

## IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED), U.S. ACCOUNT OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES. NOT FOR DISTRIBUTION TO ANY PERSON THAT IS NOT A QUALIFIED INVESTOR WITHIN THE MEANING OF THE PROSPECTUS DIRECTIVE. IF YOU ARE NOT A QUALIFIED INVESTOR, DO NOT CONTINUE.

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NOTES 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 PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "U.S. PERSON" IN REGULATION S UNDER THE SECURITIES ACT, AND PERSONS WHO ARE NOT "U.S. PERSONS" UNDER REGULATION S UNDER THE SECURITIES ACT MAY BE U.S. PERSONS UNDER THE U.S. RISK RETENTION RULES. EACH PURCHASER OF NOTES, OR ANY BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED A PRIOR WRITTEN CONSENT OF THE SELLER), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, OR, IN THE CASE OF A DISTRIBUTOR, WILL ONLY DISTRIBUTE SUCH NOTE TO A PERSON WHO IS NOT A U.S. RISK RETENTION PERSON, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

THE ATTACHED DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), U.S. ACCOUNT OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

By accessing the attached document you shall be deemed to have confirmed and represented that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the attached document by electronic transmission and (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of such a U.S. person, and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its

territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any States of the United States or the District of Columbia.

You are reminded that the attached document has been delivered to you on the basis that you are a person into whose possession the attached document may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached document to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

Except as set out above, no person has been authorised to give any information or to make any representation not contained in or not consistent with the attached document or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Seller, the Joint Lead Managers or the Arranger.

The attached document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Joint Lead Managers, the Arranger, the Issuer, the Seller nor any person who controls any such person nor any director, officer, employee, agent nor affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached document distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Joint Lead Managers, the Arranger or the Seller.

**PROSPECTUS DATED 26 SEPTEMBER 2018**

**DUTCH PROPERTY FINANCE 2018-1 B.V.**

as Issuer

(incorporated as a private company with limited liability in The Netherlands)

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class E</b>	<b>Class F</b>	<b>Class G</b>
<b>Principal Amount</b>	EUR 315,800,000	EUR 39,000,000	EUR 15,800,000	EUR 14,000,000	EUR 3,400,000	EUR 12,000,000	EUR 8,000,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.	99.53 per cent.	99.54 per cent.	100.85 per cent.	100 per cent.
<b>Interest rate until First Optional Redemption Date</b>	The higher of (i) zero and (ii) three-month Euribor + 0.63 per cent. per annum	The higher of (i) zero and (ii) three-month Euribor + 1.20 per cent. per annum	The higher of (i) zero and (ii) three-month Euribor + 1.70 per cent. per annum	The higher of (i) zero and (ii) three-month Euribor + 2.10 per cent. per annum	The higher of (i) zero and (ii) three-month Euribor + 2.90 per cent. per annum	N/A	N/A
<b>Interest rate after First Optional Redemption Date</b>	The higher of (i) zero and (ii) three-month Euribor + 1.26 per cent. per annum	The higher of (i) zero and (ii) three-month Euribor + 1.80 per cent. per annum	The higher of (i) zero and (ii) three-month Euribor + 2.55 per cent. per annum	The higher of (i) zero and (ii) three-month Euribor + 3.15 per cent. per annum	The higher of (i) zero and (ii) three-month Euribor + 4.35 per cent. per annum	N/A	N/A
<b>Expected ratings (S&amp;P/DBRS)</b>	'AAA'/'AAA'	'AA'/'AA'	'A+'/'A'	'A-' /'BBB'	'BB+'/'BB(hi)'	non-rated	non-rated
<b>First Optional Redemption Date</b>	July 2023	July 2023	July 2023				
<b>Final Maturity Date</b>	April 2051	April 2051	April 2051				

**RNHB B.V. as Seller**

Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meanings ascribed thereto in paragraph 1 (Definitions) of Schedule 1 (Glossary of Defined Terms) and the principles of interpretation set out in paragraph 2 (Interpretation) of Schedule 1 (Glossary of Defined Terms) shall apply to this Prospectus.

<b>Closing Date</b>	The Issuer will issue the Notes in the classes set out above on 28 September 2018 (or such later date as may be agreed between the Issuer, the Seller, the Arranger and the Joint Lead Managers).
<b>Underlying Assets</b>	The Issuer will make payments on the Notes from payments of principal and interest received from (i) a portfolio solely comprising mortgage loans originated by the Relevant Originator and secured over residential, commercial and mixed-use real estate properties located in The Netherlands as well as (ii) the Reserve Fund. The legal title to the receivables resulting

	from the relevant Mortgage Loans which are secured by the aforementioned assets will be assigned to the Issuer on the Closing Date. See section 5.2 ( <i>Description of Mortgage Loans</i> ).
<b>Security for the Notes</b>	The Noteholders will, together with the other Secured Creditors, benefit from security rights created in favour of the Security Trustee over, among other things, the Mortgage Receivables. See section 3.7 ( <i>Security</i> ).
<b>Denomination</b>	The Notes will have a minimum denomination of EUR 100,000 each and integral multiples of EUR 1,000 thereafter.
<b>Form</b>	The Notes will be in bearer form and, only in case Definitive Notes are issued, serially numbered with coupons and talons attached.
<b>Interest</b>	The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (together the " <b>Rated Notes</b> ") will carry a floating rate of interest as set out above, payable quarterly in arrear on each Notes Payment Date. The Class F Notes and the Class G Notes will not carry any interest. See Condition 7 ( <i>Interest</i> ).
<b>Redemption Provisions</b>	Payments of principal on the Rated Notes will be made quarterly in arrear on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with, the Conditions. The Notes will mature on the Notes Payment Date falling in April 2051. On the First Optional Redemption Date and each succeeding Optional Redemption Date and in certain other circumstances, the Seller will have the option to exercise the Seller Prepayment Call Option with a view to the Issuer redeeming all of the Notes (other than the Class G Notes). See Condition 8 ( <i>Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation</i> ).
<b>Subscription and Sale</b>	The Joint Lead Managers have agreed with the Issuer, subject to certain conditions precedent being satisfied, to jointly and severally subscribe for the Rated Notes at their respective issue price on the Closing Date. The Seller will, subject to certain conditions precedent being satisfied, on the Closing Date purchase the Class F Notes and the Class G Notes (the " <b>Retained Notes</b> ").
<b>Credit Rating Agencies</b>	Each of DBRS Ratings Limited and Standard & Poor's Global Ratings Europe Limited is established in the European Union and is registered under the CRA Regulation. As such each of DBRS Ratings Limited and Standard & Poor's Global Ratings Europe Limited is included in the list of credit rating agencies published by the European Securities & Markets Authority on its website in accordance with the CRA Regulation.
<b>Ratings</b>	<p>It is a condition precedent to issuance that credit ratings are assigned to the Rated Notes as set out above on or before the Closing Date. The ratings assigned by DBRS and S&amp;P address the likelihood of (a) full and timely payment of interest due on the Class A Notes on each Notes Payment Date on or before the Final Maturity Date, (b) full and ultimate payment of interest due on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and (c) full and ultimate payment of principal on the Rated Notes on or before the Final Maturity Date. The Class F Notes and the Class G Notes will not be rated.</p> <p>The assignment of ratings to the Rated Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Rated Notes may be reviewed, revised, suspended or withdrawn at any time. Any such review, revision, suspension or withdrawal could adversely affect the market value of the Notes.</p>

<b>Listing</b>	Application has been made to The Irish Stock Exchange plc trading as Euronext Dublin (" <b>Euronext Dublin</b> ") for the Rated Notes to be admitted to the official list and trading on its regulated market. The Class F Notes and Class G Notes will not be listed. This Prospectus has been approved by the Central Bank of Ireland as competent authority under Directive 2003/71/EC (as amended, the " <b>Prospectus Directive</b> "). The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Rated Notes which are to be admitted to trading on the regulated market of Euronext Dublin or other regulated markets for the purpose of Directive 2014/65/EU (as amended, " <b>MiFID II</b> ") in any Member State of the European Economic Area. This document constitutes a "prospectus" for the purpose of the Prospectus Directive.
<b>Eurosystem Eligibility</b>	The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear and Clearstream, Luxembourg as common safekeeper and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon, among other things, satisfaction of the Eurosystem eligibility criteria. The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.
<b>Limited recourse obligations</b>	The Notes will be limited recourse obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any of the other parties to the Transaction Documents. The Issuer will have limited sources of funds available. See section 1.1 ( <i>Risk Factors</i> ).
<b>Subordination</b>	The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are subordinated to the Class A Notes. The Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are subordinated to the Class B Notes. The Class D Notes, the Class E Notes and the Class F Notes are subordinated to the Class C Notes. The Class E Notes and the Class F Notes are subordinated to the Class D Notes. The Class F Notes are subordinated to the Class E Notes. Payments of principal on the Class G Notes shall be made from the Available Revenue Funds or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments, in each case, in accordance with the Revenue Priority of Payments and the Post-Enforcement Priority of Payments. For the avoidance of doubt, the Class G Notes cannot be paid until all other Classes of Notes have been paid. See section 3.1 ( <i>Terms and Conditions of the Notes</i> ) and section 4 ( <i>Credit Structure</i> ).
<b>Credit Enhancement</b>	<ul style="list-style-type: none"> <li>(i) Subordination of junior ranking Notes.</li> <li>(ii) Excess available revenue.</li> <li>(iii) The Reserve Fund.</li> </ul>
<b>Liquidity Support</b>	A reserve fund established in the form of a Reserve Ledger from the proceeds of the Class G Notes in respect of the Transaction Account (the " <b>Reserve Fund</b> ").
<b>Retention and Information Undertakings</b>	The Seller has undertaken to retain on an ongoing basis a material net economic interest of not less than five per cent. of the nominal value in the securitised exposures relating to the securitisation transaction described in this Prospectus in accordance with (i) Article 405 of the CRR, (ii) Article

	<p>51 of the AIFMR and (iii) Article 254 of the Solvency II Regulation (together the "<b>Retention Regulations</b>") (or comply in such other manner as allowed under the Retention Regulations) for as long as the Notes are outstanding. As at the Closing Date, such material net economic interest will be held by the Seller in accordance with the Retention Regulations by holding the Class F Notes and the Class G Notes and will comprise an interest in the first loss tranche within the meaning of Article 405(1)(d) of the CRR and, if necessary, other tranches having the same or a more severe risk profile than those sold to investors as required by the text of each of Article 405 of the CRR, Article 51 of the AIFMR and Article 254 of the Solvency II Regulation.</p> <p>The Cash Manager on behalf of the Issuer will prepare investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by the Seller. The investor reports can be obtained at the website: <a href="https://pivot.usbank.com">https://pivot.usbank.com</a>.</p> <p>In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to grant readily available access, subject to an appropriate confidentiality agreement having been executed and subject to any applicable data protection rules or other legal or regulatory restrictions, to all materially relevant information to investors with a view to such investors complying with the Retention Regulations applicable to them, which information can be obtained from the Seller upon request.</p> <p>Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying, in each case to the extent applicable to such investor, with the Retention Regulations and any corresponding national measures which may be relevant and none of the Issuer, the Seller, the Servicer, the Issuer Administrator, the Cash Manager, the Portfolio Advisor, the Paying Agent, the Issuer Account Bank, the Security Trustee, the Shareholder, the Directors, the Arranger and the Joint Lead Managers make any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.</p> <p>See section 3.4 (<i>Regulatory Compliance</i>) for more detail. For further information on the requirements referred to above and the corresponding risks (including the risks arising from the current absence of any corresponding final technical standards to assist with the interpretation of the requirements), see the risk factor entitled "<i>Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes</i>".</p>
<b>U.S. Risk Retention</b>	<p>The transaction described in this Prospectus is not intended to involve the retention by a sponsor of at least 5 per cent. of the credit risk of the securitised assets for purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "<b>U.S. Risk Retention Rules</b>"), but rather is intended to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. See the risk factor entitled "<i>Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes – U.S. risk retention</i>" for more detail.</p>
<b>Volcker Rule</b>	<p>Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules (the "<b>Volcker Rule</b>"), "banking entities" as defined under the Volcker Rule are prohibited from, among other things, (i) conducting proprietary trading activities in a wide variety of financial</p>

	<p>instruments and (ii) acquiring or retaining any ownership interest in, or acting as sponsor in respect of, "covered funds" as defined under the Volcker Rule as covered funds, except as may be permitted by an applicable exclusion or exception from the Volcker Rule.</p> <p>If the Issuer is deemed to be a covered fund, then in the absence of regulatory relief, the provisions of the Volcker Rule and its related regulatory guidance will prohibit or severely limit the ability of banking entities to hold an ownership interest in the Issuer or enter into certain financial transactions with the Issuer. This may adversely impact the Issuer and the market price and liquidity of the Notes.</p> <p>Each investor is responsible for analysing its own position under the Volcker Rule and any other similar laws and regulations, and none of the Issuer, the Seller, the Servicer, the Security Trustee, the Arranger, the Joint Lead Managers nor any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Volcker Rule to the Issuer or to such investor's investment in the Notes.</p>
<p><b>Prohibition of sales to EEA retail investors</b></p>	<p>The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("<b>MiFID II</b>"); or (ii) a customer within the meaning of Directive 2002/92/EC ("<b>IMD</b>"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "<b>PRIIPs Regulation</b>") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.</p>

**Investing in the Notes involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed in section 1.1 (*Risk Factors*) of this Prospectus.**

**The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.**

**Arranger**

**HSBC**

**Joint Lead Managers**

**HSBC**

**Barclays**

## IMPORTANT INFORMATION

### Important information

**THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE ARRANGER, THE JOINT LEAD MANAGERS, THE SELLER, THE SERVICER, THE SWAP COUNTERPARTY, THE ISSUER ACCOUNT BANK, THE REPLACEMENT SERVICER FACILITATOR OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (OTHER THAN THE ISSUER) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH PARTY (OTHER THAN THE ISSUER). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER), OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS THE TRANSACTION PARTIES (OTHER THAN THE ISSUER).**

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY ANY OF THE TRANSACTION PARTIES THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE BY THE CENTRAL BANK OF IRELAND, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER, THE ARRANGER AND THE JOINT LEAD MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. SEE SECTION 3.3 (*SUBSCRIPTION AND SALE*).

THE ISSUER IS RESPONSIBLE FOR ALL INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE ISSUER'S 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. THE ISSUER ACCEPTS RESPONSIBILITY ACCORDINGLY.

IN ADDITION TO THE ISSUER, THE SELLER AND THE SWAP COUNTERPARTY ARE RESPONSIBLE FOR THE INFORMATION REFERRED HEREAFTER. THE SELLER IS RESPONSIBLE SOLELY FOR THE INFORMATION CONTAINED IN THE FOLLOWING SECTIONS OF THIS PROSPECTUS: RETENTION AND DISCLOSURE REQUIREMENTS UNDER THE CRR IN SECTION 1.4 (*NOTES*), 1.6 (*PORTFOLIO INFORMATION*), 2.4 (*SELLER/ORIGINATOR*), 3.4 (*REGULATORY COMPLIANCE* (OTHER THAN UNDER THE HEADING "INVESTOR REPORTS")), 5.1 (*STRATIFICATION TABLES*), 5.2 (*DESCRIPTION OF MORTGAGE LOANS*), 5.3 (*ORIGINATION*) AND ANY OTHER DISCLOSURE IN THIS PROSPECTUS IN RESPECT OF RETENTION REGULATIONS. THE SERVICER IS RESPONSIBLE SOLELY FOR THE INFORMATION CONTAINED IN SECTION 2.5 (*SERVICER*). THE SWAP COUNTERPARTY IS RESPONSIBLE SOLELY FOR THE INFORMATION CONTAINED IN THE SECTION 2.7 (*SWAP COUNTERPARTY*). TO THE BEST OF THEIR KNOWLEDGE AND BELIEF (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE) THE INFORMATION CONTAINED IN SUCH SECTIONS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. EACH OF THE SELLER, THE

SERVICER AND THE SWAP COUNTERPARTY ACCEPTS RESPONSIBILITY ACCORDINGLY. NEITHER THE SELLER NOR THE SERVICER NOR THE SWAP COUNTERPARTY IS RESPONSIBLE FOR INFORMATION CONTAINED IN ANY SECTION OTHER THAN THE RELEVANT SECTIONS MENTIONED ABOVE, AND CONSEQUENTLY DOES NOT ASSUME ANY LIABILITY WITH RESPECT TO THE INFORMATION CONTAINED IN ANY OTHER SECTION. ANY INFORMATION FROM THIRD PARTIES CONTAINED AND SPECIFIED AS SUCH IN THE AFOREMENTIONED SECTIONS TO THE EXTENT RELATING TO IT HAVE BEEN ACCURATELY REPRODUCED AND AS FAR AS THE ISSUER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY SUCH THIRD PARTIES, DOES NOT OMIT ANYTHING LIKELY TO RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE). THE ISSUER ACCEPTS RESPONSIBILITY ACCORDINGLY.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAW OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION AND INCLUDE NOTES IN BEARER FORM THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). SEE SECTION 3.3 (*SUBSCRIPTION AND SALE*). THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING ON ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE U.S. RISK RETENTION RULES, THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "U.S. PERSON" IN REGULATION S UNDER THE SECURITIES ACT, AND PERSONS WHO ARE NOT "U.S. PERSONS" UNDER REGULATION S UNDER THE SECURITIES ACT MAY BE U.S. PERSONS UNDER THE U.S. RISK RETENTION RULES. EACH PURCHASER OF NOTES, INCLUDING ANY BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT HAS OBTAINED A PRIOR WRITTEN CONSENT OF THE SELLER), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, OR, IN THE CASE OF A DISTRIBUTOR, WILL ONLY DISTRIBUTE SUCH NOTE TO A PERSON WHO IS NOT A U.S. RISK RETENTION PERSON, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

NONE OF THE ISSUER, THE ARRANGER OR THE JOINT LEAD MANAGERS MAKE ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER, THE SELLER AND THE OTHER SOURCES IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN BY THE ARRANGER OR THE JOINT LEAD MANAGERS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION AND THE ARRANGER AND THE JOINT LEAD MANAGERS HAVE NOT SEPARATELY VERIFIED SUCH INFORMATION. NONE OF THE ARRANGER OR THE JOINT LEAD MANAGERS MAKE ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS OR FOR ANY OTHER STATEMENT, MADE OR PURPORTED TO BE MADE BY THE ARRANGER OR THE JOINT LEAD

MANAGERS OR ON THEIR BEHALF IN CONNECTION WITH THE ISSUER, THE SELLER, OR THE ISSUE AND OFFERING OF THE NOTES. EACH OF THE ARRANGER AND THE JOINT LEAD MANAGERS ACCORDINGLY DISCLAIMS ALL AND ANY LIABILITY WHETHER ARISING IN TORT OR CONTRACT OR OTHERWISE WHICH IT MIGHT HAVE IN RESPECT OF THIS PROSPECTUS OR ANY SUCH STATEMENT.

NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT MADE IN CONNECTION WITH THE OFFERING OF THE NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE A REPRESENTATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE OF THIS PROSPECTUS. NEITHER THE ISSUER NOR ANY OTHER PARTY HAS ANY OBLIGATION TO UPDATE THIS PROSPECTUS, AFTER COMPLETION OF THE OFFER OF THE NOTES.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS 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 ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES. THIS PROSPECTUS SHOULD BE REVIEWED BY EACH PROSPECTIVE PURCHASER AND ITS LEGAL, REGULATORY, TAX, ACCOUNTING, INVESTMENT AND OTHER ADVISORS. PROSPECTIVE PURCHASERS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE NOTES CONSTITUTE LEGAL INVESTMENTS FOR THEM.

NONE OF THE JOINT LEAD MANAGERS, THE ARRANGER AND THE SELLER HAS EXPRESSLY UNDERTAKEN TO REVIEW THE FINANCIAL CONDITION OR AFFAIRS OF THE ISSUER DURING THE LIFE OF THE NOTES. INVESTORS SHOULD REVIEW THE INVESTOR REPORTS AND THE MOST RECENT FINANCIAL STATEMENTS FOR THE ISSUER WHEN DECIDING WHETHER OR NOT TO PURCHASE ANY NOTES.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA ("**EEA**"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF MIFID II; OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC ("**IMD**"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC (AS AMENDED, THE "**PROSPECTUS DIRECTIVE**"). CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "**PRIIPS REGULATION**") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – SOLELY FOR THE PURPOSES OF THE PRODUCT APPROVAL PROCESS OF EACH OF THE JOINT LEAD MANAGERS (COLLECTIVELY, THE "**MANUFACTURERS**"), THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN MIFID II; AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A "**DISTRIBUTOR**") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS' TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES

(BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

**BENCHMARK REGULATION** - AMOUNTS PAYABLE UNDER THE NOTES MAY BE CALCULATED BY REFERENCE TO EURIBOR, WHICH IS PROVIDED BY EUROPEAN MONEY MARKETS INSTITUTE. AS AT THE DATE OF THIS PROSPECTUS, THE EUROPEAN MONEY MARKETS INSTITUTE DOES NOT APPEAR ON THE REGISTER OF ADMINISTRATORS AND BENCHMARKS ESTABLISHED AND MAINTAINED BY THE EUROPEAN SECURITIES AND MARKETS AUTHORITY ("**ESMA**") PURSUANT TO ARTICLE 36 OF THE BENCHMARK REGULATION (REGULATION (EU) 2016/1011) (THE "**BMR**").

AS FAR AS THE ISSUER IS AWARE, THE TRANSITIONAL PROVISIONS IN ARTICLE 51 OF THE BMR APPLY, SUCH THAT THE EUROPEAN MONEY MARKETS INSTITUTE IS NOT CURRENTLY REQUIRED TO OBTAIN AUTHORISATION/REGISTRATION (OR, IF LOCATED OUTSIDE THE EUROPEAN UNION, RECOGNITION, ENDORSEMENT OR EQUIVALENCE).

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.

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## 1. 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, 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 as a whole 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 is brought before a competent court, the plaintiff investor will, subject to the legal requirement of the relevant member state of the European Economic Area, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability with respect to this overview will only attach to the Issuer if this overview is misleading, incorrect or inconsistent when read in such manner as indicated above.*

*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 1 (Definitions) of Schedule 1 (Glossary of Defined Terms) set out in this Prospectus.*

*The principles of interpretation set out in paragraph 2 (Interpretation) of Schedule 1 (Glossary of Defined Terms) in this Prospectus shall apply to this Prospectus.*

## 1.1 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 not known to the Issuer or not deemed to be material and the Issuer does not represent that the statements below regarding the risks of investing in 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.*

### (a) THE NOTES

#### **Introduction**

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with any investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Notes in a fiduciary capacity, for the beneficiary). In particular, investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as underlying securities for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes.

#### **The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) 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 potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices, securities, assets and/or financial markets; and
- (v) be 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 its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **The Notes are obligations solely of the Issuer**

The Notes will be solely the obligations of the Issuer. The Notes will not represent an obligation or be the responsibility of the Seller, the Arranger, the Joint Lead Managers, the Portfolio Advisor, the holder of the Retained Notes, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Cash Manager, the Swap Counterparty, the Security Trustee, the Issuer Account Bank, the Replacement Servicer Facilitator or any other party to the Transaction Documents, their officers, members, directors, employees, security holders or incorporators, other than the Issuer. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Notes and such obligations will not be the obligations of its officers, members, directors, employees, security holders or incorporators.

None of the Seller, the Arranger, the Joint Lead Managers, the Portfolio Advisor, the holder of the Retained Notes, the Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Cash Manager, the Swap Counterparty, the Security Trustee, the Issuer Account Bank, the Replacement Servicer Facilitator or any other party to the Transaction Documents will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Transaction Documents, such as the payments due under the Swap Agreement by the Swap Counterparty).

### **The Issuer has limited sources of funds to meet its obligations and its obligations are limited recourse obligations**

The Issuer's ability to meet its obligations under the Notes will depend on the realisable value of the Mortgage Receivables and the amount of principal and interest (or other revenue) proceeds generated by the Mortgage Receivables and timely receipt thereof. In addition, the Issuer's ability to meet its obligation under the Notes will depend on amounts received from the Swap Counterparty and the Issuer Account Bank, amounts standing to the credit of the Reserve Ledger, amounts received from the Seller pursuant to a repurchase and re-assignment of Mortgage Receivables under the Mortgage Receivables Purchase Agreement and the receipt by the Issuer of interest in respect of the balances standing to the credit of the relevant Issuer Accounts and, in each case, timely receipt thereof.

The Issuer will not have any other funds available to it to meet its obligations under the Notes or any other payments ranking in priority to, or *pari passu* with, the Notes. All obligations of the Issuer to the Noteholders are limited in recourse as set out in the Conditions, which include a limitation to the effect that Noteholders will have a claim (*verhaalsrecht*) in respect of the Issuer's assets (including the Mortgage Receivables, the Issuer Account Rights and the Issuer Rights) subject to the Security only. There is no assurance that there will be sufficient funds to enable the Issuer to pay interest or repay principal in whole or in part in respect of any Class of Notes on the due date therefor. If an Enforcement Notice has been delivered and the Security is enforced, the Issuer's assets that are subject to the Security may not be sufficient to meet the claims of all the Secured Creditors, including the Noteholders. In such case, the Noteholders will have no further claims against the Issuer or the Security Trustee in respect of outstanding amounts under the Notes. In addition, the Noteholders and the other Secured Creditors are subject to non-petition provisions.

There is a risk that the Issuer applies funds to make payments even though it may be expected that there will be insufficient funds to redeem the Notes in full. To mitigate this risk in respect of funds that might otherwise be applied, for example, to pay principal on the Class B Notes, the Issuer (or Issuer Administrator on its behalf) is required to maintain a Principal Deficiency Ledger in which Realised Losses and Principal Addition Amounts are administered. To the extent any amount is debited to the relevant sub-ledger of the Principal Deficiency Ledger, (i) such debit entries in the relevant sub-ledger of the Principal Deficiency Ledger are required to be eliminated before lower ranking obligations in the Revenue Priority of Payments are paid or provided for and (ii) this will give rise to a Notional Principal Amount Outstanding of the Notes (as opposed to a Principal Amount Outstanding), which may result in a reduced payment by the Issuer on redemption of a Class of Notes and a principal loss on such Class of Notes. Any debit entries in a sub-ledger of the Principal Deficiency Ledger will be made to the sub-ledger of the Principal Deficiency Ledger in reverse alphabetical order in an amount up to the Principal Amount Outstanding of the relevant Class of Notes.

### **Reliance of the Issuer on third parties**

The ability of the Issuer to make payments under the Notes is subject to general credit risks, including credit risk on Borrowers. Third parties that owe the Issuer money, securities or other assets may not pay

or perform under their obligations owed to the Issuer. These parties include borrowers under loans, trading counterparties, counterparties under swaps and other derivative contracts, agents and (other) financial intermediaries, including the Seller, the Cash Manager, the Portfolio Advisor and the Issuer Account Bank.

In addition, the Issuer has entered into agreements with a number of third parties, which have agreed to perform services for the Issuer. In particular, but without limitation, the Servicer has been appointed to, among other things, service the Mortgage Receivables and the Issuer Administrator has been appointed to provide certain administration services to the Issuer. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the value of the Mortgage Receivables or any part thereof may be affected, or, if the Security were to be enforced (and, for example, the Mortgage Receivables or any part thereof cannot be sold), the ability of the Issuer to make payments may be affected. For instance, if the Servicer has failed to adequately administer the Mortgage Receivables, this may lead to higher incidences of non-payment or default by Borrowers, which would affect the value of the Mortgaged Asset to which the Security Trustee (acting as creditor of the Parallel Debt for the benefit of the Secured Creditors, including the Noteholders) has recourse. The Issuer is also reliant on the Swap Counterparty to hedge its payment obligations in respect of interest due and payable under the Rated Notes.

These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons. If any of the counterparties of the Issuer does not perform its obligations owed to the Issuer this may result in the Issuer not being able to meet its obligations under the Notes. Furthermore, the Issuer and the Paying Agent will not have any responsibility for the proper performance by Euroclear, Clearstream, Luxembourg or its participants of their obligations under their respective rules, operating procedures and calculation methods.

#### **Risk that the Issuer will not redeem the Notes on an Optional Redemption Date**

There can be no assurance that the Issuer will redeem any Class or Classes of Notes (other than the Class G Notes which, for the avoidance of doubt, would not be subject to optional redemption on or after the First Optional Redemption Date) on the First Optional Redemption Date or on any subsequent Optional Redemption Date pursuant to Condition 8 (*Final Redemption, Mandatory redemption in part, Optional Redemption, Purchase and Cancellation*) even though the interest margin in respect of the Rated Notes will increase as of the First Optional Redemption Date. Unless the Seller is insolvent at the relevant time, the exercise of such right will, among other things, depend on the Seller exercising the Seller Prepayment Call Option and the Seller having sufficient funds available to pay the relevant purchase price for the Mortgage Receivables to the Issuer to enable the Issuer to redeem the Notes. The Issuer shall first offer such Mortgage Receivables for sale to the Seller. The purchase price of the Mortgage Receivables will be calculated as described in section 6.1 (*Purchase, Repurchase and Sale*). However, there is no guarantee that such a sale of Mortgage Receivables at such or any other price will take place. If not, the Issuer may not be able to fully perform its obligations under the Notes thereafter.

#### **Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes**

Pursuant to the Priorities of Payments, the more junior Classes of Notes are subordinated in right of payment of principal and interest to more senior Classes of Notes. The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are subordinated to the Class A Notes. The Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are subordinated to the Class B Notes. The Class D Notes, the Class E Notes and the Class F Notes are subordinated to the Class C Notes. The Class E Notes and the Class F Notes are subordinated to the Class D Notes. The Class F Notes are subordinated to the Class E Notes. Principal amounts due under the Class G Notes shall be made from the Available Revenue Funds only in accordance with the Revenue Priority of Payments and rank junior to, amongst others, payment of interest on the Rated Notes. For the avoidance of doubt, the Class G Notes cannot be paid until all other Classes of Notes have been paid.

Consequently, holders of a Class of Notes with a lower payment priority bear a greater risk than any Class of Notes with a higher payment priority. To the extent set forth in Condition 4 (*Ranking*), payments on any Class of Notes are subordinated to payments of higher ranking Classes of Notes as more fully described herein under sections 3.1 (*Terms and Conditions of the Notes*) and 4 (*Credit Structure*). There

is no assurance that these subordination arrangements will protect the holders of the higher ranking Classes of Notes from any or all risks of loss.

The obligations of the Issuer in respect of any Notes of the same Class will rank in seniority and security *pari passu* among themselves and as to payment of interest and principal, behind the obligations of the Issuer in respect of certain items set out in the Revenue Priority of Payments, the Redemption Priority of Payments as well as, as applicable, the Post-Enforcement Priority of Payments. To the extent that the Available Principal Funds are insufficient to redeem each Class of Notes (other than Class G Notes) in full in accordance with the Conditions for a period of 14 calendar days or the Available Revenue Funds are insufficient to pay interest when due in accordance with the Conditions for a period of 14 calendar days (taking into account any permitted deferral of interest in accordance with Condition 7.12 (*Interest Deferral on the Rated Notes (other than the Class A Notes)*)) in respect of any Class of Rated Notes other than the Class A Notes, this will constitute an Event of Default in accordance with Condition 12 (*Events of Default*). If, on any date, the Security is to be enforced and the proceeds of the enforcement of all such Security would be insufficient to redeem a Class of Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of such Class of Notes. Any Class of Notes ranking subordinated to the Class of Notes in respect of which the proceeds of the enforcement are insufficient to be redeemed in full, will not be redeemed at all.

#### **Effect of a shortfall in Available Revenue Funds on a Notes Payment Date**

If the Issuer has insufficient Available Revenue Funds on a Notes Payment Date to enable the Issuer to pay in full all interest then falling due and payable on the Class A Notes, an Event of Default will occur, which may result in the Security Trustee enforcing the Security. However, no such Event of Default will occur if the Issuer fails to pay the full amount of interest calculated as being due on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes and instead those amounts of interest due on such classes of Notes shall be deferred. No assurance can be given that the Issuer will have sufficient resources on a Notes Payment Date or the date on which the Notes are redeemed in accordance with the Conditions to pay any amount of deferred interest.

Should the Issuer have insufficient Available Revenue Funds on a Notes Payment Date to pay interest on the Most Senior Class of Rated Notes then outstanding, the Issuer is required to add an amount of principal receipts equal to the Principal Addition Amount to the Available Revenue Funds. If the Issuer adds an amount equal to the Principal Addition Amount to the Available Revenue Funds, the relevant sub-ledger of the Principal Deficiency Ledger will be debited in reverse alphabetical order for such amount. As a result hereof and in addition to any debit on such relevant sub-ledger of the Principal Deficiency Ledger relating to any Realised Losses in such case, the Notional Principal Amount Outstanding of a Class of Notes will be reduced and could result in a reduced payment by the Issuer on redemption of such Class of Notes and a principal loss on such Class of Notes. Furthermore, the transfer of any Principal Addition Amount from the Available Principal Funds to the Available Revenue Funds will result in less Available Principal Funds being available for application for any payments of principal on such Notes Payment Date.

#### **Deferral of interest on a Class of Rated Notes (other than the Class A Notes)**

To the extent that interest payments on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes are not made on a Notes Payment Date, the payment of such unpaid interest amounts will be deferred and will continue to earn interest (such interest on any amount of deferred interest, "**Additional Interest**") at the interest rate applicable to such Notes in accordance with the Conditions.

Any failure to pay scheduled interest on the Rated Notes (other than the Class A Notes) at any time due to there being insufficient funds available to pay such interest in accordance with the Revenue Priority of Payments, will not constitute an Event of Default until the Final Maturity Date or any other Notes Payment Date on which the Notes are redeemed in full, whereupon any such amounts of Deferred Interest and Additional Interest become due and payable in full.

**Risk of early redemption as a result of the exercise of the Seller's Clean-Up Call Option, Seller Prepayment Call Option, the Risk Retention Regulatory Call Option or the Issuer's option to redeem the Notes early upon the occurrence of a change in tax law**

Should the Seller exercise its Clean-Up Call Option, the Seller Prepayment Call Option or Risk Retention Regulatory Call Option more than 30 calendar days prior to the immediately following Notes Payment Date, the Issuer will, on such immediately following Notes Payment Date following the date of such exercise, redeem all (but not some only) of the Notes (other than the Class G Notes) by applying the proceeds of the sale of the Mortgage Receivables towards redemption of such Notes in accordance with Condition 8.7 (*Redemption – Clean-Up Call Option*), Condition 8.8 (*Redemption – Seller Prepayment Call*) or Condition 8.9 (*Redemption – Risk Retention Regulatory Call*), respectively and subject to Condition 4 (*Ranking*) on such Notes Payment Date, whether falling before or after the First Optional Redemption Date in the case of the Clean-Up Call Option or Risk Retention Regulatory Call Option. If the date on which the Seller exercises the Clean-Up Call Option, Risk Retention Regulatory Call Option or the Seller Prepayment Call Option falls less than 30 calendar days prior to the immediately following Notes Payment Date, the Issuer shall redeem all (but not some only) of the Notes (other than the Class G Notes) on the second Notes Payment Date following the date on which the Seller exercises the Clean-Up Call Option, the Seller Prepayment Call Option or the Risk Retention Regulatory Call Option. The Issuer will have the option to redeem all of the Notes (other than the Class G Notes) if at any time the Issuer would be required to make any deduction or withholding on account of Tax or upon the occurrence of a change in tax law in accordance with Condition 8.10 (*Optional Redemption – Tax Call*). If the Seller or the Issuer exercises any of such options, the Notes will be redeemed prior to the Final Maturity Date. Upon any such redemption, Noteholders may not be able to find suitable alternative investments that offer the same or a better yield than the Notes.

**Risk of early redemption as a result of the possibility for the Seller to refinance the Portfolio for a lower interest rate than offered on the Notes**

In the event that the Seller has the opportunity to refinance the Portfolio for a lower interest rate than offered on the Notes, the Seller may decide to exercise the Seller Prepayment Call Option and require the Issuer to redeem the Notes (other than the Class G Notes) in accordance with Condition 8.8 (*Redemption – Seller Prepayment Call*). Upon any such redemption, Noteholders may not be able to find suitable comparable alternative investments that offer the same or a better yield than the Notes.

**Yield and prepayment risk**

The yield to maturity of the Notes will depend on, among other things, the amount and timing of payments of principal and interest on the Mortgage Loans (including full and partial prepayments, foreclosure proceeds, repurchases by the Seller under the Mortgage Receivables Purchase Agreement due to breaches of representations and warranties or changes to the Mortgage Loans), the amount from time to time required to be paid by the Issuer pursuant to items (a) up to and including (d) of the Revenue Priority of Payments and the price paid by the Noteholders of each Class. The yield to maturity of the Notes of any Class may be adversely affected by, among other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans. Furthermore, if a Further Advance has been granted and the conditions for purchasing the related Further Advance Receivable are not met or an amendment is made to a Mortgage Loan which is not a Permitted Variation or a Product Switch not in compliance with the Asset Conditions, then the Seller will be obliged to repurchase the related Mortgage Receivable as well as any Mortgage Receivables relating to Mortgage Loans made to the relevant Portfolio Mortgage Loan Group or otherwise to the same Borrower. This may result in the repurchase proceeds payable by the Seller being used as Principal Funds to pay down the Notes which, in turn, may result in the Notes being redeemed prior to their expected maturity and the Noteholders may not be able to achieve the anticipated return on their investment in the Notes.

In addition, the rate of prepayment of Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing interest rates, changes in tax law (including, but not limited to, amendments to mortgage interest tax deductibility), changes in mortgage lender conduct codes and prevailing underwriting and servicing criteria and changes in local and regional economic conditions. No certainty can be given as to the level of prepayment that the Mortgage Loans may experience. A variation in the level of prepayments by the Borrowers could result in an average life of the Notes which is shorter or longer than anticipated. In certain scenarios, the Notes may not be paid

in full and may be subject to a partial or a complete loss of invested capital or, if prepaid, will not achieve the anticipated return on investment.

### **Risks relating to benchmarks**

Euribor and other interest rates or other types of rates and indices which are deemed to be "benchmarks" pursuant to the Benchmark Regulation are the subject of ongoing regulatory reform. Following the implementation of such reform, the manner of administration of benchmarks will change. This could result in the benchmarks performing differently or being eliminated entirely. In addition, there could be other consequences, including those which cannot be predicted.

Investors should note the various circumstances in which a modification may be made to the Trust Deed or the Conditions or any other Transaction Documents for the purpose of changing the Screen Rate or such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a "**Euribor Modification**"). These circumstances broadly relate to the disruption or discontinuation of Euribor, but also specifically include, *inter alia*, any public statements by the administrator of Euribor or certain regulatory bodies that Euribor will be discontinued or may no longer be used, and a Euribor Modification may also be made if the Issuer (acting on the advice of the Servicer or the Portfolio Advisor) reasonably expects any of these events to occur within six months of the proposed effective date of such modification, subject to certain conditions. There can be no assurance that any such amendment will mitigate the interest rate risk or result in an effective replacement methodology for determining the reference rate on the Notes. Investors should note the various circumstances in which a Euribor Modification may be made, which are specified in paragraph (i)(A) of Condition 16.7 (*Additional Right of Modification in Relation to Euribor Cessation*) and should also note the various options permitted as a "Euribor Replacement Rate" specified in paragraph (i)(B) of Condition 16.7.

At this time, it is not possible to predict what the effect of these developments will be or what the impact on the value of the Notes will be. More generally, any of the above changes or any other consequential changes to Euribor or any other "benchmark" as a result of international and national reforms or further proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the liquidity and value of, and return on, any Notes based on or linked to a "benchmark".

### **Return on investment in the Notes will be affected by charges incurred by investors**

An investor's total return on an investment in the 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.

### **Risk related to absence of Mortgage Reports**

Pursuant to the Cash Management Agreement, if the Cash Manager does not receive a Mortgage Report from the Servicer with respect to a Mortgage Calculation Period, the Cash Manager shall have the right (without liability for so doing) to calculate and determine the Available Revenue Funds, the Available Principal Funds and all amounts payable under the Transaction Documents using the three most recent Mortgage Reports available to it in respect of three Mortgage Calculation Periods in accordance with the Cash Management Agreement.

When the Cash Manager receives the Mortgage Reports relating to the Mortgage Calculation Period for which such calculations and payments resulting therefrom have been made, it will make reconciliation calculations and reconciliation payments as set out in the Conditions and the Cash Management Agreement. Any (i) calculations properly done in accordance with the Cash Management Agreement, and (ii) payments made and payments 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 the Cash Management Agreement, shall be deemed to be done, made or not made, in accordance with the provisions of the Transaction Documents and will in themselves not lead to an event of default or any other default or termination event under any of the Transaction Documents or breach of any triggers

included therein (including but not limited to Assignment Notification Events and Pledge Notification Events). Therefore there is a risk that the Issuer pays out less or more interest, if any, and, respectively, less or more principal on the Notes than would have been payable if Mortgage Reports were available in each case subject or pending to subsequent reconciliation and the subsequent availability of Available Revenue Funds and/or Available Principal Funds.

### **Certain decisions of Noteholders**

Following the occurrence of an Event of Default, the Security Trustee may deliver an Enforcement Notice and institute enforcement proceedings at its discretion (as set out in more detail in Conditions 12 (*Events of Default*) and 13 (*Enforcement*)), and is bound to do so if so requested by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes or directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes. Such Extraordinary Resolution will be binding on all Noteholders and, where relevant, Secured Creditors, including (i) Noteholders who did not attend and vote at the relevant meeting, (ii) Noteholders who voted in a manner contrary to the majority and (iii) Noteholders that are not holders of the Most Senior Class of Notes. Notwithstanding the occurrence of an Event of Default which is continuing and if so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes or directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, the Security Trustee shall not be obliged to deliver an Enforcement Notice unless (i) in case of the occurrence of any of the events or circumstances mentioned in Condition 12.1.2 (*Breach of other obligations*), the Security Trustee has certified in writing that the occurrence of such event or circumstance is in its opinion materially prejudicial to the interests of the Noteholders and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

In respect of any Reserved Matter, the Security Trustee may only concur with the Issuer and any other relevant party in making any modification or amendments which constitutes a Reserved Matter following an Extraordinary Resolution of the Noteholders of all Classes of Notes.

### **Modifications without Noteholders' or other Secured Creditors' consent**

The Security Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor (other than the Swap Counterparty in respect of certain modifications, amendments, consents and waivers), concur with the Issuer and any other relevant parties in making:

- (i) any modification to the Conditions, the Transaction Documents (other than in respect of a Reserved Matter or any provisions of the Transaction Documents referred to in the definition of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Security Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes and provided a Credit Rating Agency Confirmation is obtained; or
- (ii) any modification to the Conditions or the Transaction Documents in relation to which its consent is required, if, in the opinion of the Security Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error.

In addition, the Security Trustee may, without the consent of the Noteholders or any other Secured Creditor (other than the Swap Counterparty in respect of certain modifications, amendments, consents and waivers) concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the Transaction Documents or the Notes (including an Event of Default) if, in the opinion of the Security Trustee, the interests of the holders of the Most Senior Class of Notes will not be materially prejudiced by such waiver.

Pursuant to the terms of the Trust Deed, the Security Trustee shall, without the consent or sanction of the Noteholders or any other Secured Creditor (other than any Secured Creditor party to the relevant Transaction Document to be amended) be entitled to concur with the Issuer in making any modifications to the Conditions, the relevant Transaction Documents and/or the Notes (other than in respect of a Reserved Matter) that are requested in writing by the Issuer in order to enable the Issuer to:

- (i) open or establish a swap collateral account for the purpose of receiving collateral from a Swap Counterparty or to ensure the novation and/or transfer from the Swap Counterparty to a successor in accordance with the provisions of the Swap Agreement;
- (ii) maintain a listing of the Rated Notes on the Stock Exchange;
- (iii) comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (iv) remedy any manifest non-compliance with the Retention Regulations after the Closing Date, as a result of any change thereto or as a result of the adoption of regulatory technical standards in relation to the Retention Regulations or any other risk retention legislation or regulations or official guidance in relation thereto, in each case applying in respect of the transaction described in this Prospectus;
- (v) comply with any requirements which apply to it under Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**");
- (vi) comply with FATCA or ensure that any other Transaction Party can comply with FATCA in relation to the Transaction Documents and the Notes;
- (vii) comply with any requirement to appoint an entity to carry out any disclosure or reporting requirements under the CRA Regulation; and
- (viii) comply with any changes in the requirements of the CRA Regulation after the Closing Date including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto,

(each a "**Proposed Amendment**") and subject to (a) receipt by the Security Trustee of a certificate of the Issuer (which certificate the Security Trustee shall be entitled to rely on without further investigation) certifying to the Security Trustee that the requested Proposed Amendments are to be made solely for the purpose of enabling the Issuer to satisfy any requirements under the relevant criteria or regulation (if applicable) and have been prepared solely to such effect and in the case of a Proposed Amendment under paragraph (iv) above, shall include a memorandum addressed to the Security Trustee for the benefit of Noteholders by a reputable law firm confirming that the Proposed Amendment seeks to address the non-compliance set out in paragraph (iv) above. The Security Trustee shall be entitled to rely on such certificate and memorandum without enquiry or liability and (b) the Issuer obtaining Credit Rating Agency Confirmation.

The Security Trustee shall not be obliged to agree to any modification which, in the reasonable opinion of the Security Trustee, would have the effect of (a) exposing the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights or protections, of the Security Trustee in the Transaction Documents and/or the Notes.

**Certain modifications, amendments, consents and waivers in respect of the Conditions and Transaction Documents may only be made with the Swap Counterparty's prior consent**

The Swap Counterparty's prior consent is required for modifications, amendments, consents and waivers by the Security Trustee in respect of any Condition or any Transaction Document if: (i) it would cause, in the reasonable opinion of the Swap Counterparty (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Swap Transaction under the Swap Agreement; (ii) it would result in any of the Issuer's obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer's obligations to any other Secured Creditor; or (iii) 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 the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such modification or amendment not been made unless either (x) the Swap Counterparty has provided its prior written consent, such consent not to

be unreasonably withheld or delayed or (y) the Swap Counterparty has failed to confirm in writing to the Security Trustee that it has declined to provide its consent or to make the determinations required to be made by it under (i) or (iii) above, in each case, within 15 Business Days of written request by the Issuer.

Furthermore, the Security Trustee requires the prior written consent of the Swap Counterparty before it provides its written consent to an amendment or waiver of certain negative undertakings of the Issuer related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Rated Notes in circumstances not expressly permitted or provided for in the Transaction Documents as at the Closing Date. The Swap Counterparty may not unreasonably withhold or delay such consent and no such consent will be required if the Swap Counterparty has failed either (x) to provide its written consent or (y) to confirm in writing to the Security Trustee that it has declined to provide its consent, in each case within 15 Business Days of written request by the Issuer. Therefore, there is a risk to Noteholders that the Swap Counterparty effectively can veto certain proposed modifications, amendments or consents or waivers in respect of the Conditions and the Transaction Documents particularly if the proposed modification, amendment or waiver is intended to lead to a redemption of the Rated Notes prior to the Final Maturity Date.

**Credit ratings may not reflect all risks and credit rating downgrades or withdrawals may reduce the market value of the Notes**

It is a condition precedent to issuance that, upon issue, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes be assigned (i) an 'AAA', 'AA', 'A', 'BBB' and 'BB(hi)' rating, respectively by DBRS and (ii) 'AAA', 'AA', 'A+', 'A-' and 'BB+' rating, respectively by S&P. The Class F Notes and the Class G Notes will not be rated.

Any credit ratings assigned to the Rated Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Rated Notes and the ability of the Issuer to make payments under the Rated Notes (including but not limited to market conditions and funding related and operational risks inherent to the business of the Issuer). A credit rating is not a recommendation to buy, sell or hold securities. There is no assurance that a credit rating will remain for any given period of time or that a credit rating will not be reviewed, revised, suspended, lowered or withdrawn entirely by DBRS or S&P, as the case may be, if, in its judgement, circumstances in the future so warrant.

In the event that a credit rating assigned to the Rated Notes is subsequently reviewed, revised, suspended, lowered or withdrawn entirely for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Rated Notes, and therefore the Issuer may be adversely affected, the market value of the Rated Notes is likely to be adversely affected and/or the ability of the Noteholders to sell Rated Notes and/or the ability of the Issuer to make payments under the Rated Notes may be adversely affected.

The ratings assigned by DBRS and S&P address the likelihood of (a) full and timely payment of interest due on the Class A Notes on each Notes Payment Date on or before the Final Maturity Date, (b) the full and ultimate payment of interest due on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and (c) full and ultimate payment of principal on the Rated Notes on or before the Final Maturity Date.

*CRA Regulation*

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and

ratings referred to in this Prospectus is set out in the table at the front of this Prospectus. For the avoidance of doubt, any references to "ratings" or "rating" in this Prospectus are to ratings assigned by the Credit Rating Agencies.

### **Risk related to unsolicited credit ratings on the Notes**

Other credit rating agencies that have not been engaged (or have initially been engaged and not subsequently retained) by (or on behalf of) the Issuer to rate the Notes may issue unsolicited credit ratings on the Notes at any time. Any unsolicited credit ratings in respect of the Rated Notes may differ from the credit ratings expected to be assigned by DBRS or S&P and may not be reflected in this Prospectus. Issuance of an unsolicited credit rating which is lower than the credit ratings assigned by DBRS or S&P in respect of the Rated Notes may adversely affect the market value and/or the liquidity of the Notes.

### **Limitations of any Credit Rating Agency Confirmation**

The Security Trustee shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to the Notes, the Trust Deed, the Security Documents or any of the other Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders if a Credit Rating Agency Confirmation has been given in respect of such exercise. However, a Credit Rating Agency Confirmation does not indicate that the action taken by the Security Trustee would not be prejudicial to the interests of the Noteholders.

Noteholders should be aware that, notwithstanding the above paragraph, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled in respect of any event to rely on a Credit Rating Agency Confirmation or confirmation that the then current rating of the relevant Notes would not thereby be adversely affected, it should be noted that this does not impose or extend any actual or contingent liability for the Credit Rating Agencies to the Security Trustee, the Noteholders or any other person or create any legal relations between the Credit Rating Agencies and the Security Trustee, the Noteholders or any other person whether by way of contract or otherwise. In addition, Noteholders should be aware that the definition of Credit Rating Agency Confirmation also covers, among other things, the circumstances where no positive or negative confirmation or indication is forthcoming from any Credit Rating Agency provided that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency. In such circumstance a Credit Rating Agency Confirmation will, for the purpose of the relevant Condition or Transaction Document, be deemed to have been obtained. Credit Rating Agencies are not bound to the Conditions or the Transaction Documents and may take any action in relation to the credit ratings assigned to the Rated Notes, including in circumstances where for the purposes of the Conditions or the Transaction Document a Credit Rating Agency Confirmation is (deemed to have been) obtained.

### **Potential conflicts of interests**

The Trust Deed contains provisions requiring the Security Trustee, as regards all the powers, trusts, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) to have regard to the interests of the Noteholders and the other Secured Creditors. If a conflict exists between the interests of the Noteholders and the interests of the other Secured Creditors, the Security Trustee is required to have regard solely to the interests of the Noteholders and no other Secured Creditor shall have any claim against the Security Trustee for so doing. Where, in the opinion of the Security Trustee there is a conflict between the interests of two or more Classes of Notes, the Security Trustee shall give priority to the interests of the holders of the Most Senior Class of Notes.

Any party to the Transaction Documents may engage in commercial relationships, in particular, be lenders, provide banking, investment banking and other financial services to the Borrowers and other relevant parties. In such relationships, such party is not obliged to take into consideration the interests of the Noteholders. Accordingly, conflicts of interests may arise.

The Servicer may hold and/or service claims against the Borrowers other than the Mortgage Receivables. The interests or obligations of the Servicer with regard to such other claims, may in certain aspects conflict with the interests of the Noteholders. In the Servicing Agreement, the Servicer has undertaken to the Issuer that it will provide the Services in such manner and with the same level of skill, care and diligence as would a person acting in accordance with the standards of a Reasonable Prudent Lender.

Intertrust Management B.V., being the sole director of the Issuer and the Shareholder, belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., being the sole director of the Security Trustee. Therefore, a conflict of interests could arise. In this respect, it is noted that each of Intertrust Management B.V. and Amsterdamsch Trustee's Kantoor B.V. is, with regard to the exercise of its powers and rights as the sole director of the Issuer, the sole director of the Shareholder or the sole director of the Security Trustee, under the relevant Management Agreement bound by the restrictions set out in such Management Agreement that are intended to ensure that the powers and rights are exercised in the interest of the Issuer, the Shareholder and the Security Trustee (as the case may be) and the other parties involved in the transaction contemplated by the Transaction Documents.

### **Limited liquidity of the Notes and prevailing economic conditions**

Application has been made to Euronext Dublin to admit the Rated Notes on the Official List and to trading on its regulated market. However, the Rated Notes will be new securities for which there is no established trading market. There can be no assurance that a secondary market for the Rated Notes will develop, or, if a secondary market does develop, that it will provide the Noteholders with liquidity or that it will continue for the life of the Rated Notes. A decrease in the liquidity of the Rated Notes may cause, in turn, an increase in the volatility associated with the price of such Notes. Any investor in the Rated Notes must be prepared to hold such Notes for an indefinite period of time or until redemption of the Notes. If any person begins making a market for such 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 the relevant 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. In particular, it should be noted that the market for the Notes is likely to be affected by any restructuring of sovereign debt by countries in the Eurozone. A lack of liquidity may result in investors suffering losses on the Notes in secondary trades even if there is no decline in the performance of the Portfolio. 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 and this may have an impact on the liquidity and the market value of the Notes.

### **Limited liquidity in the secondary market in mortgage loans and mortgage-backed securities**

Despite recent improved market conditions in Dutch (residential) mortgage-backed securities, the secondary market for mortgage-backed securities is still experiencing disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of mortgage-backed securities similar to the Notes and resulted in the secondary market for mortgage-backed securities experiencing very limited liquidity. Limited liquidity in the secondary market may continue to have 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 and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Notes may not be able to sell its Notes readily. The 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 such investor. In addition, any forced sale into the market of mortgage-backed securities held by various investors that are currently experiencing funding or other difficulties could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market. Whilst central bank schemes such as the European Central Bank liquidity scheme provide an important source of liquidity in respect of eligible securities, such as certain mortgage-backed securities, the eligibility criteria have become and are expected to continue to become more restrictive, which is likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities.

All these market conditions may continue or worsen in the future. This may, among other things, also affect the ability of the Issuer to obtain timely funding to fully redeem maturing Notes with the sale proceeds of Mortgage Receivables subject to and in accordance with the Mortgage Receivables Purchase Agreement and the Trust Deed.

**Risks of weaker economic conditions in certain geographic regions in The Netherlands may ultimately result in losses to the Noteholders**

To the extent that specific geographic regions within The Netherlands have experienced or may experience in the future weaker economic conditions and housing markets than other regions, a concentration of the loans in such a region may be expected to exacerbate all of the risks relating to the Mortgage Loans. The economy of each geographic region within The Netherlands is dependent on different mixtures of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Mortgaged Assets. This may result in a loss being incurred upon the sale of the Mortgaged Assets. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Mortgage Receivables sold and assigned to the Issuer in connection with the issuance of the Notes, see section 5.1 (*Stratification Tables*).

**The performance of the Notes may be adversely affected by the recent conditions in the global financial markets and these conditions may not improve in the near future**

Global markets and economic conditions have been negatively impacted in recent years by the banking and sovereign debt crisis in the EU and globally. The economies in many countries in the EU and the Eurozone in particular have not yet recovered and are to be considered to be subject to deflation risk, failing economic reforms, budgetary discipline and unrest in regions such as the Middle East and Ukraine, which in turn may have an adverse impact on global markets and economic conditions throughout the world.

The market's anticipation of these (potential) impacts could have a material adverse effect on the business, financial condition and liquidity of the Seller, the Swap Counterparty and the Issuer Account Bank. In particular, these developments could disrupt payment systems, money markets, long-term or short-term fixed income markets, foreign exchange markets, commodities markets and equity markets and adversely affect the cost and availability of funding. Certain impacts, such as increased spreads in money markets and other short term rates, have already been experienced as a result of market expectations.

In the event of continued or increasing market disruptions and volatility, the Seller, the Swap Counterparty and the Issuer Account Bank may experience reductions in business activity, increased funding costs, decreased liquidity, decreased asset values, additional credit impairment losses and lower profitability and revenues, which may affect their ability to perform their respective obligations under the relevant Transaction Documents. Failure to perform obligations under the relevant Transaction Documents may adversely affect the performance of the Notes.

These factors and general market conditions could adversely affect the performance of the Notes. There can be no assurance that governmental or other actions will improve these conditions in the future.

**The Class A Notes may not be recognised as eligible Eurosystem collateral**

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with Euroclear and Clearstream, Luxembourg. This does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday 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 as amended from time to time, which criteria will include the requirement that loan-by-loan information be made available to investors in accordance with the template which is available on the website of the European Central Bank. Accordingly, if such loan-by-loan data reporting requirements are not complied with, Eurosystem eligibility of the Class A Notes may not, or may not continue to be, recognised. The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.

## **No gross-up for Taxes**

As provided in Condition 11 (*Taxation*), all payments of interest and principal in respect of the Notes shall be made free of Tax unless the Issuer, the Security Trustee or the Paying Agent (as the case may be) is required by law to make any deduction or withholding on account of Tax. In that event, the Issuer, the Security Trustee or the Paying Agent (as the case may be) will make the required deduction or withholding, and shall not be obliged to pay any additional amounts to the Noteholders in respect of such deduction or withholding.

## **Foreign Account Tax Compliance Act (FATCA)**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including The Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and to Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FATCA is particularly complex and its application to the Issuer and the Notes issued by it is uncertain at this time. Each holder of Notes should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its specific circumstance, in particular if it may be, or hold its interest through an entity that is, classified as a foreign financial institution under FATCA.

## **Financial Transaction Tax**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transactions tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## Anti-Tax Avoidance Directive

The Anti-Tax Avoidance Directive I ("**ATAD I**") was adopted as Council Directive (EU) 2016/1164 on 12 July 2016 and must be implemented by all European Union Member States by 1 January 2019. The Anti-Tax Avoidance Directive II ("**ATAD II**" and together with the ATAD I, the "**ATADs**") was adopted as amending Council Directive (EU) 2016/0339 on 29 May 2017 and must be implemented by all European Union Member States by 1 January 2020 and 1 January 2022. ATAD I provides that interest costs in excess of the higher of (a) EUR 3,000,000 or (b) 30 per cent. of an entity's earnings before interest, tax, depreciation and amortisation will not be deductible in the year in which they are incurred but would remain available for carry forward. In The Netherlands, a €1,000,000 threshold is expected to be applied. The implementation of the "earnings stripping rule" under Dutch law may result in currently existing interest deduction limitation rules being partially abolished. ATAD II requires EU Member States to either deny deduction of payments, expenses or losses or include payments as taxable income, in case of hybrid mismatches. When implemented, it is possible that the ATADs may affect the tax treatment of the Issuer and/or borrowers. However, in the absence of final implementing legislation (other than a draft proposal which is still subject to parliamentary procedure), the actual implications of the ATADs are presently unascertainable.

### Dutch tax risks related to the new government's approach on tax avoidance and tax evasion

On 10 October 2017, the Dutch government released its coalition agreement (*Regeerakkoord*) 2017-2021, which includes, among others, certain policy intentions for tax reform. On 23 February 2018, the Dutch State Secretary for Finance published a letter with an annex containing further details on the government's policy intentions against tax avoidance and tax evasion. On 18 September 2018, the Dutch government released its Tax Plan 2019 as part of Budget Day 2018, which includes, among others, certain legislative proposals based on the policy intentions as mentioned in the coalition agreement and letter with annex on tax avoidance and tax evasion. Simultaneously, the Dutch State Secretary for Finance published supporting parliamentary documents with further details on the government's legislative proposals against tax avoidance and tax evasion. Two policy intentions (for which no legislative proposals have been published yet) in particular may become relevant within the context of the Dutch tax treatment of the Issuer, the Notes, and/or payments in respect of the Notes.

