(a) a default is made by the Seller in the payment on the due date of any amount due and payable by the Seller under the Mortgage Receivables Purchase Agreement or under any Transaction Document to which it is or will be a party and such failure is not remedied within ten Business Days after notice thereof has been given by the Issuer or the Security Agent to the Seller; or

(b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Transaction Document to which it is or will be a party and, if such failure is capable of being remedied, such failure is not remedied

within ten Business Days after notice thereof has been given by the Issuer or the Security Agent to the Seller; or

(c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the Mortgage Receivables (which the Seller consequently repurchases), or under any of the Transaction Documents to which the Seller is or will be a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or

(d) an order being made or an effective resolution being passed for the winding up (*ontbinding/dissolution*) of the Seller except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Security Agent in writing or by an Extraordinary Resolution of the Noteholders; or

(e) the Seller, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (d) above, ceases or, through an official action of the board of directors of the Seller, threatens to cease to carry on business or the Seller is unable to pay its debts as and when they fall due or the value of its assets falling to less than the amount of its liabilities or otherwise becomes insolvent; or

(f) (i) any steps have been taken or legal proceedings have been instituted or threatened against the Seller for the bankruptcy (*faillissement/faillite*), stay of payment (*uitstel van betaling/sursis de paiement*) or for any analogous insolvency proceedings under any applicable law, or (ii) an administrator, receiver or like officer (including a *voorlopig bewindvoerder/administrateur provisoire* (ad hoc administrator)) has been appointed in respect of the Seller or any of its assets; or

(g) if (i) in the reasonable opinion of the Issuer and the Security Agent, there is a major change in the activities of the Seller or any of its subsidiaries, (ii) the Seller sells and transfers (or intends to sell and transfer) all (or a major part) of its assets or ceases all (or a major part) of its activities, or (iii) a change of control occurs with respect to the Seller as a result of which Delta Lloyd Bankengroep N.V. (**Delta Lloyd Bankengroep**) no longer controls the Seller; for the purpose of this paragraph, **control** has the meaning given to such term in Article 5 and following of the Company Code, it being understood that any dissolution or merger by way of absorption (*fusie door opslorping/fusion par absorption*) by the Seller of UNIMO NV (RPR 0459.108.423) and UNIMO Limburg CVBA (RPR 0401.322.850) will not constitute a Notification Event; or

(h) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under any of the Transaction Documents to which it is or will be a party; or

(i) any action is taken by any authority, court or tribunal, which results or may result in the revocation of the license of the Seller (i) to act as a credit institution within the meaning of the Law of 22 March 1993 on the status and supervision of credit institutions (the **Credit Institutions Supervision Act**) or (ii) as a mortgage undertaking within the meaning of the Mortgage Credit Act; or

(j) the Seller becomes subject to any reorganisation measures (*mesures d'assainissement/saneringsmaatregelen*)) within the meaning of Article 3 § 1, 8° of the Credit Institutions Supervision Act or winding-up procedures (*procédures de liquidation/liquidatieprocedures*) within the meaning of Article 3 § 1, 9° of the Credit Institutions Supervision Act; or

(k) the NBB has found that Delta Lloyd Bank is not operating in accordance with the provisions of the Credit Institutions Supervision Act and its implementing decrees and regulations or any applicable own funds decree or regulation, that its management policy or financial position is likely to prevent it from honouring its commitments or does not offer sufficient guarantees for its solvency, liquidity or profitability, or that its management structure, administrative and accounting procedures or internal control systems present serious deficiencies and Delta Lloyd Bank has not taken the necessary steps to rectify the situation by the deadline imposed by the NBB; or

(l) a Pledge Notification Event occurs,

then, unless an appropriate remedy to the satisfaction of the Issuer and the Security Agent is found and implemented within a period of thirty (30) calendar days and provided that the then current ratings assigned to the Senior Class A Notes will not be adversely affected as a consequence thereof, except in the occurrence of:

(i) the events mentioned under (a), (d), (e), (f), (i), (j) and (l) (but in relation to the events mentioned under (l), only to the extent such events constitute the delivery of an Enforcement Notice or are based on items (a), (d), (e), (f), (i) and (j) of the Notification Events) where no remedy period of thirty (30) calendar days shall apply; or

(ii) the events mentioned under (b), (c), (h) and (l) (but in relation to the events mentioned under (l), only to the extent such events are based on items (b), (c) and (h) of the Notification Events), where no remedy period of thirty (30) calendar days shall apply if and to the extent the events referred thereunder would have a material adverse impact on the interest of the Noteholders;

the Seller shall forthwith notify in writing the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral, of the assignment of the Mortgage Receivables and the Related Security to the Issuer and instruct the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral to pay any amounts due directly to the Issuer Collection Account or, at its option, the Issuer shall be entitled to make such notifications and to give such instructions itself or on behalf of the Seller.

ISSUER SERVICES AGREEMENT

Services

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

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

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

In the Issuer Services Agreement, the **Issuer Administrator** will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) the direction of amounts received by the Seller to the Issuer Collection Account and the production of quarterly reports in relation thereto, (b) the operation of the Transaction Accounts, (c) drawings (if any) to be made by the Issuer from the Liquidity Funding Account and from the Reserve Account, (d) all payments to be made by the Issuer under the Swap Agreement and under the other Transaction Documents, (e) all payments to be made by the Issuer under the Notes in accordance with the Agency Agreement and the Conditions, (f) all calculations to be made pursuant to the Conditions under the Notes, and (g) the production of all information necessary for the Issuer in order to perform its obligations under the ECB regulation No 24/2009 of 19 December 2008 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions. The Issuer Administrator will also provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement.

Termination

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

After termination of the appointment of the MPT Provider and/or the Issuer Administrator under the Issuer Services Agreement, the Issuer and, in the case of a termination of the appointment of the MPT Provider, the Issuer Administrator (and whenever a Protection Notice or Enforcement Notice has been served, the Security Agent in consultation with the Issuer and/or Issuer Administrator) shall use their best efforts to appoint a substitute mortgage payment transaction services provider and/or issuer administrator and such substitute mortgage payment transaction services provider and/or issuer administrator shall enter into an agreement

with the Issuer and the Security Agent substantially on the terms of the Issuer Services Agreement, provided that such substitute mortgage payment transaction services provider and/or issuer administrator shall have the benefit of a fee at a level to be then determined. Any such substitute mortgage payment transaction services provider and/or issuer administrator is obliged to, among other things, (i) have experience of administering mortgage loans and mortgages of residential property in Belgium and (ii) hold all required licences under applicable law therefore. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties, on the terms of the Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Agent.

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

THE ISSUER

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

1. Name and Status

The Issuer is a company with limited liability (*naamloze vennootschap/société anonyme*) incorporated under the name B-Arena NV/SA, *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge* in accordance with the Securitisation Act, acting through its Compartment N°3.

The registered office of the Issuer is located at Louizalaan 486, 1050 Brussels and its telephone number is 00 32 2 640 16 18. The Issuer is registered with the Crossroads Bank for Enterprises under number RPR 882.540.048.

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

The Issuer has been registered with the Federal Public Service Finance (*Federale Overheidsdienst Financiën/Service Public Fédéral Finances*) on 18 August 2006 as an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge* and its Compartment N°3 has been registered with the Federal Public Service Finance (*Federale Overheidsdienst Financiën/Service Public Fédéral Finances*) on 5 December 2011 as a compartment of an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge*. This registration cannot be considered as a judgement as to the opportunity or the quality of the Transaction, nor on the situation of the Issuer or Compartment N°3.

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

2. Incorporation

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

A copy of the deed of incorporation and the Articles of Association of the Issuer will be available for public inspection at the registered office of the Issuer and the specified office of the Domiciliary Agent. The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Transaction Documents.

3. Share Capital and Shareholding

Upon incorporation, the Issuer had an issued share capital of EUR 61,500 represented by 100 registered shares without nominal value, which was fully paid up. Initially all shares were allocated to Category I, representing Compartment N°1. By a capital increase and amendment of the Articles of Association of the Issuer on 2 November 2010, the issued share capital of the Issuer was increased by an amount of EUR 24,600 represented by 40 shares without nominal value that have been allocated as follows: 4 shares for Compartment N° 2, 4 shares for Compartment N° 3, 4 shares for Compartment N° 4, 4 shares for Compartment N° 5 and 4 shares for Compartment N° 6, and the remaining 20 shares for Compartment N°7.

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

Stichting Shareholder B-Arena Holding is a foundation (*stichting*) incorporated under the laws of the Netherlands on 26 April 2006. The objects of Stichting Shareholder B-Arena Holding are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Shareholder and to exercise all rights attached to such shares. The sole managing director of Stichting Shareholder B-Arena Holding is ATC Management B.V.

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

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

The Shareholder Director has entered into a management agreement with each of Stichting Shareholder and the Shareholder, the Issuer and the Security Agent. In these management agreements (the **Shareholder Management Agreements**) the Shareholder Director agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director or director should do or should refrain from doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents or the then current ratings assigned to the Notes. The shares in the Issuer can only be validly transferred to an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act. In addition, the Articles of Association provide for a specific share transfer procedure, requiring the consent of the Issuer's board of directors. If the registered shares issued by the Issuer are acquired by a holder that does not qualify as an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, the Issuer will refuse to register such transfer in its share register.

4. Corporate Purpose and Permitted Activity

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

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

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

such contracts, provided that the transaction serves to cover a risk linked to one or more assets on its balance sheet.

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

Any amendment of the corporate purpose of the Issuer requires a special majority of 80% of the voting rights.

The Compartment N°3 of the Issuer has been set up with as purpose the collective investment of financial means collected in accordance with the Articles of Association in a portfolio of selected mortgage receivables.

5. Compartments

The Articles of Association authorise the Issuer's board of directors to create several compartments within the meaning of Article 26 § 4 of the Securitisation Act, which applies to an institutional VBS/SIC pursuant to Article 106 § 1 of the Securitisation Act. The notarial deed confirming such decision of the board of directors amends the Articles of Association. The Securitisation Act does not further specify the procedure that must be followed in this respect.

Pursuant to the Articles of Association, the Issuer's board of directors may create new compartments either by (i) issuing new shares, or (ii) reallocating the existing shares.

Upon incorporation of the Issuer, all shares of the Issuer were allocated to Category I, representing Compartment N°1. By a capital increase and amendment of the Articles of Association of the Issuer on 2 November 2010, the issued share capital of the Issuer was increased by an amount of EUR of EUR 24,600 represented by 40 shares without nominal value that have been allocated as follows: 4 shares for Compartment N° 2, 4 shares for Compartment N° 3, 4 shares for Compartment N° 4, 4 shares for Compartment N° 5 and 4 shares for Compartment N° 6, and the remaining 20 shares for Compartment N°7.

Furthermore, new chapters, relating to Compartment N°2, Compartment N°3, Compartment N°4 Compartment N°5, Compartment N°6 and Compartment N°7 were included in the Articles of Association.

The Pledged Assets and all liabilities of the Issuer relating to the Notes and the Transaction Documents will be exclusively allocated to Compartment N°3. The parties involved in future securitisation transactions of the Issuer, or involved in a securitisation transaction of the Issuer, acting through its Compartment N°1 or Compartment N°2 will not have any recourse to the Pledged Assets. Unless expressly provided otherwise, all appointments, rights, title, assignments, obligations, covenants and representations, assets and liabilities, relating to the issue of the Notes will be exclusively allocated to Compartment N°3 and will not extend to other transactions or other compartments of the Issuer or any assets of the Issuer other than those allocated to Compartment N°3 under the Transaction Documents.

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

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

6. Administrative, Management and Supervisory Bodies

6.1 Board of directors

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

(a) BVBA Sterling Consult, a company with its registered office at Camille Huysmanslaan 91, 2020 Antwerp (Belgium), registered with the legal entities register under number 0861.696.827, represented by its permanent representative and sole manager, Mr Georges De Booseré, residing at Camille Huysmanslaan 91, 2020 Antwerp (Belgium); and

(b) Mr Dirk P. Stolp, residing at Mr. Sixlaan 32, 1181 PK Amstelveen (the Netherlands)

(the **Issuer Directors**)

The Issuer Directors have been reappointed by the general meeting of the shareholders of the Issuer dated 30 June 2011, the current term of office of the Issuer Directors expires after the annual shareholders' meeting to be held in 2012.

Companies of which Georges De Booseré/Sterling Consult BVBA has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Agfa Finco NV, Stichting GAAF, Stichting Vesta, Bass Master Issuer NV, Stichting Holding Bass, Stichting Quantesse, Loan Invest NV, Belgian Lion NV, Stichting Holding Belgian Lion, Noor Funding NV, Stichting Holding Noor Funding, B-Arena NV, Record Lion NV, Stichting Holding Record Lion.

Companies of which Dirk P. Stolp has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: Adaltis (Holding) B.V.; Admin.kantoor v/h ATK, B.V.; Advanced World Transport B.V.; Advanced World Transport B.V.; AGFA FinCo NV SA; Alandes B.V.; Algemeen Kantoor van Administratie te Amsterdam B.V.; Alkmaar Export B.V.; Alliance Tire Group B.V.; Amsterdamsch Trustee's Kantoor B.V.; Andarton B.V.; APF II, Stichting Bewaarder Vastgoed Maatschap; APF III, Stichting Bewaarder Vastgoed CV; APF International Vastgoedfondsen, Stichting Bewaarder; APF IV, STAK Vastgoedbeleggingsmaatschappij; APF V, Stichting Administratiekantoor Vastgoedfonds; APF VI, Stichting Bewaarder Vastgoed Maatschap; APF VII, Stichting Bewaarder Vastgoed CV; APF VIII, Stichting Bewaarder; APF X, Stichting Bewaarder Vastgoed CV; Argenta Nederland, N.V.; ATC Capital Markets (UK) Limited; ATC Corporate Services (Netherlands) B.V.; ATC Corporate Services (UK) Limited; ATC Financial Services B.V.; ATC Investments B.V.; ATK, Stichting; Atruka B.V.; Bachelier, Stichting; Bakery Finance, Stichting; Barclays (Netherlands) N.V.; Barclays Investments (Netherlands) N.V.; B-Arena N.V.; BASS Master Issuer NV/SA; BASS, Stichting Holding; BCR Finance B.V.; Beleggersgiro DBnl, Stichting; Belgelectric Philippines B.V.; Belgian Lion, Stichting Holding; Bewaarder Vastgoed Maatschap APF I, Stichting; BioChem Vaccines B.V.; BLT Depot Stichting; Bulgari Holding Europe B.V.; Bulgari International Corporation (BIC) N.V.; Burani Designer Holding N.V.; BXR Green B.V.; BXR Logistics B.V.; BXR Mining B.V.; BXR Partners B.V.; BXR Real Estate B.V.; BXR Real Estate Investments B.V.; BXR Tower B.V.; CB Richard Ellis Investors Holdings B.V.; Cheniere International Investments, B.V.; Cispadan Investment B.V.; Coyote Europe Coöperatieve U.A; Credit Suisse Euro Senior Loan Fund (Netherlands) B.V.; Cresta, Stichting LIQUIDATED; Dalradian European CLO V B.V.; Danel Medical B.V.; DC Japan Holdings B.V.; DC Metals Holdings B.V.; DC MIT Holdings BV; DC Netherlands Holding BV; Deepwater B.V.; Derdengelden ATC, Stichting; Dexia Secured Funding Belgium NV/SA; Dow Corning Korea Holdings B.V.; Dow Corning Netherlands B.V.; DP Acquisitions B.V.; DP Coinvest B.V.; Dresser - Rand International BV; Edo Properties, Stichting; EGS Dutchco B.V.; Electrabel Invest B.V.; Enova International; EPL Acquisitions (Sub) N.V.; EPL

Acquisitions B.V.; Erjaco B.V, Beheer- en Beleggingsmaatschappij; Erste GCIB Finance I B.V.; Euro-Galaxy CLO B.V.; Euro-Galaxy II CLO BV; Euro-Galaxy III CLO B.V.; Euromedic Diagnostics B.V.; Euromedic International B.V.; Euromedic International B.V. OLD; Euromedic International Holdings B.V.; Euromedic Management Holding B.V.; Felding Finance B.V.; FinanCell B.V.; FN Cable Coöperatief U.A.; Friction Netherlands I B.V. in liquidatie; Friction Netherlands II B.V.; GAAF, Stichting; GDF Suez Energy Asia, Turkey and Southern Africa BV; Gordon Holdings (Netherlands) B.V.; Green Gas International B.V.; Green Tower B.V.; Grosvenor Place CLO I B.V.; Grosvenor Place CLO II B.V.; Grosvenor Place CLO III B.V.; Grosvenor Place CLO IV B.V.; GTS Dutchco BV; HCK Structured Finance B.V.; HEMA B.V.; Home Credit Finance 1 B.V.; Home Credit Finance 2 B.V.; Hypolan N.V.; Immorent Aktiengesellschaft; International Dialysis Centers B.V.; International Dialysis Centers Russia Holding B.V.; Inven, Stichting; Invesco Coniston B.V.; Invesco Garda B.V.; Invesco Mezzano B.V.; J.P. Morgan Commodities Holdings IV B.V.; John Laing and Son B.V.; Kazak Energo Invest B.V.; Laing Projects B.V.; Leciva CZ a.s.; Ledima B.V., Beheer- en Beleggingsmaatschappij; Leoforos B.V.; Leoforos B.V. (oud); Leveraged Finance Europe Capital V B.V.; Lion / Mustard B.V.; Lion Adventure B.V.; Lion Adventure Coöperatief U.A.; Lion Adventure Holding B.V.; Lion/Hotel Dutch 1 B.V.; Loan Invest NV/SA; Mercurius Funding NV; Mexelectric Cooperatieve U.A.; MFO Strategic Global Investment B.V.; MGIC Capital Funding B.V.; MGIC International Investment B.V.; Montequity B.V.; Nederlandsche Trust-Maatschappij B.V.; New World Resources N.V.; Noor Funding N.V.; Noor Funding, Stichting Holding; North Westerly CLO I B.V.; North Westerly CLO II B.V.; North Westerly CLO III B.V.; Optimix Beleggersgiro, Stichting; Orchid Netherlands (No.1) B.V.; Parker Drilling Dutch BV; Parker Drilling International BV; Parker Drilling Kazakhstan B.V.; Parker Drilling Netherlands BV; Parker Drilling Offshore BV; Parker Drilling Overseas BV; Parker Drilling Russia BV; Petreven B.V.; Primerofin B.V.; Purple Narcis Finance B.V.; Quantesse, Fondation privée; Quares Retail Fund, Stichting Administratiekantoor; RBS Sempra Commodities Cooperatief W.A.; RBS Sempra Commodities Holdings I B.V.; Record Lion, Stichting Holding; RECP III Properties Dutch, Coöperatieve U.A.; Renoir CDO B.V.; Rokin Corporate Services B.V.; Roman 12 Offshore Fund B.V.; Royal Street NV/SA; RPG Property B.V.; RPGT (Netherlands) B.V.; SCUTE Bali B.V.; Sempra Energy Holdings III B.V.; Sempra Energy Holdings IX B.V.; Sempra Energy Holdings V B.V.; Sempra Energy Holdings VI B.V.; Sempra Energy Holdings VII B.V.; Sempra Energy Holdings VIII B.V.; Sempra Energy Holdings X B.V.; Sempra Energy Holdings XI BV; Sempra Energy International Chile Holdings I B.V.; Sempra Energy International Holdings N.V.; Sodibo B.V., Beheer- en Beleggingsmij.; Soilmec International B.V.; South Pacific Investments BV; Stopper Finance B.V.; Suez-Tractebel Energy Holdings Cooperatieve U.A.; Sunwood Properties Asia B.V.; Sunwood Properties Korea B.V.; Tageplan B.V.; Tanaud International B.V.; Tata Steel Netherlands B.V.; TMG Holdings Coöperatief U.A; Tornier N.V.; Tractebel Energia de Monterrey B.V.; Tractebel Energia de Monterrey Holdings B.V.; Tractebel Invest International B.V.; Trevi Contractors B.V.; Tulip Netherlands [No.1] B.V.; Tulip Netherlands [No.2] B.V.; TWMB Holdings B.V.; Vaco B.V.; Valsana Beheer B.V.; Vastgoed Akronned IV, Stichting; Vesta, Stichting; Warburg Pincus B.V.; Windermere III CMBS B.V.; WP Holdings I B.V.; WP Holdings III B.V.; WP Holdings IV B.V.; WP Holdings V B.V.; WP Holdings VI B.V.; WP Holdings VII B.V.; WP Holdings VII BV; WP IX Holdings B.V.; WP Lexington Private Equity B.V.; WP RE Holdings B.V.; WP X Holdings B.V.; Yarmoland B.V. None of the Issuer Directors have been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor have they been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affaires of any issuer for at least the previous five years.

The business offices of the directors are located at:

Sterling Consult BVBA
Camille Huysmanslaan 91
2020 Antwerpen
Belgium

Dirk P. Stolp
Fred Roeskestraat 123
1076 EE Amsterdam
Netherlands

6.2 Other administrative, management or supervisory bodies

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

6.3 Conflict of interest

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

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

6.4 Issuer Management Agreement

Each of the Issuer Directors has entered into a management agreement with the Issuer and the Security Agent. In these management agreements (the **Issuer Management Agreements**) each of the Issuer Directors agrees and undertakes to, *inter alia*, (i) act as managing director of the Issuer and to perform certain services in connection therewith, (ii) do all that an adequate managing director or director should do or should refrain from doing, and (iii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents or the then current ratings assigned to the Notes. In addition each of the Issuer Directors agrees in the relevant Issuer Management Agreements that it will not enter into any agreement in relation to the Issuer acting through its Compartment N°3 other than the Transaction Documents to which it is a party, without the prior written consent of the Security Agent, provided that there will be no adverse effect on the then current ratings assigned to the Notes. The Issuer Management Agreements do not provide for additional benefits upon termination.

7. Shareholders' Meeting

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

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

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

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

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

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

8. Changes to the Rights of Holders of Shares

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

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

9. Share Transfer Restrictions

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

(a) if shares are transferred to a transferee who does not qualify as an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, the Issuer will not register such transfer in its share register; and

(b) as long as shares are held by a shareholder who does not qualify as an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, the payment of any dividend in relation to the shares held by such shareholder will be suspended.

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

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

10. Corporate Governance

The Issuer complies with the relevant corporate governance requirements of the Company Code.

In accordance with Article 526*bis* of the Company Code, companies whose securities are admitted to trading on a regulated market must establish an audit committee. Article 526*bis*, § 7 of the Company Code contains an exemption from this obligation for any company the sole business of which is to act as issuer of asset-backed securities as defined in Article 2(5) of Commission Regulation (EC) No 809/2004. In that case, the relevant company must explain to the public the reasons for which it considers it not appropriate to have an audit committee or an administrative or supervisory body entrusted to carry out the functions of an audit committee.

The Issuer's sole business consists of the issuance of asset-backed securities as defined in Article 2(5) of the Commission Regulation (EC) No 809/2004 and the Issuer does not consider it appropriate to establish an audit committee. The Issuer refers in this respect to the recitals of the European Directive in relation to statutory audits of annual accounts, where it is stated that where a collective investment undertaking functions merely for the purpose of pooling assets, the establishment of an audit committee is not always appropriate. This is because the financial reporting and related risks are not comparable to those of other public-interest entities.

In addition, the Issuer operates in a strictly defined regulatory environment and is subject to specific governance mechanisms. In this regard, the Issuer refers to its corporate purpose, limiting its activities to the issue of negotiable financial instruments for the purpose of acquiring receivables. Furthermore, the Issuer points out that, with respect to the main tasks to be carried out by an audit committee, such as the monitoring of the financial reporting process and of the statutory audit of the annual and consolidated accounts, it will enter into an Issuer Services Agreement pursuant to which the MPT Provider and the Issuer Administrator will provide certain reporting, calculation and monitoring services.

The Issuer will include a declaration as to the reasons why it does not consider it appropriate to establish an audit committee (as set out above) in the annual report with respect to its annual accounts.

11. Accounting Year

The accounting year of Compartment N°3 of the Issuer ends on 31 December of each year.

