

## IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.**

**IF YOU ARE A RETAIL INVESTOR, DO NOT CONTINUE**

**IMPORTANT: You must read the following before continuing.** The following applies to the prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the prospectus. In accessing the prospectus, you agree to be bound by the following terms and conditions, including, any modifications to them any time you receive any information from us as a result of such access.

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 U.S. OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF (A) U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), OR (B) U.S. PERSONS (AS DEFINED IN REGULATION RR (17 C.F.R. PART 246) IMPLEMENTING THE CREDIT RISK RETENTION REQUIREMENTS OF SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED ("**U.S. RISK RETENTION RULES**") (UNLESS IT IS A U.S. PERSON (AS DEFINED IN THE U.S. RISK RETENTION RULES) THAT HAS OBTAINED THE PRIOR WRITTEN CONSENT OF THE SELLER TO PURCHASE THE RELEVANT NOTES WITHIN THE RESTRICTIONS SET FORTH IN THE EXEMPTION PROVIDED FOR IN SECTION 246.20 OF THE U.S. RISK RETENTION RULES REGARDING NON-U.S. TRANSACTIONS), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ISSUANCE OF THE NOTES WAS NOT DESIGNED TO COMPLY WITH THE U.S. RISK RETENTION RULES OTHER THAN THE EXEMPTION UNDER SECTION 246.20 OF THE U.S. RISK RETENTION RULES, AND NO OTHER STEPS HAVE BEEN TAKEN BY THE ISSUER, THE SELLER, THE ORIGINATOR, THE JOINT LEAD MANAGERS, THE ARRANGERS, THE SECURITY TRUSTEE OR ANY OF THEIR AFFILIATES OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE. NONE OF THE SECURITY TRUSTEE, THE ARRANGERS, THE JOINT LEAD MANAGERS, THE ISSUER AND THE ORIGINATOR OR ANY OTHER PARTY (APART FROM THE SELLER) PROVIDES ANY ASSURANCES REGARDING, OR ASSUMES ANY RESPONSIBILITY FOR, THE SELLER'S COMPLIANCE WITH THE U.S. RISK RETENTION RULES PRIOR TO, ON OR AFTER THE CLOSING DATE.

THIS PROSPECTUS MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" TO PERSONS OTHER THAN U.S. PERSONS AS DEFINED IN, AND AS PERMITTED BY, EACH OF REGULATIONS UNDER THE SECURITIES ACT AND THE U.S. RISK RETENTION RULES. THE FOLLOWING PROSPECTUS 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 OR TO ANY U.S. ADDRESS. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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 DIRECTIVE 2014/65/EU ("**MIFID II**"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 ("**INSURANCE DISTRIBUTION DIRECTIVE**"), WHERE IN BOTH INSTANCES (I) AND (II) THAT CLIENT OR CUSTOMER, AS APPLICABLE, 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 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 3 NOVEMBER 2003, AS AMENDED BY THE DIRECTIVE 2010/73/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 24 NOVEMBER 2010, AS THE SAME MAY BE FURTHER AMENDED OR SUPERSEDED (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 product approval process of the Arrangers and the Joint Lead Managers (the "manufacturer"), 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 manufacturer's 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 manufacturer's target market assessment) and determining appropriate distribution channels.

**Benchmark Regulation (Regulation (EU) 2016/1011):** Amounts payable under the Notes may be calculated by reference to Euribor and the interest received on the Issuer Accounts is determined by reference to EONIA, which are both provided by the European Money Markets Institute ("**EMMI**"). Euribor and EONIA are interest rate benchmarks within the meaning of the Benchmark Regulation. Euribor is currently administered by EMMI. As at the date of this prospectus, EMMI is included in the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 (Register of administrators and benchmarks) of the Benchmark Regulation.

**Confirmation of your Representation:** In order to be eligible to view this prospectus or make an investment decision with respect to the securities, investors must be outside the U.S. and must not be a U.S. person (within the meaning of Regulation S under the Securities Act). If this prospectus is being sent at your request, by accepting the e-mail and accessing this prospectus, you shall be deemed to have represented to us that you are outside the U.S. and you are not a U.S. person, the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. (including, but not limited to, 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 and that you consent to delivery of such prospectus by electronic transmission.

You are reminded that this prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus 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 this prospectus, electronically or otherwise, 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. This prospectus is obtained by 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 Cartesian Residential Mortgages 4 S.A., Ember VRM S.à r.l., any of the Arrangers, the Joint Lead Managers nor the Originator nor any person who controls them nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from any of Cartesian Residential Mortgages 4 S.A., Ember VRM S.à r.l. or any of the Arrangers, the Joint Lead Managers and the Originator.

None of the Arrangers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Issuer or the Notes. The Joint Lead Managers and the Arrangers and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by any of the Joint Lead Managers or the Arrangers or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document. Furthermore, none of the Arrangers or the Joint Lead Managers will have any responsibility for any act or omission of any other party in relation to this offer.

The Arrangers and the Joint Lead Managers are acting exclusively for the Issuer and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as its client in relation to the offer and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

**Cartesian Residential Mortgages 4 S.A. as Issuer**

(incorporated as a public limited liability company (société anonyme), existing and organised under the laws of the Grand Duchy of Luxembourg ("Luxembourg"), with registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, registered with the Luxembourg Register of Commerce and Companies (R.C.S. Luxembourg) under number B235.337, being subject, as an unregulated securitisation undertaking, to the Luxembourg Act dated 22 March 2004 on securitisation, as amended (the "Securitisation Act"))

will issue on 16 July 2019

EUR 345,800,000 CLASS A MORTGAGE-BACKED NOTES 2019 DUE 2054

EUR 8,550,000 CLASS B MORTGAGE-BACKED NOTES 2019 DUE 2054

EUR 8,550,000 CLASS C MORTGAGE-BACKED NOTES 2019 DUE 2054

EUR 5,700,000 CLASS D MORTGAGE-BACKED NOTES 2019 DUE 2054

EUR 11,400,000 CLASS E MORTGAGE-BACKED NOTES 2019 DUE 2054

EUR 7,600,000 CLASS S NOTES 2019 DUE 2054

EUR 500,000 CLASS X NOTES 2019 DUE 2054

Notes	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class S Notes	Class X Notes
<b>Principal Amount</b>	EUR 345,800,000	EUR 8,550,000	EUR 8,550,000	EUR 5,700,000	EUR 11,400,000	EUR 7,600,000	EUR 500,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
<b>Interest/Revenue</b>	Euribor for three month deposit, plus a margin of 0.51 per cent. per annum, with a floor of 0 per cent. per annum	Euribor for three month deposit, plus a margin of 1.00 per cent. per annum, with a floor of 0 per cent. per annum	Euribor for three month deposit, plus a margin of 1.35 per cent. per annum, with a floor of 0 per cent. per annum	Euribor for three month deposit, plus a margin of 1.75 per cent. per annum, with a floor of 0 per cent. per annum	N/A	N/A	Class X Revenue Amount, up to and including the First Optional Redemption Date
<b>Subordinated Step-up Consideration following First Optional Redemption Date</b>	an amount equal to the Principal Amount Outstanding of the Class A Notes multiplied by the relevant Class A Subordinated Step-up Margin	an amount equal to the Principal Amount Outstanding of the Class B Notes multiplied by the relevant Class B Subordinated Step-up Margin	an amount equal to the Principal Amount Outstanding of the Class C Notes multiplied by the relevant Class C Subordinated Step-up Margin	an amount equal to the Principal Amount Outstanding of the Class D Notes multiplied by the relevant Class D Subordinated Step-up Margin	N/A	N/A	N/A
<b>Subordinated Step-up Margin</b>	1.02 per cent. per annum	1.50 per cent. per annum	2.025 per cent. per annum	2.625 per cent. per annum	N/A	N/A	N/A
<b>Expected ratings Fitch and DBRS<sup>1</sup></b>	AAA sf / AAA (sf)	AA+ sf / AA (high) (sf)	A+ sf / A (sf)	BBB- sf / BBB (high) (sf)	N/A	N/A	N/A
<b>First Notes Payment Date</b>	Notes Payment Date falling in November 2019	Notes Payment Date falling in November 2018	Notes Payment Date falling in November 2018	Notes Payment Date falling in November 2019			
<b>First Optional Redemption Date</b>	Notes Payment Date falling in November 2024	Notes Payment Date falling in November 2024	N/A	N/A			
<b>Final Maturity Date</b>	Notes Payment Date falling in November 2054	Notes Payment Date falling in November 2054	Notes Payment Date falling in November 2054	Notes Payment Date falling in November 2054			

<sup>1</sup> The credit ratings do not address the likelihood of payment of the Subordinated Step-up Consideration in respect of any of the Rated Notes.

### Ember VRM S.à r.l. as Seller

(incorporated as a private limited liability company (*société à responsabilité limitée*), existing and organised under the laws of Luxembourg, with registered office at 36-38 Grand-Rue, L-1660 Luxembourg, registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number B176.837)

### Venn Hypotheken B.V. as Originator

(incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law)

<b>Closing Date</b>	The Issuer will issue the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class S Notes and Class X Notes (the " <b>Notes</b> ") set out above on 16 July 2019 (or such other date as may be agreed between the Seller, the Issuer, the Arrangers and the Joint Lead Managers) (the " <b>Closing Date</b> ").
<b>Underlying Assets</b>	The Issuer will make payments on the Notes in accordance with the applicable Priority of Payments from, <i>inter alia</i> , payments of principal and interest received from a portfolio comprising of mortgage receivables resulting from mortgage loans originated by the Originator and secured over residential properties located in the Netherlands. The Mortgage Receivables have been or will be sold and assigned from time to time by the Originator to the Seller. The Issuer will purchase and accept assignment from the Seller of the Mortgage Receivables (i) on the Closing Date and (ii) subject to the Additional Purchase Conditions being met (a) in the case of New Mortgage Receivables, to the extent offered by the Seller, New Mortgage Receivables by applying an amount up to the Pre-funded Amount on any Purchase Date, and (b) in the case of Further Advance Receivables, Further Advance Receivables by applying an amount up to the Further Advance Available Funds on any Purchase Date. See Section 6.2 ( <i>Description of Mortgage Loans</i> ) for more details.
<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, <i>inter alia</i> , the Mortgage Receivables and the Issuer Rights (see Section 4.7 ( <i>Security</i> )).
<b>Denomination</b>	The Notes will be issued with minimum denominations of EUR 125,000 and in integral multiples of EUR 1,000 in excess thereof with a maximum denomination of EUR 249,000.
<b>Form</b>	The Notes will be in bearer form. The Notes will be represented by Global Notes, without coupons attached. Interests in the Global Notes will only in limited circumstances be exchangeable for Notes in definitive form.
<b>Interest/ Revenue</b>	The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will carry a floating rate of interest as set out above, payable quarterly in arrear on each Notes Payment Date. The Class X Notes will, up to and including the First Optional Redemption Date, receive the Class X Revenue Amount, if any, payable quarterly in arrear on each Notes Payment Date. The Class E Notes and the Class S Notes will not carry any interest. Following the First Optional Redemption Date, the holders of the Class X Notes will not receive any Class X Revenue Amount. See further Section 4.1 ( <i>Terms and Conditions</i> ) and Condition 4 ( <i>Interest</i> ).
<b>Redemption Provisions</b>	<p>Unless previously redeemed in full, payments of principal on the Notes, other than the Class S Notes and the Class X Notes, will be made in arrear on each Notes Payment Date in the circumstances set out in, and subject to and in accordance with, the Conditions through the application of the Available Principal Funds, including as a result of the Seller exercising the Seller Call Option, the Clean-Up Call Option or the Risk Retention Regulatory Change Call Option, subject to, in respect of the Class E Notes, Condition 9(b) (<i>Principal</i>).</p> <p>On any Optional Redemption Date, the Seller may instruct the Issuer to redeem all Notes, other than the Class S Notes and the Class X Notes, subject to and in accordance with Condition 6(e) (<i>Remarketing Call Option</i>), at their Principal Amount Outstanding, together with interest and Subordinated Step-up Consideration accrued up to and including the date of redemption, subject to, in respect of the Class E Notes, Condition 9(b) (<i>Principal</i>). The Issuer also has the right to redeem the Notes, other than the Class S Notes and the Class X Notes, for tax reasons, subject to and in accordance with Condition 6(f) (<i>Redemption for tax reasons</i>), at their Principal Amount Outstanding, together with interest and Subordinated Step-up Consideration accrued up to and including the date of redemption. In addition, on the first Notes Payment Date, the Pre-funded Amount remaining on the first Notes Payment Date will be applied by the Issuer in or towards satisfaction, on a <i>pari passu</i> and <i>pro rata</i> basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date, unless the Pre-funded Amount is less than EUR 100,000 on such first Notes Payment Date, in which case it will form part of the Available Principal Funds and will be applied in accordance with the Redemption Priority of Payments. On each Notes Payment Date, the Class S Notes will be subject to mandatory redemption (in whole or in part) on a <i>pro rata</i> basis in the circumstances set out in, and subject to and in accordance with, the Conditions through the application of the Available Class S Redemption Funds. Upon redemption in full of the Notes, other than the Class S Notes and the Class X Notes, the Class S Notes and the Class X Notes will be subject to redemption as well.</p>

	The Notes will mature on the Final Maturity Date (to the extent not previously redeemed). See further Condition 6 ( <i>Redemption</i> ).
<b>Subscription and Sale</b>	The Joint Lead Managers have pursuant to the Senior Subscription Agreement agreed to subscribe for the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes on the Closing Date, subject to certain conditions precedent being satisfied. Furthermore, the Seller has pursuant to the Class E-S-X Notes Purchase Agreement agreed to purchase on the Closing Date, subject to certain conditions precedent being satisfied, the Class E Notes, the Class S Notes and the Class X Notes.
<b>Credit Rating Agencies</b>	Each of the Credit Rating Agencies is established in the European Union and is registered under the CRA Regulation. As such each of the Credit Rating Agencies is included in the list of credit rating agencies published by the European Securities and Markets Authority (" <b>ESMA</b> ") on its website in accordance with the CRA Regulation.
<b>Ratings</b>	<p>Credit ratings will be assigned by Fitch and DBRS to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as set out above on or before the Closing Date. The Class E Notes, the Class S Notes and the Class X Notes will not be assigned a credit rating.</p> <p>The credit ratings assigned by Fitch on the Closing Date address the likelihood of (a) timely payment of interest to the Class A Noteholders and the Class B Noteholders on each Notes Payment Date and payment in full of principal to the Class A Noteholders and the Class B Noteholders on the Final Maturity Date and (b) full payment of interest and principal due to the Class C Noteholders and the Class D Noteholders by a date that is not later than the Final Maturity Date but, for the avoidance of doubt, do not address the likelihood of payment of the Subordinated Step-up Consideration in respect of any of the Rated Notes.</p> <p>The credit ratings assigned by DBRS on the Closing Date address (a) the timely payment of interest and the ultimate payment of principal to the Class A Noteholders and the Class B Noteholders by a date that is not later than the Final Maturity Date and (b) the ultimate payment of interest and principal to the Class C Noteholders and the Class D Noteholders by a date that is not later than the Final Maturity Date, each in accordance with and subject to the Conditions but, for the avoidance of doubt, do not address the likelihood of payment of the Subordinated Step-up Consideration in respect of any of the Rated Notes.</p> <p><b>The assignment of ratings to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is not a recommendation to invest in such Class of Notes. Any credit rating assigned to a Class of 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 any of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.</b></p>
<b>Listing and admission to trading</b>	Application has been made to Euronext Amsterdam for the Notes to be admitted to the official list and trading on its regulated market. The Notes are expected to be listed on or about the Closing Date. There can be no assurance that any such listing will be maintained. This prospectus (the " <b>Prospectus</b> ") has been approved by the AFM and constitutes a prospectus for the purposes 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 or Clearstream, Luxembourg as common safekeeper each of which is recognised as an International Central Securities Depository. It does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction at the Eurosystem's discretion of the Eurosystem eligibility criteria. The Subordinated Notes are not intended to be held in a manner which will allow their Eurosystem eligibility.
<b>STS securitisation</b>	The securitisation transaction described in this Prospectus is intended to qualify as an STS securitisation within the meaning of article 18 of the Securitisation Regulation. Consequently, the securitisation transaction described in this Prospectus meets, on the date of this Prospectus, the requirements of articles 19 to 22 of the Securitisation Regulation and has been notified by the Seller to be included in the list published by ESMA referred to in article 27(5) of the Securitisation Regulation. The Seller and the Issuer have used the service of PCS, a third party authorised pursuant to article 28 of the Securitisation Regulation, to verify whether the securitisation transaction described in this Prospectus complies with articles 19 to 22 of the Securitisation Regulation and the compliance with such requirements is expected to be verified by PCS on the Closing Date. No assurance can be provided that the securitisation transaction described in this Prospectus does or continues to qualify as an STS securitisation under the Securitisation Regulation at any point in time in the future. None of the Issuer, the Issuer Administrator, the Seller, the Joint Lead Managers, the Arrangers, the Security Trustee, the Servicer or any of the other transaction parties makes any representation or accepts any liability for the securitisation transaction described in this Prospectus to qualify as an STS securitisation under the Securitisation Regulation at any point in time in the future.

<b>Limited recourse obligations</b>	The Notes will be limited recourse obligations of the Issuer alone and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity. The Issuer will have limited sources of funds available to it. See Section 2 ( <i>Risk Factors</i> ).
<b>Subordination</b>	The right of payment of principal and interest, if any, on each Class of Notes, other than the Class A Notes, is subordinated to the right of payment of principal under each other Class of Notes in reverse alphabetical order other than the Pre-funded Amount (unless such amount is lower than EUR 100,000, in which case such amount is applied in accordance with the Redemption Priority of Payments) remaining on the first Notes Payment Date, which will be applied by the Issuer in or towards satisfaction, on a <i>pari passu</i> and <i>pro rata</i> basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date. In addition, the right of payment of the Subordinated Step-up Consideration in respect of each relevant Class of Notes, unless an Enforcement Notice is delivered, is subordinated to the right of certain other payments including the interest on the Notes, if any. See Section 5 ( <i>Credit Structure</i> ).
<b>Retention and Information Undertaking</b>	<p>Ember VRM S.à r.l., in its capacity as originator as defined in the Securitisation Regulation, has undertaken to the Issuer, the Security Trustee and the Joint Lead Managers that it shall retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus, in accordance with article 6 of the Securitisation Regulation. On the Closing Date, such material net economic interest is retained in accordance with item 3(d) of article 6 of the Securitisation Regulation by the retention of the Class E Notes and the Class S Notes, having a nominal amount equal to not less than 5% of the sum of (i) the aggregate Outstanding Principal Amount of the Mortgage Receivables and (ii) the Pre-funded Amount. The Seller has also undertaken to make available materially relevant information to investors in accordance with and as required pursuant to article 7 of the Securitisation Regulation so that investors are able to verify compliance with article 6 of the Securitisation Regulation. Each prospective Noteholder should ensure that it complies with the Securitisation Regulation to the extent applicable to it. The Issuer, or the Issuer Administrator on its behalf, will also on behalf of the Seller, prepare Notes and Cash Reports on a quarterly basis 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. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with article 5 of the Securitisation Regulation (see Section 8 (<i>General</i>) for more details). See further Section 2 (<i>Risk Factors - Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes</i>) and Section 4.4 (<i>Regulatory and Industry Compliance</i>) for more details.</p> <p>The Seller does not intend to retain at least 5 per cent. of the credit risk of the securitised assets within the meaning of, and for purposes of, compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions.</p>
<b>Volcker Rule</b>	The Issuer is not, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the Investment Company Act) and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determinations that (i) the Issuer would satisfy all of the elements of the exemption from registration under the Investment Company Act provided by Section 3(c)(5)(C) thereunder, and, accordingly, (ii) the Issuer may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for their exclusion and/or exemption from registration under the Investment Company Act.

**Investing in any of the Notes involves certain risks. For a discussion of some of the risks involved with an investment in the Notes, see Section *Risk Factors* herein.**

Each investor contemplating purchasing any Notes should also take note of the responsibility statements which are set out in item (25) of Section 8 (*General*) of this Prospectus.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language to ensure that the correct technical meaning may be ascribed to them under applicable law. Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in Section 9.1 (*Definitions*) of the Glossary of Defined Terms set out in this Prospectus. The principles of interpretation set out in Section 9.2 (*Interpretation*) of the Glossary of Defined Terms in this Prospectus shall apply to this Prospectus. The date of this Prospectus is 12 July 2019.