The first policy intention relates to the introduction of a conditional "withholding tax" on interest paid to creditors in low tax jurisdictions or non-cooperative jurisdictions as of 2021. A legislative proposal introducing a similar conditional withholding tax on dividends and the supporting parliamentary documents thereto mention that, like the conditional dividend withholding tax, this interest withholding tax would apply to certain payments made by a Dutch entity directly or indirectly to a group or related entity (as defined in the legislative proposal on the conditional dividend withholding tax) in a low tax or non-cooperative jurisdiction. However, it cannot be ruled out that the conditional withholding tax on interest will have a wider application and, as such, it could potentially be applicable to payments in respect of the Notes.

The second policy intention relates to the introduction of a "thin capitalisation rule" as of 2020 that would limit the deduction of interest on debt exceeding 92% of the commercial balance sheet total. The heading in the coalition agreement, the annex to the letter and the legislative proposal on the conditional withholding tax on dividends suggest that this thin capitalisation rule will apply solely to banks and insurers. However, it cannot be ruled out that it will have a generic application and, as such, it could potentially be applicable to other taxpayers (including the Issuer).

Many aspects of these policy intentions remain unclear. However, if the policy intentions are implemented they may have an adverse effect on the Issuer and its financial position, in which case the Issuer may redeem the Notes pursuant to its option under Condition 8.10 (*Optional Redemption - Tax Call*). Upon any such redemption, Noteholders may not be able to find suitable comparable alternative investments that offer the same or a better yield than the Notes.

### Changes in law

The structure of the issue of the Notes and the credit ratings which may be assigned to them are based on the laws of The Netherlands or the laws of England and Wales (in respect of the Issuer Account Agreement, the English Security Agreement, the Custody Agreement and the Swap Agreement) in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to the

laws of The Netherlands or the laws of England and Wales or administrative practice in The Netherlands or England and Wales after the date of this Prospectus.

### **Exchange rates and exchange controls**

The Issuer will pay principal and interest, if any, 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.

### **Notes held in global form**

The Notes will be held by Euroclear and Clearstream, Luxembourg, in each case in the form of a Global Note which will be exchangeable for Definitive Notes only in the limited circumstances and subject to mandatory provisions of applicable laws and regulations, as more fully described in section 3.2 (*Form*). For as long as any Note is represented by a Global Note held by Euroclear and Clearstream, Luxembourg, payments of principal, interest (if any) and any other amounts on a Global Note will be made through Euroclear and Clearstream, Luxembourg against presentation or surrender (as the case may be) of the relevant Global Note and, in the case of a Temporary Global Note, certification as to non-U.S. beneficial ownership. The holder of the relevant Global Note, being Euroclear or Clearstream, Luxembourg, shall be treated by the Issuer and the Paying Agent as the sole holder of the relevant Notes represented by such Global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg.

### **Minimum Denomination**

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 (or its equivalent) that are not integral multiples of EUR 100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

### **Insolvency risk**

In the event that the Issuer becomes insolvent, insolvency proceedings will be generally governed by the insolvency laws of the Issuer's place of incorporation, which is The Netherlands. The insolvency laws of the Issuer's place of incorporation may be different from the insolvency laws of an investor's home jurisdiction and the treatment and ranking of Noteholders in respect of Notes and the Issuer's other creditors and shareholders under the insolvency laws of the Issuer's place of incorporation may be different from the treatment and ranking of those Noteholders and the Issuer's other creditors and shareholders if the Issuer was subject to the insolvency laws of the investor's home jurisdiction.

### **Legislation dealing with ailing financial institutions give regulators resolution powers which may result in losses to, or otherwise affect rights of, Noteholders and/or may affect the credit ratings assigned to the Notes**

On 12 June 2014, a directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms (2014/59/EU, "**BRRD**") was published

in the Official Journal of the European Union. The BRRD is currently in force and EU Member States were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with the BRRD by 31 December 2014.

The BRRD is complemented by the directly binding regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 ("**SRM**"). The SRM complements the Single Supervisory Mechanism ("**SSM**") and aims to ensure that, if a bank subject to the SSM faces serious difficulties, its resolution can be managed efficiently with minimal costs to taxpayers and the real economy. The primary scope of the SRM is the euro area and SRM will be applied to, amongst others, licensed banks in the Eurozone as a primary recovery and resolution code. The SRM establishes a single European resolution board (the "**Resolution Board**") having resolution powers over the institutions that are subject to the SRM, thus replacing or exceeding the powers of the national authorities. Under the SRM, national resolution authorities remain responsible for the resolution of banks which are not subject to direct supervision of the ECB under the SSM and which do not form part of a cross border banking group. The Resolution Board (or relevant national resolution authority, as applicable) will have the authority to exercise the specific resolution powers pursuant to the SRM similar to those of the national authorities under the BRRD. The resolution tools available for the Resolution Board include the sale of business tool, the bridge institution tool, the asset separation tool and the bail-in tool as further specified in the SRM.

Subject to certain exceptions, as soon as any of these resolution tools are used by the Resolution Board, a counterparty of the relevant bank is prohibited from invoking or enforcing certain contractual rights (for example, contractual rights to terminate a contract or to demand payment, performance or security) pursuant to (contemplated or actual) action undertaken by the Resolution Board under the SRM. However, subject to applicable insolvency laws, the Issuer's right to invoke or enforce provisions of the relevant Transaction Documents against such contracting parties falling within the scope of the SRM (such as the Swap Counterparty and the Issuer Account Bank) would in principle not be affected by the SRM if the exercise of those Issuer's rights is based on grounds other than the intervention by the Resolution Board under the SRM (for example, on the basis of a payment default or a ratings downgrade not related to or resulting from intervention pursuant to the SRM).

If at any time any resolution powers would be used by the Resolution Board or any other relevant authority in relation to a counterparty of the Issuer pursuant to the BRRD, the SRM or otherwise, this could result in losses to, or otherwise affect the rights of, Noteholders and/or could affect the ratings assigned to the Notes.

#### **Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes**

In Europe, the United States and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a number 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 affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Issuer Administrator, the Arranger, the Joint Lead Managers, the Security Trustee, the Servicer, the Cash Manager or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

#### *General - Basel III and Solvency II*

In particular, investors should note that the Basel Committee on Banking Supervision ("**BCBS**") has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as "**Basel III**"), including certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio

("NSFR"). The European Commission published the final version of the Delegated Regulation for the LCR in October 2014, which was published in the Official Journal of the EU on 17 January 2015 and applied from 1 October 2015. The minimum LCR requirement reached 100 per cent. as of 1 January 2018. The mandatory requirements for the Net Stable Funding Ratio would have applied from 1 January 2018, in principle, but based on November 2016 proposals for revision of CRR and CRD IV it is now expected that the mandatory requirements for the NSFR will become applicable from 1 January 2019 at the earliest. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

The Basel Committee has also published certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 15 per cent. On 11 July 2016, the Basel Committee issued an updated final standard on revisions to the Basel III securitisation framework amending its previous capital standards for securitisations, including reducing the risk weight floor from 15 per cent. to 10 per cent in respect of senior exposures which comply with the "simple, transparent and comparable" securitisation criteria outlined in that updated final standard.

The Basel III reforms are being implemented in the EEA through the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (as amended, the "CRR") and the Capital Requirements Directive (together "CRD IV"). CRD IV became effective in The Netherlands on 1 January 2014. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures which are not expected to be fully implemented until 2019. In particular, there is currently no proposed draft regulation in relation to the application of the Net Stable Funding Ratio.

Implementation of the Basel framework (to the extent that it has not already been fully implemented in member countries) and/or of any of the changes put forward by the Basel Committee as described above 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 relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

On 7 December 2017, the Group of Central Bank Governors and Heads of Supervision exercising oversight over the Basel Committee endorsed the outstanding Basel III post-crisis regulatory reforms. These reforms by the Basel Committee include a requirement for banks using internal models for the calculation of risk positions, to apply a so-called "output floor". This floor requirement aims to reduce excessive variability of risk-weighted assets and to enhance the comparability of risk-weighted capital ratios. The output floor requires that bank's risk-weighted assets generated by internal models do not fall below 72.5% of the risk weighted assets as calculated pursuant to the standardised approaches under the Basel III framework.

For securitisation positions the required risk weighting is the higher of (i) risk weights calculated using internally-modelled approaches for which the bank has supervisory approval and (ii) 72.5% of the output of risk weights calculated in accordance with (a) the external ratings-based approach (SEC-ERBA), (b) the standardised approach (SEC-SA) or (c) a risk weight of 1250%.

The output floor will be implemented as of 1 January 2022, based on a phased-in arrangement running from 1 January 2022 up to and including 1 January 2027.

The Basel Committee has confirmed that, except for the output floor described above, the remaining standards of the Basel Committee on Banking Supervision, Revisions to the securitisation framework, 11 December 2014 (revised July 2016) are to stay intact.

The post-crisis reforms of December 2017 have not yet been adopted in final form by the European legislator. It is therefore uncertain whether or not the European legislator will adopt these standards in the form and with the consequences as published by the Basel Committee. Consequently, prospective investors should consult their own advisers as to the consequences of the application of the post-crisis reforms that were endorsed on 7 December 2017, on prospective investors' holding of any Notes.

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 framework (including the 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.

It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

Furthermore, pursuant to the directive of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance ("**Solvency II**"), more stringent rules will apply for European insurance companies from January 2016 in respect of instruments such as the Notes in order to qualify as regulatory capital (*toetsingsvermogen c.q. solvabiliteitsmarge*). On 18 January 2015, the Commission Delegated Regulation (EU) 2015/35 ("**Implementing Rules**") entered into force. The Implementing Rules set out more detailed requirements for individual insurance undertakings as well as for groups, based on the provisions set out in Solvency II.

Basel III and (even to a greater extent) Solvency II, will affect the risk-weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by these rules. Consequently, investors should consult their own advisers as to the regulatory capital and liquidity requirements in respect of the Notes and as to the consequences for and effect on them of any changes to Basel III described above) and Solvency II, and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### *Securitisation Regulation*

On 12 December 2017, the European Parliament adopted Regulation (EU) No 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (the "**Securitisation Regulation**") which lays down common rules on securitisation and which will apply from 1 January 2019. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current requirements and should not be subject to the new risk retention and due diligence requirements in general.

The Securitisation Regulation creates a single set of common rules for European "institutional investors" as regards (i) risk retention, (ii) due diligence, (iii) transparency and (iv) underwriting criteria for loans to be comprised in securitisation pools. Such common rules replace the existing provisions in, inter alia, the CRR, and Solvency II and introduce similar rules for UCITS management companies as regulated by the UCITS Directive and institutions for occupational retirement provisions falling within the scope of Directive (EU) 2016/2341 or an investment manager or an authorised entity appointed by an institution for occupational retirement provisions pursuant to article 32 of Directive (EU) 2016/2341. Secondly, the Securitisation Regulation creates a European framework for simple, transparent and standardised securitisations ("**STS-securitisations**"). None of the transitional provisions of the Securitisation Regulation will result in the retroactive application of compliance requirements to previously structured transactions and issued securities (including the Notes). No assurance can be provided that the transaction described in this Prospectus will be designated as an STS-securitisation under the Securitisation Regulation at any point in the future. Investors may in that case not apply the preferential treatment granted to notes issued under an STS-securitisation.

Following the adoption of Regulation (EU) 2017/2401 of 12 December 2017 amending CRR certain securitisation positions of qualifying STS-securitisations will, following a further calibration of the capital requirements as set forth in amendments to the CRR, obtain a preferential treatment as regards their capital requirements weighting for credit institutions and investment firms (as these are defined in CRR) investing in such positions.

On 13 July 2018 the European Commission adopted the Commission Delegated Regulation amending Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for credit institutions which is expected to apply eighteen months after its publication in the Official Journal of the European Union (the "**LCR Amendment**"). The LCR Amendment aims at the integration in the LCR Delegated Regulation of the STS criteria for securitisation. Securitisations can be counted as Level 2B high quality liquid assets ("**HQLA**") if they fulfil the conditions laid down in Article 13 of Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit

Institutions (the "**LCR Delegated Regulation**"). The Securitisation Regulation sets out a list of criteria which define STS-securitisations. Most of the criteria laid down in the LCR Delegated Regulation have been replaced by a reference to the Securitisation Regulation in the LCR Amendment as adopted in July 2018. Those specific to liquidity (such as the criteria regarding the issue size, the types of underlying exposures or the rating) have been retained in the LCR Amendment as adopted in July 2018. It has been argued that the LCR Amendment may impact the qualification of outstanding securitisation positions issued before the entry into force of the Securitisation Regulation which becomes effective on 1 January 2019. Therefore, uncertainty may arise as to whether or not the Notes will continue to qualify as HQLA after 1 January 2019. Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may severely 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.

#### *Compliance with European risk retention requirements*

Investors should be aware of the risk retention and due diligence requirements in Europe which currently apply ("**EU Risk Retention and Due Diligence Requirements**"), or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provision (together "**Affected Investors**"). Amongst other things, such requirements restrict an Affected Investor from investing in securitisations unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) (in the case of certain types of investors) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a material net economic interest of not less than 5 per cent. in total in respect of certain specified credit risk tranches or securitised exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge on the Notes acquired by the relevant investor.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and this uncertainty is increased by certain legislative developments (see also "*Securitisation Regulation*" above). The EU Risk Retention and Due Diligence Requirements described in the immediately preceding paragraph above apply, or are expected to apply, in respect of the Notes for certain investors. Each investor should therefore make itself aware of such requirements (and any corresponding rules of their regulator), where applicable to it, in addition to any other regulatory requirements applicable to it with respect to its investment in the Notes. With respect to the commitment of the Seller to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer, the Seller or another relevant party (or, after the Closing Date, by the Issuer Administrator on the Issuer's behalf), please see the statements set out in section 3.4 (*Regulatory Compliance*). Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Issuer Administrator, the Arranger, the Joint Lead Managers, the Security Trustee or the Seller makes any representation that the information described above is sufficient in all circumstances for such purposes or that the structure of the Notes and the transactions described herein are compliant with the EU Risk Retention and Due Diligence Requirements or any other applicable legal regulatory or other requirements and no such person shall have any liability to any prospective investor or any other person with respect to any deficiency in such information or any failure of the transactions contemplated hereby to comply with or otherwise satisfy such requirements.

The EU Risk Retention and Due Diligence Requirements described above 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.

In the event that a regulator determines that an investment in the Notes did not comply or is no longer in compliance with the Retention Regulations described above, then the relevant investor may be required

by the relevant regulator to set aside additional capital against the investment in the Notes or take other corrective action. In addition, Affected Investors may be less likely to purchase any of the Notes, which may have a negative impact on the ability of investors in the Notes to resell their Notes in the secondary market or on the price realised for such Notes.

#### *U.S. risk retention*

The U.S. Risk Retention Rules came into effect on 24 December 2016 and generally require the "sponsor" of a "securitisation transaction" to retain at least 5 per cent. of the "credit risk" of "securitised assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The transaction described in this Prospectus will not involve risk retention by the Seller for the purposes of the U.S. Risk Retention Rules, but rather will be made in reliance on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding certain non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The transaction described in this Prospectus provides that the Notes may not be purchased by Risk Retention U.S. Persons except in accordance with the exemption under Section 20 and with the prior consent of the Seller. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is different from the definition of U.S. person under Regulation S under the Securities Act and that an investor could be a Risk Retention U.S. Person but not a U.S. Person under Regulation S.

Each purchaser of Notes, including beneficial interests in such Notes will, by its acquisition of a Note or a beneficial interest in a Note, be deemed, and in certain circumstances will be required, to have made the following representations: that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Notes or a beneficial interest in such Notes for its own account and not with a view to distribute such Notes, or, in the case of a distributor, will only distribute such Notes to a person who is not a U.S. Risk Retention Person, and (3) is not acquiring such Notes or a beneficial interest in such Notes as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10% Risk Retention U.S. Person limitation in the exemption provided for under Section 20 of the U.S. Risk Retention Rules).

Notwithstanding the foregoing, the Issuer can, with the consent of the Seller, sell a limited portion of the Notes to, or for the account or benefit of, Risk Retention U.S. Persons in accordance with an exemption from the U.S. Risk Retention Rules.

It is not certain whether the foreign safe harbour exemption from the U.S. Risk Retention Rules will be available. Failure of the offering to comply with the U.S. Risk Retention Rules (regardless of the reason for the failure to comply) could give rise to regulatory action which may adversely affect the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation markets generally is uncertain, and a failure by a transaction to comply with the U.S. Risk Retention Rules could negatively affect the market value and secondary market liquidity of the Notes.

None of the Joint Lead Managers nor the Seller, or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

(b) **SECURITY**

**Pledges and Security**

*General*

Under or pursuant to the Issuer Mortgage Receivables Pledge Agreement and the Issuer Rights Pledge Agreement, various Dutch law pledges are granted by the Issuer to the Security Trustee. A Dutch pledge can serve as security for monetary claims (*geldvorderingen*) only and can only be enforced upon default (*verzuim*) of the obligations secured thereby. Foreclosure on pledged property is to be carried out in accordance with the applicable provisions and limitations of the Dutch Civil Code and the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

Each of the Issuer and the Security Trustee will enter into an English Security Agreement pursuant to which the Issuer will grant Security over its rights under the Swap Agreement, the Issuer Account Agreement and the Custody Agreement as security for the Secured Obligations, including the Parallel Debt.

The Issuer is a special purpose entity that has a limited scope of activities, and covenants to this effect are included in the Transaction Documents. It has been set up as a bankruptcy remote entity, principally in two ways. First, non-petition covenants have been included in the Conditions and the relevant Transaction Documents. The Transaction Parties have agreed to be bound by these covenants. Notwithstanding such covenants, it is possible that a Dutch court would consider a petition for bankruptcy (*faillissement*) initiated by third party creditors (such as tax authorities) or parties to the Transaction Documents even if such petition was presented in breach of a non-petition covenant applying to the relevant party. Secondly, recourse by the Issuer's counterparties under the Transaction Documents has been limited to the Mortgage Receivables and any other assets the Issuer may have. It is therefore unlikely that the Issuer will become subject to an Insolvency Proceeding. Should the Issuer nevertheless be subjected to a Dutch Insolvency Proceeding the Security Trustee as pledgee can exercise the rights afforded by the laws of The Netherlands to pledgees as if there were no Dutch Insolvency Proceedings. However, Dutch Insolvency Proceedings involving the Issuer would affect the position of the Security Trustee as pledgee in some respects as set out further below.

*Other Security*

Pursuant to the General Collection Account Pledge Agreement the Seller will grant a right of pledge over the General Collection Account in favour of the General Collection Account Security Holder acting as pledgee (the "**General Collection Account Pledge**") for the General Collection Account Secured Creditors. Pursuant to the Transaction Specific Collection Account Pledge Agreement the Transaction Specific Collection Account will be pledged in favour of the Security Trustee.

*Future Assets*

First, if and to the extent that assets purported to be assigned or pledged by the Seller or the Issuer to the Security Trustee or any other pledgee are future assets (i.e. assets that have not yet been acquired by the Seller or the Issuer or that have not yet come into existence) when Dutch Insolvency Proceedings take effect (i.e. at 0:00 hours on the date that such Dutch Insolvency Proceedings are declared), such assets are no longer capable of being pledged by the Seller and the Issuer (as the case may be). This would, for example, apply to amounts that are paid to an account following the Seller or Issuer's Dutch Insolvency Proceedings taking effect. As such crediting of the relevant account would not yet have occurred when the Dutch Insolvency Proceedings take effect, the resulting receivable of the Seller *vis-à-vis* the Collection Account Bank or the Issuer *vis-à-vis* the Issuer Account Bank would qualify as a future asset.

If following the Dutch Insolvency Proceedings in respect of the Seller or the Issuer taking effect, amounts are due to be paid under receivables that have been pledged to the Security Trustee prior to such Dutch Insolvency Proceedings taking effect, the Security Trustee as pledgee could, through notification to the relevant debtors, prevent that such pledged receivables are discharged through payment to the Transaction Account by instructing the relevant debtors to pay to a different account. The Security Trustee as pledgee is entitled itself to collect such receivables following notification of the pledge (and, where applicable, the assignment preceding the pledge) to the relevant debtor. Notification of the pledge may occur

following the occurrence of a Pledge Notification Event (which includes Dutch Insolvency Proceedings being declared in respect of the Issuer).

As long as no notification of the assignment by the Seller to the Issuer has taken place in respect of transferred Mortgage Receivables, the relevant debtor must continue to pay to the Seller. Under section 1.1(c) (*Commingling risk*), the position of the Issuer is described in respect of payments so made to the Seller prior to or after the Seller's possible Dutch Insolvency Proceedings taking effect. In respect of payments under pledged Mortgage Receivables made to the Issuer following notification of the assignment by the Seller to the Issuer, but prior to notification of the pledge and prior to Dutch Insolvency Proceedings of the Issuer taking effect and not on paid to the Security Trustee, the Security Trustee will be an ordinary, non preferred creditor, having an insolvency claim (*voor verificatie vatbare vordering*). In respect of post insolvency payments made by debtors of the insolvent Seller, the Security Trustee will be a preferred creditor having an insolvency claim. Creditors of insolvency claims have to share in the general insolvency costs and have to await finalisation of a (provisional) distribution list (*voorlopige uitdelingslijst*).

#### *Mandatory insolvency rules*

Secondly, the following mandatory rules of Dutch insolvency law may affect the enforcement of the Security Trustee's pledges:

- a statutory stay of execution ('cooling off period') of up to two months - with a possible extension by up to two more months - may be imposed during each type of Dutch Insolvency Proceedings by court order. Such stay of execution does not prevent the Security Trustee from giving notice to the debtors of any pledged receivables and collecting the proceeds thereof. However, it will prevent the Security Trustee from (i) taking recourse against any amounts so collected during such stay of execution and (ii) selling pledged assets to third parties;
- the liquidator in bankruptcy can force the Security Trustee to enforce its security right within a reasonable period of time, failing which the liquidator in bankruptcy will be entitled to sell the pledged assets and distribute the proceeds. In such case, the Security Trustee will receive payment prior to ordinary, non preferred creditors having an insolvency claim but after creditors of the estate (*boedelschuldeisers*). It should be noted, however, that the authority of the liquidator in bankruptcy is intended to prevent a secured creditor from delaying the enforcement of security without good reason; and
- excess proceeds of enforcement must be returned to the Issuer in its Dutch Insolvency Proceedings; they may not be set off against an unsecured claim (if any) of the Security Trustee against the Issuer. Such set off is in principle allowed prior to the Dutch Insolvency Proceedings.

Similar or different restrictions may apply in case of Insolvency Proceedings other than Dutch Insolvency Proceedings.

#### **Parallel Debt**

It is intended that the Issuer grants pledges to the Security Trustee for the benefit of the Secured Creditors. However, under the laws of The Netherlands there is no concept of trust and it is uncertain whether a pledge can be granted to a party other than the creditors of the receivables purported to be secured by such pledge. The Issuer has been advised that under the laws of The Netherlands a 'parallel debt' structure can be used to give a security trustee its own, separate, independent right of claim on identical terms as the relevant creditors. For this purpose, the Trust Deed creates a parallel debt ("**Parallel Debt**") of the Issuer to the Security Trustee equal to the corresponding principal obligations, so that the Security can be granted to the Security Trustee in its own capacity as creditor of the Parallel Debt. In the Trust Deed it is agreed that obligations of the Issuer to the Security Trustee under the Parallel Debt shall be decreased to the extent that the corresponding principal obligations to the Secured Creditors are reduced (and *vice versa*). In the Trust Deed the Security Trustee agrees to act as security trustee as abovementioned and agrees:

- to act for the benefit of the Secured Creditors in administering and enforcing the Security; and
- to distribute the proceeds of the enforcement of the Security in accordance with the provisions set out in the Trust Deed.

Any payments in respect of the Parallel Debt and any proceeds of the enforcement of the Security (in each case to the extent received by the Security Trustee) are, if the Security Trustee becomes subject to Dutch Insolvency Proceedings, not separated from the Security Trustee's other assets, so the Secured Creditors accept a credit risk on the Security Trustee. However, the Security Trustee is a special purpose entity and is therefore unlikely to become subject to an Insolvency Proceeding.

(c) **COMMINGLING RISK**

For as long as no Assignment Notification Event has occurred, all payments made by Borrowers and borrowers of other mortgage loans originated or acquired by the Seller but not forming part of the Portfolio will be paid into the General Collection Account which is held with Coöperatieve Rabobank U.A. as collection account provider in the name of the Seller.

The Servicer will within three Business Days of identification and allocation to the Mortgage Receivables in the Portfolio following receipt of any funds in the General Collection Account transfer any such amounts received in the General Collection Account to the Transaction Specific Collection Account. Any unidentifiable or unallocable amounts will remain in the General Collection Account until (i) the Servicer is able to identify and allocate them, following which they will be immediately transferred to the Transaction Specific Collection Account (if they relate to Mortgage Receivables in the Portfolio) or (ii) if the Servicer is not able (after having taken all reasonable efforts to that effect) to identify and allocate such money, such Servicer is under its policies required to transfer such money back to the relevant transferor. Amounts standing to the credit of the Transaction Specific Collection Account will be transferred at the end of each Business Day to the Transaction Account.

If either Coöperatieve Rabobank U.A. or the Servicer does not comply with its obligations to transfer or pay such amounts to the Seller, the Issuer and/or the Security Trustee, as the case may be, for whatever reason (including a bankruptcy of such entity), the Seller, the Issuer and/or the Security Trustee, as the case may be, may not receive the amounts due under the Mortgage Loans which have been collected from the Borrowers. In addition, if the Servicer receives the amounts collected by the Seller (or any entity on its behalf) and does not comply with its obligations to transfer such amounts to the Issuer for whatever reason (including as a result of the bankruptcy of such entity), the Issuer may not receive the amounts so collected from the Borrowers (which will in such case have fully discharged their payment obligations as described above).

The Issuer has been advised that any amounts credited to the General Collection Account and/or the Transaction Specific Collection Account following the Seller's Dutch Insolvency Proceedings taking effect will not be subject to the rights of pledge created in favour of the General Collection Account Pledgee and the Security Trustee, respectively, and will form part of the bankruptcy estate of the Seller. Any amounts so credited to the General Collection Account and/or the Transaction Specific Collection Account prior to the Seller's Dutch Insolvency Proceedings taking effect will however be subject to such respective rights of pledge. In this respect, it is noted that the right of pledge created pursuant to the General Collection Account Pledge Agreement is granted in favour of the General Collection Account Secured Creditors. Consequently, such right of pledge has been granted for the benefit of both the Secured Creditors as well as for the parties who are part of a relevant financing arrangement entitled to part of the collections received into the General Collection Account.

The Seller has under the Mortgage Receivables Purchase Agreement undertaken to the Issuer and the Security Trustee to not (i) amend the payment instructions and (ii) redirect the cash flows to an account other than the General Collection Account and/or the Transaction Specific Collection Account, in each case unless such other account is held at a financial institution which meets the Requisite Credit Rating and such other accounts are pledged in favour of the General Collection Account Secured Creditors or the Security Trustee, as the case may be on terms similar to the General Collection Account Pledge Agreement or the Transaction Specific Collection Account Pledge Agreement, as the case may be.

Notwithstanding the above, the Seller is obliged to pay to the Issuer, any amounts which were not paid into the General Collection Account and/or the Transaction Specific Collection Account but to the Seller directly to the extent such amounts relate to the Portfolio.

(d) **HEDGING**

### **Interest Rate risk**

The Issuer is exposed to the risk that the interest received on the Mortgage Loans is not sufficient to pay the interest on the Rated Notes. This risk is mitigated only by the Swap Agreement.

### **Swap termination/default**

The Swap Counterparty will be obliged to make payments under the Swap Agreement subject to the Issuer (or the Issuer Administrator acting on its behalf) making payments under the Swap Agreement.

The Swap Agreement will provide that, upon the occurrence of certain events (including certain tax events and events of default), the Issuer or the Swap Counterparty may terminate the Swap Transaction. If the Swap Agreement terminates early, the Issuer may be obliged to make a termination payment to the Swap Counterparty which could be substantial. If such a payment is due to the Swap Counterparty (other than where it constitutes a Subordinated Swap Payment) it will rank in priority to payments due from the Issuer under the Notes under the applicable Priority of Payments, and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full, including its ability to redeem the Rated Notes on an Optional Redemption Date.

In circumstances where the Swap Agreement is terminated, endeavours will be made, but no assurance can be given as to the ability of the Issuer to enter into one or more replacement transactions, or if one or more replacement transactions are entered into, as to the credit rating(s) of the swap counterparty(s) for the replacement transaction(s). The credit rating of a replacement swap counterparty may adversely affect the credit rating(s) and/or the marketability of the Notes.

### **Tax Event in Relation to the Swap Transaction**

The Swap Counterparty will generally be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If by reason of a change in tax law affecting the transaction under the Swap Agreement which becomes effective on or after the Closing Date, the Issuer would be required to make a withholding or deduction for or on account of tax from any payment it makes under the Swap Agreement and/or the Swap Counterparty would be required to make a withholding or deduction for or on account of tax from any payment it makes under the Swap Agreement and is obliged to gross up its payments to the Issuer under the Swap Agreement to account for such tax, then the Swap Counterparty shall use its reasonable endeavours to transfer all its rights and obligations under the Swap Agreement (or act through another office of the Swap Counterparty) so that such deduction or gross up is no longer required.

In circumstances where the Swap Counterparty is not able to make such a substitution, then the Swap Counterparty may be entitled to terminate the Swap Agreement, and, if it does so, there may be a swap termination payment to be made by the Issuer thus reducing the funds available to the Issuer to make payments in respect of the Notes. If the Issuer is required to make such payment to the Swap Counterparty then the Issuer may not have sufficient funds to make payments due in respect of the Notes and to the extent that one or more comparable replacement swap transactions cannot be entered into, the Issuer will be exposed on a continuing basis to the possible variance between the different rates payable by Borrowers on the Mortgage Loans and the amount due in respect of the Notes. As a result the Issuer may have insufficient funds to make payments due on the Notes on an ongoing basis.

### **European Market Infrastructure Regulation (EMIR)**

EMIR introduced requirements to improve transparency and reduce the risks associated with the derivatives market. EMIR requires entities that enter into any form of derivative contract to: report every derivative contract entered into to a trade repository; implement new risk management standards for all bilateral over-the-counter ("OTC") derivative trades that are not cleared by a central counterparty; and clear, through a central counterparty, OTC derivatives that are subject to a mandatory clearing obligation or, for any OTC derivatives that are not subject to such mandatory clearing obligation, a requirement for certain types of counterparties to post margin. The CRR aims to complement EMIR by applying higher capital requirements for bilateral, OTC derivative trades. Lower capital requirements for cleared trades are only available if the central counterparty is recognised as a 'qualifying central counterparty', which has been authorised or recognised under EMIR (in accordance with related binding technical standards). Further significant market infrastructure reforms will be introduced by the revised EU Directive on

Markets in Financial Instruments (2014/65/EU) (MiFID) and the accompanying Regulation 600/2014 (MiFIR), which replace, extend and improve existing European rules on markets in financial instruments.

Under EMIR, OTC derivatives contracts that are not cleared by a central counterparty may be subject to a requirement to exchange collateral in the form of "variation margin" and, for certain types of counterparties an additional requirement to exchange "initial margin". The relevant regulatory technical standard entered into force on 4 January 2017 and set out a timetable for the phasing in of the requirements to exchange margin (which commenced on 4 February 2017 for certain types of counterparties). In any event, on the basis that the Issuer is currently a non-financial counterparty whose positions, together with the positions of all other non-financial counterparties in its "group", in OTC derivatives (after the exclusion of hedging positions) do not exceed any of the specified clearing thresholds (each an "NFC-"), OTC derivatives contracts that are entered into by the Issuer would not be subject to any margining requirements.

However, if the Issuer's counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into, or have previously been entered into, by the Issuer may become subject to the clearing obligation or the margining requirements. If the Issuer is required to comply with certain obligations under EMIR that give rise to clearing, margin posting or additional costs and expenses for the Issuer, this may in turn reduce amounts available to make payments with respect to the Notes. The Issuer may also need to appoint a third party and/or incur costs and expenses to enable it to comply with the regulatory requirements imposed by EMIR. In the event that under EMIR additional provisions or technical standards do come into force, this may necessitate amendments to the Transaction Documents. The Security Trustee may consent to these amendments without the consent or sanction of the Noteholders, see the paragraph named "*Modifications without Noteholders' or other Secured Creditors' consent*".

It should be noted that certain amendments to EMIR are contemplated. In this regard, we note the Securitisation Regulation, which entered into force on 17 January 2018. The Securitisation Regulation will apply from the start of 2019 and includes, amongst other things, amendments to EMIR. The amendments make provision for the development of technical standards specifying reliefs from each of the obligations referred to above for certain OTC derivative contracts entered into by a securitisation special purpose entity in connection with certain securitisations.

Separately, further changes will also be made to the EMIR framework in the context of the EMIR review process which is ongoing and expected to be finalised during the course of 2018. We note that the EU Commission has published legislative proposals providing for certain amendments to EMIR. If the proposals are adopted in the form originally proposed by the EU Commission, the classification of certain counterparties under EMIR would change including with respect to certain securitisation vehicles such as the Issuer. The compliance position under any adopted amended framework of swap transactions entered into prior to application is uncertain. No assurances can be given as to the status of the Issuer following any proposed amendments to EMIR which could lead to some or all of the potentially adverse consequences outlined above.

It cannot be excluded that the Issuer will in the future become subject to the mandatory clearing obligation or the requirement to exchange collateral, pursuant to any amendments to EMIR which may, for example, reclassify the status of the Issuer so that it is no longer classified as an NFC-. If so, the Issuer will either have to (i) agree with the Seller or any of its group entities on an arrangement to enable the Issuer to post the required collateral or (ii) agree on another approach subject to a Credit Rating Agency Confirmation. If no such agreement is reached, this could result in a termination of the Swap Agreement. Any early termination amount payable by the Issuer to the Swap Counterparty in this respect would rank senior to the Noteholders. Moreover, a termination of the Swap Agreement could negatively affect the Issuer's ability to hedge its interest rate risk. As a result, the amounts payable to Noteholders may be negatively affected.

(e) **MORTGAGE RECEIVABLES AND MORTGAGED ASSETS**

**No notification of assignment of Mortgage Receivables**

The Mortgage Receivables Purchase Agreement provides that the transfer of the Mortgage Receivables and any Related Security by the Seller to the Issuer will be effected through an undisclosed assignment (*stille cessie*) by the Seller to the Issuer (the "Assignment") (save as disclosed pursuant to any beneficiary waiver agreement in relation to Beneficiary Rights (if any)). This means that legal ownership of the Mortgage Receivables will be transferred to the Issuer either by (i) registration with the tax authorities (*Belastingdienst*) of a duly executed Deed of Assignment and Pledge or (ii) execution of a Deed of Assignment and Pledge before a civil law notary, in each case without notifying the debtors of the transfer of such Mortgage Receivables. The Assignment will only be notified to the debtors under the Mortgage Receivables if an Assignment Notification Event occurs. Notification of the assignment is necessary in order to ensure that the debtors under the Mortgage Receivables can no longer discharge their obligations by paying to the Seller.

As long as no notification of the Assignment has taken place, any payments made by the debtors under the Mortgage Receivables must continue to be made to the Seller.

In respect of payments so made to the Seller prior to a Dutch Insolvency Proceeding of the Seller, the Issuer will be an ordinary, non-preferred creditor, having an insolvency claim against the Seller. In respect of payments made post a Dutch Insolvency Proceeding of the Seller, the Issuer will be a creditor of the estate (*boedelschuldeiser*) of the Seller, and will receive payment prior to creditors with insolvency claims, but after preferred creditors of the estate.

**Transfer to Issuer of Mortgage Receivables secured by All Moneys Mortgage**

Under the laws of The Netherlands mortgages and pledges are in principle accessory rights (*afhankelijke rechten*) which pursuant to articles 3:7, 3:82 and 6:142 of the Dutch Civil Code automatically follow the receivables they secure, for example if such receivables are transferred to a third party. The rights of mortgage and pledge securing the Mortgage Receivables qualify as either Fixed Security Rights or All Moneys Security Rights. In the past a considerable degree of uncertainty existed in Dutch legal writing as to whether a transfer of a receivable secured by an All Moneys Mortgage, results in a transfer of the All Moneys Mortgage, or a share therein, to the transferee.

The Issuer has been advised that, like any other right of mortgage or pledge, a mortgage or pledge constituting an All Moneys Security Right is under the laws of The Netherlands in principle an accessory right and that, therefore, upon a transfer of a receivable secured by an All Moneys Security Right, the transferee will in principle become entitled to a share in the All Moneys Mortgage by operation of law. The Issuer has been advised that the above is confirmed by the *Onderdrecht v. FGH and PHP* decision of the Dutch Supreme Court (HR 16 September 1988, NJ 1989, 10). In this decision, the Dutch Supreme Court ruled that the main rule is that a right of mortgage as an accessory right transfers together with the receivable it secures. The Dutch Supreme Court also held that it is a question of interpreting the relevant clause in the mortgage deed whether the definition of the secured receivables entails that the right of mortgage exclusively vests in the original mortgagee, in deviation of this main rule. The Issuer has been advised that where the interpretation of the mortgage or pledge deed relating to All Moneys Security Rights does not reveal a specific intention regarding the transfer of the right of mortgage or pledge, the abovementioned main rule applies, so that, following a transfer of a secured receivable, the relevant receivable will continue to be secured by the right of mortgage or pledge pursuant to the All Moneys Security Right.

Under or pursuant to the Mortgage Receivables Purchase Agreement the Seller represents and warrants in relation to each Mortgage Receivable that none of the mortgage deeds used by the Relevant Originator (nor any other agreements between the Relevant Originator and the relevant Borrower) in respect of a Mortgage Loan contains any specific provision stipulating that the Mortgage or Borrower Pledge will not follow the receivable if it is assigned or pledged to a third party.

**Joint security of Issuer and Seller**

As a consequence of the transfer to the Issuer of Mortgage Receivables secured by All Moneys Security Rights (or Fixed Security Rights if not all receivables which are secured by the relevant security right are,

or if not the entire contractual relationship (*rechtsverhouding*) from which receivables may arise which will be secured by the relevant security right is, transferred to the Issuer), the relevant All Moneys Security Rights (or, where applicable Fixed Security Rights) will become part of a joint estate (*gemeenschap*) of the Issuer, any other transferee of receivables secured by such All Moneys Security Rights (or where applicable Fixed Security Rights) and the original mortgagee or pledgee, governed by articles 3:166 *et seq.* of the Dutch Civil Code. This means, among other things, that in the case of foreclosure of the All Moneys Security Rights (or where applicable, Fixed Security Rights), the relevant original mortgagee or pledgee, the Issuer, any other transferee and/or pledgee of secured receivables will in principle need to act jointly and share the proceeds *pro rata* on the basis of their respective shares in the joint estate. The same applies *mutatis mutandis* to the position of the Security Trustee as pledgee of Mortgage Receivables secured by such All Moneys Security Rights (or, where applicable, relevant Fixed Security Rights).

For this purpose the Mortgage Receivables Purchase Agreement contains an intercreditor arrangement granting the Issuer and/or the Security Trustee (as applicable) the right to (i) foreclose on the All Moneys Security Rights (or where applicable Fixed Security Rights) without involvement of the Seller and (ii) take recourse to the foreclosure proceeds prior to the Seller. The Issuer has been advised that irrespective of there being good arguments it is uncertain whether such an arrangement is binding on the Seller's liquidator or administrator in Dutch Insolvency Proceedings. However, the Issuer has also been advised that on the basis of articles 3:166, 168, 170 and 172 of the Dutch Civil Code there are good arguments to state that such arrangement is binding, although the position is not certain. Moreover, generally the above only becomes relevant in the event that each of the following conditions is met:

- the Borrower does not meet his secured obligations in full to either the Seller or the Issuer, in particular because he is insolvent;
- the Seller is subject to an Insolvency Proceeding; and
- the proceeds of the related Mortgaged Asset are insufficient to fully satisfy the secured receivables of the Seller and the Issuer.

In the Mortgage Receivables Purchase Agreement the Seller represents and warrants that neither the Seller nor the Relevant Originator has any Other Claim against the Borrower which is secured by the same Mortgage or Borrower Pledge securing the relevant Mortgage Receivable.

In the Mortgage Receivables Purchase Agreement, the Seller furthermore covenants, among other things, that if the Seller makes any Further Advance relating to a Mortgage Receivable or makes any Mortgage Loan Offer to a Borrower of which a Mortgage Loan forms part of the Portfolio, then on the immediately following Receivables Purchase Date, the Seller will offer such Further Advance Receivable or Mortgage Loan Offer for sale and assignment to the Issuer for an amount equal to the relevant Initial Purchase Price as at the relevant Transfer Date. Until the Notes Payment Date immediately preceding the First Optional Redemption Date, the Issuer is obliged to accept each such offer of Further Advance Receivables and Mortgage Loan Offer, on the condition that the purchase of such Further Advance Receivable and Mortgage Loan Offer does not result in a breach of any of the applicable Asset Conditions. If the purchase of any such Further Advance Receivable or Mortgage Loan Offer would, if completed, result in a breach of any of the applicable Asset Conditions then the Issuer will not be obliged to purchase such Further Advance Receivable or Mortgage Loan Offer and will instead be obliged to sell, and the Seller will be obliged to repurchase and accept reassignment of (i) all Mortgage Receivables relating to the Mortgage Loan in respect of which the relevant Further Advance and/or Mortgage Loan Offer was granted, (ii) all Mortgage Loans related to the same Portfolio Mortgage Loan Group and (iii) all Mortgage Loans to (one of) the same Borrower as in respect of such Further Advance and/or Mortgage Loan Offer.

In the Mortgage Receivables Purchase Agreement, the Seller furthermore covenants, among other things, that if the Seller makes any Roll-Over Loan under the Mortgage Conditions relating to a Mortgage Receivable or the Servicer makes any amendment to a Mortgage Loan as a result of which the receivable arising from such Mortgage Loan is a Roll-Over Receivable, then on the immediately following Receivables Purchase Date, the Seller will offer such Roll-Over Receivable for sale and assignment to the Issuer for no consideration. The Issuer is obliged to accept each such offer of Roll-Over Receivables, on the condition that the amendment from which the Roll-Over Receivable resulted constitutes a Permitted Variation or a Product Switch subject to the satisfaction of the relevant Asset Conditions. If the amendment from which the Roll-Over Receivable resulted did not constitute (x) a Permitted Variation or (y) a Product Switch which satisfies the applicable Asset Conditions, then the Issuer will not be obliged

to purchase such Roll-Over Receivable and will instead be obliged to sell, and the Seller will be obliged to repurchase and accept reassignment of (i) all Mortgage Receivables relating to the Mortgage Loan in respect of which the relevant Roll-Over Receivable resulted, (ii) all Mortgage Loans related to the same Portfolio Mortgage Loan Group and (iii) all Mortgage Loans to (one of) the same Borrower as in respect of such Roll-Over Receivables.

The Issuer will not purchase any Mortgage Receivables other than Further Advance Receivables, Mortgage Loan Offers or Roll-Over Receivables from the Seller following the acquisition of the Initial Portfolio on the Closing Date. The Initial Purchase Price for any Further Advance Receivable or any Mortgage Loan Offer will be funded from the Available Principal Funds.

### **Set-off by Borrowers**

Notwithstanding the assignment and pledge of the Mortgage Receivables to the Issuer and Security Trustee, respectively, the Borrowers may be entitled to set off the relevant Mortgage Receivable against a claim (if any) they may have against the Seller, such as (i) counterclaims resulting from damages incurred by a Borrower as a result of acts performed by the Seller and (ii) depending on the circumstances, other counterclaims such as counterclaims relating to a Construction Deposit and Undrawn Construction Amounts.

Counterclaims resulting from damages incurred by a Borrower could result from the misclassification of Borrowers as consumers under the applicable mortgage lending regulation.

In the absence of contractual provisions expanding statutory set-off possibilities, mutuality of claims is one of the requirements for set-off to be allowed: the parties have to be each other's creditor and debtor. Following an assignment of a Mortgage Receivable by the Seller to the Issuer, the Seller would no longer be the creditor of the Mortgage Receivable. However, for as long as the Assignment has not been notified to the relevant Borrower, the Borrower remains entitled to set off the Mortgage Receivable as if no assignment had taken place.

After notification of the Assignment or the pledge, the relevant Borrower can still invoke set-off pursuant to article 6:130 of the Dutch Civil Code. On the basis of such provision a Borrower can invoke set-off against the Seller and the Issuer respectively (and the Security Trustee as pledgee) if the Borrower's claim against the Seller (if any) stems from the same legal relationship as the Mortgage Receivable or became due and payable before the notification. In addition, the possibility cannot be excluded that on the basis of an analogous interpretation of article 6:130 of the Dutch Civil Code, a Borrower will be entitled to invoke set-off against the Seller or the Issuer respectively (or the Security Trustee) if prior to the notification, the Borrower was either entitled to invoke set-off against the Seller (e.g. on the basis of article 53 of the Dutch Bankruptcy Code (*Faillissementswet*)) or had a justified expectation that he would be entitled to such set-off against the Seller.

Some of the Mortgage Conditions provide for a waiver by the Borrower of his rights of set-off against the Seller. However, the waiver of set-off by a Borrower is likely to be voided pursuant to Dutch contract law and may therefore not be enforceable. Some of the standard form mortgage documentation provide for a right for the Borrower to, subject to certain conditions, set off claims it may have *vis-à-vis* the Seller with claims that the Seller has against the Borrower pursuant to the relevant Mortgage Loan. Other Mortgage Conditions do not include any such provision in respect of any such set-off or waiver thereof and, provided the requirements set out in the paragraph above are met, a Borrower may set-off his rights against the Seller. The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the amount so set-off (less any Construction Deposits and Undrawn Construction Amounts for which the Issuer is entitled to withhold from each Initial Purchase Price an amount equal thereto, if applicable).

### **Security rights by Borrowers**

Some of the Mortgage Receivables relate to Mortgage Conditions which are connected to an insurance policy with a risk and/or savings element, as the case may be. All rights of such a Borrower in respect of such an insurance policy have been pledged to the Seller. The above considerations on pledge and insolvency, made in the context of pledges to the Security Trustee (see section 2.2 (*Security*)), apply *mutatis mutandis* to all Borrower Pledges and Mortgages granted by the Borrowers.

In particular, the Issuer has been advised that under the laws of The Netherlands it is possible that the receivables purported to be pledged by the Borrowers in respect of insurance policies, qualify as future receivables. As mentioned above, if an asset is a future asset at the moment a bankruptcy, suspension of payments or debt restructuring arrangement (*schuldsaneringsregeling*) takes effect in relation to the relevant pledgor, such assets are no longer capable of being pledged (unless the liquidator would agree). The Issuer has been advised that under the laws of The Netherlands there is no general rule that is readily applicable to determine whether a claim arising from an insurance policy is an existing or a future claim. As a result, it is uncertain whether and to what extent the pledges of receivables under said insurance policies by the Borrowers are effective. The Issuer has been advised that, in respect of capital insurances (*sommenverzekeringen*) it is likely that the beneficiary's claims against the insurer corresponding with premiums which have already been paid to the insurer are existing claims, while claims relating to periods for which no premiums have yet been paid are likely to be future claims. The Issuer has been advised that in respect of risk insurances (*schadeverzekeringen*) it is uncertain whether the beneficiary's claim can be characterised as an existing claim before the insured event occurs.

### **Beneficiary Rights under Insurance Policies**

Some of the Mortgage Receivables may result from Mortgage Conditions which are connected to an insurance policy with a risk and/or savings element. In addition to being granted a pledge of rights under insurance policies, as abovementioned, either:

- the Seller has been appointed as beneficiary under the relevant insurance policy; or
- if another person has been appointed as beneficiary, that person has irrevocably authorised the relevant insurer to pay out the insurance proceeds to the Seller.

With respect to the first alternative, the Issuer has been advised that under the laws of The Netherlands it is uncertain whether Beneficiary Rights will follow the relevant Mortgage Receivable upon assignment thereof to the Seller and the Issuer respectively (and subsequent pledge thereof to the Security Trustee). For this purpose the Beneficiary Rights will, insofar as they will not follow the relevant Mortgage Receivable upon assignment, themselves be assigned by the Seller to the Issuer by way of silent assignment and be pledged by the Issuer to the Security Trustee by way of silent pledge. In the Mortgage Receivables Purchase Agreement the Seller undertakes to, upon the occurrence of an Assignment Notification Event, notify the relevant insurer of the (purported) assignment. However, the Issuer has been advised that under the laws of The Netherlands it is uncertain whether such assignment (and subsequent pledge) will be effective.

Insofar as the transfer of the Beneficiary Rights as abovementioned is not effective, the Seller will:

- in each Deed of Assignment and Pledge to be executed with the Issuer pursuant to the Mortgage Receivables Purchase Agreement to the extent possible, under the condition subsequent (*ontbindende voorwaarde*) that the relevant Mortgage Receivable is retransferred to the Seller, (a) appoint the Issuer or, following the occurrence of a Pledge Notification Event, the Security Trustee as beneficiary in its place and (b) to the extent such appointment is ineffective, waive its Beneficiary Rights. The Issuer has been advised that it is uncertain whether such appointment and/or waiver is effective. If such conditional appointment is ineffective and such conditional waiver is effective, either the relevant Borrower, or any other person ranking behind the Seller as beneficiary (a "**Second Beneficiary**"), will become the beneficiary under the relevant insurance policy; and
- in the Mortgage Receivables Purchase Agreement undertake to use reasonable efforts to procure that a beneficiary waiver agreement is, or is put, in effect between itself, the Issuer, the Security Trustee and each of the Insurance Companies upon the occurrence of an Assignment Notification Event, in which it is, among other things, agreed that to the extent necessary:
  - (i) the insurer (a) accepts the (purported) (conditional) appointment of the Issuer as beneficiary in the Seller's place and (b) to the extent such appointment is ineffective, accepts the (conditional) waiver by the Seller of its Beneficiary Rights; and

- (ii) the Seller and insurer will use their reasonable endeavours to obtain the co-operation from all relevant Borrowers and, where applicable, Second Beneficiaries to change the Beneficiary Rights in favour of the Issuer.

The Seller may not be able to enter into a beneficiary waiver agreement without the co-operation of the liquidator, if and to the extent such Assignment Notification Event has occurred as a result of the Seller having become subject to any Dutch Insolvency Proceedings.

With respect to the second alternative, the Issuer has been advised that it is uncertain whether the Borrower Insurance Proceeds Instruction entails that the insurer should pay the insurance proceeds to the Seller or, following assignment of the relevant Mortgage Receivable, to the Seller and the Issuer respectively, and that this depends on the interpretation of the Borrower Insurance Proceeds Instruction. Insofar as the Borrower Insurance Proceeds Instructions do not entail that the relevant insurer should, following assignment of the relevant Mortgage Receivable, pay the insurance proceeds to the Issuer, the relevant beneficiary waiver agreement (if entered into) will provide that the Seller and the relevant Insurance Company will use their reasonable endeavours to obtain the co-operation from all relevant Borrowers and (other) beneficiaries to change the Borrower Insurance Proceeds Instructions in favour of the Issuer.

If:

- in the case of the first alternative (a) the transfer of the Beneficiary Rights is not effective, (b) the (conditional) appointment of the Issuer as beneficiary in the place of the Seller is not effective and (c) the (conditional) waiver of Beneficiary Rights by the Seller is ineffective or, if it is effective, results in a Second Beneficiary having become the beneficiary; or
- in the case of the second alternative, the Borrower Insurance Proceeds Instructions do not entail that insurance proceeds should be paid to the Issuer,

and, in either case, (i) in the case of Insurance Companies, no beneficiary waiver agreement as described above will be entered into with the relevant Insurance Company and/or (ii) the relevant Borrowers, Second Beneficiaries and/or (other) beneficiaries do not co-operate as described above, then the proceeds under the relevant insurance policies could, as the case may be, either be paid to:

- the Seller, in which case the Seller will be obliged to on-pay the proceeds to the Issuer or the Security Trustee, as the case may be. If the Seller breaches such payment obligation, for example because the it is subject to an Insolvency Proceeding, this may result in the proceeds not being applied in reduction of the relevant Mortgage Receivable and in a Deduction Risk; or
- the Second Beneficiary or the (other) beneficiary, which may result in the proceeds not being applied in reduction of the relevant Mortgage Receivable.

### **Interest reset rights**

The Issuer has been advised that it is uncertain whether any interest reset right will transfer to the Seller and the Issuer with the Assignment of the relevant Mortgage Receivable. If such interest reset right remains with the Seller despite the assignments, this means that in case the Seller becomes subject to a Dutch Insolvency Proceeding, the co-operation of the liquidator in insolvency would be required to reset the interest rates (unless such right is transferred to the Issuer prior to the Dutch Insolvency Proceeding taking effect, but this may require the co-operation of the Borrower).

### **Construction Deposits and Undrawn Construction Amounts**

Certain Mortgage Receivables result from the Mortgage Conditions under which the relevant Borrower has requested part of the loan to be disbursed in anticipation of construction or improvement costs to be incurred by him at a later stage in connection with the Mortgaged Asset. As at the Provisional Portfolio Cut-Off Date approximately 2.4 per cent. of the Provisional Portfolio is not (yet) fully disbursed in this way. There are two types of Construction Mortgage Loans in the pool.

The first type is a Construction Mortgage Loan under which the relevant Borrower has requested part of the Mortgage Loan (a "**Construction Deposit**") to be held on deposit with the Seller in anticipation of construction or improvement costs to be incurred by him at a later stage in connection with the Mortgaged Asset. The intention is that when the applicable conditions set out in the Mortgage Conditions are met, (the relevant part of) the Construction Deposit is applied towards the relevant construction or improvement costs of the Borrower. If there are any amounts standing to the credit of the Construction Deposit on the date falling 12 months (or such other longer period as may be agreed by the Seller) after the disbursement of the relevant Mortgage Loan, such amounts shall either be set-off against the relevant Mortgage Loan or disbursed to the Borrower. In the Mortgage Receivables Purchase Agreement it is agreed that all Mortgage Receivables in relation to a Mortgage Loan with a Construction Deposit in the Initial Portfolio will be transferred to the Issuer. Since the Construction Deposits remains with the Seller, there is a risk that the Seller becomes subject to an Insolvency Proceeding and that the Seller cannot pay out the Construction Deposit to the relevant Borrower. If this happens a Borrower may be allowed to set off his receivable in respect of the Construction Deposit against the related Mortgage Receivables.

The second type is a Construction Mortgage Loan whereby the loan is not fully disbursed at origination, but instead the amount available for the construction or improvement of the Mortgaged Asset is initially withheld by the Seller and the Seller has committed to pay out such amounts to or on behalf of the Borrower in order to enable the Borrower to pay for such construction of, or improvements to, the relevant Mortgaged Asset, provided certain conditions are met (such undrawn amount, the "**Undrawn Construction Amount**").

The Seller has advised the Issuer that any Construction Deposits currently in the Provisional Portfolio will either end on or before 31 December 2018 or will be converted into Undrawn Construction Amounts and all other construction deposits already concern Undrawn Construction Amounts.

The Issuer will be entitled to withhold from each Initial Purchase Price an amount equal to the related Construction Deposit or, if applicable, the Undrawn Construction Amount. Such amount will be deposited in the Construction Deposit Account. As a result, there is no corresponding Borrower set-off risk in respect of such Construction Mortgage Loans within the Portfolio. The Issuer will pay any remaining part of an Initial Purchase Price to the Seller in order to fund distribution of a corresponding part of the relevant Construction Deposit, or Undrawn Construction Amount, as the case may be, to the relevant Borrower.

#### **Risk that the mortgage rights on long lease cease to exist**

The mortgage rights securing the Mortgage Loans may in some cases be vested on a long lease (*erfpacht*), as further described in section 5.2 (*Description of Mortgage Loans*).

A long lease will, among other things, end as a result of expiration of the long lease term (in case of lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches (*in ernstige mate tekortschieten*) other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, among other things, be determined by the conditions of the long lease and may be less than the market value of the long lease. The long lease also terminates when the leaseholder gets full legal title to the property (*vermenging*). In such event the Mortgage will remain in effect but on execution only a long lease can be sold (not the full legal title due to the *nemo plus* rule). The replacement of the landowner may have an adverse effect on the market value of the long lease.

In cases where a mortgage is vested on long lease, a paragraph is added to the relevant mortgage deed, providing that the relevant loan becomes immediately due and payable in the event the long lease is terminated or the leaseholder has not paid the remuneration or seriously breaches other obligations under the long lease. When underwriting a loan to be secured by a mortgage on a long lease, the Seller has taken into consideration the conditions of the long lease, including the term thereof in comparison to the proposed term of the loan.

### **Risks of losses associated with declining values of Mortgaged Assets and/or Mortgage Receivables**

The security created in favour of the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets or a decline in the market value of the Mortgage Receivables. No assurance can be given that values of the Mortgaged Assets remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. Please refer to section 5.1 (*Stratification Tables*) for an overview of the Current Loan to Value Ratio of the Provisional Portfolio as at the Provisional Portfolio Cut-Off Date. In addition, a forced sale of the Mortgaged Assets will in most cases, compared to a private sale, result in lower proceeds of the Mortgaged Assets and/or Mortgage Receivables. A decline in value may result in losses to the Noteholders if such security is required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Receivables.

### **Increases in prevailing market interest rates may adversely affect the performance of the portfolio of Mortgage Loans**

Borrowers with a Mortgage Loan subject to a variable rate of interest or with a Mortgage Loan for which the related interest rate adjusts following an initial fixed rate may be exposed to increased monthly payments if the related mortgage interest rate adjusts upward following an increase in any floating interest rates which is determined by reference to any interest rate set by the European Central Bank (or, in the case of a Mortgage Loan with an initial fixed rate at the end of the relevant fixed rate period). This increase in Borrowers' monthly payments may ultimately result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or a rise in the related variable interest rates) by refinancing their Mortgage Loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient own funds to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment rates and higher losses on the Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and/or principal on the Notes.

### **Underwriting guidelines may not identify or appropriately assess repayment risks**

The Seller has represented to the Issuer and the Security Trustee that, when originating Mortgage Loans the Relevant Originator did so in accordance with the Relevant Originator's standard underwriting criteria and procedures (including those relating to manual overrules). The guidelines may not have identified or appropriately assessed the risk that the interest and principal payments due on a Mortgage Loan will be repaid when due, or at all, or whether the value of the Mortgaged Asset will be sufficient to otherwise provide for recovery of such amounts. To the extent exceptions were made to the Relevant Originators' underwriting guidelines in originating a Mortgage Loan, those exceptions may increase the risk that principal and interest amounts may not be received or recovered and compensating factors, if any, which may have been the premise for making an exception to the underwriting guidelines may not in fact compensate for any additional risk.

### **Changes to tax deductibility of interest may result in an increase of defaults**

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner occupied residences from their taxable income. In the case of the Provisional Portfolio, approximately 6.1 per cent. by value were residential owner occupied (based on aggregate Gross Outstanding Principal Balance as at the Provisional Portfolio Cut-Off Date).

The period allowed for deductibility is restricted to a term of 30 years and it only applies to mortgage loans secured by owner occupied properties (primary residence). Since 2004, the tax deductibility of mortgage interest payments has been restricted under the so-called Additional Borrowing regulation (*Bijleenregeling*). On the basis of this regulation, if a home owner acquires a new home and realises a profit on the sale of his old home, the home owner is considered to invest this net profit into the new home. Broadly speaking, the net profit is deducted from the value of the new home and mortgage loan interest deductibility is limited to the interest that relates to a maximum loan equal to the value of the new home less the net profit of the old home. Special rules apply to moving home owners that do not (immediately) sell their previous home.

As of 1 January 2013, interest deductibility in respect of newly originated mortgage loans is only available in respect of mortgage loans which amortize over 30 years or less and are repaid on at least an annuity basis and are actually paid off in compliance with a statutory formula.

In addition to these changes further restrictions on the interest deductibility have entered into force as of 1 January 2014. The tax rate against which the mortgage interest may be deducted will be gradually reduced as of 1 January 2014. For taxpayers currently deducting mortgage interest at the 52 per cent. rate (highest income tax rate) the interest deductibility will be reduced by 0.5 per cent. per year (i.e. 49.5 per cent. in 2018) until the rate is equal to the third-bracket income tax rate of 38 per cent. in 2041.