As at the date of this Prospectus, the Issuer, acting through its Compartment N°3, has not commenced operations, other than the Transaction, and no financial statements have been made up.

12. The Auditor

Ernst & Young, with its registered office at De Kleetlaan 2, 1831 Diegem, registered with the Crossroads Bank for Enterprises under number 0446.334.711, Commercial Court of Brussels, represented by Marc Van Steenvoort, is appointed as auditor of the Issuer. The Issuer will pay to the Auditor an annual fee of EUR 11,000 (exclusive of VAT, if any).

13. Tax Position of the Issuer

(a) Registration tax

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

(b) Withholding tax on monies collected by the Issuer

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

(c) Corporate income tax

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

(d) Value added tax ("VAT")

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

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

14. Capitalisation

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

Share Capital

Issued Share Capital	euro 86,100
Compartment N°1	euro 61,500
Compartment N°2	euro 2,460
Compartment N°3	euro 2,460
Compartment N°4	euro 2,460
Compartment N°5	euro 2,460
Compartment N°6	euro 2,460
Compartment N°7	euro 12,300

Borrowings

Compartment N°1[1]

[1] The Notes issued by Compartment N°1 are scheduled to be repaid on or about the Closing Date.

Notes	euro	972,361,078.61

Compartment N°2

Senior Class A Notes	euro	840,000,000
Mezzanine Class B Notes	euro	80,000,000
Junior Class C Notes	euro	80,000,000
Subordinated Class D Notes	euro	10,000,000
Subordinated Loan	euro	25,000,000
Expenses Subordinated Loan	euro	1,500,000

Compartment N°3

Senior Class A Notes	euro	300,000,000
Mezzanine Class B Notes	euro	540,000,000
Subordinated Class C Notes	euro	160,000,000
Subordinated Loan	euro	10,000,000
Expenses Subordinated Loan	euro	1,500,000

15. Information to Investors – Availability of Information

15.1 Investor Reports

The Issuer Administrator will prepare quarterly reports to be addressed to the Security Agent, the Rating Agencies and the Domiciliary Agent on or about each Quarterly Payment Date. Such reports will contain an overview of the retention of the material net economic interest by the Seller.

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

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

15.2 Notices

For Notices to the Noteholders, see Condition 4.14.

15.3 Other information

In addition the Issuer is required to make available certain other information, in particular information in respect of important facts that are not known to the public and that, due to their impact on the assets, financial situation or general state of the Issuer, could influence the price of the relevant Notes (privileged information as defined in the law of 2 August 2002 on the supervision of the financial sector and financial services) and any other mandatory information such as described in the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments which are admitted to trading on a Belgian regulated market (including information as to modifications to the conditions, rights or guarantees attached to the Notes).

Furthermore, the Issuer will be required to provide certain information to the NBB for statistical purposes.

16. Financial Information concerning the Issuer

16.1 Financial position

Compartment N°1 of the Issuer started operations in October 2006 and Compartment N°2 of the Issuer started operations in September 2011.

Compartment N°3 of the Issuer was created on 2 November 2010 and the Issuer, acting through its Compartment N°3 has not commenced operations other than the Transaction.

As at the date of this Prospectus, financial statements have been made up in relation to Compartment N°1 only.

Pursuant to Article 27, § 2, (c) of the Prospectus Implementation Law, the FSMA has by decision of 17 January 2012 granted an exemption with respect to the obligation to provide historical financial information (under items 3 and 20.1 of Annex I, items 8.2 and 8.2 bis of Annex VII and item 8.3 of Annex XV of Regulation (EC) 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements) in relation to Compartment N°1 and Compartment N°2 of the Issuer. This exemption also applies to any related information requirements where such information relates to Compartment N°1 or Compartment N°2.

16.2 Dividend policy

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

16.3 Investment policy

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

The Compartment N°3 of the Issuer has been set up with as purpose the collective investment of financial means collected in accordance with the Articles of Association in a portfolio of selected mortgage receivables.

16.4 Valuation rules

The Issuer will apply the following valuation rules:

(1) ASSETS

(a) Receivables

Long-term receivables (> 1 year)
Short-term receivables (< 1 year)

Barring specific provisions every asset item will be valued at the purchase value and will be included in the balance sheet for that amount, after deducting the relevant write-offs and depreciations.

Purchase value is understood to be: the purchase price, the manufacturing cost or the contribution value as set out in articles 21, 22 and 23 of the Royal Decree of 23 September 1992. The purchase

of a mortgage portfolio with the aim of securitisation may give rise to setting a higher price than the nominal value thereof. The difference between the purchase value and the accounting value of the portfolio is written off on the basis of an annually revised calculation of future income.

The transfer of assets by a transferor in the context of a securitisation operation takes place by means of the payment of a cash price, i.e. the unexpired loan capital increased with the expired and unpaid interests, as well as several costs owed by the borrowers. The purchase value of the loans was valued at a cash purchase price.

A variable purchase price is also due in function of the results of the Issuer, i.e. the deferred purchase price. This is only due in function of the results generated by the Issuer which, depending of the possible early repayment of the loans and the interest risk, is difficult to anticipate. The payment of the variable purchase price is immediately included in the result when it becomes payable.

The mortgage loans are included in the balance sheet for the unpaid capital balance increased with the overdue and unpaid interests, as well as the different costs to be paid by the borrowers.

The interests and the different income with regard to the normal or bad debts which have remained unpaid for six months after they became payable are reserved.

Depreciations are applied to high-risk cases.

The risks are assessed according to the principle of distinguishing evaluation of every element of the assets.

The costs charged are immediately included in the result from the start of the aforementioned loans.

(b) Liquid resources

The amounts in this section are booked at their nominal value in accordance with the bank statements.

(c) Accrued accounts

Accrued income which is not yet due is included in the result *pro rata temporis*.

(d) Formation costs

Formation costs are activated and are depreciated on a straight-line basis over the period from 16 October 2006 to 22 October 2011.

(2) LIABILITIES

(a) Debts

Long-term debts (> 1 year)
Short-term debts (< 1 year)

Debts resulting from loans are booked at their nominal value after deducting interim repayments.
The spreading of repayments is defined by the liquid income from the securitised portfolio.

(b) Accrued accounts

Accrued costs which are not yet due are included in the result *prorate temporis*.

(3) OUTSIDE BALANCE SHEET

The interest swaps are treated as hedging instrument. The interests of the swap agreements are calculated *prorate temporis* and included in the profit and loss accounts.

17. Negative Statements

Compartment N°1 of the Issuer started operations in October 2006 and Compartment N°2 of the Issuer started operations in September 2011.

Compartment N°3 of the Issuer was created on 2 November 2010 and the Issuer, acting through its Compartment N°3 has not commenced operations other than the Transaction.

As at the date of this Prospectus, financial statements have been made up in relation to Compartment N°1 only.

Pursuant to Article 27, § 2, (c) of the Prospectus Implementation Law, the FSMA has by decision of 17 January 2012 granted an exemption with respect to the obligation to provide historical financial information (under items 3 and 20.1 of Annex I, items 8.2 and 8.2 bis of Annex VII and item 8.3 of Annex XV of Regulation (EC) 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements) in relation to Compartment N°1 and Compartment N°2 of the Issuer. This exemption also applies to any related information requirements where such information relates to Compartment N°1 or Compartment N°2.

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

RELATED PARTY TRANSACTIONS – MATERIAL CONTRACTS

1. THE SELLER

1.1 Name and Status

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

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

1.2 Mortgage Receivables Purchase Agreement

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the transfer by way of assignment of legal title to any and all relevant rights (the **Mortgage Receivables**) of the Seller against certain borrowers (the **Borrowers**) under or in connection with certain selected Mortgage Loans. The Issuer will be entitled to the proceeds of the Mortgage Receivables from the Cut-Off Date.

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

2. THE ISSUER ADMINISTRATOR

2.1 Name and status

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

2.2 Issuer Services Agreement

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

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

2.3 Remuneration

The Issuer Administrator shall receive a one-time upfront fee of EUR 8,500, exclusive of VAT (if any) and payable by the Issuer on the Closing Date, for its involvement in setting up the Transaction, subject to certain assumptions as further agreed with the Seller in the Issuer Administrator fee letter dated 17 October 2011. With respect to the duties and responsibilities as Issuer Administrator from the Closing Date and during the Transaction, the Issuer shall pay on each Quarterly Payment Date in arrears an amount of EUR 6,750 (i.e., EUR 27,000 on an annual basis)(exclusive of VAT), subject to certain assumptions as further agreed with the Seller in the Issuer Administrator fee letter dated 17 October 2011.

2.4 Replacement

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

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

(a) such substitute issuer administrator must be approved by the Security Agent;

(b) such substitute issuer administrator must have experience in delivering the relevant services and must hold all required licences under applicable law therefore;

(c) there will be no adverse impact on the then current rating assigned to the Notes;

(d) the termination shall not become effective and the Issuer Administrator shall not be released from its obligations under this Agreement until such substitute issuer administrator has entered into such new agreement; and

(e) the Issuer shall promptly following the execution of the agreement with the substitute issuer administrator pledge its interest in such agreement in favour of the Secured Parties, including the Security Agent acting in its own name on behalf of the Noteholders and the other Secured Parties, on the terms of the Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Agent.

3. THE SECURITY AGENT

3.1 Name and status

Deloitte Bedrijfsrevisoren/Reviseurs d'Entreprises (the **Security Agent**), a cooperative limited liability company (*burgerlijke vennootschap onder de vorm van een CVBA*) organised under the laws of Belgium, having its registered office at Berkenlaan 8b, 1831 Diegem, registered with the Crossroads Bank for Enterprises under number RPR 0429.053.863, Commercial Court of Brussels is appointed as representative of the Noteholders and as agent acting in its own name but on behalf of the Noteholders and the other Secured Parties on terms and subject to the conditions set out in the Common Representative Appointment Agreement. The Security Agent is appointed as representative (*vertegenwoordiger/représentant*) of the Noteholders in accordance with the Securitisation Act.

3.2 Common Representative Appointment Agreement

For a description of the Common Representative Appointment Agreement, see further under Condition 4.12.

3.3 Remuneration

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

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

3.4 Replacement

In certain events, the Issuer may by written notice to the Security Agent, the other Secured Parties and the Rating Agencies terminate the powers delegated to the Security Agent under the Common Representative Appointment Agreement and the Transaction Documents with effect from a date (no earlier than the date of the notice) specified in the notice and appoint a substitute security agent selected by the Issuer which shall act as security agent until a new security agent is appointed by the general meeting of Noteholders, which shall promptly be convened by the Issuer.

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

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

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

4. THE MPT PROVIDER

4.1 Name and Status

The Seller has been appointed as MPT Provider.

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

4.2 The Issuer Services Agreement

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

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

4.3 Remuneration

In consideration of the MPT Provider's agreement to carry out certain services as agreed in the Issuer Services Agreement, the Issuer shall pay quarterly in arrears on each Quarterly Payment Date a servicing fee of approximately (depending on a number of parameters) 0.06% calculated over the aggregate Outstanding Principal Amount of all Mortgage Receivables as at the Quarterly Calculation Date.

4.4 Replacement

In certain events, the Security Agent or the Issuer (with the prior consent of the Security Agent) may terminate the appointment of the MPT Provider with effect from a date (no earlier than the date of

the notice) specified in the notice provided that the effective date of such termination shall be no earlier than the effective date of the appointment of a substitute mortgage payment transaction services provider.

The appointment of a substitute mortgage payment transaction services provider is subject to the following conditions:

(a) such substitute mortgage payment transaction services provider must be approved by the Security Agent;

(b) such substitute mortgage payment transaction services provider must have experience in delivering the relevant services and must hold all required licences under applicable law therefore;

(c) there will be no adverse impact on the then current rating assigned to the Notes;

(d) the termination shall not become effective and the MPT Provider shall not be released from its obligations under this Agreement until such substitute mortgage payment transaction services provider has entered into such new agreement; and

(e) the Issuer shall promptly following the execution of the agreement with the substitute mortgage payment transaction services provider pledge its interest in such agreement in favour of the Secured Parties, including the Security Agent acting in its own name but on behalf of the Noteholders and the other Secured Parties, on the terms of the Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Agent.

4.5 Conflict of Interest

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

5. THE SUB MPT PROVIDER

5.1 Name and status

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

5.2 Activities

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

Stater was established on 29 December 2000. The combination of technology and experience in originating and providing activities consisting of mortgage payment transactions and ancillary

activities with regard to residential mortgage loans in the Kingdom of Belgium has led to a market share of 5%.

Stater provides activities consisting of mortgage payment transactions and ancillary activities with regard to a total of approximately 102,000 mortgage loans (in servicing and back-up servicing). The shares of Stater are held by Stater N.V. (72%) and Credibe N.V. (28%). The shares in Stater N.V. are held for 100% by ABN AMRO Bank N.V.

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

The multilingual Stater computer system is regularly updated and modified.

6. THE FLOATING RATE GIC PROVIDER

6.1 Name and status

Pursuant to the Floating Rate GIC, Fortis Bank NV/SA as the Floating Rate GIC Provider guarantees a certain interest rate (the **Floating Rate GIC Interest Rate**) determined by reference to one-month Euribor minus 0,1 % (with a minimum rate of 0,25 % and a maximum rate of 10% per annum) in respect of the balance standing from time to time to the credit of certain bank accounts maintained by the Issuer with the Floating Rate GIC.

Fortis Bank NV/SA was incorporated under the laws of Belgium and is duly licensed as a credit institution (*kredietinstelling/établissement de crédit*) in Belgium. Fortis Bank NV/SA has a long-term debt credit rating of A1 from Moody's and A+ from Fitch.

Its registered office is located at Warandeberg 3, 1000 Brussels. Its enterprise number is RPM/RPR 0403.199.702.

6.2 Activities

Fortis Bank NV/SA, a public company with limited liability (*naamloze vennootschap / société anonyme*), is a Belgian credit institution (*kredietinstelling / établissement de crédit*) under supervision of the NBB. Pursuant to its articles of association, Fortis Bank NV/SA may conduct all types of operations compatible with its status as a credit institution, including operations which are directly or indirectly related to its company's object which are of a nature to benefit the realization thereof. Fortis Bank SA/NV operates under the commercial name of BNP Paribas Fortis.

Fortis Bank NV/SA offers a comprehensive package of financial services through its own channels and via other partners to private, professional and wealthy clients in the Belgian market, as well as in Poland and Turkey. The bank also provides corporations and public and financial institutions with customised solutions, for which it can draw on BNP Paribas's know-how and international network. Fortis Bank NV/SA has built up a strong presence in the retail and private banking market, operating through a variety of distribution channels. In Belgium the company delivers universal banking and insurance services and solutions to its retail and private customers. In other countries, the product offer is tailored to specific customer segments.

Fortis Bank NV/SA also offers financial services to companies and institutional clients and provides integrated solutions to enterprise and entrepreneur. Corporate and Public Banking Belgium fulfils the financial needs of corporate and midcap enterprises, public entities and local authorities through an integrated international network of business centres. Asset management services are offered

through BNP Paribas Investment Partners, with sales offices and dedicated investment centres in Europe, the United States and Asia.

Shareholdership

As of the date of this Prospectus and since 13 May 2009, Fortis Bank NV/SA is 74.93% owned by BNP Paribas and 25.00% owned by the Belgian State through the Belgian Federal Public Service for Participations and Investments ("*SFPI*"). The remaining 0.07% are held by other minority shareholders.

The BNP Paribas Group (of which BNP Paribas is the parent company) has a large international banking network, a presence in over 80 countries and more than 200,000 employees, including 163,000 in Europe. It enjoys key positions in its three core activities: Retail banking, which includes the following operating entities or lines of business: French Retail Banking (FRB), BNL banca commerciale (BNL bc), Italian retail banking, BancWest, Emerging Market Retail Banking, Personal Finance, Equipment Solutions; Investment Solutions; Corporate & Investment Banking.

6.3 Floating Rate GIC

For a description of the Floating Rate GIC, see further in the section entitled *Credit Structure – Transaction Accounts.*

6.4 Replacement of the Floating Rate GIC Provider

In certain events, the Issuer may at any time (but, if prior to the date on which the Notes are redeemed or written off in full, only with the prior written consent of the Security Agent), by not less than 30 Business Days' written notice terminate the Floating Rate GIC with immediate effect from the expiry of such notice.

If at any time, the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Prime-1 by Moody's, the Issuer and the Floating Rate GIC Provider shall use their best efforts within 30 calendar days (A) to transfer the balance of the relevant Transaction Accounts to an alternative bank with the Required Minimum Rating, or (B) to find a third party with the Required Minimum Rating to guarantee the obligations of the Floating Rate GIC Provider.

If at the time when a transfer of the relevant Transaction Accounts would otherwise have to be made as set out above, there is no other bank which has the Required Minimum Rating and which is willing to act as floating rate GIC provider under the Transaction Documents and if the Security Agent so agrees, the Transaction Accounts will not need to be transferred until such time as there is a bank which has the Required Minimum Rating and which is willing to act as floating rate GIC provider under the Transaction Documents, whereupon such transfer will be made to the bank meeting such criteria within one (1) month of identification of such bank.

7. THE DOMICILIARY AGENT – THE LISTING AGENT – THE REFERENCE AGENT

7.1 Name and Status

BNP Paribas Securities Services SCA, has been appointed, acting through its Brussels branch as Domiciliary Agent, Listing Agent and Reference Agent (together referred to as **Agents**) pursuant to the Agency Agreement dated on or about the Closing Date.

BNP Paribas Securities Services SCA is incorporated under the laws of France and is a wholly-owned subsidiary of BNP Paribas SA. BNP Paribas Securities Services SCA benefits from the

ratings of its parent entity, BNP Paribas Group, i.e. a long-term debt credit rating of Aa3 from Moody's and AA- from Fitch.

The registered office of BNP Paribas Securities Services SCA is located at Rue d'Antin 3, 75002 Paris, France. The registered office of its Belgian branch is located at Boulevard Louis Schmidt 2, 1040 Brussels, with enterprise number RPM/RPR 471.778.

7.2 Activities

BNP Paribas Securities Services SCA is Europe's leading securities services provider and number five worldwide by assets under custody.

7.3 Agency Agreement

Under the Agency Agreement, the Domiciliary Agent will undertake to ensure the payment of the sums due on the Notes and perform all other obligations and duties imposed on it by the Conditions and the Agency Agreement.

The Domiciliary Agent will perform the tasks described in the Clearing Agreement dated on or about the Closing Date, which comprise *inter alia* providing the Clearing System Operator with information relating to the issue of the Notes, the Prospectus and other documents required by law.

The Listing Agent will cause an application to be made to Euronext Brussels NV/SA for the admission to trading of the Notes. The Reference Agent shall determine the Floating Rates of Interest for each Class of Notes applicable to each Floating Rate Interest Period, the Interest Amount and the relevant Quarterly Payment Date, all subject to an in accordance with the Conditions and the Agency Agreement.

7.4 Remuneration

On each Quarterly Payment Date, the Issuer shall pay to the Domiciliary Agent an amount of EUR 200 per Class of Notes (i.e. EUR 800 per Class of Notes on an annual basis) or, for the final redemption of the Notes, EUR 1,500, for commissions, fees and expenses in respect of the services of the Domiciliary Agent. In addition, the Issuer shall pay to the Domiciliary Agent an upfront acceptance fee of EUR 2,500.

The Issuer shall pay to the Listing Agent on the Closing Date an upfront listing fee of EUR 2,000.

The Issuer shall pay to the Reference Agent a calculation fee of EUR 150 per rate calculation in respect of the services of the Reference Agent.

Any transaction fees and costs with respect to the Clearing System will be charged to the Issuer.

7.5 Replacement of the Domiciliary Agent, Listing Agent or Reference Agent

The Issuer and each Agent may at any time, subject to prior written notice, terminate the appointment of a relevant Agent under the Agency Agreement. In addition, in certain events, the Issuer may terminate the appointment of an Agent forthwith, subject to the prior approval of the Security Agent.

The termination of the appointment of an Agent (whether by the Issuer or by the resignation of the Agent) shall not be effective unless upon the expiry of the relevant notice there is:

(a) a Domiciliary Agent that has its specified offices in a European city which, so long as the Notes are listed on Euronext Brussels, shall be Brussels and that will at all times be a participant in the Clearing System;

(b) a Domiciliary Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directives;

(c) a Listing Agent; and

(d) a Reference Agent.

The information in sections 7.1 and 7.2 has been provided solely by BNP Paribas Securities Services SCA for use in this Prospectus and BNP Paribas Securities Services SCA is solely responsible for the accuracy of these sections. Except for these sections, BNP Paribas Securities Services SCA in its capacity as Domiciliary Agent, Listing Agent and Reference Agent has not been involved in the preparation of, and does not accept responsibility for, this Prospectus.

8. THE RATING AGENCIES

The following rating agencies have been requested to rate the Notes:

(a) Moody's Investors Service Limited; and

(b) DBRS Ratings Limited.

9. THE SWAP COUNTERPARTY

9.1 Name and status

The rates of interest on the Mortgage Receivables will not necessarily equal the floating rate applicable to the Senior Class A Notes. In order to mitigate certain differences in these rates, the Issuer will enter into the Swap Agreement with The Royal Bank of Scotland plc (as the Swap Counterparty) with respect to the Senior Class A Notes.

The Royal Bank of Scotland plc is incorporated in Scotland as a public limited company. The registered office is 36 St Andrew Square, EH2 2YB Edinburgh, United Kingdom. The Swap Counterparty is acting out of its London Branch having its registered office at 135 Bishopsgate, EC2M 3UR London, United Kingdom.

9.2 Activities

RBS is a wholly-owned subsidiary of RBSG. RBSG and RBS are public limited companies incorporated in Scotland. RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, RBSG and its subsidiaries consolidated in accordance with International Financial Reporting Standards (together, the "Group") operate in the United Kingdom, the United States and internationally through RBSG's three principal subsidiaries, RBS, NatWest and The Royal Bank of Scotland N.V ("RBS N.V.").

HM Treasury currently holds approximately 66 per cent. of the issued ordinary share capital of RBSG and £25.5 billion of B shares bringing HM Treasury's economic interest in RBSG to approximately 84 percent. The B shares are convertible, at the option of the holder at any time, into ordinary shares. HM Treasury has agreed that it shall not exercise the rights of conversion in respect

of the B shares if and to the extent that, following any such conversion, it would hold more than 75 per cent. of the total issued ordinary shares in RBSG. Furthermore, HM Treasury has agreed that it shall not be entitled to vote in respect of the B shares held by it to the extent that votes cast on such shares, together with any other votes which HM Treasury is entitled to cast in respect of any other shares held by or on behalf of HM Treasury, would exceed 75 per cent. of the total votes eligible to be cast on a resolution proposed at a general meeting of RBSG.

The Group had total assets of £1,446.0 billion and owners' equity of £74.7 billion at 30th June 2011. As at 30th June 2011, the Group's capital ratios were a total capital ratio of 14.4 per cent., a Core Tier 1 capital ratio of 11.1 per cent. and a Tier 1 capital ratio of 13.5 per cent.

9.3 Swap Agreement

(a) Description

For a description of the Swap Agreement, see further in the section entitled *Credit Structure – Interest Rate Hedging.*

(b) Termination of the Swap Agreement

The termination date of the swap transaction under the Swap Agreement is the earlier of (a) the Final Maturity Date and (b) the date on which the Senior Class A Notes have been redeemed in full in accordance with the Conditions, other than as a result of Conditions 4.5(e) (*Optional Redemption*), 4.5(g) (*Redemption for tax reasons*), 4.5(h) (*Optional Redemption in case of Change of Law*) or 4.5(i) (*Redemption for regulatory reasons*).

The swap transaction under the Swap Agreement may also be terminated in other circumstances, including, but without limitation to, the following, each as more specifically defined in the Swap Agreement:

(i) if there is a failure to pay amounts due under the Swap Agreement and any applicable grace period has expired;

(ii) if certain insolvency events occur with respect to a party;

(iii) if a breach of a provision of the Swap Agreement by the Swap Counterparty is not remedied within the applicable grace period;

(iv) if a change in law results in the obligations of one of the parties becoming illegal;

(v) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under the Swap Agreement;

(vi) if the Swap Counterparty is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement and described above (see section entitled *Credit Structure – Downgrade of Swap Counterparty*);

(vii) if an Enforcement Notice is served upon the Issuer by the Security Agent; and

(viii) if the Senior Class A Notes are redeemed in full in accordance with Conditions 4.5(e) (*Optional Redemption*), 4.5(g), (*Redemption for tax reasons*), 4.5(h) (*Optional Redemption in case of Change of Law*) or 4.5 (i) (*Redemption for regulatory reasons*).