*Joint Lead Managers*  
**BNP PARIBAS**

*Arrangers*  
**BNP PARIBAS**



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## 1. TRANSACTION OVERVIEW

*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including any amendment and/or supplement thereto.*

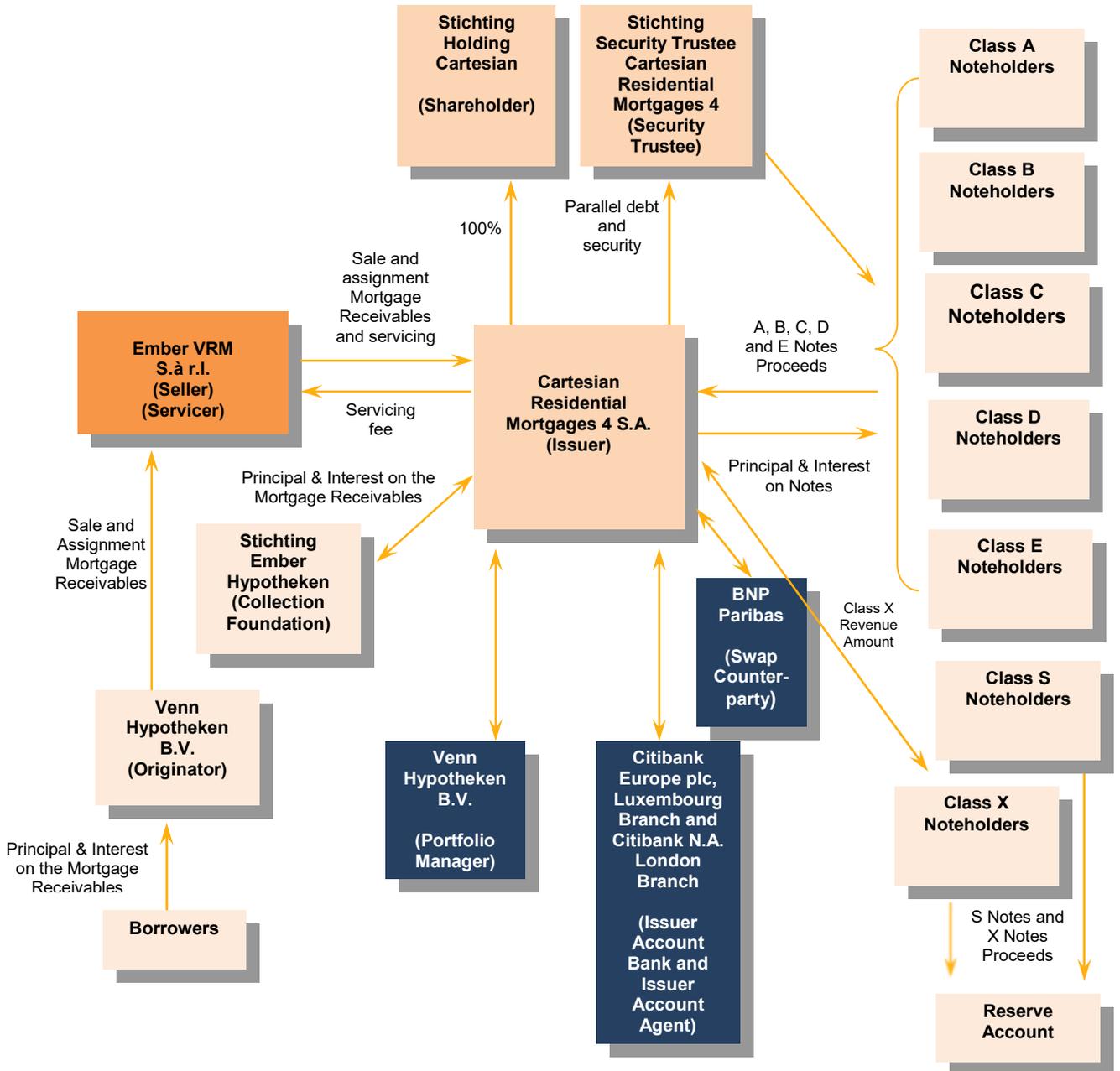
*Unless otherwise indicated in this Prospectus or the context otherwise requires, capitalised terms used in this Prospectus have the meaning ascribed thereto in paragraph 9.1 (Definitions) of the Glossary of Defined Terms set out in this Prospectus.*

*The principles of interpretation set out in paragraph 9.2 (Interpretation) of the Glossary of Defined Terms in this Prospectus shall apply to this Prospectus.*

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Relevant Member State, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to the Issuer, being the entity that has prepared the information in this Section, but only if such information is misleading, inaccurate or inconsistent when read with other parts of this Prospectus.

## 1.1 STRUCTURE DIAGRAM

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



## 1.2 RISK FACTORS

There are certain factors which prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Notes. One of these risk factors concerns the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables and the receipt by it of other funds. Despite certain mitigants in respect of these risks, there remains, amongst other things, a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural, legal and tax risks relating to the Mortgage Receivables and the Mortgaged Assets (see Section 2 (*Risk Factors*)).

### 1.3 PRINCIPAL PARTIES

**Issuer:** Cartesian Residential Mortgages 4 S.A., a public limited liability company (*société anonyme*), existing and organised under the laws of the Grand Duchy of Luxembourg, with registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number B235.337, being subject, as an unregulated securitisation undertaking, to the Securitisation Act.

The entire issued share capital of the Issuer is held by the Shareholder.

**Shareholder:** Stichting Holding Cartesian, established under Dutch law as a foundation (*stichting*), with its seat (*zetel*) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 57835268.

**Security Trustee:** Stichting Security Trustee Cartesian Residential Mortgages 4, established under Dutch law as a foundation (*stichting*), with its seat (*zetel*) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 75085755.

**Seller:** Ember VRM S.à r.l., a private limited liability company (*société à responsabilité limitée*), existing and organised under the laws of the Grand Duchy of Luxembourg, with registered office at 36-38 Grand-Rue, L-1660 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number B176.837.

The entire issued share capital of the Seller is held by VSK Holdings Limited. VSK Holdings Limited has been established by its shareholders to invest in asset-backed loan portfolios and is advised by Venn Partners LLP.

**Originator:** Venn Hypotheken B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under Dutch law, with its seat (*zetel*) in Breda, the Netherlands and its registered office at Claudius Prinsenlaan 111, 4817 HC in Breda, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 62715550.

The shares in the capital of Venn Hypotheken are held by Venn Partners Services Limited, a full subsidiary of Venn Partners LLP.

**Servicer:** The Seller acting in its capacity of Servicer.

**Sub-servicers:** Stater Nederland B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law, with its seat (*zetel*) in Amersfoort, the Netherlands and its registered office at Podium 1, 3826 PA in Amersfoort, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 08716725; and

HypoCasso B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law, with its seat (*zetel*) in Amersfoort, the Netherlands and its registered office at

Podium 1, 3826 PA in Amersfoort, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 32156362.

<b>Issuer Administrator:</b>	Intertrust (Luxembourg) S.à r.l., a private limited liability company ( <i>société à responsabilité limitée</i> ), existing and organised under the laws of the Grand Duchy of Luxembourg with registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, and registered with the Luxembourg Register of Commerce and Companies ( <i>R.C.S. Luxembourg</i> ) under number B103.123.
<b>Collection Foundation:</b>	Stichting Ember Hypotheken, established under Dutch law as a foundation ( <i>stichting</i> ), with its seat ( <i>zetel</i> ) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 59974052.
<b>Swap Counterparty:</b>	BNP Paribas, a public limited liability company ( <i>société anonyme</i> ), existing and organised under French laws, with registered office at 16 Boulevard des Italiens, 75009 Paris, France, and registered with the Commercial Registry of Paris under number 662042449.
<b>Reporting Services Provider:</b>	BNP Paribas.
<b>Issuer Account Bank:</b>	Citibank Europe plc, Luxembourg Branch, a limited liability company organised under the laws of Ireland, acting through its Luxembourg Branch.
<b>Issuer Account Agent:</b>	Citibank N.A., a limited liability company organised under the laws of the USA, acting through its United Kingdom branch.
<b>Portfolio Manager:</b>	Venn Hypotheken B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ), incorporated under Dutch law, with its seat ( <i>zetel</i> ) in Breda, the Netherlands and its registered office at Claudius Prinsenlaan 111, 4817 HC in Breda, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 62715550.
<b>Directors:</b>	With respect to the Issuer, Universal Management Services S.à r.l. represented by its permanent representative Mr. Jeremiah Daniel O'Donoghue; with respect to the Shareholder, Intertrust Management B.V.; and with respect to the Security Trustee, Amsterdamsch Trustee's Kantoor B.V.
<b>Service Provider:</b>	Intertrust (Luxembourg) S.à r.l.
<b>Domiciliation Agent:</b>	Intertrust (Luxembourg) S.à r.l.
<b>Paying Agent:</b>	Citibank N.A., London Branch.
<b>Reference Agent:</b>	Citibank N.A., London Branch.
<b>Listing Agent:</b>	ABN AMRO Bank N.V.
<b>Arrangers:</b>	BNP Paribas, London Branch, a public limited liability company ( <i>société anonyme</i> ), existing and organised under French laws, with its registered office at 16 Boulevard des Italiens, 75009 Paris, France and registered with the Commercial Registry of Paris under number 662042449, acting through its London branch; and  Venn Partners LLP, a limited liability partnership incorporated under the laws

of England with its registered office at 4th Floor, Reading Bridge House, George Street, Reading, Berkshire RG1 8LS, United Kingdom and registered under number OC347544.

**Joint Lead Managers:**

BNP Paribas, London Branch and Citigroup Global Markets Limited.

**Common Safekeeper:**

The clearing system or such other entity which the Issuer may elect from time to time to perform the safekeeping role.

## 1.4 NOTES

Certain features of the Notes are summarised below (see for a further description below):

Notes	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class S Notes	Class X Notes
<b>Principal Amount</b>	EUR 345,800,000	EUR 8,550,000	EUR 8,550,000	EUR 5,700,000	EUR 11,400,000	EUR 7,600,000	EUR 500,000
<b>Issue Price</b>	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
<b>Interest/ Revenue</b>	Euribor for three month deposit, plus a margin of 0.51 per cent. per annum, with a floor of 0 per cent. per annum	Euribor for three month deposit, plus a margin of 1.00 per cent. per annum, with a floor of 0 per cent. per annum	Euribor for three month deposit, plus a margin of 1.35 per cent. per annum, with a floor of 0 per cent. per annum	Euribor for three month deposit, plus a margin of 1.75 per cent. per annum, with a floor of 0 per cent. per annum	N/A	N/A	Class X Revenue Amount, up to and including the First Optional Redemption Date
<b>Subordinated Step-up Consideration following First Optional Redemption Date</b>	an amount equal to the Principal Amount Outstanding of the Class A Notes multiplied by the relevant Class A Subordinated Step-up Margin	an amount equal to the Principal Amount Outstanding of the Class B Notes multiplied by the relevant Class B Subordinated Step-up Margin	an amount equal to the Principal Amount Outstanding of the Class C Notes multiplied by the relevant Class C Subordinated Step-up Margin	an amount equal to the Principal Amount Outstanding of the Class D Notes multiplied by the relevant Class D Subordinated Step-up Margin	N/A	N/A	N/A
<b>Subordinated Step-up Margin</b>	1.02 per cent. per annum	1.50 per cent. per annum	2.025 per cent. per annum	2.625 per cent. per annum	N/A	N/A	N/A
<b>Expected ratings Fitch and DBRS<sup>2</sup></b>	AAA sf / AAA (sf)	AA+ sf / AA (high) (sf)	A+ sf / A (sf)	BBB- sf / BBB (high) (sf)	N/A	N/A	N/A
<b>First Notes Payment Date</b>	Notes Payment Date falling in November 2019	Notes Payment Date falling in November 2019	Notes Payment Date falling in November 2019	Notes Payment Date falling in November 2019			
<b>First Optional Redemption Date</b>	Notes Payment Date falling in November 2024	Notes Payment Date falling in November 2024	N/A	N/A			
<b>Final Maturity Date</b>	Notes Payment Date falling in November 2054	Notes Payment Date falling in November 2054	Notes Payment Date falling in November 2054	Notes Payment Date falling in November 2054			

**Notes:** The Notes shall be the following classes of notes of the Issuer, which are expected to be issued on or about the Closing Date:

- (i) the Class A Notes;

<sup>2</sup> The credit ratings do not address the likelihood of payment of the Subordinated Step-up Consideration in respect of any of the Rated Notes.

- (ii) the Class B Notes;
- (iii) the Class C Notes;
- (iv) the Class D Notes;
- (v) the Class E Notes;
- (vi) the Class S Notes; and
- (vii) the Class X Notes

**Issue Price:**

The issue price of the Notes shall be as follows:

- (i) the Class A Notes 100 per cent.;
- (ii) the Class B Notes 100 per cent.;
- (iii) the Class C Notes 100 per cent.;
- (iv) the Class D Notes 100 per cent.;
- (v) the Class E Notes 100 per cent.;
- (vi) the Class S Notes 100 per cent.; and
- (vii) the Class X Notes 100 per cent.

**Form:**

The Notes will be represented by Global Notes in bearer form, without coupons attached. Interests in the Global Notes will only in exceptional circumstances be exchangeable for Notes in definitive form and, in the case of Notes in definitive form, serially numbered and with coupons attached.

**Denomination:**

The Notes will be issued with minimum denominations of EUR 125,000 and in integral multiples of EUR 1,000 in excess thereof with a maximum denomination of EUR 249,000.

**Status & Ranking:**

The Notes of each Class rank *pari passu* without any preference or priority among Notes of the same Class.

In accordance with the Conditions and the Trust Agreement on each Notes Payment Date, other than the Pre-funded Amount remaining on the first Notes Payment Date, (i) payments of principal and, in certain circumstances, interest on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, (ii) payments of principal and, in certain circumstances, interest on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and the Class B Notes, (iii) payments of principal and, in certain circumstances, interest on the Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes and the Class C Notes, (iv) payments of principal on the Class E Notes are subordinated to, *inter alia*, payments of principal and, ultimately, interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, (v) payments of principal on the Class S Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and, ultimately, payment of principal on the Class E Notes and (vi) payments of the Class X Revenue Amount are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and, ultimately, payment of principal on the Class E Notes and the Class S Notes.

On the first Notes Payment Date, the Pre-funded Amount remaining on such date will be applied by the Issuer in or towards satisfaction, on a *pari passu* and *pro rata* basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date, unless the Pre-funded

Amount is less than EUR 100,000 on such first Notes Payment Date, in which case it will form part of the Available Principal Funds and will be applied in accordance with the Redemption Priority of Payments.

The obligation to pay the Subordinated Step-up Consideration in respect of Rated Notes, unless an Enforcement Notice has been delivered, is subordinated to payments of a higher order of priority including, but not limited to, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in accordance with the Conditions and the Trust Agreement. See further Section 4.1 (*Terms and Conditions*).

Prior to the delivery of an Enforcement Notice, the Class S Notes will on each Notes Payment Date be redeemed in accordance with Condition 6(c) (*Redemption of the Class S Notes*) with the Available Class S Redemption Funds, subject to Condition 9(b) (Principal). If the Class S Notes have been redeemed (in part or in full) and there is a shortfall in the amount available to the Issuer to pay interest and/or principal on the other Classes of Notes, this will result in the other Classes of Notes bearing a greater loss than that borne by the Class S Notes.

Prior to the delivery of an Enforcement Notice, the Class X Notes will become subject to redemption upon redemption in full of all Notes, other than the Class X Notes, by applying the Available Revenue Funds to the extent available for such purposes at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis within such Class, subject to Condition 9(b) (*Principal*).

The obligations of the Issuer in respect of the Notes will rank behind the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments. See further Section 5.2 (*Priority of Payments*).

#### **Interest/Revenue:**

*on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes:*

Interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is payable by reference to the successive Interest Periods. The interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be calculated on the basis of the actual days elapsed in the Interest Period divided by 360 days and will be payable quarterly in arrear on each Notes Payment Date calculated in respect of the Principal Amount Outstanding on the first day of the relevant Interest Period.

Interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes for each Interest Period will accrue from the Closing Date at an annual rate equal to the sum of Euribor for three (3) month deposits in euro, determined in accordance with Condition 4(e) (or, in respect of the first Interest Period, accrue at the rate which represents the linear interpolation of Euribor for four (4) and five (5) month deposit in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus a margin which will be equal to:

- (i) for the Class A Notes 0.51 per cent. per annum;
- (ii) for the Class B Notes 1.00 per cent. per annum;
- (iii) for the Class C Notes 1.35 per cent. per annum; and
- (iv) for the Class D Notes 1.75 per cent. per annum,

whereby the interest has in each case a floor of 0 per cent. per annum.

<i>on the Class E Notes:</i>	No interest will be payable in respect of the Class E Notes.
<i>on the Class S Notes:</i>	No interest will be payable in respect of the Class S Notes.
<i>on the Class X Notes:</i>	The Class X Revenue Interest Amount is payable by reference to the successive Interest Periods as from the Closing Date up to and including the First Optional Redemption Date. The amount due on a Notes Payment Date on all Class X Notes then outstanding will be equal to the Available Revenue Funds remaining after all items ranking above item (x) of the Revenue Priority of Payments have been paid in full. Following the First Optional Redemption Date, the holders of the Class X Notes will not receive any Class X Revenue Amount.
<b>Subordinated Step-up Consideration from (and including) the First Optional Redemption Date:</b>	<p>If on the First Optional Redemption Date the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have not been redeemed in full, the relevant Subordinated Step-up Consideration will be due to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders on each Notes Payment Date following the First Optional Redemption Date.</p> <p>The Subordinated Step-up Consideration is, in respect of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, an amount equal to the relevant Principal Amount Outstanding of such Class multiplied by the Subordinated Step-up Margin applicable to such Class.</p> <p>Following the First Optional Redemption Date and provided that no Enforcement Notice has been delivered, the obligation to pay the Subordinated Step-up Consideration in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is subordinated to payments of a higher order of priority including, but not limited to, any amount necessary to (i) pay interest (and other than, for the avoidance of doubt, the Subordinated Step-up Consideration) on such Class, (ii) make good any shortfall reflected in the relevant sub-ledger of the Principal Deficiency Ledger in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes until the debit balance, if any, on each such sub-ledger of the Principal Deficiency Ledger is reduced to zero and (iii) replenish the Reserve Account up to the amount of the Reserve Account First Target Level and the Reserve Account Second Target Level respectively, in accordance with and subject to the Revenue Priority of Payments.</p>
<b>Subordinated Step-up Margin:</b>	<p>The Subordinated Step-up Margin applicable to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be equal to for:</p> <ul style="list-style-type: none"> <li>(i) the Class A Notes 1.02 per cent. per annum;</li> <li>(ii) the Class B Notes 1.50 per cent. per annum;</li> <li>(iii) the Class C Notes 2.025 per cent. per annum; and</li> <li>(iv) the Class D Notes 2.625 per cent. per annum.</li> </ul>
<b>Final Maturity Date:</b>	If and to the extent not redeemed in full, the Issuer will, in accordance with Condition 6(a) ( <i>Final redemption</i> ), redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to, in respect of the Subordinated Notes, Condition 9(b) ( <i>Principal</i> ).
<b>Mandatory Redemption of the Notes, other than the Class S Notes and the Class X Notes:</b>	Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, on each Notes Payment Date the Issuer will, in accordance with Condition 6(b) ( <i>Mandatory Redemption of the Notes, other than the Class S Notes and the Class X</i>

Notes), be obliged to apply the Available Principal Funds to (partially) redeem the Notes, other than the Class S Notes and the Class X Notes, at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis within each Class, subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*), in the following order:

- (a) *firstly*, the Class A Notes, until fully redeemed;
- (b) *secondly*, the Class B Notes, until fully redeemed;
- (c) *thirdly*, the Class C Notes, until fully redeemed; and
- (d) *fourthly*, the Class D Notes, until fully redeemed; and
- (e) *fifthly*, the Class E Notes, until fully redeemed.

In addition, on the first Notes Payment Date, the Pre-funded Amount remaining on such date will be applied by the Issuer in or towards satisfaction, on a *pari passu* and *pro rata* basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date, unless the Pre-funded Amount is less than EUR 100,000 on such first Notes Payment Date, in which case it will form part of the Available Principal Funds and will be applied in accordance with the Redemption Priority of Payments.

If the Seller exercises the Seller Call Option, the Clean-Up Call Option or the Risk Retention Regulatory Change Call Option, the Issuer will be required to apply the proceeds of the sale or of the refinancing transaction, as applicable, to redeem the Notes as described above.

**Redemption of the Class S Notes:**

Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Notices*), on each Notes Payment Date the Issuer will, in accordance with Condition 6(c) (*Redemption of the Class S Notes*), be obliged to apply the Available Class S Redemption Funds to (partially) redeem on a *pro rata* basis, the Class S Notes, until fully redeemed, subject to Condition 9(b) (*Principal*).

**Redemption of the Class X Notes:**

Provided that no Enforcement Notice has been served in accordance with Condition 10 (*Notices*), the Issuer will in accordance with Condition 6(a) (*Final redemption*) and Condition 6(d) (*Redemption of the Class X Notes*) be obliged to redeem the Class X Notes in full, subject to Condition 9(b) (*Principal*), on the earlier of (i) the Final Maturity Date and (ii) the Notes Payment Date, on which the Notes, other than the Class S Notes, have been redeemed in full and any Notes Payment Date thereafter.

**Redemption following the exercise of a Remarketing Call Option:**

Unless previously redeemed in full, the Seller may at its option exercise the Remarketing Call Option on any Optional Redemption Date, subject to and in accordance with Condition 6(e) (*Remarketing Call Option*), and instruct the Issuer to redeem or repurchase, in whole but not in part, the Notes, other than the Class S Notes and the Class X Notes, at their respective Principal Amount Outstanding, together with interest and Subordinated Step-up Consideration accrued up to and including such Optional Redemption Date, subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*).

**Redemption for tax reasons:**

If the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the laws or regulations of Luxembourg (in each case including any guidelines issued by the tax authorities) or any other jurisdiction or any political sub-division or any authority thereof or therein

having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer has, in accordance with Condition 6(f) (*Redemption for tax reasons*), the option to redeem all (but not some only) of the Notes, other than the Class S Notes and the Class X Notes on any Notes Payment Date at their Principal Amount Outstanding, together with interest and Subordinated Step-up Consideration accrued up to and including the date of redemption. On such date of redemption, the Issuer shall apply the balance standing to the credit of the Reserve Account only towards the redemption of the Class S Notes and the Class X Notes, in a sequential order.

**Retention and disclosure requirements under the Securitisation Regulation:**

Ember VRM S.à r.l., in its capacity as originator as defined in the Securitisation Regulation, has undertaken to the Issuer, the Security Trustee and the Joint Lead Managers that it shall retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus, in accordance with article 6 of the Securitisation Regulation. On the Closing Date, such material net economic interest is retained in accordance with item 3(d) of article 6 of the Securitisation Regulation by the retention of the Class E Notes and the Class S Notes, having a nominal amount equal to not less than 5% of the sum of (i) the aggregate Outstanding Principal Amount of the Mortgage Receivables and (ii) the Pre-funded Amount.