On 18 September 2018, the Dutch government released its Tax Plan 2019 as part of Budget Day 2018, which includes, among others, certain legislative proposals based on the policy intentions as mentioned in the coalition agreement including , that from 2020 the decrease of the maximum interest deductibility for mortgage loans will be accelerated and will decrease from a 43 per cent. rate in 2021 with 3 per cent. annually to 37.05 per cent. in 2023. If the legislative proposals enter into force they may have an adverse effect on tax deductibility of interest and other factors relevant in relation to the mortgage loans.

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of borrowers to repay their Mortgage Receivables. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans (to the extent such Mortgage Loan relates to an owner occupied residency) resulting in higher or lower prepayment rates of such Mortgage Loans. See also the paragraph named *Yield and prepayment risk* above. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets. See also the paragraphs named *Risks of Losses associated with declining values of Mortgaged Assets and/or Mortgage Receivables* above.

### **Defaulted Mortgage Receivables**

The ability of the Issuer to repay the full amount under the Notes will depend on, among other things, the proceeds of the Mortgage Receivables. Borrowers may default on their obligations due under the Mortgage Receivables. Defaults may occur for a variety of reasons. The Mortgage Receivables are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, changes in mortgage lender conduct codes and prevailing underwriting and servicing criteria, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to make the required payments under the Mortgage Receivables. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies (*faillissementen*) of Borrowers or the Borrowers becoming subject to debt rescheduling arrangements (*schuldsaneringsregelingen*) or suspension of payments (*surseance van betaling*), and could ultimately have an adverse impact on the ability of Borrowers to make the required payments under the Mortgage Receivables. In addition, the ability of a Borrower to sell a Mortgaged Asset at a price sufficient to repay the amounts outstanding under that Mortgage Receivable will depend upon a number of factors, including the availability of buyers for that Mortgaged Asset, the value of that Mortgaged Asset and property values in general at the time.

### **Risks that the foreclosure proceeds will be insufficient**

As further described in section 5.3 (*Origination*), valuations of the Mortgaged Assets have been obtained in the form of valuations by employees of the Relevant Originators pursuant to the valuation policy of the Relevant Originator, an external qualified Dutch surveyor, valuations by the Dutch tax authorities in the context of the WOZ or contracts for construction/brochure price.

In general, a valuation represents the analysis and opinion of the person undertaking the valuation at the time that the relevant valuation is prepared. The valuation is not a guarantee, indication or assurance of the present or future value of any relevant Mortgaged Asset. There can be no assurance that a different person valuing any of the Mortgaged Assets would have arrived at the same or similar valuation attributable to the Mortgaged Asset associated with the Mortgage Receivable, even if such different person used the same approach and/or methodology to value such Mortgaged Asset.

Also, there is a risk that the valuation amounts determined in relation to a property, regardless of the type of valuation obtained, could be significantly higher than the actual amount recoverable from the sale of a property under a distressed or liquidation sale. In addition, in many real estate markets property values have declined since the time that the underlying valuations were obtained. Therefore, any underlying valuations of Mortgaged Assets may not be a true and accurate reflection of the current market value of such Mortgaged Assets. No revaluation of the Mortgaged Assets has taken place for the purpose of the issuance of the Notes and, unless expressly stated otherwise, all valuations quoted are dated within the last 6 months prior to the date of the origination of the relevant Mortgage Loan. Please refer to section 5.1 (*Stratification Tables*) for an overview of the Current Loan to Value Ratio of the Provisional Portfolio as at the Provisional Portfolio Cut-Off Date.

Accordingly, there is a risk that, on the enforcement of security over the relevant Mortgaged Asset, not all amounts owing by a Borrower under a Mortgage Loan can be recovered from the proceeds of the foreclosure of the related Mortgaged Asset together with any proceeds of the enforcement of any other rights securing the Mortgage Receivable. If there is a failure to recover such amounts, this would result in a Realised Loss which may adversely affect the Notes.

### **Risk related to leased property**

#### ***Risk of losses associated with investment Mortgage Loans***

Approximately 81.8 per cent. of the Net Outstanding Principal Balance of the Provisional Portfolio as at the Provisional Portfolio Cut-Off Date constitute investment Mortgage Loans. The Borrower's ability to make payments in respect of such Mortgage Loans is partly dependent on the Borrower's ability to let the relevant Mortgaged Asset on appropriate terms. It is intended that the Mortgaged Assets which secure such Mortgage Loans will be let by the relevant Borrower to tenants but there can be no guarantee that each such Mortgaged Asset will be the subject of an existing tenancy when the relevant Mortgage Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Mortgage Loan and/or the rental income achievable from tenancies of the relevant Mortgaged Asset over time will be sufficient to provide the Borrower with sufficient income to meet the Borrower's obligations in respect of the Mortgage Loan.

Consequently, the security for the Notes may be affected by the condition of the rental market in The Netherlands. The condition of the market will influence both the ability of the Borrower to find tenants and the level of rental income which may be achieved in letting. The obligations of a Borrower to make payment under the Mortgage Loan are unconditional without regard to whether the Mortgaged Asset is let or the amount of rent received by the Borrower from the relevant tenant. Upon enforcement of a Mortgage Loan in respect of a Mortgaged Asset which is the subject of an existing tenancy, the Servicer may not be able to obtain vacant possession of that Mortgaged Asset until the end of the tenancy. If such Servicer enforces while the tenancy is continuing and sells the Mortgaged Asset as an investment property with one or more tenants in situ, this may affect the amount which may be realised in the sale although the existence of any such tenant paying rent in full on a timely basis may not have an adverse effect on the amount of such realisation.

Furthermore the Seller may have the benefit of a right of pledge on the rights of the Borrower *vis-à-vis* any lessees in respect of rental payment due under lease agreements. The obligation to pay rent under a lease agreement arises only as such payments become due from time to time and consequently a lease receivable is regarded as a future asset. If such future assets come into existence when Dutch Insolvency Proceedings take effect in respect of the Borrower, such assets are no longer capable of being pledged by the Borrower to the Seller.

#### **Risk of losses associated with Interest-only Mortgage Loans**

Approximately 21.2 per cent. of the Net Outstanding Principal Balance of the Provisional Portfolio as at the Provisional Portfolio Cut-Off Date constitute Interest-only Mortgage Loans. Interest-only Mortgage Loans are originated with a requirement that the Borrower pay scheduled interest payments only. There is no scheduled amortisation of principal. Consequently, upon the legal maturity of an Interest-only Mortgage Loan, the Borrower will be required to make a "bullet" or "balloon" payment that will legally represent the entirety of the principal amount outstanding. The ability of such a Borrower to repay an Interest-only Mortgage at legal maturity frequently may depend on such Borrower's ability to sell the Mortgaged Asset, refinance the Mortgaged Asset (whether or not with the Seller) or obtain funds from

another source such as individual savings accounts, a pension policy, personal equity plans or an endowment plan. Neither the Issuer, the Security Trustee nor the Seller have verified that the Borrower has any such other source of funds and none of them has obtained security over the Borrower's right in respect of any such other source of funds. The ability of a Borrower to sell or refinance the Mortgaged Asset will be affected by a number of factors, including the value of the Mortgaged Asset, the Borrower's equity in the Mortgaged Asset, the financial condition of the Borrower, tax laws and general economic conditions at the time. Moreover, the Mortgage Conditions in respect of Interest-only Mortgage Loans do not require a Borrower to put in place alternative funding arrangements.

Should property values decline, Borrowers under the Mortgage Loans may have insufficient equity to refinance their Mortgage Loans and may have insufficient resources to pay amounts in respect of their loans as and when they fall due. This could lead to higher delinquency rates and losses which in turn may adversely affect payments on the Notes.

### **Extension of Mortgage Loans**

Certain Mortgage Loans have an economic maturity which exceeds their legal maturity. The Mortgage Conditions provide that the Mortgage Loans must be repaid at the end of their relevant legal maturity, however loans may be offered extensions at the discretion of the Seller in the ordinary course of business. Such extension may not qualify as a Permitted Variation or fall within the Asset Conditions or the Seller may not wish to grant the extension. If any extension granted does not meet the criteria for any Permitted Variation or the applicable Asset Conditions, the Seller will be required to repurchase the relevant Mortgage Receivable as well as any Mortgage Receivables relating to Mortgage Loans made to the relevant Portfolio Mortgage Loan Group or otherwise to the same Borrower.

Furthermore, if the Seller does not offer an extension the Borrower may be required to repay the Mortgage Loan in full. The ability of such a Borrower to repay such Mortgage Loan at that time may depend on such Borrower's ability to sell the Mortgaged Asset, refinance the Mortgaged Asset or obtain funds from another source such as individual savings accounts, a pension policy, personal equity plans or an endowment policy. This could lead to higher delinquency rates and losses which in turn may adversely affect payments on the Notes.

### **Provisional Portfolio**

The information in the section entitled "*Stratification Tables*" and "*Description of Mortgage Loans*" has been provided by the Seller as at 30 June 2018 (the "**Provisional Portfolio Cut-Off Date**"). The pool of mortgage loans from which the Initial Portfolio will be selected (the "**Provisional Portfolio**") as at the Provisional Portfolio Cut-Off Date comprised of 2,472 Mortgage Loans with an aggregate Net Outstanding Principal Balance of EUR 526,887,661. The Provisional Portfolio consists of a portfolio of Mortgage Loans and their related security which includes the Mortgage Loans and their Related Security. On Closing Date, pursuant to the Mortgage Receivables Purchase Agreement, the Seller will transfer the Mortgage Receivables and Related Security comprising the Initial Portfolio to the Issuer. See sections "*Stratification Tables*" and "*Description of Mortgage Loans*" for more detail.

The characteristics of the Initial Portfolio as at the Closing Date will vary from those of the Provisional Portfolio as a result of the exclusion of: (i) Mortgage Loans which are scheduled to redeem prior to the Closing Date; and (ii) Mortgage Loans which at any time prior to the Closing Date are found not to comply with the representations and warranties to be given in respect of the Mortgage Receivables on the Closing Date as set out in the Mortgage Receivables Purchase Agreement. See section "*Portfolio Information*" for more detail.

### **Searches, Investigations and Representations and Warranties in relation to the Mortgage Loans**

Neither the Security Trustee, the Arranger, the Joint Lead Managers (or any of their respective affiliates) nor the Issuer has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Mortgage Loan, Mortgage Receivable or its Related Security in the Portfolio and each relies instead on the representations and warranties given in the Mortgage Receivables Purchase Agreement by the Seller. Mortgage Loans which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Mortgage Loan had such matters been revealed. Although the Seller will give certain

representations and warranties in respect of the Mortgage Loans, the Mortgage Receivables and Mortgage Loan Offers sold and assigned by it, the Seller was not the originator of any of the Mortgage Loans comprised in the Acquired Yellow Mortgage Portfolio and Acquired Dome Mortgage Portfolio (or any Mortgage Loans originated by the Relevant Originator thereafter and prior to completion of the transfer of the origination activities from Vesting Finance Servicing B.V. to RNHB B.V.) and initially acquired its interest in and title to the Mortgage Loans and their Related Security in the Acquired Yellow Mortgage Portfolio from FGH through Yellow NewCo B.V. in December 2016 and initially acquired its interest in and title to the Mortgage Loans and their Related Security in the Acquired Dome Mortgage Portfolio from Propertize B.V. and various of its subsidiaries in October 2017 (see section entitled 2.4 (*Seller / Originator*)). In each case, the Seller subsequently sold and assigned its interest and title in the Mortgage Receivables and their Related Security in the Acquired Yellow Mortgage Portfolio and Acquired Dome Mortgage Portfolio to Yellow AssetCo (the "**Warehousing Entity**"), although the Seller retained material credit risk on the Mortgage Receivables and their Related Security sold and assigned to the Warehousing Entity. On the Closing Date, the Seller will re-acquire the interest in and title to the Mortgage Receivables and their Related Security from the Warehousing Entity. The Warehousing Entity will not have any on-going rights or obligations in relation to the Mortgage Receivables and their Related Security and will not be liable for the obligation of the Issuer in respect of the Notes or the obligations of the Seller under the Transaction Documents.

The primary remedy of the Issuer against the Seller if any of the representations and warranties made by the Seller are materially breached or prove to be materially untrue as at the Closing Date, or in respect of any Further Advances or Mortgage Loan Offers sold and assigned, as at the relevant Transfer Date (and any such breaches are not remedied in accordance with the Mortgage Receivables Purchase Agreement), will be to require the Seller to repurchase any relevant Mortgage Receivables and its Related Security or Mortgage Loan Offers, for a prescribed repurchase price in accordance with the provisions in the Mortgage Receivables Purchase Agreement. There can be no assurance that the Seller will have the resources to meet any such repurchase obligation and pay the Issuer the relevant repurchase price at the relevant time. In each case, none of the Issuer, the Security Trustee, the Arranger, the Joint Lead Managers, the Noteholders or any other Secured Creditor will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such repurchase obligation and pay the Issuer the relevant repurchase price.

(f) **SERVICING**

By acquiring legal title to the Mortgage Receivables, the Issuer is deemed to provide mortgage credit, which is a licensable activity under the Wft. The Issuer can rely on an exemption from this licence requirement, if the Issuer outsources the managing of the Mortgage Receivables and the servicing and administration thereof to an entity which is adequately licensed under the Wft to act as consumer credit offeror (*aanbieder*) and intermediary (*bemiddelaar*) and which complies with certain information duties towards the Borrowers. Pursuant to the Servicing Agreement, the Issuer outsources the servicing and administration of the Mortgage Receivables to the Servicer and the management of the Portfolio Advisor. In the Servicing Agreement, the Servicer represents and warrants that it has, and covenants that it shall retain all licenses, approvals, authorisations and consents which may be necessary for the performance including a license under the Wft to act as consumer credit offeror (*aanbieder*) and intermediary (*bemiddelaar*) and undertakes to comply with the information duties towards the Borrowers under or pursuant to the Wft. Furthermore, the Servicer has covenanted that it shall only engage any sub-agent or sub-servicer with all requisite licences, approvals, authorisations and consents under applicable laws to enable it to fulfil its obligations under or in connection with such arrangements. If the Servicing Agreement is terminated, the Issuer will need to appoint a substitute servicer which must be adequately licensed in order for the Issuer to keep the benefit of exemptive relief. Alternatively, the Issuer needs to obtain such a licence itself. The Servicing Agreement stipulates that the Servicer may only terminate the Servicing Agreement if a substitute servicer is appointed prior to such termination which holds the requisite licences, including being duly licensed under the Wft to act as consumer credit offeror (*aanbieder*) and intermediary (*bemiddelaar*).

If an event of default (which includes, subject to applicable grace periods, a payment default, breach of undertaking and Insolvency Proceedings in respect of the Servicer) occurs in respect of the Servicer under the Servicing Agreement which is continuing, then the Issuer and/or the Security Trustee will be entitled to terminate the appointment of the Servicer and appoint a substitute servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of servicing and administering mortgage loans and who would be willing and able to service the Mortgage Receivables on the terms of the

Servicing Agreement can be found. The ability of a substitute servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect the ability of the Issuer to make payments under the Notes.

The Servicer will be permitted to subcontract its servicing role to a third party servicer subject to any applicable conditions in the Servicing Agreement.

The Servicer does not have (or will not have, as applicable) any obligation itself to advance payments that Borrowers fail to make in a timely fashion. Noteholders will have no right to consent to or approve of any actions taken by the Servicer under a Servicing Agreement.

The Security Trustee is not obliged in any circumstances to act as a Servicer or to monitor the performance by any Servicer of its obligations.

***Cap on liability of the Servicer***

The Servicer has capped its aggregate liability which can be incurred towards each of the Issuer, the Seller, the Security Trustee and the Portfolio Advisor. Other than in case of gross negligence, wilful misconduct or fraud of the Servicer, the liability of the Servicer is subject to a limit of (i) EUR 3,000,000 multiplied by the Portfolio Fraction per calendar year and (ii) EUR 15,000,000 multiplied by the Portfolio Fraction in total under the Transaction Documents *vis-à-vis* the Issuer, the Seller the Security Trustee and the Portfolio Advisor.

The above liability limits apply to any and all claims made by the Seller, the Security Trustee, the Issuer and the Portfolio Advisor against the Servicer (other than in case of gross negligence, wilful misconduct or fraud of the Servicer). Consequently, the Issuer may be unable to recover fully (and/or in a timely manner) the funds necessary to fulfil its payment obligations under the Notes. If such funds are insufficient, the shortfall will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

(g) **GENERAL**

**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.

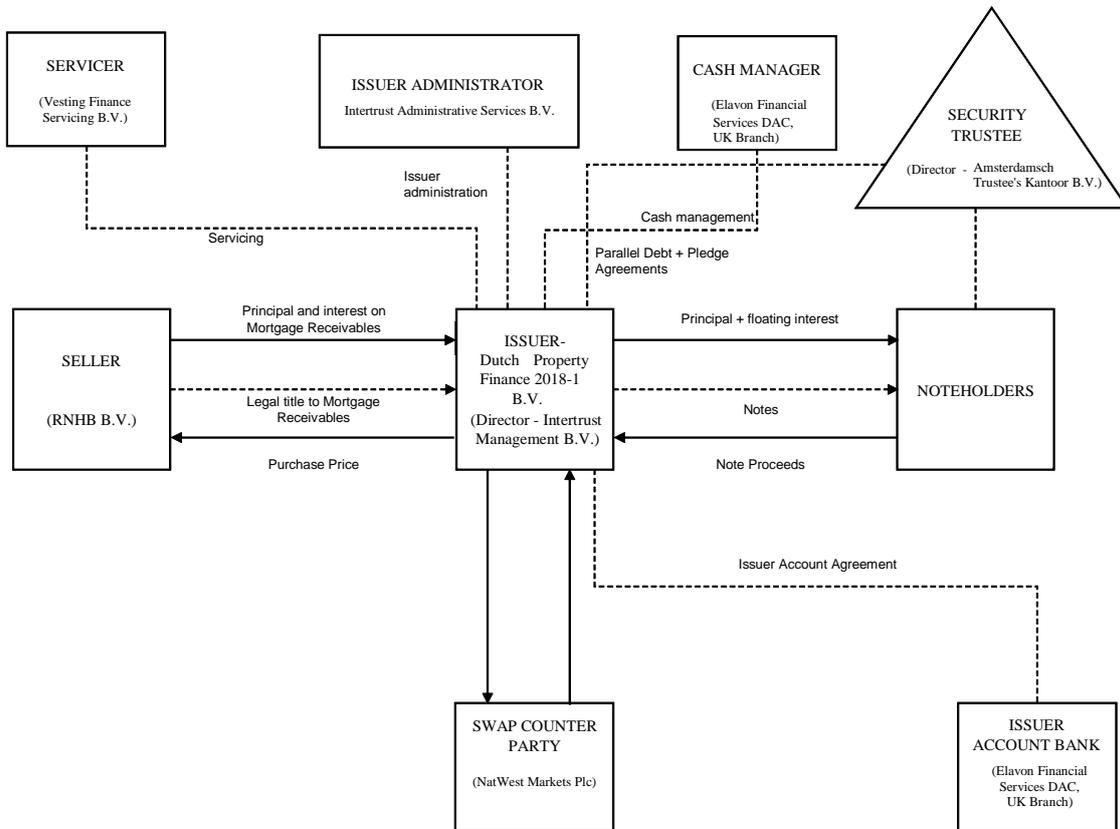
**Different Capacities**

On the date hereof, RNHB B.V. acts as Portfolio Advisor, Seller and Originator. RNHB B.V. in acting in such capacities shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity.

Noteholders should therefore be aware that a conflict of interests could arise between the various roles of RNHB B.V. and that RNHB B.V. has no implicit or explicit obligation or duty to act in the best interests of the Noteholders when performing its various functions.

The Issuer has been advised that, as a matter of the laws of The Netherlands, a party is not capable of contracting with itself. However, this general principle does not apply where such party (like RNHB B.V.) is acting with other parties (such as the Security Trustee and the Issuer).

1.2 STRUCTURE DIAGRAM



### 1.3 PRINCIPAL PARTIES

*Certain of the parties set out below may be replaced in accordance with the terms set out in the Transaction Documents.*

<b>Issuer</b>	Dutch Property Finance 2018-1 B.V., incorporated under the laws of The Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), and registered with the Chamber of Commerce under number 72132000. The entire issued share capital of the Issuer is owned by the Shareholder.
<b>Seller</b>	RNHB B.V., incorporated under the laws of The Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) and registered with the Chamber of Commerce under number 66858925.
<b>Originator</b>	The entity or the legal successor to the relevant entity which originated the relevant Mortgage Loan, being, (i) in relation to any Mortgage Receivable forming part of the Acquired Yellow Mortgage Portfolio, FGH Bank N.V. (or any of its relevant predecessors) and/or De Lage Landen), (ii) Vesting Finance Servicing B.V., (iii) RNHB B.V. or (iv) in relation to any Mortgage Receivable forming part of the Acquired Dome Mortgage Portfolio, Propertize B.V. (or any of its predecessors, as applicable), B.V. De Haarlemsche Maatschappij voor Hypothecaire Financiering , BPF Onroerend Goed Lease en Financieringen B.V., SNS Bank N.V. ((currently known as de Volksbank N.V.) or any of its subsidiaries), Staal Bankiers N.V. (currently known as Staal Beheer N.V.) or Centraal Beheer Pensioenverzekeringen N.V. (currently known as Achmea Pensioen- en Levensverzekeringen N.V.), in each case, as applicable.

As as the date of this Prospectus the address of:

- (i) Coöperatieve Rabobank U.A. (as successor under legal title of FGH Bank N.V.) is Croeselaan 8, 3521 CB Utrecht, The Netherlands;
- (ii) Vesting Finance Servicing B.V. is Van Asch van Wijkstraat 55F, 3811 LP Amersfoort, The Netherlands;
- (iii) RNHB B.V. is St.-Jacobsstraat 125, 3511 BP Utrecht, The Netherlands;
- (iv) Propertize B.V. is Daalseplein 101, 3511 SX Utrecht, The Netherlands;
- (v) B.V. De Haarlemsche Maatschappij voor Hypothecaire Financiering is Daalseplein 101, 3511 SX Utrecht, The Netherlands;
- (vi) BPF Onroerend Goed Lease en Financieringen B.V. is Daalseplein 101, 3511 SX Utrecht, The Netherlands;
- (vii) de Volksbank N.V. is Croeselaan 1, 3521 BJ Utrecht, The Netherlands;
- (viii) Staal Beheer N.V. is Storkstraat 12 101, 3833 LB Leusden, The Netherlands; and
- (ix) Achmea Pensioen- en Levensverzekeringen N.V. is Laan van Malkenschoten 20, 7333 NP Apeldoorn, The Netherlands.

<b>Issuer Administrator</b>	Intertrust Administrative Services B.V.
<b>Cash Manager</b>	Elavon Financial Services DAC, UK Branch.
<b>Servicer</b>	Vesting Finance Servicing B.V.
<b>Replacement Servicer Facilitator</b>	Intertrust Administrative Services B.V.
<b>Security Trustee</b>	Stichting Trustee Dutch Property Finance 2018-1, established under the laws of The Netherlands as a foundation ( <i>stichting</i> ), and registered with the Chamber of Commerce under number 72159383.
<b>Shareholder</b>	Stichting Holding Dutch Property Finance 2018-1, established under the laws of The Netherlands as a foundation ( <i>Stichting</i> ), and registered with the Chamber of Commerce under number 72121394.
<b>Directors</b>	Intertrust Management B.V., the sole director of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee. Each of the Directors is incorporated under the laws of The Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). Intertrust Management B.V. is registered with the Chamber of Commerce under number 33226415. Amsterdamsch Trustee's Kantoor B.V. is registered with the Chamber of Commerce under number 33001955.
<b>Swap Counterparty</b>	NatWest Markets Plc.
<b>Issuer Account Bank</b>	Elavon Financial Services DAC, UK Branch.
<b>Paying Agent</b>	Elavon Financial Services DAC, UK Branch.
<b>Arranger</b>	HSBC Bank plc.
<b>Joint Lead Managers</b>	HSBC Bank plc and Barclays Bank PLC.
<b>Listing Agent</b>	Walkers Listing Services Limited.
<b>Credit Rating Agencies</b>	DBRS Ratings Limited and Standard & Poor's Global Ratings Europe Limited.  Each Credit Rating Agency is established in the European Union and registered under the CRA Regulation. As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation.

1.4 NOTES

	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>	<b>Class F Notes</b>	<b>Class G Notes</b>
<b>Principal Amount Outstanding at Closing Date</b>	EUR 315,800,000	EUR 39,000,000	EUR 15,800,000	EUR 14,000,000	EUR 3,400,000	EUR 12,000,000	EUR 8,000,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.	99.53 per cent.	99.54 per cent.	100.85 per cent.	100 per cent.
<b>Expected Rating (S&amp;P / DBRS)</b>	'AAA' / AAA'	'AA' / 'A' / A'	'A+' / 'A'	'A-' / 'BBB'	'BB+' / 'B' / B(hi)'	N/A	N/A
<b>Issue Date</b>	28 September 2018						
<b>Listing</b>	Application has been made to Euronext Dublin for the Rated Notes to be admitted to the official list and trading on its regulated market						
<b>Clearing</b>	Euroclear and Clearstream, Luxembourg						
<b>Denomination</b>	EUR 100,000 and integral multiples of EUR 1,000 thereafter.						
<b>Form</b>	Bearer form and in case of Definitive Notes serially numbered with coupons and talons attached.						
<b>Status and ranking / Subordination</b>	<p><i>Pari passu</i> and <i>pro rata</i> without any preference or priority among Notes of the same Class in respect of the Security proceeds and payments of principal and, if applicable, interest.</p> <p>All:</p> <ul style="list-style-type: none"> <li>(i) payments of principal on the Class A Notes will rank in priority to payments of principal on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes;</li> <li>(ii) payments of principal on the Class B Notes will rank in priority to payments of principal on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes;</li> <li>(iii) payments of principal on the Class C Notes will rank in priority to payments of principal on the Class D Notes, the Class E Notes and the Class F Notes;</li> <li>(iv) payments of principal on the Class D Notes will rank in priority to payments of principal on the Class E Notes and the Class F Notes; and</li> <li>(v) payments of principal on the Class E Notes will rank in priority to payments of principal on the Class F Notes.</li> </ul> <p>Payments of principal on the Class G Notes shall be made from the Available Revenue Funds or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments, in each case, in accordance with the Revenue Priority of Payments and the Post-Enforcement Priority of Payments.</p>						

See section 3.1 (*Terms and Conditions of the Notes*).

**Floating rate of interest**

The Class A Notes will accrue interest at an annual rate of the higher of (i) zero and (ii) Euribor for three months deposits in euros (determined in accordance with Condition 7 (*Interest*)) plus the Relevant Margin and in respect of the first Interest Period the interest rate shall be 0.32891 per cent. per annum.

The Class B Notes will accrue interest at an annual rate of the higher of (i) zero and (ii) Euribor for three months deposits in euros (determined in accordance with Condition 7 (*Interest*)) plus the Relevant Margin and in respect of the first Interest Period the interest rate shall be 0.89891 per cent. per annum.

The Class C Notes will accrue interest at an annual rate of the higher of (i) zero and (ii) Euribor for three months deposits in euros (determined in accordance with Condition 7 (*Interest*)) plus the Relevant Margin and in respect of the first Interest Period the interest rate shall be 1.39891 per cent. per annum.

The Class D Notes will accrue interest at an annual rate of the higher of (i) zero and (ii) Euribor for three months deposits in euros (determined in accordance with Condition 7 (*Interest*)) plus the Relevant Margin and in respect of the first Interest Period the interest rate shall be 1.79891 per cent. per annum.

The Class E Notes will accrue interest at an annual rate of the higher of (i) zero and (ii) Euribor for three months deposits in euros (determined in accordance with Condition 7 (*Interest*)) plus the Relevant Margin and in respect of the first Interest Period the interest rate shall be 2.59891 per cent. per annum.

The Class F Notes and the Class G Notes will not carry any interest.

<b>Relevant Margin on the Notes up to but excluding First Optional Redemption Date</b>	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>	<b>Class F Notes</b>	<b>Class G Notes</b>
	0.63 per cent. per annum	1.20 per cent. per annum	1.70 per cent. per annum	2.10 per cent. per annum	2.90 per cent. per annum	N/A	N/A
<b>Relevant Margin on the Notes after First Optional Redemption Date if the Notes of any Class have not been redeemed in full</b>	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class D Notes</b>	<b>Class E Notes</b>	<b>Class F Notes</b>	<b>Class G Notes</b>
	1.26 per cent. per annum	1.80 per cent. per annum	2.55 per cent. per annum	3.15 per cent. per annum	4.35 per cent. per annum	N/A	N/A

**Interest Periods and accrual** Each Interest Period will commence on (and include) a Notes Payment Date and end on (but exclude) the next succeeding Notes Payment Date, except for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the first Notes Payment Date falling in January 2019. The interest will be calculated on the basis of

the actual days elapsed in an Interest Period divided by a year of 360 calendar days.

**Notes Payment Dates** Quarterly in arrear on the 28<sup>th</sup> day of January, April, July and October, subject to adjustment in accordance with the following business day convention with the first Notes Payment Date falling in January 2019.

**Final Maturity Date** The Notes Payment Date falling in April 2051. Redemption of the Notes is to take place at their respective Notional Principal Amount Outstanding subject to and in accordance with the Conditions, in particular Condition 8.1 (*Final Redemption*). Any difference at such time between the Notional Principal Amount Outstanding and the Principal Amount Outstanding of such Note will not be due or payable and will be fully and finally written-off.

See Section 4.3 (*Credit Structure – Loss Allocation*).

**Optional Redemption Dates** The Notes Payment Date falling in July 2023 (the "**First Optional Redemption Date**") and each Notes Payment Date thereafter.

**Seller Prepayment Call Option** On each Optional Redemption Date the Seller has the option, in accordance with Condition 8.8 (*Redemption – Seller Prepayment Call*), to require the Issuer to redeem all (not some only) of the Notes (other than the Class G Notes) by selling the Portfolio to the Seller (or any entity appointed by it). The amount payable in respect of the Notes (other than the Class G Notes) shall be an amount equal to their respective Principal Amount Outstanding on such date, subject to and in accordance with the Conditions.

If the Seller exercises the Clean-Up Call Option or the Seller Prepayment Call Option, the Issuer will be required to apply the proceeds of the sale to redeem the Notes as described above.

**Mandatory redemption** The Issuer will apply the Available Principal Funds, subject to possible application thereof towards payment of the Initial Purchase Price for Further Advance Receivables (or corresponding Mortgage Loan Offers), to redeem (either in whole or in part) the Notes (other than the Class G Notes) provided that no Enforcement Notice has been delivered by the Security Trustee and subject to possible application thereof towards payment of a Principal Addition Amount, in an amount equal to the respective Note Principal Payment sequentially in the following order:

*first*, the Class A Notes (either in whole or in part), until fully redeemed in accordance with the Conditions;

*second*, the Class B Notes (either in whole or in part), until fully redeemed in accordance with the Conditions;

*third*, the Class C Notes (either in whole or in part), until fully redeemed in accordance with the Conditions;

*fourth*, the Class D Notes (either in whole or in part), until fully redeemed in accordance with the Conditions;

*fifth*, the Class E Notes (either in whole or in part), until fully redeemed in accordance with the Conditions; and

*sixth*, the Class F Notes (either in whole or in part), until fully redeemed in accordance with the Conditions.

Payments of principal on the Class G Notes shall be made from the Available Revenue Funds or from funds available for distribution in

accordance with the Post-Enforcement Priority of Payments, in each case, in accordance with the Revenue Priority of Payments and the Post-Enforcement Priority of Payments.

**Other redemption in full events**

Redemption following exercise by the Seller of (i) the Clean-up Call Option or (ii) the Risk Retention Regulatory Call Option. See Condition 8.7 (*Redemption – Clean-Up Call Option*) and Condition 8.9 (*Redemption – Risk Retention Regulatory Call*).

Redemption for tax reasons. See Condition 8.10 (*Optional Redemption – Tax Call*).

**Observations regarding Notes (interest deferral)**

To the extent that the Available Principal Funds or the Available Revenue Funds are insufficient to redeem a Class of Notes in full or to pay interest when due in accordance with the Conditions for a period of 14 calendar days (taking into account any permitted deferral of interest in accordance with Condition 7.12 (*Interest Deferral on the Rated Notes (other than the Class A Notes)*)) in respect of any Class of Rated Notes other than the Class A Notes), this will constitute an Event of Default in accordance with Condition 12 (*Events of Default*). If, on any date, the Security is to be enforced and the proceeds of the enforcement of all such Security would be insufficient to redeem a Class of Notes in full, such loss will be borne, *pro rata* and *pari passu*, by the holders of such Class of Notes. Any Class of Notes ranking subordinated to the Class of Notes in respect of which the proceeds of enforcement are insufficient to be redeemed in full, will not be redeemed at all.

**Events of Default**

The Events of Default are fully set out in Condition 12 (*Events of Default*) and broadly include:

- non-payment when due in accordance with the Conditions if such non-payment continues for a period of 14 calendar days (taking into account any permitted deferral of interest in accordance with Condition 7.12 (*Interest Deferral on the Rated Notes (other than the Class A Notes)*)) in respect of any Class of Rated Notes other than the Class A Notes);
- default in the performance or observance of any of the Issuer's other obligations under or in respect of any of the Transaction Documents, the Notes or the Issuer Covenants, if applicable, subject to a remedy period of 30 calendar days;
- insolvency of the Issuer; and
- unlawfulness for the Issuer to perform its obligations under or in respect of the Notes or any of the Transaction Documents.

**Security for the Notes, limited recourse and non-petition**

The Notes are limited recourse obligations of the Issuer. See Condition 9 (*Limited Recourse*).

The Notes will be (indirectly) secured, through the Security Trustee, by (a) a first ranking right of pledge granted by the Issuer to the Security Trustee over (i) the Mortgage Receivables (including any Related Security) and (ii) the Issuer's rights under or in connection with the Transaction Documents (other than the English Law Agreements), (b) a first ranking right of pledge granted by the Seller to the Security Trustee over the Transaction Specific Collection Account, (c) a first ranking right of pledge granted by the Seller to the General Collection Account Security Holder over the General Collection Account and (d) a fixed and

floating charge over the Issuer's rights in respect of (i) the Issuer Accounts and (ii) the English Law Agreements.

The Noteholders and the other Secured Creditors may, generally, not institute, among other things, any proceeding or action or Insolvency Proceedings against the Issuer. See Condition 14 (*No action by Noteholders, Couponholders or any other Secured Creditor*).

In the Trust Deed, the Issuer will, by way of parallel debt, undertake to pay to the Security Trustee an amount equal to the aggregate amount, from time to time due by it to Noteholders and the other Secured Creditors, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Pledge Agreements.

**Method of payment**

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro through Euroclear and Clearstream, Luxembourg for credit of the respective accounts of the Noteholders. See section 3.2 (*Form*).

**Taxation**

If any deduction or withholding on account of Tax is required to be made by the Issuer in respect of any payment in respect of the Notes, Coupons or Talons, neither the Issuer, the Security Trustee nor the Paying Agent will be required to make any additional payments to the holders of such Notes, Coupons or Talons in respect of such deduction or withholding on account of Tax.

Notwithstanding any other provision in the Conditions, all payments in respect of the Notes by or on behalf of the Issuer shall be subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

**Selling restrictions**

There are selling restrictions in relation to the United States, the United Kingdom, the European Economic Area, The Netherlands, Ireland and Japan and such other restrictions as may apply in connection with the offering and sale of the Notes. See section 3.3 (*Subscription and Sale*).

**Use of proceeds of the Notes**

The Issuer will use the net proceeds from the issue of the Rated Notes to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables to be purchased on the Closing Date, pursuant to the Mortgage Receivables Purchase Agreement.

The net proceeds from the issue of the Class G Notes will be credited to the Reserve Ledger on the Closing Date.

In addition, a portion of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Deposit Account in order to reflect those parts of the Mortgage Loans comprising Construction Deposits or Undrawn Construction Amounts.

An amount of EUR 843.40, which is the amount by which the proceeds of the Rated Notes and the Class F Notes exceeds the Initial Purchase

Price payable by the Issuer on the Closing Date, will be made part of the Available Principal Funds on the first Notes Payment Date.

**Rating**

It is a condition precedent to issuance that, upon issue, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes be assigned (i) an 'AAA', 'AA', 'A', 'BBB' and 'BB(hi)' rating, respectively by DBRS and (ii) an 'AAA', 'AA', 'A+', 'A-' and 'BB+' rating, respectively by S&P. The Class F Notes and the Class G Notes will not, upon issue, be assigned a rating by DBRS or S&P.

The identifier "sf" stands for "structured finance". The addition of the identifier "(sf)" or "sf" (by DBRS and S&P, respectively) indicates only that the instrument is deemed to meet the regulatory definition of "structured finance" as referred to in the CRA Regulation. In no way does it modify the meaning of the rating itself.

**Retention and disclosure requirements under the CRR, AIFMR and Solvency II Regulation**

The Seller shall at all times comply with the Retention Regulations. See section 3.4 (*Regulatory Compliance*).

**Governing law**

The Notes and the Transaction Documents, other than the Issuer Account Agreement, the English Security Agreement and the Swap Agreement, and any non-contractual obligations arising out of or in relation to the Notes and the Transaction Documents other than the Issuer Account Agreement, the English Security Agreement, the Custody Agreement and the Swap Agreement, will be governed by and construed in accordance with the laws of The Netherlands. The Issuer Account Agreement, the English Security Agreement, the Custody Agreement and the Swap Agreement and any non-contractual obligations arising out of or in relation to the Issuer Account Agreement, the English Security Agreement and the Swap Agreement will be governed by and construed in accordance with the laws of England and Wales.

## 1.5 CREDIT STRUCTURE

<b>Available Funds</b>	The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Swap Agreement and in respect of the Issuer Accounts, to make payments of, among other things, principal and interest due in respect of the Notes.
<b>Priorities of Payments</b>	The obligations of the Issuer in respect of the Notes will rank subordinated to the obligations of the Issuer in respect of certain other items set forth in the applicable Priority of Payments (see section 4 ( <i>Credit Structure</i> )). Furthermore, any (i) payment of principal (other than in respect of the Class A Notes) from Available Principal Funds under the Redemption Priority of Payments; (ii) any payment of principal (other than in respect of the Class A Notes) from funds available for distribution in accordance with the Post-Enforcement Priority of Payments or (iii) any payment of interest (other than in respect of the Class A Notes) from Available Revenue Funds under the Revenue Priority of Payments in respect of each other Class of Notes, is subordinated to, respectively, (x) payment of principal from Available Principal Funds under the Redemption Priority of Payments in respect of the Class A Notes; (y) payment of principal in respect of the Class A Notes from funds available for distribution in accordance with the Post-Enforcement Priority of Payments; (z) payment of interest in respect of the Class A Notes from Available Revenue Funds under the Revenue Priority of Payments, as more fully described herein under section 3.1 ( <i>Terms and Conditions of the Notes</i> ) and section 4 ( <i>Credit Structure</i> ).
<b>Loss Allocation</b>	<p>To mitigate the risk that funds might otherwise be applied, the Issuer (or Cash Manager on its behalf) is required to maintain a Principal Deficiency Ledger in which Realised Losses and Principal Addition Amounts are administered. To the extent any amount is debited to the Principal Deficiency Ledger, (i) such debit entries in the relevant sub-ledger of the Principal Deficiency Ledger are required to be eliminated before lower-ranking obligations in the Revenue Priority of Payments are paid or provided for and (ii) this will give rise to a Notional Principal Amount Outstanding of the Notes (as opposed to a Principal Amount Outstanding), which may result in a reduced payment by the Issuer on redemption of a class of Notes.</p> <p>The Issuer will record as a debit entry in the Principal Deficiency Ledger on any Notes Payment Date an amount equal to (i) any Realised Loss and (ii) any Principal Addition Amount up to the Principal Amount Outstanding of the Notes from time to time (so as to give rise to a negative balance in the relevant sub-ledger). The Issuer will record as a credit entry in the Principal Deficiency Ledger on any Notes Payment Date:</p> <p>(i) (1) to the Class A Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (e) in the Revenue Priority of Payments and (B) the Class A Principal Deficiency;</p> <p>(2) to the Class B Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (g) in the Revenue Priority of Payments and (B) the Class B Principal Deficiency;</p> <p>(3) to the Class C Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (i) in the Revenue Priority of Payments and (B) the Class C Principal Deficiency;</p>

(4) to the Class D Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (k) in the Revenue Priority of Payments and (B) the Class D Principal Deficiency;

(5) to the Class E Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (m) in the Revenue Priority of Payments and (B) the Class E Principal Deficiency; and

(6) to the Class F Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (o) in the Revenue Priority of Payments and (B) the Class F Principal Deficiency;

which amounts are added to the Available Principal Funds on such Notes Payment Date; and

- (ii) where the balance of the relevant sub-ledger exceeds the Principal Amount Outstanding (including when zero after full redemption) of the relevant class of Notes, an amount equal to the relevant excess.

**Cash Management Agreement**

Under the Cash Management Agreement the Cash Manager will agree to provide certain calculation and cash management services for the Issuer to arrange for payments due to be made by the Issuer under the Transaction Documents.

See section 4.7 (*Issuer Administration and Cash Management Agreements*).

**Issuer Administration Agreement**

Under the Issuer Administration Agreement, the Issuer Administrator will agree to provide certain administration services for the Issuer in connection with the obligations of the Issuer under the Transaction Documents. In addition, the Replacement Servicer Facilitator has agreed to assist the Issuer and (as applicable) the Security Trustee in appointing a substitute servicer in the event the Servicing Agreement is terminated in respect of the Servicer.

See section 4.7 (*Issuer Administration and Cash Management Agreements*).

**Hedging**

Interest due on the Mortgage Loans is calculated on the basis of a variety of different rates and is set on a number of different interest fixing dates, whilst interest due on the Rated Notes is calculated on the basis of the Reference Rate (set on the relevant Notes Calculation Date plus the Relevant Margin). Therefore the Issuer is exposed to a potential mismatch between the interest received on the Mortgage Loans and the interest due on the Rated Notes. In order to reduce the risk of such mismatch, the Issuer will enter into the Swap Transaction on or about the Closing Date with the Swap Counterparty. The Swap Transaction will be documented under a confirmation which forms part of and is subject to the Swap Agreement. The Swap Agreement is governed by and construed in accordance with the laws of England and Wales.

See section 4.4 (*Hedging*).

**Collections**

All payments made by the Borrowers in respect of the Mortgage Loans will be made into the General Collection Account. The General Collection Account is held with the General Collection Account Bank in the name of the Seller. The monies standing to the credit of the General Collection Account will be swept within three Business Days of identification and allocation to the Mortgage Receivables in the Portfolio by the Servicer to the Transaction Specific Collection Account and, subsequently, on a daily basis, to the Transaction Account.

**Transaction Account** The Issuer shall maintain with the Issuer Account Bank a Transaction Account into which are paid, among other things, all amounts received by the Issuer in respect of the Mortgage Receivables and the relevant Transaction Documents.

**Ledgers** The Issuer (or the Cash Manager on its behalf) will open and administer the Transaction Account with the following Ledgers: the Income Ledger, the Redemption Ledger, the Swap Replacement Ledger, the Reserve Ledger and the Servicing Fee Ledger. The Issuer (or the Cash Manager on its behalf) will in addition maintain and administer a Principal Deficiency Ledger consisting of six sub-ledgers one for each Class of Notes (other than the Class G Notes).

**Reserve Fund** The Issuer will maintain a Reserve Fund which is administrated through the Reserve Ledger, to which the net amount equal to the Reserve Fund Target Level will be credited from the proceeds of the Class G Notes on the Closing Date. The purpose of the Reserve Fund will be to enable the Issuer to meet the Issuer's payment obligations under items (a) to (n) (inclusive) in the Revenue Priority of Payments in the event that the Available Revenue Funds are not sufficient to meet such payment obligations on a Notes Payment Date. If and to the extent that the Available Revenue Funds on any Notes Payment Date exceed the aggregate amounts payable under items (a) to (n) (inclusive) in the Revenue Priority of Payments, the (relevant part of the) remaining Available Revenue Funds will be used to deposit in or, as the case may be, to replenish the Reserve Fund by debiting the Transaction Account and crediting such amount to the Reserve Ledger up to the Reserve Fund Target Level.

To the extent that the balance standing to the credit of the Reserve Ledger on any Notes Payment Date exceeds the Reserve Fund Target Level, such excess shall be debited from the Reserve Ledger on such Notes Payment Date and shall form part of the Available Revenue Funds on that Notes Payment Date.

On the Notes Payment Date on which all amounts of principal due in respect of the Rated Notes have been or will be paid, any amount remaining standing to the credit of the Reserve Ledger will on such date form part of the Available Revenue Funds and will be applied by the Issuer in or towards satisfaction of all items in the Revenue Priority of Payments in accordance with the priority set out therein.

**Other Issuer Accounts** In addition to the Transaction Account the Issuer shall also maintain with the Issuer Account Bank one or more Swap Collateral Accounts and a Construction Deposit Account.

Under the Issuer Account Agreement, the Issuer Account Bank will open and maintain the Issuer Accounts in the name of the Issuer. The Issuer Account Bank will also provide to the Issuer certain account management and cash handling services in respect of the Issuer Accounts. Interest will be credited to the Issuer Accounts or charged to the Issuer at the Issuer Account Bank's standard rate of interest applied to accounts of a similar nature (which may be negative). The Issuer Account Bank shall be entitled to change the rate of interest on the Issuer Accounts, provided that the Issuer Account Bank shall give the Issuer twenty (20) calendar days prior written notice of any such modification.

## 1.6 PORTFOLIO INFORMATION

### **Mortgage Receivables**

The Mortgage Receivables will result from Mortgage Loans secured by (a) a first-ranking mortgage right or first and sequentially lower ranking mortgage rights over the Mortgaged Assets (except that certain Mortgage Receivables are secured by a Mortgage ranking lower than a first-ranking Mortgage with an aggregate corresponding Value (as a proportion of the total Value of all Mortgaged Assets in the Provisional Portfolio as at the Provisional Portfolio Cut-Off Date) of 0.13%) and (b) one or more first-ranking rights of pledge over membership rights (*lidmaatschapsrechten*). The relevant Mortgage Loans were made by the Relevant Originator with the relevant Borrowers and the related Mortgage Receivables meet the criteria set forth in the Mortgage Receivables Purchase Agreement and (in the case of the Initial Portfolio) will be selected prior to or on the Closing Date.

The Mortgage Loan to which a Mortgage Receivable relates is either an Interest-only Mortgage Loan, an Annuity Mortgage Loan, a Linear Mortgage Loan or any combination of the foregoing.

### **Beneficiary Rights**

The Seller has the benefit of the Beneficiary Rights, which entitle the Seller to receive the final payout (*einduitkering*) under the relevant Insurance Policies (if any), which payment is to be applied towards redemption of the relevant Mortgage Receivables. Pursuant to the Mortgage Receivables Purchase Agreement, the Seller will assign, to the extent legally possible and required, such Beneficiary Rights (if any) to the Issuer and the Issuer will accept such assignment.

## 1.7 PORTFOLIO DOCUMENTATION

**Purchase by Issuer** Pursuant to the Mortgage Receivables Purchase Agreement, the Issuer will purchase and accept assignment of the Initial Portfolio on the Closing Date and may from time to time purchase and accept assignment of Further Advance Receivables and Mortgage Loan Offers (in each case, including any Related Security), if offered to it by the Seller and on the condition that in respect of any Further Advance Receivables and/or Mortgage Loan Offers, (x) the relevant proposed Transfer Date occurs on or before the First Optional Redemption Date or (y) the purchase of the relevant Further Advance Receivable and/or Mortgage Loan Offer does not result in a breach of any of the applicable Asset Conditions.

The Purchase Price for each Mortgage Receivable (including any Related Security) and/or Mortgage Loan Offer consists of an Initial Purchase Price and a Deferred Purchase Price. The Issuer will fund the Initial Purchase Price relating to the Initial Portfolio from the net proceeds of the Rated Notes. The Initial Purchase Price for each Further Advance Receivable and Mortgage Loan Offer to be transferred on a Transfer Date will be funded from the Available Principal Funds.

If (a) following the grant of a Further Advance and/or Mortgage Loan Offer on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable and/or Mortgage Loan Offer does not meet the Asset Conditions or (b) the Further Advance and/or Mortgage Loan Offer is granted following the Notes Payment Date immediately preceding the First Optional Redemption Date, the Seller shall repurchase and accept the re-assignment of (i) all Mortgage Receivables relating to the Mortgage Loan in respect of which the relevant Further Advance and/or Mortgage Loan Offer was granted, (ii) all Mortgage Loans related to the same Portfolio Mortgage Loan Group and (iii) all Mortgage Loans to (one of) the same Borrower as in respect of such Further Advance and/or Mortgage Loan Offer.

**Repurchase of Mortgage Receivables** Under the Mortgage Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Mortgage Receivable if at any time in relation to a Mortgage Receivable any of the following events occur:

- (i) a material breach of the Mortgage Receivables Warranties as of the relevant Transfer Date and (A) the Seller does not within 14 calendar days of receipt of written notice thereof from the Issuer remedy the matter giving rise to such breach if such matter is capable of being remedied or (B) such matter is not capable of being remedied;
- (ii) the Seller or the Servicer agrees with a Borrower to an amendment or waiver of the terms of a Mortgage Loan or any Collateral Release (other than (a) any Permitted Variation or (b) as a result of which the Asset Conditions continue to be met on or immediately following such amendment taking effect);
- (iii) if (a) following the grant of a Further Advance on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable does not meet the Asset Conditions, or (b) the Further Advance is granted following the Notes Payment Date immediately preceding the First Optional Redemption Date;
- (iv) the delivery of a Non-Satisfaction of Asset Condition Notice by the Servicer on each of the Seller and the Issuer; or
- (v) the Seller notifies the Issuer in writing prior to 31 December 2018 that it wishes to repurchase one or more Mortgage Receivables in order to comply with the Seller's obligations under the agreement pursuant to which one or more Mortgage Receivables were acquired by the Seller provided that the

aggregate amount of all Mortgage Receivables requested to be purchased does not exceed EUR 10,000,000,

(each a "**Repurchase Event**").

In such case, the repurchase price of the Mortgage Receivables is an amount equal to (i) the relevant Gross Outstanding Principal Balance of such Mortgage Receivable together with Accrued Interest and Arrears of Interest, all as at the final day of the calendar month immediately preceding the calendar month in which the relevant reassignment date falls and (ii) any costs incurred by the Issuer in effecting and completing such sale and reassignment (including any payment due under the Swap Agreement in connection with such sale and reassignment).

If the Seller is required to repurchase a Mortgage Receivable following the occurrence of a Repurchase Event, the Seller shall be required to repurchase and accept the re-assignment of all Mortgage Receivables resulting from Mortgage Loans made to (i) the relevant Borrower and (ii) to the extent the relevant Borrower forms part of a Portfolio Mortgage Loan Group, the relevant Portfolio Mortgage Loan Group.

**Sale of Mortgage Receivables on an Optional Redemption Date** The Seller has the right to repurchase all (but not some only) of the Mortgage Receivables on each Optional Redemption Date from the Issuer. If the Seller exercises the Seller Prepayment Call Option and the Seller certifies to the Issuer that it expects to have the funds available on the relevant Optional Redemption Date in order to enable the Issuer to comply with its obligations under Condition 8.8, the Issuer has undertaken to sell and assign the Mortgage Receivables to the Seller or (at the direction of the Seller) to a third party, provided in any case that the Issuer shall apply the proceeds of such sale to redeem the Notes (other than the Class G Notes) in full on the Optional Redemption Date (see Condition 8.8 (*Redemption – Seller Prepayment Call*)).

The Issuer may only sell and assign all (but not some only) of the Mortgage Receivables, provided that the Issuer has provided to the Security Trustee a certificate signed by the Director to the effect that it expects to have the funds on the relevant Notes Payment Date required to redeem the Notes (other than the Class G Notes) in full pursuant to Condition 8.8 (*Redemption – Seller Prepayment Call*) and meet its payment obligations under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

The purchase price of the Mortgage Receivables is an amount equal to the amount that is required to (A) redeem the outstanding Notes (other than the Class G Notes) in full at their Principal Amount Outstanding as at the day immediately prior to the relevant Optional Redemption Date and (B) meet the Issuer's payment obligations under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

**Sale of Mortgage Receivables if the Clean-Up Call Option or Risk Retention Regulatory Call Option is exercised** If on any Mortgage Calculation Date, the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables is not more than 10 per cent. of the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables comprising the Initial Portfolio on the Initial Cut-Off Date, the Seller has the option to exercise on the first following Notes Payment Date the Clean-Up Call Option.

On each Notes Payment Date following a Risk Retention Regulatory Change, the Seller has the option to exercise the Risk Retention Regulatory Call Option.

In such case, the purchase price of the Mortgage Receivables will be calculated in the same manner as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The Issuer must redeem all (but not some only) the Rated Notes on the first Notes Payment Date following the Notes Payment Date on which the Seller exercises the Clean-Up Call Option or the Risk Retention Regulatory Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes (other than the Class G Notes) in accordance with Condition 8.7 (*Redemption – Clean-Up Call Option*) or Condition 8.9 (*Redemption – Risk Retention*

*Regulatory Call*), respectively, and to meet its payment obligations under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

**Sale of Mortgage Receivables for tax reasons** If the Issuer exercises its option to redeem the Notes on a Notes Payment Date for tax reasons in accordance with Condition 8.10 (*Optional Redemption – Tax Call*), the purchase price of such Mortgage Receivables will be calculated in the same manner as described in *Sale of Mortgage Receivables on an Optional Redemption Date* above. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 8.10 (*Optional Redemption – Tax Call*) and to meet its payment obligations of a higher priority under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

**Sale of Mortgage Receivables for other reason** The Seller may request, prior to 31 December 2018, the Issuer to repurchase any Mortgage Receivable in order to comply with the Seller's obligations under the agreement pursuant to which the Seller acquired one or more Mortgage Receivables. The Issuer shall be obliged to comply with any such request from the Seller, provided that (i) no Assignment Notification Event has occurred on or prior to the proposed date of re-assignment and (ii) the aggregate (net) principal balance of all Mortgage Loans so sold and re-assigned to the Seller does not exceed EUR 10,000,000.

In such case, the repurchase price of the Mortgage Receivables is an amount equal to (i) the relevant Gross Outstanding Principal Balance of such Mortgage Receivable together with Accrued Interest and Arrears of Interest, all as at the final day of the calendar month immediately preceding the relevant reassignment date and (ii) any reasonable costs incurred by the Issuer in effecting and completing such sale and reassignment.

**Right of first refusal to Seller** If the Issuer decides to offer for sale (part of) the Mortgage Receivables in accordance with Condition 8.10 (*Optional Redemption - Tax Call*) it will first offer such Mortgage Receivables to the Seller against payment of the purchase price as described in *Sale of Mortgage Receivables on an Optional Redemption Date*. The Seller shall within a period of 14 Business Days inform the Issuer whether it wishes to repurchase all of the Mortgage Receivables and certify to the Issuer that the purchase price payable by it shall be available to the Issuer on the Notes Payment Date on which the relevant redemption of Notes is scheduled to take place. After such period, the Issuer may offer such Mortgage Receivables for sale to any third party.

**Servicing Agreement** Under the Servicing Agreement the Servicer agrees to (a) administer the Mortgage Receivables in accordance with the Servicer's servicing and administration manuals and (b) use all reasonable endeavours to collect all payments due under or in connection with the Mortgage Receivables and to enforce all covenants and obligations of each Borrower in accordance with the standard enforcement and collection procedures of the Servicer from time to time and take such action as is not materially prejudicial to the interests of the Issuer and in accordance with such actions as a person acting in accordance with the standards of a Reasonable Prudent Servicer would undertake.

Under the Servicing Agreement, the Servicer may agree with a Borrower to an amendment of the Mortgage Loan or the release of any Mortgaged Asset or Related Security (a "**Collateral Release**") which is either (a) a Permitted Variation or (b) as a result of which the Asset Conditions continue to be met on or immediately following such amendment taking effect.

If, following an amendment to a Mortgage Loan, any Collateral Release which is not a Permitted Variation or the sale of a Further Advance Receivable and/or Mortgage Loan Offer, either the Seller, the Servicer or the Cash Manager has identified (in case of the Cash Manager, solely as part of the weekly report prepared by it as described in the section titled "*Testing of Asset Conditions*" below) that all or any of the applicable Asset Conditions were not met at the time of the action taking effect, the Seller or the Servicer (respectively) is obliged to serve a notice on the Issuer and the Security Trustee (the "**Non-Satisfaction of Asset Condition Notice**") and the Seller

shall on the immediately following Receivables Purchase Date repurchase and accept the re-assignment of (i) all Mortgage Receivables relating to the relevant Mortgage Loan (or Mortgage Loan Offer), (ii) all Mortgage Loans related to the same Portfolio Mortgage Loan Group and (iii) all Mortgage Loans to (one of) the same Borrower as in respect of the relevant Mortgage Loan (or Mortgage Loan Offer). In such case, the repurchase price of the Mortgage Receivables is an amount equal to the (i) the relevant Gross Outstanding Principal Balance of such Mortgage Receivable together with Accrued Interest and Arrears of Interest, all as at the final day of the calendar month immediately preceding the relevant reassignment date and (ii) any reasonable costs incurred by the Issuer in effecting and completing such sale and reassignment. For the avoidance of doubt, there will be no repurchase price for any Mortgage Loan Offer in respect of which the Issuer has not actually paid an Initial Purchase Price.

See section 5.3 (*Origination*) and section 6.4 (*Servicing Agreement*).

1.8      **GENERAL**

**Management Agreements**      Each of the Issuer, the Shareholder and the Security Trustee has entered into a Management Agreement with the relevant Director, under which the relevant Director will undertake to act as director of the Issuer, the Shareholder or, as the case may be, the Security Trustee and to perform certain services in connection therewith.

1.9 **OTHER**

**Overview of Credit Rating Triggers**

<b>Transaction Party</b>	<b>Requisite Credit Ratings</b>	<b>Contractual requirements on occurrence of breach of credit ratings trigger include the following:</b>
<b>Swap Counterparty</b>	Minimum rating specified in the Swap Agreement	<p>The consequences of such breach are that the Swap Counterparty is obliged to:</p> <ul style="list-style-type: none"> <li>a. provide collateral for its obligations under the Swap Agreement;</li> <li>b. procure another entity with the Requisite Credit Rating to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement; or</li> <li>c. arrange for its obligations under the Swap Agreement to be transferred to an entity with an appropriate credit rating (as set out in the Swap Agreement); or</li> <li>d. take any other action in order to maintain or restore the rating of the Most Senior Class of Notes to the level it was immediately prior to the relevant ratings trigger.</li> </ul>
<b>Issuer Account Bank</b>	<p>In respect of DBRS: 'A' (long-term)</p> <p>In respect of S&amp;P: 'A1' (short-term) and 'A' (long-term)</p>	<p>The consequences of such breach are that the Issuer Account Bank or the Issuer is obliged to:</p> <ul style="list-style-type: none"> <li>a. procure a replacement account bank;</li> <li>b. procure another entity with the Requisite Credit Rating to become co-obligor or guarantor, as applicable, in respect of its obligations under the Issuer Account Bank Agreement; or</li> <li>c. arrange for its obligations under the Issuer Account Bank Agreement to be transferred to an entity with an appropriate credit rating</li> </ul>

(as set out in the Issuer  
Account Bank Agreement).

<b>Collection Account Bank</b>	In respect of DBRS:	The consequences of such breach are that the Seller is obliged to procure a replacement account bank.
	'BBB'(long-term)	
	In respect of S&P:	
	'A-2' (short-term) and 'BBB' (long-term)	

## 2. PRINCIPAL PARTIES

### 2.1 ISSUER

#### **Introduction**

The Issuer is Dutch Property Finance 2018-1 B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands, having its seat (*statutaire zetel*) in Amsterdam, The Netherlands and its registered address at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands and registered with the Chamber of Commerce (*Kamer van Koophandel*) under number 72132000. The telephone number of the Issuer is +31 20 521 47 77.

The Issuer has been incorporated on 11 July 2018 as a special purpose vehicle for the purpose of purchasing the Mortgage Receivables, entering into and performing its obligations under the Transaction Documents and issuing the Notes. The articles of association of the Issuer are dated 11 July 2018.