Upon a termination of the swap transaction under the Swap Agreement (including for any of the reasons listed at (i) to (viii) above), the Issuer or Swap Counterparty may be liable to make a

termination payment to the other. The termination payment will be calculated in accordance with the terms of the Swap Agreement, will be made in euro, and will include any unpaid amounts that become due and payable prior to the date of termination. Any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders.

(c) Transfer of the Swap Agreement

The Swap Counterparty may, in certain circumstances, novate its rights and obligations under the Swap Agreement to another entity, provided that such a transfer would not result in a downgrade of the then current ratings of the Senior Class A Notes.

10. THE SUBORDINATED LOAN PROVIDER

10.1 Name and Status

The Seller will act as Subordinated Loan Provider.

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

10.2 The Subordinated Loan Agreement

Pursuant to the Subordinated Loan Agreement, the Seller, as subordinated loan provider, will agree to make a subordinated loan to the Issuer, the proceeds of which will be used to fund the Liquidity Funding Account.

The Subordinated Loan will bear interest from (and including) the Closing Date until the Subordinated Loan (and all approved interest thereon) will be paid in full at the rate of three months' EURIBOR plus a margin of 5 % per annum.

11. THE EXPENSES SUBORDINATED LOAN PROVIDER

11.1 Name and Status

The Seller will act as Expenses Subordinated Loan Provider.

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

11.2 The Expenses Subordinated Loan Agreement

Pursuant to the Expenses Subordinated Loan Agreement, the Seller, as subordinated loan provider, will agree to make a subordinated loan to the Issuer, the proceeds of which will be used to pay certain initial costs and expenses in connection with the issue of the Notes, and, as the case may be, part of the initial purchase price of the Mortgage Receivables.

The Expenses Subordinated Loan will bear interest from (and including) the Closing Date until the Expenses Subordinated Loan (and all approved interest thereon) will be paid in full at the rate of three months' EURIBOR plus a margin of 5 % per annum.

12. THE CLEARING SYSTEM OPERATOR

Pursuant to the Clearing Agreement, the Clearing System Operator will provide clearing services for the Issuer.

13. SECURITY

A description of the security is given in the section entitled *Description of Security*.

MAIN TRANSACTION EXPENSES

1. Issuer Administrator

The Issuer Administrator shall receive a one-time upfront fee of EUR 8,500, exclusive of VAT (if any) and payable by the Issuer on the Closing Date, for its involvement in setting up the Transaction, subject to certain assumptions as further agreed with the Seller in the Issuer Administrator fee letter dated 17 October 2011. With respect to the duties and responsibilities as Issuer Administrator from the Closing Date and during the Transaction, the Issuer shall pay on each Quarterly Payment Date in arrears an amount of EUR 6,750 (i.e., EUR 27,000 on an annual basis) (exclusive of VAT) subject to certain assumptions as further agreed with the Seller in the Issuer Administrator fee letter dated 17 October 2011.

2. Security Agent

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

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

3. MPT Provider

In consideration of the MPT Provider's agreement to carry out certain services as agreed in the Issuer Services Agreement, the Issuer shall pay quarterly in arrears on each Quarterly Payment Date a servicing fee of approximately (depending on a number of parameters) 0.06% calculated over the aggregate Outstanding Principal Amount of all Mortgage Receivables as at the Quarterly Calculation Date.

4. Domiciliary Agent, Listing Agent and Reference Agent

On each Quarterly Payment Date, the Issuer shall pay to the Domiciliary Agent an amount of EUR 200 (i.e. EUR 800 on an annual basis) or, for the final redemption of the Notes, EUR 1,500, for commissions, fees and expenses in respect of the services of the Domiciliary Agent. In addition, the Issuer shall pay to the Domiciliary Agent an upfront acceptance fee of EUR 2,500.

The Issuer shall pay to the Listing Agent on the Closing Date an upfront listing fee of EUR 2,000.

The Issuer shall pay to the Reference Agent a calculation fee of EUR 150 per rate calculation in respect of the services of the Reference Agent.

Any transaction fees and costs with respect to the Clearing System will be charged to the Issuer.

5. Other Senior Expenses Payable by the Issuer

The Issuer shall in addition pay the following ongoing expenses:

(a) to the Auditors;

(b) to the NBB, fees as provided under the Clearing Agreement, which will be payable as long as any of the Notes are outstanding and any other fees in accordance with Belgian law and regulations;

(c) to the FSMA, an annual fee calculated in accordance with Belgian law and regulations;

(d) and others, provided that they are justified and duly documented.

USE OF PROCEEDS

The net proceeds of the Notes to be issued on the Closing Date will be euro 1,000,000,000.

The net proceeds of the issue of the Notes (other than the Subordinated Class C Notes), will be applied on the Closing Date to pay (part of) the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement.

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

The proceeds of the Subordinated Loan, in the amount of euro 25,000,000, will be credited to the Liquidity Funding Account.

The proceeds of the Expenses Subordinated Loan, in the amount of euro 1,500,000 will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes, and, as the case may be, part of the initial purchase price of the Mortgage Receivables.

DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Agent an amount equal to the aggregate amount due (*verschuldigd/dû*) by the Issuer (the **Parallel Debt**):

(a) to the Noteholders under the Notes;

(b) as fees or other remuneration to the Directors under the Management Agreements;

(c) as fees and expenses to the MPT Provider under the Issuer Services Agreement;

(d) as fees and expenses to the Issuer Administrator under the Issuer Services Agreement;

(e) as fees and expenses to the Domiciliary Agent, the Listing Agent and the Reference Agent under the Agency Agreement;

(f) to the Swap Counterparty under the Swap Agreement;

(g) the Floating Rate GIC Provider under the Floating Rate GIC;

(h) to the Seller under the Mortgage Receivables Purchase Agreement;

(i) to the Subordinated Loan Provider under the Subordinated Loan; and

(j) to the Expenses Subordinated Loan Provider under the Expenses Subordinated Loan,

(together with the Security Agent, the **Secured Parties**).

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Agent's own separate and independent claim to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall in aggregate be reduced by an amount equal to the amount so received.

To the extent that the Security Agent irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Agent shall, following the delivery of an Enforcement Notice, distribute such amount among the Secured Parties in accordance with the Priority of Payments upon Enforcement. The amounts due to the Secured Parties, will be the sum of:

(i) amounts recovered by it on the Mortgage Receivables and the other Pledged Assets; and

(ii) the amounts received in connection with the Common Representative Appointment Agreement and penalty provided in the Mortgage Receivables Purchase Agreement insofar such penalty relates to the Mortgage Receivables and the other Pledged Assets; and

(iii) the *pro rata* part of amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement;

(iv) **less** any amounts already paid by the Security Agent to the Secured Parties pursuant to the Common Representative Appointment Agreement;

(v) **less** the *pro rata* part of the costs and expenses of the Security Agent (including, for the avoidance of doubt, any costs of, *inter alia*, any legal advisor, auditor or accountant appointed by the Security Agent).

In addition, the Security Agent has been designated as representative of the Noteholders, in compliance with Article 27 and Article 106 of the Securitisation Act which states that the representative (the Security Agent) may bind all Noteholders and represent them vis-à-vis third parties or in court, in accordance with the terms of its mission. The representative may act in courts and represent the Noteholders in any bankruptcy, judicial reorganisation, or similar insolvency proceedings without having to reveal the identity of the Noteholders it represents. The Security Agent, acting in its capacity as representative of the Noteholders, acts for the sole benefit of the Noteholders.

The Security Agent has also been appointed as agent acting in its own name but on behalf of the Noteholders and the other Secured Parties in accordance with Article 5 of the Collateral Law.

In addition, the Security Agent has been appointed as irrevocable agent (*mandataris/mandataire*) of the other Secured Parties. In relation to any duties, obligations and responsibilities of the Security Agent to the other Secured Parties in its capacity as agent of the other Secured Parties in relation to the Pledged Assets and under or in connection with the Transaction Documents, the Security Agent and the other Secured Parties agree and the Issuer concurs, that the Security Agent shall discharge these duties, obligations and responsibilities by performing and observing its duties, obligations and responsibilities as representative of the Noteholders in accordance with the provisions of the Common Representative Appointment Agreement, the Transaction Documents and the Conditions.

The Issuer shall grant on the Closing Date a first ranking pledge (*pand/gage*) to the Secured Parties, including the Security Agent acting in its own name but on behalf of the Noteholders and the other Secured Parties (the **Pledge Agreement**) over:

(a) the Mortgage Receivables, secured by the Related Security, acquired or to be acquired by the Issuer pursuant to the Mortgage Receivables Purchase Agreement;

(b) all rights, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) in, to, under and in respect of the Transaction Accounts;

(c) all monies and proceeds payable or to become payable under, in respect of, or pursuant to the Transaction Accounts and the right to receive payment of such monies and proceeds and all payments made, including all sums of money that may at any time be credited to any Transaction Account together with all interest accruing from time to time on such money and the debts represented by any Transaction Account;

(d) all ancillary rights, accretions and supplements in respect of the Transaction Accounts; and

(e) all rights, title, interest and benefit of the Issuer under or pursuant to the Transaction Documents to which the Issuer is a party (other than the Pledge Agreement), including without limitation, its rights under the (A) Mortgage Receivables Purchase Agreement, (B) the Issuer Services Agreement, (C) the Issuer Management Agreements, (D) the Floating Rate GIC, and (E) the Swap Agreement.

The Pledge Agreement provides that the pledge on the Mortgage Receivables and Related Security will not be notified to the Borrowers, the Insurance Companies or other relevant parties, except in case certain notification events occur, which include the Notification Events and if an Enforcement Notice is given (the **Pledge Notification Events**). Prior to notification of the pledge to the Borrowers, the pledge on the Mortgage Receivables will be an undisclosed pledge.

The pledge created pursuant to the Pledge Agreement over the rights referred to in paragraphs (b) to (e) above will be acknowledged by the relevant obligors and will therefore be a disclosed pledge.

The Pledge Agreement is subject to Belgian law. Under Belgian law, upon enforcement of the Security Interests, the Security Agent, in its capacity as pledgee and acting on its own behalf and in its own name but on behalf of the other Secured Parties, will be permitted to collect any monies payable in respect of the

Mortgage Receivables, any monies payable under the Transaction Documents pledged to it and any monies standing to the credit of the Transaction Accounts and to apply such monies in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement. The Security Agent will also be permitted:

(a) with respect to the Pledged Assets constituting Financial Assets, to sell such Pledged Assets without prior court authorisation; and

(b) with respect to the cash on the Transaction Accounts only, to appropriate such cash without prior court authorisation; and

(c) with respect to the Pledged Assets that do not constitute Financial Assets, apply to the president of the commercial court (*rechtbank van koophandel/tribunal de commerce*) for authorisation to sell the Pledged Assets.

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

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

THE SECURITY AGENT

Deloitte Bedrijfsrevisoren/Reviseurs d'Entreprises (the **Security Agent**) is a cooperative limited liability company (*burgerlijke vennootschap onder de vorm van een CVBA*) organised under the laws of Belgium, having its registered office at Berkenlaan 8b, 1831 Diegem, registered with the Crossroads Bank for Enterprises under number RPR 0429.053.863, Commercial Court of Brussels.

For information on the role and liabilities of the Security Agent, see *Related Party Transactions – Material Contracts – The Security Agent* and Condition 4.12.

TAXATION IN BELGIUM

This section provides a general description of the main Belgian tax issues and consequences of acquiring, holding, redeeming and/or disposing of the Notes. This summary provides general information only and is restricted to the matters of Belgian taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Belgian tax issues and consequences associated with or resulting from any of the above-mentioned transactions. Prospective acquirers are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Notes.

The summary provided below is based on the information provided in this Prospectus and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Prospectus and with the exception of subsequent amendments with retroactive effect.

General Rule

Any taxes which may be due relating to payments of interest and/or principal in respect of the Notes will be borne by the beneficiary of those payments.

If the Issuer, the Clearing System Operator, the Domiciliary Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Notes, the Issuer, the Clearing System Operator, the Domiciliary Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, the Clearing System Operator, the Domiciliary Agent nor any other person will be obliged to gross up the payment in respect of the Notes or make any additional payments to holders of Notes in respect of such withholding or deduction.

Belgian Withholding Tax

Under current Belgian withholding tax legislation, all interest payments in respect of the Notes (which include any amount paid in excess of the initial issue price upon the redemption of the Notes by the Issuer) will be subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 21%. Tax treaties may provide for a lower rate subject to certain conditions.

However, under Belgian domestic law, payments of interest on the Notes by or on behalf of the Issuer may be made without deduction of withholding tax for Notes held by Tax Eligible Investors (as defined below) in an exempt account (an "X-Account") with the Clearing System, as defined and organised by the Act of 6 August 1993, as amended, and its implementing decrees or with a Participant in the Clearing System (the **Clearing System)**.

Tax Eligible Investors (**Tax Eligible Investors)** include *inter alia*:

(a) Belgian resident companies subject to corporate income tax;

(b) Belgian qualifying pension funds in the form of an ASBL/VZW;

(c) semi-public governmental social security institutions or institutions similar thereto;

(d) corporate investors who are non-residents of Belgium, whether they have a permanent establishment in Belgium or not; and

(e) individual investors who are non-residents of Belgium and who have not allocated the Notes to a professional activity in Belgium.

Tax Eligible Investors do not include, *inter alia,* Belgian resident investors who are individuals or Belgian non-profit organisations, other than those referred to under (b) and (c) above.

The above categories only summarise the detailed definitions contained in Article 4 of the Royal Decree of 26 May 1994, as amended, to which investors should refer for a precise description of the relevant eligibility rules.

Upon opening an X-Account with the Clearing System or a Participant therein, a Tax Eligible Investor is required to provide a statement of its tax eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Tax Eligible Investors save that they need to inform the Clearing System Participants of any change of the information contained in the statement of their tax eligible status. However, Clearing System Participants are required to provide to the Clearing System Operator annually with listings of investors who have held an X-Account during the preceding calendar year.

These identification requirements do not apply to Notes held by Tax Eligible Investors through Euroclear or Clearstream Luxembourg or their sub-participants outside of Belgium, provided that these institutions or sub-participants only hold X-Accounts and are able to identify the accountholder.

In the event of any changes made in the laws or regulations governing the exemption for Tax Eligible Investors, neither the Issuer nor any other person will be obliged to make any additional payment in the event that the Issuer, the Clearing System Operator or its Clearing System Participants are required to make any withholding or deduction in respect of the payments due on the Notes.

Income Tax

(a) Belgian Resident Corporations

Noteholders who are Belgian resident corporations, subject to Belgian corporate income tax, are liable to corporate income tax on the income of the Notes and capital gains realised upon the disposal of the Notes. Capital losses realised upon the disposal of the Notes will normally be tax deductible.

(b) Belgian Resident Legal Entities

This paragraph applies only to Belgian resident legal entities subject to income tax on legal entities which are Tax Eligible Investors and therefore eligible to hold their Notes in an X-Account (e.g. Belgian qualifying pension funds organised in the form of a ASBL/VZW).

For Noteholders who are Belgian resident legal entities, the withholding tax on interest will constitute the final tax in respect of such income. As no withholding tax will be levied on the payment of interest due to the fact that the Belgian legal entities hold the Notes through an X-Account with the Clearing System, they will have to declare the interest and pay the applicable withholding tax to the Belgian Treasury.

Belgian legal entities are not liable to income tax on capital gains realised upon the disposal of the Notes (except for that part of the sale price attributable to the *pro rata* interest component).

(c) Non-Residents of Belgium

Noteholders who are non-residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian establishment and do not invest the Notes in the course of their Belgian professional activity will not incur or become liable for any Belgian tax on income or capital gains

(save as the case may be, in the form of withholding tax) by reason only of the acquisition, ownership or disposal of the Notes.

Transfer tax

No transfer tax (*taks op de beursverrichtingen/taxe sur les opérations de bourse*) will be due on the issuance of the Notes.

Any transfer for consideration of the Notes on the secondary market executed in Belgium through a financial intermediary will trigger a transfer tax of 0.09%. The tax will be due on each sale and acquisition separately with a maximum of EUR 650 per party and per transaction. An exemption is available for non-residents acting for their own account (subject to delivery of an affidavit confirming their non-resident status), and for certain professional intermediaries, insurance companies, pension funds and undertakings for collective investment, acting for their own account.

EU Savings Directive

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

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

DEMATERIALISED NOTES

The Notes will be issued in the form of dematerialised notes under the Company Code and cannot be physically delivered. They will be represented exclusively by book entries in the records of the Clearing System.

Access to the Clearing System is available through its Clearing System Participants whose membership extends to certain banks, stock brokers (*beursvennootschappen/sociétés de bourse*), and Euroclear and Clearstream, Luxembourg.

Each of the persons appearing from time to time in the records of the Clearing System as the Noteholder will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of the Clearing System. Such persons shall have no claim directly against the Issuer in respect of payment due on the Notes.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the Clearing System or its participants (the **Clearing System Participants**) of their obligations under their respective rules and operating procedures.

ADMISSION TO TRADING AND DEALING ARRANGEMENTS

Total amount and denomination

The Issuer's Board of Directors has resolved to issue EUR 300,000,000 Senior Class A1 Notes, EUR 540,000,000 Senior Class A2 Notes, EUR 160,000,000 Mezzanine Class B Notes and EUR 10,000,000 Subordinated Class C Notes.

The Senior Class A1 Notes are Notes with each a nominal amount of EUR 250,000.

The Senior Class A2 Notes are Notes with each a nominal amount of EUR 250,000.

The Mezzanine Class B Notes are Notes with each a nominal amount of EUR 250,000.

The Subordinated Class C Notes are Notes with each a nominal amount of EUR 250,000.

Admission to trading

Application has been made for an admission to trading of the Notes on Euronext Brussels.

Clearing

The Notes will be accepted for clearance through the Clearing System (the **Clearing System)** under:

(a) the ISIN number BE0002410828 and common code 073448905 for the Senior Class A1 Notes;

(b) the ISIN number BE0002411834 and common code 073448883 for the Senior Class A2 Notes;

(c) the ISIN number BE0002412840 and common code 073448964 for the Mezzanine Class B Notes;

(d) the ISIN number BE0002413855 and common code 073449049 for the Subordinated Class C Notes.

Access to the Clearing System is available through those of its Clearing System Participants whose membership extends to securities such as the Notes.

Clearing System Participants include certain banks, stock brokers *(beursvennootschappen/sociétés de bourse*)*,* and Euroclear Bank NV/SA (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**). Accordingly, the Notes will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their Notes on securities accounts in Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Notes will be effected between Clearing System Participants in accordance with the rules and operating procedures of the Clearing System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Clearing System Participants through which they hold their Notes.

The Domiciliary Agent will perform the obligations of domiciliary agent included in the Clearing Agreement, including, without limitation, providing the Clearing System Operator the information required by law, publishing notices required in connection with any redemption of the Notes and notifying, on behalf of the Issuer, the Domiciliary Agent, the Clearing System Operator and the Swap Counterparty of the Interest Amounts and amounts of principal relating to each Note.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the Clearing System or its Clearing System Participants of their obligations under their respective rules and operating procedures.

GENERAL

1. EXPENSES OF THE ADMISSION TO TRADING

1.1 Euronext

Costs are:

- per tranche of EUR 25 million: EUR 125 with a maximum of EUR 2,500;
- plus EUR 500 per listing year.

The maximum amounts to EUR 20,000 (and this per tranche as there will be four listings (*lignes de cotation*)).

The costs are to be paid as of the time of listing.

1.2 NBB

- Handling charges and data creation: EUR 2,750 upfront;
- Financial service, custody and various: an annual fee of EUR 1,200 plus EUR 0.005 per thousand, per series.

2. POST ISSUANCE REPORTING

On each Quarterly Payment Date, the Issuer Administrator will prepare the Investor Report, consisting of a duly completed report comprising information regarding, among other things, the performance of the Mortgage Receivables in respect of the preceding Quarterly Calculation Period and an overview of the retention of the material net economic interest by the Seller in the form set out in the Issuer Services Agreement.

The Issuer has in the Mortgage Receivables Purchase Agreement undertaken to the Security Agent that: (a) after the Closing Date, the Issuer will (or the Issuer will cause the Issuer Administrator to) prepare quarterly investor reports (in the form set out in the Issuer Services Agreement) wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with confirmation by the Seller of its compliance with the requirements of the Capital Requirements Directive, including, confirmation of the retention of the material net economic interest in the Securitisation by the Seller; and (b) if the Issuer receives a notification from the Seller of any intended or actual change in (the manner in which) the Seller's interest in the first loss tranche is held, then, at the request of the Seller, the Issuer will inform the Noteholders thereof.

The Investor Reports will be made available for inspection on the website of the Issuer Administrator and on www.B-arenaRMBS.be and will be made available free of charge to the Noteholders at the office of the Domiciliary Agent.

In addition, the Issuer is required to make available certain other information, in particular information in respect of important facts that are not known to the public and that, due to their impact on the assets, financial situation or general state of the Issuer, could influence the price of the relevant Notes (privileged information as defined in the law of 2 August 2002 on the supervision of the financial sector and financial services) and any other mandatory information such as described in the royal decree of 14 November 2007 on the obligations of issuers of financial instruments which are admitted to trading on a Belgian regulated market (including information as to modifications to the conditions, rights or guarantees attached to the Notes).

Furthermore, the Issuer will be required to provide certain information to the NBB for statistical purposes.

3. DOCUMENTS ON DISPLAY

For the life of the Prospectus, copies of (i) the Articles of Association of the Issuer and (ii) all reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request, any part of which is included or referred to in this Prospectus, may be inspected at the office of the Domiciliary Agent (BNP Paribas Securities Services SCA, Belgian branch at Boulevard Louis Schmidt 2, 1040 Brussels).

TERMS AND CONDITIONS OF THE NOTES

*The conditions set out in paragraph 4 of this section are the Terms and Conditions (the **Conditions**) of the Notes. The Conditions are subject to amendment and the final form thereof will appear in the Common Representative Appointment Agreement.*

GENERAL

1. DESCRIPTION OF THE NOTES

The issue of the euro 300,000,000 floating rate Senior Class A1 Mortgage-Backed Notes 2012 due 2045 (the **Senior Class A1 Notes**), euro 540,000,000 floating rate Senior Class A2 Mortgage-Backed Notes 2012 due 2045 (the **Senior Class A2 Notes** and, together with the Senior Class A1 Notes, the **Senior Class A Notes**), the euro 160,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2012 due 2045 (the **Mezzanine Class B Notes**) and the euro 10,000,000 floating rate Subordinated Class C Notes 2012 due 2045 (the **Subordinated Class C Notes)**, and together with the Senior Class A Notes and the Mezzanine Class B Notes, the **Notes**) was authorised by a resolution of the board of directors of B-Arena NV/SA, *institutionele vennootschap voor belegging in schuldvorderingen/société d'investissement en créances institutionnelle*, acting through its Compartment N°3 (the **Issuer**) passed on 18 January 2012. The Notes are issued in accordance with an agency agreement to be entered into on or before the Closing Date (the **Agency Agreement**) (which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time modified) between the Issuer, BNP Paribas Securities Services SCA, acting through its Brussels branch (as the **Domiciliary Agent**, the **Listing Agent**) and the **Reference Agent)** and Deloitte Bedrijfsrevisoren/Reviseurs d'Entreprises BV o.v.v.e. CVBA (the **Security Agent**) as security agent for, among others, the holders for the time being of the Notes (the **Noteholders**).

The Issuer is organised into separate Compartments. The Notes, the Pledged Assets (as defined below) and the Transaction Documents (as defined below) are exclusively allocated to Compartment N°3 of the Issuer and the rights thereunder against the Issuer will not be recoverable from any other Compartment or any assets of the Issuer other than those allocated to its Compartment N°3.