The Notes Purchase Agreements and the Mortgage Receivables Purchase Agreement include a representation and warranty of the Seller as to its compliance with article 6 of the Securitisation Regulation. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant information to investors in accordance with and as required pursuant to article 7 of the Securitisation Regulation so that investors are able to verify compliance with article 6 of the Securitisation Regulation. Each prospective Noteholder should ensure that it complies with the Securitisation Regulation to the extent applicable to it. The Issuer, or the Issuer Administrator on its behalf, will also on behalf of the Seller, prepare Notes and Cash Reports on a quarterly basis wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with information on the retention of the 5% material net economic interest in the securitisation transaction by the Seller.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with article 5 of the Securitisation Regulation (see Section 8 (*General*) for more details). See further Section 2 (*Risk Factors - Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*) and Section 4.4 (*Regulatory and Industry Compliance*) for more details.

**STS**

The securitisation transaction described in this Prospectus is intended to qualify as an STS securitisation within the meaning of article 18 of the Securitisation Regulation. Consequently, the securitisation transaction described in this Prospectus meets, on the date of this Prospectus, the requirements of articles 19 to 22 of the Securitisation Regulation and will be notified by the Seller on or prior to the Closing Date to be included in the list published by ESMA referred to in article 27(5) of the Securitisation Regulation. The Seller and the Issuer have used the service of PCS, a third party authorised pursuant to article 28 of the Securitisation Regulation, to verify whether the securitisation transaction described in this Prospectus complies

with articles 19 to 22 of the Securitisation Regulation and the compliance with such requirements is expected to be verified by PCS on the Closing Date. No assurance can be provided that the securitisation transaction described in this Prospectus does or continues to qualify as an STS securitisation under the Securitisation Regulation at any point in time in the future. See further Section 2 (*Risk Factors - Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*) and Section 4.4 (*Regulatory and Industry Compliance*) for more details.

**Eurosystem eligibility and loan-by-loan information:**

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 one of the ICSDs as Common Safekeeper. This does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction at the Eurosystem's discretion 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 or, following a three month transitional period after the final implementing technical standards pursuant to article 7(4) of the Securitisation Regulation become applicable and a repository has been designated pursuant to article 10 of the Securitisation Regulation, in accordance with the final disclosure templates as adopted in such final regulatory technical standards and final implementing technical standards. It has been agreed in the Administration Agreement and the Servicing Agreement, respectively, that the Issuer Administrator or, at the instruction of the Issuer Administrator, the Servicer, shall use its best efforts to make such loan-by-loan information available on a quarterly basis within one month after each Notes Payment Date, for as long as such requirement is effective and to the extent it has such information available. The Subordinated Notes are not intended to be held in a manner which will allow their Eurosystem eligibility.

**Use of proceeds:**

The aggregate proceeds of the Notes to be issued on the Closing Date amount to EUR 388,100,000.

The aggregate proceeds of the issue of the Notes, other than the Class S Notes and the Class X Notes, amount to EUR 380,000,000. Part thereof will be applied by the Issuer on the Closing Date to pay to the Seller the Initial Purchase Price for the Mortgage Receivables purchased on the Signing Date under the Mortgage Receivables Purchase Agreement. An amount of EUR 12,403,696.03, being equal to the Aggregate Construction Deposits will be withheld by the Issuer from the Initial Purchase Price payable on the Closing Date and deposited in the Construction Deposit Account.

The remaining part of the proceeds of the Notes, other than the Class S Notes and the Class X Notes, being the Pre-funded Amount will be deposited in the Pre-funded Account on the Closing Date and will be available for the purchase of any New Mortgage Receivables on any Purchase Date.

The aggregate proceeds of the Class S Notes amount to EUR 7,600,000. This amount will be credited to the Reserve Account and is the sum of the Reserve Account Second Target Level.

The aggregate proceeds of the Class X Notes will amount to EUR 500,000. This amount will be credited to the Issuer Collection Account and is equal to the Negative Carry Amount, consisting of (i) the Construction Deposit

Negative Carry Amount, (ii) the Pre-funded Account Negative Carry Amount and (iii) the Swap Negative Carry Amount.

**Withholding:**

**Tax:**

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment, where such 20 per cent. withholding or deduction is required to be made pursuant to the Luxembourg law of December 23, 2005 introducing a final withholding tax on certain interest from savings, as amended.

**FATCA Withholding:**

Payments in respect of the Notes may be reduced by any amounts of tax required to be withheld or deducted 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 any other 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.

**Method of Payment:**

For so long as the Notes are represented by a Global Note, payments of principal and interest, if any, on the Notes will be made in euros to the Common Safekeeper for Euroclear and Clearstream, Luxembourg for the credit of the respective accounts of the Noteholders.

**Security for the Notes:**

The Notes have the benefit of:

- (i) a first ranking undisclosed right of pledge by the Issuer to the Security Trustee over the Mortgage Receivables (which includes any New Mortgage Receivables and Further Advance Receivables), including all rights ancillary thereto, governed by Dutch law;
- (ii) a first ranking disclosed right of pledge by the Issuer to the Security Trustee over the Issuer Rights including all rights ancillary thereto, governed by Dutch law;
- (iii) a first ranking right of pledge by the Issuer to the Security Trustee in respect of its rights under the Issuer Transaction Accounts *vis-à-vis* the Issuer Account Bank, governed by Luxembourg law; and
- (iv) a jointly-held first ranking right of pledge by the Collection Foundation to the Security Trustee over the Collection Foundation Accounts, governed by Dutch law.

After the delivery of an Enforcement Notice, the amounts payable to the Noteholders and the other Secured Creditors will be limited to the amounts available for such purpose to the Security Trustee which, *inter alia*, will consist of amounts recovered by the Security Trustee in respect of such

rights of pledge and amounts received by the Security Trustee as creditor under the Parallel Debt Agreement. Payments to the Secured Creditors will be made subject to the Parallel Debt Agreement and in accordance with the Post-Enforcement Priority of Payments subject to certain amounts which will be paid outside the Post-Enforcement Priority of Payments. See further Section 4.7 (*Security*) and Section 5 (*Credit Structure*) below.

**Security over Collection Foundation Account balances:**

The Collection Foundation will grant a first ranking right of pledge on the balances standing to the credit of the Collection Foundation Accounts, in favour of the Security Trustee and the Previous Transaction Security Trustees jointly and a second ranking right of pledge to the Issuer and the Previous Transaction SPVs jointly both under the condition that future issuers (and any future security trustees) in securitisation transactions, covered bonds transactions, warehouse transactions, whole loan funding transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) by the Originator and/or the Seller or group companies thereof, will also have the benefit of such right of pledge. Such rights of pledge are governed by Dutch law and have been notified to the Collection Foundation Accounts Provider.

**Parallel Debt Agreement:**

On the Signing Date, the Issuer and the Security Trustee will, among others, enter into the Parallel Debt Agreement for the benefit of the Secured Creditors under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured 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.

**Paying Agency Agreement:**

On the Signing Date the Issuer and the Security Trustee will enter into the Paying Agency Agreement with the Paying Agent and the Reference Agent pursuant to which the Paying Agent undertakes, *inter alia*, to perform certain payment services on behalf of the Issuer towards the Noteholders.

**Listing and admission to trading:**

Application has been made to Euronext Amsterdam for the Notes to be admitted to the official list and trading on its regulated market. It is anticipated that listing will take place on or about the Closing Date. There can be no assurance that any such listing will be maintained.

**Credit ratings:**

It is a condition precedent to issuance that the Class A Notes, on issue, be assigned an AAA sf credit rating by Fitch and an AAA (sf) credit rating by DBRS, that the Class B Notes, on issue, be assigned an AA+ sf credit rating by Fitch and an AA (high) (sf) credit rating by DBRS, that the Class C Notes, on issue, be assigned an A+ sf credit rating by Fitch and an A (sf) credit rating by DBRS and that the Class D Notes, on issue, be assigned a BBB- sf credit rating by Fitch and a BBB (high) (sf) credit rating by DBRS. Each of the Credit Rating Agencies is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on Credit Rating Agencies. The Class E Notes, the Class S Notes and the Class X Notes will not be assigned a credit rating.<sup>3</sup>

**Settlement:**

Euroclear and Clearstream, Luxembourg.

**Governing Law:**

The Notes and the Transaction Documents, other than the Swap

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<sup>3</sup> The credit ratings do not address the likelihood of payment of the Subordinated Step-up Consideration in respect of any of the Rated Notes.

Agreement, the Issuer Management Agreement, Schedule 4 to the Administration Agreement (the Domiciliation Agreement), the Issuer Account Agreement and the Issuer Account Pledge Agreement, will be governed by and construed in accordance with Dutch law. The provisions of articles 470-1 to 470-19 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, are expressly excluded.

The Issuer Management Agreement, Schedule 4 to the Administration Agreement (the Domiciliation Agreement), the Issuer Account Agreement and the Issuer Account Pledge Agreement will be governed by Luxembourg law.

The Hedging Agreements will be governed by and construed in accordance with English law.

**Selling Restrictions:**

There are selling restrictions in relation to the European Economic Area, the Netherlands, Luxembourg, Japan, France, Italy, the United Kingdom and the United States and such other restrictions as may be required in connection with the offering and sale of the Notes. See Section 4.3 (*Subscription and Sale*).

## 1.5 CREDIT STRUCTURE

**Available Funds:** The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Hedging Agreements, drawings from the Reserve Account, revenues on any Eligible Investments and the Issuer Collection Account and, in certain limited circumstances, amounts standing to the credit of the Pre-funded Account and the Construction Deposit Account, to make payments of, *inter alia*, principal and interest due in respect of the Notes.

**Priority of Payments:** The obligations of the Issuer in respect of the Notes will rank subordinated to the obligations of the Issuer in respect of certain items set forth in the applicable Priority of Payments and the right to payment of principal on the Subordinated Notes will be subordinated to payment of principal under the Class A Notes, other than the Pre-funded Amount (unless lower than EUR 100,000) remaining on the first Notes Payment Date. The obligation to pay the Subordinated Step-up Consideration in respect of any Rated Notes, unless an Enforcement Notice is delivered, is subordinated to payments of a higher order of priority including, but not limited to, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in accordance with the Conditions and the Trust Agreement. The Pre-funded Amount remaining on the first Notes Payment Date, if equal to or higher than EUR 100,000, will be applied by the Issuer in or towards satisfaction, on a *pari passu* and *pro rata* basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date, unless the Pre-funded Amount is less than EUR 100,000 on such first Notes Payment Date, in which case it will form part of the Available Principal Funds and will be applied in accordance with the Redemption Priority of Payments. See further Section 4.1 (*Terms and Conditions*) and Section 5 (*Credit Structure*).

Prior to the delivery of an Enforcement Notice, the Class S Notes will on each Notes Payment Date be redeemed in accordance with Condition 6(c) (*Redemption of the Class S Notes*) with an amount equal to the Available Class S Redemption Funds, on a *pro rata* and *pari passu* basis within such Class, subject to Condition 9(b) (*Principal*).

Prior to the delivery of an Enforcement Notice, the Class X Notes will become subject to redemption upon redemption in full of all Notes, other than the Class X Notes, by applying the Available Revenue Funds to the extent available for such purposes at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis within such Class, subject to Condition 9(b) (*Principal*).

**Hedging Agreements:** On or before the Closing Date, the Issuer will enter into a (i) Swap Agreement with the Swap Counterparty to hedge the interest rate risk between (a) interest to be received by the Issuer on the Swap Mortgage Receivables and (b) Euribor for three (3) month deposits due by the Issuer on the Rated Notes and (ii) the NAMS Rebalancing Agreement to address the risk that the amortisation of the Swap Mortgage Receivables diverges from the expected amortisation scenarios. See further Section 5 (*Credit Structure*) below.

**Issuer Accounts:** The Issuer shall maintain with the Issuer Account Bank the following accounts:

- (i) the Issuer Collection Account to which (a) on each Mortgage Collection Payment Date - *inter alia* - all amounts received in respect of the Mortgage Receivables will be transferred by the Servicer and/or the Collection Foundation in accordance with the Servicing Agreement and the Receivables Proceeds Distribution Agreement and (b) on the Closing Date the proceeds of the Class X Notes shall be deposited;

- (ii) the Construction Deposit Account, to which on the Closing Date and on any Purchase Date the amounts equal to the aggregate Construction Deposits which are withheld by the Issuer from the relevant Initial Purchase Price, if any, shall be deposited;
- (iii) the Pre-funded Account to which on the Closing Date part of the proceeds of the Notes (other than the Class S Notes and the Class X Notes) equal to the Pre-funded Amount, shall be deposited;
- (iv) the Reserve Account to which on the Closing Date the proceeds of the Class S Notes (being the amount of the Reserve Account Second Target Level) and on each Notes Payment Date certain amounts to the extent available in accordance with the Revenue Priority of Payments shall be deposited; and
- (v) the Swap Cash Collateral Account to which any collateral in the form of cash delivered to the Issuer pursuant to the Swap Agreement shall be deposited.

If any collateral in the form of securities is to be provided to the Issuer by the Swap Counterparty, the Issuer will be required to open a Swap Securities Collateral Account with Citibank, acting as custodian, in accordance with the Swap Agreement, in which such securities will be held.

If the Issuer invests in Eligible Investments it will open the Investment Securities Account with Citibank, acting as custodian, and deposit the Eligible Investments on such account. In addition, the Issuer will open with such account bank or custodian the Investment Cash Account and will deposit the monies resulting from Eligible Investments on such account.

The Issuer shall not invest in any investments which are in whole or in part, actually or potentially, tranches of other asset backed securities, credit linked notes, swaps or other derivative instruments, synthetic securities or similar claims.

**Collection  
Foundation  
Accounts:**

All payments made by the Borrowers in respect of the Mortgage Receivables will be paid into the Collection Foundation Account.

**Issuer Account  
Agreement:**

On the Signing Date the Issuer will enter into the Issuer Account Agreement with the Issuer Account Bank and the Issuer Account Agent, under which the Issuer Account Bank agrees to pay an interest rate on the balance standing to the credit of each of the Issuer Accounts from time to time as agreed by the Issuer and the Issuer Account Agent. In the event that the interest rate accruing on the balances standing to the credit of any of the Issuer Accounts is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank. See Section 5 (*Credit Structure*).

**Administration  
Agreement:**

Under the Administration Agreement between the Issuer, the Issuer Administrator and the Security Trustee, the Issuer Administrator will agree, amongst others, (a) to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions and (b) to submit certain statistical information regarding the Issuer to certain governmental authorities if and when requested.

## 1.6 PORTFOLIO INFORMATION

### Key Characteristics

The numerical information set out below relates to the portfolio Mortgage Receivables which the Seller will offer for sale to the Issuer on the Signing Date, as selected on the initial Cut-Off Date. In addition, this information is expected to be representative of the portfolio of New Mortgage Receivables which the Seller may potentially offer for sale to the Issuer during the Pre-funded Period.

Total Original Principal Amount (€)	340,600,726
Total Outstanding Principal Amount (€)	335,452,763
Number of Borrowers	919
Saving Deposits (€)	-
Construction Deposits (€)	12,403,696
Total Outstanding Principal Amount Excl. Construction Deposits and Savings Deposits (€)	323,049,067
Number of Loan Parts	2,293
Number of Loans	919
Average Outstanding Principal Amount Excl. Construction Deposits (Per Borrower)	351,522
Weighted Average Interest Rate (%)	2.61
Weighted Average Maturity (In Years)	29.02
Weighted Seasoning (In Years)	0.60
Weighted Average Remaining Term to Interest Reset (In Years)	18.79
Weighted Average OLTOMV (%)	96.32%
Weighted Average CLTOMV (%)	94.92%
Weighted Average Loan to Income Ratio	4.24

**Mortgage Loans:** The pool of Mortgage Loans (or any Loan Parts (*leningdelen*) comprising a Mortgage Loan) will consist of Linear Mortgage Loans (*lineaire hypotheken*), Annuity Mortgage Loans (*annuïteiten hypotheken*) and Interest-only Mortgage Loans (*aflossingsvrije hypotheken*) or combinations of these types of loans.

All Mortgage Loans are secured by a first ranking or first and sequentially lower ranking mortgage right over the Mortgaged Assets and were vested for a principal sum which is at least equal to the principal sum of the Mortgage Loan when originated, increased with interest, penalties, costs and any insurance premium. Mortgage Loans may consist of one or more Loan Parts. If a Mortgage Loan consists of one or more Loan Parts, the Seller has sold and assigned and the Issuer has purchased and accepted assignment of all, but not some, Loan Parts of such Mortgage Loan at the Closing Date and, in respect of any New Mortgage Loans and/or Further Advances, the Seller has undertaken to sell and assign to the Issuer all, but not some, Loan Parts from time to time, unless the Additional Purchase Conditions are not met. If the Issuer does not purchase the relevant Further Advance Receivable, the Seller has undertaken to repurchase the Mortgage Receivable which results from the Mortgage Loan to which such Further Advance relates. See further Section 6.2 (*Description of Mortgage Loans*).

The Mortgage Loans have characteristics that demonstrate the capacity to produce funds to service any payments due and payable under the Notes.

### Linear Mortgage Loans:

A portion of the Mortgage Loans will be in the form of Linear Mortgage Loans. Under a Linear Mortgage Loan the Borrower redeems a fixed amount on each instalment, such that at maturity the entire loan will be redeemed. The Borrower's payment obligation decreases with each payment as interest owed under such

Mortgage Loan declines over time.

**Annuity Mortgage Loans:**

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

**Interest-only Mortgage Loans:**

A portion of the Mortgage Loans will be in the form of Interest-only Mortgage Loans. Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans may have been granted up to an amount equal to 50 per cent. of the Market Value of the Mortgaged Asset at origination.

**Construction Deposits:**

The Construction Deposits are withheld by the Originator and will be paid out in case certain conditions are met. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price on the Closing Date an amount equal to the aggregate Construction Deposits on or around the Closing Date or, in case of a purchase and assignment of any New Mortgage Receivables, on the relevant Purchase Date. Such amounts will be deposited on the Construction Deposit Account. On or around each Mortgage Collection Payment Date, the Issuer will release from the Construction Deposit Account such part of the Initial Purchase Price which equals the positive difference between the balance standing to the credit of the Construction Deposit Account and the aggregate Construction Deposits and pay such amount to the Seller.

Pursuant to the Mortgage Conditions in respect of the Mortgage Loans, Construction Deposits have to be paid out within 12 (in the case of existing Mortgaged Assets) to 18 months (in the case of newly built Mortgaged Assets). After such relevant period, if any remaining Construction Deposit is lower than EUR 5,000 it is paid to the Borrower and if it exceeds EUR 5,000, will be set-off against the relevant Mortgage Receivable, up to the amount of the remaining Construction Deposit, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining corresponding part of the Initial Purchase Price and an amount equal to such part of the Initial Purchase Price will be debited from the Construction Deposit Account and will form part of the Available Principal Funds on the immediately succeeding Notes Payment Date.

**Receivables Proceeds Distribution Agreement:**

On or before the Closing Date, the Issuer will become a party to the Receivables Proceeds Distribution Agreement under which, *inter alia*, the Collection Foundation undertakes to transfer all amounts received on the Collection Foundation Account in respect of the Mortgage Receivables, to the Issuer Collection Account.

## 1.7 PORTFOLIO DOCUMENTATION

### **Purchase of Mortgage Receivables on the Signing Date:**

On 10 March 2016 and from time to time thereafter, the Seller purchased and accepted or, as the case may be, will purchase and accept, assignment of the Mortgage Receivables including all ancillary rights (*nevenrechten*), such as mortgage rights (*rechten van hypotheek*) and rights of pledge (*pandrechten*) from the Originator by means of a mortgage receivables purchase agreement and deeds of sale and assignment and registration of such deeds of sale and assignment with the Dutch tax authorities as a result of which legal title to the Mortgage Receivables was or will be transferred from the Originator to the Seller (Assignment I). Assignment I has not and will not be notified to the Borrowers, except upon the occurrence of certain events. Until such notification the Borrowers will only be entitled to validly pay (*bevijsdend betalen*) to the Originator.

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase the Mortgage Receivables on the Signing Date and will under the Deed of Assignment and Pledge and registration thereof with the Dutch tax authorities, on the Closing Date accept assignment of the Mortgage Receivables is transferred from the Seller to the Issuer (Assignment II).

The Mortgage Receivables sold on the Signing Date are sold to the Issuer from and including the initial Cut-Off Date.

### **Purchase of New Mortgage Receivables and Further Advance Receivables on any Purchase Date:**

The Mortgage Receivables Purchase Agreement will provide that the Issuer will purchase from the Seller (Assignment II), subject to the Additional Purchase Conditions being met, (i) in the case of New Mortgage Receivables, to the extent offered by the Seller, New Mortgage Receivables by applying an amount up to the Pre-funded Amount on any Purchase Date during the Pre-funded Period; and (ii) in the case of Further Advance Receivables, Further Advance Receivables by applying an amount up to the Further Advance Available Funds on any Purchase Date until the earlier of (a) (but excluding) the First Optional Redemption Date and (b) the date on which the Seller informs the Issuer that no additional Further Advance Receivables will be available for sale and assignment to the Issuer. In respect of the Further Advance Receivables, if the Additional Purchase Conditions are not met and the Issuer does not purchase any such Further Advance Receivable, the Seller has undertaken to repurchase the Mortgage Receivable which results from the Mortgage Loan to which such Further Advance relates. The New Mortgage Receivables and the Further Advance Receivables are sold to the Issuer from and including the relevant Cut-Off Date.