#### **Principal Activities**

The objects clause in the Issuer's articles of association allows the Issuer to carry out the following activities:

- (a) to acquire, purchase, manage, dispose of and encumber claims (*vorderingen op naam*) deriving from or in connection with loans provided by a third party or third parties and to exercise all rights attached to the aforementioned claims;
- (b) to raise funds through the issuance of bonds, securities, or entering into loan agreements or similar agreements in order to acquire the claims referred to under (a);
- (c) to enter into loan agreements or to otherwise raise funds in order to comply with the obligations of the Issuer under or in connection with the bonds and/or securities referred to under (b);
- (d) the hedging of interest and other financial risks by entering into hedging arrangements such as interest and/or currency swap transactions and other swap transactions;
- (e) to invest, including the lending of funds, the assets of the Issuer;
- (f) to grant security in connection with the foregoing for itself or for third parties; and
- (g) to enter into agreements and/or other legal acts in connection with the foregoing and to exercise rights and to comply with its obligations under such agreements and legal acts.

The Issuer may do all such further acts that are related to the above or that are conducive thereto.

The Issuer has not engaged since its incorporation, and will not engage whilst the Notes remain outstanding, in any material activities other than activities which are incidental or ancillary to the foregoing as set out below under the paragraph "Issuer covenants".

#### **Issuer Share Capital**

The Issuer has an authorised share capital of EUR 100 which has been issued in full and is fully paid. The authorised share capital is divided into 100 ordinary shares with a nominal value of one euro (EUR 1) each, numbered 1 up to and including 100. All shares of the Issuer are registered shares and are held by the Shareholder.

#### **Director**

The Issuer will enter into the Issuer Management Agreement with Intertrust Management B.V. as Director on or around the date hereof, pursuant to which the Director agrees to provide corporate services to the Issuer. The Issuer Management Agreement will provide that it will continue until terminated by either of the parties in writing, and that the Issuer may terminate the Issuer Management Agreement with a notice period of 14 calendar days and the Issuer's Director may terminate the Issuer Management Agreement by giving at least two months' notice in writing to the Issuer, all subject to the letter of undertaking to be dated on or about the date hereof by, among others, the Issuer, the Director and the Security Trustee. In

such letter of undertaking, the parties thereto undertake with the Security Trustee that, among other things, for so long as the Issuer has any liabilities under the Notes or any relevant Transaction Documents (i) the Issuer Management Agreement will not be terminated, assigned, novated, varied or amended without prior written consent from the Security Trustee and (ii) the Director will not resign except in the situation that suitable person(s), entities, trust(s) or administration office(s) reasonably acceptable to the Security Trustee has or have been contracted to act as managing director(s) of the Issuer.

The following table sets out the Director and its business address and occupation.

<b>Name</b>	<b>Business Address</b>	<b>Business Occupation</b>
Intertrust Management B.V.	Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands	Corporate Services Provider

There is no potential conflict of interests between any duties of the Director to the Issuer and the Director's private interests or other duties.

### **Audit Committee**

The Issuer has not instituted an audit committee, because it benefits from an exemption as stated in Article 3 paragraph d of the Decree of 26 July 2008 implementing Article 41 of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of financial statements and consolidated financial statements. There is no reason to institute such a committee because the Issuer believes that the Issuer's Noteholders, being the only material creditors of the Issuer, will be adequately informed in respect of their risks through the mechanisms set out in this Prospectus.

### **Financial Statements**

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer, when published, can be obtained at the specified offices of the Paying Agent during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 31 December 2018. The annual financial statements of the Issuer will be audited. The Issuer will not prepare interim financial statements.

### **Capitalisation**

The following table shows the capitalisation of the Issuer as at the date of this Prospectus, as adjusted to give effect to the issue of the Notes:

#### *Share Capital*

Authorised Share Capital:	EUR 100
Issued Share Capital:	EUR 100

#### *Borrowings*

Class A Notes:	EUR 315,800,000
Class B Notes:	EUR 39,000,000
Class C Notes:	EUR 15,800,000
Class D Notes:	EUR 14,000,000
Class E Notes:	EUR 3,400,000
Class F Notes:	EUR 12,000,000
Class G Notes:	EUR 8,000,000

## Issuer covenants

In the Trust Deed the Issuer has covenanted that it will not, save with the prior written consent of the Security Trustee or as envisaged by the Transaction Documents:

- (a) carry on any business or enter into any documents;
- (b) sell, convey, transfer, lease, assign or otherwise dispose of or agree or attempt or purport to sell, convey, transfer, lease or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking or grant any option or right to acquire the same;
- (c) grant, create or permit to exist any mortgage, charge, pledge, lien or other encumbrance or security interest howsoever created or arising (other than the Security and any mortgage, charge, pledge, lien or other encumbrance or security interest arising by operation of law and in the ordinary course of business) over (including the grant of security or trust over or the occurrence of execution or diligence in respect of) the assets of the Issuer;
- (d) pay dividends or make other distributions other than to its shareholder out of profits available for distribution, and then only in the manner permitted by its articles of association (*statuten*) and by the laws of The Netherlands;
- (e) incur or permit to subsist any indebtedness whatsoever;
- (f) make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person;
- (g) issue any shares or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares other than those issued to the Shareholder upon its incorporation;
- (h) merge with any other person and not enter into any demerger, amalgamation, consolidation or corporate reorganisation or transfer its business to any other person;
- (i) have any employees or premises or have any subsidiary undertaking or become a director of any company;
- (j) have an interest in any bank account other than the Issuer Accounts unless such account or interest is pledged to the Security Trustee on terms acceptable to it, except for any swap collateral account held in the name of the Issuer in connection with the Swap Agreement;
- (k) amend, supplement or otherwise modify its articles of association (*statuten*); or
- (l) commence a voluntary case or other proceeding seeking liquidation, reorganisation or other relief with respect of its debts under any law or seeking the appointment of a (bankruptcy) receiver, trustee, custodian, conservator or other similar person for it or for all or any substantial part of its assets and shall not consent to any such relief or to the appointment of or taking possession by any (bankruptcy) receiver, trustee custodian, conservator or other similar person in an involuntary case or other proceeding commenced against the Issuer.

## 2.2 SHAREHOLDER

### Introduction

Stichting Holding Dutch Property Finance 2018-1 (the "**Shareholder**") is a foundation (*Stichting*) established under the laws of The Netherlands on 11 July 2018. The articles of association of the Shareholder are dated 11 July 2018.

### Principal Activities

The objects of Stichting Holding Dutch Property Finance 2018-1 are, *among other things*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of such shares.

### Director

The sole managing director of Stichting Holding Dutch Property Finance 2018-1 is Intertrust Management B.V. having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands.

Intertrust Management B.V. is also the Director of the Issuer.

Intertrust Management B.V. in its capacity as managing director of Stichting Holding Dutch Property Finance 2018-1 will enter into a management agreement with the Shareholder. The Shareholder Management Agreement will provide that it will continue until terminated by either of the parties in writing, and that the Shareholder may terminate the Shareholder Management Agreement with a notice period of 14 calendar days and the Director may retire from its obligations under the Shareholder Management Agreement by giving at least two months' notice in writing to the Shareholder, all subject to the letter of undertaking to be dated on or about the date hereof by, among others, the Shareholder, the Director and the Security Trustee. In such letter of undertaking, the parties thereto undertake with the Security Trustee that, among other things, for so long as the Issuer has any liabilities under the Notes or any relevant Transaction Documents (i) the Shareholder Management Agreement will not be terminated, assigned, novated, varied or amended without prior written consent from the Security Trustee and (ii) the Director will not resign except in the situation that suitable person(s), entities, trust(s) or administration office(s) reasonably acceptable to the Security Trustee has or have been contracted to act as managing director(s) of the Shareholder. Furthermore, pursuant to such letter of undertaking measures will be in place to limit and regulate the control which the Shareholder has over the Issuer.

## 2.3 SECURITY TRUSTEE

### Introduction

The Security Trustee under the Trust Deed is Stichting Trustee Dutch Property Finance 2018-1, a foundation (*Stichting*) established under the laws of The Netherlands on 16 July 2018. It has its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands and is registered with the Chamber of Commerce under number 72159383.

### Principal Activities

The objects of the Security Trustee are:

- (a) to act as agent and/or trustee in favour of holders of notes issued by Dutch Property Finance 2018-1 B.V. as well as other creditors of Dutch Property Finance 2018-1 B.V.;
- (b) to obtain security rights as agent and/or trustee and/or for itself;
- (c) to perform (legal) acts including accepting the parallel debt of Dutch Property Finance 2018-1 B.V. in order to hold the security rights referred to under (b);
- (d) to manage, hold and enforce the security rights mentioned under (b);
- (e) to borrow or raise money; and
- (f) to perform any and all acts which are related, incidental or which may be conducive to the above.

### Director

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V. having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands. As at the date of this Prospectus, the managing directors of Amsterdamsch Trustee's Kantoor B.V. are O.J.A. van der Nap and J.A. Broekhuis.

### Liability of the Security Trustee

Notwithstanding anything to the contrary in the Transaction Documents, the Security Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to the Transaction Documents save in relation to its own gross negligence, wilful default or fraud.

Without prejudice to the right of indemnity by law given to it, the Security Trustee and every attorney, manager, agent, delegate or other person appointed by it under the Trust Deed shall be indemnified by the Issuer against and shall on first demand be reimbursed in respect of all liabilities and expenses properly incurred by it in the execution or purported execution of the powers of the Security Trustee or of any powers, authorities or discretions vested in it or him pursuant to the Trust Deed and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to the Trust Deed.

### Termination of Appointment

As set out in the Trust Deed the Security Trustee shall not retire or be removed from its duties under the Trust Deed until all amounts payable by the Issuer to the Secured Creditors have been paid in full.

However, the holders of the Most Senior Class of Notes then outstanding shall together have the power, exercisable by Extraordinary Resolution to remove any director of the Security Trustee, provided that the Secured Creditors have been consulted. Furthermore, the Director and the Security Trustee may jointly terminate the Security Trustee Management Agreement in writing with due observance of a notice period of at least 60 calendar days, or, if earlier, until the removal, resignation or dismissal of the Trustee Director in accordance with the articles of association of the Security Trustee. Pursuant to the Trust Deed, the removal of any director of the Security Trustee shall not be effected unless either another existing director of the Security Trustee remains in office after such removal or a new director of the Security Trustee has been duly appointed. The Security Trustee Management Agreement and the articles of association of the Security Trustee provide that no person shall be appointed who shall not previously have been approved

by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding in accordance with the Trust Deed. Any appointment of a new director of the Security Trustee shall as soon as practicable thereafter be notified by the Issuer to the Secured Creditors, the Credit Rating Agencies and the Noteholders.

The Security Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor (other than the Swap Counterparty in respect of certain modifications, amendments, consents and waivers), concur with the Issuer and any other relevant parties in making:

- (i) any modification to the Conditions, the Transaction Documents (other than in respect of a Reserved Matter or any provisions of the Transaction Documents referred to in the definition of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Security Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes and provided a Credit Rating Agency Confirmation is obtained; or
- (ii) any modification to the Conditions or the Transaction Documents in relation to which its consent is required, if, in the opinion of the Security Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error.

In addition, the Security Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the Transaction Documents or the Notes (including an Event of Default) if, in the opinion of the Security Trustee, the interests of the holders of the Most Senior Class of Notes will not be materially prejudiced by such waiver, provided however that the Swap Counterparty's prior consent is required for modifications, amendments, consents and waivers by the Security Trustee in respect of any Condition or any Transaction Document in certain circumstances set out in the Conditions and in case of a waiver related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Rated Notes in circumstances not expressly permitted or provided for in the Transaction Documents.

Pursuant to the terms of the Trust Deed, the Security Trustee shall, without the consent or sanction of the Noteholders or any other Secured Creditor (other than any Secured Creditor party to the relevant Transaction Document to be amended) be entitled to concur with the Issuer in making any modifications to the Conditions, the relevant Transaction Documents and/or the Notes (other than in respect of a Reserved Matter) that are requested in writing by the Issuer in order to enable the Issuer to:

- (i) open or establish a swap collateral account for the purpose of receiving collateral from a Swap Counterparty or to ensure the novation and/or transfer from the Swap Counterparty to a successor in accordance with the provisions of the Swap Agreement;
- (ii) maintain a listing of the Rated Notes on the Stock Exchange;
- (iii) comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (iv) remedy any manifest non-compliance with the Retention Regulations after the Closing Date, as a result of any change thereto or as a result of the adoption of regulatory technical standards in relation to the Retention Regulations or any other risk retention legislation or regulations or official guidance in relation thereto, in each case applying in respect of the transaction described in this Prospectus;
- (v) comply with any requirements which apply to it under EMIR;
- (vi) comply with FATCA or ensure that any other Transaction Party can comply with FATCA in relation to the Transaction Documents and the Notes;
- (vii) comply with any requirement to appoint an entity to carry out any disclosure or reporting requirements under the CRA Regulation; and

- (viii) comply with any changes in the requirements of the CRA Regulation after the Closing Date including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto,

(each a "**Proposed Amendment**") and, subject to (a) receipt by the Security Trustee of a certificate of the Issuer (which certificate the Security Trustee shall be entitled to rely on without further investigation) certifying to the Security Trustee that the requested Proposed Amendments are to be made solely for the purpose of enabling the Issuer to satisfy any requirements under the relevant criteria or regulation and have been drafted solely to such effect and in the case of a Proposed Amendment under paragraph (iv) above, shall include a memorandum addressed to the Security Trustee for the benefit of Noteholders by a reputable law firm confirming that the Proposed Amendment seeks to address the non-compliance set out in paragraph (iv) above and (b) the delivery by the Issuer (or any entity on its behalf) of a Credit Rating Agency Confirmation in respect of the Proposed Amendment. The Security Trustee shall be entitled to rely on such certificate and memorandum without enquiry or liability.

The Security Trustee shall not be obliged to agree to any modification which, in the reasonable opinion of the Security Trustee, would have the effect of (a) exposing the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights or protections, of the Security Trustee in the Transaction Documents and/or the Notes.

See section 3.1 (*Terms and Conditions of the Notes*).

## 2.4 SELLER / ORIGINATOR

RNHB B.V. (the "**Seller**") is incorporated under the laws of The Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) and is registered with the Chamber of Commerce under number 66858925.

The Seller has a credit origination license from the AFM within the meaning of article 2:60 of the Wft and a license to act as intermediary within the meaning of article 2:80 of the Wft.

The mortgage lending business of RNHB B.V. is one of the largest and most experienced buy-to-let lending businesses in The Netherlands and benefits from a strong track record and an in-depth understanding of the Dutch real estate market, with a particular focus on the small and medium sized real estate lending market in The Netherlands.

RNHB B.V. was incorporated on 16 September 2016. However, the history of the mortgage lending business now owned by RNHB B.V. (the "**RNHB Business**") dates back to 1890 when Nederlandse Hypotheekbank was founded. In 1937, FGH Bank N.V. ("**FGH**") merged with Nederlandse Hypotheekbank. In 2003, FGH was acquired by Coöperatieve Rabobank U.A. ("**Rabobank**"). Rijnlandse Hypotheekbank was acquired by FGH in 2006 and Nederlandse Hypotheekbank and Rijnlandse Hypotheekbank were formally merged in 2008 to form the RNHB Business within FGH.

Although part of FGH, the RNHB Business always remained an independent business responsible for its own client base and operations. From 2012 to 2016, origination was restricted to existing customers and internal referrals via the Rabobank group. In May 2016, the RNHB Business had a portfolio of mortgage loans with an outstanding balance of approximately EUR 1.7bn. Ultimately FGH sought to dispose of the RNHB Business together with its mortgage loan portfolio and associated mortgage servicing operations ("**RNHB Business and Portfolio**").

The RNHB Business and Portfolio was acquired by an investor consortium consisting of funds managed or advised by CarVal Investors LLC and its affiliates and Arrow Global Group plc in December 2016.

Post-acquisition, the RNHB Business (initially as platform within Vesting Finance Servicing B.V.) and as of January 2018, RNHB B.V. has continued to extend further credit to existing customers and is also focusing on originating new business in a prudent and controlled manner through additional channels, such as through direct distribution channels and intermediaries thereby aiming to add new customers to its existing client base.

In October 2017, the Acquired Dome Mortgage Portfolio was acquired by RNHB B.V. from Propertize B.V. and various of its subsidiaries.

In addition, in June 2018, RNHB B.V. acquired certain parts of the mortgage origination business of and a portfolio of mortgage loans from FGH by acquiring the shares in Purple NewCo B.V. On 2 July 2018, a merger proposal was filed by RNHB B.V. with the Dutch Chamber of Commerce to merge Purple NewCo B.V. with RNHB B.V. The merger between Purple NewCo B.V. and RNHB B.V. became effective on 8 August 2018.

RNHB B.V. has a clear strategy of being approachable to clients with smaller portfolios (with mortgage loans starting at EUR 50,000). Its aim is to:

- Establish a borrower relationship early and grow over time with them and drive client loyalty;
- Continue to service clients with larger total exposures to help the RNHB B.V. maintain its leading position in terms of market expertise, knowledge and networks;
- Maintain the required scale and ensure continued portfolio growth;
- Extend its existing network with intermediaries / brokers; and
- Actively approach new clients through direct distribution marketing focused on buy-to-let opportunities.

The RNHB B.V. organisational structure consists of the following key origination departments: Sales & Marketing; Commercial Analysis; Credit Risk Analysis and Asset Management & Valuation. These departments are supported by various ancillary functions: Operations; Business Information; Treasury & Control; Risk Management; Legal & Compliance; IT and HR.

## Key figures

### High level portfolio information (based on the Provisional Portfolio as at the Provisional Portfolio Cut-Off Date)

Provisional Portfolio Cut-off Date	30-6-2018
Total gross loan balance (€'m)	526.89
No. of Portfolio Mortgage Loan Groups	1,591
No. of Mortgage Loans	2,472
Average Portfolio Mortgage Loan Group balance (€'k)	331,168
Average Mortgage Loan balance (€'k)	213,142
WA remaining term (months)	46.3
% Fixed rate	93.55%
WA Interest Rate	3.66%
% Current ( $\leq 1$ MIA)	97.52%
% $> 1 - \leq 3$ MIA	1.93%
% $+ 3$ MIA	0.55%
WA Current Loan to Value Ratio	61.3%
No. of Mortgaged Assets	3,894
Average asset value (€'k)	246,974

The executive directors of RNHB B.V. are:

Ivo Knottnerus, CEO

Richard van Altena, CFRO

## 2.5 **SERVICER**

Vesting Finance Servicing B.V. ("**Vesting Finance**") is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) established under the laws of The Netherlands with registered office at Van Asch van Wijckstraat 55 F, 3811 LP Amersfoort, The Netherlands and registered with the Chamber of Commerce under number 08131885.

Vesting Finance was acquired in May 2016 and is now a 100% subsidiary of Arrow Global Investments Holdings Benelux B.V. and forms part of the Arrow Global Group.

Since 2009, Vesting Finance is a licensed entity pursuant to article 2:60 and 2:80 of the Wft and acts as provider of primary and special servicing of secured loans (buy-to-let, corporate loans and commercial real estate) and unsecured consumer credit in The Netherlands.

Vesting Finance is a market leader in the field of credit management and financial servicing and manages debt portfolios for itself and for others. It provides financial vitality and growth of enterprises, and specialises in the prevention and reduction of payment arrears. The smart use of data makes Vesting Finance particularly successful and efficient. It has achieved ISAE 3402 certification in relation to a number of its portfolios. As at the end of June 2018, the total value of portfolios that Vesting Finance managed amounted to over EUR 5 billion.

## 2.6 ISSUER ACCOUNT BANK AND CASH MANAGER

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services DAC (a U.S. Bancorp group company), is an integral part of the worldwide Corporate Trust business of U.S. Bank. U.S. Bank Global Corporate Trust Services in Europe conducts business primarily through the UK Branch of Elavon Financial Services DAC from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services DAC is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is authorised by the Central Bank of Ireland and the activities of its UK Branch are also subject to the limited regulation of the UK Financial Conduct Authority and Prudential Regulation Authority.

U.S. Bank Global Corporate Trust Services in combination with U.S. Bank National Association, the legal entity through which the Corporate Trust Division conducts business in the United States, is one of the world's largest providers of trustee services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB), with USD462 billion in assets as of December 31, 2017, is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. The Company operates 3,067 banking offices in 25 states and 4,771 ATMs, and provides a comprehensive line of banking, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

## 2.7 SWAP COUNTERPARTY

NatWest Markets Plc (the "**Bank**") is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc (the "**holding company**"), a banking and financial services group. The 'NWM Group' comprises the Bank and its subsidiary and associated undertakings. The 'RBS Group' comprises the holding company and its subsidiary and associated undertakings, including the NWM Group.

The UK Government has passed legislation which requires banks to separate their retail and investment banking activities by 1 January 2019. To comply with this legislation, the RBS Group needs to undertake a reorganisation of its group legal entity structure and business model. In order to implement the reorganisation, the RBS Group is to be split into ring-fenced and non ring-fenced entities. The NWM Group is to sit outside the ring fence. During 2018, activities which must only be provided by a ring-fenced entity are to be moved out of the NWM Group together with certain activities that may be provided within a ring-fenced or non ring-fenced entity, but which the RBS Group believes are best provided from inside the ring-fence.

As part of the reorganisation of the RBS Group, the NWM Group is planning a capital reduction exercise in July 2018, subject to an ongoing court process, which will reduce the share capital and cancel the share premium account and capital redemption reserve of the Bank. As at 31 December 2017, the NWM Group had total assets of £726 billion (of which £262 billion relates to operations that are currently expected to remain within NWM Group following the reorganisation described above) and total liabilities of £691 billion (of which £258 billion relates to operations that are currently expected to remain within NWM Group following the reorganisation described above).

The long-term, unsecured and unsubordinated debt obligations of the Bank are rated BBB+ by Standard & Poor's and Fitch and Baa2 by Moody's.

The address of the Bank is 250 Bishopsgate, London, EC2M 4AA, United Kingdom.

## 2.8 OTHER PARTIES

*Certain of the parties set out below may be replaced in accordance with the terms set out in the Transaction Documents.*

<b>Directors:</b>	Intertrust Management B.V. the sole director of the Issuer and the Shareholder and Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee. Each is incorporated under the laws of The Netherlands as a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ). Intertrust Management B.V. is registered with the Chamber of Commerce under number 33226415. Amsterdamsch Trustee's Kantoor B.V. and is registered with Chamber of Commerce under number 33001955.
<b>Issuer Administrator:</b>	Intertrust Administrative Services B.V.
<b>Paying Agent:</b>	Elavon Financial Services DAC, UK Branch
<b>Arranger:</b>	HSBC Bank plc.
<b>Joint Lead Managers:</b>	HSBC Bank plc and Barclays Bank PLC.
<b>Clearing System:</b>	Euroclear or Clearstream, Luxembourg.
<b>Listing Agent:</b>	Walkers Listing Services Limited.
<b>Credit Rating Agencies:</b>	DBRS Ratings Limited and Standard & Poor's Global Ratings Europe Limited.

### 3. THE NOTES

#### 3.1 TERMS AND CONDITIONS OF THE NOTES

*The Conditions are attached as a Schedule to the Trust Deed and will be incorporated by reference into each Definitive Note if permitted by the Stock Exchange or other relevant authority (if any) but, if not so permitted, such Definitive Note will have the Conditions endorsed thereon or attached thereto. A copy of the Conditions is set out below. Any amendments to the Conditions will be made by way of, and in accordance with the applicable requirements for, amendments to the Trust Deed. While the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form. See the section 3.2 (Form).*

##### 1. General

- 1.1 The Issuer has agreed to issue the Notes subject to the terms of the Trust Deed.
- 1.2 The Paying Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.3 Certain provisions of these Conditions are summaries of the Trust Deed and the Paying Agency Agreement and are subject to their detailed provisions.
- 1.4 The Noteholders are bound by the terms of the Trust Deed, and are deemed to have notice of all the provisions of the relevant Transaction Documents.
- 1.5 Copies of the Transaction Documents are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Security Trustee, being at the date hereof Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands and at the Specified Office of the Paying Agent, the initial Specified Office of which is set out below.

##### 2. Definitions

In these Conditions, defined terms have the meanings ascribed to them in Schedule 1 to the Incorporated Terms Memorandum, as amended from time to time (the "**Definitions**"). A copy of the Definitions is attached to these Conditions as Annex 1.

In addition, in these Conditions:

**"Extraordinary Resolution"** means, in relation to each Class of Notes, a resolution at a meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders, by a majority of not less than three quarters of the votes cast.

**"Ordinary Resolution"** means, in relation to each Class of Notes, a resolution at a meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders, by more than 50 per cent of the votes cast.

##### 3. Form, Denomination and Title

- 3.1 **Form and Denomination:** The Notes are in bearer form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 thereafter without Coupons and Talons attached. Title to the Notes will pass by delivery.
- 3.2 **Title:** Under the laws of The Netherlands, the valid transfer of Notes requires, among other things, delivery (*levering*) thereof, where applicable in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*). The holder of any Notes shall (except as otherwise required by law) be treated as the absolute owner of such Notes for all purposes (including the making of any payment) whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such holder.

4. **Ranking**

- 4.1 **Ranking:** The Notes in each Class will at all times rank without preference or priority *pari passu* among themselves.
- 4.2 **Sole obligations:** The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by any of the other parties to the Transaction Documents.
- 4.3 **Interest:** Interest on the Notes shall be payable in accordance with the provisions of Condition 7 (*Interest*) and Condition 10 (*Payments*), subject to the terms of these Conditions and the terms of the Trust Deed. If on any Notes Payment Date, the Issuer has insufficient Available Revenue Funds to pay all amounts then due and payable, subject to Condition 7.12 (*Interest Deferral on the Rated Notes (other than the Class A Notes)*), it shall be under no obligation to pay any (default) interest or damages or other form of compensation to Noteholders in respect of any amounts of interest that remains unpaid as a result of there being insufficient Available Revenue Funds on any Notes Payment Date.
- 4.4 **Priority of Principal Payments:**

Payments of principal from Available Principal Funds under the Redemption Priority of Payments or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class A Notes will at all times rank in priority to payments of principal from Available Principal Funds under the Redemption Priority of Payments or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

Payments of principal from Available Principal Funds under the Redemption Priority of Payments or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class B Notes will at all times rank in priority to payments of principal from Available Principal Funds under the Redemption Priority of Payments or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

Payments of principal from Available Principal Funds under the Redemption Priority of Payments or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class C Notes will at all times rank in priority to payments of principal from Available Principal Funds under the Redemption Priority of Payments or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class D Notes, the Class E Notes and the Class F Notes.

Payments of principal from Available Principal Funds under the Redemption Priority of Payments or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class D Notes will at all times rank in priority to payments of principal from Available Principal Funds under the Redemption Priority of Payments or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class E Notes and the Class F Notes.

Payments of principal from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class E Notes will at all times rank in priority to payments of principal from funds available for distribution in accordance with the Post-Enforcement Priority of Payments on the Class F Notes.

Until the date on which the Principal Amount Outstanding of all Class A Notes is reduced to zero, the holders of the Class B Notes will not be entitled to any repayment of principal from Available Principal Funds under the Redemption Priority of Payments in respect of the Class B Notes. As from that date the Principal Amount Outstanding of the Class B Notes will be redeemed in accordance with the provisions of Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

Until the date on which the Principal Amount Outstanding of all Class B Notes is reduced to zero, the holders of the Class C Notes will not be entitled to any repayment of principal from Available Principal Funds under the Redemption Priority of Payments in respect of the Class C Notes. As

from that date the Principal Amount Outstanding of the Class C Notes will be redeemed in accordance with the provisions of Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

Until the date on which the Principal Amount Outstanding of all Class C Notes is reduced to zero, the holders of the Class D Notes will not be entitled to any repayment of principal from Available Principal Funds under the Redemption Priority of Payments in respect of the Class D Notes. As from that date the Principal Amount Outstanding of the Class D Notes will be redeemed in accordance with the provisions of Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

Until the date on which the Principal Amount Outstanding of all Class D Notes is reduced to zero, the holders of the Class E Notes will not be entitled to any repayment of principal from Available Principal Funds under the Redemption Priority of Payments in respect of the Class E Notes. As from that date the Principal Amount Outstanding of the Class E Notes will be redeemed in accordance with the provisions of Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

Until the date on which the Principal Amount Outstanding of all Class E Notes is reduced to zero, the holders of the Class F Notes will not be entitled to any repayment of principal from Available Principal Funds under the Redemption Priority of Payments in respect of the Class F Notes. As from that date the Principal Amount Outstanding of the Class F Notes will be redeemed in accordance with the provisions of Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*).

## 5. **Security**

5.1 **Security:** The Notes shall have the benefit of the Security which has been granted to the Security Trustee as security for the Secured Obligations owed to the Security Trustee (including the Parallel Debt).

5.2 **Parallel Debt:** The Noteholders are deemed to have acknowledged, and are bound by, without limitation, Clause 2.4 (*Parallel Debt*) of the Trust Deed.

5.3 **Enforceability:** The Security will become enforceable upon the delivery by the Security Trustee of an Enforcement Notice in accordance with Condition 12 (*Events of Default*) and subject to the matters referred to in Condition 13 (*Enforcement*), provided that any default (*verzuim*) in the proper performance of any of the Secured Obligations has occurred.

## 6. **Issuer Covenants**

The Issuer Covenants contain certain covenants in favour of the Security Trustee from the Issuer which, among other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business. So long as any Note remains outstanding, the Issuer shall comply with the terms of the Trust Deed, including the Issuer Covenants.

## 7. **Interest**

7.1 **Accrual of Interest:** Each Class A Note, Class B Note, Class C Note, Class D Note and Class E Note bears interest on its principal amount outstanding from the Closing Date less the aggregate of all amounts of Note Principal Payments that have been paid by the Issuer in respect of that Note on or prior to that date (the "**Principal Amount Outstanding**"). No interest will be payable on the Class F Notes or Class G Notes.

7.2 **Cessation of Interest:** Subject to Condition 7.1, each Note shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused, in which case, it will continue to bear interest in accordance with this Condition until whichever is the earlier of:

7.2.1 the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and

7.2.2 the day which is seven calendar days after the Paying Agent or the Security Trustee has notified the Noteholders of such class that it has received all sums due in respect of the Notes of such class up to such seventh calendar day (except to the extent that there is any subsequent default in payment).

7.3 **Interest Rate:** Interest on the Rated Notes for each Notes Calculation Period (other than the first Notes Calculation Period immediately following the Closing Date) will accrue at a rate equal to the sum of the Euro Interbank Offered Rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) ("**Euribor**") for three months deposits in euro plus the Relevant Margin. If the method for determining the rate of interest (including the Relevant Margin) applicable to the Rated Notes would result in a negative figure, the applicable rate of interest will be deemed to be zero. The interest on the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes for the first Notes Calculation Period immediately following the Closing Date will accrue at a respective rate equal to 0.32891, 0.89891, 1.39891, 1.79891 and 2.59891 per cent. per annum. "**Interest Rate**" means the rate of interest calculated in accordance with this Condition 7 (*Interest*). **Provided that**, if there has been a public announcement of the permanent or indefinite discontinuation of the Screen Rate, the Issuer (acting on the advice of the Servicer or the Portfolio Advisor) shall use commercially reasonable endeavours to propose an alternative Screen Rate in accordance with Condition 16 (*Modification and Waiver*), no later than the discontinuation of the Screen Rate becoming effective.

7.4 **Euribor:** For the purpose of Condition 7.3 (*Interest Rate*), Euribor (or such other Screen Rate if subject to any Euribor Modification) will be determined as follows:

The Paying Agent will, on each date falling two Business Days prior to a Notes Payment Date, determine Euribor by reference to the Screen Rate on such date or if, on such date, the Screen Rate is unavailable:

- (a) the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the offered quotations, as at or about 11:00 a.m. (Amsterdam time) on that date, of the Reference Banks to leading banks for euro deposits for the length in months of the related Notes Calculation Period in the Eurozone interbank market in an amount that is representative for a single transaction in the relevant market at the relevant time, determined by the Paying Agent after request of the principal Eurozone office of each of the Reference Banks; or
- (b) if, on such date, two or three only of the Reference Banks provide such quotations the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or
- (c) if, on such date, one only or none of the Reference Banks provide such a quotation,
  - (i) the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the rates quoted, as at or about 11:00 a.m. (local time in Amsterdam) on the date falling two Business Days prior to the relevant Notes Payment Date, by leading banks in any EU Member State, to leading banks in the interbank market in the relevant EU Member State, for euro loans for the length in months of the related Notes Calculation Period in an amount that is representative for a single transaction in the relevant market at the relevant time, determined by the Paying Agent after request of the principal office in the principal financial centre of the relevant EU Member State of each such leading bank; or
  - (ii) if the Paying Agent certifies that it cannot determine such arithmetic mean as aforesaid, the Reference Rate in effect for the Notes Calculation Period current on the date falling two Business Days prior to a Notes Payment Date.

7.5 **Day Count Fraction:** Whenever it is necessary to compute an amount of interest in respect of any Note for a period of less than a full year, such interest shall be calculated on the basis of the actual number of days in such period divided by 360.

- 7.6 **Calculation of Note Interest Amount:** Upon or as soon as practicable after each Notes Calculation Date, the Issuer shall calculate (or shall cause the Paying Agent to calculate) the Note Interest Amount payable on each Note for the related Notes Calculation Period.
- 7.7 **Interest Payments:** Interest on each Class A Note, Class B Note, Class C Note, Class D Note and Class E Note is payable in euro in arrear on each Notes Payment Date commencing on the first Notes Payment Date following the Closing Date, in an amount equal to the Note Interest Amount in respect of such Note for the Notes Calculation Period ending on the day immediately preceding such Notes Payment Date.
- 7.8 **Notification:** As soon as practicable after each date falling two Business Days prior to the Notes Payment Date, the Paying Agent will cause:
- 7.8.1 the Interest Rate for each Class for the related Notes Calculation Period;
  - 7.8.2 the Note Interest Amount payable in respect of a Note of each Class for the related Notes Calculation Period; and
  - 7.8.3 the Notes Payment Date first following the related Notes Calculation Period,
- to be notified to the Issuer, the Cash Manager, the Security Trustee and, for so long as the Rated Notes are listed on the Stock Exchange, the Stock Exchange.
- 7.9 **Publication:** As soon as practicable after receiving each notification of the Interest Rate, the Note Interest Amount and the Notes Payment Date in accordance with Condition 7.8 (*Notification*) the Issuer will cause such Interest Rate, Note Interest Amount for a Note of each Class and the first following Notes Payment Date to be published in accordance with Condition 20 (*Notices*). The Issuer shall not be obliged to publish the Note Interest Amount but instead may publish only the Calculation Amount and the Note Interest Amount in relation to a Note having a denomination of EUR 100,000.
- 7.10 **Amendments to Publications:** The Interest Rate, the Note Interest Amount for a Note of each Class and the Notes Payment Date so published/notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Notes Calculation Period.
- 7.11 **Determination or Calculation by Security Trustee:** If the Paying Agent does not at any time for any reason determine the Interest Rate for any Class of Notes or the Note Interest Amount for any Note of any Class in accordance with this Condition, the Security Trustee may (but without any liability accruing to the Security Trustee as a result):
- 7.11.1 determine the Interest Rate for such Class at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or
  - 7.11.2 calculate the Note Interest Amount for any Note of any such Class in the manner specified in this Condition,
- and any such determination and/or calculation shall be deemed to have been made by the Paying Agent.
- 7.12 **Interest Deferral on the Rated Notes (other than the Class A Notes)**
- 7.12.1 To the extent that funds available to the Issuer to pay interest on the Rated Notes of any Class (other than the Class A Notes) on a Notes Payment Date are insufficient to pay the full amount of such interest (which for the purpose of this Condition 7 (*Interest*) shall include any interest previously deferred under this Condition 7 (*Interest*) and accrued interest thereon), payment of the shortfall in respect of such Class of Rated Notes ("**Deferred Interest**") will not then fall due but will instead be deferred (to the extent only of any insufficiency of funds) until the first Notes Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer's liabilities of higher priority in accordance with the relevant Priority of Payments and subject to and in

accordance with these Conditions) to fund the payment of such Deferred Interest when the Deferred Interest will be paid on such Notes Payment Date to the extent of such available funds.

7.12.2 Any amount of Deferred Interest in respect of a Class of Rated Notes will accrue interest ("**Additional Interest**") at the same rate of interest and on the same basis as any scheduled interest applicable from time to time to Notes of the relevant Class of Rated Notes (as determined by this Condition 7 (*Interest*)) and payment of any Additional Interest will also be deferred until the first Notes Payment Date thereafter on which funds are available (after allowing for the Issuer's liabilities of a higher priority in accordance with the Priority of Payments, subject to and in accordance with these Conditions) to the Issuer to pay such Additional Interest when the Additional Interest will be paid to the extent of such available funds.

7.12.3 No amount of interest deferred pursuant to this Condition 7 (*Interest*) shall result in the occurrence of an Event of Default until the Final Maturity Date or any other Notes Payment Date on which the Rated Notes are redeemed in full. Payment of any amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date or beyond any earlier date on which the relevant Class of Rated Notes falls to be redeemed in full in accordance with Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*) and any such amount which has not then been paid in respect of the relevant Class of Rated Notes shall thereupon become due and payable in full.

#### 7.13 ***Notification of Availability for Payment***

The Issuer shall cause notice of the availability for payment of any Deferred Interest or Additional Interest in respect of a Class (and the date of payment thereof in respect of such Class) to be published in accordance with Condition 20 (*Notices*).

#### 7.14 ***Determinations and Reconciliations***

(a) In the event that the Cash Manager does not receive a Mortgage Report with respect to a Mortgage Calculation Period (each such period being a "**Determination Period**"), then the Cash Manager may use the Mortgage Reports in respect of the three most recent Mortgage Calculation Periods (or, where the Mortgage Reports for the three most recent Mortgage Calculation Periods are not available, any previous Mortgage Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 7.14 (*Determinations and Reconciliation*). When the Cash Manager receives the Mortgage Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 7.14(c). Any (i) calculations properly done on the basis of such estimates in accordance with Conditions 7.14(b) and/or 7.14(c); (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 7.14(b) and/or 7.14(c), shall be deemed to be done in accordance with the provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion (including, but not limited to, those set out in this paragraph (a)) for such purposes.

(b) In respect of any Determination Period the Cash Manager shall:

- (i) determine the Interest Determination Ratio by reference to the three most recently received Mortgage Reports (or, where there are not at least three previous Mortgage Reports, any previous Mortgage Report received in the preceding Mortgage Calculation Periods);
- (ii) calculate the Revenue Receipts for such Determination Period as the product of (i) the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period (the "**Calculated Revenue Receipts**");

- (iii) calculate the Principal Receipts for such Determination Period as the product of (i) 1 minus the Interest Determination Ratio and (ii) all collections received by the Issuer during such Determination Period (the "**Calculated Principal Receipts**").
- (c) Following any Determination Period, upon receipt by the Cash Manager of the Mortgage Reports in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 7.14(b) above to the actual collections set out in the Mortgage Reports by allocating the Reconciliation Amount as follows:
  - (i) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (i) the absolute value of the Reconciliation Amount and (ii) the amount standing to the credit of the Income Ledger, as Principal Funds (with a corresponding debit of the Income Ledger);
  - (ii) If the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (i) the absolute value of the Reconciliation Amount and (ii) the amount standing to the credit of the Redemption Ledger, as Revenue Funds (with a corresponding debit of the Redemption Ledger),

provided that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Funds and Available Principal Funds for such Mortgage Calculation Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Security Trustee of such Reconciliation Amount.

- (d) For the avoidance of doubt, for the purpose of this Condition 7.14, the Cash Manager shall not be liable for any determinations or calculations performed by it pursuant to this Condition other than in case of its own gross negligence, wilful default or fraud.

**8. Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation**

8.1 **Final Redemption:** Unless previously redeemed or purchased and cancelled as provided in this Condition, the Issuer shall redeem the Notes of each Class at their Principal Amount Outstanding on the Final Maturity Date.

8.2 **Mandatory Redemption in part:** On each Notes Payment Date on which there are Available Principal Funds, provided that no Enforcement Notice has been delivered by the Security Trustee and subject to possible application thereof towards payment of a Principal Addition Amount, the Issuer shall, subject to Condition 4.4 (*Priority of Principal Payments*):

8.2.1 *first*, redeem (either in whole or in part) each Class A Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class A Note determined on the related Notes Calculation Date until fully redeemed in accordance with the Conditions; and thereafter

8.2.2 *second*, redeem (either in whole or in part) each Class B Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class B Note determined on the related Notes Calculation Date until fully redeemed in accordance with the Conditions; and thereafter

8.2.3 *third*, redeem (either in whole or in part) each Class C Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class C Note determined on the related Notes Calculation Date until fully redeemed in accordance with the Conditions; and thereafter

8.2.4 *fourth*, redeem (either in whole or in part) each Class D Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class D Note determined on the related Notes Calculation Date until fully redeemed in accordance with the Conditions; and thereafter

- 8.2.5 *fifth*, redeem (either in whole or in part) each Class E Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class E Note determined on the related Notes Calculation Date until fully redeemed in accordance with the Conditions; and thereafter
- 8.2.6 *sixth*, redeem (either in whole or in part) each Class F Note on such Notes Payment Date in an amount equal to the Note Principal Payment in respect of such Class F Note determined on the related Notes Calculation Date until fully redeemed in accordance with the Conditions.
- 8.3 **Class G Notes:** Payments of principal on the Class G Notes shall be made from the Available Revenue Funds or from funds available for distribution in accordance with the Post-Enforcement Priority of Payments, in each case, in accordance with the Revenue Priority of Payments and the Post-Enforcement Priority of Payments.

If on any Notes Calculation Date all interest and principal due and payable in respect of the Notes except for principal amounts due and payable under the Class G Notes, have been paid or will be available for payment in full on the Notes Payment Date immediately following such Notes Calculation Date, then the Reserve Fund Target Level will be reduced to zero. In such circumstances, all amounts standing to the credit of the Reserve Ledger will be credited to the Income Ledger upon deposit of the same in the Transaction Account and form part of the Available Revenue Funds and will be available to redeem or partially redeem the Class G Notes until the earlier of (i) the Class G Notes are fully redeemed in accordance with the Revenue Priority of Payments and (ii) if the Available Revenue Funds are insufficient to repay the Principal Amount Outstanding payable in relation to such Class G Notes, the date on which the Issuer has no further rights under or in connection with any of the Transaction Documents, in which case no Class G Noteholder shall have any further claim against the Issuer for any amount of shortfall in principal.

- 8.4 **Calculation of Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding:** On (or as soon as practicable after) each Notes Calculation Date, the Issuer shall calculate (or cause the Cash Manager to calculate):
- 8.3.1 the aggregate of any Note Principal Payment due in relation to each Class on the Notes Payment Date immediately succeeding such Notes Calculation Date; and
- 8.3.2 the Principal Amount Outstanding and the Notional Principal Amount Outstanding of each Note in each Class on the Notes Payment Date immediately succeeding such Notes Calculation Date (after deducting any Note Principal Payment due to be made on that Notes Payment Date in relation to such Note).
- 8.5 **Calculations final and binding:** Each calculation by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding and the Notional Principal Amount Outstanding of a Note of each Class shall in each case (in the absence of any wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by the Issuer and/or manifest error) be final and binding on all persons.
- 8.6 **Security Trustee to determine amounts:** If the Issuer does not at any time for any reason calculate (or cause the Cash Manager to calculate) any Note Principal Payment, Principal Amount Outstanding or Notional Principal Amount Outstanding in relation to any Note in accordance with this Condition, such amounts may be calculated by the Security Trustee or by an agent or expert appointed by the Security Trustee at the expense of the Issuer (without any liability accruing to the Security Trustee as a result) in accordance with this Condition (based on information supplied to it by the Issuer or the Issuer Administrator) and each such calculation shall be deemed to have been made by the Issuer.
- 8.7 **Redemption – Clean-Up Call Option:** The Issuer must redeem all (but not some only) of the Notes at their Principal Amount Outstanding including any accrued but unpaid amounts of interest on the Notes of each Class (other than the Class G Notes) on the first Notes Payment Date falling after the later of the date on which the Seller (i) exercises the Clean-Up Call Option and (ii) has certified to the Issuer that it expects to have the funds available on the relevant Notes

Payment Date in order to enable the Issuer to comply with its obligations under this Condition 8.7. Provided that if the date on which the Seller exercises the Clean-Up Call Option and provides the relevant certificate to the Issuer falls less than 30 calendar days prior to the immediately following Notes Payment Date, the Issuer shall redeem all (but not some only) of the Notes of each Class (other than the Class G Notes) on the second Notes Payment Date following the date on which the Seller exercises the Clean-Up Call Option, provided that, prior to the Issuer giving any notice as referred to below, the Issuer shall have provided to the Security Trustee a certificate signed by the Director to the effect that it expects to have the funds on the relevant Notes Payment Date required for the Issuer to redeem all (but not some only) of the Notes of each Class (other than the Class G Notes) pursuant to this Condition at their Principal Amount Outstanding and pay, in accordance with the Conditions, any accrued but unpaid amounts of interest on the Notes of each Class (other than the Class G Notes) and to meet its payment obligations of a higher priority under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

The Issuer shall give not more than 60 nor less than 14 calendar days' notice to the Security Trustee and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes of each Class (other than the Class G Notes).

- 8.8 ***Redemption – Seller Prepayment Call:*** The Issuer must redeem all (but not some only) of the Notes of each Class (other than the Class G Notes) at their Principal Amount Outstanding including any accrued but unpaid amounts of interest on such Notes on the first Notes Payment Date that is an Optional Redemption Date following the later of (i) the exercise by the Seller of the Seller Prepayment Call Option and (ii) receipt by the Issuer of a certificate from the Seller that it expects to have the funds in order to enable the Issuer to comply with its obligations under this Condition 8.8. If however the date on which the Seller exercises the Seller Prepayment Call Option and provides the relevant certificate falls less than 30 calendar days prior to the immediately following Notes Payment Date, the Issuer shall redeem all (but not some only) of the Notes of each Class (other than the Class G Notes) on the second Notes Payment Date following the date on which the Seller exercises the Seller Prepayment Call Option, provided that, prior to the Issuer giving any such notice of exercise, the Issuer shall have provided to the Security Trustee a certificate signed by the Director to the effect that it expects to have the funds on the relevant Notes Payment Date required for the Issuer to redeem all (but not some only) of the Notes of each Class (other than the Class G Notes) pursuant to this Condition at their Principal Amount Outstanding and pay, in accordance with the Conditions, any accrued but unpaid amounts of interest on the Notes of each Class (other than the Class G Notes) and to meet its payment obligations of a higher priority under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

The Issuer shall give not more than 60 nor less than 14 calendar days' notice to the Security Trustee and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes of each Class (other than the Class G Notes) on the relevant Optional Redemption Date following such Seller exercise of the Seller Prepayment Call Option.

- 8.9 ***Redemption – Risk Retention Regulatory Call:*** The Seller has the option to elect to repurchase and accept re-assignment of all (but not some only) of the Mortgage Receivables (including any Related Security) on any Business Day or cause any entity appointed by it for such purpose to do so, following the occurrence of a Risk Retention Regulatory Change against payment of the relevant purchase price (the "**Risk Retention Regulatory Call Option**") provided that the Seller certifies to the Issuer that it expects to have the funds on the Notes Payment Date in order to enable the Issuer to comply with its obligations under this Condition 8.9. On the Notes Payment Date immediately following the date on which the Seller exercises the Risk Retention Regulatory Call Option, the Issuer shall redeem all (but not some only) of the Notes (other than the Class G Notes) in each Class at their Principal Amount Outstanding and pay, in accordance with the Conditions, any accrued but unpaid amounts of interest on the Notes (other than the Class G Notes). If the date on which the Seller exercises the Risk Retention Regulatory Call Option falls less than 30 calendar days prior to the immediately following Notes Payment Date, the Issuer shall redeem all (but not some only) of the Notes (other than the Class G Notes) on the second Notes Payment Date following the date on which the Seller exercises the Risk Retention Regulatory Call Option.

The redemption of the Notes (other than the Class G Notes) by the Issuer following the exercise of the Risk Retention Regulatory Call Option by the Seller is subject to the following:

- 8.9.1 the Issuer shall give not more than 60 nor less than 14 calendar days' notice to the Security Trustee and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes (other than the Class G Notes) in each Class; and
- 8.9.2 prior to the Issuer giving any such notice, the Issuer has provided to the Security Trustee a certificate signed by the Director (which is based on a statement or certificate from the Seller) to the effect that the Issuer expects to have the funds on the Notes Payment Date required for the Issuer to (A) redeem the Notes (other than the Class G Notes) in each Class at the Principal Amount Outstanding pursuant to this Condition, (B) pay, in accordance with the Conditions, any accrued but unpaid amounts of interest on the Notes (other than the Class G Notes) and (C) meet its payment obligations under each of items (a) up to and including (d)(inclusive) of the Revenue Priority of Payments.

Immediately upon completion of any sale and assignment of all Mortgage Receivables and assignment of all Related Security relating thereto in accordance with this Condition 8.9 the Security Trustee shall release all Mortgage Receivables from the security.

- 8.10 ***Optional Redemption – Tax Call:*** On any Notes Payment Date, the Issuer may redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding and pay, in accordance with the Conditions, any accrued but unpaid amounts of interest and its payment obligations of a higher priority under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments, in each case on the Notes Payment Date:

- 8.10.1 after the date on which the Issuer is to make any payment in respect of the Notes and the Issuer would be required to make any deduction or withholding on account of Tax in respect of such payment;
- 8.10.2 after the date on which the Issuer would, by virtue of a change in the Tax law of The Netherlands (or the application or official interpretation of such Tax law), not be entitled to Tax relief for any material amount which it is obliged to pay under the Transaction Documents; or
- 8.10.3 after the date of a change in the Tax law of The Netherlands (or the application or official interpretation of such Tax law) which would cause the total amount payable in respect of interest in relation to the Mortgage Receivables to cease to be receivable by the Issuer, including as a result of any Borrower being obliged to make any deduction or withholding on account of Tax in respect of any payment in relation to the relevant Mortgage Receivables,

subject to the following:

- 8.10.4 that the Issuer has given not more than 60 nor less than 14 calendar days' notice to the Security Trustee and the Noteholders in accordance with Condition 20 (*Notices*) of its intention to redeem all (but not some only) of the Notes in each Class; and
- 8.10.5 that prior to giving any such notice, the Issuer has provided to the Security Trustee (a) a legal opinion (addressed to the Security Trustee) from a firm of lawyers in The Netherlands of international repute (approved in writing by the Security Trustee), opining on the relevant change in Tax law, (b) a certificate signed by the Issuer to the effect that the obligation to make any deduction or withholding on account of Tax cannot be avoided and (c) a certificate signed by the Issuer to the effect that the Issuer expects to have the funds on the Notes Payment Date required to redeem the Notes pursuant to this Condition at their Principal Amount Outstanding and pay, in accordance with the Conditions, any accrued but unpaid amounts of interest on the Notes and to meet its payment obligations of a higher priority under each of the items (a) to (d) (inclusive) of the Revenue Priority of Payments.

- 8.11 **Conclusiveness of certificates and legal opinions:** Any certificate and legal opinion given by or on behalf of the Issuer pursuant to Condition 8.7 (*Redemption – Clean-Up Call Option*), Condition 8.8 (*Redemption – Seller Prepayment Call*), Condition 8.9 (*Redemption – Regulatory Call*) or Condition 8.10 (*Optional Redemption – Tax Call*) may be relied on by the Security Trustee without further investigation and shall (in the absence of any wilful default, fraud or gross negligence by such person and/or manifest error) be conclusive and binding on the Noteholders and on the other Secured Creditors.
- 8.12 **Notice of Calculation:** The Issuer will cause each calculation of a Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding in relation to each Class of Notes to be notified immediately after calculation to the Security Trustee, the Paying Agent and, for so long as the Rated Notes are listed on the Official List of the Stock Exchange, to the Stock Exchange and will immediately cause details of each calculation of a Note Principal Payment, Principal Amount Outstanding and Notional Principal Amount Outstanding in relation to each Class of Notes to be published in accordance with Condition 20 (*Notices*) by not later than the Notes Calculation Date.
- 8.13 **Notice of no Note Principal Payment:** If no Note Principal Payment is due to be made on the Notes in relation to any class on any Notes Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 20 (*Notices*) by not later than three Business Days prior to such Notes Payment Date.
- 8.14 **Notice irrevocable:** Any such notice as is referred to in Condition 8.7 (*Redemption – Clean-Up Call Option*), Condition 8.8 (*Redemption – Seller Prepayment Call*), Condition 8.9 (*Redemption – Risk Retention Regulatory Call*) or Condition 8.10 (*Optional Redemption – Tax Call*) or Condition 8.12 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding in accordance with the relevant Conditions if effected pursuant to Condition 8.7 (*Redemption – Clean-Up Call Option*), Condition 8.8 (*Redemption – Seller Prepayment Call*), Condition 8.9 (*Redemption – Risk Retention Regulatory Call*) or Condition 8.10 (*Optional Redemption – Tax Call*) and in an amount equal to the Note Principal Payment in respect of the Notes calculated as at the related Notes Calculation Date if effected pursuant to Condition 8.2 (*Mandatory Redemption in part*).
- 8.15 **Cancellation of redeemed Notes:** All Notes redeemed in full will be cancelled forthwith by the Issuer, together with all unmatured Coupons and Talons appertaining thereto or surrendered therewith, and no such Notes, Coupons or Talons may be reissued or resold.

## 9. Limited Recourse

- 9.1 Each of the Noteholders agrees with the Issuer that notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders, including the Principal Liabilities, are limited in recourse as set out below:
- 9.1.1 it will have a claim (*verhaalsrecht*) only in respect of the Issuer's assets subject to the Security 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 contributed capital;
- 9.1.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Issuer in respect of the Issuer's assets subject to the Security whether pursuant to enforcement of the Security or otherwise, net of any sums which are payable by the Issuer in accordance with the Priorities of Payments in priority to or *pari passu* with sums payable to such Noteholder; and
- 9.1.3 upon the Security Trustee giving written notice to the Noteholders that the Issuer Administrator has certified to the Security Trustee, that there is no reasonable likelihood of there being any further realisations in respect of the Issuer's assets subject to the Security (whether arising from an enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the relevant Transaction

Documents and the Notes, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be unconditionally discharged in full.

10. **Payments**

- 10.1 **Principal:** Payments of principal shall be made only against (in the case of final redemption, provided that payment is made in full) presentation and surrender of the relevant Notes, at the Specified Offices of the Paying Agent outside the United States, by transfer to an account in euro maintained by the payee with a bank in a city in which banks have access to TARGET2.
- 10.2 **Interest:** Payments of interest shall, subject to Condition 10.5 (*Payments on business days*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Offices of the Paying Agent outside the United States in the manner described in Condition 10.1 (*Principal*).
- 10.3 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders or holders of one or more Coupons in respect of such payments.
- 10.4 **Unmatured Coupons Void:** On the due date for final redemption of any Note pursuant to Condition 8.2 (*Mandatory Redemption in part*) or early redemption of such Note pursuant to Condition 8.7 (*Redemption – Clean-Up Call Option*), Condition 8.8 (*Redemption – Seller Prepayment Call*), Condition 8.9 (*Redemption – Risk Retention Regulatory Call*), Condition 8.10 (*Optional Redemption – Tax Call*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- 10.5 **Payments on business days:** If any Note or Coupon is presented for payment on a day which is not a Business Day in the place of presentation, payment shall not be made on such day but on the first succeeding business day in such place and no further interest or other payment in respect of any such delay shall be due in respect of such Note or Coupon.
- 10.6 **Business Days:** In this Condition 10, "**Business Day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and on which TARGET2 is open.
- 10.7 **Other Interest:** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of the Paying Agent outside the United States.
- 10.8 **Partial Payments:** If the Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, it will endorse on such Note or Coupon a statement indicating the amount and date of such payment.
- 10.9 **Exchange of Talons:** On or after the Notes Payment Date of the final Coupon which is (or was at the time of issue) part of a coupon sheet, the Talon forming part of such coupon sheet may be exchanged at the Specified Office of the Paying Agent for a further coupon sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 17 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.
- 10.10 **Notifications to be final:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) and the Paying Agent or the Security Trustee shall (in the absence of any wilful default, fraud, gross negligence and/or, other than in respect of the Paying Agent and the Security Trustee, manifest error) be binding on the Issuer and all Noteholders and Couponholders and (in the absence of any wilful default, fraud, gross negligence and/or, other than in respect of the Paying Agent and the Security Trustee, manifest error) no liability to the Security Trustee, the Noteholders or the Couponholders shall attach to the

Reference Banks and the Paying Agent or the Security Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 10 (*Payments*).

## 11. **Taxation**

- 11.1 ***Payments free of Tax:*** All payments of interest and principal in respect of the Notes shall be made free of Tax unless the Issuer, the Security Trustee or the Paying Agent (as the case may be) are required by law to make any deduction or withholding on account of Tax. In that event, the Issuer, the Security Trustee or the Paying Agent (as the case may be) shall make such payments after such deduction or withholding on account of Tax and shall account to the relevant authorities for the amount so deducted.
- 11.2 ***No payment of additional amounts:*** Neither the Issuer, the Security Trustee nor the Paying Agent will be obliged to pay any additional amounts to the Noteholders as a result of any deduction or withholding on account of Tax. Notwithstanding any other provision in these Conditions, all payments in respect of the Notes by or on behalf of the Issuer shall be subject in all cases to any withholding or deduction that are required to be made pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement ("**FATCA**"). Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.
- 11.3 ***Taxing jurisdiction:*** If the Issuer becomes subject to tax at any time in any taxing jurisdiction other than The Netherlands, references in these Conditions to The Netherlands shall (in respect of taxation only) be construed as references to The Netherlands and/or such other taxing jurisdiction.
- 11.4 ***Tax deduction not Event of Default:*** The Issuer, the Security Trustee or the Paying Agent being required to make any deduction or withholding on account of Tax shall not constitute an Event of Default.

## 12. **Events of Default**

- 12.1 ***Event of Default:*** Subject to the other provisions of this Condition, each of the following events or circumstances shall constitute an Event of Default:
- 12.1.1 ***Non-payment:*** the Issuer fails to pay any amount of principal or interest in respect of any class of Notes within 14 calendar days, respectively, of the due date for such payment (after taking into account any permitted deferral of interest in accordance with Condition 7.12 (*Interest Deferral on the Rated Notes (other than the Class A Notes)*));
- 12.1.2 ***Breach of other obligations:*** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any of (x) the Transaction Documents to which the Issuer is a party, (y) the Notes or (z) the Issuer Covenants and such default (a) is, in the opinion of the Security Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Security Trustee, capable of remedy, remains unremedied for 30 calendar days after the Security Trustee has given written notice of such default to the Issuer;
- 12.1.3 ***Insolvency Events:***
- (a) a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any major part of the Issuer's assets which has not been discharged or released within a period of 30 calendar days;
- (b) an order is made by any competent court or other authority or a resolution is passed for the dissolution (*ontbinding*) or winding-up of the Issuer or for the

appointment of a liquidator (*curator*), administrator (*bewindvoerder*) or other similar officer of the Issuer or of all or substantially all of its assets;

- (c) an assignment occurs for the benefit of, or the entering into of any general assignment (*akkoord*) with, the Issuer's creditors; or
- (d) Insolvency Proceedings are imposed on the Issuer; and

12.1.4 *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which the Issuer is a party.

12.2 ***Delivery of Enforcement Notice***: If an Event of Default occurs and is continuing, the Security Trustee (i) may at its discretion and (ii) shall:

12.2.1 if so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or

12.2.2 if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes;

in each case, deliver an Enforcement Notice to the Issuer.

12.3 ***Conditions to delivery of Enforcement Notice***: Notwithstanding Condition 12.2 (*Delivery of Enforcement Notice*) the Security Trustee shall not be obliged to deliver an Enforcement Notice unless:

12.3.1 in the case of the occurrence of any of the events or circumstances mentioned in Condition 12.1.2 (*Breach of other obligations*), the Security Trustee shall have certified in writing that the occurrence of such event or circumstance is in its opinion materially prejudicial to the interests of the Noteholders; and

12.3.2 it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.4 ***Consequences of delivery of Enforcement Notice***: Upon the delivery of an Enforcement Notice, the Notes of each Class shall become immediately due and payable without further action or formality at their Notional Principal Amount Outstanding.