On the Closing Date, a portfolio of mortgage receivables resulting from Belgian residential mortgage loans (the **Mortgage Receivables**) will be sold by Delta Lloyd Bank NV (the **Seller**) to the Issuer acting on behalf of Compartment N°3.

The Notes are secured by the security created pursuant to, and on the terms set out in, an agreement for the appointment of the Security Agent (the **Common Representative Appointment Agreement**), an agreement for the creation of parallel debt (the **Parallel Debt Agreement**) and a Belgian law Pledge Agreement establishing security over the assets relating to Compartment N°3 (the **Pledge Agreement**) to be entered into on or before the Closing Date between, among others, the Issuer and the Security Agent. Pursuant to the Agency Agreement, provision is made for, among other things, the payment of principal and interest in respect of the Notes and the determination of the rate of interest payable on the Notes and the admission to trading of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of:

(a) the Common Representative Appointment Agreement;

(b) the Agency Agreement;

(c) the Parallel Debt Agreement;

(d) the Pledge Agreement;

(e) the issuer services agreement (the **Issuer Services Agreement**) to be entered into on or before the Closing Date between, among others, the Issuer, the Seller, acting as MPT Provider, Stater Belgium NV, acting as Sub-MPT Provider and ATC Financial Services B.V., acting as Issuer Administrator;

(f) the floating rate guaranteed investment contract (the **Floating Rate GIC**) to be entered into on or before the Closing Date between, among others, the Issuer and Fortis Bank NV/SA acting as Floating Rate GIC Provider;

(g) the mortgage receivables purchase agreement (the **Mortgage Receivables Purchase Agreement**) between the Seller and the Issuer to be entered into on or before the Closing Date;

(h) the subordinated loan agreement (the **Subordinated Loan Agreement**) between the Seller as the Subordinated Loan Provider and the Issuer to be entered into on or before the Closing Date;

(i) the expenses subordinated loan agreement (the **Expenses Subordinated Loan Agreement**) between the Seller as the Expenses Subordinated Loan Provider and the Issuer to be entered into on or before the Closing Date;

(j) the clearing agreement (the **Clearing Agreement**) to be entered into on or before the Closing Date between the Issuer, the Domiciliary Agent and the Clearing System Operator;

(k) the master definitions agreement (the **Master Definitions Agreement**) to be entered into on or before the Closing Date between, among others, the Issuer, the Seller and the Security Agent;

(l) the interest rate swap agreement (the **Swap Agreement**) to be entered into on or before the Closing Date between the Issuer and The Royal Bank of Scotland plc, acting as the Swap Counterparty;

(m) the issuer management agreements (the **Issuer Management Agreements**) to be entered into on or before the Closing Date between the Issuer and the Directors; and

(n) the shareholder management agreements (the **Shareholder Management Agreements**) to be entered into on or before the Closing Date between the Stichting Shareholder, the Shareholder, the Issuer and the Shareholder Director.

The Issuer, The Royal Bank of Scotland plc (the **Arranger**) and Delta Lloyd Bank (the **Manager**) will enter into a subscription agreement on or before the Closing Date (the **Subscription Agreement**).

The Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Agency Agreement, the Pledge Agreement, the Parallel Debt Agreement, the Swap Agreement, the Floating Rate GIC, the Clearing Agreement, the Subordinated Loan Agreement, the Expenses Subordinated Loan Agreement, the Master Definitions Agreement, the Issuer Management Agreements, the Shareholder Management Agreements, the Common Representative Appointment Agreement and all agreements, forms and documents executed pursuant to or in relation to such documents collectively, will be referred to as the **Transaction Documents**. The issue of the Notes and the other transactions contemplated in the Transaction Documents shall be referred to as the **Transaction**.

Copies of the Agency Agreement, the Pledge Agreement, the Parallel Debt Agreement, the Clearing Agreement and the other Transaction Documents (other than the Subscription Agreement) are available for inspection at the specified offices of the Domiciliary Agent. By subscribing for or otherwise acquiring the Notes, the Noteholders will be deemed to have knowledge of, accept and be bound by all the provisions of the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Agency Agreement, the Pledge Agreement, the Parallel Debt Agreement, the Swap Agreement, the Floating Rate GIC, the Clearing Agreement, the Subordinated Loan Agreement, the Expenses Subordinated Loan Agreement, the Master Definitions Agreement, the Management Agreements, the Common Representative Appointment Agreement and all other Transaction Documents (other than the Subscription Agreement).

2. DEMATERIALISED NOTES

The Notes, each issued in the denomination of EUR 250,000, are issued in the form of dematerialised notes under the Company Code and cannot be physically delivered. They will be represented exclusively by book entries in the records of the X/N securities and cash clearing system operated by the National Bank of Belgium or any of its successors (the **Clearing System**).

The Notes are accepted for clearance through the Clearing System, in accordance with the applicable clearing regulations of the National Bank of Belgium and with the Act of 6 August 1993 on transactions in certain securities (*Loi relative aux opérations sur certaines valeurs mobilières/Wet betreffende de transacties met bepaalde effecten*) and the corresponding royal decrees of 26 May 1994 and 14 June 1994.

Each of the persons appearing from time to time in the records of the Clearing System as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of the Clearing System. Such persons shall have no claim directly against the Issuer in respect of payment due on the Notes.

Transfers of interests in the Notes will be effected between Clearing System Participants in accordance with the rules and operating procedures of the Clearing System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Clearing System Participants through which they hold their Notes.

Each person who is for the time being shown in the records of the Clearing System Operator or of a Clearing System Participant, as applicable, as the holder of a particular principal amount of Notes (each such person, an **Accountholder**) will be entitled to be treated by the Issuer, the Domiciliary Agent and the Security Agent as the holder of such principal amount of Notes and the expression **Noteholder** shall be construed accordingly, but without prejudice to the application of the provisions of Company Code on dematerialisation, including, without limitation, Article 471 thereof.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the Clearing System or the Clearing System Participants of their obligations under their respective rules and operating procedures.

The Notes may only be acquired and held by Eligible Holders (see *Holding and Transfer Restrictions* below). If the Issuer becomes aware that Notes are held by a holder that does not qualify as an Eligible Holder, each payment of interest on such Notes will be suspended.

If at any time the Notes are transferred to another clearing system, not operated or not exclusively operated by the National Bank of Belgium, these provisions shall apply *mutatis mutandis* to such successor clearing system and a successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system, an **Alternative Clearing System**).

3. HOLDING AND TRANSFER RESTRICTIONS

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

A list of for the time being institutional or professional investors within the meaning of Article 5, §3 of the Securitisation Act is attached as Annex I.

TERMS AND CONDITIONS OF THE NOTES

4. TERMS AND CONDITIONS OF THE NOTES

Except where the context otherwise requires, each of the Conditions will apply to each Class of the Notes and reference herein to "Notes", except where the context otherwise requires, means the Notes of that Class.

Except as expressly provided otherwise, all Conditions apply exclusively to the Notes as allocated to Compartment N°3 of the Issuer and all appointments, rights, title, assignments, obligations, covenants, representations, assets and liabilities generally in relation to this transaction are exclusively allocated to, or binding on, Compartment N°3 and will not be recoverable or enforceable against any other compartments of the Issuer or any assets of the Issuer other than those allocated to Compartment N°3.

By subscribing to or otherwise acquiring the Notes, the Noteholders (i) shall be deemed to have knowledge of, accept and be bound by the Conditions; (ii) acknowledge and accept that the Notes are allocated to Compartment N°3; (iii) acknowledge that they are Eligible Holders and that they can only transfer their Notes to Eligible Holders; (iv) waive any right to payment and recourse to the extent that such payment or part thereof would cause the Issuer's net assets (as determined in accordance with Article 617 and 619 of the Company Code, taking into account all its compartments) to become lower than the minimum share capital required by Belgian law; (v) shall not sue for recovery of or take any other steps for the purpose of recovering any amounts or liabilities whatsoever owing to them, in whatever capacity, by the Issuer or in respect of any of its liabilities whatsoever under any of the Transaction Documents, in each case unless and until the Security Agent having become bound to enforce the Security Interests, fails to do so within a reasonable time (30 calendar days being deemed for this purpose to be a reasonable period) and such failure is continuing; and (vi), or any other person acting on their behalf, shall not until the date falling one year after the latest maturing Note is paid in full, initiate or join any person in initiating, any Bankruptcy Event or the appointment of any Bankruptcy Official in relation to the Issuer or any of its Compartments.

Words and expressions defined in the Master Definitions Agreement and not defined herein shall have the same meaning in the Conditions, unless otherwise defined herein.

4.1 Form, Denomination and Title

(a) The Notes are issued in the form of dematerialised notes under the Company Code in the denomination of EUR 250,000.

(b) The Notes may only be acquired or subscribed to and may only be held by Eligible Holders.

Any acquisition of a Note by or transfer of a Note to a person who is not an Eligible Holder shall be void and not binding on the Issuer and the Security Agent. If a Noteholder ceases to be an Eligible

Holder, it is obliged to report this to the Issuer and such Noteholder will promptly transfer the Notes it holds to a person that qualifies as an Eligible Holder on at arm's length market conditions.

If the Issuer becomes aware that Notes are held by a holder that does not qualify as an Eligible Holder, each payment of interest on such Notes will be suspended.

See also general paragraphs *Dematerialised Notes* and *Holding and Transfer restrictions* above.

(c) By subscribing or otherwise acquiring the Notes, the Noteholders certify that they are an Eligible Holder, and that they will only sell, transfer or otherwise assign the Notes to prospective Noteholders that qualify as Eligible Holders.

4.2 Status, Relationship between the Notes and Security

(a) Status and Priority

(i) The Senior Class A Notes are direct, secured and unconditional obligations of Compartment N°3 of the Issuer. The Senior Class A Notes consist of the Senior Class A1 Notes and the Senior Class A2 Notes. Provided that no Enforcement Notice has been given, payments of principal on the Senior Class A Notes are applied (i) first, to the Senior Class A1 Notes and (ii) then, to the Senior Class A2 Notes. However, the Senior Class A1 Notes and the Senior Class A2 Notes rank *pari passu* and *pro rata* in respect of the Security and payments of interest. To the extent that the Notes Redemption Available Amount is insufficient to repay any amount of principal in respect of the Senior Class A1 Notes and/or the Senior Class A2 Notes within fifteen days after the due date of such principal or to the extent that the Notes Interest Available Amount is insufficient to pay interest on the Senior Class A1 Notes and/or the Senior Class A2 Notes within ten days of the due date of such interest, this will constitute an Event of Default in accordance with Condition 4.9(a). The Senior Class A2 Notes therefore do not purport to provide credit enhancement to the Senior Class A1 Notes. If, on any date, the Security Interests are to be enforced and the proceeds of the enforcement would be insufficient to fully redeem the Senior Class A Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of the Senior Class A Notes. If the Senior Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Senior Class A2 Notes bearing a greater loss than that borne by the Senior Class A1 Notes. The rights of the Senior Class A Notes, in respect of priority of payment are set out in Condition 4.2(c) and 4.10;

(ii) The Mezzanine Class B Notes are direct, secured and unconditional obligations of Compartment N°3 of the Issuer and are equally secured by the Security Interests as the Senior Class A Notes. The Mezzanine Class B Notes rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Mezzanine Class B Notes are subordinated to the Senior Class A Notes in the event of the Security Interests being enforced as well as prior to such event, as set out in Condition 4.2(c) and 4.10;

(iii) The Subordinated Class C Notes are direct, secured and unconditional obligations of Compartment N°3 of the Issuer and are equally secured by the Security Interests as the Senior Class A Notes and the Mezzanine Class B Notes. The Subordinated Class C Notes rank *pari passu* and rateably without any preference or priority among Notes of the same Class. The Subordinated Class C Notes are subordinated to the Senior Class A Notes and the Mezzanine Class B Notes in the event of the Security Interests being enforced as well as prior to such event, as set out in Condition 4.2(c) and 4.10;

(iv) The Common Representative Appointment Agreement contains provisions which provide that in connection with the exercise of its powers, authorities and discretions, the Security Agent shall have regard to the interests of the Noteholders as a class and shall not have

regard to the consequence of such exercise for individual Noteholders and as further set forth in Condition 4.12 (f).

In the event of insolvency (which term includes bankruptcy (*faillissement / faillite*), winding up (*vereffening / liquidation*)) and judicial reorganisation (*gerechtelijke reorganisatie / réorganisation judiciaire*) of the Issuer:

(a) any amount due or overdue in respect of the Senior Class A1 Notes will, in priority of payment and security, rank *pari passu* with any amount due or overdue in respect of the Senior Class A2 Notes;

(b) any amount due or overdue in respect of the Mezzanine Class B Notes will:

(i) rank lower in priority of payment and security than any amount due or overdue in respect of the Senior Class A Notes; and

(ii) only become payable after any amounts due in respect of any Senior Class A Notes have been paid in full;

(c) any amount due or overdue in respect of the Subordinated Class C Notes will:

(i) rank lower in priority of payment and security than any amount due or overdue in respect of the Senior Class A Notes and the Mezzanine Class B Notes; and

(ii) only become payable after any amounts due in respect of any Senior Class A Note, and any Mezzanine Class B Note sequentially have been paid in full.

(b) Security

Pursuant to the Pledge Agreement, a pledge will be created in favour of the Secured Parties, including the Security Agent in its own name but on behalf of the Noteholders and the other Secured Parties, as security for, among other things, the Notes over:

(i) the Mortgage Receivables and the Related Security, acquired by the Issuer pursuant to the Mortgage Receivables Purchase Agreement;

(ii) all rights, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) in, to, under and in respect of the Transaction Accounts;

(iii) all monies and proceeds payable or to become payable under, in respect of, or pursuant to the Transaction Accounts and the right to receive payment of such monies and proceeds and all payments made, including all sums of money that may at any time be credited to any Transaction Account together with all interest accruing from time to time on such money and the debts represented by any Transaction Account;

(iv) all ancillary rights, accretions and supplements in respect of the Transaction Accounts; and

(v) all rights, title, interest and benefit of the Issuer under or pursuant to its rights under the Transaction Documents to which the Issuer is a party (other than the Pledge Agreement), including without limitation, its rights under the (A) Mortgage Receivables Purchase Agreement, (B) the Issuer Services Agreement, (C) the Issuer Management Agreements, (D) the Floating Rate GIC, and (E) the Swap Agreement.

The security created by the Issuer pursuant to the Pledge Agreement (in favour of all the Secured Parties, including the Security Agent in its own name but on behalf of the Noteholders and the other

Secured Parties), is referred to herein as the **Security Interests**. The assets over which the Security Interests are created are referred to herein collectively as the **Pledged Assets.**

The Pledged Assets serve as security for payments to the Noteholders but the Pledged Assets also provide security for other amounts payable by the Issuer under the Transaction Documents but to the extent only that such amounts, costs and expenses have been properly and specifically allocated to Compartment N°3, including amounts thus payable to (i) the Security Agent under the Parallel Debt Agreement, the Common Representative Appointment Agreement or the Pledge Agreement, (ii) the MPT Provider under the Issuer Services Agreement, (iii) the Issuer Administrator under the Issuer Services Agreement, (iv) the Seller under the Mortgage Receivables Purchase Agreement, (v) the Floating Rate GIC Provider under the Floating Rate GIC, (vi) the Domiciliary Agent, the Listing Agent and the Reference Agent under the Agency Agreement, (vii) the Swap Counterparty under the Swap Agreement, (viii) the Subordinated Loan Provider under the Subordinated Loan Agreement, (ix) the Expenses Subordinated Loan Provider under the Expenses Subordinated Loan Agreement and (x) the Directors under the Management Agreements, all in accordance with the order of priorities set out below.

The Noteholders will be entitled to the benefit of the Pledge Agreement and the Noteholders will be entitled to the benefit of the Parallel Debt Agreement, the Common Representative Appointment Agreement, the Agency Agreement and all other Transaction Documents (other than the Subscription Agreement), and by subscribing for or otherwise acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by, the terms and conditions set out therein, including the appointment of the Security Agent to hold the Security Interests and to exercise the rights under the Pledge Agreement for the benefit of the Noteholders and the other Secured Parties. The Noteholders shall have recourse only against the Pledged Assets and to no other assets of the Issuer.

(c) Priorities of payment

The Common Representative Appointment Agreement contains provisions regulating the priority of application of amounts forming part of the Security Interests among the persons entitled thereto.

Prior to the service of an Enforcement Notice by the Security Agent, the Notes Interest Available Amount (as defined below) will be applied in accordance with the Interest Priority of Payments (as defined below). The Notes Redemption Available Amount will be applied in accordance with the Principal Priority of Payments.

Following an Enforcement Notice, payments will be made only in accordance with the Priority of Payments upon Enforcement.

Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Agent, the sum of the following amounts, calculated as at each Quarterly Calculation Date (being the fourth Business Day prior to each Quarterly Payment Date) and which have been received or deposited during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date (the **Notes Interest Available Amount**):

(i) as interest, including default interest, on the Mortgage Receivables, as interest accrued on the Transaction Accounts and as Prepayment Penalties under the Mortgage Loans less any amounts paid to the Swap Counterparty under the Swap Agreement at the two immediately preceding Swap Payment Dates in the relevant Quarterly Calculation Period;

(ii) as Net Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal;

(iii) as amounts to be drawn from the Liquidity Funding Account in accordance with the Common Representative Appointment Agreement on the immediately succeeding Quarterly Payment Date;

(iv) as amounts to be drawn from the Reserve Account in accordance with the Common Representative Appointment Agreement on the immediately succeeding Quarterly Payment Date;

(v) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date, if any, excluding, for the avoidance of doubt, any collateral to be transferred by the Swap Counterparty pursuant to the Swap Agreement and any tax credits, if any, as described in the Swap Agreement;

(vi) as amounts received in connection with a repurchase of Mortgage Receivables and released from the Repurchase Reserve Account in accordance with the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, to the extent such amounts do not relate to principal;

(vii) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Common Representative Appointment Agreement to the extent such amounts do not relate to principal;

(viii) any (remaining) amounts standing to the credit of the Issuer Collection Account to the extent they do not relate to principal;

(ix) as amounts of Notes Redemption Available Amount up to an amount equal to the Class A Interest Shortfall Amount; and

(x) on the Quarterly Payment Date on which the Notes have been redeemed in full in accordance with the Conditions, (x) any (remaining) amounts standing to the credit of the Issuer Collection Account which are not included in items (i) up to and including (ix) on such Quarterly Payment Date and (y) any (remaining) amounts standing to the credit of the Reserve Account,

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

(a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements;

(b) *second*, in or towards satisfaction of fees and expenses due and payable to the Issuer Administrator under the Issuer Services Agreement;

(c) *third,* in or towards satisfaction of any fees due and payable to the Security Agent under the Common Representative Appointment Agreement and of any costs, charges, liabilities and expenses incurred by the Security Agent under or in connection with any of the Transaction Documents, including, but not limited to, fees and expenses of any legal advisor, auditor and/or accountant appointed by the Security Agent;

(d) *fourth*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in connection with the Issuer's business (other than under the Transaction Documents), including, without

limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax and sums due to the Rating Agencies, the FSMA, the NBB, Euronext Brussels and fees and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer, (ii) fees and expenses due to the Domiciliary Agent, the Listing Agent and the Reference Agent under the Agency Agreement, (iii) fees and expenses due to the MPT Provider under the Issuer Services Agreement and (iv) fees and expenses due to the Floating Rate GIC Provider under the Floating Rate GIC;

(e) *fifth*, in or towards satisfaction of all amounts, if any, due but unpaid under the Swap Agreement, (except for any termination payment due or payable as a result of the occurrence of an Event of Default (as defined therein) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined therein) relating to the credit rating of the Swap Counterparty (as such terms are defined in the Swap Agreement) (a **Swap Counterparty Default Payment**) payable under (s) below) but excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral;

(f) *sixth, pro rata* and *pari passu*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;

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

(h) *eighth*, in or towards satisfaction of any sums required to replenish the Liquidity Funding Account up to the amount of the Liquidity Funding Account Required Amount;

(i) *ninth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;

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

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

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

(m) *thirteenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Subordinated Class C Notes;

(n) *fourteenth*, in or towards making good any shortfall reflected in the Class C Interest Deficiency Ledger until the debit balance, if any, on the Class C Interest Deficiency Ledger is reduced to zero;

(o) *fifteenth*, in or towards satisfaction of principal amounts due under the Subordinated Class C Notes on the earlier of (i) the Optional Redemption Date on which the Notes (other than the Subordinated Class C Notes) will be redeemed in full or (ii) the Final Maturity Date;

(p) *sixteenth,* in or towards satisfaction of any Swap Counterparty Default Payment payable to a Swap Counterparty under the terms of the Swap Agreement;

(q) *seventeenth,* in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(r) *eighteenth,* in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(s) *nineteenth,* in or towards satisfaction of principal due and payable but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(t) *twentieth,* in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(u) *twenty-first*, in or towards transfer to the Share Capital Account on each Quarterly Payment Date of amounts payable to the Issuer under the Common Representative Agreement; and

(v) *twenty-second,* in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

The **Share Capital Account** means the bank account opened by the Issuer with the Floating Rate GIC Provider in which (i) the share capital portion allocated to Compartment N°3, (ii) the amounts credited at item (u) of the Interest Priority of Payments and (iii) the interest accrued on the Share Capital Account are held.

Priority of Payments in respect of principal

Prior to the delivery of an Enforcement Notice by the Security Agent, the sum of the following amounts, minus the amount referred to in paragraph (ix) below, calculated as at any Quarterly Calculation Date, as being received during the immediately preceding Quarterly Calculation Period (the **Notes Redemption Available Amount**):

(i) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding Prepayment Penalties;

(ii) as Net Proceeds on any Mortgage Receivables to the extent such proceeds relate to principal;

(iii) as amounts received in connection with a repurchase of Mortgage Receivables and released from the Repurchase Reserve Account in accordance with the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;

(iv) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Common Representative Appointment Agreement to the extent such amounts relate to principal;

(v) as amounts to be credited to the Principal Deficiency Ledger under items (g) and (l) of the Interest Priority of Payments on the immediately succeeding Quarterly Payment Date;

(vi) as partial prepayment in respect of Mortgage Receivables;

(vii) as amounts received as Post-foreclosure Proceeds on the Mortgage Receivables;

(viii) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date; and

(ix) *minus*, any Class A Interest Shortfall Amount on the immediately succeeding Quarterly Payment Date,

will, pursuant to the Common Representative Appointment Agreement, be applied by the Issuer on the Quarterly Payment Date immediately succeeding such Quarterly Calculation Date as follows (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Principal Priority of Payments**):

(a) *first,* in or towards satisfaction of principal amounts due under the Senior Class A1 Notes, until fully redeemed;

(b) *second,* in or towards satisfaction of principal amounts due under the Senior Class A2 Notes, until fully redeemed; and

(c) *third,* in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes, until fully redeemed.

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts payable by the Security Agent under the Common Representative Appointment Agreement will be applied in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the **Priority of Payments upon Enforcement**):

(a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements;

(b) *second*, in or towards satisfaction of fees and expenses due and payable to the Issuer Administrator under the Issuer Services Agreement;

(c) *third,* in or towards satisfaction of any fees due and payable to the Security Agent under the Common Representative Appointment Agreement and of any cost, charge, liability and expenses incurred by the Security Agent under or in connection with any of the Transaction Documents, which will include, *inter alia*, the fees and expenses of any legal advisor, auditor and/or accountant appointed by the Security Agent;

(d) *fourth,* in or towards satisfaction*, pro rata*, according to the respective amounts thereof, of (i) the fees and expenses of the Domiciliary Agent, the Listing Agent and the Reference Agent incurred under the provisions of the Agency Agreement, (ii) the fees and expenses of the MPT Provider under the Issuer Services Agreement and (iii) the fees and expenses of the Floating Rate GIC Provider under the Floating Rate GIC;

(e) *fifth,* in or towards satisfaction of all amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement including any amounts to be paid by the Issuer upon early termination of the Swap Agreement as determined in accordance with its terms but excluding (i) any Swap Counterparty Default Payment payable under subparagraph (k) below and (ii) the repayment to the Swap Counterparty of Excess Swap Collateral;

(f) *sixth, pro rata* and *pari passu,* in or towards satisfaction of all amounts of (i) interest due or interest accrued, but unpaid and (ii) principal and any other amount due but unpaid in respect of the Senior Class A1 Notes and the Senior Class A2 Notes;

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

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

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

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

(k) *eleventh,* in or towards satisfaction of amounts due and payable under the Swap Agreement in connection with the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;

(l) *twelfth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Expenses Subordinated Loan;

(m) *thirteenth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan; and

(n) *fourteenth,* in and towards satisfaction of any Deferred Purchase Price Instalment to the Seller.