### **Repurchase of Mortgage Receivables:**

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept reassignment of a Mortgage Receivable:

- (i) either (a) on the Mortgage Collection Payment Date immediately following the expiration of the fourteen (14) days remedy period (as provided for in the Mortgage Receivables Purchase Agreement) if any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meet the Mortgage Loan Criteria, is untrue or incorrect in any material respect and the Seller has not remedied the breach or procured the remedy of the matter giving rise to such breach, or (b), if such

matter is not capable of being remedied within the said period of fourteen (14) days, on the immediately following Mortgage Collection Payment Date; or

- (ii) on the Mortgage Collection Payment Date immediately following (a) the date on which the Originator agrees with a Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer on any Purchase Date falling ultimately on the immediately succeeding Notes Payment Date or (b) the date on which the Originator or the Seller obtains an Other Claim; or
- (iii) on the Mortgage Collection Payment Date immediately following the date on which the Originator agrees with a Borrower to a Non-Permitted Mortgage Loan Amendment; or
- (iv) if a Borrower has exercised the Mover Option and the Current Loan to Original Market Value Ratio of the relevant Mover Mortgage Loan is higher than the Current Loan to Original Market Value Ratio of the existing Mortgage Loan, on the Mortgage Collection Payment Date immediately following the date of such exercise.

The purchase price for the Mortgage Receivable in such event will be equal to the Outstanding Principal Amount of the relevant Mortgage Receivable together with any unpaid interest accrued up to but excluding the relevant cut-off date of sale and assignment of the Mortgage Receivable and reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment).

**Clean-Up Call Option, the Seller Call Option and the Risk Retention Regulatory Change Call Option:**

If on any Notes Payment Date, the aggregate Outstanding Principal Amount of the Mortgage Receivables is equal to or less than the sum of (i) 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the initial Cut-Off Date and (ii) the Pre-funded Amount on the Closing Date, the Seller has the option (but not the obligation) to repurchase all the Mortgage Receivables (but not some only), by delivery of a notice to the Issuer at least thirty (30) calendar days before the relevant Notes Payment Date.

On each Optional Redemption Date, the Seller has the option (but not the obligation) to repurchase all the Mortgage Receivables (but not some only) from the Issuer, by delivery of a notice to the Issuer at least thirty (30) calendar days before the relevant Optional Redemption Date.

On any Notes Payment Date following the occurrence of a Risk Retention Regulatory Change Event, the Seller has the option (but not the obligation) to repurchase all the Mortgage Receivables (but not some only) from the Issuer, by delivery of a notice to the Issuer at least 75 (seventy-five) calendar days before the relevant Notes Payment Date informing the Issuer that it will exercise the Risk Retention Regulatory Change Call Option. For the avoidance of doubt, if the Risk Retention Regulatory Change Call Option is not exercised for whatever reason by the Seller, this does not affect the obligation of the Seller in any way to retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus in accordance with article 6 of the Securitisation Regulation for which the Seller shall remain responsible.

If the Seller exercises the Clean-Up Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement, to sell and assign the

Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion.

The Issuer shall be required to apply the proceeds of such sale of the relevant Mortgage Receivables to redeem the Notes, other than the Class S Notes and the Class X Notes, in accordance with Condition 6(b) (*Mandatory Redemption of the Notes, other than the Class S Notes and the Class X Notes*) at their respective Principal Amount Outstanding together with unpaid interest and Subordinated Step-up Consideration accrued and to pay other amounts due ranking higher or equal to the Notes, other than the Class S Notes and the Class X Notes, in accordance with the relevant Priority of Payments and the Trust Agreement.

The purchase price of each Mortgage Receivable in the event of a sale by the Issuer as a result of the Seller exercising the Clean-Up Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option shall be equal to at least the Required Call Amount.

**Exercise of Tax Call Option and the related sale of Mortgage Receivables:**

Pursuant to the Trust Agreement, the Issuer has the right to sell and assign all but not some of the Mortgage Receivables if the Tax Call Option in accordance with Condition 6(f) (*Redemption for tax reasons*) is exercised, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes, other than the Class S Notes and the Class X Notes, at their Principal Amount Outstanding, together with interest and Subordinated Step-up Consideration accrued up to and including the date of redemption and to pay other amounts due ranking higher or equal to the Notes, other than the Class S Notes and the Class X Notes, in accordance with the relevant Priority of Payments and the Trust Agreement. On such date of redemption, the Issuer shall apply the balance standing to the credit of the Reserve Account at such time only towards the redemption of the Class S Notes and the Class X Notes, in a sequential order.

If the Issuer exercises the Tax Call Option, the Issuer will notify the Seller of such decision by written notice at least sixty-seven (67) calendar days prior to the scheduled date of redemption and will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of fourteen (14) calendar days after receipt of such notice inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such period of fourteen (14) calendar days, if the Seller has not indicated that it wishes to repurchase the Mortgage Receivables and if the Issuer finds a third party that is willing to purchase the Mortgage Receivables, the Issuer will notify the Seller of the terms of such third party's offer by written notice at least thirty-nine (39) calendar days prior to the scheduled date of such sale. After having received the written notice as set forth in the foregoing sentence, the Seller will have the right, but not the obligation, to repurchase all the Mortgage Receivables (but not some only) on the terms of such third party's offer to purchase the Mortgage Receivables on the scheduled date of such sale, provided that the Seller shall within a period of seven (7) calendar days after receipt of such notice inform the Issuer that it wishes to repurchase all the Mortgage Receivables (but not some only) on the scheduled date of such sale. The absence of such timely notice by the Seller will entitle the Issuer to sell the Mortgage Receivables to such third party.

The purchase price of each Mortgage Receivable in the event of a sale by the Issuer as a result of the Seller exercising the Tax Call Option, shall be equal to at least the Required Call Amount.

**Servicing Agreement:**

Under the Servicing Agreement, (i) the Servicer will agree to provide

collecting services and the other services as agreed in the Servicing Agreement in relation to the Mortgage Receivables on a day-to-day basis, including, without limitation, the collection of payments of principal, interest and all other amounts in respect of the Mortgage Receivables and (ii) the Servicer will agree to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further Section 7.5 (*Servicing Agreement*)).

In accordance with the Servicing Agreement, the Servicer has appointed each of Stater Nederland B.V. and HypoCasso B.V., respectively, as its Sub-servicers, to provide certain of the Mortgage Loan Services in respect of the relevant Mortgage Loans in accordance with the Sub-Servicing Letters on behalf of the Servicer.

Under the Servicing Agreement, the Portfolio Manager will agree to provide advisory services to the Issuer on a day-to-day basis, including, advice in respect of the determination of the Mortgage Interest Rates, advice relating to actions to be considered in respect of relevant Mortgage Receivables which are reasonably expected to default and providing instructions to the Servicer (see further Section 7.5 (*Servicing Agreement*)).

## 1.8 GENERAL

- Management Agreements:** Each of the Issuer, the Security Trustee and the Shareholder have entered or will on or before the Signing Date enter into Management Agreements with the relevant Director (with respect to the Issuer, a separate Issuer Management Agreement is entered into with each relevant Director), under which the relevant Director will undertake to act as director of the Issuer, the Security Trustee or the Shareholder, respectively, and to perform certain services in connection therewith.
- Domiciliation Agreement** Under a domiciliation agreement, which is attached as a schedule to the Administration Agreement, the Domiciliation Agent will agree to provide domiciliation services and certain administration services to the Issuer, in addition to the other services to be provided under the Administration Agreement, and to ensure that the Issuer will have a sufficient number of directors with residence in Luxembourg. See further Section 3.1 (*Issuer*).

## 2. 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, all factors which are material for the purpose of assessing the market risk associated with the Notes are also described below as at the date of this Prospectus. The Issuer believes that the factors described below represent the material risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, to the extent applicable, 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 enough. 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. Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's own circumstances and financial condition.*

### **RISK FACTORS REGARDING THE ISSUER**

#### **The Notes will be solely the obligations of the Issuer**

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Originator, the Swap Counterparty, the Servicer, the Sub-servicers, the Issuer Administrator, the Portfolio Manager, the Service Provider, the Directors, the Paying Agent, the Reference Agent, the Arrangers, the Joint Lead Managers, the Issuer Account Bank, the Issuer Account Agent, the Collection Foundation, the Listing Agent and the Security Trustee, in whatever capacity acting. Furthermore, none of the Seller, the Originator, the Swap Counterparty, the Servicer, the Sub-servicers, the Issuer Administrator, the Portfolio Manager, the Service Provider, the Directors, the Paying Agent, the Reference Agent, the Arrangers, the Joint Lead Managers, the Issuer Account Bank, the Issuer Account Agent, the Collection Foundation, the Listing Agent and the Security Trustee, nor any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

None of the Seller, the Originator, the Swap Counterparty, the Servicer, the Sub-servicers, the Issuer Administrator, the Portfolio Manager, the Service Provider, the Directors, the Paying Agent, the Reference Agent, the Arrangers, the Joint Lead Managers, the Issuer Account Bank, the Issuer Account Agent, the Collection Foundation, the Listing Agent and the Security Trustee 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). Accordingly, other than in such limited circumstances, no person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

#### **The Issuer has limited resources available to meet its obligations**

The ability of the Issuer to meet its obligations in full to pay its operating and administrative expenses and principal of and interest, if any, on the Notes will be dependent solely on (a) the receipt by it of funds under the Mortgage Receivables, (b) the proceeds of the sale of any Mortgage Receivables, (c) the receipt by it of payments under the Swap Agreement, (d) in certain circumstances, drawings under the Reserve Account, (e) the receipt by it of proceeds and/or distributions under the Eligible Investments and (f) the receipt by it of interest in respect of the balance standing to the credit of the relevant Issuer Transaction Accounts. See further Section 5 (*Credit Structure*) below. There is no assurance that the market value of the Mortgage Receivables will at any time be equal to or greater than the aggregate Principal Amount Outstanding of the Rated Notes plus the accrued interest thereon and the Subordinated Step-up Consideration. The Issuer does not have any other resources available to it to meet its obligations under the Notes. Consequently, the Issuer may be unable to recover fully and/or timely the funds necessary to fulfil its payment obligations under the Notes. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

#### **The Issuer has counterparty risk exposure**

Counterparties to the Issuer may not perform their obligations under the Transaction Documents, which may result in the Issuer not being able to meet its obligations under the Notes. It should be noted that, *inter alia*, there is a risk

that (a) Ember VRM S.à r.l. in its capacity of Seller or Venn Hypotheken as Originator will not perform its obligations *vis-à-vis* the Issuer under the Mortgage Receivables Purchase Agreement, (b) Ember VRM S.à r.l. in its capacity of Servicer will not perform its obligations *vis-à-vis* the Issuer under the Servicing Agreement, (c) Intertrust (Luxembourg) S.à r.l. in its capacity of Issuer Administrator will not perform its obligations under the Administration Agreement, (d) BNP Paribas in its capacity of Swap Counterparty will not perform its obligations under the Swap Agreement, (e) Citibank Europe plc, Luxembourg Branch, in its capacity of Issuer Account Bank or Citibank N.A., London Branch, in its capacity of Issuer Account Agent will not perform its obligations under the Issuer Account Agreement, (f) Citibank N.A., London Branch, in its capacity of Paying Agent and Reference Agent will not perform its obligations under the Paying Agency Agreement, (g) Intertrust (Luxembourg) S.à r.l. in its capacity of Domiciliation Agent will not perform its obligations under the Domiciliation Agreement, (h) Stichting Ember Hypotheken in its capacity of Collection Foundation will not perform its obligations under the Receivables Proceeds Distribution Agreement, (i) Universal Management Services S.à r.l., represented by its permanent representative Mr. Jeremiah Daniel O'Donoghue and Intertrust Management B.V. in their respective capacities of Directors and Intertrust (Luxembourg) S.à r.l. in its capacity of Service Provider will not perform their obligations under the relevant Management Agreement and (j) Venn Hypotheken B.V. as Portfolio Manager will not perform its obligations under the Servicing Agreement. This may lead to losses under the Notes.

#### **Risk that the Seller fails to repurchase Mortgage Receivables**

The Seller is obliged under certain limited circumstances to repurchase Mortgage Receivables from the Issuer, including in case any of the representations or warranties made by the Seller in the Mortgage Receivables Purchase Agreement proves to have been materially untrue or incorrect or if the Originator grants a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer (which will be the case if any of the Additional Purchase Conditions is not met, including as a result of the Further Advance Available Funds being insufficient) or the Originator or the Seller obtains an Other Claim. In respect of the obligation of the Seller to repurchase a Mortgage Receivable in respect of which the Originator has agreed with the relevant Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer or the Seller or the Originator obtains an Other Claim, the Originator has undertaken in the Mortgage Receivables Purchase Agreement only to agree to a request of a Borrower for a Further Advance if the Seller has agreed to repurchase the relevant Mortgage Receivable from the Issuer or it is legally obliged to grant such Further Advance. If the Seller defaults in the performance of this or any of its other obligations or covenants contained therein, the Seller has undertaken with the Issuer to indemnify the Issuer for any damages sustained by the Issuer as a consequence thereof (being in principle the difference between the amount received by the Issuer and the amount which the Issuer would have received if not for this breach), provided that the aggregate amount of such compensation shall never exceed the amount of the Purchase Price of the relevant Mortgage Receivable. The Seller has only limited assets available and there can be no assurance that the Seller will honour or have the financial resources to indemnify the Issuer for claims of any substantive nature or to repurchase the Mortgage Receivables. The Seller, however, might, depending on the factual circumstances at such time, have a claim on the Originator and/or, or as the case may be, the Sub-servicers, for a default of the activities of the origination process outsourced to the Sub-servicers. If the Seller is unable to repurchase any Mortgage Receivable it is required to repurchase or to indemnify the Issuer or to perform its ongoing obligations under the transactions described in this Prospectus, the performance of the Notes may be adversely affected.

#### **Risk related to compulsory transfer of rights and obligations under a Transaction Document following downgrade of a counterparty of the Issuer**

Certain Transaction Documents to which the Issuer is a party, such as the Issuer Account Agreement and the Swap Agreement and the Receivables Proceeds Distribution Agreement, provide for minimum required credit ratings of the counterparties to such Transaction Documents. If the credit ratings of a counterparty fall below these minimum required credit ratings, the rights and obligations under such Transaction Document may have to be transferred to another counterparty having the minimum required credit ratings. In such event, there may not be a counterparty available that is willing to accept the rights and obligations under such Transaction Documents or such counterparty may only be willing to accept the rights and obligations under such Transaction Document if the terms and conditions thereof are modified. In addition, such replacement or action when taken, may lead to higher costs and expenses, as a result of which the Issuer may have insufficient funds to pay its liabilities in full. Moreover, a deterioration of the credit quality of any of the Issuer's counterparties, a downgrade of any of their credit ratings and/or the failure to take remedial actions could have an adverse effect on the credit rating assigned to, and/or the value of, the Notes. This may lead to losses under the Notes.

#### **Consequences of Winding-up Proceedings**

The Issuer is structured to be an insolvency-remote vehicle. In the Trust Agreement it is agreed that the Issuer may only enter into agreements with the consent of the Security Trustee. In all Transaction Documents, parties agree not to make any application for the commencement of winding-up, liquidation or bankruptcy or similar insolvency proceedings against the Issuer. Legal proceedings initiated against the Issuer in breach of these provisions shall, in principle, be declared inadmissible by a Luxembourg court. Notwithstanding the foregoing, if the Issuer fails for any reason to meet its obligations or liabilities (that is, if the Issuer is in a state of cessation of payments (*cessation de paiements*) and has lost its commercial creditworthiness (*ébranlement de crédit*)), a creditor (other than the parties to the Transaction Documents) who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Issuer may be entitled to make an application for the commencement of insolvency proceedings against the Issuer. The commencement of such proceedings may in certain conditions, entitle creditors (including hedge counterparties) to terminate contracts with the Issuer and claim damages for any loss suffered as a result of such early termination. The Issuer is therefore insolvency-remote, not insolvency-proof.

### **Effectiveness of the rights of pledge granted to the Security Trustee in case of insolvency of the Issuer**

#### *The security interests granted to the Security Trustee*

Under or pursuant to the Pledge Agreements, various security interests will be granted by the Issuer to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Netherlands and Luxembourg law (as applicable) to pledgees notwithstanding the winding-up, liquidation or bankruptcy or similar proceedings involving the Issuer subject to the limitations of Luxembourg and Netherlands law. The Issuer is a special purpose vehicle, most creditors (including the Secured Creditors) of which have agreed to limited recourse and non-petition provisions, and is therefore unlikely to become insolvent. However, any winding-up, liquidation or bankruptcy or similar proceedings involving the Issuer would affect the position of the Security Trustee as pledgee in some respects as described below.

As a matter of Dutch insolvency law, to the extent the rights pledged are future receivables, the right of pledge on such future receivable cannot be invoked against the estate of the pledgor, if such future receivable comes into existence after the pledgor has been wound-up, liquidated, declared bankrupt or has been subjected to similar proceedings. The Issuer has been advised that the assets pledged to the Security Trustee under the Issuer Rights Pledge Agreement should be regarded as future receivables.

The Issuer Rights Pledge Agreement and the Issuer Mortgage Receivables Pledge Agreement are governed by Dutch law. The Issuer Account Pledge Agreement is governed by Luxembourg law.

#### *The Luxembourg Collateral Law*

All security rights granted in the form of a pledge over monetary claims qualify as financial collateral arrangements under the Luxembourg law on financial collateral arrangements dated August 5, 2005, as amended (the "**Luxembourg Collateral Law**") and the Luxembourg Collateral Law governs the creation, validity, perfection and enforcement of the Issuer Account Pledge Agreement.

Under the Luxembourg Collateral Law, the perfection of security interests depends on certain registration, notification and acceptance requirements. A bank account pledge agreement must be notified to and accepted by the account bank. In addition, the account bank has to waive any pre-existing security interests and other rights in respect of the relevant account. If (future) bank accounts are pledged, the perfection of such pledge will require additional notification to, acceptance and waiver by the account bank. Until such registrations, notifications and acceptances occur, the Issuer Account Pledge Agreement will not be effective and perfected against, the Issuer Account Bank and other third parties. In respect of the Issuer Account Pledge Agreement, the Issuer Account Bank will be notified of the creation of the Issuer Account Pledge Agreement and the Issuer Account Bank will accept the security interest created thereby and will waive any pre-existing security interests and other rights in respect of the Issuer Accounts.

Article 11 of the Luxembourg Collateral Law sets out enforcement remedies available upon the occurrence of an enforcement event, including, but not limited to:

- direct appropriation of the pledged assets at (i) a value determined in accordance with a valuation method agreed upon by the parties or (ii) the listing price of the pledged assets, if any;
- sale of the pledged assets (i) in a private transaction at commercially reasonable terms (*conditions commerciales normales*), (ii) by a public sale at the stock exchange, or (iii) by way of a public auction;

- court allocation of the pledged assets to the pledgee in discharge of the secured obligations following a valuation made by a court-appointed expert; or
- set-off between the secured obligations and the pledged assets.

As the Luxembourg Collateral Law does not provide for any specific time periods and depending on (i) the type of assets (either cash or securities), (ii) the method chosen, (iii) the valuation of the pledged assets, (iv) any possible recourses, and (v) the possible need to involve third parties, such as, e.g., courts, stock exchanges and appraisers, the enforcement of the security interests might be substantially delayed.

Under article 20 of the Luxembourg Collateral Law, all collateral arrangements in respect of assets over which Luxembourg security rights have been granted, as well as all enforcement measures and valuation and enforcement measures agreed upon by the parties in accordance with the Luxembourg Collateral Law, are valid and enforceable against third parties, insolvency receivers, liquidators and other similar persons notwithstanding the insolvency proceedings and even if entered into during the hardening period (*période suspecte*) (in all cases except in case of fraud).

#### *Hardening Periods and Fraudulent Transfer*

Generally, payments made, as well as other transactions (listed in the relevant sections of the Luxembourg Commercial Code) concluded or performed, during the hardening period (*période suspecte*) which is fixed by the Commercial Court and dates back not more than six months from the date on which the Commercial Court formally adjudicates a person bankrupt, and, as for specific payments and transactions, during an additional period of ten days before the commencement of such period, are subject to cancellation by the Commercial Court upon proceedings instituted by the Luxembourg bankruptcy receiver. In particular:

- article 445 of the Luxembourg Commercial Code sets out that specific transactions entered into during the hardening period and an additional period of ten days preceding the hardening period fixed by the Commercial Court are null and void (including the disposals by a Luxembourg obligor of movable and immovable assets without consideration or with inadequate consideration; payments whether in cash or by way of assignment, sale, set-off or by any other means for non-matured debts; payments that have not been in cash or by way of negotiable and non-negotiable papers for matured debts and the granting of security interests for antecedent debts); provided that article 445 does not apply for financial collateral arrangements and set-off arrangements subject to the Luxembourg Collateral Law, such as Luxembourg law pledges over shares, accounts or receivables;
- article 446 of the Luxembourg Commercial Code provides that the bankruptcy receiver may challenge and initiate nullity actions in the following events: (i) payments made for matured debts (*dettes échues*); and (ii) other transactions realized during the hardening period, if the contracting party had knowledge of the cessation of payments; provided that article 446 does not apply for financial collateral arrangements and set-off arrangements subject to the Luxembourg Collateral Law, such as Luxembourg law pledges over shares, accounts or receivables; and
- regardless of the hardening period, article 448 of the Luxembourg Commercial Code and article 1167 of the Luxembourg Civil Code (*actio pauliana*) give the court-appointed bankruptcy receiver or the creditor the right to challenge any fraudulent payments and transactions made prior to the bankruptcy, without limitation of time.

The Luxembourg Collateral Law provides that with the exception of the provisions of the Luxembourg law of 8 January 2013 on the over-extension of debt (*surendettement*) (which only apply to natural persons), the provisions of Book III, Title XVII of the Luxembourg Civil Code, the provisions of Book 1, Title VIII of the Luxembourg Commercial Code, the provisions of Book III of the Luxembourg Commercial Code and the national or foreign provisions governing reorganization measures, winding-up proceedings or other similar proceedings and attachments are not applicable to financial collateral arrangements (such as Luxembourg pledges over shares or bank accounts or receivables) and shall not constitute an obstacle to the enforcement and to the performance by the parties of their obligations. Certain preferred creditors of a Luxembourg obligor (including the Luxembourg tax, social security and other authorities) may have a privilege that ranks senior to the rights of the secured or unsecured creditors.