### 13. **Enforcement**

13.1 ***Proceedings***: If at any time an Event of Default occurs and an Enforcement Notice has been delivered pursuant to Condition 12 (*Events of Default*), the Security Trustee may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each Class and under the other relevant Transaction Documents, but it shall not be bound to do so unless:

13.1.1 so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes; or

13.1.2 so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes,

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its reasonable satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.2 ***Directions to the Security Trustee***: If the Security Trustee shall take any action described in Condition 13.1 (*Proceedings*) it may take such action without having regard to the effect of such action on individual Noteholders or any other Secured Creditor, provided that so long as any of

the Most Senior Class of Notes are outstanding, the Security Trustee shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other Class of Notes unless:

- 13.2.1 to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes then outstanding; or
- 13.2.2 (if the Security Trustee is not of that opinion) such action is sanctioned by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding.

14. **No action by Noteholders, Couponholders or any other Secured Creditor**

14.1 Only the Security Trustee may pursue the remedies available under the general law or under the relevant Transaction Documents to enforce the Security and no Noteholder, holder of any Coupon or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security. In particular, none of the Noteholders and holders of any Coupon or any other Secured Creditor (nor any person on its or their behalf, other than the Security Trustee where appropriate) are entitled:

- 14.1.1 otherwise than as permitted by these Conditions, to direct the Security Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- 14.1.2 to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders and holders of any Coupons or any other Secured Creditors;
- 14.1.3 until the date falling two years after the date on which the Security Trustee has certified that no further Notes are outstanding and all of the Issuer's obligations under the Transaction Documents to all parties thereto have been satisfied in full, to initiate or join any person in initiating any Insolvency Proceeding in relation to the Issuer; or
- 14.1.4 to take or join in the taking of any steps or proceedings which would result in the Priorities of Payments not being observed.

15. **Meetings of Noteholders**

15.1 **Convening:** The Trust Deed contains "*Provisions for Meetings of Noteholders*" for convening separate or combined meetings of Noteholders of any Class to consider matters relating to the Notes, including the modification of any provision of the Trust Deed (including these Conditions attached thereto).

15.2 **Separate and combined meetings:** The Trust Deed provides that:

- 15.2.1 an Extraordinary Resolution which in the opinion of the Security Trustee affects the Notes of only one Class shall be transacted at a separate meeting of the Noteholders of that Class;
- 15.2.2 an Extraordinary Resolution which in the opinion of the Security Trustee affects the Noteholders of more than one Class of Notes but does not give rise to an actual or potential conflict of interests between the Noteholders of one Class of Notes and the holders of another Class of Notes 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 of Notes as the Security Trustee shall determine in its absolute discretion; and
- 15.2.3 an Extraordinary Resolution which in the opinion of the Security Trustee affects the Noteholders of more than one Class and gives rise to any actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.

15.3 **Request from Noteholders:** A meeting of Noteholders of a particular Class may be convened by the Security Trustee or the Issuer at any time and must be convened by the Security Trustee

(subject to its being indemnified and/or secured and/or prefunded to its reasonable satisfaction) upon the request in writing of Noteholders of a particular Class holding not less than ten (10) per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of that Class.

15.4 **Quorum:** The quorum at any meeting convened to vote on:

15.4.1 a resolution, other than an Extraordinary Resolution at any Noteholder meeting, will be two (2) or more persons or, if there is only one (1) Noteholder in respect of the relevant Class or Classes, one (1) person present, holding Voting Certificates or being proxies and holding or representing, in the aggregate, not less than one-tenth of the aggregate Principal Amount Outstanding of the Notes and shall form a quorum for the transaction of business and no business (other than choosing a Chairman) shall be transacted at any Meeting unless the requisite quorum be present at the commencement of the Meeting;

15.4.2 an Extraordinary Resolution, other than regarding a Reserved Matter, will be two (2) or more persons, or if there is only one (1) Noteholder in respect of the relevant Class or Classes, one (1) person present, holding voting certificates or being proxies and holding or representing a majority of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes or, at any adjourned Meeting, two (2) or more persons, or if there is only one (1) Noteholder in respect of the relevant Class or Classes, one (1) person being or representing the Noteholders, whatever the aggregate Principal Amount Outstanding of the Notes (or any Class thereof) then outstanding so held or represented; and

15.4.2 an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each Class of Noteholders) will be two (2) or more persons, or if there is only one (1) Noteholder in respect of the relevant Class or Classes, one (1) person present, holding voting certificates, or being proxies, and holding or representing, in the aggregate, not less than 75 per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes or, at any adjourned Meeting, one or more persons holding or representing in the aggregate not less than one-third of the Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes.

15.5 **Relationship between Classes:** In relation to each Class of Notes:

15.5.1 subject to Condition 16.1.2, no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes at separate Class meetings convened for that purpose (to the extent that there are Notes outstanding in each such other Classes);

15.5.2 no Extraordinary Resolution to approve any matter other than a Reserved Matter that is passed by the holders of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes; and

15.5.3 any resolution passed at a meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such Class or Classes, whether or not present at such meeting and whether or not voting and upon all holders of any Coupons of such Class or Classes.

Subject to Condition 15.5.1, 15.5.2 and 15.5.3 above, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes and the holders of the Coupons relating thereto.

15.6 **Resolutions in writing:** A resolution in writing signed by or on behalf of all holders of Notes of the relevant Class for the time being outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes shall take effect as if it were an Extraordinary Resolution.

15.7 ***Only Ordinary Resolution if no Extraordinary Resolution:*** Any matter other than any Reserved Matter or other matters listed in clause 17.1 of Schedule 5 to the Trust Deed as requiring an Extraordinary Resolution shall only require an Ordinary Resolution.

16. **Modification and Waiver**

16.1 ***Modification:***

16.1.1 The Security Trustee:

- (i) may (subject as provided in the Trust Deed) at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor concur with the Issuer and any other relevant parties in making any modification to:
  - (A) these Conditions, the relevant Transaction Documents (other than in respect of a Reserved Matter), the Notes or the other relevant Transaction Documents in relation to which its consent is required which, in the opinion of the Security Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes and provided a Credit Rating Agency Confirmation is obtained; or
  - (B) these Conditions, the relevant Transaction Documents in relation to which its consent is required, if, in the opinion of the Security Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error;
- (ii) shall (subject as provided in the Trust Deed) at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditor (who is not a party to the relevant Transaction Document to be amended) concur with the Issuer and any other relevant parties in making any modification to these Conditions, the relevant Transaction Documents (other than in respect of a Reserved Matter) or the Notes as requested by the Issuer in writing in order to enable the Issuer to:
  - (A) open or establish a swap collateral account for the purpose of receiving collateral from a Swap Counterparty or to ensure the novation and/or transfer from the Swap Counterparty to a successor in accordance with the provisions of the Swap Agreement;
  - (B) maintain a listing of the Rated Notes on the Stock Exchange;
  - (C) comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
  - (D) remedy any manifest non-compliance with the Retention Regulations after the Closing Date, as a result of any change thereto or as a result of the adoption of regulatory technical standards in relation to the Retention Regulations or any other risk retention legislation or regulations or official guidance in relation thereto, in each case applying in respect of the transaction described in the Prospectus;
  - (E) comply with any requirements which apply to it under Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**");
  - (F) comply with FATCA or ensure that any other Transaction Party can comply with FATCA in relation to the Transaction Documents and the Notes;

- (G) comply with any requirement to appoint an entity to carry out any disclosure or reporting requirements under the CRA Regulation; and
- (H) comply with any changes in the requirements of the CRA Regulation after the Closing Date including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto,

subject to obtaining Credit Rating Agency Confirmation and as provided further pursuant to the terms of the Trust Deed.

16.1.2 The Security Trustee may at any time concur with the Issuer or any other relevant party in making any modification to these Conditions, the relevant Transaction Documents or the Notes (including any Reserved Matter), based on the approval given by the Noteholders by way of (i) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Trust Deed or (ii) a resolution in writing signed by or on behalf of all holders of Notes of the relevant Class for the time being outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

Any modification or amendment relating to a Reserved Matter may only be approved by the Noteholders, in accordance with these Conditions, by way of an Extraordinary Resolution.

16.1.3 Any proposal:

- (i) to change any date fixed for payment of principal or interest in respect of the Notes of any Class, to reduce the amount of principal or interest due on any date in respect of the Notes of any Class or to alter the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity (in each case, other than any Euribor Modification (as defined in Condition 16.7 (*Additional Right of Modification in Relation to Euribor Cessation*)));
- (ii) to effect the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (iii) to change the currency in which amounts due in respect of the Notes are payable;
- (iv) to alter the priority of payments of interest or principal in respect of the Notes;
- (v) to change the quorum required at any meeting of Noteholders of any Class or Classes or the majority required to pass an Extraordinary Resolution; or
- (vi) to amend this definition;

qualifies as a "**Reserved Matter**".

16.2 **Waiver:** In addition and subject to Condition 16.5 (*Swap counterparty consent*), the Security Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the relevant Transaction Documents or the Notes (including an Event of Default) if, in the opinion of the Security Trustee, the interests of the holders of the Most Senior Class of Notes will not be materially prejudiced by such waiver.

16.3 **Restriction on power to waive:** The Security Trustee shall not exercise any powers conferred upon it by Condition 16.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or of a request or direction in writing

made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes, provided that no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each Class of outstanding Notes have, by Extraordinary Resolution, so authorised its exercise.

16.4 **Notification:** Unless the Security Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders, the other Secured Creditors and the Credit Rating Agencies in accordance with Condition 20 (*Notices*) and the relevant Transaction Documents, as soon as practicable after it has been made.

16.5 **Swap counterparty consent:**

16.5.1 Under the Trust Deed, the Swap Counterparty's prior consent is required for modifications, amendments, consents and waivers by the Security Trustee in respect of any Condition or any Transaction Document if:

- (i) it would cause, in the reasonable opinion of the Swap Counterparty (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Swap Transaction under the Swap Agreement;
- (ii) it would result in any of the Issuer's obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer's obligations to any other Secured Creditor; or
- (iii) 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 the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such modification or amendment not been made,

unless either (x) the Swap Counterparty has provided its prior written consent, such consent not to be unreasonably withheld or delayed or (y) the Swap Counterparty has failed to confirm in writing to the Security Trustee that it has declined to provide its consent or to make the determinations required to be made by it under (i) or (iii) above, in each case, within 15 Business Days of written request by the Issuer.

16.5.2 The Swap Counterparty's written consent is required prior to the Security Trustee providing its written consent to:

- (i) any amendment of this Condition 16.5 (*Swap Counterparty consent*); or
- (ii) any amendment to paragraphs 6(b) and 6(c) of Schedule 7 of the Trust Deed or a waiver of the undertakings of the Issuer set out in paragraph 6(b) and 6(c) of Schedule 7 to the Trust Deed related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Rated Notes in circumstances not expressly permitted or provided for in the Transaction Documents as at the Closing Date. The Swap Counterparty may not unreasonably withhold or delay such consent and no such consent will be required if the Swap Counterparty has failed either (x) to provide its written consent or (y) to confirm in writing to the Security Trustee that it has declined to provide its consent, in each case within 15 Business Days of written request by the Issuer.

16.6 **Binding Nature:** Any authorisation, waiver, determination or modification referred to in Condition 16.1 (*Modification*) or Condition 16.2 (*Waiver*) shall be binding on the Noteholders, holders of any Coupons and the other Secured Creditors.

16.7 **Additional Right of Modification in Relation to Euribor Cessation:** Notwithstanding the foregoing provisions of this Condition 16, the Security Trustee shall be obliged, without any consent or sanction of the Noteholders or any other Secured Creditor, to concur with the Issuer (acting on the advice of the Servicer or the Portfolio Advisor) in making any modification to the Trust Deed or the Conditions or any other Transaction Document (other than any Reserved Matter) that the Issuer (acting on the advice of the Servicer or the Portfolio Advisor) considers necessary for the purpose of changing the Screen Rate (any such rate, a "**Euribor Replacement Rate**") and making such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer (acting on the advice of the Servicer or the Portfolio Advisor) to facilitate such change (a "**Euribor Modification**"), provided that, in relation to any amendment under this Condition 16.7:

(i) the Issuer (or the Servicer or the Portfolio Advisor acting on its behalf) certifies to the Security Trustee in writing (such certificate, a "**Euribor Modification Certificate**") that:

(A) such Euribor Modification is being undertaken due to:

- (1) a material disruption to Euribor, an adverse change in the methodology of calculating Euribor or Euribor ceasing to exist or be published;
- (2) a public statement by the administrator of Euribor that it will cease publishing Euribor permanently or indefinitely (in circumstances where no successor administrator for Euribor has been appointed that will continue publication of Euribor and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date);
- (3) a public statement by the supervisor of the administrator of Euribor that Euribor has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner and such cessation is reasonably expected by the Issuer to occur prior to the Final Maturity Date;
- (4) a public statement by the supervisor of the administrator of Euribor that means Euribor may no longer be used or that its use is subject to restrictions or adverse consequences; or
- (5) the reasonable expectation of the Issuer (acting on the advice of the Servicer or the Portfolio Advisor) that any of the events specified in sub-paragraphs (1), (2), (3) or (4) will occur or exist within six months of the proposed effective date of such modification,

and, in each case, has been drafted solely to such effect; and

(B) such Euribor Replacement Rate is:

- (1) a base rate published, endorsed, approved or recognised by the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*), any regulator in the European Union or any stock exchange on which the Rated Notes are listed or any relevant committee or other body established, sponsored or approved by any of the foregoing; or
- (2) a base rate utilised in a material number of publicly-listed new issues of Euro-denominated floating rate notes prior to the effective date of such modification (for these purposes, unless agreed otherwise by the Security Trustee, five (5) such issues shall be considered material); or

- (3) a base rate utilised in a publicly-listed new issue of Euro-denominated asset backed floating rate notes where the originator of the relevant assets is the Seller;

and, in each case, the change to the Euribor Replacement Rate will not, in the Issuer's opinion (acting on the advice of the Servicer or the Portfolio Advisor), be materially prejudicial to the interest of the Noteholders;

- (ii) a Credit Rating Agency Confirmation is delivered; and
- (iii) the Seller pays all fees, costs and expenses (including legal fees) incurred by the Issuer and the Security Trustee or any other Transaction Party in connection with such modification,

**provided that:**

- (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Security Trustee;
- (B) the Euribor Modification Certificate in relation to such modification shall be provided to the Security Trustee both at the time the Security Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- (C) the Issuer (or the Servicer or the Portfolio Advisor acting on its behalf) certifies in writing to the Security Trustee (which certification may be in the Euribor Modification Certificate) that the Issuer has provided at least 30 calendar days' notice to the Noteholders of the proposed modification in accordance with Condition 20 (*Notices*) and Noteholders representing at least ten (10) per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer or the Paying Agent (acting on behalf of the Issuer) in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer or the Paying Agent (acting on behalf of the Issuer) that such Noteholders do not consent to the modification.

If Noteholders representing at least ten (10) per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Paying Agent (acting on behalf of the Issuer) or the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 15 (*Meetings of Noteholders*).

Notwithstanding anything to the contrary in this Condition 16.7 or any Transaction Document:

- (A) when implementing any modification pursuant to this Condition 16.7, the Security Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely, and without further enquiry or liability, on any certificate (including any Euribor Modification Certificate) or evidence provided to it by the Issuer (or the Servicer or the Portfolio Advisor acting on its behalf) pursuant to this Condition 16.7 and shall not be liable to the

Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and

- (B) the Security Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Security Trustee, would have the effect of (i) exposing the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Security Trustee in the Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (A) each Credit Rating Agency;
- (B) the Security Trustee; and
- (C) the Noteholders in accordance with Condition 20 (*Notices*).

## 17. Prescription

- 17.1 Claims for principal or interest in respect of Notes shall become void unless the relevant Notes or Coupons, respectively, are presented for payment and surrendered within 5 years of the appropriate date which is the later of:

17.1.1 the date on which the payment in question first becomes due; and

17.1.2 if the full amount payable has not been received by the Paying Agent or the Security Trustee on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with the Condition 20 (*Notices*).

## 18. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Paying Agent, subject to all applicable laws and the requirements of the Stock Exchange, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 19. Security Trustee and Paying Agent

- 19.1 ***Security Trustee's right to Indemnity:*** Under the Transaction Documents, the Security Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Security Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

- 19.2 ***Security Trustee not responsible for loss or for monitoring:*** The Security Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Issuer's assets subject to the Security or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Issuer Administrator or by any person on behalf of the Security Trustee. The Security Trustee shall not be responsible for monitoring the compliance by any of the other parties to the Transaction Documents with their respective obligations under the Transaction Documents.

- 19.3 ***Appointment and Removal of Director of the Security Trustee:*** The power of appointing a new director of the Security Trustee shall be vested in the board of directors of the Security Trustee, but the Security Trustee Management Agreement provides that no person shall be appointed who

shall not previously have been approved by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding in accordance with the Trust Deed. Any appointment of a new director of the Security Trustee shall as soon as practicable thereafter be notified by the Issuer to the Paying Agent, the Credit Rating Agencies and the Noteholders. The holders of the Most Senior Class of Notes then outstanding shall together have the power, exercisable by Extraordinary Resolution, to remove any director of the Security Trustee. Pursuant to the Trust Deed, the removal of any director of the Security Trustee shall not be effected unless either another existing director of the Security Trustee remains in office after such removal or a new director of the Security Trustee has been duly appointed.

19.4 **Regard to Classes of Noteholders:** In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Security Trustee will:

19.4.1 have regard to the interests of each Class of Noteholders as a Class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

19.4.2 have regard only to the interests of the holders of the Most Senior Class of Notes and will not have regard to any lower ranking Class of Notes nor to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Priority of Payments.

19.5 **Paying Agent solely agent of Issuer:** In acting under the Paying Agency Agreement and in connection with the Notes, Coupons or Talons, the Paying Agent acts solely as agent of the Issuer and (to the extent provided therein) the Security Trustee and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

19.6 **Initial Paying Agent:** The initial Paying Agent and its initial Specified Office is listed below at:

Elavon Financial Services DAC, UK Branch  
5<sup>th</sup> Floor, 125 Old Broad Street  
London EC2N 1AR  
United Kingdom

The Issuer reserves the right to vary or terminate the appointment of the Paying Agent having given not less than 30 calendar days' notice to the Paying Agent, and to appoint a successor paying agent and additional or successor paying agents at any time (in both instances with the prior written approval of the Security Trustee).

19.7 **Maintenance of Paying Agent:** The Issuer shall at all times:

19.7.1 maintain a Paying Agent; and

19.7.2 ensure that, so long as any Notes are listed, quoted and/or traded on or by any competent listing authority, on any stock exchange or quotation system, there will at all times be a Paying Agent with a Specified Office in such place as may be required by the rules and regulations of the relevant competent authority or stock exchange.

Notice of any change in the Paying Agent or in its Specified Office shall promptly be given to the Noteholders in accordance with Condition 20 (*Notices*).

20. **Notices**

20.1 **Valid Notices:** Notices to the Noteholders shall be valid if published:

20.1.1 as long as any Rated Note is listed on the Official List of the Stock Exchange and the rules of that exchange require it, or if required by applicable law, in a leading newspaper having general circulation in The Netherlands (which is expected to be *Het Financieele Dagblad*), or, if such publication is not practicable, in another appropriate newspaper

having general circulation in The Netherlands previously approved in writing by the Security Trustee; or

20.1.2 on the page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Security Trustee and as has been notified to the Noteholders in accordance with Condition 20 (*Notices*).

Whilst the Notes are represented by Global Notes held by Euroclear or Clearstream, Luxembourg, notices to Noteholders will be valid if published as described above, for so long as the rules of the Official List of the Stock Exchange so require, and if delivered to Euroclear or Clearstream, Luxembourg for communication by it to the Noteholders. Any notice delivered to Euroclear or Clearstream, Luxembourg as aforesaid shall be deemed to have been given on the date of such delivery.

20.2 ***Date of publication:*** Any notices so published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in (i) the newspaper or newspapers in which publication is required or on (ii) the page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Security Trustee and as has been notified to the Noteholders in accordance with Condition 20 (*Notices*) (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

20.3 ***Other Methods:*** The Security Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the Official List of the Stock Exchange on which the Rated Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Security Trustee shall require.

20.4 ***Couponholders deemed to have notice:*** The holders of one or more Coupons will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

20.5 ***Notices to Stock Exchange and Credit Rating Agencies:*** A copy of each notice given in accordance with this Condition 20 (*Notices*) shall be provided to the Credit Rating Agencies and, for so long as any Rated Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require, to the Stock Exchange.

## 21. **Governing Law and Jurisdiction**

21.1 ***Governing law:*** The Transaction Documents (other than the Issuer Account Agreement, the English Security Agreement, the Custody Agreement and the Swap Agreement), the Notes, any choice-of-jurisdiction clause contained in the Transaction Documents (other than the Issuer Account Agreement, the English Security Agreement, the Custody Agreement and the Swap Agreement) and any non-contractual obligations arising out of or in connection with the Transaction Documents (other than the Issuer Account Agreement, the English Security Agreement, the Custody Agreement and the Swap Agreement) and the Notes are governed by, and shall be construed in accordance with, the laws of The Netherlands. The Issuer Account Agreement, the English Security Agreement, the Custody Agreement and the Swap Agreement and any non-contractual obligations arising out of or in connection with the Issuer Account Agreement, the English Security Agreement, the Custody Agreement and the Swap Agreement, are governed by, and shall be construed in accordance with, the laws of England and Wales.

21.2 ***Jurisdiction:*** In relation to any legal action or proceedings arising out of or in connection with the Notes, Coupons or Talons, the Issuer irrevocably submits to the jurisdiction of the court of first instance (*rechtbank*) in Amsterdam, The Netherlands. This submission is made for the exclusive benefit of the Noteholders and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other court of competent jurisdiction. The Issuer

has in each of the Transaction Documents (other than the Issuer Account Agreement, the English Security Agreement, the Custody Agreement and the Swap Agreement) to which the Issuer is a party irrevocably submitted to the jurisdiction of such court and in the Issuer Account Agreement, the English Security Agreement, the Custody Agreement and the Swap Agreement the Issuer has irrevocably submitted to the jurisdiction of the courts of England.

**ANNEX 1 TO CONDITIONS**

**DEFINITIONS**

*[Remainder of page intentionally left blank.]*

### 3.2 FORM

The Notes will be in bearer form and the Notes of each Class shall initially be issued in the form of a Temporary Global Note without interest coupons attached and/or a Permanent Global Note without interest coupons attached. Each Global Note will initially be deposited on or prior to the Closing Date with a common safekeeper for Euroclear or Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear or Clearstream, Luxembourg, or Euroclear or Clearstream, Luxembourg has given a similar certification (based on the certifications it has received) to the Paying Agent.

On and after the date (the "**Exchange Date**") which is not less than 40 calendar days after the date on which the Temporary Global Note is issued (or the "restricted period" within the meaning of U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7) (or any successor U.S. Treasury Regulations Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010)), interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein for interests in a Permanent Global Note, against certification of non-US beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear or Clearstream, Luxembourg without any requirement for certification.

A Permanent Global Note will only be exchangeable (free of charge), in whole but not in part, for Definitive Notes with, where applicable, receipts, interest coupons and talons attached, if an Exchange Event occurs and subject to mandatory provisions of applicable laws and regulations. For these purposes, "**Exchange Event**" means one of the following events: (i) the Notes become immediately due and payable as a result of the occurrence of an Event of Default, (ii) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (iii) by reason of any amendment to, or change in, the laws and regulations of The Netherlands, the Issuer is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes which are represented by a Permanent Global Note were in definitive form. In the event of the occurrence of an Exchange Event, Euroclear or Clearstream, Luxembourg, (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Security Trustee may give notice to the Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Paying Agent requesting exchange. Any such exchange shall occur not later than 45 calendar days after the date of receipt of the first relevant notice by the Paying Agent.

In the case of Notes represented by a Permanent Global Note deposited with Euroclear or Clearstream, Luxembourg, on the occurrence of an Exchange Event as described above, an exchange for Definitive Notes will only be possible in the limited circumstances in accordance with the rules and regulations of Euroclear or Clearstream, Luxembourg.

The Notes will be issued in new global note ("**NGN**") form. The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday 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 specified by the European Central Bank. The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem.

Definitive Notes will be in the standard euromarket form. Definitive Notes and Global Notes will be in bearer form. Global Notes and Definitive Notes will be issued in accordance with and subject to the terms of the Paying Agency Agreement and the Trust Deed.

The following legends will appear on all Notes and on all receipts and interest coupons relating thereto:

"NOTICE: THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE.

EACH HOLDER OF A NOTE OR A BENEFICIAL INTEREST IN A NOTE ACQUIRED IN THE INITIAL DISTRIBUTION OF THE NOTES, BY ITS ACQUISITION OF THIS NOTE WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A "U.S. PERSON" ("RISK RETENTION U.S. PERSON") AS DEFINED IN REGULATION IMPLEMENTING THE RISK RETENTION REQUIREMENTS OF SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT OF 1934 ("U.S. RISK RETENTION RULES"), (2) IS ACQUIRING THIS NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, OR, IN THE CASE OF A DISTRIBUTOR, WILL ONLY DISTRIBUTE SUCH NOTES TO A PERSON WHO IS NOT A U.S. RISK RETENTION PERSON, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING THIS NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES."

The sections referred to in the second legend paragraph above provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on the Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg.

Any reference herein to Euroclear or Clearstream, Luxembourg, shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system as may otherwise be approved by the Issuer, the Paying Agent and the Security Trustee.

### 3.3 SUBSCRIPTION AND SALE

Pursuant to the subscription agreement dated the Signing Date amongst the Joint Lead Managers, the Arranger, the Issuer and the Seller (the "**Subscription Agreement**") (i) the Joint Lead Managers have agreed with the Issuer, subject to certain conditions, to purchase the Rated Notes at their respective issue price and (ii) the Seller has agreed with the Issuer, subject to certain conditions, to purchase the Retained Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Joint Lead Managers against certain liabilities and expenses in connection with the issue of the Notes.

Except with the prior written consent of the Seller and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any Risk Retention U.S. Person. See the risk factor entitled "*Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes – U.S. risk retention*" for more detail.

#### **United Kingdom**

Each of the Joint Lead Managers has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

#### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under 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 a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each of the Joint Lead Managers has agreed that it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) 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 (as defined in Regulation S under the Securities Act), and that it will have sent to each dealer to which it sells Notes during the distribution compliance period, as defined in Regulation S under the Security 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, such U.S. persons.

In addition, until 40 calendar days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### *U.S. Risk Retention*

Except with the express written consent of the Seller and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by any person except for persons that are not "U.S. persons" as defined in the U.S. Risk Retention Rules, or "Risk Retention U.S. Persons".

Prospective investors should note that, although the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially the same as the definition of "U.S. person" in Regulation S, the definitions are not

identical and persons who are not "U.S. persons" under Regulation S may be "U.S. persons" under the U.S. Risk Retention Rules.

Each purchaser of Notes, including beneficial interests in such Notes will, by its acquisition of a Note or a beneficial interest in a Note, be deemed, and in certain circumstances will be required, to have made the following representations: that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Notes or a beneficial interest in such Notes for its own account and not with a view to distribute such Notes, or, in the case of a distributor, will only distribute such Notes to a person who is not a U.S. Risk Retention Person, and (3) is not acquiring such Notes or a beneficial interest in such Notes as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10% Risk Retention U.S. Person limitation in the exemption provided for under Section 20 of the U.S. Risk Retention Rules).

None of the Joint Lead Managers will have any liability for compliance with the U.S. Risk Retention Rules by the Issuer or the Seller or any other person.

Each of the Joint Lead Managers, the Issuer and the Seller will rely on the deemed representations made by each prospective investor as provided in this Prospectus, without further investigation.

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

#### **Prohibition of Sales to EEA Retail Investors**

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and
- (b) the expression "offer" includes 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.

#### **The Netherlands**

The Seller has represented and agreed that Zero Coupon Notes (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations, provided that no such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Notes in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Notes in global form) are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. As used herein "**Zero Coupon Notes**" are the Class F Notes and the Class G Notes.

## **Ireland**

Each of the Joint Lead Managers has represented and agreed that:

- (a) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017), as amended, including, without limitation, Parts 2, 3, 4, and 7 thereof and any codes of conduct issued in connection therewith, and the provisions of the Investor Compensation Act 1998 and the Investment Intermediaries Act 1995, as amended, and they will conduct themselves in accordance with any codes and rules of conduct, conditions, requirements and any other enactment, imposed or approved by the Central Bank of Ireland with respect to anything done by them in relation to the Notes;
- (b) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the Central Bank Acts 1942-2017, as amended, including any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989, as amended, and any regulations issued pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013, as amended;
- (c) it will not underwrite the issue of, or place, or do anything in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended, and any rules issued under Section 1363 of the Companies Act 2014, as amended, by the Central Bank of Ireland;
- (d) it will not underwrite the issue of, or place, or do anything in respect of the Notes otherwise than in compliance with the provisions of (A) the Market Abuse Regulation (Regulation EU 596/2014); (B) the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU); (C) the European Union (Market Abuse) Regulations 2016 (S.I. No. 349 of 2016), as amended; and (D) any rules issued by the Central Bank of Ireland pursuant thereto and/or under Section 1370 of the Companies Act 2014, as amended; and
- (e) to the extent applicable it has complied with, and it will not underwrite the issue of, or place, or do anything in respect of the Notes otherwise than in compliance with the provisions of Companies Act 2014, as amended.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") and each Joint Lead Manager has represented and agreed will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan ("resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

### 3.4 REGULATORY COMPLIANCE

#### ***Retention statement***

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken in favour of the Issuer and the Security Trustee and, in the Subscription Agreement, the Seller has undertaken in favour of the Joint Lead Managers, the Arranger and the Issuer to retain on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation transaction described in this Prospectus in accordance with the Retention Regulations (or comply in such other manner as allowed under the Retention Regulations) for as long as the Notes are outstanding. As at the Closing Date, such material net economic interest will be held by the Seller in accordance with the Retention Regulations and will comprise an interest in the first loss tranche within the meaning of the Retention Regulations and, if necessary, other tranches having the same or a more severe risk profile than those sold to investors. Such retention requirement will be satisfied at the Closing Date by the Seller holding the Retained Notes which represent a (first loss) economic interest in the securitisation well in excess of the required 5 per cent.

In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken in the Mortgage Receivables Purchase Agreement and the Subscription Agreement to grant readily available access, subject to an appropriate confidentiality agreement having been executed and subject to any applicable data protection rules or other legal or regulatory restrictions, to all materially relevant information to investors with a view to such investor complying with the applicable Retention Regulations, which information can be obtained from the Seller upon request.

Pursuant to the Cash Management Agreement, the Cash Manager on behalf of the Issuer will prepare monthly and quarterly investor reports wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the material net economic interest by the Seller. The investor reports can be obtained at the website: <https://pivot.usbank.com>.

#### ***Information regarding the policies and procedures of the Seller***

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of the Seller in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits, as to which please see the information set out in section 6.3 (*Mortgage Loan Criteria*) and section 6.4 (*Servicing Agreement*);
- (b) systems in place to administer and monitor the various credit-risk bearing exposures, as to which we note that the Portfolio will be serviced in line with the usual servicing procedure of the Portfolio Advisor and the Servicer, please see section 5.4 (*Servicing*) and section 6.4 (*Servicing Agreement*);
- (c) diversification of credit portfolios taking into account the Seller's target market and overall credit strategy, as to which, in relation to the Portfolio, please see section 5.1 (*Stratification Tables*), section 5.2 (*Description of Mortgage Loans*) and section 5.3 (*Origination*); and
- (d) written policies and procedures in relation to risk mitigation techniques, as to which please see section 5.4 (*Servicing*), section 6.4 (*Servicing Agreement*) and section 6.3 (*Mortgage Loan Criteria*).

#### ***Investors are required to assess compliance***

Each prospective investor is required independently to assess and determine the sufficiency of the information referred to above for the purposes of complying, in each case to the extent applicable to such investor, with the Retention Regulations and any corresponding national measures which may be relevant and none of the Issuer, the Seller, the Servicer, the Issuer Administrator, the Cash Manager, the Paying Agent, the Issuer Account Bank, the Security Trustee, the Arranger and the Joint Lead Managers make any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. The Seller accepts responsibility for the information set out in this sub-section entitled *Regulatory Compliance* in section 3 (*Notes*).

Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

***Investor reports***

Each monthly and quarterly investor report will contain a glossary of the defined terms used in such investor report and will set out the performance of the Mortgage Receivables.

The Issuer will from the Closing Date until redemption of the Notes in full make available (either directly or via a third party who provide cash flow models to investors generally) a cash flow model setting out the transaction cash flows.

The Issuer will (i) prior to the Closing Date, make such loan-level information available as is required to enable investors or third party contractors to build a cash flow model setting out the transaction cash flows and (ii) from the Closing Date until redemption of the Notes in full, it will make available updates to such information on a periodic basis.

### 3.5 USE OF PROCEEDS

The proceeds of the Notes to be issued on the Closing Date amount to EUR 408,000,000.

The net proceeds of the issue of each Class of Notes (other than the Class G Notes) will be applied by the Issuer on the Closing Date to pay to the Seller (part of) the Initial Purchase Price for the Initial Portfolio purchased by the Issuer under the Mortgage Receivables Purchase Agreement on the Closing Date.

The net proceeds of the Class G Notes will be credited to the Reserve Ledger on the Closing Date.

In addition, an amount of EUR 6,195,573.93 of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Deposit Account in order to reflect those parts of the Mortgage Loans comprising Construction Deposits or Undrawn Construction Amounts.

An amount of EUR 843.40, which is the amount by which the proceeds of the Rated Notes and the Class F Notes exceeds the Initial Purchase Price payable by the Issuer on the Closing Date, will be made part of the Available Principal Funds on the first Notes Payment Date.

### 3.6 TAXATION IN THE NETHERLANDS

*The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could have retroactive effect. The following summary neither purports to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes or Coupons, nor purports to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.*

*For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.*

*Where this summary refers to a holder of Notes, an individual holding Notes or an entity holding Notes, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Notes or otherwise being regarded as owning Notes for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.*

*Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of The Netherlands.*

*Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of Notes.*

#### **Withholding Tax**

All payments of principal and interest by the Issuer under the Notes can be made without withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

#### **Taxes on Income and Capital Gains**

##### **Residents**

##### ***Resident entities***

An entity holding Notes which is or is deemed to be resident in The Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to Dutch corporate tax in respect of income or a capital gain derived from the Notes at the prevailing statutory rates (up to 25 per cent in 2018).

##### ***Resident individuals***

An individual holding Notes who is or is deemed to be resident in The Netherlands for Dutch income tax purposes will be subject to Dutch income tax in respect of income or a capital gain derived from the Notes at the prevailing statutory rates (up to 51.95 per cent in 2018) if:

- i. the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- ii. the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding Notes will generally be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Notes. For 2018, the deemed return ranges from 2.02 per cent to 5.38 per cent of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Notes). The applicable rates will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

## **Non-residents**

A holder of Notes which is not and is not deemed to be resident in The Netherlands for the relevant tax purposes will not be subject to Dutch taxation on income or a capital gain derived from the Notes unless:

- i. the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands and the holder of Notes derives profits from such enterprise (other than by way of the holding of securities); or
- ii. the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

## **Gift and Inheritance Tax**

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Notes by way of gift by, or on the death of, a holder of Notes, unless:

- i. the holder is or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- ii. the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

## **Value Added Tax**

There is no Dutch value added tax payable by a holder of Notes in respect of payments in consideration for the issue or acquisition of the Notes, payments of principal or interest under the Notes, or payments in consideration for a disposal of Notes.

## **Other Taxes and Duties**

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of Notes in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

## **Residence**

A holder of Notes will not be and will not be deemed to be resident in The Netherlands for Dutch tax purposes and, subject to the exceptions set out above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of Notes or the execution, performance, delivery and/or enforcement of Notes.

### 3.7 SECURITY

In the Trust Deed, the Issuer undertakes to pay the Parallel Debt to the Security Trustee. The Trust Deed provides that (i) the Security Trustee shall be the obligee of the Parallel Debt and shall be entitled to claim performance thereof in its own name and not as agent or trustee acting on behalf of the Secured Creditors, (ii) the Parallel Debt is and/or shall be separate and independent from, and without prejudice to, the Principal Liabilities, (iii) the Parallel Debt shall be decreased to the extent that the Issuer satisfies the Principal Liabilities and *vice versa*, (iv) the Parallel Debt shall not exceed the aggregate of the Principal Liabilities at any time, (v) any Security granted to the Security Trustee to secure the Parallel Debt is granted to the Security Trustee in its capacity as creditor of the Parallel Debt and (vi) the Security Trustee shall act for the benefit of the Secured Creditors in administering and enforcing the Security and shall apply any amounts received by it pursuant to clause 2.4 (*Parallel Debt*) of the Trust Deed in accordance with the Trust Deed.

Pursuant to the provisions of the terms and conditions set out in Schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum regarding the authorisation to acknowledge the Parallel Debt and Condition 5.2 (*Parallel Debt*), the Secured Creditors and the Noteholders, respectively, have acknowledged or are deemed to have acknowledged the Parallel Debt.

The Secured Obligations (including the Parallel Debt) owed by the Issuer to the Security Trustee are secured by the following security rights granted by (i) in the case of (a), (d) and (e) below, the Issuer to the Security Trustee, (ii) in the case of (b) below, the Seller to the Security Trustee and (iii) in the case of (c) below, by the Seller to the General Collection Account Security Holder:

- (a) pursuant to the Issuer Mortgage Receivables Pledge Agreement, a first ranking non-disclosed right of pledge (*stil pandrecht*) over the Mortgage Receivables (including, where possible, any Related Security). The right of pledge created pursuant to the Issuer Mortgage Receivables Pledge Agreement will not be notified to the Borrowers or Insurance Companies other than upon the occurrence of a Pledge Notification Event, in which circumstances the Security Trustee is authorised to serve (or may require the Issuer to serve) notice of the right of pledge on the relevant Borrowers and Insurance Companies, as the debtors of the Mortgage Receivables. Upon notification of the right of pledge and the assignment of the relevant Mortgage Receivables, only the Security Trustee is entitled to receive payment under the pledged Mortgage Receivables;
- (b) pursuant to the Transaction Specific Collection Account Pledge Agreement, a first ranking right of pledge over the Transaction Specific Collection Account is created. The right of pledge created pursuant to the Transaction Specific Collection Account Pledge Agreement has been notified to the General Collection Account Bank through a notification letter;
- (c) pursuant to the General Collection Account Pledge Agreement, a first ranking right of pledge over the General Collection Account is created. The right of pledge created pursuant to the General Collection Account Pledge Agreement has been notified to the General Collection Account Bank through a notification letter;
- (d) pursuant to the Issuer Rights Pledge Agreement, a first ranking disclosed right of pledge over the Issuer Rights (other than the Issuer Rights under any English Law Agreement) is created. The right of pledge created pursuant to the Issuer Rights Pledge Agreement has been notified to the current parties to the Transaction Documents and any other party to a Transaction Document will be notified through the provisions of the terms and conditions set out in Schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum regarding notification of the rights pledge; and
- (e) pursuant to the English Security Agreement, a fixed and floating charge over the Issuer Account and the English Law Agreements in favour of the Security Trustee for itself and on trust for the Secured Creditors.

Upon the delivery of an Enforcement notice and, under the documents listed under (a), (b), (c) and (d), upon the occurrence of any default (*verzuim*) in the proper performance of any of the Secured Obligations under such documents, the Security Trustee will be entitled to enforce the Security and/or take such steps as it shall deem necessary, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction and the Conditions and the relevant Transaction Documents.

#### 4. CREDIT STRUCTURE

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

##### 4.1 AVAILABLE FUNDS

###### Collections

Payments by the Borrowers of scheduled interest and scheduled principal under the Mortgage Loans are generally due on the first calendar day of each month (or the next Business Day if such day is not a Business Day) and interest is generally payable in arrear. All payments made by the Borrowers are paid in the General Collection Account maintained by the Seller with the General Collection Account Bank. The General Collection Account is also used for the collection of moneys paid in respect of mortgage loans other than the Mortgage Loans and in respect of other moneys to which the Seller is entitled. The Servicer will within three Business Days of identification and allocation to the Mortgage Receivables in the Portfolio following receipt of any funds in the General Collection Account transfer any such amounts received in the General Collection Account to the Transaction Specific Collection Account and at the end of each Business Day to the Transaction Account. Pursuant to the applicable Mortgage Receivables Purchase Agreement, the Seller and the Servicer have undertaken to transfer on each Business Day any and all monies standing to the credit of the Transaction Specific Collection Account to the Transaction Account.

The Seller shall ensure that the General Collection Account and the Transaction Specific Collection Account are held at a financial institution the long term rating of which are at least equal to or exceed 'BBB' (long-term) by DBRS and 'BBB' (long-term) and 'A-2' (short-term) by S&P.

The General Collection Account will be pledged by the Seller in favour of the General Collection Account Pledgee pursuant to the General Collection Account Pledge Agreement. In case of foreclosure of the right of pledge, the proceeds of such foreclosure will be divided and distributed to each General Collection Account Secured Creditor according to their respective interests. The right of pledge created under the General Collection Account Pledge Agreement will remain in place until any and all liabilities of all General Collection Account Secured Creditors (whether actual or contingent, and whether in relation to principal, interest or otherwise), to the extent such liabilities result in a claim for the payment (*geldvordering*) against the Seller in favour of such General Collection Account Secured Creditors have been discharged in full.

The Transaction Specific Collection Account will be pledged by the Seller in favour of the Security Trustee pursuant to the Transaction Specific Collection Account Pledge Agreement.

###### Available Revenue Funds

The aggregate of the items set out below calculated as at each Notes Calculation Date, comprise the "**Available Revenue Funds**":

- (a) the amount of Revenue Funds received by the Issuer in respect of the three Mortgage Calculation Periods preceding the Mortgage Calculation Period in which such Notes Calculation Date falls or, in respect of the first Notes Calculation Period, the amount of Revenue Funds received by the Issuer in respect of the four Mortgage Calculation Periods preceding the Mortgage Calculation Period in which such Notes Calculation Period falls;
- (b) all amounts of interest received by the Issuer on the Issuer Accounts (other than the Swap Collateral Account) in the preceding Notes Calculation Period;
- (c) all amounts received by the Issuer under the Swap Agreement on or in respect of the relevant Notes Payment Date other than any amounts standing to the credit of any Swap Collateral Account and any amounts standing to the credit of the Swap Replacement Ledger;
- (d) any other amount standing to the credit of the Income Ledger (excluding an amount equal to the amount referred to under (g) below to the extent such amount has not yet been applied to pay any corporate income tax due to the Dutch tax authorities);
- (e) any Principal Addition Amount relating to such Notes Calculation Date; and

- (f) any amount of Swap Payment Shortfall debited from the Swap Collateral Account in accordance with the Swap Agreement;

*less*

- (g) on the first Notes Calculation Date of each calendar year, an amount equal to the higher of (i) an amount equal to 10 per cent. of the annual fees or other remuneration due and payable to the Director in connection with the Issuer Management Agreement in the immediately preceding calendar year, and (ii) EUR 2,500.

The Available Revenue Funds will be applied in accordance with the relevant Priority of Payments.

#### **Available Principal Funds**

The aggregate of the items set out below (without double counting) calculated as at each Notes Calculation Date, comprise the "**Available Principal Funds**":

- (a) the amount of Principal Funds received by the Issuer in respect of the three Mortgage Calculation Periods preceding the Mortgage Calculation Period in which such Notes Calculation Date falls or, in respect of the first Notes Calculation Period, the amount of Principal Funds received by the Issuer in respect of the four Mortgage Calculation Periods preceding the Mortgage Calculation Period in which such Notes Calculation Period falls;
- (b) all amounts to be credited to any sub-ledger of the Principal Deficiency Ledger under the Revenue Priority of Payments on the following Notes Payment Date; and
- (c) any other amount standing to the credit of the Redemption Ledger;

*less*

- (d) any amounts applied by the Issuer in or towards satisfaction of the purchase price of any Further Advance Receivables (and/or Mortgage Loan Offers) during the relevant Notes Calculation Period.

The Available Principal Funds will be applied in accordance with the relevant Priority of Payments.

## 4.2 PRIORITIES OF PAYMENTS

### Revenue Priority of Payments

On each Notes Payment Date, as long as no Enforcement Notice has been delivered by the Security Trustee, the Available Revenue Funds will be applied by or on behalf of the Issuer in making payment of, or provision for, the following amounts in the following order of priority, in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, on a *pari passu* and *pro rata* basis, any fees, expenses or other amounts or liabilities which are due and payable to the Security Trustee or any appointee of the Security Trustee on such Notes Payment Date or in the first following Notes Calculation Period;
- (b) *second*, on a *pari passu* and *pro rata* basis, any fees, expenses or other amounts or liabilities due and payable to any of (1) the Paying Agent, (2) the Servicer, (3) the Replacement Servicer Facilitator, (4) the Issuer Administrator, (5) the Cash Manager, (6) the Issuer Account Bank, (7) the Custodian and (8) the Directors, in each case on such Notes Payment Date or in the first following Notes Calculation Period;
- (c) *third*, on a *pari passu* and *pro rata* basis, any fees, expenses or other amounts or liabilities due and payable to any of (1) any stock exchange on which the Rated Notes are listed, (2) the Issuer's auditors, legal counsel and tax advisers, (3) the Credit Rating Agencies, (4) any independent accountant or independent calculation agent appointed under the Swap Agreement, (5) any custodian, (6) any taxing authority having power and authority to tax the Issuer (to the extent such amounts cannot be paid out of item (g) of the Available Revenue Funds) and (7) any other creditor (other than the Swap Counterparty) from time to time of the Issuer which has been notified to the Cash Manager in accordance with the Cash Management Agreement, in each case on such Notes Payment Date or in the first following Notes Calculation Period;
- (d) *fourth*, to the extent not paid from amounts standing to the credit of the relevant Swap Collateral Account or debited from the Swap Replacement Ledger, any amounts due and payable to the Swap Counterparty other than Subordinated Swap Payments;
- (e) *fifth*, on a *pari passu* and *pro rata* basis, all interest due (or accrued due) and payable on the Class A Notes;
- (f) *sixth*, the amount required to replenish 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 nil;
- (g) *seventh*, on a *pari passu* and *pro rata* basis, all interest due (or accrued due) and payable on the Class B Notes (including any Deferred Interest and Additional Interest due and payable on the Class B Notes);
- (h) *eighth*, the amount required to replenish 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 nil;
- (i) *ninth*, on a *pari passu* and *pro rata* basis, all interest due (or accrued due) and payable on the Class C Notes (including any Deferred Interest and Additional Interest due and payable on the Class C Notes);
- (j) *tenth*, the amount required to replenish any shortfall reflected in the Class C Principal Deficiency Ledger until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to nil;
- (k) *eleventh*, on a *pari passu* and *pro rata* basis, all interest due (or accrued due) and payable on the Class D Notes (including any Deferred Interest and Additional Interest due and payable on the Class D Notes);

- (l) *twelfth*, the amount required to replenish any shortfall reflected in the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to nil;
- (m) *thirteenth*, on a *pari passu* and *pro rata* basis, all interest due (or accrued due) and payable on the Class E Notes (including any Deferred Interest and Additional Interest due and payable on the Class E Notes);
- (n) *fourteenth*, the amount required to replenish any shortfall reflected in the Class E Principal Deficiency Ledger until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to nil;
- (o) *fifteenth*, the amount required to replenish the Reserve Fund up to the Reserve Fund Target Level;
- (p) *sixteenth*, the amount required to replenish any shortfall reflected in the Class F Principal Deficiency Ledger until the debit balance, if any, on the Class F Principal Deficiency Ledger is reduced to nil;
- (q) *seventeenth*, as from the Notes Payment Date on which all amounts of interest and principal on the Rated Notes and the Class F Notes will have been paid, in or towards satisfaction of principal amounts due on the Class G Notes;
- (r) *eighteenth*, to the extent not paid from amounts standing to the credit of any Swap Collateral Account or debited from the Swap Replacement Ledger, Subordinated Swap Payments due and payable under the Swap Agreement; and
- (s) *finally*, any Deferred Purchase Price Instalment to the Seller.

#### **Redemption Priority of Payments**

On each Notes Payment Date, as long as no Enforcement Notice has been delivered by the Security Trustee, the Available Principal Funds will be applied by or on behalf of the Issuer in making payment of, or provision for, the following amounts in the following order of priority, in each case only if and to the extent that payments or provisions of a higher priority have been made in full (the "**Redemption Priority of Payments**"):

- (a) *first*, an amount equal to the Principal Addition Amount (if any) determined as at the related Notes Calculation Date, such amount to be recorded as a credit entry in the Income Ledger and debit entry in the Principal Deficiency Ledger;
- (b) *second*, in or towards, on a *pari passu* and *pro rata* basis, satisfaction of principal amounts due and payable on the Class A Notes, until fully redeemed in accordance with the Conditions;
- (c) *third*, in or towards, on a *pari passu* and *pro rata* basis satisfaction of principal amounts due and payable on the Class B Notes, until fully redeemed in accordance with the Conditions;
- (d) *fourth*, in or towards, on a *pari passu* and *pro rata* basis satisfaction of principal amounts due and payable on the Class C Notes, until fully redeemed in accordance with the Conditions;
- (e) *fifth*, in or towards, on a *pari passu* and *pro rata* basis satisfaction of principal amounts due and payable on the Class D Notes, until fully redeemed in accordance with the Conditions;
- (f) *sixth*, in or towards, on a *pari passu* and *pro rata* basis satisfaction of principal amounts due and payable on the Class E Notes, until fully redeemed in accordance with the Conditions;
- (g) *seventh*, in or towards, on a *pari passu* and *pro rata* basis satisfaction of principal amounts due and payable on the Class F Notes, until fully redeemed in accordance with the Conditions; and
- (h) *eighth*, to pay any Deferred Purchase Price Instalment to the Seller.

## Post-Enforcement Priority of Payments

Available Revenue Funds and Available Principal Funds and any amounts standing to the credit of the Issuer Accounts and all monies received or recovered by the Security Trustee or any other Secured Creditor from the Issuer's assets subject to the Security or the Issuer (other than amounts standing to the credit of the Servicing Fee Ledger and any Swap Collateral Account, which will continue to be applied in accordance with the provisions of the Cash Management Agreement pertaining to the Servicing Fee Ledger and any Swap Collateral Account, as the case may be) will be applied by or on behalf of the Issuer following the date on which an Enforcement Notice is delivered by the Security Trustee in making payment of, or provision for, the following amounts in the following order of priority, in each case only if and to the extent that payments or provisions of a higher priority have been made in full:

- (a) *first*, on a *pari passu* and *pro rata* basis, any fees, expenses or other amounts or liabilities which are due and payable to the Security Trustee or any appointee of the Security Trustee or any receiver on such date;
- (b) *second*, on a *pari passu* and *pro rata* basis, any fees, expenses or other amounts or liabilities due and payable to any of (1) the Paying Agent, (2) the Servicer, (3) the Replacement Servicer Facilitator, (4) the Issuer Administrator, (5) the Cash Manager, (6) the Issuer Account Bank, (7) the Custodian and (8) the Directors, in each case on such date;
- (c) *third*, on a *pari passu* and *pro rata* basis, any fees, expenses or other amounts or liabilities due and payable to any of (1) any stock exchange on which the Rated Notes are listed, (2) the Issuer's auditors, legal counsel and tax advisers, (3) the Credit Rating Agencies, (4) any independent accountant or independent calculation agent appointed under the Swap Agreement, (5) any custodian, (6) any taxing authority having power and authority to tax the Issuer (to the extent such amounts cannot be paid out of item (g) of the Available Revenue Funds) and (7) any other creditor (other than the Swap Counterparty) from time to time of the Issuer which has been notified to the Cash Manager in accordance with the Cash Management Agreement, in each case on such date;
- (d) *fourth*, to the extent not paid from amounts standing to the credit of any Swap Collateral Account, any amounts due and payable to the Swap Counterparty other than Subordinated Swap Payments;
- (e) *fifth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal and interest then due (or accrued due) and payable on the Class A Notes;
- (f) *sixth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal and interest then due (or accrued due) and payable on the Class B Notes (including any Deferred Interest and Additional Interest due and payable thereon);
- (g) *seventh*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal and interest then due (or accrued due) and payable on the Class C Notes (including any Deferred Interest and Additional Interest due and payable thereon);
- (h) *eighth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal and interest then due (or accrued due) and payable on the Class D Notes (including any Deferred Interest and Additional Interest due and payable thereon);
- (i) *ninth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal then due (or accrued due) and payable on the Class E Notes (including any Deferred Interest and Additional Interest due and payable on the Class E Notes);
- (j) *tenth*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal then due and payable on the Class F Notes;
- (k) *eleventh*, on a *pari passu* and *pro rata* basis according to the amounts payable, all principal then due and payable on the Class G Notes;
- (l) *twelfth*, to the extent not paid from amounts standing to the credit of any Swap Collateral Account, Subordinated Swap Payments due and payable under the Swap Agreement; and

(m) *finally*, any Deferred Purchase Price Instalment to the Seller.

### 4.3 LOSS ALLOCATION

The Cash Manager has agreed in the Cash Management Agreement to open and administer the Principal Deficiency Ledger for and on behalf of the Issuer.

#### Debits

The Issuer (or the Cash Manager on its behalf) will record as a debit entry in the Principal Deficiency Ledger on any Notes Payment Date an amount equal to any (i) Realised Loss and (ii) any Principal Addition Amount, in each case up to the Principal Amount Outstanding of the relevant Class of Notes from time to time (so as to give rise to a negative balance in the relevant sub-ledger).

#### Credits

It has been agreed that the Issuer (or the Cash Manager on its behalf) will record as a credit entry in the Principal Deficiency Ledger on any Notes Payment Date:

- (a)
  - (1) to the Class A Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (e) in the Revenue Priority of Payments and (B) the Class A Principal Deficiency;
  - (2) to the Class B Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (g) in the Revenue Priority of Payments and (B) the Class B Principal Deficiency;
  - (3) to the Class C Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (i) in the Revenue Priority of Payments and (B) the Class C Principal Deficiency;
  - (4) to the Class D Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (k) in the Revenue Priority of Payments and (B) the Class D Principal Deficiency;
  - (5) to the Class E Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (m) in the Revenue Priority of Payments and (B) the Class E Principal Deficiency; and
  - (6) to the Class F Principal Deficiency Ledger, any amount equal to the lesser of (A) the Available Revenue Funds minus payments made in respect of items (a) up to and including (o) in the Revenue Priority of Payments and (B) the Class F Principal Deficiency;

which amounts are added to the Available Principal Funds on such Notes Payment Date; and

- (b) where the balance of the relevant sub-ledger exceeds the Principal Amount Outstanding (including when zero after full redemption) of the relevant Class of Notes, an amount equal to the relevant excess.

#### Sub-ledgers

Within the Principal Deficiency Ledger, six sub-ledgers will be maintained, to be known as the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger, the Class C Principal Deficiency Ledger, the Class D Principal Deficiency Ledger, the Class E Principal Deficiency Ledger and the Class F Principal Deficiency Ledger.

Amounts recorded as a debit entry in the Principal Deficiency Ledger shall be allocated as of the first calendar day of the related Notes Calculation Period to each of such sub-ledgers in the following order:

- (a) *first*, to the Class F Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes then outstanding;
- (b) *second*, to the Class E Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes then outstanding;
- (c) *third*, to the Class D Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes then outstanding;
- (d) *fourth*, to the Class C Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes then outstanding;
- (e) *fifth*, to the Class B Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes then outstanding; and
- (f) *sixth*, to the Class A Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes then outstanding.

Amounts recorded as a credit entry in the Principal Deficiency Ledger shall be allocated as of the first calendar day of the related Notes Calculation Period:

- (a) if it concerns amounts referred to under (i) under "Credits" above:
  - (i) *first*, to the Class A Principal Deficiency Ledger until the debit balance thereof is reduced to zero;
  - (ii) *second*, to the Class B Principal Deficiency Ledger until the debit balance thereof is reduced to zero;
  - (iii) *third*, to the Class C Principal Deficiency Ledger until the debit balance thereof is reduced to zero;
  - (iv) *fourth*, to the Class D Principal Deficiency Ledger until the debit balance thereof is reduced to zero;
  - (v) *fifth*, to the Class E Principal Deficiency Ledger until the debit balance thereof is reduced to zero;
  - (vi) *sixth*, to the Class F Principal Deficiency Ledger until the debit balance thereof is reduced to zero; or
- (b) if it concerns an excess of the relevant sub-ledger over the Principal Amount Outstanding of the relevant Class of Notes, to the sub-ledger in question.

#### 4.4 HEDGING

##### Hedging of interest rate risk

Interest payable by Borrowers on the Mortgage Loans is calculated on the basis of a variety of different rates and is set on a number of different interest fixing dates. However, interest payable on the Rated Notes is calculated on the basis of the Reference Rate (set on the date falling two Business Days prior to a Notes Calculation Date) plus the Relevant Margin. Therefore the Issuer is exposed to a potential mismatch between the interest received on the Mortgage Loans and the interest due on the Rated Notes.

In order to reduce the risk of such potential interest rate mismatch, the Issuer will enter into the Swap Transaction with the Swap Counterparty, on or about the Closing Date.

The Swap Agreement will govern the terms of the Swap Transaction.

##### The Swap Transaction

Pursuant to the Swap Transaction, for each Interest Period (being each Calculation Period, as defined under the Swap Agreement) falling prior to the termination date of the Swap Transaction, the following amounts will be calculated:

- (a) the amount produced by multiplying:
  - (x) the weighted average of the fixed rates (determined in accordance with the ATS Addendum) for those Mortgage Loans which the Hedging Report indicates are being hedged for the relevant Interest Period; by
  - (y) the aggregate of the principal amounts outstanding of the Mortgage Loans to which such fixed rate has been applied (determined in accordance with the ATS Addendum) and which the Hedging Report indicates are being hedged (the "**Notional Amount**"),and multiplying the resulting amount by the day count fraction specified in the Swap Agreement (the "**Issuer Swap Amount**"); and
- (b) the amount produced by multiplying:
  - (x) a rate equal to 3 month Euribor for the relevant Interest Period (or, in respect of the first Interest Period, the rate specified in the Swap Agreement); by
  - (y) the applicable Notional Amount,and multiplying the resulting amount by the day count fraction specified in the Swap Agreement (the "**Swap Counterparty Swap Amount**").

After these two amounts are calculated in relation to the relevant Interest Period, the following payments will be made on the relevant Notes Payment Date (being each Floating Rate Payer Payment Date and Fixed Rate Payer Payment Date, as defined in the Swap Agreement):

- (a) if the Swap Counterparty Swap Amount for that Notes Payment Date is greater than the Issuer Swap Amount for that Notes Payment Date, then the Swap Counterparty will pay the difference to the Issuer;
- (b) if the Issuer Swap Amount for that Notes Payment Date is greater than the Swap Counterparty Swap Amount for that Notes Payment Date, then the Issuer will pay the difference to the Swap Counterparty; and
- (c) if the two amounts are equal, neither party will make a payment to the other.

If a payment is to be made by the Swap Counterparty, that payment will be included in the Available Revenue Funds and will be applied on or about the relevant Notes Payment Date according to the relevant Priority of Payments. If a payment is to be made by the Issuer, it will be made according to the relevant Priority of Payments of the Issuer.

The Effective Date (as defined in the Swap Agreement) is the Closing Date. The Termination Date (as defined in the Swap Agreement) of the Swap Transaction is the Final Maturity Date.

Under the terms of the Swap Agreement, in the event that the relevant credit ratings of the Swap Counterparty (or any eligible guarantor of the Swap Counterparty's obligations under the Swap Agreement) are downgraded:

- (a) by S&P below the Initial S&P Required Ratings (as defined in the Swap Agreement and determined according to the current rating of the Most Senior Class of Notes and the relevant replacement option selected by the Swap Counterparty in accordance with the S&P criteria); or,
- (b) in respect of DBRS, below the First Threshold Required Ratings (as defined in the Swap Agreement),

the Swap Counterparty will be required to either provide collateral for its obligations under the Swap Agreement within the time frame stipulated in the Swap Agreement or take certain other remedial measures which may include procuring for its obligations under the Swap Agreement to be transferred to an entity with the Requisite Credit Rating; procuring another entity with the Requisite Credit Rating to become guarantor in respect of its obligations under the Swap Agreement; or taking such other action that would maintain or restore the rating of the Most Senior Class of Notes to the level it was immediately prior to the relevant downgrade (in each case subject to certain other requirements set out in the Swap Agreement). Following further rating downgrades below the ratings specified above, the remedial measures available to the Swap Counterparty may be more limited than those specified above.