Calculation upon Disruption

If no Mortgage Statement is delivered to the Issuer Administrator, the Notes Redemption Available Amount shall be determined in accordance with the Issuer Services Agreement.

Notwithstanding any other provision in any of the Transaction Documents, if the Issuer Administrator does not receive a Mortgage Statement from the MPT Provider with respect to a Monthly Calculation Period in accordance with Clause 4.7 of the Issuer Services Agreement, the Issuer and the Issuer Administrator on its behalf may use the three most recent Mortgage Statements to calculate the amounts available for payments as a result of determinations made by the Issuer Administrator during the period when no Mortgage Statement was available, as further set out in Clause 4.7 (d) and Schedule 9 of the Issuer Services Agreement.

When the Issuer Administrator receives the Mortgage Statements relating to the Monthly Calculation Periods for which such calculations have been made, it will make reconciliation calculations to determine any Disruption Overpaid Amount or any Disruption Underpaid Amount and will make the reconciliation payments or withholdings on the following Quarterly Payment Date as set out in the Issuer Services Agreement.

Any (i) calculations properly done on the basis of such estimates in accordance with the Issuer Services Agreement, and (ii) payments made and not made under any of the Notes and Transaction Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with Clause 4.7 (d) and Schedule 9 of the Issuer Services Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the applicable Priority of Payments and the Transaction Documents and will in itself not lead to an Event of Default or any

other default under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Notification Events).

4.3 Covenants of the Issuer

Save with the prior written consent of the Security Agent or as provided in or envisaged by any of the Transaction Documents, the Issuer undertakes with the Secured Parties that so long as any Note remains outstanding, it shall not:

(a) carry on any business other than the business of purchasing receivables by using different compartments and to finance such acquisitions by issuing securities through such compartments and the related activities described therein and in respect of that business;

(b) in relation to Compartment N°3 and the Transaction, engage in any activity or do anything whatsoever except:

  (i) own and exercise its rights in respect of the Pledged Assets and its interests therein and perform its obligations in respect of the Pledged Assets;

  (ii) preserve and/or exercise and/or enforce any of its rights and perform and observe its obligations under the Transaction Documents in accordance with applicable law;

  (iii) to the extent permitted by the terms of any of the Transaction Documents, pay dividends or make other distributions in the manner permitted by applicable law;

  (iv) use, invest or dispose of any of its property or assets in the manner provided in or contemplated by the Transaction Documents; and

  (v) perform any act incidental to or necessary in connection with (i), (ii), (iii) or (iv) above;

(c) in relation to Compartment N°3 and the Transaction, save as permitted by the Transaction Documents, incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness;

(d) in relation to Compartment N°3 and the Transaction, create or permit to exist any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or sell or otherwise dispose of any part of its assets or undertaking, present or future (including any Pledged Assets), other than as expressly contemplated by the Transaction Documents;

(e) consolidate or merge with any other person or convey or transfer its property or assets substantially or as an entirety to any person, other than as contemplated by the Transaction Documents;

(f) permit the validity or effectiveness of the Pledge Agreement or any other Transaction Document or the priority of the Security Interests to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of the Pledged Assets to be released from such obligations;

(g) amend, supplement or otherwise modify its by-laws (*statuten/statuts*) or any provisions of these covenants save to the extent that such modifications are required by law or relate only to other transactions that do not adversely affect the assets and liabilities of Compartment N°3;

(h) have any employees or own premises or own shares in any subsidiary or any company;

(i) in relation to Compartment N°3 and the Transaction, have an interest in any bank account, other than (i) the Transaction Accounts, (ii) the Swap Collateral Accounts, if any, and (iii) the Share Capital Account, unless such account or interest is pledged or charged to the Secured Parties on terms acceptable to the Security Agent;

(j) in relation to Compartment N°3 and the Transaction, issue any further notes or any other type of security;

(k) reallocate any assets from Compartment N°3 to Compartment N°2, Compartment N°1 or any other existing Compartment or Compartment that it may set up in the future;

(l) enter into transactions of which it is aware that they are not at arm's length; and

(m) dispose of any assets of Compartment N°3 except in accordance with the terms of the Transaction Documents.

The Issuer shall procure that all material transactions and material liabilities incurred by the Issuer are clearly allocated to one or more Compartments of the Issuer and it shall not allocate transactions or liabilities to Compartment N°3 other than as envisaged in the Transaction Documents.

As long as any of the Notes remains outstanding the Issuer will procure that there will at all times be a provider of administration services and a servicer for the Mortgage Receivables and a Floating Rate GIC Provider. The appointment of the Security Agent, the Issuer Administrator, the Reference Agent, the Domiciliary Agent, the Listing Agent, the MPT Provider, the Floating Rate GIC Provider and the Swap Counterparty may be terminated only as provided in the Transaction Documents.

In giving any consent to any of the foregoing, the Security Agent may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Security Agent may deem expedient (in its absolute discretion) in the interests of the Noteholders.

In determining whether or not to give any proposed consent, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud. Concurrently, the Security Agent may, along with any other relevant factors, have regard for whether the then current rating of the Notes would not be adversely affected by such proposed consent. **Gross Negligence** means negligence of such serious nature that no prudent security agent/common representative would have acted similarly.

The Issuer further covenants with the Secured Parties as follows:

(a) at all times to carry on and conduct its affairs in a proper and efficient manner;

(b) to give to, and procure that is given to, the Security Agent such information and evidence (and in such form) as the Security Agent shall reasonably require for the purpose of the discharge of the duties, powers, authorities and discretions vested in it under or pursuant to Condition 4.12, the Common Representative Appointment Agreement and the Pledge Agreement;

(c) to cause to be prepared and certified by its auditors, in respect of each financial year, accounts in such forms as will comply with the requirements of Belgian laws and regulations;

(d) at all times to keep proper books of accounts and allow the Security Agent and any person appointed by the Security Agent free access to such books of account at all reasonable times during normal business hours;

(e) forthwith after becoming aware thereof and without waiting for the Security Agent to take any action, to give notice in writing to the Security Agent of the occurrence of any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default;

(f) at all times to execute all such further documents and do all such acts and things as may be necessary or appropriate at any time or times to give effect to the Transaction Documents;

(g) at all times to comply with and perform all its obligations under or pursuant to the Transaction Documents and to use its best endeavours to procure, so far as it is lawfully able to do so, that the other parties thereto, comply with and perform all their respective obligations thereunder and pursuant thereto and not to terminate any of the Transaction Documents or any right or obligation arising pursuant thereto or make any amendment or modification thereto or agree to waive or authorise any material breach thereof;

(h) at all times to comply with any reasonable direction given by the Security Agent in relation to the Security Interests in accordance with the Pledge Agreement and the Common Representative Appointment Agreement;

(i) upon occurrence of a termination event under the Floating Rate GIC, to use its best endeavours to appoint a substitute floating rate GIC provider within 30 calendar days;

(j) upon resignation of an Agent or upon the occurrence of a termination event under the Agency Agreement, to appoint a relevant substitute agent;

(k) to promptly exercise and enforce its rights and discretions in relation to the Swap Agreement and in particular those rights to require a transfer, collateralisation, an indemnity or a guarantee in the event of a downgrading of the Swap Counterparty;

(l) at all times to keep separate bank accounts and financial statements allocated to its separate Compartments (as the case may be);

(m) at all times to keep separate stationery for each of its Compartments (as the case may be);

(n) at no time to pledge, charge or encumber the assets allocated to Compartment N°3 otherwise than pursuant to the Pledge Agreement;

(o) at all times to have adequate corporate capital to run its business in accordance with the corporate purpose as set out in its Articles of Association;

(p) at all times not to commingle its own assets allocated to any of its Compartments with the assets of another Compartment or the assets of third parties and, in particular, to expressly allocate any liabilities of any of its Compartments to the relevant Compartment;

(q) to observe at all times all applicable corporate formalities set out in its by-laws, the Securitisation Act, the Company Code and any other applicable legislation, including, but not limited to, all formalities to be complied with in its capacity as public and listed company;

(r) to comply in all respects with the specific statutory and regulatory provisions applicable to an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch*

recht/société d'investissement en créances institutionnelle de droit belge and to refrain from all acts which could prejudice the continuation of such status at any time;

(s) to mention in each communication in relation to the Notes or the admission to trading of the Notes, issued by or on behalf of the Issuer, that the Notes may only be subscribed to or otherwise acquired or held by an Eligible Holder;

(t) to conduct at all times its business in its own name; for the avoidance of doubt, this requirement does not prejudice those provisions under the Transaction Documents which provide that certain transaction parties (including the Issuer Administrator, the MPT Provider and the Floating Rate GIC Provider) shall for certain purposes act on behalf of the Issuer;

(u) if it becomes aware of any event which is or may become (with the lapse of time and/or the giving of notice and/or the making of any determination) a Notification Event or an Event of Default under this Agreement, it will without delay inform the Security Agent of such event; and

(v) if it finds or has been informed that a substantial change has occurred in the development of the Mortgage Receivables or the cash flows generated by the Mortgage Receivables or that any particular event has occurred which may materially change the ratings of the Notes, the expected financial results of the Transaction or the expected cash flows, it will without delay inform the Security Agent of such change or event.

The Issuer shall provide to the Security Agent, the Rating Agencies and the Domiciliary Agent or procure that the Security Agent, the Rating Agencies and the Domiciliary Agent are provided with the Investor Reports on or about each Quarterly Payment Date.

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

4.4 Interest

(a) Period of Accrual

Each Note bears interest on its Principal Amount Outstanding (as defined in Condition 4.5(c)) from and including the Closing Date. Each Note (or in the case of the redemption of part only of a Note that part only of such Note) shall cease to bear interest from its due date for redemption unless 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 sums due in respect of such Note are paid to the Clearing System Operator for the benefit of relevant Noteholder, or (if earlier) the seventh calendar day after notice is duly given by the Domiciliary Agent to the relevant Noteholder (in accordance with Condition 4.14) that it has received all sums due in respect of such Note, provided payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Floating Rate Interest Period (as defined below)), such interest shall be calculated on the basis of the actual days elapsed and a 360-day year.

(b) Interest Periods and Payment Dates

Interest on the Notes is payable quarterly in arrears in euro on the 22nd day of January, April, July and October (or, if such day is not a Business Day, the next succeeding Business Day) in each year (each such day being a **Quarterly Payment Date**), the first Quarterly Payment Date being 22 April

2012. The period from (and including) a Quarterly Payment Date (or the Closing Date in respect of the first Floating Rate Interest Period) to (but excluding) the immediately succeeding (or first) Quarterly Payment Date is called a **Floating Rate Interest Period** in these Conditions. The first Floating Rate Interest Period will commence on (and include) the Closing Date and will end on (but exclude) the first Quarterly Payment Date.

A **Business Day** means a day on which banks are open for business in Brussels, Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system (**TARGET2**) or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

(c) Interest on the Notes

Interest on the Notes for each Floating Rate Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate (**Euribor**) for three month deposits plus, for the Senior Class A Notes only, a margin of (i) 1.00% per annum for the Senior Class A1 Notes and (ii) 1.00% for the Senior Class A2 Notes.

(d) Euribor

For the purpose of the calculation of the interest on the Notes, Euribor will be determined as follows:

(i) The Reference Agent will obtain for each Floating Rate Interest Period the rate equal to Euribor for three month deposits in euros. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Reuters Screen EURIBORO1 (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuter Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the Euribor rate selected by the Reference Agent) as at or about 11.00 a.m. (Central European time) on the day that is two Business Days preceding the first day of each Floating Rate Interest Period (each an **Interest Determination Date**).

(ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:

(A) request the principal euro-zone office of each of four major banks in the euro-zone interbank market (the **Reference Banks**) to provide a quotation for the rate at which three month euro deposits are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and

(B) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for three month deposits to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Floating Rate Interest Period shall be the rate per annum equal to the euro interbank offered rate for euro deposits as determined in accordance with this Condition 4.4, provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Floating Rate Interest Period, Euribor applicable to the relevant Class of Notes during such Floating Rate Interest Period will be Euribor last determined in relation thereto.

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

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

(f) Notification of Rates of Interest and Interest Amounts

At the latest by 2.00 p.m. (CET) on the Interest Determination Date, the Reference Agent will cause the Floating Rates of Interest and the relevant Interest Amounts to be notified to the Clearing System Operator, the Issuer, the Issuer Administrator, the Security Agent and the Domiciliary Agent and will cause notice thereof to be given to the relevant class of Noteholders. The Interest Amount, the Floating Rate of Interest and the Quarterly Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period.

(g) Determination or Calculation

If the Reference Agent at any time for any reason does not determine the relevant Floating Rates of Interest or fails to calculate the relevant Interest Amounts in accordance with Condition 4.4(e), the Issuer Administrator (and failing the Issuer Administrator, the Issuer or whenever a Protection Notice or Enforcement Notice has been served, the Security Agent in consultation with the Issuer) shall determine or shall cause the relevant Floating Rates of Interest to be determined at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Condition 4.4(e)), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Issuer Administrator (and failing the Issuer Administrator, the Issuer or whenever a Protection Notice or Enforcement Notice has been served, the Security Agent in consultation with the Issuer) shall calculate or shall cause the Interest Amounts to be calculated in accordance with Condition 4.4(e), and each such determination or calculation shall (in the absence of manifest error) 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 Issuer has, subject to prior written consent of the Security Agent, the right to terminate the appointment of the Reference Agent or of any Reference Bank by giving at least 90 calendar days' notice in writing to that effect. Notice of any such termination will be given to the holders of the relevant Class of Notes in accordance with Condition 4.14. If any person shall be unable or unwilling to continue to act as a Reference Bank or the Reference Agent (as the case may be) or if the appointment of any Reference Bank or the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Agent, appoint a successor Reference Bank or Reference Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Agent has been appointed.

4.5 Redemption and Cancellation

(a) Final redemption

Unless previously redeemed as provided below, the Issuer will redeem the Notes at their Principal Amount Outstanding (as defined below) on the Quarterly Payment Date falling in January 2045 (the **Final Maturity Date**), but in respect of the Mezzanine Class B Notes and the Subordinated Class C Notes subject to Condition 4.10(b).

The Issuer may not redeem Notes in whole or in part prior to the Final Maturity Date except as provided in Conditions 4.5(b), 4.5(e), 4.5(f), 4.5(g), 4.5(h) and 4.5(i) but without prejudice to Condition 4.9.

(b) Mandatory Redemption

Provided that no Enforcement Notice has been served in accordance with Condition 4.9, on each Quarterly Payment Date the Issuer shall be obliged to apply the Notes Redemption Available Amount (as defined below) to redeem (or partially redeem) the Notes (other than the Subordinated Class C Notes) at their Principal Amount Outstanding on a *pro rata* basis in the following order:

(i) firstly, the Senior Class A1 Notes until fully redeemed;

(ii) secondly, the Senior Class A2 Notes until fully redeemed; and

(iii) thirdly, the Mezzanine Class B Notes until fully redeemed.

The principal amount so redeemable in respect of each relevant Note (each a **Principal Redemption Amount**) on the relevant Quarterly Payment Date shall be the amount (if any) (rounded down to the nearest euro) of the Notes Redemption Available Amount (as applicable to each Class of Notes (other than the Subordinated Class C Notes)) on the Quarterly Calculation Date relating to that Quarterly Payment Date divided by the number of Notes subject to such redemption, provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note. Following application of the Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

Under the terms of the Common Representative Appointment Agreement, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date to a third party, which may also be the Seller, at arm's length terms. In addition, on each Quarterly Payment Date, the Seller or any third party appointed by the Seller has the option (but not the obligation) to repurchase and accept re-assignment of the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount of all Mortgage Receivables is less than 10% of the aggregate Outstanding Principal Amount of the Mortgage Receivables as of the Closing Date (the **Clean-Up Call Option**). The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion in case of the exercise of the Clean-Up Call Option, to the extent it still holds the Mortgage Receivables upon exercise by the Seller of the Clean-Up Call Option.

The proceeds of such sales shall be applied by the Issuer towards redemption of the Notes in the following order:

(i) firstly, the Senior Class A1 Notes until fully redeemed;

(ii) secondly, the Senior Class A2 Notes until fully redeemed; and

(iii) thirdly, the Mezzanine Class B Notes until fully redeemed.

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

(c) Definitions

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

(i) The **Principal Amount Outstanding** on any Quarterly Payment Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that Note that have been paid prior to such Quarterly Payment Date.

(ii) The term **Notes Redemption Available Amount** shall mean on any Quarterly Calculation Date the sum of the following amounts referred to under items (A) up to and including (H), minus the amount referred to under item (I), received or held by the Issuer during the immediately preceding Quarterly Calculation Period:

(A) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding Prepayment Penalties, if any;

(B) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal;

(C) as amounts received in connection with a repurchase of Mortgage Receivables and released from the Repurchase Reserve Account in accordance with the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;

(D) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Common Representative Appointment Agreement to the extent such amounts relate to principal;

(E) as amounts to be credited to the Principal Deficiency Ledger under items (g) and (l) of the Interest Priority of Payments on the immediately succeeding Quarterly Payment Date;

(F) as partial prepayment in respect of Mortgage Receivables;

(G) as amounts received as Post-foreclosure Proceeds on the Mortgage Receivables;

(H) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date; and

(I) *minus*, any Class A Interest Shortfall Amount on the immediately succeeding Quarterly Payment Date.

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

(iv) The term **Post-foreclosure Proceeds** shall mean any amounts received, recovered or collected from a Borrower or a third party collateral provider in respect of a Mortgage Receivable in addition to Net Proceeds, following completion of foreclosure on the Mortgage and other collateral securing the Mortgage Receivables.

(v) The term **Quarterly Calculation Date** means, in relation to a Quarterly Payment Date, the fourth Business Day prior to such Quarterly Payment Date.

(vi) The term **Quarterly Calculation Period** means a period of three consecutive months commencing on, and including the first day of each of January, April, July and October of each year, except for the first Quarterly Calculation Period which will commence on the Closing Date and end on and include the last day of March.

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

(i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (x) the Principal Redemption Amount and (y) the Principal Amount Outstanding of the relevant Note on the first day of the next following Floating Rate Interest Period. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.

(ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of the Notes to be notified forthwith to the Security Agent, the Domiciliary Agent, the Reference Agent, the Seller and the Swap Counterparty and will immediately cause notice of each determination of a Principal Redemption Amount and Principal Amount Outstanding in respect of each Class of Notes to be given in accordance with Condition 4.14 by no later than 11.00 a.m. (CET) on the fourth Business Day before the relevant Quarterly Payment Date. If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date a notice to this effect will be given to the Noteholders in accordance with Condition 4.14.

(iii) If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) the Principal Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or such Principal Amount Outstanding shall be determined by the Issuer Administrator, failing which the Security Agent in accordance with the preceding paragraphs (but based upon the information in its possession as to the Notes Redemption Available Amount) and each such determination or calculation shall be deemed to have been made by the Issuer.

(e) Optional Redemption

Unless previously redeemed in full, on the Quarterly Payment Date falling in January 2017 and on each Quarterly Payment Date thereafter (each an **Optional Redemption Date**) the Issuer may, at its option, redeem all (but not some only) of the Notes (other than the Subordinated Class C Notes) at their Principal Amount Outstanding together with interest accrued but unpaid on such date. The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 calendar days written notice to the Security Agent and the Noteholders in accordance with Condition 4.14, prior to the relevant Optional Redemption Date.

In the event that on such Optional Redemption Date there is a Principal Shortfall in respect of the Mezzanine Class B Notes, the Issuer may, at its option, with the prior written consent of the Security Agent, subject to Condition 4.10(b), partially redeem all (but not some only) Mezzanine Class B Notes at their Principal Amount Outstanding less the relevant Principal Shortfall. Following such redemption the Principal Amount Outstanding of such Mezzanine Class B Notes shall be reduced accordingly and be equal to the relevant Principal Shortfall.

(f) Redemption of Subordinated Class C Notes

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

(g) Redemption for tax reasons

One or more Classes of Notes (for the avoidance of doubt, the Senior Class A1 Notes and the Senior Class A2 Notes constitute one Class of Notes) may be redeemed at the option of the Issuer (which shall be under no obligation to do so) in whole, but not in part, on any Quarterly Payment Date, at their Principal Amount Outstanding, together with interest accrued but unpaid up to and including the date of redemption, if any of the following circumstances arise:

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

(ii) if on the next Quarterly Payment Date, the Issuer, the Swap Counterparty or any other person would be required to deduct or withhold for or on account of any present or future taxes, duties assessments or governmental charges of whatever nature imposed by the United Kingdom or the Kingdom of Belgium (or any sub-division or authority thereof or therein), or any other sovereign authority having the power to tax, from any payment under the Swap Agreement; or

(iii) if the total amount payable in respect of interest on any of the Mortgage Receivables ceases to be receivable by the Issuer due to withholding or deduction for or on account of any

present or future taxes, duties, assessments or governmental charges of whatever nature in respect of such payments; or

(iv) if, after the Closing Date, the IIR Tax Regulations are changed or applied in a way materially adverse to the Issuer or would no longer apply to the Issuer,

by giving not more than 60 nor less than 30 calendar days written notice to the Noteholders and the Security Agent prior to the relevant Quarterly Payment Date in accordance with Condition 4.14, provided that:

(i) a Class of Notes may only be redeemed if all higher ranking Classes of Notes have been, or will at the same time be, redeemed;

(ii) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(iii) prior to giving such notice, the Issuer Administrator shall have provided to the Security Agent a certificate signed by two directors of the Issuer confirming that the Issuer will have on the Relevant Quarterly Payment Date sufficient funds available to discharge all amounts of principal and interest due in respect of the relevant Class of Notes and any amounts required to be paid in priority to or *pari passu* with that Class of Notes in accordance with the Interest or Principal Priority of Payment; and

(iv) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer is able to discharge such liabilities.

A **Tax Eligible Investor** includes all persons and organisations referred to in Article 4 of the *Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/Arrêté royal relatif à la perception et à la bonification du précompte mobilier* (Royal decree of 26 May 1994 on the deduction of withholding tax).

IIR Tax Regulations means the Belgian tax regulations introducing income tax, withholding tax, registration duty and VAT concessions for Belgian companies for investment in receivables (including the Issuer).

(h) Optional Redemption in case of Change of Law

In addition, on each Quarterly Payment Date, the Issuer may at its option (but shall not be under any obligation to do so) redeem one or more Classes of Notes (for the avoidance of doubt, the Senior Class A1 Notes and the Senior Class A2 Notes constitute one Class), if there is a change in, or any amendment to the laws, regulations, decrees or guidelines of the Kingdom of Belgium (including in respect of EU legislation, regulations or guidelines implemented or applicable in the Kingdom of Belgium) or of any authority therein or thereof having legislative or regulatory powers or in the interpretation by a relevant authority or a court of, or in the administration of, such laws, regulations, decrees or guidelines after the Closing Date which would or could affect the Issuer or the Noteholders, as certified by the Security Agent, by giving not more than 60 calendar days' notice nor less than 30 calendar days' notice in accordance with Condition 4.14 prior to the relevant Quarterly Payment Date, provided that:

(i) a Class of Notes may only be redeemed if all higher ranking Classes of Notes have been, or will at the same time be, redeemed;

(ii) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(iii) prior to giving such notice, the Issuer Administrator shall have provided to the Security Agent a certificate signed by two directors of the Issuer confirming that the Issuer will have on the relevant Quarterly Payment Date sufficient funds available to discharge all amounts of principal and interest due in respect of the relevant Class of the Notes and any amounts required to be paid in priority to or *pari passu* with that Class of Notes in accordance with the Interest or Principal Priority of Payment; and

(iv) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer is able to discharge such liabilities.