### *Foreign Security Rights in Luxembourg*

According to the Luxembourg Collateral Law, foreign law security interests over claims or financial instruments granted by a Luxembourg obligor will be valid and enforceable as a matter of Luxembourg law notwithstanding any Luxembourg Insolvency Proceedings (as defined below), if such foreign law security interests are similar in nature to Luxembourg security interests falling within the scope of the Luxembourg Collateral Law, where the collateral giver is located in Luxembourg. In such situation, Luxembourg hardening period rules are not applied.

A competent Luxembourg court will give effect to a foreign security right if such security right fits in the closed system of Luxembourg security rights (*sûretés*) and preferential liens (*privilèges*) and does not constitute a security or security concept unknown under Luxembourg law. A secured creditor will not be entitled to assert more rights or remedies in Luxembourg than are available (i) to it under the foreign security right and (ii) to a holder of a Luxembourg security right that, by its legal nature, is similar to the foreign security right. The Issuer has been advised that there is no Luxembourg court precedent in this context and it may be uncertain how a Luxembourg court would treat a foreign security interest or right in rem in each particular case if it materially differs from any security right available under Luxembourg law.

Notwithstanding the above, a competent Luxembourg court will give effect to the pledges governed by Dutch law where such pledges cover assets located in a Member State (other than Luxembourg) of the European Union party to the Recast Insolvency Regulation, even if the foreign rights in rem (for purposes of the Recast Insolvency Regulation) over these assets grant more extensive rights to a secured creditor than internal Luxembourg law, unless these assets have been moved to Luxembourg prior to the opening of Luxembourg insolvency proceedings.

Finally, under Luxembourg law, certain creditors of an insolvent party have rights to preferred payments arising by operation of law, some of which may, under certain circumstances, supersede the rights to payment of secured or unsecured creditors, and most of which are undisclosed preferences (*privilèges occultes*). This includes, in particular, the rights relating to fees and costs of the insolvency official as well as any legal costs, the rights of employees to certain amounts of salary, and the rights of the Treasury and certain assimilated parties (namely social security bodies), which preferences may extend to all or part of the assets of the insolvent party. This general privilege takes in principle precedence over the privilege of a pledgee in respect of pledged assets. Finally, the appointment of a foreign security agent will be recognised under Luxembourg law, (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions. Generally, according to paragraph 2(4) of the Luxembourg Collateral Law, a security (financial collateral) may be provided in favour of a person acting on behalf of the collateral taker, a fiduciary or a trustee in order to secure the claims of third party beneficiaries, whether present or future, provided that these third party beneficiaries are determined or may be determined. Without prejudice to their obligations *vis-à-vis* third party beneficiaries of the security, persons acting on behalf of beneficiaries of the security, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of the security aimed at by such law.

In view of the foregoing, the effectiveness of the rights of pledge to the Security Trustee may be limited in case of insolvency of the Issuer.

### **Risks related to the creation of pledges on the basis of the Parallel Debt**

Under Dutch law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges under the Pledge Agreements in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Creditors. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt and on the question whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also Section 4.7 (*Security*)). However, the Issuer has been advised that a parallel debt, such as the Parallel Debt, creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Pledge Agreements and the Deeds of Assignment and Pledge. Should the Parallel Debt not constitute a valid basis for the creation of security rights, the Pledged Assets may secure only some or even none of the liabilities of the Issuer *vis-à-vis* the Secured Creditors.

The Security Trustee is a special purpose vehicle and is unlikely to become insolvent, *inter alia*, as a result of non-petition and limited recourse covenants and obligations. However, in case of a breach of such obligations and any

payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of an insolvency of the Security Trustee, not separated from the Security Trustee's estate. The Secured Creditors therefore incur a credit risk on the Security Trustee, which could lead to losses under the Notes. Should the Security Trustee become insolvent, the Secured Creditors will have an unsecured claim on the bankrupt estate of the Security Trustee.

#### **Risks related to license requirement under the Wft**

Under the Wft a special purpose vehicle which services (*beheert*) and administers (*uitvoert*) loans granted to consumers in the Netherlands, such as the Issuer, must have a license under the Wft. An exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Wft. The Issuer has outsourced the servicing and administration of the Mortgage Receivables to the Servicer. The Servicer has, as an admitted institution (*aangesloten instelling*), the benefit of the license of an intermediary (*bemiddelaar*) licensed under the Wft. The Issuer thus benefits from the exemption. If the Servicing Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Receivables to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Wft. If the Servicing Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Mortgage Receivables to a licensed entity and, in such case, it will not hold a license itself, the Issuer will have to terminate its activities and may have to sell the Mortgage Receivables, which could lead to losses under the Notes. In each of the Sub-Servicing Letters, the relevant Sub-servicer has agreed to continue to perform the Mortgage Loan Services it performs as Sub-servicer, in case the Servicing Agreement is terminated, for a certain period of time and, subject to certain conditions to replace the Seller in its capacity as Servicer under the Servicing Agreement in respect of such services. In the Servicing Agreement the Issuer and the Security Trustee have undertaken to, upon termination of the Servicing Agreement in respect of the Servicer, use their best efforts to appoint a substitute servicer, which may be the relevant Sub-servicer, although no guarantee can be given that a servicing agreement with a substitute servicer will be entered into.

#### **Risks related to the Hedging Agreements**

On or before the Closing Date, the Issuer, the Security Trustee and the Swap Counterparty will enter into the Swap Agreement and the NAMS Rebalancing Agreement to hedge the risk of a mismatch between the rates of interest to be received by the Issuer on the Swap Mortgage Receivables (which are from time to time fixed rate Mortgage Receivables which are not in arrears for more than 90 days) and Euribor for three (3) months deposits due by the Issuer on the Rated Notes. Accordingly, the Issuer will depend upon payments made by the Swap Counterparty to assist it in making interest payments on the Rated Notes on each Notes Payment Date on which a net payment is due from the Swap Counterparty to the Issuer under the Swap Agreement.

#### *Risk of mismatch between Mortgage Interest Rates and Swap Fixed Rate*

The Swap Fixed Rate payable by the Issuer under the relevant Swap Transaction pursuant to the Swap Agreement is determined by reference to the weighted average of the Loan Indices in respect of each Swap Mortgage Receivable in the relevant Reference Pool. Although the Originator and the Seller will have regard to the Loan Index in respect of any proposed reset of any interest rate applicable to any Mortgage Receivable (or part thereof), any proposed interest rate shall always be set subject to, and in accordance with, the applicable Interest Rate Policy and applicable laws, including, without limitation, principles of reasonableness and fairness, competition laws and the Mortgage Conditions. If the weighted average of the Mortgage Interest Rates at any time is lower than the Swap Fixed Rate (see Section 5.4 (*Hedging*) below) at such time, the Issuer may have insufficient funds to make the required payments under the Swap Agreement and, as a result, a Swap Event of Default may occur in relation to the Issuer. For similar reasons, this could affect the availability of sufficient funds of the Issuer to make payments of amounts due by it, including under the Notes.

#### *Counterparty risk in respect of the Swap Counterparty*

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. Should the Swap Counterparty fail to make any payment under the Swap Agreement, the Issuer may have insufficient funds to make the required payments of interest on the Notes (and indeed generally such other amounts payable to the Secured Creditors) if the rate of interest received by the Issuer on the Mortgage Receivables is lower than the rate of interest payable by it on the Notes. In these circumstances, the holders of the Notes may experience delays and/or reductions in the interest payments they are due to receive.

*Risk of mismatch Swap Notional Amount and Outstanding Principal Amount of the Swap Mortgage Receivables due to amortisation during Swap Calculation Period*

For each Swap Transaction, the Swap Notional Amount in respect of any Swap Calculation Period is determined as at the relevant Observation Date. As the Outstanding Principal Amount of the Swap Mortgage Receivables is expected to partially amortise during each Swap Calculation Period, but principal payments received after the relevant Observation Date will not be deducted from the Swap Notional Amount in respect of that Swap Calculation Period, the net amount payable by the Issuer under such Swap Transaction on any Notes Payment Date may be higher and as a result the amount available to Noteholders may be lower than if the Swap Notional Amount had exactly mirrored the amortisation of the Mortgage Receivables during the relevant Swap Calculation Period.

*Risks relating to the Swap Counterparty Floating Amount being based on Euribor*

For each Swap Transaction, if the floating amount due from the Swap Counterparty in respect of any payment date (the "**Swap Counterparty Floating Amount**") is a negative amount (i.e. because Euribor for three month deposits is negative), the Issuer will be required to pay to the Swap Counterparty an amount equal to the absolute value of such Swap Counterparty Floating Amount. If Euribor is more negative than the positive margin on the relevant Class of Notes, the Issuer will not be compensated by a corresponding reduction in payments of interest to Noteholders of Notes or by payment from the Noteholders. If the Issuer is required to pay an amount equal to the absolute value of such Swap Counterparty Floating Amount, the Issuer may have insufficient funds to make the required payments under such Swap Transaction and, as a result, a Swap Event of Default may occur in relation to the Issuer.

Furthermore, the floating amount due from the Swap Counterparty to the Issuer under the Swap Agreement is based on Euribor. The Swap Agreement does not provide that such reference to Euribor be replaced by the Replacement Reference Rate as set out in Condition 4(j) (*Replacement Reference Rate*) following the benchmark reforms discussed in the paragraph *Risks relating to benchmarks and future discontinuance of Euribor and any other benchmark may adversely affect the value of Notes which reference Euribor or such other benchmark and may impact the Mortgage Interest Rates on Mortgage Loans bearing a floating interest rate referencing Euribor* below and there can be no assurance that any applicable fallback provisions under the Swap Agreement would operate so as to ensure that the base floating interest rate used to determine payments under the Swap Agreement is the same as that used to determine interest payments under the Rated Notes. For the avoidance of doubt, the fallback provisions under the Swap Agreement may also not apply at the same time as those set out in Condition 4(j) (*Replacement Reference Rate*). If the Reference Rate applicable to the Rated Notes is replaced by the Replacement Reference Rate and if the Replacement Reference Rate is higher than Euribor or any other benchmark used under the Swap Agreement at such time, this may result in a mismatch between the floating amount received by the Issuer under the Swap Agreement and the interest payable by the Issuer under the Rated Notes which may affect the ability of the Issuer to perform its obligations under the Notes. Further, as a result of such mismatch, the Issuer may have insufficient funds to meet its payment obligations under such Swap Agreement and, as a result, a Swap Event of Default may occur in relation to the Issuer. Prospective investors should also note that if the floating rate used under the Swap Agreement is modified pursuant to fallback provisions referred to above, either the Issuer or the Swap Counterparty may be required to make a payment to the other party under the Swap Agreement to account for any economic impact that would otherwise arise from such change to the floating rate. Any such payment could be substantial and, if payable by the Issuer to the Swap Counterparty, could mean that the Issuer has insufficient funds available to meet its other obligations, including its obligations under the Notes.

*Risks relating to termination of the Swap Transactions*

The Swap Counterparty is obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required (save where the deduction is in relation to FATCA). The Swap Agreement will provide, however, that upon the occurrence of a change in tax law which becomes effective on or after the Closing Date, as a result of which the Swap Counterparty is required to, or there is a substantial likelihood that it will be required to (i) gross up a payment to the Issuer on account of withholding tax or (ii) receive a payment from the Issuer net of withholding tax, the Swap Counterparty may transfer its rights and obligations to another of its offices, branches or affiliates to avoid such a tax event. In circumstances where the Swap Counterparty is unable to transfer its rights and obligations under the Swap Agreement to another office, branch or affiliate, it will have the right to terminate the Swap Transactions. If the Issuer is required by law to make a withholding or deduction from any payment to be

made to the Swap Counterparty under the Swap Agreement, the Issuer will not be obliged to pay any additional amounts to the Swap Counterparty in respect of the amounts so required to be withheld or deducted.

In the event that the Swap Counterparty is downgraded below the required ratings (as set out in the Swap Agreement), the Issuer may terminate the Swap Transactions if the Swap Counterparty fails, within a set period of time, to take certain actions intended to mitigate the effects of such downgrade. Such actions may include the Swap Counterparty, at its own cost, collateralising its obligations under the Swap Agreement, transferring its obligations to a replacement swap counterparty having at least the required ratings or procuring that an entity with at least the required ratings becomes a co-obligor with, or guarantor of, the Swap Counterparty. However, in the event the Swap Counterparty is downgraded there can be no assurance that a co-obligor, guarantor or replacement swap counterparty will be found or that the amount of collateral provided will be sufficient to meet the Swap Counterparty's obligations.

The Hedging Transactions may also be terminated if a Hedging Event of Default or a Hedging Termination Event occurs.

Hedging Events of Default under the Hedging Agreements in relation to the Issuer will be (in summary) limited to (a) non-payment under the relevant Hedging Agreement, (b) certain insolvency events in respect of the Issuer and (c) a merger of the Issuer without the assumption by the resulting entity of the Issuer's obligations under the Swap Agreement in relation to the Issuer, whereas all Hedging Events of Default under the relevant Hedging Agreement other than (a) a cross default in relation to the Swap Counterparty and (b) a default by the Swap Counterparty under certain a specified types of transactions between Swap Transaction by the Swap Counterparty and the Issuer shall apply in relation to the Swap Counterparty. See further Section 5.4 (*Hedging*) below.

A Hedging Termination Event under a Hedging Agreement will occur if (in summary) (i) it becomes unlawful for either party to perform its obligations under the relevant Hedging Agreement, (ii) a force majeure event occurs, (iii) a tax event occurs or (iv) a tax event upon merger occurs (see further Section 5.4 (*Hedging*)). In addition, a Swap Termination Event under the Swap Agreement will occur if: (a) the Issuer sells or assigns a Swap Mortgage Receivable, provided that a Swap Transaction that includes such Swap Mortgage Receivable in its Reference Pool will partially terminate in respect of a notional amount equal to the aggregate outstanding principal amount of the Swap Mortgage Receivable sold or assigned, or (b) the Issuer fails to pay to the Swap Counterparty any amounts owed by the Issuer to the Swap Counterparty under the Swap Agreement following a breach by the Seller or the Originator of the covenant to comply set forth in the Mortgage Receivables Purchase Agreement, or (c) amendments are made without the Swap Counterparty's consent (not to be unreasonably withheld or delayed) (A) to clause 4 of the Servicing Agreement, (B) which constitute a Basic Terms Change, (C) to the Issuer's right to sell or assign the Mortgage Receivables under the Transaction Documents or to redeem the Notes under the Conditions, (D) to Condition 14(f) or clause 19.3 of the Trust Agreement or (E) to the Transaction Documents, the Conditions or the Interest Rate Policy Letter which in the Swap Counterparty's reasonable opinion will have a material adverse impact on the currency, amount, timing or priority of payments due to be made by or to the Swap Counterparty under the Swap Agreement, or (d) the Rated Notes are redeemed or repaid in full (other than pursuant to the exercise by the Seller of the Remarketing Call Option), or (e) the Notes, other than the Class S Notes and the Class X Notes, are purchased by the Issuer or are restructured or new notes are structured pursuant to Condition 6(e) (*Remarketing Call Option*) without the prior written consent of the Swap Counterparty, or (f) an Enforcement Notice is served. The Swap Counterparty can therefore effectively veto certain proposed modifications, amendments or waivers (see also *Prior consent rights of other parties* below). In the case of an amendment which constitutes a Basic Terms Change, no such consent will be required if the Swap Counterparty fails to respond within ten (10) Business Days of written request by the Security Trustee.

If the Swap Transactions are terminated, the Issuer may be obliged to pay a termination payment to the Swap Counterparty and will be exposed to changes in the relevant rates of interest. The amount of the termination payment will be determined in accordance with the Swap Agreement and, in summary, by reference to the cost of entering into a replacement transaction or otherwise by reference to the losses (or gains) incurred in replacing, or in providing for the relevant party the economic equivalent of the material terms of the Swap Agreement. Any such termination payment could be substantial. There can be no assurance that the Issuer will have sufficient funds available to make any termination payment due under the Swap Agreement. In addition, if such a payment is due to the Swap Counterparty (other than where it constitutes a Swap Counterparty Subordinated Payment) under the Swap Agreement 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. Furthermore, if the Swap Mortgage Receivables amortise more quickly or more slowly than expected, the Swap Counterparty may be entitled to receive a payment (the "**NAMS Rebalancing Payment**"), which will be payable *pari passu* with payment of the Swap Counterparty Subordinated Payment. If a NAMS Rebalancing Payment, a termination payment under the NAMS Rebalancing Agreement or a Swap Counterparty Subordinated Payment is due to the Swap Counterparty it will rank in priority to payments due from the Issuer under the Class E Notes, the Class S Notes and the Class X 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 Class E Notes, the Class S Notes and the Class X Notes in full. In addition, if the Issuer has insufficient funds available to pay in full a NAMS Rebalancing Payment on any Notes Payment Date, this will not constitute an event of default under the NAMS Rebalancing Agreement and any unpaid amounts will be accrued and payable on the next subsequent Notes Payment Date on which funds are available. NAMS Rebalancing Payments may be significant and may increase over time if unpaid amounts are deferred and accrued.

If a Hedging Transaction is terminated, 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 a Hedging Transaction is terminated and the Issuer, rather than the Swap Counterparty, is owed a termination payment, it will seek to apply any such termination payment to buy a replacement swap. There can be no assurance that such termination payment will be sufficient or that the Issuer will otherwise have sufficient funds available to cover the cost of a replacement swap. If a replacement swap agreement is entered into, this may be on terms less favourable to the Issuer and therefore may mean that reduced amounts are available for distribution by the Issuer to the Secured Creditors (including, amongst others, the Noteholders).

Upon termination of a Hedging Transaction, the Issuer has agreed in the Trust Agreement to take all steps reasonably required under the relevant Hedging Agreement and in assisting the Security Trustee in finding an alternative swap counterparty, although no guarantee can be given that a replacement swap counterparty will be found.

The Issuer may not be able to enter into a replacement swap agreement with a replacement swap counterparty immediately or at a later date. If the Issuer has insufficient funds to enter into a replacement swap for any period of time or a replacement swap counterparty cannot be found, the risk of a difference between the rate of interest to be received by the Issuer on the Swap Mortgage Receivables and the rate of interest payable by the Issuer on the Notes will not be hedged, and as a result, the funds available to the Issuer may be insufficient to make the required payments of interest on the Notes (and indeed generally such other amounts payable to the Secured Creditors) if the rate of interest received by the Issuer on the Mortgage Receivables is substantially lower than the rate of interest payable by it on the Notes. In these circumstances, the holders of Notes may experience delays and/or reductions in the interest payments to be received by them. In addition, a failure to enter into a replacement swap agreement may result in the reduction, qualification or withdrawal of the then current ratings of the Rated Notes by the Credit Rating Agencies.

#### **Insolvency proceedings and subordination provisions**

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Swap Counterparty Subordinated Payments.

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known, particularly as the U.S. Bankruptcy Court approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or the Netherlands (including, but not limited to, the United States), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any

insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English and Dutch law governed Transaction Documents (such as a provision of the relevant Priority of Payments which refers to the ranking of the Swap Counterparty's payment rights in respect of Swap Counterparty Subordinated Payments). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to the Swap Counterparty given that the Swap Counterparty has assets and/or operations in the U.S. and notwithstanding that the Swap Counterparty is a non- U.S. established entity (and/or with respect to any replacement counterparty, depending on certain matters in respect of that entity). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales or the Netherlands and any relevant foreign judgment or order was recognised by the English or Dutch courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Lastly, given the general relevance of the issues in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Swap Counterparty Subordinated Payments, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English or Dutch courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the relevant Classes of Notes is lowered, the market value of such Notes may reduce.

#### **Risks related to the Issuer's Dutch tax position**

The Issuer is based, managed and controlled in Luxembourg. The Issuer has been advised that on this basis the Issuer will not be treated as an entity that is a resident taxpayer in the Netherlands for Dutch corporate income tax purposes. The Issuer has also been advised that the criteria of a permanent establishment located in the Netherlands are not fulfilled and that on this basis its income will not be taxable in the Netherlands. However, investors should note that there is no certainty that the Dutch tax authorities will agree with this assessment. It cannot be entirely ruled out that the Dutch tax authorities may qualify the Sub-Servicers and/or the Originator (either acting in its capacity of the Portfolio Manager or otherwise) as a permanent representative of the Issuer in the Netherlands or even assume that the Issuer has its place of effective management and control in the Netherlands.

If, in the unlikely event and contrary to the expectations of the Issuer, the Dutch tax authorities take the position that the Issuer is effectively managed and controlled in the Netherlands:

(i) Dutch corporate income tax will, in principle, arise with respect to taxable income of the Issuer. However, in case the Issuer is subject to Dutch corporate income tax on the basis of being a resident taxpayer, its taxable income would be expected to be low. If the Servicer would be treated as a permanent representative of the Issuer in the Netherlands, then the Issuer has been advised that the risk of this resulting in the recognition of taxable income of the Issuer in the Netherlands is remote.

(ii) No Netherlands withholding tax will become due in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes. The overall risk for Class A Noteholders, Class B Noteholders, Class C Noteholders, the Class D Noteholders and the Class E Noteholders that income or gains realised on their Notes will otherwise become subject to Dutch taxation is remote. For the other Noteholders, the risk of Netherlands withholding tax and/or that income or gains realised on their Notes will otherwise become subject to Dutch taxation may be somewhat higher, but is in practice still very small, and any such risk will not affect the Dutch tax position of the Class A Noteholders, Class B Noteholders, Class C Noteholders, the Class D Noteholders and the Class E Noteholders.

#### **Risks in relation to negative interest rates on the Issuer Transaction Accounts**

Pursuant to the Issuer Account Agreement the interest rate accruing on the balances standing to the credit of any of the Issuer Transaction Accounts could be less than zero in case EONIA minus the applicable margin is below zero. Any negative interest will be payable by the Issuer to the Issuer Account Bank. If the Issuer has the obligation to pay interest accruing on the balances standing to the credit of any of the Issuer Transaction Accounts to the Issuer Account Bank instead of receiving interest thereon, this will reduce the income of the Issuer and its possibility to generate further income on the assets held in the form of cash in the Issuer Transaction Accounts. This risk increases if the amount deposited on the Issuer Transaction Accounts becomes (more) substantial. Ultimately such negative interest rate and/or an enduring obligation of the Issuer to make such payments in respect thereof to the

Issuer Account Bank could result in the Issuer having insufficient funds to pay any amounts due under the Notes.