The Swap Transaction may be terminated by the Swap Counterparty in certain circumstances including the following:

- (a) if there is a failure by the Issuer to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to the Issuer;
- (c) if a change of law results in it becoming unlawful for one of the parties to perform one or more of its obligations under the Swap Agreement; and
- (d) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed either (i) on payment of the relevant amount by the Swap Counterparty which results in the Swap Counterparty being obliged to gross up its payments under the Swap Agreement, or (ii) on payment of the relevant amount by the Issuer.

The Swap Transaction may be terminated by the Issuer in certain circumstances, including the following:

- (a) if there is a failure by the Swap Counterparty to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to the Swap Counterparty;
- (c) if a breach of a provision of the Swap Agreement by the Swap Counterparty is not remedied within the applicable grace period;
- (d) if a change of law results in it becoming unlawful for one of the parties to perform one or more of its obligations under the Swap Agreement; and
- (e) if the Swap Counterparty is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement.

Upon an early termination of the Swap Transaction, the Issuer or the Swap Counterparty may be liable to make a swap termination payment to the other. Such swap termination payment will be calculated and paid in euros. The amount of any such swap termination payment will, subject to the terms of the Swap Agreement, be determined as follows:

- (f) in relation to an early termination following a failure to comply with the requirements of the downgrade provisions contained in the Swap Agreement, on the basis of quotations sought from leading dealers as to the payment required to be made in order to enter into a transaction that would have the effect of preserving the economic equivalent of the respective payment obligations of the parties (or, if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result, based upon a good faith determination of one of the party's total losses and costs (or gains)); and
- (g) in relation to early terminations other than following a failure to comply with the requirements of the downgrade provisions contained in the Swap Agreement, based upon a good faith determination of one of the party's total losses and costs (or gains),

and, in either case, will include any unpaid amounts that became due and payable prior to the date of termination.

The Swap Counterparty may, subject to certain conditions specified in the Swap Agreement, transfer its obligations under the Swap Agreement to another entity provided that such entity has the Requisite Credit Rating.

### **Withholding Tax**

The Swap Counterparty will generally be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. The Swap Counterparty will be obliged to gross up payments made by it to the Issuer under the Swap Transaction if withholding taxes are imposed on such payments, although in such circumstances the Swap Counterparty may terminate the Swap Transaction early. The Issuer will not be obliged to gross up payments made by it to the Swap Counterparty under the Swap Transaction if withholding taxes are imposed on such payments. However, the Swap Counterparty may have the right to terminate such Swap Transaction in such circumstances. If the Swap Counterparty (or the Issuer) terminates the Swap Transaction then the Issuer may be required to pay (or entitled to receive) a swap termination payment.

### **Credit Support**

On or around the Closing Date, the Swap Counterparty and the Issuer will enter into a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) with the Security Trustee in support of the obligations of the Swap Counterparty under the Swap Agreement. The credit support annex forms part of the Swap Agreement. If at any time the Swap Counterparty is required to provide collateral in respect of any of its obligations under the Swap Agreement following a credit ratings downgrade of the Swap Counterparty, in accordance with the terms of the Swap Agreement, the amount of collateral (if any) that, from time to time, (i) the Swap Counterparty is obliged to transfer to the Issuer or (ii) the Issuer is obliged to return to the Swap Counterparty, shall be calculated in accordance with the terms of the Swap Agreement.

The Issuer will receive any collateral in the form of cash and/or securities from the Swap Counterparty pursuant to the Swap Agreement in any Swap Collateral Account. The Issuer may make payments utilising any monies held in the relevant Swap Collateral Account if such payments are made in accordance with the terms of the Swap Agreement. Amounts standing to the credit of any Swap Collateral Account will not, upon enforcement of the Security, be available to the Secured Creditors generally and may only be applied in satisfaction of amounts owing by the Swap Counterparty, or to be repaid to the Swap Counterparty, in accordance with the terms of the Swap Agreement.

The Swap Agreement will be governed by the laws of England and Wales.

The initial Swap Counterparty is NatWest Markets Plc. See section 2.7 (*Swap Counterparty*).

#### 4.5 LIQUIDITY SUPPORT

##### **Reserve Fund**

In the Cash Management Agreement the Cash Manager agrees to open and administer, amongst others, a Reserve Ledger as a sub-ledger of the Transaction Account for and on behalf of the Issuer.

The amounts standing to the credit of the Reserve Ledger will on each Notes Payment Date form part of the Available Revenue Funds, provided that amounts recorded as credit entry to the Reserve Ledger can only be applied as Available Revenue Funds for application by the Issuer (or the Cash Manager on the Issuer's behalf) in accordance with (i) the Revenue Priority of Payments if (x) the amounts recorded as credit entry on the Income Ledger are insufficient to meet the Issuer's obligations under items (a) to (n) (inclusive) of the Revenue Priority of Payments in full or (y) in accordance with Condition 8.3 (*Class G Notes*) or (ii) following the delivery of an Enforcement Notice, the Post-Enforcement Priority of Payments.

If and to the extent that the Available Revenue Funds calculated on any Notes Calculation Date exceed the amounts required by the Issuer to satisfy its obligations under items (a) to (n) (inclusive) of the Revenue Priority of Payments in full, then the Issuer (or the Cash Manager on its behalf) shall ensure that the (relevant part of the) remaining Available Revenue Funds will be recorded as debit on the Income Ledger and recorded as credit on the Reserve Ledger up to the Reserve Fund Target Level. Any Available Revenue Funds remaining after the Reserve Ledger having been replenished up to the Reserve Fund Target Level will be applied by the Issuer (or the Cash Manager on its behalf) in accordance with the Revenue Priority of Payments.

If on any Notes Calculation Date all amounts of interest and principal due and payable in respect of the Notes, except for the amounts of principal due and payable in respect of the Class G Notes, (i) have been paid in full on the Notes Payment Date before such Notes Calculation Date or (ii) will be available for payment in full on the Notes Payment Date immediately after such Notes Calculation Date, then the Reserve Fund Target Level will be reduced to zero and the Issuer (or the Cash Manager on its behalf) shall ensure that all amounts standing to the credit of the Reserve Ledger will be credited to the Income Ledger upon deposit of the same in the Transaction Account and form part of the Available Revenue Funds.

#### 4.6 ISSUER ACCOUNTS

##### Transaction Account

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain, with the Issuer Account Bank, the Transaction Account:

- (a) into which are paid all amounts received by the Issuer in respect of the Mortgage Receivables and the Transaction Documents and which amounts are credited into certain ledgers as more specifically described below;
- (b) monies standing to the credit of which will on each Notes Payment Date be applied by the Cash Manager in accordance with the relevant Priority of Payments and the relevant Transaction Documents; and
- (c) into which on a separate Ledger, the Reserve Ledger, the proceeds of the Class G Notes will be credited on the Closing Date.

See section 4.5 (*Liquidity Support*) for further details on the Reserve Ledger.

##### Construction Deposit Account

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain the Construction Deposit Account with the Issuer Account Bank. Pursuant to the Mortgage Receivables Purchase Agreement, in respect of a purchase of Mortgage Receivables (and/or Mortgage Loan Offers) by the Issuer, the Issuer will be entitled to withhold from each Initial Purchase Price an amount equal to the related Construction Deposit or Undrawn Construction Amount, if applicable. Such amount will be deposited in the Construction Deposit Account.

The Issuer (or the Cash Manager on its behalf) will not transfer any monies standing to the credit of the Construction Deposit Account, except (x) following delivery of an Enforcement Notice by the Security Trustee, in accordance with the Post-Enforcement Priority of Payments and (y) as long as no Enforcement Notice has been delivered by the Security Trustee, as follows:

- (a) to pay any remaining part of an Initial Purchase Price to the Seller in order to fund distribution to the relevant Borrower of a corresponding part of the relevant Construction Deposit or part of the Undrawn Construction Amount, as applicable; and
- (b) following set-off of a Construction Deposit or Undrawn Construction Amount against the associated Mortgage Receivable, for transfer to the Transaction Account and credit to the Redemption Ledger.

##### Swap Collateral Account

Pursuant to the terms of the Issuer Account Agreement, the Issuer will maintain, with the Issuer Account Bank, one or more Swap Collateral Accounts. Any collateral provided by the Swap Counterparty pursuant to the Swap Agreement will, unless otherwise agreed with the Issuer and the Security Trustee, be deposited in the relevant Swap Collateral Account. The Issuer (or the Cash Manager on its behalf) will not use the amounts standing to the credit of any Swap Collateral Account, except (x) following delivery of an Enforcement Notice by the Security Trustee, in accordance with the Post-Enforcement Priority of Payments and (y) as long as no Enforcement Notice has been delivered by the Security Trustee, as follows:

- (a) to return collateral to the Swap Counterparty in accordance with the terms of the Swap Agreement and collateral arrangements;
- (b) (1) if the Swap Counterparty has failed to pay to the Issuer, in full or in part, any amount due by it under the Swap Agreement (the amount of such shortfall in payment, the "**Swap Payment Shortfall**") and (2) such failure gives rise to an Event of Default under Section 5(a)(i) (Failure to Pay or Deliver) in respect of which the Swap Counterparty is the Defaulting Party (the "**Relevant Event of Default**"); and (3) the Issuer has not designated an Early Termination Date in respect of the Relevant Event of Default in accordance with Section 6(a) (*Right to Termination Following Event of Default*), the Issuer shall have the right (and may exercise such right by giving written

notice of the same to the Swap Counterparty, the Security Trustee, the Cash Manager and the Issuer Account Bank), to withdraw from the Swap Collateral Account, and transfer to the Transaction Account and credit to the Income Ledger, an amount of Eligible Credit Support equal to the Swap Payment Shortfall and use such amount as Available Revenue Funds to be applied in accordance with the relevant Priority of Payments on the following Notes Payment Date; and

- (c) following termination of the Swap Agreement to the extent not required to satisfy any termination payment due to the Swap Counterparty, (x) if a replacement swap agreement is to be entered into, for deposit in the Transaction Account and credit to the Swap Replacement Ledger or (y) if no replacement swap agreement is to be entered into, for deposit in the Transaction Account and credit to the Income Ledger.

### **Change of Issuer Account Bank**

#### *S&P*

If the debt obligations of the Issuer Account Bank are not rated at least the Requisite Credit Rating relating to S&P, the Issuer Account Bank shall as soon as reasonably practicable but in any event within 5 (five) Business Days of becoming aware of such circumstance, give notice of such event to the Issuer and the Security Trustee and, without prejudice to any provision or remedy contained in any Transaction Document:

- (a) the Issuer Account Bank shall use commercially reasonable efforts to:
  - (i) either (A) replace itself with an entity whose debt obligations are rated at least the Requisite Credit Rating or (B) procure that another entity whose debt obligations are rated at least the Requisite Credit Rating becomes an obligor or guarantor in respect of its obligations, in each case within 60 calendar days as from the date on which the debt obligations of the Issuer Account Bank ceased to be rated the Requisite Credit Ratings relating to S&P (the "**Initial Remedy Period**");
  - (ii) in the case of (A) above, transfer the amounts standing to the credit of the Issuer Account to that entity; and
  - (iii) in the case of (A) above, procure that such entity establishes arrangements substantially similar to those contained in the Issuer Account Agreement; and
- (b) notwithstanding the undertaking by the Issuer Account Bank, the Issuer shall, within the Initial Remedy Period, replace such bank with an entity whose debt obligations are rated at least the Requisite Credit Ratings and, as a result, transfer the Issuer Accounts to that entity and procure such entity establishes arrangements substantially similar to those contained in the Issuer Account Agreement.

If the replacement referred to in sub-clauses (a) or (b) above, as applicable, has not been completed on the last date of the Initial Remedy Period, such period may be extended by a further 30 calendar days provided that the Issuer submits to each of the Security Trustee and S&P before the expiry of the Initial Remedy Period a written proposal setting out the steps already taken in order to effect such replacement and the steps to be taken to effect such replacement. The written proposal may include the draft documentation or a letter of intent from the proposed replacement counterparty.

#### *DBRS*

If the debt obligations of the Issuer Account Bank are not rated at least the Requisite Credit Rating relating to DBRS, the Issuer Account Bank shall, within 5 (five) Business Days of becoming aware of such circumstance, give notice of such event to the Issuer and the Security Trustee and, without prejudice to any provision or remedy contained in any Transaction Document, use commercially reasonable efforts to within a period of 30 days (a) replace itself with an entity whose debt obligations are rated at least the Requisite Credit Ratings, (b) transfer the amounts standing to the credit of the Issuer Account to that entity and (c) procure such entity establishes arrangements substantially similar to those contained in the Issuer Account Agreement.

Interest will be credited to the Issuer Accounts or charged to the Issuer at the Issuer Account Bank's standard rate of interest applied to accounts of a similar nature. The Issuer Account Bank shall be entitled to change the rate of interest on the Issuer Accounts, provided that the Issuer Account Bank shall give the Issuer 20 calendar days prior written notice of any such modification.

The Issuer Account Bank Agreement will be governed by the laws of England and Wales.

The initial Issuer Account Bank is Elavon Financial Services DAC, UK Branch. See section 2.6 (*Issuer Account Bank*).

### **Ledgers**

In the Cash Management Agreement, the Cash Manager agrees to open and administer the following ledgers as a sub-ledger of the Transaction Account for and on behalf of the Issuer.

#### *Credits to ledgers*

The following amounts shall be credited to the following ledger upon deposit of the same into the Transaction Account:

- (i) the Income Ledger:
  - (a) all Revenue Funds;
  - (b) all amounts of interest paid on the Transaction Account;
  - (c) all amounts received by Issuer representing income on any Authorised Investments derived from the investment of Revenue Funds and the proceeds of Authorised Investments representing the investment of Revenue Funds;
  - (d) all amounts received by the Issuer under the Swap Agreement (other than amounts standing to the credit of any Swap Collateral Account and amounts standing to the credit of the Swap Replacement Ledger);
  - (e) all amounts debited from the Reserve Ledger;
  - (f) all Principal Addition Amounts;
  - (g) (without double-counting) all amounts applied as Available Revenue Funds in accordance with Schedule 3 (*Determinations and Reconciliations*) of the Cash Management Agreement;
  - (h) any amount debited from the Swap Collateral Account in accordance with the Swap Agreement; and
  - (i) all amounts not required to be credited to any other ledger;
- (ii) the Redemption Ledger:
  - (a) all Principal Funds;
  - (b) without double-counting, all amounts to be applied as Available Principal Funds in accordance with Schedule 3 (*Determinations and Reconciliations*) of the Cash Management Agreement;
  - (c) all amounts credited to the Principal Deficiency Ledger under the Revenue Priority of Payments; and
  - (d) on the Closing Date, an amount of EUR 843.40;

- (iii) the Swap Replacement Ledger:
  - (a) premiums received from any replacement Swap Counterparty upon entry by the Issuer into a replacement Swap Agreement; and
  - (b) termination payments received from the Swap Counterparty in respect of the termination of the Swap Agreement; and
- (iv) the Reserve Ledger:
  - (a) the proceeds of the Class G Notes; and
  - (b) any amount required to replenish the Reserve Ledger up to the Reserve Fund Target Level; and
- (v) the Servicing Fee Ledger: until the Initial Servicing Fee Payment Date, any amounts due and payable as a fee pursuant to the Servicing Agreement subject to the Revenue Priority of Payments as at the date on which such fee is expressed to be payable under the Servicing Agreement.

*Debits to ledgers*

The Cash Manager (on behalf of the Issuer) will not debit any amounts to any ledger, except (x) following the delivery of an Enforcement Notice by the Security Trustee, in accordance with the Post-Enforcement Priority of Payments and (y) as long as no Enforcement Notice has been delivered by the Security Trustee, as follows:

- (i) the Income Ledger:
  - (a) on the first Notes Calculation Date of each calendar year, an amount equal to the higher of (i) an amount equal to 10 per cent. of the annual fees or other remuneration due and payable to the Director in connection with the Issuer Management Agreement in the immediately preceding calendar year, and (ii) EUR 2,500; and
  - (b) in accordance with the Revenue Priority of Payments;
- (ii) the Redemption Ledger:
  - (a) any Principal Addition Amount for credit to the Income Ledger;
  - (b) to pay any amount in or towards satisfaction of the purchase price of any Further Advance Receivables (and/or Mortgage Loan Offers) up to the Further Advance Available Amount; and
  - (c) in accordance with the Redemption Priority of Payments;
- (iii) the Swap Replacement Ledger:
  - (a) to pay any termination amount due to the Swap Counterparty in respect of a termination of the Swap Agreement;
  - (b) to pay any premium due to a replacement swap counterparty upon entry into a replacement swap agreement; and
  - (c) to the extent in excess of amounts owed to the Swap Counterparty in respect of (x) a termination of the Swap Agreement or (y) any premium payable to a replacement swap counterparty upon entry into a replacement swap agreement, for credit to the Income Ledger;
- (iv) the Reserve Ledger:
  - (a) an amount equal to the amount by which the Available Revenue Funds as at the relevant Notes Payment Date falls short of the amount required to meet the Issuer's obligations

under items (a) to (n) (inclusive) of the Revenue Priority of Payments in full for credit to the Income Ledger; and

- (b) in accordance with the Revenue Priority of Payments or if the Reserve Fund Target Level is reduced to zero, for credit to the Income Ledger; and
- (v) the Servicing Fee Ledger: for on-payment to the Servicer on the Initial Servicing Fee Payment Date.

#### 4.7 ISSUER ADMINISTRATION AND CASH MANAGEMENT AGREEMENTS

##### **Issuer Administration Agreement**

###### *Issuer Administrator*

Pursuant to the Issuer Administration Agreement, the Issuer Administrator will provide certain administration services to the Issuer, including:

- (a) keep any records necessary for all Taxation purposes;
- (b) assist the auditors of the Issuer and provide such information to them as they may reasonably request for the purpose of carrying out their duties as auditors;
- (c) make all filings, give all notices and make all registrations and other notifications required in the day-to-day operation of the business of the Issuer or required to be given by the Issuer pursuant to the Transaction Documents;
- (d) provide accounting services, including reviewing receipts and payments, supervising and assisting in the preparation of interim statements and final accounts and supervising and assisting in the preparation of Tax returns;
- (e) on behalf of the Issuer claim payment to which the Issuer is entitled under the Transaction Documents and the Notes if the conditions for payment thereunder are met;
- (f) notify the Cash Manager of relevant amounts to be transferred in accordance with the applicable Priority of Payments on behalf of the Issuer and other payments details as may be requested by the Cash Manager (acting reasonably);
- (g) monitor the legal disclosure requirements of the Issuer; and
- (h) perform all administrative actions in relation to the above.

###### *Replacement Servicer Facilitator*

Pursuant to the Issuer Administration Agreement, the Replacement Servicer Facilitator will provide certain administration services to the Issuer, including:

- (i) identify and approach Suitable Entities;
- (j) request each Suitable Entity identified to provide a written quote to act in the capacity of replacement Servicer; and
- (k) if a Suitable Entity has been selected, upon termination of the appointment of the Servicer in accordance with the provisions of the Servicing Agreement, to arrange for the appointment by the Issuer of a substitute servicer.

##### **Cash Management Agreement**

Pursuant to the Cash Management Agreement, the Cash Manager will provide certain cash management services to the Issuer, including to:

- (a) operate the Issuer Accounts and ensure that payments are made into and from such accounts in accordance with the Cash Management Agreement and, to the extent such payments are instructed to be made by the Issuer to the Cash Manager, the Mortgage Receivables Purchase Agreement, the Security Documents, the Issuer Account Agreement and any other applicable Transaction Document, provided however that nothing herein shall constitute a guarantee by the Cash Manager of all or any of the obligations of the Issuer under any of the Transaction Documents;
- (b) arrange for all payments due to be made by the Issuer pursuant to Clause 9 (*Priorities of Payments*) of the Trust Deed;

- (c) prepare, amongst other things, investor reports and monthly mortgage reports and procure publication of the same; and
- (d) on behalf of the Issuer, provided that such monies are at the relevant time available to the Issuer and the Issuer Administrator has notified the Cash Manager of the relevant amount and other payments details as may be requested by the Cash Manager (acting reasonably), pay or arrange for the payment of all the out-of-pocket expenses of the Issuer, on behalf of the Issuer in the performance of the Cash Manager's duties under the Cash Management Agreement including:
  - (i) all Taxes which may be due or payable by the Issuer;
  - (ii) all registration, transfer, filing and other fees and other charges payable in respect of the transfer by the Seller of Mortgage Receivables to the Issuer;
  - (iii) all necessary filing and other fees in compliance with regulatory requirements;
  - (iv) all legal and audit fees and other professional advisory fees;
  - (v) all communication expenses including postage, courier and telephone charges;
  - (vi) all premiums payable by the Issuer in respect of any insurance policies; and
  - (vii) following the occurrence of an Event of Default, all fees payable to the Stock Exchange and/or any other stock exchange on which the Rated Notes are listed but only if the Issuer has not otherwise paid those fees.

#### *Authorised Investments*

Solely on the written instructions of the Issuer (a copy of which instructions shall be provided by the Issuer to the Security Trustee), the Cash Manager shall invest monies standing from time to time to the credit of the Transaction Account in Authorised Investments, subject to the following provisions:

- (a) any such Authorised Investment shall be made in the name of the Issuer;
- (b) any costs properly incurred in making and changing Authorised Investments will be reimbursed to the Cash Manager by the Issuer;
- (c) all income or other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Transaction Account; and

the Cash Manager shall not be responsible (save where any loss results from any Breach of Duty by the Cash Manager or any of its officers or employees) for any loss occasioned by reason of any such Authorised Investments whether by depreciation in value or otherwise provided that such Authorised Investments were made in accordance with the above provisions).

For the avoidance of doubt, for the purposes of this section the Cash Manager shall act solely on the instructions of the Issuer and shall have no discretion whatsoever.

#### **Testing of Asset Conditions**

Pursuant to the terms of the Cash Management Agreement, on a weekly basis (such date, the "**Weekly Reporting Date**") the Cash Manager will prepare and circulate to each of the Seller, the Security Trustee, the Issuer and the Servicer a report ("**Asset Condition Report**") setting out, among other things, whether (i) the Asset Conditions were met in respect of any Further Advance Receivables and Mortgage Loan Offers transferred and assigned in the immediately preceding calendar week and (ii) based on the information available to it for such purpose, whether the Further Advance Receivables and Mortgage Loan Offers offered for transfer and assignment in the same calendar week as the Weekly Reporting Date are expected to meet the Asset Conditions.

The Asset Condition Report prepared by the Cash Manager will be based on (i) the then most recent Mortgage Report as received from the Servicer, (ii) the information from the Servicer setting out the Further Advance Receivables and Mortgage Loan Offers requested to be sold and assigned in the same calendar week as the relevant Weekly Reporting Date of such Asset Condition Report, (iii) the Mortgage

Loan Offers in respect of which the scheduled Origination Date is the same calendar week as the relevant Weekly Reporting Date of such Asset Condition Report and (iv) the Principal Funds standing to the credit of the Redemption Ledger of the Transaction Account less any Principal Funds applied by the Cash Manager and the Servicer as Initial Purchase Prices in the period up to and including the immediately preceding calendar week.

### **Fee, Costs and Expenses**

The Issuer shall for each Notes Calculation Period pay to each of the Cash Manager and the Issuer Administrator for their services provided under the Cash Management Agreement and the Issuer Administration Agreement, respectively, in arrear on the first following Notes Payment Date a fee and an indemnification for out-of-pocket costs, expenses and charges (plus any applicable value added tax), incurred by the Cash Manager or the Issuer Administrator, as applicable, in the performance of such services, such fee to be agreed between (i) in respect of the fees relating to the Cash Manager, the Issuer and the Cash Manager in a fee letter dated on or before the Closing Date and as notified to the Security Trustee from time to time or (ii) in respect of the fees relating to the Issuer Administrator, the Issuer, the Issuer Administrator and the Security Trustee from time to time.

### **Termination**

If an event of default (which includes subject to applicable grace periods, a payment default, breach of undertaking and Insolvency Proceedings in respect of each of the Cash Manager and the Issuer Administrator) occurs in respect of the Cash Manager under the Cash Management Agreement or, in respect of the Issuer Administrator under the Issuer Administration Agreement (as applicable) then the Issuer and/or (further to the delivery of an Enforcement Notice) the Security Trustee may at once or at any time thereafter while such event of default is continuing, terminate the Cash Management Agreement or the Issuer Administration Agreement, as applicable, with effect from a date specified by the Issuer and/or the Security Trustee. Upon the termination of the Cash Management Agreement or the Issuer Administration Agreement (as applicable), the Issuer or, following the delivery of an Enforcement Notice, the Security Trustee shall use its reasonable endeavours to appoint (as applicable) (i) a substitute issuer administrator that satisfies the conditions set forth in the Issuer Administration Agreement or (ii) a substitute cash manager that satisfies the conditions set forth in the Cash Management Agreement. The appointment of each of the Cash Manager and the Issuer Administrator under the Cash Management Agreement and the Issuer Administration Agreement, respectively, may be terminated upon the expiry of not less than three (3) months' notice of termination given by (i) the Cash Manager or the Issuer Administrator, respectively, to each of the Issuer and the Security Trustee provided that the Issuer and the Security Trustee have provided their prior written consent to such retirement or (ii) the Issuer or, following the service of an Enforcement Notice, the Security Trustee, to the Cash Manager or the Issuer Administrator (respectively) provided that, among other things, a substitute administrator or cash manager (as applicable) has been appointed by the Issuer and such appointment will be effective not later than the date of such termination.

### **Obligations of the Cash Manager and the Issuer Administrator**

Upon termination of the appointment of the Cash Manager or the Issuer Administrator, as applicable under the Cash Management Agreement or the Issuer Administration Agreement, respectively, the Cash Manager or the Issuer Administrator, as applicable shall:

- (a) (in case of the Cash Manager, save as prohibited or required otherwise by any Requirement of Law or any Regulatory Direction) forthwith deliver or make available to (and in the meantime hold for, and to the order of, the Issuer or the Security Trustee, as the case may be or as it shall direct, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belongings of the Issuer or the Security Trustee, as the case may be (if practicable, on the date of receipt), any monies then held by the Cash Manager or the Issuer Administrator, as applicable on behalf of the Issuer or the Security Trustee and any other assets of the Issuer and the Security Trustee;
- (b) take such further action as the Issuer or the Security Trustee, as the case may be, may reasonably direct at the expense of the Issuer (including in relation to the appointment of a substitute cash manager or administrator, as applicable), provided that the Issuer or the Security Trustee, as the case may be, shall not be required to take or direct to be taken such further action unless it has

been indemnified (in case of the Security Trustee, and/or secured and/or prefunded) to its satisfaction (and in the event of a conflict between the directions of the Issuer and the directions of the Security Trustee, the directions of the Security Trustee shall prevail);

- (c) provide all relevant information contained on computer records in the form of a flat file and/or CD Rom and/or other format agreed with the Issuer and the Security Trustee together with details of the layout of the files set out in such flat file and/or CD Rom and/or other format agreed with the Issuer and the Security Trustee; and
- (d) co-operate and consult with and assist the Issuer or the Security Trustee or its nominee, as the case may be, for the purposes of explaining the file layouts and the format of the flat file/CD Rom and/or other format agreed with the Issuer and the Security Trustee containing such computer records on the computer system of the Issuer or the Security Trustee or such nominee, as the case may be.

The initial Cash Manager is Elavon Financial Services DAC, UK Branch. See section 2.6 (*Issuer Account Bank and Cash Manager*). The initial Issuer Administrator is Intertrust Administrative Services B.V.

## 5. PORTFOLIO INFORMATION

### 5.1 STRATIFICATION TABLES

The key characteristics of the Provisional Portfolio of mortgage loans as of the Provisional Portfolio Cut-Off Date are set out below. The Mortgage Receivables will be selected from the Provisional Portfolio prior to the Closing Date, subject to the application of the Eligibility Criteria at the date of extraction and taking into account changes resulting from e.g. repayment, prepayment and further advances. For a description of the representations and warranties given by the Seller, reference is made to section 6.2 (*Representations and Warranties*). Therefore, the information set out below may not necessarily correspond to that of the Mortgage Receivables actually sold and assigned on the Closing Date. After the Closing Date, the Initial Portfolio will change from time to time as a result of, among other things, any repayment, prepayment, amendment, granting of Further Advances and/or Roll-Over Receivables any repurchase of Mortgage Receivables.

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#### Key Characteristics

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Gross Outstanding Principal Balance (€)	526,887,661
Total savings deposits (€) *	-
Net Outstanding Principal Balance (€)	526,887,661
Total construction deposits (€)	12,867,626
Net Outstanding Principal Balance less total construction deposits (€)	514,020,035
Number of loans	2,472
Average loan balance (€)	213,142
Weighted average current interest rate	3.66%
Weighted average seasoning (years)	6.7
Weighted average Current Loan to Value Ratio	61.3%
Weighted average remaining terms (years)	3.9
Second-charge (by property value)	0.13%
Interest-only Mortgage Loans	21.2%
No. of portfolio Mortgage Loan Groups	1,591
Average asset value (€)	246,974

\* Where the saving deposit amount exceeds the gross principal balance of the relevant loan, the savings deposit is deemed to be the same as the gross principal balance for the purpose of this calculation.

## Current Loan to Value Ratio

Current Loan to Value Ratio	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
0<=x<50%	115,267,020	21.9%	855	34.6%
50%<=x<55%	47,623,822	9.0%	218	8.8%
55%<=x<60%	59,801,148	11.3%	249	10.1%
60%<=x<65%	56,074,617	10.6%	277	11.2%
65%<=x<70%	97,923,653	18.6%	365	14.8%
70%<=x<75%	72,066,190	13.7%	256	10.4%
75%<=x<80%	55,219,350	10.5%	186	7.5%
80%<=x<85%	7,403,693	1.4%	25	1.0%
85%<=x<90%	2,197,438	0.4%	7	0.3%
90%<=x<95%	2,079,194	0.4%	3	0.1%
95%<=x<100%	3,769,268	0.7%	11	0.4%
100%<=x	7,299,281	1.4%	17	0.7%
No Collateral	162,987	0.0%	3	0.1%
<b>Grand Total</b>	<b>526,887,661</b>	<b>100.0%</b>	<b>2,472</b>	<b>100.0%</b>

Minimum	0.4%
Maximum*	203.1%
Weighted Average*	61.33%

\*For the purpose of this calculation, the loans with no collaterals are excluded

## Current loan balance

Current loan balance (€)	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
0<=x<100,000	56,858,898	10.8%	1,091	44.1%
100,000<=x<200,000	92,512,702	17.6%	644	26.1%
200,000<=x<300,000	71,747,885	13.6%	293	11.9%
300,000<=x<400,000	52,206,667	9.9%	151	6.1%
400,000<=x<500,000	40,813,931	7.7%	92	3.7%
500,000<=x<600,000	30,484,923	5.8%	56	2.3%
600,000<=x<700,000	23,214,214	4.4%	36	1.5%
700,000<=x<800,000	16,561,422	3.1%	22	0.9%
800,000<=x<900,000	15,441,739	2.9%	18	0.7%
900,000<=x<1,000,000	13,442,928	2.6%	14	0.6%
1,000,000<=x<1,500,000	35,848,601	6.8%	29	1.2%
1,500,000<=x<2,000,000	24,210,606	4.6%	14	0.6%
2,000,000<=x<2,500,000	9,008,705	1.7%	4	0.2%
2,500,000<=x<3,000,000	10,933,251	2.1%	4	0.2%
3,000,000<=x	33,601,188	6.4%	4	0.2%
<b>Grand Total</b>	<b>526,887,661</b>	<b>100.0%</b>	<b>2,472</b>	<b>100.0%</b>

Minimum	167
Maximum	10,345,500
Average	213,142

## Original loan balance

Original loan balance (€)	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
0<=x<100,000	33,902,956	6.4%	748	30.3%
100,000<=x<200,000	75,317,637	14.3%	682	27.6%
200,000<=x<300,000	62,286,501	11.8%	347	14.0%
300,000<=x<400,000	59,121,930	11.2%	236	9.5%
400,000<=x<500,000	42,759,712	8.1%	137	5.5%
500,000<=x<600,000	31,351,798	6.0%	75	3.0%
600,000<=x<700,000	25,807,044	4.9%	56	2.3%
700,000<=x<800,000	22,303,663	4.2%	40	1.6%
800,000<=x<900,000	19,439,691	3.7%	32	1.3%
900,000<=x<1,000,000	13,828,952	2.6%	22	0.9%
1,000,000<=x<1,500,000	39,353,847	7.5%	44	1.8%
1,500,000<=x<2,000,000	36,008,537	6.8%	30	1.2%
2,000,000<=x<2,500,000	13,468,670	2.6%	9	0.4%
2,500,000<=x<3,000,000	0	0%	0	0%
3,000,000<=x	51,936,722	9.9%	14	0.6%
<b>Grand Total</b>	<b>526,887,661</b>	<b>100.0%</b>	<b>2,472</b>	<b>100.0%</b>

Minimum	6,807
Maximum	26,480,000
Average	303,978

## Year of origination

Year of origination	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
<=2008	183,158,736	34.8%	1,089	44.1%
2009	28,093,043	5.3%	135	5.5%
2010	23,864,643	4.5%	116	4.7%
2011	29,768,967	5.6%	144	5.8%
2012	14,280,488	2.7%	95	3.8%
2013	20,457,425	3.9%	92	3.7%
2014	19,171,833	3.6%	104	4.2%
2015	20,284,397	3.8%	105	4.2%
2016	21,208,670	4.0%	99	4.0%
2017	78,518,631	14.9%	235	9.5%
2018	88,080,828	16.7%	258	10.4%
Grand Total	526,887,661	100.0%	2,472	100.0%

## Remaining term (years)

Remaining term (years)	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
0<=x<2	178,014,660	33.8%	720	29.1%
2<=x<5	236,115,557	44.8%	1,146	46.4%
5<=x<7	38,353,484	7.3%	159	6.4%
7<=x<10	46,932,679	8.9%	240	9.7%
10<=x<15	14,408,456	2.7%	106	4.3%
15<=x<20	11,618,133	2.2%	95	3.8%
20<=x<25	1,359,028	0.3%	5	0.2%
25<=x	85,665	0.0%	1	0.0%
<b>Grand Total</b>	<b>526,887,661</b>	<b>100.0%</b>	<b>2,472</b>	<b>100.0%</b>

Minimum*	0.0
Maximum	30.4
Weighted Average	3.9

## Seasoning (years)

Seasoning (years)	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
0<=x<5	235,285,384	44.7%	846	34.2%
5<=x<10	122,104,223	23.2%	602	24.4%
10<=x<15	132,186,464	25.1%	625	25.3%
15<=x<20	29,025,643	5.5%	220	8.9%
20<=x<25	5,788,894	1.1%	102	4.1%
25<=x<30	1,154,434	0.2%	35	1.4%
30<=x	1,342,620	0.3%	42	1.7%
<b>Grand Total</b>	<b>526,887,661</b>	<b>100.0%</b>	<b>2,472</b>	<b>100.0%</b>

Minimum	0.0
Maximum	50.1
Weighted Average	6.7

## Originator

Originator	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
RNHB	479,455,423	91.0%	2,418	97.8%
Dome	47,432,238	9.0%	54	2.2%
<b>Grand Total</b>	<b>526,887,661</b>	<b>100.0%</b>	<b>2,472</b>	<b>100.0%</b>

## Interest rate type

Interest rate type	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
Fixed	492,900,907	93.5%	2,431	98.3%
Floating	33,986,754	6.5%	41	1.7%
<b>Grand Total</b>	<b>526,887,661</b>	<b>100.0%</b>	<b>2,472</b>	<b>100.0%</b>

## Repayment type

Repayment type	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
Amortising	415,029,576	78.8%	1,996	80.7%
Balloon	111,858,085	21.2%	476	19.3%
Grand Total	526,887,661	100.0%	2,472	100.0%

## Months in arrears

Months in arrears	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
x = 0	501,166,869	95.1%	2,356	95.3%
0 < x <= 1	12,674,693	2.41%	43	1.7%
1 < x <= 2	7,785,404	1.48%	38	1.5%
2 < x <= 3	2,384,713	0.45%	16	0.6%
x > 3	2,875,982	0.55%	19	0.8%
Grand Total	526,887,661	100.0%	2,472	100.0%

## Current interest rate

Current interest rate	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
0.00% <= x < 1.00%	6,539,360	1.2%	13	0.5%
1.00% <= x < 2.00%	13,544,902	2.6%	10	0.4%
2.00% <= x < 3.00%	12,825,554	2.4%	47	1.9%
3.00% <= x < 4.00%	344,517,654	65.4%	1,699	68.7%
4.00% <= x < 5.00%	142,345,145	27.0%	654	26.5%
5.00% <= x	7,115,045	1.4%	49	2.0%
Grand Total	526,887,661	100.0%	2,472	100.0%

Minimum	0.33%
Maximum	7.50%
Weighted Average	3.66%

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## Loan purpose

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Loan purpose	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
Investment finance	430,797,513	81.8%	1,815	73.4%
Other	28,528,802	5.4%	48	1.9%
Own use	67,561,346	12.8%	609	24.6%
Grand Total	526,887,661	100.0%	2,472	100.0%

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## Borrower type

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Borrower type	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
Individual	350,943,403	66.6%	1,995	80.7%
Corporate	175,944,258	33.4%	477	19.3%
Grand Total	526,887,661	100.0%	2,472	100.0%

## Risk group type

Risk group type	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
CRE < 50%	117,182,883	22.2%	477	19.3%
CRE ≥ 50%	121,053,909	23.0%	432	17.5%
Pure Resi	191,684,143	36.4%	1,222	49.4%
Resi and mixed	96,966,726	18.4%	341	13.8%
Grand Total	526,887,661	100.0%	2,472	100.0%

## Geographical distribution (by property value)

Region (by property value)	By property value		By number of properties	
	Amount (€)	%	Properties	%
Provincie Drenthe	12,606,810	1.3%	58	1.5%
Provincie Flevoland	7,340,131	0.8%	20	0.5%
Provincie Friesland	8,270,625	0.9%	38	1.0%
Provincie Gelderland	73,323,301	7.6%	180	4.6%
Provincie Groningen	45,703,056	4.8%	172	4.4%
Provincie Limburg	10,704,960	1.1%	68	1.7%
Provincie Noord-Brabant	86,693,700	9.0%	323	8.3%
Provincie Noord-Holland	255,013,853	26.5%	712	18.3%
Provincie Overijssel	24,435,075	2.5%	75	1.9%
Provincie Utrecht	85,966,735	8.9%	291	7.5%
Provincie Zeeland	9,320,844	1.0%	42	1.1%
Provincie Zuid-Holland	342,337,726	35.6%	1,915	49.2%
Grand Total	961,716,818	100.0%	3,894	100.0%

## Property type (by property value)

Property type (by property value)	By property value		By number of properties	
	Amount (€)	%	Properties	%
Café / Restaurant	34,798,708	3.6%	111	2.9%
Garage	1,477,875	0.2%	6	0.2%
Hotel	15,092,000	1.6%	7	0.2%
Industrial building	100,228,571	10.4%	283	7.3%
Land	598,306	0.1%	11	0.3%
Land (agricultural)	918,750	0.1%	1	0.0%
Land (houses planned)	220,500	0.0%	2	0.1%
Land (industrial planned)	147,000	0.0%	2	0.1%
Officebuilding	35,259,731	3.7%	34	0.9%
Officepart	1,530,375	0.2%	6	0.2%
Other	4,838,425	0.5%	19	0.5%
Parking	1,424,981	0.1%	39	1.0%
Recreation	1,645,185	0.2%	12	0.3%
Shop (strip)	682,500	0.1%	1	0.0%
Shop (unit)	60,811,067	6.3%	238	6.1%
<b>Total Commercial Properties</b>	<b><u>259,673,972</u></b>	<b><u>27.0%</u></b>	<b><u>772</u></b>	<b><u>19.8%</u></b>
House with Café/Restaurant	45,376,444	4.7%	104	2.7%
House with office	51,500,653	5.4%	111	2.9%
Multi-tenant building	399,000	0.0%	1	0.0%
Officevilla	882,000	0.1%	1	0.0%
Residential farm	2,938,750	0.3%	5	0.1%
Shop / house combination	98,979,073	10.3%	241	6.2%
<b>Total Mixed-Use Properties</b>	<b><u>200,075,921</u></b>	<b><u>20.8%</u></b>	<b><u>463</u></b>	<b><u>11.9%</u></b>
Apartment	263,998,429	27.5%	1,847	47.4%
Residential complex	91,133,259	9.5%	235	6.0%
Residential house	146,835,237	15.3%	577	14.8%
<b>Total Residential Properties</b>	<b><u>501,966,925</u></b>	<b><u>52.2%</u></b>	<b><u>2,659</u></b>	<b><u>68.3%</u></b>
Grand Total	961,716,818	100.0%	3,894	100.0%

## Year of maturity

Year of maturity	By Net Outstanding Principal Balance		By number of loans	
	Amount (€)	%	Loans	%
2018	61,291,325	11.6%	199	8.1%
2019	78,806,449	15.0%	367	14.8%
2020	74,555,613	14.2%	311	12.6%
2021	62,800,195	11.9%	314	12.7%
2022	73,119,668	13.9%	398	16.1%
2023	83,653,841	15.9%	332	13.4%
2024	9,252,904	1.8%	53	2.1%
Post 2024	83,407,665	15.8%	498	20.1%
<b>Grand Total</b>	<b>526,887,661</b>	<b>100.0%</b>	<b>2,472</b>	<b>100.0%</b>

## Weighted average life

The weighted average lives of the Notes will be influenced by, among other things, the actual rates of repayment and prepayment of the Mortgage Loans as well as the amount of the Mortgage Loans being extended at maturity. The weighted average lives of the Notes cannot be stated, as the actual rates of repayment and prepayment of the Mortgage Loans and a number of other relevant factors are unknown.

However, calculations of the possible weighted average lives of the Notes can be made based on certain assumptions. The following tables were prepared based on the characteristics of the Mortgage Loans and the following additional assumptions:

- (a) in the scenario as set out in the columns headed "Notes are called on FORD", the Seller Prepayment Call Option was exercised on the First Optional Redemption Date, or in the scenario as set out in the columns head "No call option exercised", the Seller Prepayment Call Option is not exercised;
- (b) all loans continue to be performing and there is no delinquency, default or any loss on the portfolio;
- (c) all loans in the portfolio are extended on the same amortisation profile as on the Provisional Portfolio Cut-Off Date, until the relevant loan pays in full or the Notes Payment Date falling in January 2046, whichever is earlier. Upon such extension, Linear Mortgage Loans will continue to amortise according to the current principal repayment schedule; for Annuity Mortgage Loans, the principal repayment profile will be re-calculated using the reset interest rate and the same economic maturity date used to calculate the monthly payment prior to the extension;
- (d) fixed rate mortgage loans will be reset to the relevant swap rate under the Swap Agreement plus 2.75 per cent. at the relevant interest reset date or maturity date, while floating rate mortgage loans will be reset to the relevant fixed rate under the Swap Agreement plus 2.75 per cent. at the maturity date and in each case the relevant fixed rate under the Swap Agreement is assumed to be 0.0%;
- (e) 3-month EURIBOR remains constant at 0.0%;
- (f) the Mortgage Loans are subject to an annualised CPR rate of between 0 per cent. and 30 per cent. per annum as shown in the following tables, with the annualised CPR rate representing the total prepayment rate including loans that are not extended at their maturity date;
- (g) there is no redemption of the Notes for tax or regulatory reasons;
- (h) no Further Advances, Product Switches or repurchases by the Seller occur;
- (i) there is no debit balance on the Principal Deficiency Ledger on any Notes Payment Date;
- (j) at the Closing Date, the Class A Notes represent approximately 78.95% of the principal balance of the Mortgage Portfolio as at the Provisional Portfolio Cut-off Date subject to rounding to the minimum denomination;
- (k) at the Closing Date, the Class B Notes represent approximately 9.75% of the principal balance of the Mortgage Portfolio as at the Provisional Portfolio Cut-off Date subject to rounding to the minimum denomination;
- (l) at the Closing Date, the Class C Notes represent approximately 3.95% of the principal balance of the Mortgage Portfolio as at the Provisional Portfolio Cut-off Date subject to rounding to the minimum denomination;
- (m) at the Closing Date, the Class D Notes represent approximately 3.50% of the principal balance of the Mortgage Portfolio as at the Provisional Portfolio Cut-off Date subject to rounding to the minimum denomination;

- (n) at the Closing Date, the Class E Notes represent approximately 0.85% of the principal balance of the Mortgage Portfolio as at the Provisional Portfolio Cut-off Date subject to rounding to the minimum denomination;
- (o) Initial Cut-off Date is 31 August 2018, Closing Date is 18 September 2018 and first Notes Payment Date is on 28 January 2019;
- (p) the Final Maturity Date of the Notes is the Notes Payment Date falling in April 2051;
- (q) the weighted average lives have been calculated on an actual/360 basis;
- (r) the weighted average lives have been modelled on the Net Outstanding Principal Balance of the Mortgage Loans including any Construction Deposits (i.e. it is assumed that the Construction Deposits are drawn on the Provisional Portfolio Cut-Off Date);
- (s) Mortgage Loans which are repaid in full are assumed to be repaid on the last day of the Mortgage Calculation Period;
- (t) the Notes will be redeemed in accordance with the Conditions; and
- (u) no Enforcement Notice has been served and no Event of Default has occurred.

The actual characteristics and performance of the Mortgage Loans are likely to differ from the assumptions above.

The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Mortgage Loans will prepay at a constant rate until maturity, that all of the Mortgage Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Mortgage Loans.

Moreover, the diverse remaining terms to maturity and interest rates of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified. Any difference between such assumptions and the actual characteristics and performance of the Mortgage Loans, or actual prepayment or loss experience, will affect the percentage of the initial amount outstanding of the Notes which are outstanding over time and cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated CPR percentage.

### Estimated Weighted Average Life of the Notes

CPR	Class A Notes		Class B Notes		Class C Notes	
	Notes are called on FORD (years)	No call option exercised (years)	Notes are called on FORD (years)	No call option exercised (years)	Notes are called on FORD (years)	No call option exercised (years)
0%	4.44	14.43	4.93	28.01	4.93	28.01
5%	3.84	6.75	4.93	20.77	4.93	26.87
10%	3.30	4.30	4.93	13.03	4.93	16.83
15%	2.81	3.13	4.93	9.40	4.93	12.11
20%	2.38	2.44	4.93	7.28	4.93	9.37
25%	1.99	1.99	4.93	5.88	4.93	7.56
30%	1.67	1.67	4.71	4.88	4.93	6.27

CPR	Class D Notes		Class E Notes	
	Notes are called on FORD (years)	No call option exercised (years)	Notes are called on FORD (years)	No call option exercised (years)
0%	4.93	28.01	4.93	28.01
5%	4.93	28.01	4.93	28.01
10%	4.93	20.50	4.93	23.94
15%	4.93	14.72	4.93	17.11
20%	4.93	11.36	4.93	13.20
25%	4.93	9.16	4.93	10.63
30%	4.93	7.60	4.93	8.81

\* Annualised CPR rate represents the total prepayment rate including both prepayment over contractual amount due as well as repayment due to loans not extending at their maturity dates (where the economic maturity is longer)

## 5.2 DESCRIPTION OF MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date include any and all rights (whether actual or contingent) of the Seller against the Borrower under or in connection with any Mortgage Loans. Payment for such sale shall occur on the Closing Date.

The Mortgage Receivables will result from Mortgage Loans secured by (a) a first-ranking mortgage right or first and sequentially lower ranking mortgage rights over the Mortgaged Assets (except that certain Mortgage Receivables are secured by a Mortgage ranking lower than a first-ranking Mortgage with an aggregate corresponding Value (as a proportion of the total Value of all Mortgaged Assets in the Provisional Portfolio as at the Provisional Portfolio Cut-Off Date) of 0.13%) and (b) one or more first-ranking rights of pledge over membership rights (*lidmaatschapsrechten*). The relevant Mortgage Loans were made by the Relevant Originator with the relevant Borrowers and the Mortgage Receivables under or in connection with such Mortgage Loans meet the criteria set forth in the Mortgage Receivables Purchase Agreement and (in the case of the Initial Portfolio) will be selected prior to or on the Closing Date. The Mortgages secure the relevant Mortgage Loans and are vested over property situated in The Netherlands. The Mortgage Loans and the Mortgages securing the liabilities arising therefrom are governed by Dutch law.

The loans to which the Mortgage Receivables relate can be categorised and described as follows in terms of their repayment profiles:

1. **Interest-only Mortgage Loan:** Under an Interest-only Mortgage Loan, only interest is due until maturity. The full principal amount is repayable in one instalment at maturity. An Interest-only Mortgage Loan is not connected to any savings product, investment product or insurance product and does not have a savings part, investment part or insurance part, respectively;
2. **Annuity Mortgage Loan:** An Annuity Mortgage Loan is characterised by equal periodical payments by the Borrower. These payments contain both an interest and a principal component. Given that with each principal payment part of the Mortgage Loan is redeemed, the interest component declines after each successive payment; and/or
3. **Linear Mortgage Loan:** The periodical payment under a Linear Mortgage Loan consists of a constant principal component plus an interest component based on the remaining Mortgage Loan balance. The balance of the Mortgage Loan is thus being repaid by a fixed sum, while the interest payment declines after each successive payment.

Based on the numerical information set out in section 5.1 (*Stratification Tables*) but subject to what is set out in section 1.1 (*Risk Factors*), the Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service any amounts due and payable under the Rated Notes.

### 5.3 ORIGINATION

The information set out in this section 5.3 (*Origination*) sets out the origination process as at the date of this Prospectus.

#### *Origination Process*

Origination is via direct distribution or via mortgage intermediaries or other introducers. In all cases the underwriting is done in house with the intermediary merely introducing the customer to RNHB B.V.

The origination process is undertaken by four dedicated teams:

**Sales** A dedicated client facing sales team that manages relationships with clients and intermediaries. Their focus is actively managing new and existing client and intermediary relationships; sourcing new clients through existing and new distribution channels; monitoring market and competitor movements and reviewing and evaluating client financing requirements in the first instance.

**Commercial analysis** A specialised underwriting team that on-boards and undertakes the initial underwriting of new loans. Their focus is; underwriting new loan applications; managing single and multiple client compositions within Portfolio Mortgage Loan Groups; reviewing existing and new client positions and assessing loan extensions for clients with various risk profiles.

**Credit risk analysis** This team approves all new applications, existing and new client positions and loan extensions and reviews credit applications prepared by the commercial analysis team. Their focus is approving / declining applications based on internal credit risk policy and independent diligence and, if required, presenting and submitting proposals to credit committee or risk committee (depending on internal thresholds).

**Asset & Management & Valuation** An in-house valuation team that deals with larger and/or more complex cases. Their focus is; Re-valuing properties that are subject to revaluation under existing policy; Reviewing and performing quality checks of external valuation reports from third parties and or development finance, checking progress of constructions prior to release of construction deposits.

The underwriting process is all undertaken by RNHB B.V. and involves various stages of analysis and review to ensure that a potential loan is considered carefully against the credit policy and underwriting criteria. Assuming that an offer is made and a loan is disbursed, the process typically takes approximately six weeks. RNHB B.V. employs a "four eyes" principle in that both Commercial Analysis and Credit Risk Analysis are required to approve the credit proposal.

Given RNHB B.V.'s strategy to "grow together" with their clients, RNHB B.V. and its predecessors have built up a number of long term borrower relationships where the borrower has multiple loans secured on various properties. As a result, RNHB B.V. tracks a metric called a "Risk Group" ("**Portfolio Mortgage Loan Group**") which includes all loans to a common set of borrowers which are cross collateralised. In addition to underwriting a new loan RNHB B.V. will also consider the overall "Risk Group" exposure and level of indebtedness before approving a loan.

An overview of the typical process is outlined below.

1. *Request - commercial analysis preparation team:* check information and supporting documentation is correct.
2. *First check - commercial analysis account manager:* check application against credit policy and conduct customer checks (CDD procedure, including know your customer (KYC) and anti-money laundering (AML)).
3. *Valuation - commercial analysis Asset Management & Valuation team:* commission full professional valuation.
4. *Credit proposal - commercial analysis/credit risk analysis teams:* prepare credit proposal following checks of (a) LTV and asset type against credit policy and (b) information/underlying documentation against underwriting checklist.

5. *Decision - credit committee or risk committee*: assess credit proposal at relevant level of credit committee or risk committee based on internal decision matrix.
6. *Firm offer – outsourced to dedicated loan administration team (of the Servicer)*: check on completeness of the loan application file and required documentation and data and subsequent preparation of offer documents for signature and sending to client.
7. *Closing – outsourced to dedicated loan administration team (of the Servicer)*: inform notary through ECH (a communication system which communicates between notaries and financiers) to prepare for closing/loan disbursement on receipt of offer acceptance letter from client.

***Credit policy and underwriting criteria***

RNHB B.V. has a detailed credit policy that sets out the overall credit risk policy for the business and the portfolio parameters under which it wishes to originate new loans. This policy forms the basis of the underwriting criteria. The credit policy and the underwriting criteria are continually reviewed and updated to reflect portfolio performance, market developments and regulatory requirements.

Applications are predominately manually underwritten. The core of the credit policy and the underwriting criteria is the value of and cash flows generated by the secured asset. Although RNHB B.V. reviews the credit worthiness of the borrower, in principle, no benefit is given to additional sources of income over and above rental income generated by the secured asset.

Key areas of analysis often include:

1. Client (consumer / non-consumer / experience / track record)
  - (a) Credit history (*credit bureau information or BKR coding*)
  - (b) Fraud check (screening of relevant sanctions lists and fraud databases: borrower and intermediary)
  - (c) Income
  - (d) Type of employment: temporary or permanent employment, self-employment
  - (e) Maximum permissible debt service to income ratio as determined by regulations (for consumers)
2. Underlying property by means of a valuation report (residential / mixed / commercial)
  - (a) Current Value
  - (b) Saleability (reasonable / good at the start of the financing)
  - (c) Lettability (reasonable / good at the start of the financing)
  - (d) Property rental cash flows
3. Requested type of financing
  - (a) Loan to value (dependent on amortisation profile, type of property and type of financing)
  - (b) Available cash flow at the start of the loan
  - (c) Loan-to-value limitations both based on regulations (for consumers especially) and borrower and loan characteristics
  - (d) Loan purpose and property type

### ***Property Type Determination***

RNHB B.V. classifies the various property types as follows. A mixed use asset is one which has a residential and commercial component.

<b>Property Type</b>	<b>Determination</b>
Apartment	Residential
Residential house	Residential
Residential complex	Residential
Shop / house combination	Mixed
House with office	Mixed
Office villa	Mixed
Multi-tenant building	Mixed
Residential farm	Mixed
House with cafe / restaurant	Mixed
Shop (unit)	Commercial
Industrial building	Commercial
Land	Commercial
Cafe / restaurant	Commercial
Office building	Commercial
Parking	Commercial
Hotel	Commercial
Office part	Commercial
Recreation	Commercial
Shop (strip)	Commercial
Garage	Commercial
Land (agricultural)	Commercial
Land (industrial planned)	Commercial
Land (houses planned)	Commercial
Other	Commercial

## 5.4 SERVICING

The Portfolio is serviced by Vesting Finance Servicing B.V. The core of the servicing team working on the portfolio is comprised of the former servicing team of the RNHB Business see section 2.4 (*Seller/Originator*). This has ensured that the detailed knowledge and experience of the team has been retained.

### *Cash collection*

The vast majority of borrowers pay via direct debit that is collected on the first calendar day of the month. Payments are typically scheduled to be received by the Seller on the first business day of each month.

### *Loan extensions*

The Seller has full discretion to offer an extension at the maturity date of the relevant loan. In certain cases, an extension is not offered due to commercial reasons or risk appetite. On extension, the Servicer, at the instruction and on behalf of the Seller may offer a new redemption profile to the customer. The historical extension take-up rate is very high.

### *Interest rate resets*

At loan extension, the Servicer, at the instruction of the Portfolio Advisor and on behalf of the Seller offers the existing borrowers a new interest rate. There are no restrictions on the rates that the Seller offers to customers when extending a loan or at interest reset dates if it is providing the same treatment to new and existing customers. The Seller currently offers the prevailing interest rate (as for new clients) based on tenor, LTV and property type. It currently only offers fixed rate loans ranging in tenor from 1 to 10 years for commercial properties and terms of 1,3,5,7 or 10 years for residential or mixed properties.

### *Arrears process*

An overview of the arrears process executed by the Servicer is set out below.

1. *1<sup>st</sup> stage – loan administration team:* send automated reminder including first warning of BKR registration
2. *2<sup>nd</sup> stage – credit control team:* send second reminder including second warning of BKR registration and make phone call to offer opportunity to pay, identify any problems and consider need for early transfer to the special asset management ("**SAM**") team
3. *3<sup>rd</sup> stage – credit control team:* prepare payment scheme; send last warning of BKR registration; make second phone call to offer opportunity to pay, identify any problems and consider need for early transfer to the SAM team and send correspondence requiring borrower to pay arrears within 10 days
4. *Final stage – special asset management (SAM) team:* transfer file to SAM team and register missed payments with BKR if the customer is more than three months in arrears.

### *SAM process*

The usual stages of the SAM process are outlined below.

1. *Intake process:* appoint dedicated account manager; check documentation; complete intake form and prepare problem analysis including first plan of action and initial assessment to pursue restructuring or termination including rough calculation of treatment time.
2. *Strategy determination:* potential arrangement with customer; determine overall strategy and set up strategy report. The strategy report including any exit strategy requires the approval of the risk committee of the Seller before execution of the strategy report.
3. *Administration process:* update valuation (if necessary); continue monitoring of strategy; if problem solved then the account will be retransferred back to the loan administration team but if not solved then further steps taken.

4. *Liquidation*: if loan is not sustainable and/or the borrower is uncooperative, sell property via a dedicated property manager; consensual sale or foreclosure and forced sale of the property; auction or bilateral sale and potential seizure of other collateral.
5. *Loss provisions*: any potential, expected or envisaged loss on a Mortgage Loan (as a result of a private or public sale with residual debt) is reported to and subject to the approval of the risk committee of the Seller before such loss will be incurred or provisioned.

#### *Enforcement process*

The number of SAM cases managed by each account manager depends on complexity and overall exposure with typical ranges being from 15 to 30 cases. The period a Portfolio Mortgage Loan Group can remain in the SAM team depends on the complexity of the case.

Before enforcing on its security, the Seller (via the Servicer) at first explores various options in cooperation with the borrowers to try to get the loans to re-perform. If the loan is unsustainable and/or the borrower is un-cooperative, enforcement will occur and the properties will be sold either via a voluntary private sale or as last resort via a public auction and the sale process will be outsourced to external brokers. Very rarely, the Seller invests in the property at a public auction in order to get a higher recovery. Enforcement time and costs differ from case to case based on complexity.

#### *Repossessions*

Although consensual workout is the preferred option, the Seller (via the Servicer) has and will continue to foreclose on a timely basis on property when required: average time to sell a residential property from the decision thereto typically takes three months depending on the strategy.

## 5.5 DUTCH MORTGAGE MARKET

### Dutch Housing Market

The Netherlands has one of the lowest home ownership rates in the EU. In 2017 there were near 7.7 million households in The Netherlands, 60% of which are owner occupied, the remaining 40% of which is rental accommodation. Of the available residential rental units in The Netherlands, 75% of the supply is owned by social housing associations, while the remaining 25% can be classified as belonging to the private rental sector.

Furthermore, the Dutch residential rental market is divided into a rent regulated market, representing around 90% of rental units, and a non-regulated rental market which represents the remaining 10% of rental units. This structural shortage of private rental units, set against a backdrop of high demand for rental accommodation, has provided a driver for the growth of the non-regulated rental market, with this sector almost doubling between 2009-2012 with an increase of 100,000 units over the period. The expectation is that a number of factors will drive continued private rental sector growth, including, the tighter restrictions on mortgage lending, government limitations and reforms being passed with regards to the social housing sector (*Woningwet 2015*), increased flexibility in the residential rental market that now allow use of short-term rental contracts (*Wet Doorstroming Huurmarkt*, amending article 271 of the Dutch Civil Code), and a favourable tax regime.

The Dutch housing market has shown clear signs of recovery since the second half of 2013. Important factors are, among others, the economic recovery, high consumer confidence and low mortgage rates.