(i) Redemption for regulatory reasons

The Issuer shall redeem the Notes, in whole, but not in part, subject to Condition 4.10(b), on any Quarterly Payment Date, at their Principal Amount Outstanding together with interest accrued but unpaid up to and including the date of redemption, if the Seller exercises its Regulatory Call Option to repurchase the Mortgage Receivables upon the occurrence, on or after the Closing Date, of a change (i) in the Basel Capital Accord promulgated by the Basel Committee on Banking Supervision (the **Basel Accord**), in the Basel II Capital Accord promulgated by the Basel Committee on Banking Supervision as set forth in the EU Capital Adequacy Directive, 2006/49/EC, as amended and supplemented from time to time (the **Basel II Accord**) and as further amended recently (the **Basel III Accord)** or in the international, European or Belgian regulations, rules and instructions (the **Bank Regulations**) applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord or the Basel II Accord or the Basel III Accord) or such a change in the manner in which the Basel Accord, the Basel II Accord or the Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Belgian Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes or (ii) in the eligible collateral framework of the European Central Bank as a result of which the Notes no longer qualify as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosytem (a **Regulatory Change**).

The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 calendar days notice to the Noteholders and the Security Agent in accordance with Condition 4.14 prior to the relevant Quarterly Payment Date.

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

(j) Notice of Redemption

Any such notice as is referred to in Condition 4.5(e), 4.5(g), 4.5(h) and 4.5(i) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at their Principal Amount Outstanding together with interest accrued but unpaid up to and including the date of redemption.

(k) Purchase

The Issuer may not purchase Notes.

(l) Cancellation

All Notes redeemed in full pursuant to the foregoing provisions will be cancelled upon redemption and may not be resold or reissued.

4.6 Payment

(a) On each date on which payment in respect of the Notes becomes due, the Issuer will transfer, or cause to be transferred, to the Domiciliary Agent in same day funds value the same date but not later than 12.00 a.m. (Brussels time) for further distribution to the Noteholders (through the Clearing System), an amount sufficient for the payment of principal, interest and other amounts (if any) in respect of the Notes as the same shall become due.

Upon receipt of such payment, the Clearing System Operator shall cause the amounts due to the relevant Noteholders to be credited to the accounts of the Clearing System Participants through which the Noteholders hold their Notes, who shall cause the same amounts to be credited to the Noteholder's accounts with such Clearing System Participants.

(b) Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(c) The Domiciliary Agent is BNP Paribas Securities Services SCA, acting through its Belgian branch, and its initial specified office is Boulevard Louis Schmidt 2, 1040 Brussels, Belgium. The Issuer reserves the right at any time to vary or terminate the appointment of the Domiciliary Agent and to appoint additional or other domiciliary agents provided that no domiciliary agent located in the United States of America will be appointed and for as long as the Notes are admitted to trading on Euronext Brussels, the Issuer will at all times maintain a domiciliary agent in Belgium. Notice of any termination or appointment of a Domiciliary Agent and of any changes in the specified offices of the Domiciliary Agent will be given to the Noteholders in accordance with Condition 4.14.

(d) If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day, such payment shall be due on the immediately succeeding Business Day without any further payments of additional amounts.

4.7 Prescription (verjaring/prescription)

Claims for the payment of principal under the Notes shall become time barred ten years after their relevant due date, and claims for the payment of interest under the Notes shall become time barred five years after their relevant due date.

4.8 Taxation

(a) All payments in respect of the Notes of each Class will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature, unless the Issuer, the Clearing System Operator, the Domiciliary Agent or any other person is required by applicable law to make any payment in respect of the Notes of such class subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, the Clearing System Operator, the Domiciliary Agent or such other person (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, the Clearing System Operator, the Domiciliary Agent nor any other person will be obliged to gross up the payments in respect of the Notes of any Class or to make any additional payments to any Noteholders in respect of any such withholding or deduction.

(b) The Security Agent, the Issuer, the Clearing System Operator, the Domiciliary Agent or any other person being required to make a Tax Deduction shall not constitute an Event of Default.

4.9 Events of Default

(a) The Security Agent

(i) may at its discretion; and

(ii) if (A) it shall have been requested to do so by the holders of not less than 50% in Principal Amount of the Highest Ranking Class of the Notes then outstanding and held by External Investors or (B) it shall have been requested to do so by the holders of not less than 25% in Principal Amount Outstanding of the Highest Ranking Class of Notes then outstanding or (C) it shall have been directed to do so by or pursuant to an Extraordinary Resolution of the holders of the Highest Ranking Class of Notes then outstanding (subject, in each case, to being indemnified to its satisfaction for all its liabilities and expenses) (but in the case of the occurrence of any of the events mentioned in paragraphs (ii) to (vi) below, only if the Security Agent shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Highest Ranking Class of Notes then outstanding), shall be bound to,

declare the Notes to be due and payable following the occurrence and continuation of an Event of Default by giving notice (an **Enforcement Notice**) to the Issuer, the Rating Agencies, the MPT Provider and the Issuer Administrator that the Notes are, and each Note shall become subject to Condition 4.10, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest as provided in these Conditions and the Common Representative Appointment Agreement.

Each of the following events is an **Event of Default**:

(i) The Issuer fails to pay any amount of principal in respect of the Notes (other than the Subordinated Class C Notes) within fifteen (15) calendar days after the due date for payment of such principal or fails to pay any amount of interest in respect of the Senior Class A Notes within ten (10) calendar days after the due date for payment of such interest in accordance with the Conditions, (for the avoidance of doubt: (x) to the extent that there is any Class B Interest Deficiency or any Class C Interest Deficiency on any Quarterly Payment Date, such deficienc(ies) shall not be construed to be an Event of Default; and (y) any suspension of payment of interest in accordance with Condition 4.1 (b) shall not be construed as an Event of Default); or

(ii) the Issuer defaults in the performance or observance of any of its other obligations or is in breach of any of its representations or warranties under or in respect of the Notes or the other Transaction Documents and such default or breach (a) is, in the opinion of the Security Agent, incapable of remedy or (b) being a default or breach which is, in the opinion of the Security Agent, capable of remedy, remains unremedied for 30 calendar days or such longer period as the Security Agent may agree after the Security Agent has given written notice of such default or breach to the Issuer (save that if the Issuer fails to comply with the order of the Priority of Payments prior to the service of an Enforcement Notice (as set out in Condition 4.2(c)), such period being reduced to 15 calendar days to rectify any technical errors); or

(iii) an order being made or an effective resolution being passed for the winding up (*ontbinding/dissolution*) of the Issuer or Compartment N°3 except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Security Agent in writing or by an Extraordinary Resolution of the Noteholders; or

(iv) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub paragraph (iii) above, ceasing or, through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business or the Issuer being unable to pay its debts allocated to Compartment N°3 as and when they fall due or the value of its

assets allocated to Compartment N°3 falling to less than the amount of its liabilities allocated to Compartment N°3 or otherwise becomes insolvent; or

(v) proceedings are initiated against or by the Issuer under any applicable liquidation, composition, insolvency or other similar law including the *Faillissementswet/loi sur les faillites* (Law on Bankruptcies of 8 August 1997), the *Wet betreffende de continuïteit van de ondernemingen/loi relative à la continuité des enterprises* (Law on the continuity of enterprises of 31 January 2009), as applicable, or an administrative receiver or other receiver, administrator or other similar official (including a *voorlopig bewindvoerder/administrateur provisoire* (provisional administrator) and a *ondernemingsbemiddelaar/médiateur d'entreprise* (enterprise mediator)) has been appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer or a *bevel tot betalen* (notice of demand) is notified to the Issuer under Articles 1499 or 1564 of the *Gerechtelijk Wetboek/Code judiciaire* (Judicial Code), or *uitvoerend beslag/saisie exécutoire* (distraint) is carried out in respect of the whole or any substantial part of the undertaking or assets allocated to Compartment N°3 of the Issuer and in any of the foregoing cases it shall not be discharged within 30 Business Days; or

(vi) any action is taken by any authority, court or tribunal, which results in the loss of the Issuer of its status as an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionelle de droit belge* or which in the reasonable opinion of the Security Agent, after consultation with the Issuer and the Issuer Administrator, is very likely to result in the loss of such status and would adversely affect the Transaction.

(b) As long as Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Agent to the Issuer in respect of the Mezzanine Class B Notes or the Subordinated Class C Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders or the Subordinated Class C Noteholders unless an Enforcement Notice in respect of the Senior Class A Notes has been given by the Security Agent. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Senior Class A Notes, the Security Agent shall not be required to have regard to the interests of the Mezzanine Class B Noteholders or the Subordinated Class C Noteholders.

If there are no longer Senior Class A Notes outstanding, but for so long as there are any Mezzanine Class B Notes outstanding, no Enforcement Notice may or shall be given by the Security Agent to the Issuer in respect of the Subordinated Class C Notes, irrespective of whether an Extraordinary Resolution is passed by the Subordinated Class C Noteholders unless an Enforcement Notice in respect of the Mezzanine Class B Notes has been given by the Security Agent. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Mezzanine Class B Notes, the Security Agent shall not be required to have regard to the interests of the Subordinated Class C Noteholders.

4.10 Subordination

(a) Interest

Interest on the Mezzanine Class B Notes and the Subordinated Class C Notes shall be payable in accordance with the provisions of Conditions 4.4 and 4.5, subject to the terms of this Condition.

In the event that on any Quarterly Calculation Date, the Issuer Administrator determines that there will be a Class A Interest Shortfall on the immediately succeeding Quarterly Payment Date, the Issuer shall, on such Quarterly Payment Date, apply the Notes Redemption Available Amount to pay such Class A Interest Shortfall up to an amount equal to the amount that can be debited as Class A Interest Shortfall to the Principal Deficiency Ledgers (the **Class A Interest Shortfall Amount**).

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class B Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Mezzanine Class B Notes. In the event of a shortfall, the Issuer shall debit the Class B Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class B Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Mezzanine Class B Notes on that date pursuant to Condition 4.4 (such shortfall being a **Class B Interest Deficiency**). Any such Class B Interest Deficiency shall not be treated as due on that date for the purposes of Condition 4.4. A *pro rata* share of such Class B Interest Deficiency shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Mezzanine Class B Note on the next succeeding Quarterly Payment Date. To the extent that any Class B Interest Deficiency is made good on the next succeeding Quarterly Payment Date, the Issuer shall credit the Class B Interest Deficiency Ledger with an amount equal to the amount by which the Class B Interest Deficiency is reduced.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Subordinated Class C Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Subordinated Class C Notes. In the event of a shortfall, the Issuer shall debit the Class C Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class C Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Subordinated Class C Notes on that date pursuant to Condition 4.4 (such shortfall being the **Class C Interest Deficiency**). Such shortfall shall not be treated as due on that date for the purposes of Condition 4.4. A *pro rata* share of such Class C Interest Deficiency shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Subordinated Class C Note on the next succeeding Quarterly Payment Date. To the extent that any such Class C Interest Deficiency is made good on the next succeeding Quarterly Payment Date, the Issuer shall credit the Class C Interest Deficiency Ledger with an amount equal to the amount by which such Class C Interest Deficiency is reduced.

(b) Principal

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. If, on any Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such Quarterly Payment Date.

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

The Subordinated Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class C Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

(c) General

Subject to Condition 4.11 (c), in the event that the Security Interests in respect of the Notes have been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Common Representative Appointment Agreement in priority to the relevant Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of such Class shall have no further claim against the Issuer or the Security Agent in respect of any such unpaid amounts.

4.11 Enforcement

(a) Enforcement of the Security Interests

(i) At any time after the Notes have become due and repayable, the Security Agent may, at its discretion and without further notice, take such steps and proceedings against the Issuer as it may think fit to enforce the Security Interests and to enforce repayment of the Notes together with payment of accrued interest, but it shall not be bound to take any such proceedings unless (a) (i) it shall have been directed to do so by an Extraordinary Resolution of the holders of the Highest Ranking Class of Notes then outstanding, or (ii) it shall have been requested to do so by the holders of not less than 50% in Principal Amount Outstanding of the Highest Ranking Class of Notes then outstanding and held by External Investors, or (iii) it shall have been requested to do so by the holders of at least 25% in Principal Amount Outstanding of the Highest Ranking Class of Notes then outstanding and (b) it shall have been indemnified or secured to its satisfaction for all expenses and liabilities to which it may become or which it may incur.

(ii) Only the Security Agent may enforce the Security Interests and no other Secured Party shall be entitled to enforce such security or proceed against the Issuer to enforce the performance of any of the provisions of the Pledge Agreement, unless the Security Agent, having become bound to take such steps as provided in the Pledge Agreement and the Common Representative Appointment Agreement, fails to do so within a reasonable period 30 days being deemed for this purpose to be a reasonable period) and such failure shall be continuing. The Security Agent shall have regard to the Noteholders as a Class and, for the purposes of exercising its rights, powers, duties or discretions the Security Agent shall as long as different Classes are outstanding have regard only to the holders of the Highest Ranking Class of Notes then outstanding, provided that so long as any of the Highest Ranking Class of Notes are outstanding, the Security Agent shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other Class of Notes unless:

(A) to do so would not, in its opinion, be materially prejudicial to the interests of the holders of the Highest Ranking Class of Notes; or

(B) (if the Security Agent is not of that opinion) such action of each Class is sanctioned by an Extraordinary Resolution of the holders of the Highest Ranking Class of Notes in accordance with Condition 4.13.

(iii) The Security Agent cannot, while any of the Notes are outstanding, be required to enforce the Security Interests at the request of any Secured Party other than the Noteholders.

(iv) If an Enforcement Notice has been delivered by the Security Agent, the Issuer will not be entitled to dispose of the Mortgage Receivables.

(b) Enforcement of other obligations of the Issuer – non-petition

(i) As representative of the Noteholders and of the other Secured Parties, only the Security Agent may pursue the remedies available under general law or under the Transaction Documents against the Issuer and the Pledged Assets and, other than as permitted in this Condition 4.11, no Secured Party (other than the Security Agent) shall be entitled to proceed directly against the Issuer and the Pledged Assets.

(ii) Without prejudice to Condition 4.11(a), each Secured Party has agreed in the Common Representative Appointment Agreement that:

(A) none of the Secured Parties, other than the Security Agent, (nor any person on their behalf) are entitled, otherwise than as permitted by the Transaction Documents, to direct the Security Agent to take any proceedings against the Issuer or take any proceedings against the Issuer unless the Security Agent, having become bound to serve an Enforcement Notice or having been requested in writing or directed by a resolution of the Noteholders in accordance with Condition 4.11(a) to take any other action to enforce its rights under the Notes and under the other Transaction Documents (such obligations a **Security Agent Action),** fails to do so within 30 calendar days of becoming so bound and that failure is continuing (in which case each of the Secured Parties shall (subject to (C) and (D) below) be entitled to take any such steps and proceedings as it shall deem necessary in respect of, the Issuer);

(B) no Secured Party (nor any person on its behalf), other than the Security Agent, shall have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to any of such Secured Parties, unless the Security Agent, having become bound to take a Security Agent Action, fails to do so within 30 calendar days of becoming so bound and that failure is continuing (in which case each of the Secured Parties shall (subject to (C) and (D) below) be entitled to take any such steps and proceedings as it shall deem necessary in respect of the Issuer);

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

(D) no Secured Party, including the Security Agent, nor any person on their behalf, shall be entitled to take or join in the taking of any steps or proceedings which would result in the applicable priority of payments under the Common Representative Appointment Agreement not being observed; and

(E) no Secured Party (nor any person on its behalf), other than the Security Agent, shall seek to prevent the Security Agent from exercising its powers and discretions under or pursuant to the Common Representative Appointment Agreement (or any other Transaction Document), unless in the circumstances where they would be entitled to take direct action against the Issuer in accordance with the paragraphs (A) or (B) above.

Bankruptcy Event in respect of a person means: (a) such person is unable or admits its inability to pay its debts as they fall due, or suspends making payments on any of its debts or is otherwise insolvent; or (b) the value of the assets of such person is less than the amount of its liabilities, taking into account its contingent and prospective liabilities; or (c) a moratorium is declared in respect of any indebtedness of such person; or (d) the commencement of negotiations with one or more

creditors of such person with a view to rescheduling any indebtedness of such person; or (e) any corporate action, legal proceedings or other procedure or step is taken in relation to: (i) the appointment of a Bankruptcy Official in relation to such person or in relation to the whole or any part of the undertaking or assets of such person; or (ii) any official or representative (excluding, in relation to the Issuer, by the Security Agent) taking possession of the whole or any part of the undertaking or assets of such person; or (iii) the making of an arrangement, composition, or compromise, (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such person, a reorganisation of such person, a conveyance to or assignment for the creditors of such person generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such person generally; or (iv) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such person (excluding, in relation to the Issuer, by the Security Agent); or (f) any procedure or step is taken, or any event occurs, analogous to those set out in (a) to (e) above, in any jurisdiction.

Bankruptcy Official means, in relation to a person, a liquidator, (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Security Agent or by an Extraordinary Resolution of the Noteholders of the Highest Ranking Class of Notes then outstanding), provisional liquidator, administrator, administrative receiver, receiver, manager, compulsory or interim manager, nominee, supervisor, trustee, trustee in bankruptcy, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

(c) Limited Recourse

If, on the earlier of (a) the Final Maturity Date; (b) or the date on which a Class of Notes is redeemed in full in accordance with Condition 4.5(b); or (c) the date following the enforcement of the Security Interests and after payment of all other claims ranking in priority to the Notes under the Pledge Agreement in accordance with the Priority of Payments upon Enforcement, to the extent that the Notes Redemption Available Amount and Notes Interest Available Amount are insufficient to repay any principal and accrued interest outstanding on any Class of Notes, any amount of the Principal Amount Outstanding of, and accrued interest on, such Notes in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer. Each of the Noteholders of the Notes agrees with the Issuer and Security Agent that all obligations of the Issuer to the Noteholders and all other Secured Parties are limited in recourse such that only the Pledged Assets allocated to Compartment N°3 will be available to meet the claims of the Noteholders and the other Secured Parties.

Any claim remaining unsatisfied after the enforcement and realisation of the Security Interest and the application of the proceeds thereof in accordance with the Priority of Payments upon Enforcement shall be extinguished and all unpaid liabilities and obligations of the Issuer will cease to be payable by the Issuer. Except as otherwise provided by Condition 4.11 or in Condition 4.12, none of the Noteholders or any other Secured Party shall be entitled to initiate proceedings or take any other steps to enforce any relevant Security Interest.

4.12 The Security Agent

(a) Appointment

The Security Agent has been appointed by the Issuer as representative of the Noteholders in accordance with Article 27 and Article 106 of the Securitisation Act, as irrevocable attorney (*mandataris/mandataire*) of the other Secured Parties and as agent acting in its own name but on behalf of the Noteholders and the other Secured Parties in accordance with Article 5 of the Collateral

Law, in each case upon the terms and conditions set out in the Common Representative Appointment Agreement and herein.

(b) Powers, authorities and duties

The Security Agent, acting in its own name and on behalf of the Secured Parties shall have the power:

(i) to accept the Security Interests on behalf of the Noteholders and the other Secured Parties;

(ii) upon service of an Enforcement Notice, to proceed against the Issuer to enforce the performance of the Transaction Documents and to enforce the Security Interests on behalf of the Secured Parties;

(iii) to collect all proceeds in the course of enforcing the Security Interests;

(iv) to apply or to direct the application of the proceeds of enforcement in accordance with the Conditions, the provisions of the Common Representative Appointment Agreement and the Pledge Agreement;

(v) to instruct the Domiciliary Agent (or any substitute domiciliary agent appointed in accordance with the provisions of the Agency Agreement) to open a bank account with an Eligible Institution for the purposes of depositing the proceeds of enforcement and to give all directions to the Eligible Institution and/or the Domiciliary Agent (or its substitute) to administer such account, and to receive a power of attorney given by the Domiciliary Agent to administer such account;

(vi) to exercise all other powers and rights and perform all duties given to the Security Agent under the Transaction Documents; and

(vii) generally, to do all things necessary in connection with the performance of such powers and duties.

Eligible Institution means a credit institution within the meaning of the Belgian law of 22 March 1993 on credit institutions.

The Security Agent may delegate the performance of any of the foregoing powers to any persons (including any legal entity) whom it may designate. Notwithstanding any sub-contracting or delegation of the performance of its obligations under the Common Representative Appointment Agreement, the Security Agent shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of the obligations of the Security Agent under the Common Representative Appointment Agreement and shall be jointly and severally liable for the performance or non-performance or the manner of performance of any sub-contractor, agent or delegate and such sub-contracting or delegation shall not affect the Security Agent's obligations under the Common Representative Appointment Agreement.

The Security Agent has also been appointed as irrevocable agent (*mandataris/mandataire*) of the Secured Parties (other than the Noteholders). In relation to any duties, obligations and responsibilities of the Security Agent to these other Secured Parties in its capacity as agent of these other Secured Parties in relation to the Pledged Assets and under or in connection with the Transaction Documents, the Security Agent and these other Secured Parties agree and the Issuer concurs, that the Security Agent shall discharge these duties, obligations and responsibilities by performing and observing its duties, obligations and responsibilities as representative of the Noteholders in accordance with the provisions of the Common Representative Appointment Agreement, the Transaction Documents and the Conditions.

The Security Agent may in accordance with Clause 6.6 of the Common Representative Appointment Agreement serve a protection notice as a result of which no payments shall be made from the Transaction Accounts without the prior consent of the Security Agent, provided that such notice will not alter the relevant Priority of Payments (the **Protection Notice**).

(c) Variations and waivers

(i) Subject to sub-paragraphs, (iii) and (iv), and paragraph (d) below, the Security Agent may on behalf of the Noteholders and without the consent of the Noteholders or the other Secured Parties at any time and from time to time, concur with the Issuer or any other person in making any modification:

(A) to the Transaction Documents which in the opinion of the Security Agent is of a formal, minor, or technical nature or is to correct a manifest error or to comply with the mandatory provisions of Belgian law; or

(B) to the Transaction Documents which in the opinion of the Security Agent is not materially prejudicial to the interests of the Noteholders, provided that such modification will have no adverse impact on the then current ratings assigned to the Notes (it being understood that the fact that the then current ratings of the Notes will not be adversely affected does not address whether such modification is in the best interest of, or prejudicial to, some or all of the Noteholders).

Any such modification shall be binding on the Noteholders and, subject to sub-paragraphs (iii) and (iv), and paragraph (d) below, the other Secured Parties.

(ii) Subject to sub-paragraphs (iii) and (iv), and paragraph (d) below, the Security Agent may, without the consent of the Noteholders and the other Secured Parties or the Issuer, without prejudice to its right in respect of any further or other breach, condition, event or act from time to time and at any time, but only if and in so far as in its opinion the interests of Noteholders will not be materially prejudiced thereby:

(A) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Common Representative Appointment Agreement, the Notes or any of the Transaction Documents; or

(B) determine that any breach, condition, event or act which constitutes (and/or which, with the giving of notice or the lapse of time and/or the Security Agent making any relevant determination and/or issuing any relevant certificate would constitute) but for such determination, an Event of Default shall not, or shall not subject to specified conditions, be treated as such for the purposes of the Common Representative Appointment Agreement.

Any such authorisation, waiver or determination shall be binding on the Noteholders and, subject to sub-paragraphs (iii) and (iv), and paragraph (d) below, the other Secured Parties.

(iii) Any modification of or waiver in relation to a provision of a Transaction Document must be approved by each party thereto.

(iv) In no event may such modification or waiver constitute a Basic Terms Modification (as defined in Condition 4.13). The Security Agent shall not be bound to give notice to Noteholders of any modifications or waivers to the Transaction Documents agreed pursuant to paragraph (i) or (ii) above. The Issuer shall cause notice of any such modification to be

given to the Rating Agencies, the Issuer Administrator, the MPT Provider and the Domiciliary Agent and, if required by the Security Agent, to the Noteholders.

If, in the Security Agent's opinion it is not sufficiently established that the proposed amendment, waiver or variation can be approved by it in accordance with paragraphs (i) or (ii) above, it will determine in its full discretion whether to submit the proposal to a duly convened meeting of Noteholders or to refuse the proposed amendment or variation, or, in the case of a Basic Terms Modification, to ask for an approval of such Basic Term Modification by an Extraordinary Resolution by the relevant Class of Notes.