## RISK FACTORS REGARDING THE SELLER

### Insolvency Proceedings

The ability of the Seller to meet its obligations and commitments under the Mortgage Receivables Purchase Agreement and the other agreements to which the Seller is a party, may be limited in case of opening of insolvency proceedings against the Seller.

The Seller is incorporated under the laws of the Grand Duchy of Luxembourg. Accordingly, the Luxembourg District Court, sitting in commercial matters (the "**Luxembourg Commercial Court**"), should have, in principle, jurisdiction to open main insolvency proceedings with respect to the Seller, having its registered office and central administration (*administration central*) and "centre of main interest" (*centre des intérêts principaux*) ("COMI"), as defined in the Recast Insolvency Regulation, in the Grand-Duchy of Luxembourg, such proceedings to be governed by Luxembourg insolvency laws. According to the Recast Insolvency Regulation, the place of the registered office of a company shall be presumed to be the centre of its main interests in the absence of proof to the contrary. As a result, there is a rebuttable presumption that the COMI of the Seller is located in the Grand Duchy of Luxembourg and consequently that the Luxembourg Commercial Court would have jurisdiction to open "main insolvency proceedings" (as defined in the Recast Insolvency Regulation), such proceedings to be governed by Luxembourg law. However, the localisation of Seller's COMI is a question of fact, which may change from time to time. Preamble 13 of the Former Insolvency Regulation states that the COMI of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties". In the Eurofood IFSC Limited decision by the European Court of Justice ("ECJ"), the ECJ restated the presumption set forth in the Former Insolvency Regulation that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". Subsequently, the ECJ stated in the Interedil Srl decision (Case C-396/09) that a company's COMI must be determined by attaching greater importance to the place of the company's central administration, as may be established by objective factors which are ascertainable by third parties. Where the bodies responsible for the management and supervision of a company are in the same place as its registered office and the management decisions of the company are taken, in a manner that is ascertainable by third parties, in that place, the presumption in that provision cannot be rebutted. Where a company's central administration is not in the same place as its registered office, the presence of company assets and the existence of contracts for the financial exploitation of those assets in a member state other than that in which the registered office is situated cannot be regarded as sufficient factors to rebut the presumption unless a comprehensive assessment of all the relevant factors makes it possible to establish, in a manner that is ascertainable by third parties, that the company's actual centre of management and supervision and of the management of its interests is located in that other member state.

The Recast Insolvency Regulation dated June 26, 2015 became effective on June 26, 2017 and has gradually replaced the Former Insolvency Regulation. One of the main changes introduced by the Recast Insolvency Regulation consists of an increased scrutiny in situations where there has been a recent COMI shift. Where a company's COMI has shifted in the preceding three months the rebuttable presumption that its COMI is at the place of its registered office will no longer apply. Also, the opening of secondary proceedings in another EU Member State will be possible not only if the debtor has an establishment in such EU Member State at the time of the opening of main insolvency proceedings, but also if the debtor had an establishment in such EU Member State in the three-month period prior to the request of opening of main insolvency proceedings.

Under Luxembourg insolvency laws, the following types of proceedings (the "**Luxembourg Insolvency Proceedings**") may be opened against the Seller:

- bankruptcy proceedings (*faillite*), the opening of which is initiated by the Seller, or by any of its creditors or *ex officio* by the Luxembourg Commercial Court. The managers of the Seller have the compulsory obligation to file for the opening of bankruptcy proceedings within 1 (one) month in case the Seller is in a state of cessation of payment (*cessation de paiements*). Bankruptcy proceedings are primarily designed to realise the assets of the bankrupt entity in order to pay off its debts. One of the main effects of such proceedings is the stay of proceedings: unsecured creditors and creditors with a general priority right would, as of the bankruptcy order, no longer be permitted to take any action based on title to movable and

immovable assets, nor any enforcement action against the Seller's movable or immovable assets. However, secured creditors who are holding security interests falling within the scope of the Luxembourg Collateral Law, may enforce their security regardless of the bankruptcy adjudication;

- controlled management proceedings (*gestion contrôlée*) which are governed by a Grand-Ducal decree of May 24, 1935 (the "**Decree**"), are available to the Seller, in the event that it no longer has creditworthiness or is experiencing difficulties in meeting all of its commitments;
- composition proceedings (*concordat préventif de faillite*), the obtaining of which is requested by the Seller only after having received a prior consent from a majority of its creditors holding 75 per cent. at least of the claims against the Seller. The obtaining of such composition proceedings will trigger a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, the ability of the Seller to fulfil its obligations under the agreements to which it is a party may be affected by a decision of the Luxembourg Commercial Court to grant a stay on payments (*sursis de paiement*) or to put the Seller into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against a Luxembourg company pursuing an activity violating criminal laws or which is in serious breach or violation of the commercial code or of the Luxembourg laws governing commercial companies. The management of such liquidation proceedings will generally follow similar rules as those applicable to bankruptcy proceedings. Liability of the Seller in respect of the agreements to which it is a party will, in the event of a liquidation of the Seller following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those debts of the Seller that are entitled to priority under Luxembourg law. For example, preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;
- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;
- social security contributions; and
- remuneration owed to employees.

For the avoidance of doubt, the above list is not exhaustive.

As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue vis-à-vis the bankruptcy estate.

Insolvency proceedings may hence have a material adverse effect on the Seller's business and assets and the Seller's obligations under the agreements to which it is a party.

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to the Recast Insolvency Regulation. In case of a bankruptcy of the Seller, the bankruptcy receiver (*curateur*) would decide whether or not to continue performance under ongoing contracts (i.e., contracts existing before the bankruptcy order). The bankruptcy receiver may decide to continue the business of the Seller, provided that he obtains the authorisation of the Luxembourg Commercial Court and that such continuation does not cause any prejudice to the creditors. However, two exceptions apply:

- the parties to an agreement may contractually agree that the occurrence of a bankruptcy constitutes an early termination or acceleration event; and
- *intuitu personae contracts* (i.e., contracts whereby the identity of the other party constitutes an essential element upon the signing of the contract) are generally automatically terminated as of the bankruptcy judgment.

In the event that the bankruptcy receiver decides to terminate a contract validly entered into by the Seller prior to the bankruptcy adjudication, the counterparty to such contract may file a claim for damages in the bankruptcy and such claim will rank *pari passu* with claims of all other unsecured creditors and/or initiate proceedings pertaining to a termination of the relevant contract. The counterparty may not require specific performance of the contract.

## **RISK FACTORS REGARDING THE NOTES**

### **Factors which might affect an investor's ability to make an informed assessment of the risks associated with Notes**

The Notes are complex financial products. Investors in the Notes must be able to make an informed assessment of the Notes, based upon full knowledge and understanding of the facts and risks. Investors must determine the suitability of that investment in light of its own circumstances. The following factors might affect an investor's ability to appreciate the risk factors outlined in this Section 2, placing such investor at a greater risk of receiving a lesser return on his investment:

- (i) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined in this Section 2;
- (ii) if such an investor does not have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Notes will have on his overall investment portfolio;
- (iii) if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the investor's currency;
- (iv) if such an investor does not understand thoroughly the terms of the Notes and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated thereof) as such investor is more vulnerable from any fluctuations in the financial markets generally; and
- (v) if such an investor is not able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

Potential investors should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation.

### **Credit Risk**

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer (or any of its Sub-servicers) to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Receivables in order to discharge all amounts due and owed by the relevant Borrowers under the relevant Mortgage Receivables. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in Section 5 (*Credit Structure*). There is no assurance that these measures will protect the holders of any Class of Notes against all risks of losses. The Issuer will report the Mortgage Receivables in arrears and the Realised Losses in respect thereof in the Notes and Cash Report on an aggregate basis. Investors should be aware that the Realised Losses reported may not reflect all losses that already have occurred or are expected to occur, because a Realised Loss is recorded, *inter alia*, only after the Servicer has determined that foreclosure of the Mortgage and other collateral securing the Mortgage Receivable has been completed which process may take a considerable amount of time and may not necessarily be in line with the policies of other originators in the Dutch market.

### **Risk that the Seller will not exercise the Remarketing Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option or that necessary parties do not co-operate with the exercise of the Remarketing Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option which may result in the Notes not being redeemed prior to their legal maturity**

Notwithstanding the Subordinated Step-up Consideration applicable to the Rated Notes from the First Optional Redemption Date, no guarantee can be given that the Seller will on the First Optional Redemption Date or on any Optional Redemption Date thereafter exercise the Remarketing Call Option or the Seller Call Option. The exercise of such right will, among other things, depend on the ability and wish of the Seller to request the Issuer to sell all Mortgage Receivables at no less than the Required Call Amount or to provide the Issuer with sufficient funds to repay the Noteholders or to restructure the Notes, other than the Class S Notes and the Class X Notes, as further described in Condition 6(e) (*Remarketing Call Option*), and consequently this may result in the Notes not being redeemed prior to their legal maturity. Similarly, no guarantee can be given that the Seller will on any Notes Payment Date exercise the Risk Retention Regulatory Change Call Option.

Finally, any exercise by the Seller of the Remarketing Call Option is subject to the necessary parties co-operating with the Seller to achieve the successful structuring and marketing of new notes or restructured Notes, as the case may be. None of the Issuer, the Security Trustee, the Arrangers or the Joint Lead Managers, have any ability to control or direct such cooperation and if any of such parties would decide not to cooperate this may result in the Notes not being redeemed prior to their legal maturity.

It should be noted that if the Seller will not exercise the Remarketing Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option or that necessary parties do not co-operate with the exercise of the Remarketing Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option, the Notes may not be redeemed prior to the Final Maturity Date.

Unless specifically and separately mandated, the Joint Lead Managers are not involved in and do not take responsibility in relation to new issuances of notes pursuant to the exercise of the Remarketing Call Option.

**Risks related to early redemption of the Notes in case of the exercise by the Seller of the Clean-Up Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option or the right of the Issuer to exercise the Tax Call Option**

The Issuer has the option to redeem the Notes (other than the Class S Notes and the Class X Notes) at their Principal Amount Outstanding prematurely, on any Notes Payment Date, subject to and in accordance with Condition 6(f) (*Redemption for tax reasons*), for certain tax reasons by exercise of the Tax Call Option. In addition, the Issuer has the obligation to redeem the Notes (other than the Class S Notes and the Class X Notes) at their Principal Amount Outstanding prematurely subject to and in accordance with Condition 6(b) (*Mandatory redemption of the Notes other than the Class S Notes*), if the Seller exercises the Clean-Up Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option. Upon redemption in full of the Notes (other than the Class S Notes and the Class X Notes), the Class S Notes and the Class X Notes will be subject to redemption as well.

Should the Tax Call Option, the Clean-Up Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option be exercised, the Notes will be redeemed prior to the Final Maturity Date. Noteholders may not be able to invest the amounts received as a result of the premature redemption of the Notes on conditions similar to or better than those of the Notes.

**Risk that the Issuer is not able to redeem the Notes at the Final Maturity Date (Maturity Risk)**

The ability of the Issuer to redeem all of the Notes on the Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default (which occurs if, amongst others, the Issuer has insufficient funds available to pay any interest due on the Class A Notes), may depend upon whether the collections under the Mortgage Receivables are sufficient to redeem the Notes.

**Risk related to prepayments on the Mortgage Loans and the purchase of Further Advance Receivables and New Mortgage Receivables**

The maturity of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will depend on, *inter alia*, the amount and timing of payment of principal (including, *inter alia*, full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Foreclosure Proceeds upon enforcement of a Mortgage Receivable and repurchase by the Seller of Mortgage Receivables) on all Mortgage Receivables and the aggregate Outstanding Principal Amount of any New Mortgage Receivables and/or Further Advance Receivables offered by the Seller and purchased by the Issuer during the Pre-funded Period or, as the case may be, until the First Optional Redemption Date. The average maturity of the Notes will be adversely affected if any of the Pre-funded Amount or, as the case may be, the Further Advance Available Funds, are not, or only partially, applied towards the purchase of New Mortgage Receivables and/or Further Advance Receivables and any remaining Pre-funded Amount, any Further Advance Available Funds or, as the case may be, any Further Advance Available Funds are applied towards redemption of the respective Classes of Notes on any Notes Payment Date. In addition, on the first Notes Payment Date, the Pre-funded Amount remaining on the first Notes Payment Date will be applied by the Issuer in or towards satisfaction, on a *pari passu* and *pro rata* basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date, unless the Pre-funded Amount is less than EUR 100,000 on such first Notes Payment Date, in which case it will form part of the Available Principal Funds and will be applied in accordance with the Redemption Priority of Payments. Furthermore, the average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the

Mortgage Loans. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, the rates set on the Mortgage Loans pursuant to the Interest Rate Policy Letter, prevailing mortgage underwriting standards, changes in tax laws (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions, declines in real estate prices and changes in Borrowers' behaviour (including, but not limited to, home-owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage Loans may experience, and variation in the rate of prepayments of principal on the Mortgage Loans may affect each Class of Notes differently. The estimated average lives must therefore be viewed with considerable caution and the Noteholders should make their own assessment thereof. Noteholders may not be able to invest the amounts received as a result of the premature redemption of the Notes on conditions similar to or better than those of the Notes.

#### **Risk of redemption of the Subordinated Notes with a Principal Shortfall**

In accordance with Condition 9(b) (*Principal*), a Subordinated Note may be redeemed subject to Principal Shortfall. This applies to redemption of the Subordinated Notes on the Final Maturity Date. With respect to the Class E Notes this applies also to redemption in accordance with Condition 6(b) (*Mandatory Redemption of the Notes, other than the Class S Notes and the Class X Notes*). As a consequence, a holder of such Subordinated Note may not receive the full Principal Amount Outstanding of such Subordinated Note upon redemption in accordance with and subject to Condition 6.

#### **Risk that changes of law will have an effect on the Notes**

The structure of the issue of the Notes and the credit ratings which are to be assigned to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are based on Dutch law, Luxembourg law and the laws of England and Wales in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Dutch law, Luxembourg law and the laws of England and Wales or administrative practice in the Netherlands, Luxembourg or England and Wales after the date of this Prospectus.

Currently, the laws, regulations and administrative practice and the interpretation thereof relating to mortgage-backed securities such as the Notes are in a state of constant change in Europe (reference is, for example, made to the regulatory initiatives as described in the risk factor *Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*) and it is impossible for the Issuer to predict how these changes may in the future impact investors in the Notes, whether directly or indirectly.

#### **Subordinated Notes bear a greater risk of non-payment than Higher Ranking Classes of Notes**

With respect to any Class of Notes being Subordinated Notes, the applicable subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority than such Class of Notes, other than, on the first Notes Payment Date, the Pre-funded Amount (unless lower than EUR 100,000) remaining on the first Notes Payment Date. The Noteholders of any Class of Notes with a lower payment priority bear a greater risk of non-payment than any Class of Notes with a higher payment priority than such Class of Notes. In accordance with the Conditions and the Trust Agreement on each Notes Payment Date, other than the Pre-funded Amount remaining on the first Notes Payment Date, (i) payments of principal and, in certain circumstances, interest on the Class B Notes are subordinated to, inter alia, payments of principal and interest on the Class A Notes, (ii) payments of principal and, in certain circumstances, interest on the Class C Notes are subordinated to, inter alia, payments of principal and interest on the Class A Notes and the Class B Notes, (iii) payments of principal and, in certain circumstances, interest on the Class D Notes are subordinated to, inter alia, payments of principal and interest on the Class A Notes, the Class B Notes and the Class C Notes, (iv) payments of principal on the Class E Notes are subordinated to, inter alia, payments of principal and, ultimately, interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, (v) payments of principal on the Class S Notes are subordinated to, inter alia, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and, ultimately, payment of principal on the Class E Notes and (vi) payments of the Class X Revenue Amount are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and, ultimately, payment of principal on the Class E Notes and the Class S Notes. On the first Notes Payment Date, the Pre-funded Amount remaining on such first Notes Payment Date will be applied by the Issuer in or towards satisfaction, on a pari passu and pro rata basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date, unless the Pre-funded Amount is less than EUR 100,000 on such first Notes Payment Date, in which case it will form part of the Available Principal Funds and will be applied in accordance with the Redemption Priority of Payments. The obligation to pay the Subordinated Step-up Consideration in respect of any of the Rated Notes,

unless an Enforcement Notice has been delivered, is subordinated to payments of a higher order of priority including, but not limited to, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in accordance with the Conditions and the Trust Agreement (see further *Subordinated Step-up Consideration payable in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes after the First Optional Redemption Date are subordinated to certain other payments* below). See further Section 5 (*Credit Structure*) and Section 4.1 (*Terms and Conditions*).

It is however noted that, prior to an Enforcement Notice, the Class S Notes will on each Notes Payment Date be redeemed in accordance with Condition 6(c) (*Redemption of the Class S Notes*) with the Available Class S Redemption Funds. If the Class S Notes have been redeemed (in part or in full) and there is a shortfall in the amount available to the Issuer to pay interest and/or principal on the other Classes of Notes, this may result in the other Classes of Notes bearing a greater loss than that borne by the Class S Notes.

**Subordinated Step-up Consideration payable in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes after the First Optional Redemption Date are subordinated to certain other payments**

After the First Optional Redemption Date, the Noteholders of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will in accordance with the Revenue Priority of Payments, on a *pro rata* and *pari passu* basis within a Class and in accordance with the respective amounts outstanding of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, respectively, at such time, receive the Subordinated Step-up Consideration in respect of such Class, if available.

Following the First Optional Redemption Date and provided that no Enforcement Notice has been delivered, the obligation to pay the Subordinated Step-up Consideration in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is subordinated to payments of a higher order of priority including, but not limited to, any amount necessary to (i) pay interest (other than the Subordinated Step-up Consideration) on such Class, (ii) make good any shortfall reflected in the Principal Deficiency Ledgers in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes until the debit balance, if any, on each such Principal Deficiency Ledger is reduced to zero and (iii) replenish the Reserve Account up to the amount of the Reserve Account First Target Level and the Reserve Account Second Target Level, in accordance with and subject to the Revenue Priority of Payments.

After the First Optional Redemption Date and provided that no Enforcement Notice has been delivered, in the event that on any Notes Payment Date, prior to redemption in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the Issuer has insufficient funds available to it to satisfy its obligations in respect of Subordinated Step-up Consideration due in respect of any Class of Rated Notes on such Notes Payment Date, the amount available (if any) shall be applied towards satisfaction of the Subordinated Step-up Consideration due on such Notes Payment Date to the holders of (i) the Class A Notes on a *pro rata* and *pari passu* basis in accordance with the respective amount of Class A Subordinated Step-up Consideration to be distributed to the Class A Noteholders at such time and, thereafter, (ii) the Class B Notes on a *pro rata* and *pari passu* basis in accordance with the respective amount of Class B Subordinated Step-up Consideration to be distributed to the Class B Noteholders at such time and, thereafter (iii) the Class C Notes on a *pro rata* and *pari passu* basis in accordance with the respective amount of Class C Subordinated Step-up Consideration to be distributed to the Class C Noteholders at such time and, thereafter (iv) the Class D Notes on a *pro rata* and *pari passu* basis in accordance with the respective amount of Class D Subordinated Step-up Consideration to be distributed to the Class D Noteholders at such time.

Non-payment of the Subordinated Step-up Consideration will not cause an Event of Default but a *pro rata* share of such shortfall shall be treated as if it were an amount due on the next succeeding Notes Payment Date as long as such Subordinated Step-up Consideration has not been paid. The credit ratings assigned by the Credit Rating Agencies do not address the likelihood of any payment of the Subordinated Step-up Consideration in respect of any relevant Class of Rated Notes.

**The obligations of the Issuer under the Notes are limited recourse**

Each of the Noteholders shall only have recourse in respect of any claim against the Issuer in accordance with the relevant Priority of Payments (see Section 5.2 (*Priority of Payments*)). The Noteholders and the other Secured Creditors shall not have recourse on any assets of the Issuer other than (i) the Mortgage Receivables, (ii) the balance standing to the credit of the Issuer Transaction Accounts and (iii) the amounts received under the

Transaction Documents. In the event that the Security in respect of the Notes has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Agreement in priority to the Notes are insufficient to pay in full all principal and interest, if any, and other amounts whatsoever due in respect of such Notes, the Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts (see Condition 9(d) (*Limited recourse*)). If, upon default by the Borrowers and after exercise by the Servicer of all available remedies in respect of the Mortgage Receivables, the Issuer does not receive the full amount due from such Borrowers, the Noteholders may receive by way of principal repayment on the Notes an amount less than the face amount of their Notes and the Issuer may be unable to pay in full interest due on the Notes, to the extent set forth in Condition 9 (*Subordination and limited recourse*). On any Notes Payment Date, any such losses on the Mortgage Receivables will be allocated as described in Section 5 (*Credit Structure*).

#### **Risk relating to conflict of interest between the interests of holders of different Classes of Notes and Secured Creditors**

Circumstances may arise when the interests of the holders of different Classes of Notes could conflict. The Trust Agreement contains provisions requiring the Security Trustee to have regard to the interests of the Noteholders as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If, in the sole opinion of the Security Trustee in respect of certain matters there is a conflict between the interests of the holders of different Classes of Notes, the Security Trustee shall have regard only to the interests of the Higher Ranking Class of Notes. In addition, the Security Trustee shall have regard to the interests of the other Secured Creditors and, in case of a conflict of interest between the Secured Creditors, the Post-Enforcement Priority of Payments set forth in the Trust Agreement determines which interest of which Secured Creditor prevails. Noteholders should be aware that the interest of Secured Creditors ranking higher in the Post-Enforcement Priority of Payments than the relevant Class of Notes shall prevail.