The average asking price for houses rose by 8.2% Year-on-Year at the end of Q4 2017, existing house prices (PBK-index) in Q1 2018 rose by 2.7% compared to Q4 2017. Compared to Q1 2017 this was 9.0%, the sharpest rise since early 2008. Recent increase in house prices has seen the index return to the levels last seen in 2008. The continued increase in house prices is in line with the rise in sales numbers. Compared to a year ago, sales numbers for the last 12 months rose by 4.5%. The twelve month total of existing home sales now stands at 238,054, which is slightly above pre-crisis levels.

### Dutch Own Use Residential Mortgage Market

Despite the low home ownership rate Dutch residential mortgage debt stock is relatively sizeable, especially when compared to other European countries. This has been driven by relatively high Loan-to-Value (LTV) ratios, which in turn have since the 1990s been the result of the Dutch tax system which implicitly discouraged amortisation, due to the tax deductibility of mortgage interest payments. The mortgage debt growth continued until Q3 2012, when total Dutch mortgage debt stock peaked at EUR 533 billion. The correction in the housing market caused a modest decline in mortgage debt in subsequent years, but the market has been recovering since 2013. In Q4 2017, the mortgage debt stock of Dutch households equalled EUR 520 billion<sup>1</sup>. However there have been various changes in tax and underwriting regulations over the last 5 to 10 years to limit the risk of high LTV debt and tighten affordability criteria.

#### *Tax System*

The Dutch tax system has traditionally allowed for almost full deductibility of mortgage interest payments from taxable income. From the 1990s onwards until 2001, this tax deductibility was unconditional. In 2001 and 2004, several conditions have been introduced to limit the usage of tax deductibility, including a restriction of tax deductibility to (mortgage interest payments for) the borrower's primary residence and a limited duration of the deductibility of 30 years.

A further reform of the tax system was enforced on 1 January 2013. Since this date, all new mortgage loans have to be repaid in full in 30 years, at least on an annuity basis, in order to be eligible for tax relief (linear mortgage loans are also eligible). The tax benefits on mortgage loans, of which the underlying property was bought before 1 January 2013, have remained unchanged and are grandfathered, even in case of refinancing and relocation. As such, new mortgage originations still include older loan products, including interest-only. However, any additional loan on top of the borrower's grandfathered product structure has to meet the mandatory full redemption standards to allow for tax deductibility.

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<sup>1</sup> Source: DNB, Residential mortgages extended to Dutch households.

Another reform imposed in 2013 to reduce the tax deductibility is to lower the maximum deduction percentage. This used to be equal to the highest marginal tax bracket (52%), but since 2013 the maximum deduction is lowered by 0.5% per annum to 38.0% in 2042 (2016: 50.5%).

There are several housing-related taxes which are linked to the fiscal appraisal value ("**WOZ**") of the house, both imposed on national and local level. Moreover, a transfer tax (stamp duty) of 2% is applied when a house changes hands. Although these taxes partially unwind the benefits of tax deductibility of interest payments, and several restrictions to this tax deductibility have been applied, tax relief on mortgage loans is still substantial.

#### *Loan Products*

The Dutch residential mortgage market is characterised by a wide range of mortgage loan products. In general, three types of mortgage loans can be distinguished.

Firstly, the "classical" Dutch mortgage product is an annuity loan. Annuity mortgage loans used to be the norm until the beginning of the 1990s, but they have returned as the most popular mortgage product in recent years. The reason for this return of annuity mortgage loans is the tax system. Since 2013, tax deductibility of interest payments on new loans is conditional on full amortisation of the loan within 30 years, for which only (full) annuity and linear mortgage loans qualify.

Secondly, there is a relatively big presence of interest-only mortgage loans in the Dutch market. Full interest-only mortgage loans were popular in the late nineties and in the early years of this century. Mortgage loans including an interest-only loan part were the norm until 2013, and even today, grandfathering of older tax benefits still results in a considerable amount of interest-only loan origination.

Thirdly, there is still a big stock of mortgage products including deferred principal repayment vehicles. In such products, capital is accumulated over time (in a tax-friendly manner) in a linked account in order to take care of a bullet principal repayment at maturity of the loan. The principal repayment vehicle is either an insurance product or a bank savings account. The latter structure has been allowed from 2008 and was very popular until 2013. Mortgage loan products with insurance-linked principal repayment vehicles used to be the norm prior to 2008 and there is a wide range of products present in this segment of the market. Most structures combine a life-insurance product with capital accumulation and can be relatively complex. In general, however, the capital accumulation either occurs through a savings-like product (with guaranteed returns), or an investment-based product (with non-guaranteed returns).

Most interest rates on Dutch mortgage loans are not fixed for the full duration of the loan, but they are typically fixed for a period between 5 and 15 years. Rate term fixings differ by vintage, however. More recently, there has been a bias to longer term fixings (10-20 years). Most borrowers remain subject to interest rate risk, but compared to countries in which floating rates are the norm, Dutch mortgage borrowers are relatively well-insulated against interest rate fluctuations.

#### *Underwriting Criteria*

Most of the Dutch underwriting standards follow from special underwriting legislation ("*Tijdelijke regeling hypothecair krediet*"). Underwriting criteria have been tightened over recent years to limit high LTV lending and this law has been present since 2013 and strictly regulates maximum LTV and Loan-to-Income (LTI) ratios. The current maximum LTV is 100% (including all costs such as stamp duties). LTI limits are set according to a fixed table including references to gross income of the borrower and mortgage interest rates. This table is updated annually by the consumer budget advisory organisation "NIBUD" and ensures that income after (gross) mortgage servicing costs is still sufficient to cover normal costs of living.

Prior to the underwriting legislation, the underwriting criteria followed from the Code of Conduct for Mortgage Lending, which is the industry standard. Although the Code of Conduct is currently largely overruled by the underwriting legislation, it is still in force. The major restriction it currently regulates, in addition to the criteria in the underwriting legislation, is the cap of interest-only loan parts to 50% of the market value of the residence. This cap was introduced in 2011 and is in principle applicable to all new mortgage contracts. A mortgage lender may however diverge from the cap limitation if certain conditions have been met.

## **Dutch Buy-to-Let (BTL) Residential Mortgage Market**

The Dutch BTL mortgage market is small in comparison to the Dutch owner occupied market, with estimates pointing towards 10%<sup>2</sup> of all housing sales in 2016 being BTL driven. This is a significant increase from 2016 where only 6% of all housing sales were BTL driven. With an annual mortgage production of EUR 116.6 billion in 2017<sup>3</sup>, it would imply an associated estimated BTL mortgage production of up to EUR 411.7 billion in 2017. LTVs in the Dutch BTL mortgage market are generally significantly lower than the owner occupied market, as is the case in most BTL markets, given that BTL mortgage loans relate to an investment (and not a primary residence) the mortgage lender generally requires a significant equity contribution from the borrower so as to align the borrowers incentives during the life of the loan. The available asset supporting cash flows are generally stronger than the Dutch owner occupied market, giving the lenders recourse to rental cash flows as well as the primary income of the borrower. The larger banks are not as active in the Dutch BTL segment, in contrast to the owner occupied market where the banks are dominant. Competition in this segment has decreased in the years following the financial crisis as Dutch financial institutions looked to downsize their real estate exposure, and as international banks withdrew from the Dutch investment market.

### *Tax System*

The Dutch BTL market is subject to a different tax regime than that applicable to owner occupied residences. As with owner occupied properties there are still several housing-related taxes which are linked to the WOZ value of the house, both imposed on national and local level, and a transfer tax (stamp duty) of 2% which is applied when a house changes hands. There is however no deductibility of interest for secondary or investment properties.

The applicable tax treatment differs according to whether the borrower is a natural or a legal person. In the case of a legal person then corporate taxes will be levied on rental income. If the borrower is a natural person, then rental income will be taxed either in accordance with "Box 1" which is a progressive tax on wages and income, or in accordance with "Box 3" which is the tax category applicable to savings and investments.

For natural persons the applicable tax "Box" will be defined on the basis of the borrower's involvement in the management of the property. If the borrower has outsourced the management of the property to a third party, then the applicable tax rate, in accordance with "Box 3", for BTL properties would be equal to 30% of an implied rate of return which is based on the total amount of the person's net assets. There is no tax deductibility for costs made in relation to "Box 3" rental revenue. If the borrower is involved in the active management of the property then the rental income from such BTL properties would be taxed according to the prevailing tax rate for the relevant "Box 1" wage and income bracket. If the rental income is taxed in accordance with "Box 1", certain costs incurred in the management of a property are tax deductible. It is noteworthy that there is no legal guideline in determining the "active management" of a property and there have consequently been jurisprudential studies as to the full scope of "active management" for the purposes of Dutch tax reporting. The key feature of this tax regime is that under a "Box 3" tax treatment there is no benefit of obtaining higher leverage to offset mortgage interest against rental income.

### *Loan Products*

The Dutch BTL mortgage market is characterised by similar mortgage product offerings as in the owner occupied market. The key differences are normally tenor, where BTL loans are typically offered with shorter maturities between 1 and 10 years as opposed to 30 to 35 years that is traditionally offered for owner occupied mortgages. At maturity loans are extended at the prevailing interest rate if the value of the assets and credit worthiness of the borrower remain sound. In practice this results in BTL loans replicating owner occupied loans that have longer tenors but with shorter term interest rate refix periods.

Given the different tax treatment versus owner occupied, BTL loans typically amortise either on an annuity or linear loan schedule, although, due to the short life of the loan, these do typically not fully amortise over the period e.g. the amortisation profile of a loan with a legal maturity of 10 years would be

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<sup>2</sup> Source: NVM, Land Registry

<sup>3</sup> Source: DNB

calculated assuming an "economic" maturity of 30 years. A small proportion of loans are bullet repayment interest-only loans although these loans are usually capped at a much lower initial LTV.

One specialist subsection of the BTL market is renovation and trade finance, designed for borrowers who are looking to purchase properties to renovate or convert. These borrowers look to own the property for a shorter period of time and profit from higher resale values as opposed to ongoing rental income. As such, these loans typically have a final maturity of 12 months although a number of these loans convert into standard BTL loans after the renovation works complete.

## 6. PORTFOLIO DOCUMENTATION

### 6.1 PURCHASE, REPURCHASE AND SALE

#### Purchase

In the Mortgage Receivables Purchase Agreement the Seller has agreed to sell and assign, and the Issuer has agreed to purchase and accept assignment of, Mortgage Receivables (including, where applicable, any Related Security) comprising the Initial Portfolio and, subject to certain conditions, Further Advance Receivables and Receivables resulting from Mortgage Loan Offers (including, where applicable, any Related Security) from time to time. The Mortgage Receivables and the Mortgage Loan Offers will be sold and assigned by way of undisclosed assignment (*stille cessie*). This takes place through due execution by the Seller and the Issuer of a Deed of Assignment and Pledge and either (i) registering that deed with the Dutch tax authorities (*Belastingdienst*) or (ii) ensuring such execution is before a civil law notary. Notification (*mededeling*) to the Borrowers or any insurance companies of the assignment can only take place if an Assignment Notification Event occurs if the Issuer or the Security Trustee determines to give such notice and will take place forthwith following the occurrence of the Assignment Notification Event and in any event within 21 calendar days from the date on which the Assignment Notification Event occurs (or such longer period as may be agreed by the Security Trustee after having received a Credit Rating Agency Confirmation to this effect). Following receipt by the Borrowers or Insurance Companies, as the case may be, of notification of the assignment, only payment to the Issuer will discharge a Borrower's or an Insurance Company's obligations under the relevant Mortgage Receivable or relevant insurance policy (as the case may be), subject to the rights of the Security Trustee as pledgee. The purchase price for the Mortgage Receivables (or Mortgage Loan Offers) shall consist of:

- (a) an Initial Purchase Price for each Mortgage Receivable (or Mortgage Loan Offer) equal to the Gross Outstanding Principal Balance of such Mortgage Receivable as at the relevant Cut-Off Date (or, in the case of a Mortgage Loan Offer, at the Origination Date); and
- (b) a Deferred Purchase Price which is not calculated on a Mortgage Receivable by Mortgage Receivable basis but for all Mortgage Receivables together and which is equal to the aggregate Deferred Purchase Price Instalments.

Each Initial Purchase Price is payable on the relevant Transfer Date or, in the case of a Mortgage Loan Offer, the Receivables Purchase Date immediately preceding the scheduled Origination Date of the relevant Further Advance and, save to the extent the relevant Mortgage Receivable relates to a Construction Mortgage Loan, in which case the Issuer will withhold the equivalent of the relevant Construction Deposit or Undrawn Construction Amount, as the case may be, as at the relevant Cut-Off Date and deposit the same in the Construction Deposit Account. Amounts standing to the credit of the Construction Deposit Account will be applied as described in section 4.6 (*Issuer Accounts*). The Initial Purchase Price for any Mortgage Loan Offer will only be transferred on the Receivables Purchase Date immediately preceding the scheduled Origination Date of the relevant Further Advance. Each Deferred Purchase Price Instalment is payable in accordance with the relevant Priority of Payments.

The Issuer is entitled to all proceeds relating to a Mortgage Receivable to the extent relating to the period starting on the relevant Transfer Date or, if it concerns principal proceeds, the period starting on the later of the relevant Cut-Off Date and the Origination Date.

#### *Purchase of Initial Portfolio*

On the Closing Date, the Seller will sell and assign to the Issuer the Initial Portfolio. The Initial Purchase Price for the Initial Portfolio is EUR 400,019,716.60, being the equivalent of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio as at the Initial Cut-Off Date.

The Initial Purchase Price for the Initial Portfolio will be funded by the Issuer from the net proceeds of the issue of the Notes (other than the Class G Notes).

The Seller shall pay on the Closing Date to the Issuer such amount as estimated by the Seller (acting in good faith) as being the proceeds of the Mortgage Receivables forming part of the Initial Portfolio received since the Initial Cut-Off Date in respect of first Mortgage Calculation Period (such estimated amount, the "**Estimated Initial Collections**"). If on the first Mortgage Calculation Date following the Closing Date and based on the relevant Monthly Data Tape, the Estimated Initial Collections exceed the

amount of the actual proceeds of the relevant Mortgage Receivables (the "**Actual Initial Collections**"), the Issuer shall be obliged to pay to the Seller (or to such other person as the Seller may notify to the Issuer in writing) the amount by which the Estimated Initial Collections exceed the Actual Initial Collections. If the Actual Initial Collections exceeds the Estimated Initial Collections, the Seller shall pay an amount equal to such excess to the Issuer.

***Purchases of Further Advance Receivables and Mortgage Loan Offers***

In the Mortgage Receivables Purchase Agreement, the Seller covenants, among other things, that if it makes:

- (a) any Further Advance; and/or
- (b) any Mortgage Loan Offer,

then on the first Transfer Date immediately following the making of such Further Advance and/or Mortgage Loan Offer, the Seller will offer such Further Advance Receivable and/or Mortgage Loan Offer (including any Related Security to the extent that such Related Security qualifies as an independently transferable claim (*zelfstandig overdraagbaar vorderingsrecht*)) for sale and assignment to the Issuer. The Issuer shall have no obligation to purchase any Further Advance Receivables and/or Mortgage Loan Offers, if either:

- (i) the relevant proposed Transfer Date occurs on or following the First Optional Redemption Date; or
- (ii) the purchase of the relevant Further Advance Receivable and/or Mortgage Loan Offer results in a breach of any of the applicable Asset Conditions.

The Initial Purchase Price for any Further Advance Receivable and Mortgage Loan Offer will be funded from the Available Principal Funds. No purchase price is payable in respect of any Roll-Over Receivable.

The Seller shall, in addition to any Further Advance and Mortgage Loan Offer, assign, to the extent necessary, any Roll-Over Receivable. No consideration is payable by the Issuer in respect of such Roll-Over Receivable.

***Asset Conditions***

In order for any Mortgage Receivable resulting from a Mortgage Loan which (i) has been the subject of any amendment or variation other than a Permitted Variation (a "**Product Switch**") or (ii) constitutes a Further Advance (or the Mortgage Loan Offer therefor), to remain in the Portfolio or to be acquired by the Issuer, the conditions set out below (the "**Asset Conditions**") must be complied with as of the date on which the Product Switch took place or relevant date of completion of the sale and purchase of the Further Advance Receivable (or the Mortgage Loan Offer therefor). On each Weekly Reporting Date the Cash Manager will prepare and circulate to each of the Seller, the Security Trustee, the Issuer and the Servicer the Asset Condition Report whether (i) the Asset Conditions were met in respect of any Further Advance Receivables and Mortgage Loan Offers transferred and assigned in the immediately preceding calendar week and (ii) based on the information available to it for such purpose, whether the Further Advance Receivables and Mortgage Loan Offers offered for transfer and assignment in the same calendar week as the Weekly Reporting Date are expected to meet the Asset Conditions.

If the purchase of such Further Advance Receivable and/or Mortgage Loan Offer would, if completed, result in a breach of any of the applicable Asset Conditions then the Issuer will not be obliged to purchase such Further Advance Receivable and/or Mortgage Loan Offer and will instead be obliged to sell, and the Seller will be obliged to repurchase and accept reassignment of, (i) all Mortgage Receivables relating to the Mortgage Loan in respect of which the relevant Further Advance and/or Mortgage Loan Offer was granted, (ii) all Mortgage Loans related to the same Portfolio Mortgage Loan Group and (iii) all Mortgage Loans to (one of) the same Borrower as in respect of such Further Advance and/or Mortgage Loan Offer.

The Asset Conditions are:

- (i) the Seller will represent and warrant to the Issuer and the Security Trustee the matters specified in (i) and (iii) as listed in section 6.2 (*Representations and Warranties*) of the Prospectus in respect of such Mortgage Receivable;
- (ii) no Assignment Notification Event has occurred and is continuing;
- (iii) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (iv) the First Optional Redemption Date has not occurred;
- (v) there is no debit balance in respect of the Class E Principal Deficiency Ledger as at the immediately preceding Notes Payment Date;
- (vi) the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables which are more than three months in arrears on the most recent Mortgage Calculation Date is not more than 3 per cent. of the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables;
- (vii) as at the immediately preceding Notes Calculation Date, the amount standing to the credit of the Reserve Fund is at least equal to the Reserve Fund Target Level;
- (viii) the aggregate Gross Outstanding Principal Balance of GT Commercial Mortgage Receivables and LT Commercial Mortgage Receivables together on the most recent Mortgage Calculation Date is not more than 50 per cent. of the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables;
- (ix) the aggregate Gross Outstanding Principal Balance of Residential Mortgage Receivables on the most recent Mortgage Calculation Date is not less than 30 per cent. of the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables;
- (x) the weighted average Current Loan to Value Ratio of all Mortgage Loans, including the Mortgage Loans from which the Further Advance Receivables to be purchased on the relevant Transfer Date result, does not exceed 65 per cent.;
- (xi) in respect of any Further Advance Receivable,
  - (a)
    - (1) the Current Loan to Value Ratio of the relevant Portfolio Mortgage Loan Group following the Further Advance is not above 80 per cent.; or
    - (2) the Current Loan to Value Ratio of the relevant Portfolio Mortgage Loan Group immediately following the relevant Further Advance is lower than prior to the inclusion of the relevant Further Advance, provided that, if a Further Advance is granted in relation to a new Mortgage Asset(s), the ratio of such Further Advance amount to the Value of the new Mortgage Asset(s) does not exceed 80 per cent. if the Mortgage Asset(s) is a Residential Property, or 75 per cent. if the Mortgage Asset(s) is a Mixed-Use Property, or 70 per cent. if the Mortgage Asset(s) is a Commercial Property;
  - (b) all receivables with a higher ranking security previously sold and assigned to the Issuer than the Further Advance Receivable are owned by the Issuer;
  - (c) no Mortgage Loan made to the relevant Portfolio Mortgage Loan Group is in arrears in relation to any payment;
  - (d) the aggregate Gross Outstanding Principal Balance of any Further Advance Receivables sold and assigned by the Seller to the Issuer on a cumulative basis does not exceed 20 per cent. of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio as at the Initial Cut-Off Date;

- (e) the Interest Rate Margin Condition for the relevant period is satisfied; and
  - (f) as at the relevant Receivables Purchase Date, the Further Advance Available Amount is at least equal to the Gross Outstanding Principal Balance of the relevant Further Advance Receivable to be sold and assigned on the relevant Transfer Date (taking into account any other Further Advance Receivables to be sold and assigned to the Issuer on the relevant Transfer Date);
- (xii) in respect of any Product Switch:
- (a) the aggregate principal amount of all Mortgage Loans which is subject to a Product Switch does not exceed 5 per cent. of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio as at the Initial Cut-Off Date (such amount, for the avoidance of doubt, to exclude any amounts being counted towards the limits set out in (xiii), (xiv) or (xv) below); and
  - (b) the Interest Rate Margin Condition for the relevant period is satisfied;
- (xiii) in respect of any Collateral Release (which is not a Permitted Variation), the relevant Portfolio Mortgage Loan Group is not currently in arrears and the Current Loan to Value Ratio of the Portfolio Mortgage Loan Group following the proposed Collateral Release does not exceed the limit set under the Seller's credit policies and further provided that the aggregate Gross Outstanding Principal Balance of all such affected Portfolio Mortgage Loan Groups (as at such time) does not exceed 5 per cent. of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio as at the Initial Cut-Off Date (such amount, for the avoidance of doubt, to exclude any amounts being counted towards the limits set out in (xii), (xiv) or (xv));
- (xiv) in respect of any release of a party from its obligations under the relevant Mortgage Loan, provided that there is at least one Borrower remaining following such release and further provided that the aggregate Gross Outstanding Principal Balance of all such affected Mortgage Loans (as at such time) does not exceed 5 per cent. of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio as at the Initial Cut-Off Date (such amount, for the avoidance of doubt, to exclude any amounts being counted towards the limits set out in (xii), (xiii) or (xv));
- (xv) in respect of any Annuity Mortgage Loan or Linear Mortgage Loan, any change to the repayment profile which decreases its rate of principal amortization provided that the aggregate Gross Outstanding Principal Balance of all such affected Mortgage Loans (as at such time) does not exceed 5 per cent. of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio as at the Initial Cut-Off Date (such amount, for the avoidance of doubt, to exclude any amounts being counted towards the limits set out in (xii), (xiii) or (xiv));
- (xvi) the aggregate of the balances of the Construction Deposits and the Undrawn Construction Amounts of all Mortgage Loans, including the Mortgage Loans from which the Further Advance Receivables to be purchased on the relevant date result, does not exceed 5 per cent. of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio as at the Initial Cut-Off Date;
- (xvii) the aggregate Gross Outstanding Principal Balance of all Interest-Only Mortgage Loans including the Mortgage Loans from which the Further Advance Receivables to be purchased on the relevant Transfer Date result, does not exceed 28 per cent. of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio sold and assigned by the Seller to the Issuer as at the Initial Cut-Off Date; and
- (xviii) in respect of any Mortgage Loan (including any loan part which is a Further Advance) which bears a fixed rate of interest (other than those which are more than six (6) months in arrears), the relevant Mortgage Loan (including any loan part which is a Further Advance) is subject to the Swap Agreement.

***Set-off***

The Mortgage Receivables Purchase Agreement provides that if a Borrower invokes set-off in respect of any amount he owes under, pursuant to or in connection with a Mortgage Receivable against any amount

he is entitled to receive from the Seller, then the Seller shall forthwith pay to the Issuer an amount equal to the amount in respect of which set-off is so invoked (unless such set-off corresponds to an amount held in the Construction Deposit Account by the Issuer already in which case an amount equal to the amount set-off shall be transferred to the Transaction Account for credit to the Redemption Ledger).

### ***Intercreditor arrangements***

In the Mortgage Receivables Purchase Agreement, the following intercreditor arrangement is agreed between the Seller, the Issuer and the Security Trustee, which may be relevant if the Seller has or will have Other Claims. If:

- (i) and to the extent that any Related Security secures both a Mortgage Receivable and any Other Claim, the Seller and the Issuer have agreed that the Issuer shall have, and the Seller has granted the Issuer, exclusive authority to perform all acts of management (*beheer*) and/or of disposal (*beschikking*) pertaining to such Related Security and in any event, without prejudice to the generality of the foregoing, to:
  - (a) foreclose (*uitwinnen*) on such Related Security without any involvement of the Seller; and
  - (b) apply the foreclosure proceeds in payment of the Mortgage Receivable such that only the remaining proceeds (if any) will be available for application in payment of the Other Claim,

provided that (i) for as long as no Assignment Notification Event has occurred, the Issuer has accepted to delegate such authority to the Seller, which delegation the Seller has accepted and (ii) such authority shall not be vested in the Issuer but in the Seller if the Seller can prove that such Related Security was specifically created to secure the Other Claim and was not intended to secure the Mortgage Receivable; and

- (ii) paragraph (i) above is not effective to procure compliance therewith by the Seller (or its respective liquidator in any Insolvency Proceedings), the Seller will owe the Issuer an amount equal to its share in the foreclosure proceeds of each relevant Related Security, which amount shall be immediately due and payable in case the relevant Borrower defaults (*in verzuim is*) in respect of the relevant Mortgage Receivable or the Other Claim(s) such Borrower owes to the Seller, provided that the Issuer's recourse to the Seller pursuant to this paragraph shall be limited to the Seller's share in the foreclosure proceeds of such Related Security.

### **Repurchase and sale**

After the Closing Date the Issuer may from time to time sell Mortgage Receivables, either to the Seller or to third parties, as described in more detail below.

### ***Related Security***

Any sale and assignment of Mortgage Receivables by or to the Issuer will include any Related Security.

### ***Mandatory repurchase by Seller***

If at any time in relation to a Mortgage Receivable any of the following events (each a "**Repurchase Event**") occur:

- (i) a material breach of the Mortgage Receivables Warranties as of the relevant Transfer Date and (A) the Seller does not within 14 calendar days of receipt of written notice thereof from the Issuer remedy the matter giving rise to such a breach if such matter is capable of being remedied or (B) such matter is not capable of being remedied;
- (ii) the Seller or the Servicer agrees with a Borrower to an amendment or waiver of the terms of a Mortgage Loan or any Collateral Release (in each case, other than (a) any Permitted Variation or (b) as a result of which the Asset Conditions continue to be met on or immediately following such amendment taking effect); or

- (iii) if (a) following the grant of a Further Advance on or prior to the Notes Payment Date immediately preceding the First Optional Redemption Date, the purchase of the related Further Advance Receivable does not meet the Asset Conditions, or (b) the Further Advance is granted following the Notes Payment Date immediately preceding the First Optional Redemption Date;
- (iv) the delivery of a Non-Satisfaction of Asset Condition Notice by the Servicer on each of the Seller and the Issuer; or
- (v) the Seller notifies the Issuer in writing prior to 31 December 2018 that it wishes to repurchase one or more Mortgage Receivables in order to comply with its obligations under the agreement pursuant to which one or more Mortgage Receivables has been acquired by the Seller,

then the Seller is obliged to repurchase (at the relevant purchase price described below under *Purchase price for repurchased / sold Mortgage Receivables*) and accept the reassignment of all Mortgage Receivables resulting from Mortgage Loans made to (i) the relevant Borrower and (ii) to the extent the relevant Borrower forms part of a Portfolio Mortgage Loan Group, the relevant Portfolio Mortgage Loan Group. The Seller will not be obliged to repurchase any Mortgage Receivables from the Issuer in any event other than as set out above. The Issuer shall be obliged to comply with any written request from the Seller to repurchase one or more Mortgage Receivables in the circumstances set out under (v) of the definition of Repurchase Event, provided that (i) no Assignment Notification Event has occurred on or prior to the proposed date of re-assignment and (ii) the aggregate principal balance of all Mortgage Loans so sold and re-assigned to the Seller does not exceed EUR 10,000,000.

***Optional repurchase by Seller; sale to third party***

If either (a) on any Mortgage Calculation Date the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables is less than 10 per cent. of the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables comprising the Initial Portfolio on the Initial Cut-Off Date, (b) an Optional Redemption Date is due to occur or (c) a Risk Retention Regulatory Change has occurred, the Seller may, but is not obliged to, repurchase and accept reassignment of all (but not some only) of the Mortgage Receivables on the immediately following Notes Payment Date provided that the Seller has notified the Issuer thereof at least 30 days prior to such Notes Payment Date. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or to any third party appointed by the Seller at its sole discretion on the applicable Notes Payment Date. If the date on which the Seller exercises the Clean-Up Call Option, the Seller Prepayment Call Option or Risk Retention Regulatory Call Option, as the case may be, falls less than 30 calendar days prior to the immediately following Notes Payment Date, such sale shall be completed on the second Notes Payment Date following the date on which the Seller exercises the Clean-Up Call Option, the Seller Prepayment Call Option or Risk Retention Regulatory Call Option, as the case may be.

In addition, the Issuer has the right to sell and assign all (but not some only) of the Mortgage Receivables (a) on any Optional Redemption Date or (b) following its exercise of the option to redeem the Notes pursuant to Condition 8.10 (*Optional Redemption – Tax Call*). If the Issuer decides to sell and assign all (but not some only) of the Mortgage Receivables on (a) an Optional Redemption Date or (b) following the exercise of its right to redeem the Notes pursuant to Condition 8.10 (*Optional Redemption – Tax Call*), as the case may be, it shall, on the Notes Payment Date (a) immediately preceding such Optional Redemption Date or (b) on which the Notes will be redeemed following the exercise of its option to redeem the Notes pursuant to Condition 8.10 (*Optional Redemption – Tax Call*), as the case may be, first offer to the Seller all of the Mortgage Receivables for sale (such sale to be completed on such (a) Optional Redemption Date or (b) the Notes Payment Date following the exercise of its option to redeem the Notes pursuant to Condition 8.10 (*Optional Redemption – Tax Call*), as the case may be). The Seller shall within a period of 14 Business Days inform the Issuer whether it wishes to repurchase all of the Mortgage Receivables and certify to the Issuer that the purchase price payable by it shall be available to the Issuer on the Notes Payment Date on which the relevant redemption of Notes is scheduled to take place. If the Seller does not so inform the Issuer that it wishes to repurchase and accept reassignment of the Mortgage Receivables, the Issuer may approach third parties for the sale and assignment of the Mortgage Receivables on the relevant Notes Payment Date.

***Purchase price for repurchased / sold Mortgage Receivables***

The purchase price for each Mortgage Receivable to be sold and assigned to (a) the Seller or to a third party (other than in connection with a redemption of Notes pursuant to Condition 8.7 (*Redemption – Clean-Up Call Option*), Condition 8.8 (*Redemption – Seller Prepayment Call*), Condition 8.9 (*Redemption - Risk Retention Regulatory Call*), Condition 8.10 (*Optional Redemption – Tax Call*)) or (b) to the Seller in connection with an obligation of the Seller to repurchase and accept reassignment of such Mortgage Receivable from the Issuer in accordance with the Mortgage Receivables Purchase Agreement in relation to a Repurchase Event, shall, in each case, be an amount equal to (i) the relevant Gross Outstanding Principal Balance of such Mortgage Receivable increased with Accrued Interest and Arrears of Interest, all as at the final day of the calendar month preceding the calendar month in which the relevant reassignment date falls and (ii) any costs incurred by the Issuer in effecting and completing such sale and reassignment (including any payment due under the Swap Agreement in connection with such sale and reassignment). If a Mortgage Receivable is repurchased by and reassigned to the Seller, the Seller is entitled to all proceeds relating to such Mortgage Receivable to the extent relating to the period starting on the relevant reassignment date or, if it concerns principal proceeds, the period starting on the final day of the calendar month preceding the calendar month in which the relevant reassignment date falls.

The purchase price for each Mortgage Receivable to be sold and assigned to the Seller or to a third party in connection with a redemption of Notes pursuant to Condition 8.7 (*Redemption – Clean-Up Call Option*), Condition 8.8 (*Redemption – Seller Prepayment Call*), Condition 8.9 (*Redemption – Risk Retention Regulatory Call*) or Condition 8.10 (*Optional Redemption – Tax Call*) shall be an amount equal to the amount that is required to (A) redeem all Notes (other than the Class G Notes, except in the case of Condition 8.10 (*Optional Redemption – Tax Call*)) at their Principal Amount Outstanding as at the day immediately prior to the relevant Optional Redemption Date and (B) meet the Issuer's payment obligations under each of the items (a) to (d) (inclusive) under the Revenue Priority of Payments.

The Principal Funds (for the avoidance of doubt, such proceeds do not include Arrears of Interest or Accrued Interest) of any of the aforementioned sales shall be applied by or on behalf of the Issuer as Available Principal Funds in accordance with the Redemption Priority of Payments or the Post-Enforcement Priority of Payments, as the case may be.

## 6.2 REPRESENTATIONS AND WARRANTIES

Neither the Issuer nor the Security Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Mortgage Receivables. Instead, each (as applicable) is relying entirely on the representations and warranties by the Seller contained in the Mortgage Receivables Purchase Agreement. The Mortgage Receivables Warranties are as follows and are given on the Closing Date by the Seller in respect of the Mortgage Receivables forming part of the Initial Portfolio to be transferred by it to the Issuer:

- (i) each Mortgage Receivable is an Eligible Mortgage Receivable;
- (ii) the particulars of the Mortgage Receivables set out in annex 1 to the Deed of Assignment and Pledge dated the Closing Date, are true, complete and accurate in all material respects and the Gross Outstanding Principal Balance in respect of each Mortgage Receivable as at the Initial Cut-Off Date is correctly stated in annex 1 to the Deed of Assignment and Pledge relating to the Closing Date; and
- (iii) prior to (but not earlier than a person acting in accordance with the standards of a Reasonable Prudent Lender would deem acceptable) making the initial advance to the Borrower pursuant to the Mortgage Conditions, the Seller complied with its obligations under the Dutch Identification Act (*Wet Identificatie bij Dienstverlening*) and the Dutch Act on the Notification of Unusual Transactions (*Wet Melding Ongebruikelijke Transacties*) (as amended and supplemented from time to time and currently referred to as the Dutch Prevention of Money Laundering and the Financing of Terrorism Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*)) together with any other ancillary regulatory requirements, including but not limited to any requirements of the AFM, in connection with the origination of each Mortgage Receivable.

### 6.3 MORTGAGE LOAN CRITERIA

A Mortgage Receivable is an "**Eligible Mortgage Receivable**" if it complies with the criteria set out below (the "**Eligibility Criteria**"), as at the relevant Transfer Date of such Mortgage Receivable. In the case of any Mortgage Loan Offers contemplated by the Mortgage Receivables Purchase Agreement the criteria set out below shall only be construed as being given on and from the completion of such Mortgage Loan:

1. the Mortgage Loans, the Mortgage Receivables and the Beneficiary Rights (if any) are validly existing and are not subject to annulment (*vernietiging*) or dissolution (*ontbinding*);
2. the Seller has full right and title (*titel*) to the Mortgage Loans, the Mortgage Receivables and the Beneficiary Rights (if any) and power (*beschikkingsbevoegdheid*) to sell and assign the Mortgage Receivables, and no restrictions on the sale, assignment and transfer of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being assigned, pledged and transferred;
3. the Mortgage Receivables and Beneficiary Rights (if any) are free and clear of any rights of pledge or other similar rights (*beperkte rechten*), encumbrances and attachments (*beslagen*) and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables;
4. each Mortgage Receivable is (i) secured by (a) one or more first-ranking Mortgage(s) (*eerste recht(en) van hypotheek*) or, in case of Mortgage Loans secured on the same Mortgaged Asset or in case of a Portfolio Mortgage Loan Group, first and sequentially lower ranking Mortgage or one or more first-ranking Mortgage(s) combined with one or more second-ranking Mortgage(s) over real estate (*onroerende zaak*), an apartment right (*appartementsrecht*), or a long lease (*erfpacht*), or a right of superficies (*opstalrecht*), except that certain Mortgage Receivables are secured by a Mortgage ranking lower than a first-ranking Mortgage with an aggregate corresponding Value (as a proportion of the total Value of all Mortgaged Assets in the Provisional Portfolio as at the Provisional Portfolio Cut-Off Date) of 0.13 per cent or (b) one or more first-ranking rights of pledge over membership rights (*lidmaatschapsrechten*) in each case situated in The Netherlands and (ii) governed by the laws of The Netherlands;
5. each Mortgage Loan was originated in, is denominated in and all amounts in respect of such Mortgage Loan are payable in, euro and may not be changed by the relevant Borrower to any other currency;
6. none of the mortgage deeds used by the Relevant Originator (nor any other agreements between the Relevant Originator and the relevant Borrower) in respect of a Mortgage Loan contains any specific provision stipulating that the Mortgage or Borrower Pledge will not follow the receivable if it is assigned or pledged to a third party;
7. the Mortgage Conditions do not violate any Applicable Laws, rules or regulations applicable at the time of origination of the relevant Mortgage Loan in any material respects;
8. at the time of origination, each Mortgaged Asset was valued by either an independent valuator or surveyor or a valuator employed by the Relevant Originator when the application for the relevant Mortgage Loan was made and no such valuations were older than 12 months on the date of such mortgage application by the relevant Borrower;
9. it has not been notified and is not otherwise aware of anything affecting its title to the Mortgage Receivables solely in respect of Mortgage Loans forming part of the Acquired Mortgage Portfolios, in so far as the Seller is aware;
10. each Mortgage Receivable constitutes legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller in accordance with its terms and is not subject to annulment (*vernietiging*), (a) subject to any limitations arising from bankruptcy, insolvency and any other laws of general application relating to or affecting the rights of creditors and (b) unless the illegality, validity, the non-binding effect or the enforceability is caused by an error or failure of a bailiff, a civil law notary or land registry. The binding effect and enforceability of the obligations of a Borrower may be affected by rules of the laws of The Netherlands which

generally apply to contractual arrangements, including (without limitation) the requirements of reasonableness and fairness (*redelijkheid en billijkheid*) and rules relating to force majeure;

11. each of the Related Security granted to secure the Mortgage Receivables:
  - (a) constitute valid, binding and enforceable rights of mortgage (*hypotheekrechten*) and rights of pledge (*pandrechten*), respectively, on the assets which are identified to be the subject of such Mortgages and Borrower Pledges, (a) subject to any limitations arising from bankruptcy law and (b) unless the illegality, validity, the non-binding effect or the enforceability is caused by an error or failure of a bailiff or a civil law notary or the land registry;
  - (b) is governed by the laws of The Netherlands; and
  - (c) to the extent relating to a Mortgage, have been entered into the appropriate public register, unless the omission to register is caused by an error or failure of a civil law notary or the land registry;
12. each of the Mortgages and the Borrower Pledges granted to secure the Mortgage Receivables were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with an amount in respect of interest, penalties and costs, up to an amount equal to at least forty (40) per cent. or sixty (60) per cent. (as the case may be) of such principal sum, therefore in total up to a maximum amount equal to one hundred forty (140) per cent. or one hundred sixty (160) per cent. (as the case may be) of at least the principal amount upon origination of the relevant Mortgage Receivables;
13. each of the Mortgage Loans has been granted and each Related Security has been vested, subject to the Mortgage Conditions and materially in the form of the mortgage deeds and/or pledge deeds as applied by the Relevant Originator, in each case as prevailing at that time;
14. each Mortgage Loan was originated by the Relevant Originator;
15. each of the Mortgage Loans (i) has been granted in accordance with the applicable legal requirements prevailing at the time of origination in all material respects (ii) met in all material respects the Relevant Originator's standard underwriting criteria and procedures (including those relating to manual overrules) prevailing at that time, which do not materially differ from the criteria and procedures set forth in the relevant acceptance guide, as amended from time to time, and (iii) is subject to terms acceptable at the time of origination to a reasonable lender of Dutch similar mortgage loans to borrowers in The Netherlands, which is acting as a reasonable creditor in protection of its own interests and was originated according to the procedures applicable at the Relevant Originator at the time of origination, and (iv) has been serviced and administered in all material respects in accordance with the Applicable Laws and regulations;
16. each Mortgage Loan has been concluded in compliance with all applicable consumer protection legislation to the extent that failure to comply would have a material adverse effect on the enforceability or collectability of such Mortgage Loan;
17. the Relevant Originator has undertaken all reasonable efforts to comply in all material respects with its duty of care (*zorgplicht*) *vis-a-vis* the Borrowers as applicable under the laws of The Netherlands to offerors of mortgage loans at the time of origination;
18. no amounts due and payable under any of the Mortgage Loans, were in arrears on the relevant Transfer Date other than, in the case of the Initial Portfolio, Mortgage Loans with an aggregate Gross Outstanding Principal Balance as at the Initial Cut-Off Date of EUR 13,877,896.32;
19. with respect to each of the Mortgage Receivables secured by a Mortgage on a long lease (*erfpacht*), the relevant Gross Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates, if the leaseholder materially breaches or ceases to perform its payment obligation under the long lease (canon) or if the leaseholder in any other manner breaches the conditions of the long lease;

20. the Seller does not have any current (savings) accounts or savings deposits relationships with the Borrowers other than any construction deposits amount in respect of the Mortgage Portfolio;
21. other than in respect of Construction Mortgage Loans, all Mortgage Loans have been fully disbursed, whether or not through the civil law notary;
22. neither the Seller nor the Relevant Originator has any Other Claim against the Borrower which is secured by the same Mortgage or Borrower Pledge securing the relevant Mortgage Receivable;
23. each Mortgage Loan constitutes the entire mortgage loan granted by the Relevant Originator to the relevant Borrower and not merely one or more loan parts (*leningdelen*);
24. in the Mortgage Conditions no further drawings and/or further credits have been agreed or anticipated other than in respect of Further Advances (if any) and in respect of Construction Deposits or Undrawn Construction Amounts;
25. the notarial mortgage deeds (*minuut*) relating to the Mortgages are kept by a civil law notary in The Netherlands, while the Seller (or any entity appointed by it on its behalf) keeps the loan files relating to the Mortgage Loans, which loan files include certified copies of the notarial mortgage deeds;
26. under each of the Mortgage Receivables (other than any Further Advance Receivable or Roll-Over Receivable) interest and, if applicable, principal due in respect of a period of at least one (interest) payment has been received by the Relevant Originator other than, in the case of the Initial Portfolio, Mortgage Loans with an aggregate Gross Outstanding Principal Balance as at the Initial Cut-Off Date of EUR 7,347,750.00;
27. any current account or savings deposit of the Borrower held with Coöperatieve Rabobank U.A. and the relevant Mortgage Loan are offered in such manner that it should be clear to the Borrower that (i) the current account or savings deposit is held with Coöperatieve Rabobank U.A., (ii) the relevant Mortgage Loan is granted by the Relevant Originator and (iii) the conditions pertaining to the current accounts or saving deposits do not contain contractual provisions entitling the Borrower to set off claims under these legal relationships against each other;
28. no Mortgage Condition contains confidentiality provisions which restrict the Issuer's exercise of its rights as (new) owner of the Mortgage Receivable;
29. no Mortgage Condition has been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects its terms or its enforceability or collectability, except in respect of Mortgage Loans subject to restructuring or renegotiation (*Bijzonder beheer*) procedures;
30. no Mortgage Condition has been entered into as a consequence of any conduct constituting fraud of the Relevant Originator and, to the best of the Seller's knowledge, no Mortgage Loan has been entered into fraudulently by the relevant Borrower;
31. the Seller is entitled to collect payments from the Borrowers in connection with the Mortgage Loans;
32. the Mortgage Loans do not include self-certified mortgage loans;
33. the Seller has not been notified and is not aware of anything affecting its title to the Mortgage Receivables;
34. the Mortgage Conditions provide that:
  - (a) each of the assets on which a Related Security has been vested to secure the Mortgage Receivable should, at the time of origination of the Mortgage Loan, have the benefit of buildings insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*);

- (b) all payments by the Borrower should be made without any withholding, deduction or set-off, except for general conditions for loans and security of FGH 1987 (*Algemene bepalingen van geldlening en zekerheidstelling van FGH 1987*) and conditions for home mortgage loans and general conditions for mortgages of Rijnlandse Hypotheekbank B.V. 2001 (*Voorwaarden voor woninghypotheken en Algemene bepalingen van hypotheekstelling van Rijnlandse Hypotheekbank B.V. 2001*);
35. in respect of Mortgage Loans which benefit from one or more life insurance policies, there is no relationship between such Mortgage Loans and these insurance policies, other than the right of pledge thereof granted by the relevant Borrowers to the Relevant Originator;
36. none of the Mortgage Loans qualify as investment mortgage loans (*beleggingshypotheken*), whereby the Borrower invests its moneys in an investment account (*beleggersgiro*);
37. no Borrower has any derivatives contract outstanding with the Relevant Originator;
38. at the relevant Transfer Date of such Mortgage Receivable, the Borrowers are not in breach of any material provision of the Mortgage Loans and no steps have been taken by the Relevant Originator to enforce any of the Mortgages other than, in the case of the Initial Portfolio, Mortgage Loans with an aggregate Gross Outstanding Principal Balance as at the Initial Cut-Off Date of EUR 6,861,036.92 (which are in arrears or in special asset management);
39. the interest rate on each Mortgage Loan is either a floating rate or a fixed rate;
40. interest on each Mortgage Loan is payable (*verschuldigd*) monthly or quarterly in arrear;
41. the Seller is not in any material respect in breach of its contractual obligations under the Mortgage Loans;
42. save in relation to any matter which is no longer outstanding, neither the Relevant Originator nor the Seller has received any written summons (*dagvaardingen*) of any litigation initiated by a Borrower relating to any Mortgage Loan; and
43. payments made under the Mortgage Receivables are not subject to Dutch withholding tax.

#### 6.4 SERVICING AGREEMENT

Pursuant to the terms of the Servicing Agreement the Servicer has agreed to (i) service the Mortgage Receivables on behalf of the Issuer and (ii) to exercise all rights, powers and discretions in respect of the Mortgage Receivables and the Mortgage Loans on behalf of the Issuer or the Security Trustee, as the case may be, that it may deem necessary or desirable, acting reasonably, in respect of the provisions of the services to be provided by it under the Servicing Agreement (the "**Services**"), provided always that the Servicer does not exceed the scope of its authority set out in the Servicing Agreement or the delegations for authority. The Servicer will be required to, among other things:

- (i) carry out certain activities with regard to the Mortgage Loans, the Mortgage Receivables and the Mortgages in accordance with the then current mortgage servicing procedures and Foreclosure Procedures and do all such things and prepare and send to the Issuer and/or any other relevant parties all such reports, files, documents and notices which are incidental thereto;
- (ii) take all reasonable steps to recover all sums due under or in connection with the Mortgage Loans including, without limitation, making claims under Insurance Policies; and
- (iii) take all other action and do all other things which it would be reasonable to expect a Reasonable Prudent Servicer to do with regard to mortgage loans such as the Mortgage Loans which may include waiving any prepayment penalties or late payment penalties to the extent in accordance with the provisions of the Servicing Agreement.

The Servicer has undertaken to, among other things, perform the services listed above in relation to the Mortgage Receivables, and that:

- (i) it shall administer the Mortgage Receivables and the related security with due and proper regards to its principles and procedures with respect to the servicing of mortgage receivables and consistent with the practice of a Reasonable Prudent Servicer;
- (ii) it will devote appropriate time to the service, management, processing, administration, collection, arrears management and foreclosure management of the Mortgage Loans and/or any other activity designated or approved by the Issuer in advance as a Reasonable Prudent Servicer would do, and devote or ensure that the same amount of time and attention will be devoted to and will exercise or ensure the exercise of the same level of skill, care and diligence in the performance of the Services as if it were processing and providing services with respect to its own mortgage loans (which are not Mortgage Loans) and it will ensure that the relevant staff is duly qualified and experienced;
- (iii) it will provide services with respect to the Mortgage Loans, the Mortgages and other collateral security with due and proper regard to the principles and procedures as agreed with the parties (or, in relation to the Security Trustee, as approved by it), to the extent relevant, or in such manner as a Reasonable Prudent Servicer would in respect of such Services;
- (iv) it shall keep in force all licences, approvals, authorisations and consents which may be necessary in connection with the performance of the Services, including reasonable endeavours to keep in force all licences, approvals, authorisations and consents which may be necessary in connection with the performance of the services, including a licence as an intermediary (*bemiddelaar*) and offeror (*aanbieder*) of credits under the Wft; if at any time the introduction or variation of any law would cause the Servicer not to comply with certain provisions of the Servicing Agreement, the Parties thereto agree they will use their reasonable endeavours to amend such provisions in order for the relevant provisions of the Servicing Agreement to comply with applicable laws;
- (v) it will allocate sufficient office space, facilities, equipment and staff to fulfil its obligations under the Servicing Agreement;
- (vi) it will ensure that all Mortgage Receivables are designated in its computer systems and other records as being receivables belonging to the Issuer;
- (vii) it shall adequately maintain the information technology systems used by it in providing the Services;

- (viii) it will use all reasonable endeavours to comply with any legal requirements in the performance of the Services;
- (ix) in case a default is made by it in the performance or observance of any of its covenants and obligations it shall, after becoming aware of such default:
  - (a) remedy such default within a period of ten (10) Business Days unless (a) another remedy period is agreed with the Issuer or (b) such default is incapable of remedy; and
  - (b) notify the Issuer immediately without any delay but, in any case within two (2) Business Days of any material default by it;
- (x) it shall liaise with the Portfolio Advisor as required on, *inter alia*, pending interest rate setting and loan extensions; and
- (xi) it shall inform the Issuer of any legal proceedings against it or any of its sub-agents which could in its reasonable opinion have an impact on the Servicer's obligations under the Servicing Agreement.

The Servicer will represent and warrant that it is, and covenants that it shall retain all licenses, approvals, authorisations and consents which may be necessary for the performance of the Services including a license under the Wft to act as consumer credit offeror (*aanbieder*) and intermediary (*bemiddelaar*) and undertakes to comply with the information duties towards the Borrowers under or pursuant to the Wft.

#### ***Portfolio Advisor***

In addition, pursuant to the terms of the Servicing Agreement the Issuer has appointed RNHB B.V. to act as portfolio advisor to:

- (a) act as a portfolio advisor in relation to the Mortgage Receivables and, where applicable, to instruct the Servicer; and
- (b) perform the other oversight, management and administration services imposed on the Portfolio Advisor by the Servicing Agreement.

If under the Servicing Agreement both the Issuer and the Portfolio Advisor have a right to instruct and their respective instructions conflict, the instruction of the Portfolio Advisor shall prevail.

#### ***Replacement Servicer Facilitator***

Pursuant to the Issuer Administration Agreement, the Issuer will appoint a Replacement Servicer Facilitator. The Replacement Servicer Facilitator shall, if upon the occurrence of a termination event in respect of the Servicer, use its reasonable endeavours to identify and approach any potential Suitable Entity to arrange for the appointment by the Issuer of a substitute servicer. If a Suitable Entity has been selected, the Replacement Servicer Facilitator will arrange for the appointment by the Issuer of such substitute servicer subject to the terms and conditions set out in the Issuer Administration Agreement and the Servicing Agreement, provided that such appointment (i) shall be approved by the Security Trustee, (ii) shall be effective not later than the date of the termination of the appointment of the Servicer, (iii) shall be on substantially the same terms as the terms of the Servicing Agreement, provided that the remuneration does not exceed the rate then commonly charged by providers of credit management and administration services for provision of such services on such terms and (iv) shall be notified to the Credit Rating Agencies.

#### ***Termination of appointment***

The Issuer and the Security Trustee may, upon written notice to the Servicer, terminate the Servicer's rights and obligations immediately if an event of default (which includes, subject to applicable grace periods, a payment default, breach of undertaking and Insolvency Proceedings in respect of the Servicer) occurs in respect of the Servicer under the Servicing Agreement. In case of a termination of the Servicing Agreement a substitute servicer shall be appointed by the Issuer provided that (i) such appointment shall be effective not later than the date of termination of the agreement with respect to the defaulted party, (ii) such substitute servicer enters into an agreement substantially on the terms of the Servicing Agreement,

(iii) the Servicer shall not be released from its obligations under the Servicing Agreement until such substitute servicer has entered into such new agreement.

If the appointment of the Servicer is terminated, the Servicer must deliver all files and other documentation relating to each Mortgage Receivable serviced and administered by it to, or at the direction of, the Issuer.

The Servicer may sub-contract the performance of its duties under the Servicing Agreement provided that the proposed sub-contractor meets conditions as set out in the Servicing Agreement. Any such appointment shall not in any way relieve the Servicer from its obligations under the Servicing Agreement in respect of the provision of any of the services for which it shall continue to be liable as if no such appointment had been made and as if the acts and omissions of the sub-agent or sub-servicer were the acts and omissions of the servicer.

***Remuneration and Liability of the Servicer***

The Servicer has capped its aggregate liability which can be incurred towards each of the Issuer, the Seller, the Security Trustee and the Portfolio Advisor. Other than in case of gross negligence, wilful misconduct or fraud of the Servicer, the liability of the Servicer is subject to a limit of (i) EUR 3,000,000 multiplied by the Portfolio Fraction per calendar year and (ii) EUR 15,000,000 multiplied by the Portfolio Fraction in total under the Transaction Documents *vis-à-vis* the Issuer, the Seller the Security Trustee and the Portfolio Advisor.

The above liability limits apply to any and all claims made by the Seller, the Security Trustee, the Issuer and the Portfolio Advisor against the Servicer (other than in case of gross negligence, wilful misconduct or fraud of the Servicer)

The Issuer will pay to the Servicer a servicing fee (plus any applicable value added tax) as agreed in the Servicing Agreement.

The initial Servicer is Vesting Finance Servicing B.V. See section 2.5 (*Servicer*).

## 7. GENERAL

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 21 September 2018.
2. Application has been made to The Irish Stock Exchange plc trading as Euronext Dublin for the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes to be admitted to the Official List and trading on its regulated market on the Closing Date. The estimated total costs involved with such admission amount to EUR 8,940.
3. The Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 186498127 and ISIN Code XS1864981276.
4. The Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 186498143 and ISIN Code XS1864981433.
5. The Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 186498160 and ISIN Code XS1864981607.
6. The Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 186498178 and ISIN Code XS1864981789.
7. The Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 186498186 and ISIN Code XS1864981862.
8. The Class F Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 186498984 and ISIN Code XS1864989840.
9. The Class G Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 186499026 and ISIN Code XS1864990269.
10. The addresses of the clearing systems are: Euroclear, 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium and Clearstream, Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
11. Since its establishment, there have been no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer. Since the date of its establishment the Issuer has not commenced operations and no financial statements have been made up as at the date of this Prospectus.
12. The Legal Entity Identifier (LEI) code of the Issuer is 72450003DIP0K7AAU132.
13. Physical copies of the following documents (together with, where applicable, English translations thereof) may be inspected at the specified offices of the Security Trustee or, if so elected by the Security Trustee, at any office of an affiliate company of the Director of the Security Trustee free of charge during normal business hours as long as any Notes are outstanding:
  - (a) any Beneficiary Waiver Agreement;
  - (b) the deed of incorporation (*oprichtingsakte*) including the articles of association (*statuten*) of the Issuer;
  - (c) the Cash Management Agreement;
  - (d) the Custody Agreement;
  - (e) the Incorporated Terms Memorandum;
  - (f) the Issuer Account Agreement;
  - (g) the Issuer Administration Agreement;

- (h) the letter of undertaking to be dated on or about the date hereof by, among others, the Issuer, the Director and the Security Trustee;
  - (i) the Management Agreements;
  - (j) the Mortgage Receivables Purchase Agreement;
  - (k) the Paying Agency Agreement;
  - (l) the Security Documents;
  - (m) the Servicing Agreement;
  - (n) the Swap Agreement; and
  - (o) the Trust Deed.
14. The Issuer's articles of association will be available free of charge at the registered office of the Issuer, the Security Trustee and the Paying Agent as long as any Notes are outstanding or can be obtained at the external website of, among others, the Issuer: [cm.intertrustgroup.com](http://cm.intertrustgroup.com).
15. A copy of this Prospectus will be available, free of charge, at the registered offices of the Issuer, the Security Trustee and the Paying Agent as long as any Notes are outstanding or can be obtained at the external website of, among others, the Issuer: [cm.intertrustgroup.com](http://cm.intertrustgroup.com).
16. U.S. taxes:
- 16.1 The Notes will bear a legend to the following effect: 'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code'.
- 16.2 The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
17. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Issuer.
18. All loan level data reports and investor reports required to be published by the Issuer can be obtained through the external website of <https://pivot.usbank.com>, until the redemption in full of the Rated Notes.
19. Market data and other statistical information used in this Prospectus is based on a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications (each an "**Independent Source**").

The most recent available information from Independent Sources has been included in this Prospectus. Some data are based on good faith estimates, which are derived in part from a review of internal surveys of the Seller, as well as the Independent Sources. Although these Independent Sources are believed to be reliable, the information has not independently been verified and its accuracy and completeness cannot be guaranteed.

The information in this Prospectus that has been sourced from Independent Sources has been accurately reproduced and, as far as this could be ascertained from the information published by the relevant Independent Source, no facts have been omitted which would render the reproduced information inaccurate or misleading (having taken all reasonable care to ensure such is the case).

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Seller, the Joint Lead Managers or the Arranger.