(d) Swap Counterparty consent

(i) Any proposed modification to or waiver of a Transaction Document must be notified by the Issuer to the Swap Counterparty (with copy to the Security Agent) at least fifteen (15) Business Days (or such shorter period as may be agreed with the Swap Counterparty) prior to the implementation of the relevant change (the **Swap Counterparty Notification**).

(ii) The consent of the Swap Counterparty will be required to implement the proposed modification or waiver if, as a result of the proposed change or waiver, (a) the Swap Counterparty would be required to pay more or receive less under the Swap Agreement, or, (b) if the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement, it would be required to pay more or receive less in connection with such replacement as compared to what it would have been required to pay or would have received had such amendment or waiver not been made or granted, respectively.

(iii) In the absence of any response of the Swap Counterparty within five (5) Business Days from the date of the Swap Counterparty Notification, the Swap Counterparty will be deemed to have given its consent. Without prejudice to the foregoing, if the Swap Counterparty indicates in writing within the aforementioned five (5) Business Days that it needs more time to give consent or take a decision, then in any event, the Swap Counterparty must give its final response in relation to the proposed modification or waiver at the latest within fifteen (15) Business Days from the Swap Counterparty Notification (or such shorter period as may be agreed with the Swap Counterparty).

(iv) If the consent (or deemed consent) of the Swap Counterparty is not obtained as required, the Swap Counterparty will have the right to terminate the Swap Agreement within thirty (30) days from the earlier of (i) the date on which it became aware of the amendment or waiver and (ii) the date on which it was notified of the amendment or waiver.

The Secured Parties (including the Swap Counterparty) will use their best efforts to respond to modification requests and, as the case may be, to cooperate with the implementation of the relevant modification or waiver as soon as reasonably practicable, taking into account the nature and the urgency of the proposed waiver or amendment.

(e) Reliance

In determining whether or not any power, trust, authority, duty or discretion or any change, event or occurrence under or in relation to the Conditions or any of the Transaction Documents will be materially prejudicial to the interests of Noteholders, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud. Concurrently, the Security Agent may, along with any other relevant factors, have regard for whether the then current rating of the Notes, would not be adversely affected by such change, event or occurrence. The fact that the current

rating of the Notes would not be adversely affected shall not be construed to mean that any such exercise, change, event or occurrence is not materially prejudicial to the interests of the Noteholders.

(f) Conflicts of interest

In connection with the exercise of its powers, authorities and discretions, the Security Agent shall have regard to the interests of the Noteholders of any Class as a Class and shall not have regard to the consequence of such exercise for individual Noteholders.

The Security Agent shall take account of the interests of the Secured Parties to the extent that there is no conflict amongst them. To the extent that:

(i) an actual conflict exists or is likely to exist between the interests of the Secured Parties in relation to any material action, decision or duty of the Security Agent under or in relation to the Common Representative Appointment Agreement and the Conditions; and

(ii) any of the Transaction Documents and the Conditions give the Security Agent a material discretion in relation to such action, decision or duty,

the Security Agent shall always have regard to the interests of the Noteholders in priority to the interests of the other Secured Parties.

For so long as there are any Senior Class A Notes outstanding, the Security Agent is to have regard solely to the interests of the Senior Class A Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Senior Class A Noteholders and (b) the holders of any of the other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes outstanding, but for so long as there are any Mezzanine Class B Notes outstanding, the Security Agent is to have regard solely to the interests of the Mezzanine Class B Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Mezzanine Class B Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties.

If there are no longer any Senior Class A Notes or Mezzanine Class B Notes outstanding, but for so long as there are any Subordinated Class C Notes outstanding, the Security Agent is to have regard solely to the interests of the Subordinated Class C Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Subordinated Class C Noteholders and (b) any other Secured Parties.

Further, to the extent that:

(A) an actual conflict exists or is likely to exist between the interests of the Issuer, the Secured Parties and the interests of the Seller in relation to any material action, decision or duty of the Security Agent under or in relation to the Common Representative Appointment Agreement and any other Transaction Document; and

(B) the Common Representative Appointment Agreement and any other Transaction Document gives the Security Agent a material discretion in relation to such action, decision or duty,

then the Security Agent shall have regard to the interests of the Issuer and the Secured Parties (other than the Seller) in priority to the interests of the Seller.

(g) Replacement of the Security Agent

The Noteholders shall be entitled to terminate the appointment of the Security Agent by an Extraordinary Resolution notified to the Issuer and the Security Agent, provided that:

(i) in the same resolution a substitute security agent is appointed; and

(ii) such substitute security agent meets all legal requirements to act as security agent and common representative and accepts to be bound by the terms of the Transaction Documents in the same way as its predecessor.

If any of the following events (each a **Common Representative Termination Event**) shall occur, namely:

(i) an order is made or an effective resolution is passed for the dissolution (*ontbinding/dissolution*) of the Security Agent except a dissolution (*ontbinding/dissolution*) for the purpose of a merger where the Security Agent remains solvent; or

(ii) the Security Agent ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of its debts or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent; or

(iii) the Security Agent defaults in the performance or observance of any of its material covenants and obligations under the Common Representative Appointment Agreement or any other Transaction Document and (except where such default is incapable of remedy, when no such continuation and/or notice shall be required) such default continues unremedied for a period of 30 Business Days after the earlier of the Security Agent becoming aware of such default and receipt by the Security Agent of written notice from the Issuer requiring the same to be remedied; or

(iv) the Security Agent becomes subject to any insolvency proceeding under applicable laws; or

(v) the Security Agent is unable to perform its material obligations under the Pledge Agreement for a period of 20 Business Days by circumstances beyond its reasonable control or *force majeure*; or

(vi) the Security Agent no longer meets the conditions set out in the Securitisation Act and any implementing royal decrees containing the requirements for the appointment of an agent for Noteholders in accordance with Article 27 (excluding the last paragraph of Article 27 § 1) and Article 106 of the Securitisation Act,

then the Issuer may by notice in writing terminate the powers delegated to the Security Agent under the Common Representative Appointment Agreement and the Transaction Documents with effect from a date (not earlier than the date of the notice) specified in the notice and appoint a substitute security agent selected by the Issuer which shall act as security agent until a new security agent is appointed by the general meeting of Noteholders which shall promptly be convened by the Issuer. Upon such selection being made and notified by the Issuer to the Secured Parties in a way deemed appropriate by the Issuer all rights and powers granted to the company then acting as Security Agent shall terminate and shall automatically be vested in the substitute security agent so selected. All references to the Security Agent in the Transaction Documents shall where and when appropriate be read as references to the substitute security agent as selected and upon vesting of rights and powers pursuant this clause.

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

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

(h) Accountability, Indemnification and Exoneration of the Security Agent

If so requested in advance by the board of directors of the Issuer, the Security Agent shall report to the general meeting of Noteholders on the performance of its duties under the Common Representative Appointment Agreement and the Transaction Documents provided such request is notified by registered mail no later than ten Business Days prior to the relevant general meeting of Noteholders. The board of directors of the Issuer shall require such report if so requested by those Noteholders who have requested that such general meeting be convened.

The Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Security Agent and providing for its indemnification in certain circumstances, including provisions relieving the Security Agent from taking enforcement proceedings or enforcing the Security Interests unless indemnified to its satisfaction.

The Security Agent shall not be liable to the Issuer or any of the Secured Parties in respect of any loss or damage which arises out of the exercise, or the attempted exercise of, or the failure to exercise any of its powers or any loss resulting there from, except that the Security Agent shall be liable for such loss or damage that is caused by its Gross Negligence, wilful misconduct or fraud.

The Security Agent shall not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Pledged Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the MPT Provider or any agent or related company of the MPT Provider or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Security Agent.

The Security Agent shall have no liability for any breach of or default under its obligations under the Transaction Documents if and to the extent that such breach is caused by any failure on the part of the Issuer, any of the Secured Parties (other than the Security Agent) to duly perform any of their material obligations under any of the Transaction Documents. In the event that the Security Agent is rendered unable to duly perform its obligations under the Transaction Documents by any circumstances beyond its control (*overmacht/force majeure*), the Security Agent shall not be liable for any failure to carry out its obligations under the Transaction Documents which are thus affected by the event in question and, for so long as such circumstances continue, its obligations under the Transaction Documents which are thus affected will be suspended without liability for the Security Agent.

The Security Agent shall not be responsible for monitoring the compliance by any of the other party (including the Issuer and the MPT Provider) with their obligations under the Transaction Documents. The Security Agent may, until it has actual knowledge or express notice to the contrary, assume the Issuer and the MPT Provider are observing and performing all their obligations under any of the Transaction Documents and in any notices or acknowledgements delivered in connection with any such Transaction Documents.

The Security Agent shall not be responsible for ensuring that any Security Interest is created by, or continues to be managed by, the Issuer, the Security Agent, or any other person in such a manner as

to create or maintain sufficient control to obtain the type of Security Interest described in the Pledge Agreement in relation to the assets of the Issuer which are purported to be secured thereby, provided that it complies with the provisions of the Transaction Documents.

Except if such meeting is convened by the Security Agent, but only to the extent that any defect has arisen directly from the Security Agent's Gross Negligence, wilful misconduct or fraud, the Security Agent shall not be liable for acting upon any resolution purporting to have been passed at any meeting of any Class of Noteholders in respect whereof minutes have been made and signed even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or passing of the resolution or that for any reason the resolution was not valid or binding upon such Noteholders.

If the Security Agent has acted upon such resolution, each Noteholder of such Class of Notes shall forthwith on demand indemnify the Security Agent for its *pro rata* share in any liability, loss or expense incurred or expected to be incurred by the Security Agent in any way relating to or arising out of its acting as Security Agent in respect of that of a particular Class of Notes, except to the extent that the liability or loss arises directly from the Security Agent's Gross Negligence, wilful misconduct or fraud. The liability shall be divided between the Noteholders of the relevant Class of Notes *pro rata* according to the respective Principal Amount Outstanding of the Notes held by each of them respectively.

(i) Instructions and indemnity

The Security Agent shall not be bound to take any action under its powers or duties other than those referred to in paragraphs (i), (iii) and (v) of Condition 4.12(b) and in Condition 4.12(c) unless:

(A) it shall have been directed to do so by an Extraordinary Resolution of the Highest Ranking Class of Notes then outstanding or it shall have been requested to do so by the holders of not less than 25% in Principal Amount Outstanding of the Highest Ranking Class of Notes then outstanding or it shall have been requested to do so by the holders of not less than 50% in Principal Amount Outstanding of the Highest Ranking Class of Notes then outstanding and held by External Investors; and

(B) it shall in all cases have been indemnified to its satisfaction against all liability, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith, save where these are due to its own Gross Negligence, wilful misconduct or fraud.

Whenever the interests of the Noteholders are or can be affected in the opinion of the Security Agent, the Security Agent may - if indemnified to its satisfaction - take legal action and without prejudice to Condition 4.11, on behalf of the Noteholders and represent the Noteholders in any bankruptcy (*faillissement/faillite*), liquidation (*vereffening/liquidation*), judicial reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*) and any other legal proceedings initiated against the Issuer or any other party to a Transaction Document.

The Security Agent can under no circumstances, including the situation wherein Noteholders' instruction or approval cannot be obtained for whatever reason, be required to act without it being remunerated and indemnified or secured to its satisfaction.

The Security Agent shall be indemnified by the Issuer and held harmless, in respect of any and all liabilities and expenses incurred by it or by anyone appointed by it or to whom any of its functions may be delegated by it in carrying out its functions.

(j) Parallel Debt

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Agent an amount equal to the aggregate amount due (*verschuldigd/dû*) by the Issuer (the **Parallel Debt**):

(i) to the Noteholders under the Notes;

(ii) as fees or other remuneration to the Directors under the Management Agreements or to other future directors of the Issuer, the Shareholder or the Stichting Shareholder under any future management agreement;

(iii) as fees and expenses to the MPT Provider under the Issuer Services Agreement;

(iv) as fees and expenses to the Issuer Administrator under the Issuer Services Agreement;

(v) as fees and expenses to the Domiciliary Agent, the Reference Agent and the Listing Agent under the Agency Agreement;

(vi) to the Swap Counterparty under the Swap Agreement, excluding the return of Excess Swap Collateral;

(vii) the Floating Rate GIC Provider under the Floating Rate GIC;

(viii) to the Seller under the Mortgage Receivables Purchase Agreement;

(ix) to the Subordinated Loan Provider under the Subordinated Loan Agreement; and

(x) to the Expenses Subordinated Loan Provider under the Expenses Subordinated Loan Agreement,

(together the **Secured Parties**).

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Agent's own separate and independent claim to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall in aggregate be reduced by an amount equal to the amount so received.

To the extent that the Security Agent irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Agent shall distribute such amount among the Secured Parties in accordance with the Priority of Payments upon Enforcement. The amounts due to the Secured Parties, will be the sum of:

(A) amounts recovered by it on the Mortgage Receivables and the other Pledged Assets; and

(B) the amounts received in connection with the Common Representative Appointment Agreement and penalty provided in the Mortgage Receivables Purchase Agreement insofar such penalty relates to the Mortgage Receivables and the other Pledged Assets; and

(C) the *pro rata* part of amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement;

(D) **less** any amounts already paid by the Security Agent to the Secured Parties pursuant to the Common Representative Appointment Agreement; and

(E) **less** the *pro rata* part of the costs and expenses of the Security Agent (including, for the avoidance of doubt, any costs of, *inter alia*, the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Agent).

4.13 Meetings of Noteholders, Modifications and Waivers

The Articles 568 to 580 of the Company Code (*Wetboek van vennootschappen/Code des sociétés)* shall only apply to the extent that the Conditions, the articles of association of the Issuer or the Transaction Documents do not contain provisions which differ from the provisions contained in such articles.

The Common Representative Appointment Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting the interests of Noteholders, including proposals by Extraordinary Resolution to modify, or to sanction the modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents. In addition, the Common Representative Appointment Agreement contains certain provisions pursuant to which the consent of other Secured Parties may be required to effect an amendment of, or a waiver of any term of, a Transaction Documents (as further described in Condition 4.12 (c) and (d)).

The following provisions shall apply where outstanding Notes belong to more than one Class:

(a) business which in the opinion of the Security Agent affects the Notes of only one Class shall be transacted at a separate meeting of the Noteholders of that Class;

(b) business which in the opinion of the Security Agent affects the Notes of more than one Class but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class and the Noteholders of any other Class shall be transacted either at separate meetings of the Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes as the Security Agent shall in its absolute discretion determine;

(c) business which in the opinion of the Security Agent affects the Notes of more than one Class and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class and the Noteholders of any other such Class shall be transacted at separate meetings of the Noteholders of each such Class; and

(d) as may be necessary to give effect to the above provisions, the preceding paragraphs of these Conditions shall be applied as if references to the Notes and Noteholders were to the Notes of the relevant Class and to the Noteholders of such Notes.

Any resolution passed at a meeting of the Noteholders of a particular Class duly convened and held in accordance with the Conditions shall be binding upon all the Noteholders of such Class whether present or not present at such meeting and whether or not voting, provided that no Basic Terms Modification shall be effective unless the modification is approved by an Extraordinary Resolution in accordance with the rules set out in the Common Representative Appointment Agreement for approving a Basic Terms Modification, except that if the Security Agent is of the opinion that such Basic Terms Modification is being proposed by the Issuer as a result of, or in order to avoid an Event of Default, no such Extraordinary Resolution is required.

An Extraordinary Resolution passed at any meeting of the Senior Class A Noteholders shall be binding on all the Mezzanine Class B Noteholders and the Subordinated Class C Noteholders irrespective of the effect upon them, except an Extraordinary Resolution to sanction a Basic Terms Modification (as defined below), which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Mezzanine Class B Noteholders and the Subordinated Class C Noteholders.

An Extraordinary Resolution passed at any meeting of Mezzanine Class B Noteholders shall not be effective for any purpose while any Senior Class A Notes remain outstanding unless either (i) the Security Agent is of the opinion that it would not be materially prejudicial to the interests of the Senior Class A Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders.

An Extraordinary Resolution passed at any meeting of Subordinated Class C Noteholders shall not be effective for any purpose while any Senior Class A Notes or Mezzanine Class B Notes remain outstanding unless either (i) the Security Agent is of the opinion that it would not be materially prejudicial to the interests of the Senior Class A Noteholders and the Mezzanine Class B Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and the Mezzanine Class B Noteholders.

The Board of Directors of the Issuer or the Auditors for the time being of the Issuer may at any time or upon a request in writing of (i) Noteholders holding not less than one-tenth of the Principal Amount Outstanding of the Notes of the relevant Class for the time being outstanding, (ii) Noteholders holding not less than 50% of the Principal Amount Outstanding of the Notes of the relevant Class for the time being outstanding and held by External Investors, or (iii) the Security Agent (subject to its being indemnified to its satisfaction against all costs and expenses thereby occasioned), shall convene a general meeting of the Noteholders of the relevant Class.

Any variation, modification, abrogation, cancellation or waiver of certain terms, including the date or priority of redemption of any of the Notes, any modification which would have the effect of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal payable in respect of the Notes or the rate of interest applicable thereto or altering the currency of payment thereof, of the majority required to pass an Extraordinary Resolution or the percentage of Noteholders required to convene a general meeting of Noteholders or altering the definition of an Event of Default, or altering the Security Agent's duties in respect of the Security Interests is referred to herein as a **Basic Terms Modification**.

The quorum at any meeting of Noteholders of the relevant Class for passing an Extraordinary Resolution (other than where the business of such meeting includes the proposal of a Basic Terms Modification (as defined above)) will be one or more persons holding or representing over 50% of the Principal Amount Outstanding of the Notes of the relevant Class then outstanding or at any adjourned meeting one or more persons being or representing Senior Class A Noteholders, Mezzanine Class B Noteholders or Subordinated Class C Noteholders (as the case may be) whatever the Principal Amount Outstanding of the relevant Class of Notes then outstanding so held or represented and no business (other than the choosing of a chairman) shall be transacted at any such meeting unless the requisite quorum be present at the commencement of business. The quorum at any meeting of Noteholders for passing an Extraordinary Resolution in respect of a Basic Terms Modification shall be (i) one or more persons holding or representing not less than 75% of the Principal Amount Outstanding of the Notes of the relevant Class of Notes then outstanding and (ii) if any of the Notes are being held by External Investors, one or more persons holding or representing not less than 75% of the Principal Amount Outstanding of the Notes then outstanding and held by such External Investors or, at any adjourned meeting, (i) one or more persons representing not less than 25% of the Principal Amount Outstanding of the Notes in the relevant Class of Notes then outstanding and (ii) if any of the Notes are being held by External Investors, one or more persons representing not less than 25% of the Principal Amount Outstanding of the Notes in the relevant Class of Notes then outstanding and held by External Investors.

External Investors means any person or entity other than the Seller or any Affiliated Entity of the Issuer or the Seller.

Affiliated Entity means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.

Subsidiary means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership and **control** for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

Holding Company of any other person, means a person in respect of which that other person is a Subsidiary.

The majority required for an Extraordinary Resolution shall be (i) 75% of the votes cast on that resolution and (ii) if any of the Notes are being held by External Investors, 50% of the votes cast with respect to Notes held by External Investors, whether on a show of hands or a poll.

The majority for every resolution other than an Extraordinary Resolution shall be a simple majority.

At any general meeting (a) on a show of hands every Noteholder (being an individual) who is present in person and produces a block voting certificate with respect to a Note or is a proxy shall have one vote and (b) on a poll, every person who is so present shall have one vote in respect of each EUR 250,000 in Principal Amount Outstanding of Notes represented by the block voting certificate so produced or in respect of which that person is a proxy.

The Seller and the Issuer shall, and will cause any Affiliated Entity of the Issuer or the Seller to, indicate their identity on each block voting certificate or proxy. The Security Agent may request Noteholders to identify themselves for the purpose of determining whether they are External Investors.

The Issuer may with the consent of the Security Agent and without the consent of the Noteholders prescribe such other or further regulations regarding the holding of meetings of Noteholders and attendance and voting thereat as are necessary to comply with Belgian law.

4.14 Notice to Noteholders

All notices, other than notices given in accordance with the next paragraphs, to the Noteholders of any Class shall be deemed to have been duly given if a notice is published in a leading daily newspaper with general circulation in Belgium which is expected to be *De Tijd* and *L'Echo*. If any such publication is not practicable, publication may be in another leading newspaper printed in the relevant language having general circulation in Europe (which is expected to be the *Financial Times*) or Belgium, as the case may be, previously approved in writing by the Security Agent. Notices of meetings of Noteholders shall in addition be published in the *Belgisch Staatsblad/Moniteur belge* (the **Belgian Official Gazette**). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in one of the newspapers referred to above. Notices of meetings of Noteholders shall be published once at least 15 calendar days before the date of the meeting, but the Security Agent shall not be responsible for any failure to comply with such publication requirements if nevertheless any meeting of Noteholders is duly convened and held in accordance with the Company Code, Condition 4.13 hereof and the relevant provisions contained in the Common Representative Appointment Agreement.

Notices to the Noteholders of the availability of the reports and of meetings of Noteholders will also be given by delivery of the relevant notice to the Clearing System Operator for communication by it to the relevant Accountholders. No notifications in any such form will be required for convening meetings of Noteholders if all Noteholders have been identified and have been given an appropriate notice by registered mail.

Notices specifying a Quarterly Payment Date, a Floating Rate of Interest, an Interest Amount, a Principal Redemption Amount (or absence thereof) or a Principal Amount Outstanding or relating

generally to payment dates, payments of interest, interest rates, repayments of principal and other relevant information with respect to the Notes shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of Bloomberg or such other medium for the electronic display of data as may be approved by the Security Agent and notified to the Noteholders (the **Relevant Screen**) at least two Business Days before a Quarterly Payment Date. Any such notice shall be deemed to have been given on the first date on which such information appeared on the Relevant Screen or if it is impossible or impracticable to give notice in accordance with this paragraph then notice of the matters referred to in this Condition shall be given in accordance with the preceding paragraph. Such notices may also be distributed by the Security Agent to the extent the Noteholders have been identified.

4.15 Governing Law

The Notes and all Transaction Documents and any non-contractual obligations arising out of or in connection with them, other than the documents set out hereafter are governed by, and should be construed in accordance with, Belgian law.

The Swap Agreement and any non-contractual obligations arising out of or in connection with it, is governed by, and should be construed in accordance with, English law.

The courts of Brussels, Belgium are to have jurisdiction to settle any dispute which may arise out of or in connection with the Notes and the Transaction Documents(including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and the Transaction Documents), including the Swap Agreement.

PURCHASE AND SALE

Delta Lloyd Bank (the **Manager**) has pursuant to a subscription agreement dated 18 January 2012 entered into between the Manager, the Arranger, the Issuer and the Seller (the **Subscription Agreement**) agreed with the Issuer, subject to certain conditions, to subscribe and pay for or to procure subscription and payment for the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Arranger and the Manager against certain liabilities and expenses in connection with the issue of the Notes.

Capital Requirements Directive

The Seller has in the Subscription Agreement undertaken to the Issuer, the Arranger and the Manager, that the Seller will at all times comply with the requirements of Article 122a of the Capital Requirements Directive. The Seller has specifically undertaken that it will at all times retain a material net economic interest of not less than five per cent. in the Transaction in accordance with the requirements of the Capital Requirements Directive. As at the Closing Date, such interest will in accordance with Article 122a paragraph (1) sub-paragraph (d) of the Capital Requirements Directive be comprised of an interest in the first loss tranche (held through the Subordinated Class C Notes and the Mezzanine Class B Notes). The Seller has further undertaken that any intended or actual change in, or the manner in which, its interest in the first loss tranche is held will be made in accordance with Article 122a of the Capital Requirements Directive and will be notified by the Seller to the Issuer, the Security Agent and the Noteholders. In addition to the information set out herein and forming part of this Prospectus, the Seller has in the Subscription Agreement undertaken to the Issuer, the Arranger and the Manager: to make available to Noteholders all materially relevant data required to ensure that the Seller complies with the requirements of Article 122a paragraph (7) of the Capital Requirements Directive, and such information can be obtained from the Seller upon request.