#### **Other conflicts of interest**

Certain Transaction Parties, such as the Seller, the Servicer, the Originator and the Portfolio Manager are the same entity or form part of the same group or one or more have ultimately a common shareholder and act in different capacities in relation to the Transaction Documents and may also be engaged in other commercial relationships, in particular, provide banking, investment and other financial services to the Transaction Parties and other relevant parties. In such relationships, *inter alios*, the Seller, the Servicer, the Originator and the Portfolio Manager are not obliged to take into consideration the interests of the Noteholders. Consequently, a conflict of interest may arise.

Furthermore, the Issuer Director is Universal Management Services S.à r.l., represented by its permanent representative Mr. Jeremiah Daniel O'Donoghue, which belongs to the same group of companies as Intertrust (Luxembourg) S.à r.l. Intertrust (Luxembourg) S.à r.l. acts as Issuer Administrator, Domiciliation Agent and Service Provider to the Issuer. The sole shareholder of Intertrust (Luxembourg) S.à r.l., is Intertrust (Netherlands) B.V., which belongs to the same group of companies as Intertrust Management B.V., which is the Shareholder Director and Amsterdamsch Trustee's Kantoor B.V., which is the Security Trustee Director. Therefore, as each of the Directors, the Issuer Administrator, the Domiciliation Agent and the Service Provider have obligations towards the Issuer and towards each other and such parties are also creditor (each as a Secured Creditor) of the Issuer, and the Security Trustee acts as a trustee to the Noteholders and the other Secured Creditors and is as such obliged to take into consideration the interests of the Noteholders and the other Secured Creditors, a conflict of interest may arise.

In this respect it is noted that in the Management Agreements between each of the Directors with the entity of which it has been appointed managing director (*statutair directeur*), each of the Directors agrees and undertakes to, *inter alia*, (i) as director of the such entity, refrain from any action detrimental to any of the such entity's obligations under the Transaction Documents, (ii) ensure that the relevant entity shall undertake no other business except as provided for in the Transaction Documents until it no longer has any actual or contingent liabilities under any of the Transaction Documents, (iii) in respect of the Issuer Director, exercise all its rights and/or powers by virtue of being director of the Issuer in compliance with the Transaction Documents and manage the affairs of the Issuer in accordance with proper and prudent Luxembourg business practice and in accordance with the requirements of Luxembourg law and Luxembourg accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties, (iv) in respect of the Security Trustee Director and Shareholder Director, manage the affairs of the Security Trustee and the Shareholder, respectively, in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice with the same care it exercises or would exercise the administration of similar matters whether held for its own account or for the account of third parties and it shall use

its best reasonable effort as to not adversely affect the then current credit ratings assigned to the Rated Notes and (v) in respect of the Shareholder Director, as director of the Shareholder exercise its voting and other shareholder rights and powers (if any) in accordance with the Issuer's obligations under the Transaction Documents and/or as otherwise instructed by the Security Trustee. Furthermore, in the Administration Agreement, the Issuer Administrator has undertaken to do all such acts and things (other than being liable for the payment of principal or interest on any Note) that are required to be done by the Issuer pursuant to the Conditions and the Transaction Documents and comply with any proper directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to it in accordance with the provisions of this Agreement (and in the event of any conflict those of the Security Trustee shall prevail). As a result, in the event a conflict of interest arises in respect of the relevant parties as described above, such parties are obliged to act in accordance with these and other obligations under Transaction Documents. If for whatever reason any such parties would not comply with any of its obligations under the Transaction Documents, this may result in the Issuer not being able to meet its obligations under the Notes, as further set out in the paragraph *The Issuer has counterparty risk exposure* above.

**Resolution adopted at a meeting of the holders of the Most Senior Class is binding on all Noteholders and a resolution adopted by a Noteholders' meeting of a relevant Class is binding on all Noteholders of that relevant Class**

The Trust Agreement contains provisions for convening meetings of the Noteholders of any Class to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of the Conditions or any provisions of the Transaction Documents. An Extraordinary Resolution passed at any Meeting of the Most Senior Class shall be binding upon all Noteholders of a Class irrespective of the effect upon them, provided that in case of an Extraordinary Resolution approving a Basic Terms Change, such Extraordinary Resolution shall not be effective unless it shall have been approved by Extraordinary Resolutions of Noteholders of each such Class or unless and to the extent that it shall not, in the sole opinion of the Security Trustee, be materially prejudicial to the interests of Noteholders of each such Class. All resolutions, including Extraordinary Resolutions, duly adopted at a Meeting are binding upon all Noteholders of the relevant Class, whether or not they are present at the Meeting. Changes to the Transaction Documents and the Conditions may therefore be made without the approval of the Noteholders of a relevant Class of Notes (other than the Most Senior Class) in case of a resolution of the Noteholders of the Most Senior Class or individual Noteholder in case of a resolution of the relevant Class and/or in each case without the Noteholder being present at or aware of the relevant meeting (see for more details and information on the required majorities and quorum, Condition 14 (*Meetings of Noteholders; Modification; Consents; Waiver*) below). Noteholders are therefore exposed to the risk that changes are made to the Transaction Documents and the Conditions without their knowledge or consent and/or which may have an adverse effect on it.

**The Security Trustee may agree to modifications without the Noteholders' prior consent**

Pursuant to the terms of the Trust Agreement, the Security Trustee may agree without the consent of the Noteholders to (i) any modification of any of the provisions of the Trust Agreement, the Notes or any other Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Agreement, the Notes or any other Transaction Document which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders provided that a Credit Rating Agency Confirmation is available in respect of such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and other Secured Creditors and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

In addition, the Security Trustee may agree, without the consent of the Noteholders, to (a) the entering into of a new Transaction Document by the Issuer with a successor of the relevant counterparty or (b) the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to a successor provided that (i) a Credit Rating Agency Confirmation is available in connection with such transfer or contracting, (ii) the rights deriving from such new transaction document, if any, will be pledged to the Security Trustee and (iii) if the relevant counterparty will be a Secured Creditor, the relevant successor will accede to the Parallel Debt Agreement and will agree to be bound by the provisions thereof (including the limited recourse and no petition provisions thereof).

The Security Trustee may further agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents (including the Swap Agreement) in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under

EMIR, the CRA Regulation, the Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant supervisory regulators), the Securitisation Regulation, the Benchmark Regulation (subject to Condition 14(g) (*Modification to facilitate Replacement Reference Rate with consent of the Noteholders*)), the CRR Securitisation Amendment and/or for the securitisation transaction described in this Prospectus to qualify or continue to qualify as STS securitisation, subject to receipt by the Security Trustee of a certificate of the Issuer or the Swap Counterparty certifying to the Security Trustee that the amendments requested by the Issuer or the Swap Counterparty, as the case may be, are to be made solely for the purpose of enabling the Issuer or the Swap Counterparty, as the case may be, to satisfy its requirements under EMIR, the CRA Regulation, the Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant supervisory regulators), the Securitisation Regulation, the Benchmark Regulation (subject to Condition 14(g) (*Modification to facilitate Replacement Reference Rate with consent of the Noteholders*)), the CRR Securitisation Amendment and/or for the securitisation transaction described in this Prospectus to qualify or continue to qualify as STS securitisation, provided that 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 or any other Secured Creditor (unless with its consent) to any additional liability or (B) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee or any other Secured Creditor (unless with its consent) in respect of the Notes, the relevant Transaction Documents and/or the Conditions and further provided that the Security Trustee has received written confirmation from the Swap Counterparty that it has consented to such amendment.

#### **Prior consent rights of other parties**

The Swap Counterparty's written consent is required for any amendment, such consent not to be unreasonably withheld or delayed, (i) to clause 4 of the Servicing Agreement, (ii) which constitutes a Basic Terms Change, (iii) to the Issuer's right to sell or assign the Mortgage Receivables under the Transaction Documents or to redeem the Notes under the Conditions, (iv) to the Transaction Documents, the Conditions or the Interest Rate Policy Letter or (v) to Condition 14(f) and clause 19.3 of the Trust Agreement, which in the Swap Counterparty's reasonable opinion will have a material adverse impact on the currency, amount, timing or priority of payments due to be made by or to the Swap Counterparty under either the Swap Agreement or the NAMS Rebalancing Agreement. Furthermore, the Swap Counterparty's written consent is required for any restructuring of the Notes or structuring of new notes pursuant to Condition 6(e) (*Remarketing Call Option*), such consent not to be unreasonably withheld or delayed. In case of an amendment which constitutes a Basic Terms Change, no such consent will be required if the Swap Counterparty fails to respond within ten (10) Business Days of written request by the Security Trustee. Therefore, the Swap Counterparty effectively can veto certain proposed modification, amendments or waivers.

Furthermore, the Issuer has undertaken in the Senior Subscription Agreement to notify the Seller of the following amendments or modifications: (i) an amendment or modification to the definition of Mortgage Loans, (ii) amendments or modification to the circumstances in which the Seller may sell the Mortgage Loans or agree to change the terms of any of the Mortgage Loans and (iii) amendments or modifications to the servicing of the Mortgage Receivables. In addition, the Issuer has agreed with the Seller that it will not agree to such amendment or modification if the Seller has, within five (5) Business Days, has used its veto right on such proposed amendment or modification.

As a consequence of the veto rights of the Swap Counterparty and the Seller, the Issuer and the Noteholders may experience difficulties to implement certain changes to the transaction described in this Prospectus and the Transaction Documents.

#### **Risk related to absence of Portfolio and Performance Reports**

Pursuant to the Trust Agreement, in case the Issuer Administrator does not receive a Portfolio and Performance Report from the Servicer with respect to a Mortgage Calculation Period, the Issuer (or the Issuer Administrator on its behalf) shall have the right to calculate and determine the Available Revenue Funds and the Available Principal Funds and all amounts payable under the Transaction Documents using the three most recent Portfolio and Performance Reports available in accordance with the Administration Agreement.

When the Issuer or the Issuer Administrator on its behalf receives the Portfolio and Performance Reports relating to the Mortgage Calculation Period for which such calculations have been made, it will make reconciliation calculations and reconciliation payments and credit or debit, as applicable, such amounts from the Revenue Reconciliation Ledger and the Principal Reconciliation Ledger as set out in the Administration Agreement. Any (i)

calculations properly done in accordance with the Trust Agreement and in accordance with the Administration Agreement, (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 Administration 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 and/or Subordinated Step-up Consideration, to the extent applicable, and, respectively, less or more principal on the Notes than would have been payable if Portfolio and Performance Reports were available.

#### **Risks related to the limited liquidity of the Notes**

There is not, at present, any active and liquid secondary market for the Notes. Although application has been made to Euronext Amsterdam for the Notes to be admitted to the official list and trading on its regulated market, there can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity or that such liquidity will continue for the life of the Notes. A decrease in the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The secondary market has experienced disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities. This has had a material adverse impact on the market value of mortgage-backed securities similar to the Notes. As a result, the secondary market for mortgage-backed securities is experiencing limited liquidity. Limited liquidity in the secondary market for mortgage-backed securities has had and 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, investors may not be able to sell or acquire credit protection on their 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 investors.

In addition, the forced sale into the market of mortgage-backed securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are experiencing funding difficulties could adversely affect an investor's ability to sell the Notes and/or the price an investor receives for the Notes in the secondary market. Thus, Noteholders bear the risk of limited liquidity of the secondary market for mortgage-backed securities and the effect thereof on the value of the Notes.

#### **Risk related to the ECB Purchase Programme**

In September 2014, the ECB initiated an asset purchase programme whereby it envisages to bring inflation back to levels in line with the ECB's objective to maintain the price stability in the euro area and, also, to help enterprises across Europe to enjoy better access to credit, boost investments, create jobs and thus support the overall economic growth. The expanded asset purchase programme commenced in March 2015 and encompasses the earlier announced asset-backed securities purchase programme and the covered bond purchase programme. On 13 December 2018, the Governing Council of the ECB decided that net purchases under the asset purchase programme would end in December 2018. On 7 March 2019, the Governing Council indicated that it intends to continue reinvesting, in full, the principal payments from maturing securities purchased under the asset purchase programme for an extended period of time past the date when the Governing Council starts raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation. It remains uncertain which effect these asset purchase programmes will have on the volatility in the financial markets and the overall economy in the Eurozone and the wider European Union. In addition, the termination of the asset purchase programme could have an adverse effect on the secondary market value of the Notes and the liquidity in the secondary market for the Notes.

#### **Risk related to the Notes held in global form**

The Notes will initially be held by the relevant Common Safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg in the form of a Global Note which will be exchangeable for Definitive Notes in limited circumstances as more fully described in Section 4.2 (*Form*). For as long as any Notes are represented by a Global Note held by the relevant Common Safekeeper on behalf of Euroclear and/or Clearstream, Luxembourg, payments of principal, interest, if any, and any other amounts on a Global Note will be made through Euroclear and/or Clearstream,

Luxembourg (as the case may be) 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 bearer of the relevant Global Note, being the common safekeeper for Euroclear and/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 and/or Clearstream, Luxembourg, as the case may be.

Thus, the Noteholders will have to rely on the procedures of Euroclear and/or Clearstream, Luxembourg for transfers, payments and communications from the Issuer, which may cause the Issuer being unable to meet its obligations under the Notes.

#### **Notes in definitive form and denominations in integral multiples**

The Notes have a denomination consisting of a minimum authorised denomination of EUR 125,000 plus higher integral multiples of EUR 1,000 with a maximum denomination of EUR 249,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Notes in definitive form are required to be issued, a Noteholder who holds a principal amount of a Note less than the minimum authorised denomination at the relevant time may not receive a Note in definitive form in respect of a holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount). Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 125,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 249,000. No Notes in definitive form will be issued with a denomination above EUR 249,000. If Notes in definitive form are issued, Noteholders should be aware that these Notes in definitive form which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

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

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

#### **No obligation for the Issuer to compensate Noteholders for any tax withheld on behalf of any tax authority**

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment where such twenty per cent. withholding tax or deduction is required to be made pursuant to the Luxembourg law of December 23, 2005 introducing a final withholding tax on certain interest deriving from savings income, as amended, as regards Luxembourg resident individuals.

#### **In certain circumstances, the Issuer and the Noteholders may be subject to U.S. withholding tax under FATCA**

Whilst the Notes are in global form and held in the clearing systems, in all but the most remote circumstances it is not expected that Sections 1471 through 1474 of the U.S. Internal Revenue Code (the "**Code**") or regulations and other authoritative guidance thereunder ("**FATCA**") will affect the amount of any payment received by the common safekeeper. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of FATCA withholding, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose custodians or intermediaries with care (to ensure each is compliant with FATCA or other

laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. Pursuant to the terms and conditions of the Notes, the Issuer's obligations under the Notes are discharged once it has paid the common safekeeper for the clearing systems (as bearer of the Notes) and neither the Issuer nor any Paying Agent will be required to pay additional amounts should FATCA withholding apply to any amount transmitted through the clearing systems and thereafter through custodians or other intermediaries.

If the Issuer does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors (including entities that hold the Notes), or is not otherwise exempt from or in deemed compliance with FATCA, the Issuer may be subject to FATCA withholding on payments received from U.S. sources and certain payments from Participating FFIs which are attributable to US sources. Any such withholding imposed on the Issuer may reduce the amounts available to the Issuer to make payments on the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model intergovernmental agreements implementing FATCA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

#### **EU State Aid**

In 2006 the EU Commission requested information from Luxembourg in respect of the Luxembourg Securitisation Act and the Luxembourg law on investment companies in risk capital (SICAR), as regards the compatibility of these laws with European provisions on State Aid. The Luxembourg Government replied to the questions raised in the summer of 2006. Following the reply by Luxembourg, the EU Commission has so far never taken any formal position on the question. As the discussion dates back over 5 years, it is generally expected that the Securitisation Act should not constitute prohibited State Aid, *inter alia*, as securitisation should not be viewed as a business enterprise. However, by lack of formal conclusion by the EU Commission it cannot be entirely excluded that the EU Commission would come back on the issue. In the event that the Luxembourg Securitisation Act would be considered to constitute prohibited State Aid, Luxembourg tax leakage at the level of the Issuer may increase both for the past as for the future. As set out above, there is no obligation for the Issuer to compensate Noteholders for any tax withheld on behalf of any tax authority (see also Condition 7 (*Taxation*)). Such an increase of the Issuer's tax leakage could therefore adversely affect the ability of the Issuer to make payments to the Noteholders under the Notes which could lead to losses under the Notes.

#### **Regulatory initiatives may result in increased regulatory capital requirements 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 raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for 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 Arrangers, the Joint Lead Managers, the Portfolio Manager, the Originator, the Servicer 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 date of this Prospectus or at any time in the future.

On 26 June 2013 the Council and the European Parliament adopted the package known as "CRD IV". The CRD IV package replaces the previous CRD with the CRD IV and the CRR which aims to create a sounder and safer financial system. The CRD IV governs amongst other things the access to deposit-taking activities while the CRR establishes the majority of prudential requirements with which certain categories of investors need to comply. The CRR has come into force in all European Union Member States from 1 January 2014. The CRD IV has been implemented in the Netherlands on 1 August 2014.

Following certain proposals of the Basel Committee and the Financial Stability Board, the European Commission proposed on 23 November 2016 a comprehensive package of banking reforms (the "**EU Banking Reforms**"). This

includes changes to CRD IV, CRR, BRRD and SRM Regulation, including measures to increase the resilience of EU institutions and enhance financial stability. The EU Banking Reforms are wide-ranging and cover multiple areas, including: (a) a binding 3 per cent. leverage ratio, (b) a binding detailed net stable funding ratio, (c) a requirement to have more risk-sensitive own funds for banks trading in certain instruments (further to Basel Committee's fundamental review of the trading book), (d) a new category of 'non-preferred' senior debt, (e) the introduction of the new total loss-absorbing capacity ("**TLAC**") standard for global systemically important institutions (G-SIIs), (f) an amendment of the minimum requirement for own funds and eligible liabilities framework to integrate the TLAC standard and (g) a revised calculation method for derivatives exposures.

The EU Banking Reforms have been adopted by the Council of the EU and the European Parliament on 14 May 2019 and are expected to enter into force in the second or third quarter of 2019 but the final timing may change. Most of the new rules will start applying in mid-2021, subject in certain cases to transposition in the Member States. It is at this time not yet certain how the reforms will affect the Issuer.

Investors should, *inter alia*, be aware of the EU risk retention, transparency and due diligence requirements which currently apply in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS-managers and certain pension schemes. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities 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 the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset 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 an increased capital charge on the notes acquired by the relevant investor or an obligation to deduct the value of the positions from the regulatory capital components of the investor.

#### *Securitisation Regulation*

On 12 December 2017, the European Parliament adopted the Securitisation Regulation which lays down common rules on securitisation and which applies from 1 January 2019. This Securitisation Regulation creates a single set of common rules for European "institutional investors" (as defined in the Securitisation Regulation) 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 CRR, Solvency II, Solvency II Regulation and the AIFMR 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). The Securitisation Regulation applies to the fullest extent to the Notes. The securitisation transaction described in this Prospectus is intended to qualify as an STS securitisation within the meaning of article 18 of the Securitisation Regulation. Consequently, the securitisation transaction described in this Prospectus meets, on the date of this Prospectus, the requirements of articles 19 to 22 of the Securitisation Regulation and will be notified by the Seller on or prior to the Closing Date to be included in the list published by ESMA referred to in article 27(5) of the Securitisation Regulation. The Seller and the Issuer have used the service of PCS, a third party authorised pursuant to article 28 of the Securitisation Regulation, to verify whether the securitisation transaction described in this Prospectus complies with articles 19 to 22 of the Securitisation Regulation and the compliance with such requirements is expected to be verified by PCS on the Closing Date. No assurance can be provided that the securitisation transaction described in this Prospectus does or continues to qualify as an STS securitisation under the Securitisation Regulation at any point in time in the future. None of the Issuer, the Issuer Administrator, the Seller, the Joint Lead Managers, the Arrangers, the Security Trustee, the Servicer or any of the other transaction parties makes any representation or accepts any liability for the securitisation transaction described in this Prospectus to qualify as an STS securitisation under the Securitisation Regulation at any point in time in the future.

Various parties to the securitisation transaction described in this Prospectus are subject to the requirements of the Securitisation Regulation. However, there is at present some uncertainty in relation to some of these requirements, including in particular with regard to the transparency obligations imposed under article 7 of the Securitisation Regulation and the Draft RTS Risk Retention in relation to article 6 of the Securitisation Regulation and the RTS

Homogeneity (see Section 4.4 (*Regulatory and industry compliance*) and Section 6.1 (*Stratification tables*) for further detail on this) in relation to article 20(8) of the Securitisation Regulation. The Draft RTS Risk Retention is in final draft adopted by the EBA and submitted to the European Commission for adoption. The RTS Homogeneity is in final draft adopted by the European Commission, but is subject to final review by the European Parliament and the European Council and has not yet entered into force. Therefore, the final scope of their application and impact of the conformity of risk retention and the Mortgage Loans to the final regulatory technical standards is not assured (and such non-conformity may adversely and materially impact the value, liquidity of, and the amount payable under the Notes). Prospective investors must make their own decisions in this regard.

#### *Reporting requirements under the Securitisation Regulation*

Pursuant to article 7(2) of the Securitisation Regulation, the originator, the sponsor and securitisation special purpose entity ("**SSPE**") of a securitisation shall designate amongst themselves one entity to fulfil the information requirements set out in points (a), (b), (d), (e), (f) and (g) of the first subparagraph of article 7(1), which includes making available the prospectus and the transaction documents, to a regulated securitisation repository. In accordance with article 7(2) of the Securitisation Regulation, in the Mortgage Receivables Purchase Agreement, the Issuer and the Seller have designated the Seller as the entity responsible for fulfilling the information requirements of article 7 of the Securitisation Regulation in respect of the transaction described in this Prospectus and will either fulfil such requirements itself or shall procure that such requirements are fulfilled on its behalf. The securitisation repository, which needs to comply with the authorisation requirements set out in chapter 3 of the Securitisation Regulation and the regulatory technical standards applicable in relation thereto, will in turn disclose information on securitisation transactions to the public.