## 8. GLOSSARY OF DEFINED TERMS

### 8.1 DEFINITIONS

Except where the context requires otherwise, the following defined terms used in the Transaction Documents, the Conditions, the Notes and this Prospectus have the meanings set out below (as may be amended from time to time):

**"Accrued Interest"** means in relation to any Mortgage Receivable and as at any date (the **"Receivable Interest Determination Date"**) on or after the relevant Transfer Date, interest on such Mortgage Receivable (not being interest which is currently payable on such date) which has accrued from and including the scheduled interest payment date under the associated Mortgage Conditions immediately prior to the Receivable Interest Determination Date up to and including the Receivable Interest Determination Date;

**"Acquired Dome Mortgage Portfolio"** means the portfolio of Mortgage Loans acquired by the Seller on 25 October 2017;

**"Acquired Mortgage Portfolios"** means (i) the Acquired Yellow Mortgage Portfolio and (ii) the Acquired Dome Mortgage Portfolio;

**"Acquired Yellow Mortgage Portfolio"** means the portfolio of Mortgage Loans acquired by an entity related to the Seller on or about 29 December 2016;

**"Additional Interest"** has the meaning ascribed to it in Condition 7.12 (*Interest Deferral on the Rated Notes (other than the Class A Notes)*);

**"AFM"** means the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*);

**"AIFMR"** means the Commission Delegated Regulation No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;

**"All Moneys Mortgage"** means any mortgage right (*hypotheekrecht*) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;

**"All Moneys Pledge"** means any right of pledge (*pandrecht*) which secures not only the loan granted to the Borrower to purchase the mortgaged property, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the relevant Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship (*kredietrelatie*) of the Borrower and the Originator;

**"All Moneys Security Rights"** means any All Moneys Mortgages and All Moneys Pledges collectively;

**"Annuity Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower pays a fixed monthly instalment, made up of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that such mortgage loan will be fully redeemed at its maturity;

**"Applicable Law"** means any law or any regulation including: (i) any statute or regulation; (ii) an rule or practice of any authority by which the relevant entity is bound and (iii) any agreement between it and any Authorities;

**"Arranger"** means HSBC Bank plc;

**"Arrears of Interest"** means, in relation to any Mortgage Receivable and as at the Receivable Interest Determination Date, interest which is due and payable and unpaid up to and including the Receivable Interest Determination Date;

"**Asset Conditions**" has the meaning ascribed thereto in section 6.1 (*Purchase, Repurchase and Sale*) of this Prospectus;

"**Assignment Notification Event**" means the earliest to occur of the following unless the Security Trustee (without any obligation on its part to do so) has confirmed in writing to the Seller and the Issuer that, subject to any condition imposed by the Security Trustee, any such event shall not (or not immediately) constitute an Assignment Notification Event (and for the purposes of such confirmation, the Security Trustee shall be entitled to rely on a Credit Rating Agency Confirmation to that effect):

- (i) a default is made by the Seller in the payment on the due date of any amount due and payable by it under any Transaction Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller;
- (ii) the Seller fails duly to perform or comply with any of its material obligations under any Transaction Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within twenty (20) Business Days after notice thereof has been given by the Issuer or the Security Trustee to the Seller;
- (iii) the Seller takes any corporate action, or other steps are taken or legal proceedings are started or threatened against it, for (a) its dissolution (*ontbinding*), (b) its liquidation (*vereffening*), (c) a merger (*fusie*) involving the Seller as disappearing entity unless Credit Rating Agency Confirmation has been obtained in respect of such merger, (d) a demerger or split-off (*splitsing of afsplitsing*) involving the Seller as disappearing entity or split-off entity (*splitsende entiteit*) unless Credit Rating Agency Confirmation has been obtained in respect of such demerger or split-off, (e) its entering into emergency regulations (*noodregelning*) as referred to in Chapter 3 of the Wft, (f) its bankruptcy, (g) any analogous insolvency proceedings under any Applicable Law or (h) the appointment of a liquidator (*curator*), administrator (*bewindvoerder*) or a similar officer in respect of it or of any or all of its assets;
- (iv) the Seller's assets are placed under administration (*onder bewind gesteld*); or
- (v) an Event of Default occurs which is continuing;

"**ATS Addendum**" means the Automated Treasury Solutions addendum entered into on the Closing Date by, amongst others, the Issuer and the Swap Counterparty;

"**Authorised Investments**" means euro denominated government securities, euro demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) provided that in all cases such investments either:

- (vi) (A) have a maturity date of 60 days or less and mature before the next following Notes Payment Date or within 60 days, whichever is sooner (and in each case for at least the price paid for the relevant investment) and (B) are rated at least a minimum rating as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the Signing Date 'AA' (low) or 'R-1' (middle) by DBRS and 'A-1' by S&P;
- (vii) (A) have a maturity date of 90 days or less and mature before the next following Notes Payment Date or within 90 days, whichever is sooner (and in each case for at least the price paid for the relevant investment) and (B) are rated at least a minimum rating as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the Signing Date 'AA' (low) or 'R-1' (middle) by DBRS and 'A-1+' by S&P; or
- (viii) have a maturity date of 365 days or less and mature before the next following Notes Payment Date and the unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made have a minimum rating as determined to be applicable or agreed by a relevant Rating Agency from time to time, being as at the Signing Date 'A-1+' by S&P;

"**Available Principal Funds**" has the meaning ascribed thereto in section 4.1 (*Available Funds*) of this Prospectus;

"**Available Revenue Funds**" has the meaning ascribed thereto in section 4.1 (*Available Funds*) of this Prospectus;

"**Beneficiary Rights**" means all rights which the Originator has *vis-à-vis* the relevant Insurance Company in respect of an Insurance Policy, under which the Originator has been appointed by the Borrower / insured as beneficiary (*begunstigde*) in connection with the relevant Mortgage Receivable;

"**Beneficiary Waiver Agreement**" means any beneficiary waiver agreement entered into by the Seller, the Security Trustee, the Issuer and an Insurance Company after the Closing Date;

"**Borrower**" means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;

"**Borrower Insurance Pledge**" means a right of pledge (*pandrecht*) created in favour of the Originator (which includes any originator (A) which has merged (*gefuseerd*) into the Originator or (B) whose relevant assets and liabilities have been acquired by the Originator pursuant to a demerger (*afsplitsing*)) on the rights of the relevant pledgor against the relevant Insurance Company under the relevant Insurance Policy securing the relevant Mortgage Receivable;

"**Borrower Insurance Proceeds Instruction**" means the irrevocable instruction by the beneficiary under an Insurance Policy to the relevant Insurance Company to apply the insurance proceeds towards repayment of the same debt for which the relevant Borrower Insurance Pledge was created;

"**Borrower Pledge**" means (i) a right of pledge on the rights of the relevant Borrower vis-à-vis the relevant lessees in respect of rental payments due under lease agreements (*huurovereenkomsten*) entered into in respect of the Mortgaged Assets, (ii) a right of pledge on all rights of a Borrower under the building insurance policies (*opstalverzekeringen*) relating to the Mortgaged Assets, (iii) a right of pledge on the shares in the relevant Borrower (if any), (iv) a right of pledge on the rights of the relevant Borrower vis-à-vis the relevant counterparty under or in connection with the interest rate swap agreement(s) entered into in relation to the relevant Mortgage Loan (if any), (v) a right of pledge on the rights of the relevant Borrower vis-à-vis the purchaser under or in connection with any sale and purchase agreement relating to any of the Mortgaged Assets (if any) and (vi) a right of pledge on the rights of the relevant Borrower under or in connection with any life insurance policy entered into by such Borrower, which, in each case, secure the same debts as the Related Security (if any);

"**Breach of Duty**" means, in relation to any person, other than the Security Trustee, the Issuer Account Bank, the Paying Agent and the Cash Manager, a wilful default, fraud, illegal dealing, negligence or breach of any agreement or breach of trust by such person and, in the case of the Security Trustee, the Issuer Account Bank, the Paying Agent and the Cash Manager, a wilful default, fraud or gross negligence by such person;

"**Business Day**" means (i) when used in the definition of Notes Payment Date and in Condition 7.4 (*Euribor*), a TARGET 2 Settlement Day and (ii) in any other case, a day on which banks are generally open for business in Amsterdam and London;

"**Calculation Amount**" means EUR 1,000;

"**Calculated Principal Receipts**" has the meaning ascribed thereto in Condition 7.14(b)(iii);

"**Calculated Revenue Receipts**" has the meaning ascribed thereto in Condition 7.14(b)(ii);

"**Cash Management Agreement**" means the cash management agreement between the Issuer, the Cash Manager, the Servicer and the Security Trustee dated the Signing Date;

"**Cash Manager**" means Elavon Financial Services DAC, UK Branch;

"**Class A Notes**" means the EUR 315,800,000 senior class A mortgage-backed notes due April 2051;

"**Class B Notes**" means the EUR 39,000,000 class B mortgage-backed notes due April 2051;

"**Class C Notes**" means the EUR 15,800,000 class C mortgage-backed notes due April 2051;

"**Class D Notes**" means the EUR 14,000,000 class D mortgage-backed notes due April 2051;

"**Class E Notes**" means the EUR 3,400,000 class E mortgage-backed notes due April 2051;

"**Class F Notes**" means the EUR 12,000,000 class F mortgage-backed notes due April 2051;

"**Class G Notes**" means the EUR 8,000,000 class G notes due April 2051;

"**Clean-Up Call Option**" means the right of the Seller to repurchase and accept re-assignment of all (but not some only) of the Mortgage Receivables which are outstanding which right may be exercised on any Notes Payment Date if on the preceding Mortgage Calculation Date the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables is not more than 10 per cent. of the aggregate Gross Outstanding Principal Balance of the Mortgage Receivables comprising the Initial Portfolio on the Initial Cut-Off Date;

"**Closing Date**" means 28 September 2018 or such later date as may be agreed between the Issuer, the Seller, the Arranger and the Joint Lead Managers;

"**Code**" has the meaning ascribed thereto in Condition 11.2 (*No payment of additional amounts*);

"**Collateral Release**" means the release of any Mortgaged Asset or Related Security that may or may not be accompanied by a repayment under the related Mortgage Loan(s);

"**Commercial Properties**" means any Mortgaged Asset determined as "Commercial" pursuant to the table set out in section 5.3 (*Origination*);

"**Conditions**" means the terms and conditions of the Notes set out in Schedule 4 to the Trust Deed as from time to time modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;

"**Construction Deposit**" means in respect of a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested to be disbursed into a blocked account held in his name, the proceeds of which may be applied towards construction of, or improvements to, the relevant Mortgaged Asset;

"**Construction Deposit Account**" means the bank account of the Issuer designated as such in the Issuer Account Agreement;

"**Construction Mortgage Loan**" means a Mortgage Loan whereby the loan is not fully disbursed at origination and which, at origination, has an Undrawn Construction Amount or a Construction Deposit linked to it;

"**Coupons**" means the interest coupons appertaining to the Notes in definitive form;

"**CRA Regulation**" means Regulation (EC) No. 1060/2009 of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 462/2013 of 21 May 2013;

"**Credit Rating Agency**" means any credit rating agency (including any successor to its rating business) who, at the request of the Seller, assigns, and for as long as it assigns, one or more ratings to the Notes, from time to time, which as at the Closing Date includes DBRS and S&P;

"**Credit Rating Agency Confirmation**" means, with respect to a matter which requires Credit Rating Agency Confirmation under the Transaction Documents and which has been notified to each Credit Rating Agency with a request to provide a confirmation, receipt by the Security Trustee, in form and substance satisfactory to the Security Trustee, of:

- (a) a confirmation from each Credit Rating Agency that its then current ratings of the Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a "**confirmation**");
- (b) if no confirmation is forthcoming from any Credit Rating Agency, a written indication, by whatever means of communication, from such Credit Rating Agency that it does not have any (or any further) comments in respect of the relevant matter (an "**indication**"); or

- (c) if no confirmation and no indication is forthcoming from any Credit Rating Agency and such Credit Rating Agency has not communicated that the then current ratings of the Notes will be adversely affected by or withdrawn as a result of the relevant matter or that it has comments in respect of the relevant matter either:
- (i) a written communication, by whatever means, from such Credit Rating Agency that it has completed its review of the relevant matter and that in the circumstances (x) it does not consider a confirmation required or (y) it is not in line with its policies to provide a confirmation; or
  - (ii) if such Credit Rating Agency has not communicated that it requires more time or information to analyse the relevant matter, evidence that 30 days have passed since such Credit Rating Agency was notified of the relevant matter and that reasonable efforts were made to obtain a confirmation or an indication from such Credit Rating Agency.

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;

"**Current Loan to Value Ratio**" means:

- (d) in respect of all Mortgage Loans, the weighted average Current Loan to Value Ratio of all Portfolio Mortgage Loan Group (calculated by reference to the Gross Outstanding Principal Balance of each Portfolio Mortgage Loan Group); and
- (e) in respect of a Portfolio Mortgage Loan Group the ratio calculated by dividing the aggregate outstanding principal amount of all Mortgage Receivables in that Portfolio Mortgage Loan Group by the aggregate Value of the Mortgaged Assets in that Portfolio Mortgage Loan Group;

"**Custodian**" means Elavon Financial Services DAC, UK Branch;

"**Custody Agreement**" means the custody agreement between the Issuer, the Security Trustee and the Custodian dated on or about the Closing Date;

"**Cut-Off Date**" means, in relation to a Transfer Date, a Mortgage Calculation Date or a Notes Calculation Date, the final day of the calendar month preceding the calendar month in which such Transfer Date, Mortgage Calculation Date or Notes Calculation Date falls, and in relation to the Transfer Date falling on the Closing Date means 31 August 2018 (the "**Initial Cut-Off Date**");

"**DBRS**" means DBRS Ratings Limited, and includes any successor to its rating business;

"**Deduction Risk**" is as defined in section 1.1(e) (*Mortgage Receivables and Mortgaged Assets*) of this Prospectus;

"**Deed of Assignment and Pledge**" means a deed of assignment and pledge in the form set out in the Mortgage Receivables Purchase Agreement;

"**Deferred Interest**" has the meaning ascribed thereto in Condition 7.12 (*Interest Deferral on the Rated Notes (other than the Class A Notes)*);

"**Deferred Purchase Price**" means part of the purchase price for the Mortgage Receivables equal to the sum of all Deferred Purchase Price Instalments;

"**Deferred Purchase Price Instalment**" means, after application of the relevant available amounts in accordance with the relevant Priority of Payments, any amount remaining after all items ranking higher than the item relating to the Deferred Purchase Price have been satisfied;

"**Definitive Notes**" means Notes in definitive bearer form in respect of any Class of Notes;

"**Determination Period**" has the meaning ascribed thereto in Condition 7.14(a);

"**Directors**" means the Issuer Director, the Shareholder Director and the Security Trustee Director collectively;

"**DNB**" means the Dutch Central Bank (*De Nederlandsche Bank N.V.*);

"**Dutch Civil Code**" means the Dutch Civil Code (*Burgerlijk Wetboek*);

"**Dutch Insolvency Proceedings**" means a (provisional) suspension of payments (*(voorlopige) surseance van betaling*), bankruptcy (*faillissement*), or, if applicable, emergency regulations (*noodregeling*) in the interests of all creditors as referred to in Chapter 3 of the Wft;

"**ECB**" means the European Central Bank;

"**Eligibility Criteria**" means the criteria as set out in section 6.3 (*Mortgage Loan Criteria*) of this Prospectus;

"**Eligible Mortgage Receivable**" means a Mortgage Receivable that complies with the Eligibility Criteria as at the relevant Transfer Date of such Mortgage Receivable;

"**EMIR**" means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;

"**Enforcement Notice**" means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 12 (*Events of Default*);

"**English Law Agreements**" means the Issuer Account Agreement, the Custody Agreement, the English Security Agreement and the Swap Agreement;

"**English Security Agreement**" means the agreement so named, dated the Signing Date between the Issuer and the Security Trustee;

"**ESMA**" means the European Securities and Markets Authority;

"**EU**" means the European Union;

"**EUR**", "**euro**" or "**€**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended from time to time;

"**Euribor**" has the meaning ascribed thereto in Condition 7 (*Interest*);

"**Euribor Modification**" has the meaning ascribed thereto in Condition 16.7 (*Additional Right of Modification in Relation to Euribor Cessation*);

"**Euribor Replacement Rate**" has the meaning ascribed thereto in Condition 16.7 (*Additional Right of Modification in Relation to Euribor Cessation*);

"**Events of Default**" means any of the events specified as such in Condition 12 (*Events of Default*);

"**Exchange Date**" means the date, not earlier than forty (40) days after the issue date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;

"**Exchange Event**" has the meaning ascribed to such term in the Permanent Global Notes;

"**Extraordinary Resolution**" has the meaning ascribed thereto in Condition 2 (*Definitions*);

"**FATCA**" means sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto;

"**FGH**" means FGH Bank N.V. or Coöperatieve Rabobank U.A. as legal successor of FGH Bank N.V., as applicable;

"**Final Maturity Date**" means the Notes Payment Date falling in April 2051;

"**First Optional Redemption Date**" means the Notes Payment Date falling in July 2023;

**"Fixed Security Rights"** means security securing only (i) one or more specified receivables of the relevant initial pledgee or mortgagee against the relevant debtor or (ii) receivables arising from one or more specified contractual relationships (*rechtsverhoudingen*) between the relevant initial pledgee or mortgagee and the relevant debtor;

**"FSMA"** has the meaning ascribed thereto in section 3.3 (*Subscription and sale*) of this Prospectus;

**"FTT"** has the meaning ascribed thereto in section 1.1 (*The Notes*) of this Prospectus;

**"Further Advance"** means a loan or a further advance to be made to a Borrower under (a) an existing Mortgage Loan or (b) a new Mortgage Loan to a Borrower who has previously been granted one or more Mortgage Loans, in each case in respect of which a Mortgage Receivable is held by the Issuer;

**"Further Advance Receivable"** means the Mortgage Receivable resulting from a Further Advance;

**"Further Advance Available Amount"** means, on any day during a Receivables Purchase Calculation Period up to (but excluding) the First Optional Redemption Date, an amount equal to the amount of Principal Funds received by the Issuer in the relevant Receivables Purchase Calculation Period less any amounts already applied or earmarked for the purchase of Further Advances in such Receivables Purchase Calculation Period;

**"FW Max Value"** means, in respect of any Mortgaged Asset, the maximum financing amount (*maximale financieringswaarde*) for such Mortgaged Asset recorded in the Seller's loan administration system at such time;

**"General Collection Account"** means any bank account with the General Collection Account Bank into which, among other things, payments under the Mortgage Receivables are collected from Borrowers and which is held in the name of the Seller;

**"General Collection Account Bank"** means Coöperatieve Rabobank U.A. or such other bank appointed by the Seller;

**"General Collection Account Pledge Agreement"** means the amended and restated general collection account pledge agreement entered into by, amongst others, the Seller (as pledgor) and the General Collection Account Security Holder (as pledgee) relating to the General Collection Account pursuant to which a right of pledge is created in favour of the General Collection Account Secured Creditors over any and all rights of the Seller in respect of the General Collection Account;

**"General Collection Account Secured Creditors"** means the Security Trustee and any issuer or borrower or security trustee or agent who is part of a relevant financing arrangement entitled to part of the collections received into the General Collection Account;

**"General Collection Account Security Holder"** means U.S. Bank Trustees Limited;

**"Global Note"** means any Temporary Global Note or Permanent Global Note;

**"Governmental Authority"** means the government of any jurisdiction, or any political subdivision thereof, whether provincial, state or local, and any department, ministry, agency, instrumentality, authority, body, court, central bank or other entity lawfully exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government;

**"Gross Outstanding Principal Balance"** means, in relation to a Mortgage Receivable at any date, the aggregate principal balance of such Mortgage Receivable at such date (but avoiding double counting) including the following:

- (i) the aggregate principal balance of such Mortgage Receivable (which includes, for the avoidance of doubt, the aggregate amounts standing to the credit of the Construction Deposit and any Undrawn Construction Amounts in respect of such Mortgage Receivable), as at the relevant date; and
- (ii) any increase in the principal amount due under such Mortgage Receivable due to any Further Advance,

in each case relating to such Mortgage Receivable less any prepayment, repayment or payment of the foregoing made on or prior to such date;

**"GT Commercial Mortgage Receivable"** means a Mortgage Receivable resulting from a Mortgage Loan in respect of which the total Value of all the Commercial Properties securing the Portfolio Mortgage Loan Group relating to that Mortgage Loan as a percentage of the Value of all the Properties securing the Portfolio Mortgage Loan Group relating to that Mortgage Loan is greater than or equal to 50 per cent.;

**"Hedging Report"** means the report to be provided by the initial Swap Counterparty to the Issuer containing such information as agreed between the Issuer and the initial Swap Counterparty in the initial Swap Agreement;

**"Income Ledger"** means the ledger of the Transaction Account designated as such;

**"Incorporated Terms Memorandum"** means the incorporated terms memorandum, signed for identification purposes on or around the Signing Date between all parties to the Transaction Documents;

**"Initial Cut-Off Date"** has the meaning ascribed thereto in the definition of "Cut-Off Date";

**"Initial Portfolio"** means the Mortgage Receivables particulars of which are set out in the Deed of Assignment and Pledge executed on the Closing Date;

**"Initial Purchase Price"** means in relation to a Mortgage Receivable or Mortgage Loan Offer to be sold after the Closing Date, the Gross Outstanding Principal Balance of such Mortgage Receivable as at the relevant Cut-off Date or, in the case of a Mortgage Loan Offer, what would be the Gross Outstanding Principal Balance of such Mortgage Loan Offer on its Origination Date;

**"Initial Servicing Fee Payment Date"** means the earlier of the date on which (i) the Dutch Authority for Financial Markets (*Autoriteit Financiële Markten*) grants an exemption of the inducement ban (*onthefving van het provisieverbod*) to the Servicer and (ii) payments by the Issuer to the Servicer of such fees may be made without a breach of Applicable Laws;

**"Insolvency Proceedings"** means any Dutch Insolvency Proceeding or any equivalent or analogous proceeding under the laws of any other jurisdiction;

**"Insurance Company"** means any insurer that issued an insurance policy to a Borrower connected to the Mortgage Conditions and relating to a Mortgage Receivable;

**"Insurance Policy"** means a Risk Insurance Policy or any other insurance policy linked to a Mortgage Loan, if any;

**"Interest Determination Ratio"** means (i) the aggregate Calculated Revenue Receipts calculated in the three preceding Mortgage Reports (or where there are not at least three previous Mortgage Reports, any previous Mortgage Reports) divided by (ii) the aggregate of all Calculated Revenue Receipts and all Calculated Principal Receipts calculated in such Mortgage Reports;

**"Interest Period"** means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in January 2019 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;

**"Interest Rate Margin Condition"** means the condition that is satisfied, in respect of any Mortgage Calculation Period, in relation to any Mortgage Loan which bears a fixed rate of interest, if the weighted average (calculated by reference to the Gross Outstanding Principal Balance) interest rate on (i) all Further Advance Receivables purchased by the Issuer in such Mortgage Calculation Period and (ii) all Permitted Variations involving an extension of the maturity date of a Mortgage Loan or a change to the applicable interest rate of such Mortgage Loan which occur in such Mortgage Calculation Period ((i) and (ii) together, the **"Test Loans"**), is at least equal to the weighted average (calculated by reference to the Gross Outstanding Principal Balance) swap rate then applicable in respect of all such Test Loans under the Swap Agreement, plus a spread of 2.75 per cent.;

**"Interest Rate"** means the rate of interest applicable from time to time to a Class of Notes as determined in accordance with Condition 7 (*Interest*);

**"Interest-only Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;

**"Interest-only Mortgage Receivable"** means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;

**"ISDA"** means the International Swaps and Derivatives Association, Inc.;

**"Issue Price"** means in respect of (i) each Class of Notes (other than the Class D Notes, Class E Notes and Class F Notes), 100 per cent. of the nominal amount of such Class of Notes, (ii) the Class D Notes, 99.53 per cent. of the nominal amount of the Class D Notes, (iii) the Class E Notes, 99.54 per cent. of the nominal amount of the Class E Notes and (iv) the Class F Notes, 100.85 per cent. of the nominal amount of the Class F Notes;

**"Issuer"** means Dutch Property Finance 2018-1 B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands and established in Amsterdam, The Netherlands having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands and registered with the commercial register of the Chamber of Commerce (*Kamer van Koophandel*) under number 72132000;

**"Issuer Account Agreement"** means the issuer account agreement between the Issuer, the Security Trustee, the Cash Manager and the Issuer Account Bank dated the Signing Date;

**"Issuer Account Bank"** means Elavon Financial Services DAC, UK Branch;

**"Issuer Account Rights"** means any and all rights of the Issuer in respect of the Issuer Accounts, against any Issuer Account Bank;

**"Issuer Accounts"** means any of the Transaction Account, Construction Deposit Account and any Swap Collateral Account;

**"Issuer Administration Agreement"** means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;

**"Issuer Administrator"** means Intertrust Administrative Services B.V.;

**"Issuer Covenants"** means the covenants of the Issuer set out in Schedule 7 (*Issuer Covenants*) of the Trust Deed;

**"Issuer Director"** means Intertrust Management B.V.;

**"Issuer Management Agreement"** means the issuer management agreement between the Issuer, the Issuer Director and the Security Trustee dated the Signing Date;

**"Issuer Mortgage Receivables Pledge Agreement"** means the mortgage receivables pledge agreement between the Issuer and the Security Trustee dated the Signing Date;

**"Issuer Rights"** means any and all rights of the Issuer under and in connection with the Transaction Documents;

**"Issuer Rights Pledge Agreement"** means the issuer rights pledge agreement between, amongst others, the Issuer and the Security Trustee dated the Signing Date pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;

**"Joint Lead Manager"** means each of HSBC Bank plc and Barclays Bank PLC;

**"Land Registry"** means the Dutch land registry (*het Kadaster*);

**"Liabilities"** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

**"Linear Mortgage Loan"** means a mortgage loan or part thereof in respect of which the Borrower each month pays a fixed amount of principal towards redemption of such mortgage loan (or relevant part thereof) until maturity;

**"Listing Agent"** means Walkers Listing Services Limited or any other listing agent appointed by the Issuer from time to time for the purposes of liaising with the Stock Exchange and/or any other stock exchange from time to time;

**"Loss"** means any losses, liabilities, costs, claims, damages, expenses (including, but not limited to, legal costs and expenses reasonably incurred) or demands (or actions in respect thereof) including any VAT in respect thereof;

**"LT Commercial Mortgage Receivable"** means a Mortgage Receivable resulting from a Mortgage Loan in respect of which the total Value of all the Commercial Properties securing the Portfolio Mortgage Loan Group relating to that Mortgage Loan as a percentage of the Value of all the Properties securing the Portfolio Mortgage Loan Group relating to that Mortgage Loan is less than 50 per cent but greater than zero per cent.;

**"Management Agreement"** means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;

**"Mixed-Use Property"** means any Mortgaged Asset determined as "Mixed" pursuant to the table set out in section 5.3 (*Origination*);

**"Mortgage"** means a mortgage right (*hypotheekrecht*) securing the relevant Mortgage Receivables;

**"Mortgage Calculation Date"** means, in respect of a Mortgage Calculation Period, the tenth Business Day after the end of such Mortgage Calculation Period;

**"Mortgage Calculation Period"** means the period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month;

**"Mortgage Collection Payment Date"** means the first day of each calendar month, provided that, if any such day is not a Business Day, that Mortgage Collection Payment Date shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day;

**"Mortgage Conditions"** means the terms and conditions applicable to a Mortgage Loan, as set forth in the relevant mortgage deed and/or in any loan document, offer document or any other document, including any applicable general terms and conditions for mortgage loans as amended or supplemented from time to time;

**"Mortgage Loan Offer"** means a document from the Seller signed for acceptance by an entity or entities specified in such document relating to an offer for a mortgage loan to be granted by the Seller to a Borrower of a Portfolio Mortgage Loan Group subject to the terms and conditions set out therein;

**"Mortgage Loans"** means the mortgage loans granted by the Originator (which includes an originator (A) which has merged (*gefuseerd*) into the Originator or (B) whose relevant assets and liabilities have been acquired by the Originator pursuant to a demerger (*afsplitsing*) or otherwise) to the relevant borrowers as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and, after any purchase and assignment of any Further Advance Receivables and/or Roll-Over Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant Further Advances and/or Roll-Over Loans, to the extent any and all rights under and in connection therewith are not retransferred or otherwise disposed of by the Issuer;

**"Mortgage Receivable"** means any and all rights of the Seller (and after assignment of such rights to the Issuer, of the Issuer) against the Borrower under or in connection with a Mortgage Loan (to be granted), including any and all claims of the Seller (or the Issuer after assignment) against the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void and any and all rights under or relating to an offer in respect of a Mortgage Loan;

**"Mortgage Receivables Purchase Agreement"** means the mortgage receivables purchase agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;

**"Mortgage Receivables Warranty"** means the representations and warranties given by the Seller in respect of the Mortgage Receivables as set out in Part 3 of Schedule 1 (*Representations and Warranties*) to the Mortgage Receivables Purchase Agreement;

**"Mortgage Report"** means the report prepared by the Servicer pursuant to the Servicing Agreement;

**"Mortgaged Asset"** means (i) a real property (*onroerende zaak*), (ii) an apartment right (*appartementrecht*) or (iii) a long lease (*erfpachtsrecht*) situated in The Netherlands on which a Mortgage is vested;

**"Most Senior Class of Notes"** means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority than any other Class of Notes;

**"Net Foreclosure Proceeds"** means, in respect of a Mortgage Receivable, (i) the proceeds of a foreclosure on a Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the relevant Mortgage Receivable, (iii) the proceeds, if any, of collection of any insurance policy in connection with the relevant Mortgage Receivable, including fire insurance policy and Insurance Policy and (iv) the proceeds of foreclosure on any other assets of the relevant Borrower, in each case after deduction of foreclosure costs in respect of such Mortgage Receivable;

**"Net Outstanding Principal Balance"** means, in relation to a Mortgage Receivable, at any date, the Gross Outstanding Principal Balance of such Mortgage Receivable;

**"Note Interest Amount"** means:

- (i) in respect of a Note for the Notes Calculation Period commencing on the Closing Date, the Quarterly Note Interest calculated on the related Notes Calculation Date; or
- (ii) in respect of a Note for any subsequent Notes Calculation Period, the Quarterly Note Interest calculated on the related Notes Calculation Date;

**"Note Principal Payment"** means in respect of any Note on any Notes Payment Date, the principal amount redeemable in respect of such a Note, which shall be a proportion of the amount of Available Principal Funds or Available Revenue Funds, as the case may be, required as at that Notes Payment Date pursuant to the Redemption Priority of Payments or the Revenue Priority of Payments, as the case may be, to be applied in redemption of the relevant Class of Notes on such date equal to the proportion that the Notional Principal Amount Outstanding of the relevant Note bears to the aggregate Notional Principal Amount Outstanding of such Class rounded down to the nearest Calculation Amount provided that no such Note Principal Payment may exceed the Notional Principal Amount Outstanding of the relevant Note;

**"Noteholders"** means the persons who for the time being are the holders of the Notes;

**"Notes"** means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes;

**"Notes Calculation Date"** means, in respect of a Notes Payment Date, the third Business Day prior to such Notes Payment Date;

**"Notes Calculation Period"** means each period from (and including) a Notes Payment Date (or the Closing Date) to (but excluding) the first following Notes Payment Date and, in respect of a Notes Calculation Date, the **"related Notes Calculation Period"** means the Notes Calculation Period in which such Notes Calculation Date falls, except for the first Notes Calculation Period which will commence on the Closing Date and end on (and exclude) the Notes Payment Date falling in January 2019;

**"Notes Payment Date"** means the 28<sup>th</sup> day of January, April, July and October of each year or, if such day is not a Business Day, the immediately succeeding Business Day unless it would as a result fall in the next calendar month, in which case it will be the Business Day immediately preceding such day;

"**Notice**" means (i) in respect of notice to be given to Noteholders, a notice validly given pursuant to Condition 20 (*Notices*) and (ii) in respect of a notice to be given to a party to a Transaction Document, a notice validly given pursuant to Clause 15 (*Notices*) of Schedule 2 (*Common Terms*) to the Incorporated Terms Memorandum;

"**Notional Principal Amount Outstanding**" means on any day, in relation to a Note of any Class, the Principal Amount Outstanding of such Note minus an amount equal to that portion of the negative balance of the relevant Principal Deficiency Ledger for such Class on that day as calculated by the Issuer (or the Cash Manager on its behalf) divided by the number of outstanding Notes in such Class;

"**Optional Redemption Date**" means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;

"**Ordinary Resolution**" has the meaning ascribed thereto in Condition 2 (*Definitions*);

"**Origination Date**" means in respect of any Mortgage Loan Offer and any Mortgage Receivable resulting from it the date on which such Mortgage Loan is actually made available to the relevant Borrower;

"**Originator**" means the Seller;

"**Other Claim**" means any claim the Originator or Relevant Originator has against the Borrower, other than a Mortgage Receivable, which is secured by the Mortgage and/or Borrower Pledge;

"**outstanding**" means, in relation to the Notes, all the Notes other than:

- (i) those which have been redeemed in full and cancelled in accordance with the Conditions;
- (ii) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Security Trustee or the Paying Agent in the manner provided for in the Paying Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;
- (iii) those which have been purchased and surrendered for cancellation as provided in Condition 8 (*Final Redemption, Mandatory Redemption, Optional Redemption, Early Redemption, Purchase and Cancellation*) and notice of the cancellation of which has been given to the Security Trustee;
- (iv) those which have become void under the Conditions;
- (v) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes have been issued pursuant to the Conditions; and
- (vi) any Temporary Global Note, to the extent that it shall have been exchanged for a Permanent Global Note of the same class or any Permanent Global Note, to the extent that it shall have been exchanged for the related Definitive Notes of the same class pursuant to the provisions contained therein and the Conditions;

"**Outstanding Principal Amount**" means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time and (ii), after a Realised Loss, zero;

"**Parallel Debt**" has the meaning ascribed thereto in section 1.1(b) (*Security*) of this Prospectus;

"**Paying Agency Agreement**" means the paying agency agreement between the Issuer, the Paying Agent and the Security Trustee dated the Signing Date;

"**Paying Agent**" means Elavon Financial Services DAC, UK Branch;

"**Permanent Global Note**" means a permanent global note in respect of a Class of Notes;

"**Permitted Variation**" means:

- (a) any amendment made as part of the foreclosure procedures to be complied with in the case of a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the Mortgage Loan, or in each case, a Mortgage Loan within the same Portfolio Mortgage Loan Group due to a deterioration of the credit quality of the Borrower of such Mortgage Loan or another Mortgage Loan within the same Portfolio Mortgage Loan Group;
- (b) any amendment in order to comply with any applicable law, regulation or statute;
- (c) a Collateral Release as a result of which the weighted average of the Current Loan to Value Ratio of all Mortgage Loans does not increase;
- (d) any amendment to a Mortgage Loan and/or Mortgage Receivable as a result of which following such amendment either:
  - (i) the maturity date of the relevant Mortgage Loan is extended or rolled over provided that such extended maturity date falls on or prior to the Notes Payment Date falling in January 2046, provided that (i) no floating rate of interest is offered upon extension or roll-over and (ii) the Interest Rate Margin Condition for the relevant period is satisfied; or
  - (ii) in respect of an Interest-Only Mortgage Loan, additional principal payments fall due in one or more instalments prior to maturity of the relevant Mortgage Loan; or
  - (iii) an existing party or an additional party provides Related Security in respect of the relevant Mortgage Loan and the Related Security is assigned to the Issuer on the immediately following Receivables Purchase Date; or
  - (iv) in respect of a Linear Mortgage Loan or Annuity Mortgage Loan, any change to the repayment profile which increases its rate of principal amortisation;

provided that in respect of any Mortgage Loan which bears a fixed rate of interest (other than those which are more than six (6) months in arrears), the relevant Mortgage Loan is subject to the Swap Agreement;

**"Pledge Agreements"** means the Issuer Mortgage Receivables Pledge Agreement, the Issuer Rights Pledge Agreement and the Transaction Specific Collection Account Pledge Agreement;

**"Pledge Notification Event"** means any of the events specified in clause 2 of the Issuer Mortgage Receivables Pledge Agreement;

**"Portfolio"** means the Initial Portfolio and any other Mortgage Receivable sold and assigned to the Issuer to the extent not re-transferred or assigned by the Issuer;

**"Portfolio Advisor"** means RNHB B.V.;

**"Portfolio Fraction"** means one (1) multiplied by the figure representing the division of the aggregate Gross Outstanding Principal Balance of the Initial Portfolio by the aggregate Gross Outstanding Principal Balance of all mortgage loans serviced by the Servicer and which are originated by the Originator, each as calculated as at the Initial Cut-Off Date;

**"Portfolio Mortgage Loan Group"** means all Mortgage Loans which are secured by one or more Mortgages and Related Security granted by the same Borrower(s) over one or more Properties;

**"Post-Enforcement Priority of Payments"** means the priority of payments set out as such in section 4.2 (*Priorities of Payments*) of this Prospectus;

**"Principal Addition Amount"** means, in relation to any Notes Payment Date, the aggregate amount determined on the related Notes Calculation Date, as being an amount equal to the lesser of (i) the amount of Available Principal Funds and (ii) such amount (if any) of Available Principal Funds which is required by the Issuer to reduce or eliminate any Revenue Shortfall on such Notes Payment Date;

**"Principal Amount Outstanding"** has the meaning ascribed thereto in Condition 7.1 (*Accrual of Interest*);

**"Principal Deficiency"** means the debit balance, if any, of the relevant Principal Deficiency Ledger;

**"Principal Deficiency Ledger"** means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes;

**"Principal Funds"** means any amount, sales proceeds, refinancing proceeds, arrears and other amount relating to principal, received or recovered by the Issuer in respect of the Mortgage Receivables (a) other than any prepayment penalties and (b) net of any relevant foreclosure costs;

**"Principal Liabilities"** means any amounts the Issuer owes to the Noteholders and the other Secured Creditors as and when the same fall due for payment and whether or not any such obligations have arisen as at the Closing Date under or pursuant to the Notes and the Transaction Documents, respectively, but excluding the Parallel Debt;

**"Principal Shortfall"** means an amount equal to (i) the balance of the Principal Deficiency Ledger of the relevant Class divided by (ii) the number of Notes of the relevant Class of Notes on the relevant Notes Payment Date;

**"Priority of Payments"** means any of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement Priority of Payments;

**"Product Switch"** means any amendment or variation to a Mortgage Loan and/or Mortgage Receivable other than a Permitted Variation;

**"Prospectus"** means this prospectus;

**"Prospectus Directive"** means Directive 2003/71/EC, as amended from time to time;

**"Prospectus Regulation"** means the EU Commission regulation 809/2004, as amended;

**"Provisional Portfolio"** has the meaning ascribed thereto in section 1.1(e) (*Mortgage Receivables and Mortgaged Assets*);

**"Provisional Portfolio Cut-Off Date"** means 30 June 2018;

**"Quarterly Note Interest"** means the amount of interest determined in respect of such Note for such Notes Calculation Period:

- (i) applying the relevant Interest Rate for such Notes Calculation Period to the Calculation Amount;
- (ii) then multiplying the amount so calculated under (i) by the amount so calculated by the relevant day count fraction (being the actual number of days in such period divided by 360) and rounding the resultant figure to the nearest EUR 0.01; and
- (iii) multiplying such (rounded) figure by a fraction equal to the Principal Amount Outstanding of such Note on the Notes Payment Date first following such Notes Calculation Date divided by the Calculation Amount;

**"Rated Notes"** means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes;

**"Realised Loss"** means on any Notes Calculation Date, an amount equal to the sum of:

- (i) the amount of the difference between (x) the aggregate principal amount outstanding of all Mortgage Receivables, which the Seller, the Servicer, the Issuer or the Security Trustee (as the case may be) has foreclosed during the related Notes Calculation Period, and (y) the sum of the Net Foreclosure Proceeds applied to reduce the principal amounts under such Mortgage Receivables;

- (ii) the aggregate principal amount outstanding of all Mortgage Receivables sold by or on behalf of the Issuer or the Security Trustee pursuant to the Mortgage Receivables Purchase Agreement and/or the Trust Deed, *less* the net purchase price (to the extent relating to principal) received by or on behalf of the Issuer in respect of such sold Mortgage Receivables during the related Notes Calculation Period; and
- (iii) with respect to Mortgage Receivables which have been extinguished (*teniet gegaan*), in part or in full, during the related Notes Calculation Period as a result of a set-off right having been invoked by the relevant Borrower or the Seller, as the case may be, the positive difference, if any, between the amount by which the Mortgage Receivables have been extinguished (*teniet gegaan*) and the amount paid by the Seller pursuant to the Mortgage Receivables Purchase Agreement in connection with such set-off;

**"Reasonable Prudent Lender"** means a lender of Dutch mortgage loans with similar characteristics as the Mortgage Loans to Borrowers in The Netherlands which is acting as a reasonable creditor in protection of its own interests;

**"Receivable Interest Determination Date"** is as defined in the definition "Accrued Interest";

**"Receivables Purchase Calculation Period"** means, as at any date, the period from and including the previous Receivables Purchase Date up to and excluding the then current Receivables Purchase Date, provided that if no Mortgage Receivables have been sold and assigned to the Issuer in any such period, the immediately preceding Receivables Purchase Calculation Period (or any consecutive previous Receivables Purchase Calculation Period) shall be deemed to form part of the then current Receivables Purchase Calculation Period;

**"Receivables Purchase Date"** means such day of the week as determined by the Seller and the Issuer jointly for the completion of the sale and assignment of Further Advance Receivables and/or Mortgage Loan Offers (and/or Roll-over Receivables) to the Issuer, provided that such day should not occur more than once a week and being the date falling 2 Business Days after the relevant Weekly Reporting Date;

**"Reconciliation Amount"** means in respect of any Mortgage Calculation Period which is a Determination Period, (i) the actual Principal Receipts as determined in accordance with the available Servicer Reports, less (ii) the Calculated Principal Receipts in respect of such Mortgage Calculation Period, plus (iii) any Reconciliation Amount not applied in previous Mortgage Calculation Periods;

**"Redemption Ledger"** means the ledger of the Transaction Account designated as such;

**"Redemption Priority of Payments"** means the priority of payments set out as such in section 4.2 (*Priorities of Payments*) of this Prospectus;

**"Regulation S"** means Regulation S of the Securities Act;

**"Reference Banks"** means, the principal office of four major banks in the Eurozone interbank market selected by the Issuer at the relevant time;

**"Reference Rate"** means the rate of Euribor as calculated in accordance with Condition 7.4 (*Euribor*);

**"Regulatory Direction"** means, in relation to any person, a direction or requirement of any Governmental Authority with whose directions or requirements such person is accustomed to comply;

**"Related Security"** means, with respect to any Mortgage Receivable, all related accessory rights (*afhankelijke rechten*), ancillary rights (*nevenrechten*), connected rights (*kwalitatieve rechten*) and independently transferable claims (*zelfstandig overdraagbare vorderingsrechten*), including rights of mortgage (*hypotheekrechten*), rights of pledge (*pandrechten*), suretyships (*borgtochten*), guarantees, rights to receive interest and penalties and, to the extent transferable, Beneficiary Rights and interest reset rights;

**"Relevant Implementation Date"** means the date on which the Prospectus Directive is implemented in the Relevant Member State;

**"Relevant Margin"** means:

- (i) up until (but excluding) the First Optional Redemption Date for:
  - (a) the Class A Notes 0.63 per cent. per annum;
  - (b) the Class B Notes 1.20 per cent. per annum;
  - (c) the Class C Notes 1.70 per cent. per annum;
  - (d) the Class D Notes 2.10 per cent. per annum; and
  - (e) the Class E Notes 2.90 per cent. per annum;
- (ii) from (and including) the First Optional Redemption Date for:
  - (a) the Class A Notes 1.26 per cent. per annum;
  - (b) the Class B Notes 1.80 per cent. per annum;
  - (c) the Class C Notes 2.55 per cent. per annum;
  - (d) the Class D Notes 3.15 per cent. per annum; and
  - (e) the Class E Notes 4.35 per cent. per annum;

**"Relevant Member State"** means each member state of the European Economic Area which has implemented the Prospectus Directive;

**"Relevant Originator"** means the entity or the legal successor to the relevant entity which originated the relevant Mortgage Loan, being, (i) in relation to any Mortgage Loan forming part of the Acquired Yellow Mortgage Portfolio, FGH Bank N.V. (or any of its relevant predecessors) and/or De Lage Landen), (ii) Vesting Finance Servicing B.V., (iii) RNHB B.V or (iv) in relation to any Mortgage Loan forming part of the Acquired Dome Mortgage Portfolio, Propertize B.V. (or any of its relevant predecessors), B.V. De Haarlemsche Maatschappij voor Hypothecaire Financiering, BPF Onroerend Goed Lease en Financieringen B.V., SNS Bank N.V. (currently known as de Volksbank N.V.) or any of its subsidiaries), Staal Bankiers N.V. (currently known as Staal Beheer N.V.) or Centraal Beheer Pensioenverzekeringen N.V. (currently known as Achmea Pensioen- en Levensverzekeringen N.V.), in each case, as applicable;

**"Relevant Screen"** means a page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Security Trustee and as has been notified to the Noteholders in accordance with Condition 20 (*Notices*);

**"Replacement Servicer Facilitator"** means Intertrust Administrative Services B.V.;

**"Repurchase Event"** has the meaning ascribed thereto in section 7.1 (*Purchase, Repurchase and Sale*);

**"Requisite Credit Rating"** means in respect of any entity's debt obligations, the minimum credit ratings, including any issuer default rating, determined to be applicable by or acceptable to a Credit Rating Agency from time to time, being as at the Closing Date in respect of:

- (i) the Issuer Account Bank:
  - (a) in respect of DBRS: 'A'(long-term);
  - (b) in respect of S&P: 'A1' (short-term) and 'A' (long-term);
- (ii) the Swap Counterparty:
  - (a) in respect of DBRS, 'Baa2' (long-term) by Moody's Investors Service Ltd.;
  - (b) in respect of S&P: 'BBB+' (long-term); and
- (iii) the bank where the General Collection Account and the Transaction Specific Collection Account are held:

- (a) in respect of DBRS: 'BBB' (long-term) by DBRS; and
- (b) in respect of S&P: 'A-2' (short-term) and 'BBB' (long-term);

"**Requirement of Law**" in respect of any person shall mean:

- (i) any law, treaty, rule, requirement or regulation;
- (ii) a notice by or an order of any court having jurisdiction;
- (iii) a mandatory requirement of any regulatory authority having jurisdiction; or
- (iv) a determination of an arbitrator or Governmental Authority,

in each case applicable to or binding upon that person or to which that person is subject or with which it is customary for it to comply;

"**Reserve Fund**" means the reserve fund administered by the Issuer (or the Cash Manager on its behalf) through the Reserve Ledger;

"**Reserve Fund Target Level**" means on any Notes Calculation Date a level equal to the lower of:

- (i) an amount equal to EUR 8,000,000; and
- (ii) zero, on the Notes Payment Date on which the Notes (other than the Class G Notes) have been or are to be redeemed in full;

"**Reserve Ledger**" means the ledger of the Transaction Account designated as such;

"**Reserved Matter**" has the meaning ascribed thereto in Condition 16 (*Modification and Waiver*);

"**Residential Mortgage Receivable**" means a Mortgage Receivable resulting from a Mortgage Loan in respect of which the total Value of all the Residential Properties securing the Portfolio Mortgage Loan Group relating to that Mortgage Loan as a percentage of the Value of all the Properties securing the Portfolio Mortgage Loan Group relating to that Mortgage Loan is equal to 100 per cent.;

"**Residential Properties**" means any Mortgaged Asset determined as "Residential" pursuant to the table set out in section 5.3 (*Origination*);

"**Retained Notes**" means the Class F Notes and the Class G Notes initially purchased by the Seller;

"**Retention Regulations**" means Article 405 of the CRR, (ii) Article 51 of the AIFMR and (iii) Articles 254 of the Solvency II Regulation and, in each case, the corresponding implementing and/or regulatory technical standards;

"**Revenue Funds**" means:

- (i) interest, fees and other amounts, including any Accrued Interest and Arrears of Interest as at the Transfer Date of the relevant Mortgage Receivable, received or recovered by the Issuer in respect of the Mortgage Receivables (a) other than the Principal Funds and any prepayment penalties and (b) net of any relevant foreclosure costs; and
- (ii) prepayment penalties received or recovered by the Issuer in respect of the Mortgage Receivables;

"**Revenue Priority of Payments**" means the priority of payments set out in section 4.2 (*Priorities of Payments*) of this Prospectus;

"**Revenue Shortfall**" means, as at any Notes Payment Date, the amount by which:

- (i) the amount of Available Revenue Funds calculated in respect of the related Notes Calculation Period and without taking into account the amount of any Principal Addition Amount on such Notes Payment Date, falls short of

- (ii) in case the Most Senior Class of Notes is:
  - (a) the Class A Notes, the aggregate of the amounts required by the Issuer to satisfy its obligations under items (a) up to and including (e) of the Revenue Priority of Payments;
  - (b) the Class B Notes, the aggregate of the amounts required by the Issuer to satisfy its obligations under items (a) up to and including (g) of the Revenue Priority of Payments;
  - (c) the Class C Notes, the aggregate of the amounts required by the Issuer to satisfy its obligations under items (a) up to and including (i) of the Revenue Priority of Payments;
  - (d) the Class D Notes, the aggregate of the amounts required by the Issuer to satisfy its obligations under items (a) up to and including (k) of the Revenue Priority of Payments;
  - (e) the Class E Notes, the aggregate of the amounts required by the Issuer to satisfy its obligations under items (a) up to and including (m) of the Revenue Priority of Payments;

**"Risk Insurance Policy"** means the risk insurance (*risicoverzekering*) which pays out upon the death of the life insured, taken out by a Borrower with any of the Insurance Companies;

**"Risk Retention Regulatory Call"** has the meaning ascribed thereto in Condition 8.9 (*Redemption – Risk Retention Regulatory Call*);

**"Risk Retention Regulatory Change"** means any change in or the adoption of any new law, rule, technical standards or regulation or any determination of a relevant regulator which as a matter of law has a binding effect on the Seller announced or published after the Closing Date which would impose a positive obligation on it to subscribe for Notes in order to comply with the Risk Retention Regulations or otherwise imposes additional material obligations on the Seller (as determined by it, acting reasonably) in order to maintain compliance with the Risk Retention Regulations;

**"Risk Retention Regulatory Change Option"** means the option of the Seller (or its delegate) to acquire all but not some of the Portfolio following a Risk Retention Regulatory Change;

**"Roll-Over Loan"** means any loan made to a Borrower by way of extension or roll-over of a Mortgage Loan forming part of the Portfolio on the date on which such loan is made and as a result of which the Gross Outstanding Principal Balance is not increased;

**"Roll-Over Receivable"** means the Mortgage Receivables resulting from a Roll-Over Loan;

**"S&P"** means Standard & Poor's Global Ratings Europe Limited, and includes any successor to its rating business;

**"Screen"** means the display as quoted on page EURIBOR01 of the Thomson Reuters screen; or

- (i) such other page as may replace page EURIBOR01 of Thomson Reuters on that service for the purpose of displaying such information; or
- (ii) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Security Trustee) as may replace such screen, or such other service as may be nominated as the information vendor for the purpose of displaying comparable rates;

**"Screen Rate"** means, in relation to a date falling two Business Days prior to the Notes Payment Date (or in the case of the first Notes Calculation Period, the Closing Date), the offered quotations for euro deposits for the length in months of the related Notes Calculation Period (or, in the case of the first Notes Calculation Period from the Closing Date to but excluding the Notes Payment Date falling in January 2019, the linear interpolation of the offered quotations for 3 and 6 months euro deposits, rounded to five decimal places with the mid-point rounded up) in the Eurozone interbank market determined by reference to the Screen as at or about 11:00 a.m. (Amsterdam time) on that date;

**"Second Beneficiary"** has the meaning ascribed thereto in section 1.1(e) (*Mortgage Receivables and Mortgaged Assets*) of this Prospectus;

**"Secured Creditors"** means the Security Trustee (in its own capacity and on behalf of the Noteholders), the Seller, the Servicer, the Replacement Servicer Facilitator, the Issuer Administrator, the Cash Manager, the Swap Counterparty, the Directors, the Paying Agent(s), the Listing Agent, the Issuer Account Bank, the Custodian and all other creditors for whom the Security is expressed to be granted subject to and in accordance with the Trust Deed;

**"Secured Obligations"** means all present and future obligations owed by the Issuer to the Security Trustee pursuant to the Parallel Debt and, if and to the extent that at the time of the creation of the relevant right of pledge, or at any time thereafter, a Principal Liability owed to the Security Trustee cannot be validly secured through the Parallel Debt, such Principal Liability itself;

**"Securities Act"** means the United States Securities Act of 1933 (as amended);

**"Security"** means any and all security interest created pursuant to the Security Documents;

**"Security Documents"** means the Pledge Agreements, the English Security Agreement and the Deeds of Assignment and Pledge;

**"Security Trustee"** means Stichting Trustee Dutch Property Finance 2018-1, a foundation (*stichting*) established under the laws of The Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands and registered with the Trade Register (*Handelsregister*) of the Chamber of Commerce (*Kamer van Koophandel*) under number 72159383;

**"Security Trustee Director"** means Amsterdamsch Trustee's Kantoor B.V.;

**"Security Trustee Management Agreement"** means the security trustee management agreement between the Security Trustee, Amsterdamsch Trustee's Kantoor B.V., and the Issuer dated the Signing Date;

**"Seller"** means RNHB B.V.;

**"Seller Prepayment Call Option"** means, on any Optional Redemption Date, the option (but not the obligation) of the Seller to repurchase and accept reassignment of all (but not part of) the Mortgage Receivables;

**"Servicing Agreement"** means the servicing agreement between the Servicer, the Issuer, the Portfolio Advisor, the Security Trustee and the Replacement Servicer Facilitator dated the Signing Date;

**"Servicer"** means Vesting Finance Servicing B.V.;

**"Services"** has the meaning ascribed thereto in section 6.4 (*Servicing Agreement*);

**"Shareholder"** means Stichting Holding Dutch Property Finance 2018-1, a foundation (*stichting*) established under the laws of The Netherlands and established in Amsterdam, The Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands and registered with the Trade Register (*Handelsregister*) of the Chamber of Commerce (*Kamer van Koophandel*) under number 72121394;

**"Shareholder Director"** means Intertrust Management B.V.;

**"Shareholder Management Agreement"** means the shareholder management agreement between the Shareholder, Intertrust Management B.V. and the Security Trustee dated the Signing Date;

**"Signing Date"** means 26 September 2018 or such later date as may be agreed between the Issuer and the Joint Lead Managers;

**"Solvency II Regulation"** means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II);

**"Specified Office"** means, in relation to any Paying Agent, either the office identified with its name in the Conditions or any other office notified to any relevant parties pursuant to the Paying Agency Agreement;

**"Stock Exchange"** means The Irish Stock Exchange plc trading as Euronext Dublin;

**"Subordinated Swap Payment"** means, in relation to the Swap Agreement, an amount equal to the amount of any termination payment due and payable to the relevant Swap Counterparty as a result of an Event of Default or an Additional Termination Event pursuant to Part 1(j)(v) (as the case may be) (each as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party or the sole Affected Party (as the case may be) (each as defined in the Swap Agreement);

**"Subscription Agreement"** means the subscription agreement between the Joint Lead Managers, the Arranger, the Issuer and the Seller dated the Signing Date;

**"Suitable Entity"** means an entity which is (i) located in The Netherlands, (ii) authorised and licensed in the field of business it is required to operate as replacement servicer and (iii) capable of performing the replacement servicer role;

**"Swap Agreement"** means the swap agreement (documented under a 1992 ISDA master agreement, including the schedule thereto, a credit support annex and a confirmation) between the Issuer, the Swap Counterparty and the Security Trustee dated the Closing Date and, in respect of the initial Swap Counterparty, including the ATS Addendum;

**"Swap Collateral"** means, at any time, any asset (including cash and/or securities) which is paid or transferred by the Swap Counterparty to the Issuer as collateral to secure the performance by the Swap Counterparty of its obligations under the Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;

**"Swap Collateral Account"** means any bank account or securities account opened by the Issuer in respect of any Swap Collateral;

**"Swap Counterparty"** means NatWest Markets Plc;

**"Swap Payment Shortfall"** has the meaning ascribed thereto in section 4.6 (*Issuer Accounts*) in this Prospectus;

**"Swap Replacement Ledger"** means the ledger of the Transaction Account designated as such;

**"Swap Transaction"** means the swap transaction entered into under the Swap Agreement;

**"Talon"** and **"Talons"** means the talons for further Coupons attached to the Definitive Notes on issue;

**"TARGET 2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;

**"TARGET 2 Settlement Day"** means any day on which TARGET 2 is open for the settlement of payments in euro;

**"Taxation"** or **"Tax"** shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of The Netherlands or any political subdivision or authority thereof or therein;

**"Temporary Global Note"** means a temporary global note in respect of a Class of Notes;

**"Transaction Account"** means the bank account of the Issuer designated as such in the Issuer Account Agreement;

**"Transaction Documents"** means:

- (i) any Beneficiary Waiver Agreements;
- (ii) the Cash Management Agreement;
- (iii) the Custody Agreement;

- (iv) each Deed of Assignment and Pledge;
- (v) the English Security Agreement;
- (vi) the Incorporated Terms Memorandum;
- (vii) the Issuer Account Agreement;
- (viii) the Issuer Administration Agreement;
- (ix) the Issuer Rights Pledge Agreement;
- (x) the Issuer Management Agreement;
- (xi) the Issuer Mortgage Receivables Pledge Agreement;
- (xii) the letter of undertaking to be dated on or about the date hereof by, among others, the Issuer, the Director and the Security Trustee;
- (xiii) the General Collection Account Pledge Agreement;
- (xiv) the Mortgage Receivables Purchase Agreement;
- (xv) the Paying Agency Agreement;
- (xvi) the Security Trustee Management Agreement;
- (xvii) the Servicing Agreement;
- (xviii) the Shareholder Management Agreement;
- (xix) the Swap Agreement;
- (xx) the Transaction Specific Collection Account Pledge Agreement;
- (xxi) the Trust Deed; and
- (xxii) any agreements entered into in connection therewith from time to time and designated as a Transaction Document by the Issuer and the Security Trustee;

**"Transaction Party"** means any party to a Transaction Document;

**"Transaction Specific Collection Account"** means any bank account in the name of the Seller with the General Collection Account Bank into which payments under the Mortgage Receivables forming part of the Portfolio are transferred;

**"Transaction Specific Collection Account Pledge Agreement"** means the transaction specific collection account pledge agreement entered into by the Seller (as pledgor) and the Security Trustee (as pledgee) relating to the Transaction Specific Collection Account dated the Closing Date pursuant to which a right of pledge is created in favour of the Security Trustee over any and all rights of the Seller in respect of the Transaction Specific Collection Account;

**"Transfer Date"** means, in respect of the Initial Portfolio, the Closing Date and, in respect of any Further Advance Receivable or Mortgage Loan Offer (or Roll-Over Receivable), the relevant Receivables Purchase Date;

**"Trust Deed"** means the trust deed entered into by, amongst others, the Issuer and the Security Trustee dated the Signing Date;

**"Undrawn Construction Amount"** means part of a Construction Mortgage Loan not disbursed but which the Seller has committed to disburse subject to certain conditions being met;

"**United States person**" means (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised in or under the laws of the United States or any State of the United States, (iii) a trust subject to the primary supervision of a U.S. court and the control of United States persons and (iv) an estate of which the income is subject to U.S. Federal income tax regardless of its source;

"**U.S. person**", except as otherwise expressly provided herein, has the meaning given to it by Regulation S under the Securities Act;

"**Value**" means, in respect of any Mortgaged Asset, the market value for such Mortgaged Asset currently recorded in the Seller's loan administration system (or, if not yet so recorded, the value calculated by multiplying the FW Max Value for such Mortgaged Asset currently recorded in the Seller's loan administration system by 1.05);

"**VAT**" and "**Value Added Tax**" means (a) value added tax as levied in accordance with the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, as implemented in the member states of the European Union under their respective value added tax legislation and legislation supplemental thereto; and (b) any other tax of a similar fiscal nature (including but not limited to goods and services tax), whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax, or in any other jurisdiction;

"**Weekly Reporting Date**" has the meaning given to it in section 4.7 (*Issuer Administration and Cash Management Agreements*);

"**Wft**" means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and its subordinate and implementing decrees and regulations as amended from time to time; and

"**WOZ**" means the Valuation of Immovable Property Act (*Wet waardering onroerende zaken*) as amended from time to time.

## 8.2 INTERPRETATION

8.2.1 The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed thereto under applicable law.

8.2.2 Any reference in this Prospectus to:

a "**Class**" of Notes shall be construed as a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G Notes, as applicable;

a "**Class A**", "**Class B**", "**Class C**", "**Class D**", "**Class E**", "**Class F**" or "**Class G**" Noteholder, Principal Deficiency, Principal Deficiency Ledger or Redemption Amount shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger or a Redemption Amount pertaining to, as applicable, the relevant Class of Notes;

a "**Code**" shall be construed as a reference to such code as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

"**holder**" means the bearer of a Note and related expressions shall (where appropriate) be construed accordingly;

"**including**" or "**include**" shall be construed as a reference to "**including without limitation**" or "**include without limitation**", respectively;

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a "**law**" or "**directive**" or "**regulation**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order, any regulatory technical standards and any implementing technical standards, official statement of practice or guidance or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court and shall be construed as a reference to such law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order, any regulatory technical standards and any implementing technical standards, official statement of practice or guidance or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court as the same may have been, or may from time to time be, amended;

a "**month**" means a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it commences or, where there is no date in the next calendar month numerically corresponding as aforesaid, the last day of such calendar month, and "**months**" and "**monthly**" shall be construed accordingly;

the "**Notes**", the "**Conditions**", any "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Notes, the Conditions, such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, restated, varied, novated, supplemented or replaced;

a "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing or any successor or successors of such party;

a reference to "**preliminary suspension of payments**", "**suspension of payments**" or "**moratorium of payments**" shall, where applicable, be deemed to include a reference to the suspension of payments (*voorlopige surseance van betaling*) as meant in the Dutch Bankruptcy Act (*Faillissementswet*) or any emergency regulation (*noodregeling*) on the basis of the Wft; and, in respect of a private individual, any debt restructuring scheme (*schuldsanering natuurlijke personen*);

"**principal**" shall be construed as the English translation of "*hoofdsom*" or, if the context so requires, "**pro resto hoofdsom**" and, where applicable, shall include premium;

"repay", "redeem" and "pay" shall each include both of the others and "repaid", "repayable" and "repayment", "redeemed", "redeemable" and "redemption" and "paid", "payable" and "payment" shall be construed accordingly;

a "statute" or "treaty" shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted;

a "successor" of any party shall be construed so as to include an assignee, transferee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party or otherwise replaced such party (by way of novation or otherwise), under or in connection with a Transaction Document or to which, under such laws, such rights and obligations have been transferred; and

any "Transaction Party" or "party" or a party to any Transaction Document (however referred to or defined) shall be construed so as to include its successors and any subsequent successors in accordance with their respective interests.

8.2.3 In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

8.2.4 Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.

## **REGISTERED OFFICES**

### **ISSUER**

Dutch Property Finance 2018-1 B.V.  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

### **SELLER**

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The Netherlands

### **SERVICER**

Vesting Finance Servicing B.V.  
Van Asch van Wijckstraat 55 F  
3811 LP Amersfoort  
The Netherlands

### **PORTFOLIO ADVISOR**

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### **SECURITY TRUSTEE**

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1097 JB Amsterdam  
The Netherlands

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London E14 5HQ  
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### **JOINT LEAD MANAGERS**

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**LISTING AGENT**

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