In addition to the information set out herein and forming part of this Prospectus, the Issuer has in the Subscription Agreement undertaken to the Arranger and the Manager that: (a) after the Closing Date, the Issuer will prepare quarterly investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with confirmation by the Seller of its compliance with the requirements of the Capital Requirements Directive, including, confirmation of the retention of the material net economic interest in the Securitisation by the Seller; and (b) if the Issuer receives a notification from the Seller of any intended or actual change in (the manner in which) the Seller's interest in the first loss tranche is held, then, at the request of the Seller, the Issuer will inform the Noteholders thereof.

General

The distribution of this Prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions, including those set out in the following paragraphs. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. This Prospectus or any part thereof does not constitute an offer, or an invitation to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

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

General Holding and Transfer Restrictions

The Notes are only offered, directly or indirectly to holders (**Eligible Holders**) who qualify both as (i) an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, acting for

their own account, and (ii) a holder of an exempt securities account (X-account) with the Clearing System operated by the National Bank of Belgium or with a participant in such system. The Notes may only be acquired, by direct subscription, by transfer or otherwise and may only be held by Eligible Holders.

A list for the time being of institutional or professional investors within the meaning of Article 5, §3 of the Securitisation Act is attached as Annex I.

The minimum investment required per investor acting for its own account is EUR 250,000.

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

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

The Manager will not, after the initial distribution, offer and sale of the Notes as provided in the Subscription Agreement, have any obligation whatsoever to ensure that the Notes are offered, sold, delivered or held by Eligible Holders.

In addition, the following sale and purchase restrictions will apply:

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

(a) following the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus;

(b) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or

(c) at any time in any other circumstances falling within Article 3 (2) of the Prospectus Directive,

provided always that an offer of Notes can only be made to Eligible Holders and that no such offer of Notes referred to in (b) to (c) above shall require the Issuer or the Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member Sate and the expression 2010 PD Amending Directive means Directive 2010/73/EU (the

"**PD Amending Directive**") and includes any relevant implementing measure in each Relevant Member State.

The Issuer does not intend to request that the FSMA provides the competent authority of other EEA Member States a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive. In any EEA Member State, offers of Notes can only be made pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such Member State, to publish a prospectus.

Kingdom of Belgium

The Prospectus and related documents are not intended to constitute a public offer in Belgium and may not be distributed to the Belgian public and no steps may be taken which would constitute or result in a public offering in Belgium. This Prospectus has been submitted to the FSMA only for the purpose of the admission to trading of the Notes on Euronext Brussels.

Any offer will be made in Belgium exclusively to investors (**Eligible Holders**) who qualify both as (i) an institutional or professional investor within the meaning of Article 5, §3 of the Securitisation Act, acting for their own account, and (ii) a holder of an exempt securities account (X-account) with the Clearing System operated by the National Bank of Belgium or with a participant in such system.

The minimum investment required per investor acting for its own account is EUR 250,000.

This Prospectus is intended for the confidential use of the offeree, and may not be reproduced or used for any other purpose.

United Kingdom

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

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except in certain transactions exempt from registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S.

The Manager has agreed that it will not offer or sell the Notes as part of its distribution at any time or otherwise until 40 days after the later of the commencement of the offering and the closing date within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration (if any to which it sells Notes during such 40-day distribution compliance period, as defined in Regulation S under the Securities Act, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Notes having a maturity of more than one year will be issued in compliance with the C Rules. Notes issued in compliance with the C Rules 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 U.S. Treasury regulations.

The Issuer will require the Manager to represent and agree that it will not at any time offer, sell, resell or deliver, directly or indirectly, such Notes in the United States or its possessions or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of such Notes, the Issuer will require the Manager to represent and agree that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the Manager or such purchaser are within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Notes.

Terms used in the above two paragraphs have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations thereunder, including the C Rules.

Excluded holders

Notes may not be acquired by a transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the BITC 1992). Those transferees include amongst others (on the date of this Prospectus and subject to rebuttal and to any change in the tax regime of the countries concerned):

(a) all companies located in Abu Dhabi, Ajman, Albania, Alderney, Bosnia and Herzegovina, Dubai, Guernsey, Herm, Jersey, Kyrgyzstan, North Korea, Macau, Republic of Macedonia, The Isle of Man, Marshall Islands, Federated States of Micronesia, Moldavia, Montenegro, Oman, Paraguay, Pitcairn, Ras al Khaimah, Serbia, Sharjah, Umm al Quwain, Uzbekistan;

(b) all companies located in Andorra, Anguilla, Bahamas, Bahrain, Bermuda, British Virgin Islands, Cayman Islands, Fujairah, Jethou, Maldives, Monaco, Nauru, Palau, Saint Barthelemy, Sark, Turks and Caicos Islands, Vanuatu, Wallis and Futuna; and

(c) certain companies located in Antigua, Aruba, Barbados, the Cook Islands, Cyprus, Costa Rica, Djibouti, Gibraltar, Hong Kong, Jamaica, Liberia, Liechtenstein, Luxembourg, Malaysia, Malta, Nevis, Netherlands Antilles, Panama, Portugal, Saint Vincent, Seychelles, Singapore, United Arab Emirates, Uruguay.

DEFINED TERMS

In addition to the terms defined in this Prospectus, the following terms have the following meaning:

Additional Security means with regard to any Mortgage Loan, all claims, whether contractual or in tort, against any Insurance Company, notary public, Mortgage Registrar, public administration, property expert, broker or any other person in connection with such Mortgage Loans or the related Mortgaged Assets or Loan Security or in connection with the Seller's decision to grant such Mortgage Loans, other than any Loan Security;

A Note Ratio means in respect of each Swap Payment Date, (a) the Notional Amount (Class A) as at the first day of the Floating Rate Interest Period immediately preceding such Swap Payment Date; divided by (b) an amount equal to the aggregate Principal Amount Outstanding of the Notes, less the sum of the amounts standing to the debit of the Principal Deficiency Ledgers as at such Swap Payment Date, provided that all such amounts will be calculated following the application of the Notes Redemption Available Amount in accordance with the Principal Priority of Payments and of the Notes Interest Available Amount in accordance with the Interest Priority of Payments on the Quarterly Payment Date immediately preceding such Swap Payment Date;

Agreed Form means, in relation to any document, the form of the document which has been agreed between the parties thereto;

CDV means the former Belgian insurance supervisor *(Controledienst voor de Verzekeringen/Office de contrôle des Assurances)* until 1 January 2004;

Class A Interest Shortfall means, on any Quarterly Calculation Date, an amount equal to the amount by which the funds available to the Issuer to satisfy its obligations in respect of amounts of interest due on the Senior Class A Notes on the immediately following Quarterly Payment Date fall short of the aggregate amount of interest payable on the Senior Class A Notes on that date;

Class of Notes means either the Senior Class A Notes (being the Senior Class A1 Notes and the Senior Class A2 Notes jointly), Mezzanine Class B Notes or Subordinated Class C Notes;

CLTM means the ratio between (i) the sum of (x) the aggregate outstanding amount of all Existing Loans secured by the same Mortgage as a Mortgage Receivable and (y) the Outstanding Principal Amount of such Mortgage Receivable, and (ii) the total secured amount for which such Mortgage has been registered at the Mortgage Register;

CLTV means the ratio between (i) the sum of (x) the aggregate outstanding amount of all Existing Loans secured by the same Mortgage as a Mortgage Receivable and (y) the Outstanding Principal Amount of such Mortgage Receivable, and (ii) the non-indexed value of the Mortgaged Assets;

Collateral Law means the Law of 15 December 2004 on financial collateral (*Wet van 15 december 2004 betreffende financiële zekerheden en houdende diverse fiscale bepalingen inzake zakelijke-zekerheidsovereenkomsten en leningen met betrekking tot financiële instrumenten/Loi du 15 décembre 2004 relative aux sûretés financières et portant des dispositions fiscales diverses en matière de conventions constitutives de sûreté réelle et de prêts portant sur des instruments financiers*), as amended from time to time;

Compartment means a compartment within the meaning of article 26 of the Securitisation Act;

Compartment N°3 means the Compartment of the Issuer to which the assets and liabilities relating to the Mortgage Receivables and the Notes are allocated;

Contract Records means the file or files, books, magnetic tapes, disks, cassettes or such other method of recording or storing information from time to time relating to each Mortgage Loan and Related Security, containing, *inter alia*, (i) the Mortgage Deeds and all material records and correspondence relating to the Mortgage Loans, the Loan Security and Additional Security and/or the Borrower, (ii) the completed Standard Loan Documentation applicable to the Mortgage Loan and (iii) any payment, arrears and status reports maintained by the Servicer;

Credit Policies means the procedures, policies and practices applied by the Seller with regard to the origination, credit collection and administration and underwriting criteria of its Mortgage Loans, which includes the Stater Vademecum attached as Schedule 13 to the Mortgage Receivables Purchase Agreement, certified by the Seller to be a true, accurate and up-to-date reflection of its current credit policies, provided that if the Seller no longer acts as MPT Provider, any collection and administration procedures and policies to be agreed between the Issuer and the Sub-MPT Provider;

Cut-Off Date means 31 December 2011;

Deferred Purchase Price Instalment means, on any Quarterly Payment Date, the amount equal to:

(a) prior to delivery of an Enforcement Notice the positive difference, if any, between the Notes Interest Available Amount as calculated on each Quarterly Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (u); or, as the case may be,

(b) following delivery of an Enforcement Notice, the amount remaining after all the payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (m) on such date have been made.

Disputed Mortgage Receivable means any Mortgage Receivable in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower of such Mortgage Loan, or in respect of which a set-off or counterclaim is being claimed by such Borrower; for the avoidance of doubt, a Mortgage Receivable shall not be a Disputed Mortgage Receivable by reason merely of the fact that any payment thereunder is not made, that the Borrower is in default, insolvent or subject to a *collectieve schuldenregeling*/*règlement collectif de dettes*, that the Borrower is seeking from the courts the benefit of a grace period, or that there is a conciliation procedure (whether successful or not) in respect of this Mortgage Loan under article 59 of the Mortgage Credit Act;

Disruption Overpaid Amount means any Secured Parties Overpaid Amount and any Notes Disruption Overpaid Amount;

Disruption Underpaid Amount means any Secured Parties Underpaid Amount and any Notes Disruption Underpaid Amount;

Existing Loan means any loan or advance originated by the Seller that is secured by the same All Sums Mortgage as a Mortgage Loan and any advance made available by the Seller under a credit facility (*kredietopening/ouverture de crédit*) that is secured by the same Mortgage as a Mortgage Loan, before the Closing Date;

Extraordinary Resolution means a resolution passed at a meeting of Noteholders convened and held in accordance with the Common Representative Appointment Agreement by a majority of not less than (i) 75% of the votes cast on that resolution and (ii) 50% of the votes cast with respect to Notes held by External Investors, whether on a show of hands or a poll;

Further Loan means any loan or advance originated by the Seller that is secured by the same All Sums Mortgage as a Mortgage Loan and any advance made available by the Seller under a credit facility

(*kredietopening/ouverture de crédit*) that is secured by the same Mortgage as a Mortgage Loan, in each case originated or made after the Closing Date;

Hazard Insurance Policy means an insurance covering fire and/or kindred perils in respect of any Mortgaged Assets;

Highest Ranking Class of Notes means:

(a) the Senior Class A Notes while any Senior Class A Notes are outstanding; or

(b) the Mezzanine Class B Notes if there are no Senior Class A Notes outstanding and while any Mezzanine Class B Notes are outstanding; or

(c) the Subordinated Class C Notes if there are no Senior Class A Notes and Mezzanine Class B Notes outstanding and while any Subordinated Class C Notes are outstanding.

Instalments means in respect of any Mortgage Loan, the aggregate amount of principal and interests which is scheduled to be payable on a particular date or after a particular period in accordance with the contractual terms of such Mortgage Loan (as amended from time to time);

Insurance Company means any insurance company granting a Hazard Insurance (in respect of the Mortgaged Assets) or a Life Insurance (in respect of a Mortgage Loan);

Insurance Policy means any and all Hazard Insurance Policy or Life Insurance Policy;

Issuer Expenses means the operating expenses set out in items (a) up to and including (d) of the Interest Priority of Payments payable during a calendar year;

Life Insurance Policy means any insurance policy covering the risk of death of any Borrower of a Mortgage Loan;

Loan Security means in respect of a Mortgage Loan, any Mortgage and/or Mortgage Mandate and all rights, title, interest and benefit relating to any Insurance Policies, any guarantee provided for such Mortgage Loan, any Mortgage Promise provided in relation to a Mortgage Loan, any assignment of salaries (*loonsoverdracht/cession de salaire*) that the Borrower may earn and any other mortgage (*hypotheek/hypothèque*), privilege (*voorrecht/privilège*), pledge, encumbrance, assignment, right of retention, subordination, right of set-off or any security interest whatsoever, however so created or arising whether relating to existing or future assets, each (i) to the extent expressly referred to in the Contract Records governing the Mortgage Loan or (ii) with respect to a Mortgage and/or Mortgage Mandate, except with respect to a Mortgage created in favour of the Issuer pursuant to an exercise of a Mortgage Mandate or a Mortgage Promise or as a result of an exchange of Mortgage (*pandwissel / échange d'hypothèque*), to the extent listed in Schedule 4 of the Mortgage Receivables Purchase Agreement, as well as any amendments or substitutions to the security listed in Schedule 4 of the Mortgage Receivables Purchase Agreement after the Closing Date, whether or not these amendments or substitutions are reflected in Schedule 4;

Member State means a member state of the European Union;

Mezzanine Class B Noteholders means the several persons who are for the time being holders of any Mezzanine Class B Notes;

Monthly Calculation Date means the tenth day, or if such day is not a Business Day, the next succeeding Business Day of each month;

Monthly Calculation Period means a period starting on the first day of each month and ending on the last day of such month;

Mortgage means, in relation to each Mortgage Loan and to the extent part of the Loan Security, a mortgage (*hypotheek*/*hypothèque*) as such term is construed under Belgian law securing the Mortgage Loan, together with the benefit of all rights relating thereto, including, for the avoidance of doubt, a mortgage created for the benefit of the Issuer pursuant to the exercise of a Mortgage Mandate or as a result of an exchange of Mortgage (*pandwissel/échange d'hypothèque*);

Mortgage Conditions means, in relation to a Mortgage Loan, the terms and conditions applicable to the Mortgage Loan, as set forth in the relevant Contract Records and/or in any applicable general terms and conditions of the Seller, as the case may be;

Mortgage Deed means notarially certified copies of the notarial deeds constituting the mortgage loans;

Mortgage Mandate means, in relation to each Mortgage Loan and to the extent part of the Loan Security, an irrevocable power of attorney granted by a Borrower or a third party collateral provider to certain attorneys to create a mortgage as security for the Mortgage Loan and all other amounts which the Borrower owes or in the future may owe to the Seller;

Mortgage Promise means, in relation to each Mortgage Loan and to the extent part of the Loan Security, an irrevocable undertaking by a Borrower to create, at the Seller's first request, a mortgage as security for the Mortgage Loan and all other amounts which the Borrower owes or in the future may owe to the Seller;

Mortgage Register means the office (*hypotheekkantoor/bureau des hypothèques*) where mortgages are or are to be registered in accordance with the Mortgage Law;

Mortgage Registrar means the person (*hypotheekbewaarder/conservateur des hypothèques*) who registers mortgages in the Mortgage Register in accordance with the Mortgage Law;

Notes Disruption Overpaid Amount means any amount overpaid on the Notes on a Quarterly Payment Date as a consequence of insufficient information being available to calculate the exact amount due on the Notes following a Disruption as determined in accordance with Schedule 9 of the Issuer Services Agreement;

Notes Disruption Underpaid Amount means any amount underpaid on the Notes on a Quarterly Payment Date as a consequence of insufficient information being available to calculate the exact amount due on the Notes following a Disruption as determined in accordance with Schedule 9 of the Issuer Services Agreement;

Notional Amount (Class A) means, with respect to a Floating Rate Interest Period, an amount equal to the aggregate Principal Amount Outstanding of the Senior Class A Notes (including, for the avoidance of doubt, the Senior Class A1 Notes and the Senior Class A2 Notes), less the sum of the amounts standing to the debit of the Class A Principal Deficiency Ledger, each as at the commencement of such Floating Rate Interest Period but, for the avoidance of doubt, after payments being made on the Quarterly Payment Date that occurs on such day as the Floating Rate Interest Period commences;

Other Security means in respect of a Mortgage Loan, any Loan Security other than any Mortgage, Mortgage Mandate, any Insurance Policies and any assignment of salaries *(loonsoverdracht/cession de salaire*) created or existing in favour of the Seller, as security for a Mortgage Loan;

Performing Mortgage Receivables means the Outstanding Principal Amount of all Mortgage Receivables minus the Outstanding Principal Amount of all Mortgage Receivables in respect of which a Realised Loss has occurred;

Prepayment Penalty means a prepayment penalty due in the event of a voluntary prepayment of principal on any Mortgage Loan prior to its scheduled due date in accordance with the provisions for prepayments

provided for in the contractual terms of such Mortgage Loans and in accordance with the Mortgage Credit Act;

Privacy Commission means the Belgian Privacy Commission (*Commissie voor bescherming van de persoonlijke levenssfeer/Commission de la protection de la vie privée*);

Property Value Audit means a property value audit undertaken by the MPT Provider upon the occurrence of a PVA Trigger Event in accordance with the Issuer Services Agreement;

PVA Trigger Event means the event that the aggregate Realised Losses exceed 1.00 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables at the Closing Date;

Real Estate means a real property or soil destined for real property construction located in Belgium;

Recorded Reference Value means the reference value of a Mortgaged Asset on the Cut-Off Date as recorded in the database delivered by the Seller to the Issuer and the Rating Agencies on or about the Closing Date;

Related Security means the Loan Security, the Additional Security and the Other Security;

Relevant Reference Value means, in relation to a Mortgage Loan, the reference value of the related Mortgaged Asset as assessed in accordance with the valuation criteria of the Seller on or prior to the Cut-Off Date and as reflected in the relevant Contract Records;

Royal Decree 225 means the Royal Decree n° 225 of 7 January 1936 on mortgage loans and the supervision of mortgage undertakings (*Koninklijk Besluit nr. 225 tot reglementering van de hypothecaire leningen en tot inrichting van de controle op de ondernemingen van hypothecaire leningen/Arrêt Royal nr. 225 réglementant les prêts hypothécaires et organisant le contrôle des entreprises de prêts hypothécaires*);

Secured Parties Overpaid Amount means any amount overpaid to the Secured Parties (other than the Noteholders) as a consequence of insufficient information being available to calculate the exact amount due to these Secured Parties following a Disruption as determined in accordance with Schedule 9 of the Issuer Services Agreement;

Secured Parties Underpaid Amount means any amount underpaid to the Secured Parties (other than the Noteholders) as a consequence of insufficient information being available to calculate the exact amount due to these Secured Parties following a Disruption as determined in accordance with Schedule 9 of the Issuer Services Agreement;

Securitisation Act means the law of 20 July 2004 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles/Loi relative à certaines formes de gestion collective de portefeuilles d'investissement*) as amended from time to time;

Seller Loans means the Existing Loans and the Further Loans;

Senior Class A Noteholders means the several persons who are for the time being holders of any Senior Class A Notes;

Share Capital Account means the bank account of the Issuer, acting through its Compartment N°3, held with the Floating Rate GIC Provider to which certain amounts payable to the Issuer under the Common Representative Agreement will be transferred;

Standard Loan Documentation means the standard documents and forms used for originating Mortgage Loans through the network and according to the procedures of the Seller, attached as Schedule 3 to the Mortgage Receivables Purchase Agreement;

Stater Vademecum means the vademecum of the Sub MPT Provider dated 24 June 2010 regarding the mortgage payment transaction services delivered by the Sub MPT Provider to the MPT Provider and the cooperation agreement (*Samenwerkingsovereenkomst*) entered into between the Sub-MPT Provider and the MPT Provider on 9 September 2004, as amended or updated from time to time;

Subordinated Class C Noteholders means the several persons who are for the time being holders of any Subordinated Class C Notes; and

Tax Deduction means any deduction or withholding on account of any Tax, duties, assessment or charges of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium or any political subdivision or authority thereof or therein.

INDEX OF DEFINED TERMS

ANNEX I

Institutional or professional Investors under the Securitisation Act

Article 5, §3 of the Securitisation Act lists the following institutional or professional investors:

1. National, regional and community governments;

2. the European Central Bank, the National Bank of Belgium, the other national central banks, the national and supra national institutions, the Interest Fund (*het Rentefonds/le Fonds des Rentes)*, the Fund for the Protection of Deposits and Financial Instruments (*het Beschermingsfonds voor Deposito's en Financiële Instrumenten/le Fonds de Protection des Dépôts et des Instruments Financiers)* and the Deposit and Consignment Fund (*Deposito- en Consignatiekas/Caisse de Dépôt et Consignation*);

3. the Belgian and foreign legal entities that have a license or are regulated in order to be active on the financial markets, including, in particular:

   (a) Belgian and foreign credit institutions contemplated in Article 1, paragraph 2 of the Law of 22 March 1993;

   (b) the Belgian and foreign investment firms of which the usual activity consists in the provision of investment services on a professional basis under Article 46, 1° of the Law of 6 April 1995;

   (c) (i) the insurance companies and institutions contemplated in Article 2, §§1 and 3 of the Law of 9 July 1975 concerning the supervision of insurance companies;

   (ii) the foreign insurance companies that are not active in Belgium; and

   (iii) the Belgian and foreign re-insurance companies;

   (d) the Belgian and foreign pension funds and their management companies contemplated in Article 2, §3, 4° and 6° of the Law of 9 July 1975 concerning the supervision of insurance companies, and any other foreign pension fund;

   (e) the Belgian and foreign collective investment undertakings contemplated in Article 4 of the Securitisation Act and any other foreign collective investment undertaking;

   (f) the Belgian and foreign management companies of collective investment undertakings contemplated in Article 138 of the Securitisation Act and any other foreign management company of collective investment undertakings;

   (g) the Belgian and foreign traders in commodities futures (*grondstoffen termijnhandelaren/intermédiaires en instruments de placement à terme portant sur des matières premières)* as contemplated in Article 4 of the Prospectus Implementation Law;

   (h) the other Belgian and foreign financial institutions that have a license or are regulated;

4. the other Belgian and foreign entities contemplated than in paragraph 5° that do not have a license or are not regulated in order to be active on the financial markets and of which the only purpose is to invest in investment securities as contemplated in Article 4 of the Prospectus Implementation Law;

5. the company, funds or other similar entities established under a foreign law who mainly invest in securities of collective investment undertakings or in securitisation structures, or in collective investment undertakings or to finance collective investment undertaking or securitisation structures, provided that these companies, funds or similar entities under foreign law finance these activities in Belgium exclusively with institutional or professional investors, recognised by or pursuant to this paragraph, or finance themselves abroad;

6. Capitalisation undertakings (*kapitalisatieondernemingen/entreprises de capitalisation*) contemplated in Royal Decree n° 43 of 15 December 1994 on the supervision of capitalisation undertakings;

7. Coordination Centres (*coördinatiecentra/centres de coordination*) contemplated in Royal Decree n° 187 of 30 December 1982 on the establishment of coordination centres;

8. The other Belgian and foreign legal entities than those contemplated in paragraphs 1° through 7° who, according to their most recent annual accounts or consolidated annual accounts, satisfy at least two of the following three criteria:

   (i) an average number of employees of at least 250 during the financial year;

   (ii) total assets of more than EUR 43 million; and

   (iii) a net annual turnover of more than EUR 50 million;

9. Other foreign legal entities, companies and institutions who, according to the law applicable to them, are considered as institutional or professional investors or as a qualified investor for the application of Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public admitted to trading and amending Directive 2001/34/EC or that are viewed as institutional or professional investors according to financial market practices; and

10. Legal entities with registered office in Belgium other than the ones set forth above, that do not satisfy at least two of the criteria set out in paragraph 8 above, but which are registered with the FSMA as institutional or professional investor in accordance with the Royal Decree of 26 September 2006 on the extension of the term "qualified investor" and of the term "institutional or professional investor".

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