The Notes are issued after 1 January 2019. Consequently, the disclosure requirements of article 7 of the Securitisation Regulation apply in respect of the Notes. Such disclosure requirements replace the disclosure requirements set forth in the provisions of law applicable prior to 1 January 2019, including the requirements set forth in the CRA Regulation as a result of the repealing of article 8b of the CRA Regulation as set forth in article 40 of the Securitisation Regulation. On 22 August 2018, ESMA published its Final Report on securitisation disclosure technical standards (RTS/ITS) which included draft reporting templates, but, following a letter from the European Commission dated 30 November 2018 requesting certain amendments to be made to the disclosure technical standards, on 31 January 2019 ESMA published an opinion regarding amendments to ESMA's draft technical standards on disclosure requirements under the Securitisation Regulation which included revised draft reporting templates ("**Disclosure Technical Standards**"). Such Disclosure Technical Standards are on the date of issue of the Notes subject to review by the European Commission and not yet adopted in a binding delegated regulation of the European Commission. The transitional provision of article 43(8) Securitisation Regulation applies and, consequently, until the Disclosure Technical Standards apply, disclosures in respect of the Notes must be made in accordance with the requirements of Annexes I and VIII of Delegated Regulation (EU) 2015/3. In a joint statement of the European Supervisory Authorities published on 30 November 2018 (JC 2018 70), the European Supervisory Authorities confirmed that with the repealing of article 8b of the CRA Regulation effective as of 1 January 2019 and until the ESMA reporting templates to be used to meet the reporting requirements under article 7 Securitisation Regulation will be available, the competent authority is expected to make a case-by-case assessment when examining the compliance with the disclosure requirements of the Securitisation Regulation, taking into account the type and extent of information being disclosed by the reporting entity. On the date of this Prospectus, there remains uncertainty as to the nature and detail of the information to be published, the manner in which it will need to be published and what the consequences would be for the Issuer, related third parties and investors resulting from any potential non-compliance by the Issuer with the reporting obligations.

For a description of the undertakings and representations and warranties of the Seller relating to the above, see Section 4.4 (*Regulatory and Industry Compliance*) and Section 8 (*General*). Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with the risk retention and due diligence requirements described above and none of the Issuer, the Security Trustee, the Seller, the Originator, the Portfolio Manager, the Servicer, the Joint Lead Managers or the Arrangers makes any representation that the information described above in relation to the EU risk retention and due diligence requirements is sufficient in all circumstances for such purposes.

#### *Regulatory treatment STS securitisations and other securitisation positions*

CRR and Solvency II 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, prospective investors should consult their own advisers as to the consequences of and the effect on them of the application of CRR and Solvency II, as

implemented by their own regulator, to their holding of any Notes. It cannot be excluded that further amendments will be proposed and will have to be implemented in the legislation of the relevant EU Member States which may have a further impact on, among other things, the risk weighting, liquidity and value of the Notes.

#### **Risks from reliance on verification by PCS**

The Seller and the Issuer have used the services of PCS, a third party authorised pursuant to article 28 of the Securitisation Regulation, to verify whether the securitisation transaction described in this Prospectus complies with articles 19 to 22 of the Securitisation Regulation and the compliance with such requirements is expected to be verified by PCS on the Closing Date. However, none of the Issuer, the Issuer Administrator, the Seller, the Joint Lead Managers, the Arrangers, the Security Trustee, the Servicer or any of the other transaction parties gives any explicit or implied representation or warranty as to (i) inclusion in the list administered by ESMA within the meaning of article 27 of the Securitisation Regulation, (ii) that the securitisation transaction described in this Prospectus does or continues to comply with the Securitisation Regulation, (iii) that this securitisation transaction does or continues to be recognised or designated as 'STS' or 'simple, transparent and standardised' within the meaning of article 18 of the Securitisation Regulation after the date of this Prospectus.

The verification by PCS does not affect the liability of the Seller, as originator within the meaning of the Securitisation Regulation and the Issuer, as SSPE within the meaning of the Securitisation Regulation in respect of their legal obligations under the Securitisation Regulation. Furthermore, the use of such verification by PCS shall not affect the obligations imposed on institutional investors as set out in article 5 of the Securitisation Regulation. Notwithstanding PCS' verification of compliance of a securitisation with articles 19 to 22 of the Securitisation Regulation, such verification by PCS does not ensure the compliance of a securitisation with the general requirements of the Securitisation Regulation. A verification does not remove the obligation placed on investors to assess whether a securitisation labelled as 'STS' or 'simple, transparent and standardised' has actually satisfied the criteria. Investors must not solely or mechanically rely on any STS notification or PCS' verification to this extent.

The Seller will include in its notification pursuant to article 27(1) of the Securitisation Regulation a statement that compliance of the securitisation described in this Prospectus with articles 19 to 22 of the Securitisation Regulation has been verified by PCS. The designation of the securitisation transaction described in this Prospectus as an STS securitisation is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under MiFID II and it is not a credit rating whether generally or as defined under the CRA Regulation or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended). By designating the securitisation transaction described in this Prospectus as an STS securitisation, no views are expressed about the creditworthiness of the Notes or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for the Notes.

#### **No Representation as to compliance with liquidity coverage ratio, CRR or Solvency II requirements**

Following the adoption of the CRR Amendment Regulation certain securitisation positions of qualifying STS securitisations will, following a further calibration of the capital requirements as set forth in the CRR Amendment Regulation, obtain a preferential treatment as regards their capital requirements weighting for credit institutions and investment firms (as these are defined in the CRR) investing in such securitisation positions. Furthermore, following the adoption of Commission Delegated Regulation (EU) 2018/1221 of 1 June 2018 the then current provisions of Solvency II Regulation on calibration for 'type 1 securitisation' have, with effect from 1 January 2019, been replaced by a more risk-sensitive calibration for STS securitisations covering all possible tranches that also meet additional requirements in order to minimise risks. The relevant provisions of Solvency II Regulation apply to the fullest extent to the Notes.

On 30 October 2018, Commission Delegated Regulation amending Delegated Regulation (EU) 2018/1620 of 13 July 2018 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**") was published in the Official Journal of the EU. This amendment integrates the STS criteria for securitisation in the LCR Delegated Regulation. From 30 April 2020 securitisations can be qualified as Level 2B high quality liquid assets ("**HQLA**") only if they fulfil the conditions laid down in article 13 of the LCR Delegated Regulation. In the revised provision of article 13 LCR Delegated Regulation, a reference is made to the requirement that securitisation positions will only qualify as HQLA if the securitisation positions have been issued and an STS-notification has been made with and processed by ESMA. No assurance can be provided that the Notes qualify as HQLA beyond 30 April 2020, being the date of application of the revised provisions of the LCR Delegated Regulation.

None of the Issuer, the Arrangers, the Joint Lead Managers, the Seller, the Originator, the Portfolio Manager or the Servicer makes any representation to any prospective investor or purchaser of the Notes as to these matters on the Closing Date or at any time in the future and none of them are responsible for informing any Noteholders of the effects on the changes to risk-weighting of the Notes or the qualification as Level 2B HQLA which, amongst others, may result from the suspension, delay or withdrawal of this STS securitisation qualification from the list published by ESMA on its website pursuant to article 27(5) Securitisation Regulation or the adoption, interpretation or application by their own regulator of CRR, Solvency II or the LCR Delegated Regulation (whether or not in their current form or otherwise). Prospective investors should assess independently and where relevant should consult their own advisors as to the effects of the changes to risk-weights of the Notes referred to above or the qualification as Level 2B HQLA.

The 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. Prospective noteholders should therefore make themselves aware of the EU risk retention and due diligence requirements, where applicable to them, in addition to any other regulatory requirements (whether or not as described above) applicable to them with respect to their investment in the Notes.

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

The U.S. Risk Retention Rules came into effect on 24 December 2015 and generally require the "securitizer" of a "securitization transaction" to retain at least five (5) per cent. of the "credit risk" of securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer 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 issue of the Notes will not involve risk retention by the Seller or the Originator or any other party within the meaning of, and for the purposes of, the U.S. Risk Retention Rules, but rather will be made in reliance on an exemption provided for in Section 246.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (i) the transaction is not required to be and is not registered under the Securities Act; (ii) no more than ten (10) per cent. of the U.S. 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**"); (iii) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the U.S. of a non-U.S. entity; and (iv) no more than twenty-five (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 U.S.

Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S.

There can be no assurance that the exemption provided for in Section 246.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. Failure of the issuance of the Notes to comply with the U.S. Risk Retention Rules (regardless of the reason for such 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 market generally is uncertain, and a failure by a transaction to comply with the risk retention requirements of the U.S. Risk Retention Rules could negatively affect the market value and secondary market liquidity of the Notes.

### **Proposed Changes to Basel III and Solvency II**

Since the introduction of the Basel III framework, the Basel Committee published several consultation documents for amendment of Basel III. On 7 December 2017, the Basel Committee published the finalised Basel III reforms as improvements to the global regulatory framework ("**Basel III Reforms**") (informally referred to as Basel IV). Basel III Reforms seeks to restore credibility in the calculation of the risk weighted assets and improve the comparability of banks' ratios. The most important changes involve stricter rules for internal models. Internal models for operational risk will no longer be permitted; a standardised approach must be applied instead. The rules for calculating risk weighted assets for credit risk will be tightened, under the standardised approach as well as under the internal ratings-based (IRB) approach. This includes changes to the requirements for the risk-weighting of mortgages. In the

revised standardised approach mortgage risk weights depend on the loan-to-value (LTV) ratio of the mortgage (instead of the existing single risk weight to residential mortgages). In accordance with Basel III Reforms, banks' calculations of risk weighted assets generated by internal models cannot, in aggregate, fall below 72.5 per cent. of the risk weighted assets computed by the standardised approaches. The implementation will be gradual over a five-year period, from 2022 until 2027. The Basel III Reforms may have an impact on the capital requirements in respect of the holder of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

Basel III and the Basel III Reforms may affect risk-weighting of the Notes for investors subject to the new framework following its implementation (whether via the CRD IV or subsequent EU legislation or otherwise by non-EU regulators, reference is also made to the aforementioned risk factor Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes). This could affect the market value of the Notes in general and the relative value for the investors in the Notes.

On 18 January 2015, the Solvency II Regulation 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. Pursuant to Solvency II, more stringent rules apply to European insurance companies since January 2016 in respect of instruments such as the Notes in order to qualify as regulatory capital (*toetsingsvermogen c.q. solvabiliteitsmarge*).

Potential investors should consult their own advisers as to the consequences to and effect on them of Basel III, the Basel III Reforms and the application of Solvency II, to their holding of any Notes. None of the Issuer, the Security Trustee, the Arrangers or the Joint Lead Managers are responsible for informing Noteholders of the effects on the changes to risk-weighting or regulatory capital which amongst others may result for investors from the adoption by their own regulator of Basel III, the Basel III Reforms or Solvency II (whether or not implemented by them in its current form or otherwise).

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

The Issuer will be entering into the Swap Agreement, which is an over-the-counter ("**OTC**") interest rate swap transaction. 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) which entered into force on 16 August 2012 establishes certain requirements for OTC derivative contracts, including a mandatory clearing obligation, risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty ("**CCP**") and reporting requirements.

Under EMIR, (i) financial counterparties ("**FC**") and (ii) non-financial counterparties whose positions in OTC derivatives (including the positions of other non-financial entities in its group, but excluding any hedging positions) exceed a specified clearing threshold ("**NFC+**") must clear OTC derivative contracts that are entered into on or after the effective date for the clearing obligation. The Issuer is however of the view that it currently qualifies as a non-financial counterparty whose positions in OTC derivatives are below the specified clearing threshold referred to under (ii) above ("**NFC**"). That is, because the Issuer's only positions in OTC derivatives are the positions under the Swap Agreement, which in its view qualify as hedging positions under EMIR. In addition, to the Issuer's knowledge, no other non-financial entity in the Issuer's group (which includes the Seller's group) exceeds the clearing threshold.

Should the Issuer nonetheless qualify as a NFC+ (or FC), it would in principle become subject to the clearing obligation. However, OTC derivative contracts that have a conditional notional amount (i.e. a notional amount which varies over the life of the contract in an unpredictable way) will not be subject to the clearing obligation and the Swap Agreement will likely qualify as such an OTC derivative contract. Furthermore, pursuant to the Securitisation Regulation, a securitisation special purpose entity that is a NFC+ or FC would, subject to certain requirements, be exempted from the clearing obligation.

OTC derivative contracts that are not cleared by a CCP are subject to certain other risk-mitigation requirements. These include arrangements for timely confirmation of OTC derivative contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivative contracts. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Swap Agreement. Another risk mitigation requirement under EMIR is the mandatory margining of non-cleared OTC derivative contracts. This requirement does, however, not apply to NFC's, like the Issuer (see above). Moreover, even if the Issuer would qualify as NFC+ (or FC), the margin obligation is expected to be amended to take into account the specified structure of a

securitisation arrangement and the protections already provided therein.

In addition, under EMIR, any counterparty must timely report the conclusion, modification and termination of their OTC and exchange traded derivative contracts to a trade repository. Under the Reporting Services Agreement, the Swap Counterparty undertakes to report the details of the Swap Transaction to the trade repository in accordance with the terms of the Reporting Services Agreement on behalf of the Issuer.

EMIR may, *inter alia*, lead to more administrative burdens and higher costs for the Issuer. Although in the Issuer's view unlikely, in the event the Issuer would at any time qualify as NFC+ (or FC), the Swap Agreement may be subject to the clearing obligation, or otherwise the margining requirements for non-cleared OTC derivative contracts. Furthermore, in case the Issuer would at any time qualify as NFC+ (or FC), specific requirements under Regulation (EU) No 600/2014 on markets in financial instruments ("**MiFIR**") may apply to it, such as the requirement for certain classes of OTC derivatives to be executed on a trading venue rather than OTC. This would lead to higher costs and certain complications, for instance in the event that the Issuer is required to enter into a replacement swap agreement or when the Swap Agreement is amended.

If any party fails to comply with the rules under EMIR or MiFIR it may be liable for an incremental penalty payment or fine. If such a penalty or fine is imposed on the Issuer, the Issuer may have insufficient funds to pay its liabilities in full.

On 4 May 2017, the European Commission published a proposal for a regulation amending EMIR (the "**Amending Regulation**"). It includes, amongst others, changes to the reporting requirements and the application of the clearing thresholds for NFC/NFC+'s, and the introduction of a clearing threshold for FC's. The Amending Regulation has been adopted by the Council of the EU and the European Parliament on 20 May 2019 and will enter into force on 17 June 2019.

Potential investors should consider the potential impact that EMIR and the Amending Regulation may have on the Swap Agreement and, in particular, the potential consequences of the Issuer becoming subject to a requirement to post collateral in respect of its obligations under the Swap Agreement. The impact could significantly adversely affect the Issuer's ability to meet its payment obligations in respect of the Notes. This risk is material and, as such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR and the Amending Regulation in making any investment decision in respect of the Notes.

**Risks relating to benchmarks and future discontinuance of Euribor and any other benchmark may adversely affect the value of Notes which reference Euribor or such other benchmark and may impact the Mortgage Interest Rates on Mortgage Loans bearing a floating interest rate referencing Euribor**

Various benchmarks (including interest rate benchmarks such as Euribor and EONIA) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective such as the Benchmark Regulation, whilst others are still to be implemented. Further to these reforms, a transitioning away from the IBORs to 'risk-free rates' is expected. An example of such a rate is the euro short-term rate ("**€STR**") being developed by the ECB's Governing Council, which is a rate based on transaction data available to the Eurosystem. €STR will reflect the wholesale euro unsecured overnight borrowing costs of euro area banks and will complement existing benchmark rates produced by the private sector, serving as a backstop reference rate. The ECB will begin publishing €STR by October 2019. The interest payable on the Rated Notes will be determined by reference to Euribor.

Under the Benchmark Regulation, new requirements apply with respect to the provision of a wide range of benchmarks (including Euribor), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmark Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

These reforms and other pressures (including from regulatory authorities) may cause one or more benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Moreover, any significant change to the setting or existence of

Euribor or any other relevant benchmark could affect the ability of the Issuer to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and amounts payable under, the Notes.

Investors should be aware that, if Euribor or any other benchmark were discontinued or otherwise unavailable, the rate of interest on the Rated Notes, which reference Euribor or any other benchmark will be determined for the relevant period by the fallback provisions set out in Condition 4(j) (*Replacement Reference Rate*) applicable to such Notes. If the Reference Agent or the Issuer determines at any time prior to, on or following any Interest Determination Date, that the relevant reference rate has been discontinued or another Benchmark Event has occurred, the Issuer may appoint a Rate Determination Agent (as defined in Condition 4(j)) to determine in its sole discretion, acting in good faith and in a commercially reasonable manner, a substitute, alternative or successor rate, as well as any necessary changes to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate (as defined in Condition 4(j)), including any Adjustment Spread (as defined in Condition 4(j)) or other adjustment factor needed to make such Replacement Reference Rate comparable to the relevant Reference Rate, subject to Condition 14(g) (*Modification to facilitate Replacement Reference Rate with consent of the Noteholders*). However, there is no guarantee that such an Adjustment Spread or other adjustment factor will be determined or applied, or that the application of any such factor will either reduce or eliminate economic prejudice to Noteholders.

The use of the Replacement Reference Rate may result in the Notes that referenced the Reference Rate performing differently (including potentially paying a lower interest rate) than they would do if the Reference Rate were to continue to apply in its current form. Furthermore, the terms and conditions of the Notes may be amended by the Issuer, as necessary to ensure the proper operation of the Replacement Reference Rate, without any requirement for consent or approval of the Noteholders, subject to Condition 14(g) (*Modification to facilitate Replacement Reference Rate with consent of the Noteholders*).

The Rate Determination Agent may be considered an 'administrator' under the Benchmark Regulation. This is the case if it is considered to be in control over the provision of the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario. This would mean that the Rate Determination Agent (i) administers the arrangements for determining such rate, (ii) collects, analyses, or processes input data for the purposes of determining such rate and (iii) determines such rate through the application of a method of calculation or by an assessment of input data for that purpose. Furthermore, for the Rate Determination Agent to be considered an 'administrator' under the Benchmark Regulation, the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario should be a benchmark (index) within the meaning of the Benchmark Regulation. This may be the case if the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario, is published or made available to the public and regularly determined by the application of a method of calculation or by an assessment, and on the basis of certain values or surveys.

The Benchmark Regulation stipulates that each administrator of a benchmark regulated thereunder or the benchmark itself must be registered, authorised, recognised or endorsed, as applicable, in accordance with the Benchmark Regulation. There is a risk that administrators (which may include the Rate Determination Agent in the circumstances as described above) of certain benchmarks will fail to obtain such registration, authorisation, recognition or endorsement, preventing them from continuing to provide such benchmarks, or may otherwise choose to discontinue or no longer provide such benchmark. In such case, this may affect the possibility for the Issuer to apply the fallback provision of Condition 4(j) meaning that the applicable benchmark will remain unchanged (but subject to the other provisions of Condition 4).

The Replacement Reference Rate will (in the absence of manifest error) be final and binding, and will apply to the relevant Notes without any requirement that the Issuer obtains consent of any Noteholders, subject to Condition 14(g) (*Modification to facilitate Replacement Reference Rate with consent of the Noteholders*). If the Rate Determination Agent is unable to or otherwise does not determine a Replacement Reference Rate under Condition 4(j), this could result in the effective application of a fixed interest rate to what was previously a Note to which a floating rate of interest was applicable, which fixed interest rate is based on the rate which applied in the previous period when the relevant Reference Rate was available. The Issuer will however be entitled (but not obliged) to in

such case elect to re-apply the provisions of Condition 4(j), *mutatis mutandis*, on one or more occasions until a Replacement Reference Rate has been determined.

In addition, due to the uncertainty concerning the availability of successor rates and substitute reference rates and the involvement of a Rate Determination Agent (as defined in Condition 4(j)), the relevant fallback provisions may not operate as intended at the relevant time. In addition, the Replacement Reference Rate may perform differently from the discontinued benchmark. This could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

#### **Legal investment considerations may restrict certain investments in the Notes**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for such potential investor, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to such potential investor's purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk based capital or similar rules. A failure to consult may lead to damages being incurred or a breach of applicable law by the investor.

#### **Risk that the ratings of the Notes change**

The ratings to be assigned to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes by the Credit Rating Agencies are based - *inter alia* - on the value and cash flow generating ability of the Mortgage Receivables and other relevant structural features of the transaction, and reflect only the view of each of the Credit Rating Agencies. There is no assurance that any such credit rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Credit Rating Agencies if, in any of the Credit Rating Agencies' judgment, circumstances so warrant. The Issuer does not have an obligation to maintain the credit ratings assigned to the Class A Notes, the Class B Notes, the Class C Notes and/or the Class D Notes.

#### **Credit ratings may not reflect all risks**

The credit ratings assigned by Fitch address the likelihood of (a) timely payment of interest to the Class A Noteholders and the Class B Noteholders on each Notes Payment Date and payment in full of principal on the Final Maturity Date to the Class A Noteholders and the Class B Noteholders and (b) full payment of interest and principal due to the Class C Noteholders and the Class D Noteholders by a date that is not later than the Final Maturity Date but, for the avoidance of doubt, do not address the likelihood of payment of the Subordinated Step-up Consideration in respect of any of the Rated Notes. The credit ratings assigned by DBRS on the Closing Date address (a) the timely payment of interest and the ultimate payment of principal to the Class A Noteholders and the Class B Noteholders by a date that is not later than the Final Maturity Date and (b) the ultimate payment of interest and principal to the Class C Noteholders and the Class D Noteholders by a date that is not later than the Final Maturity Date, each in accordance with and subject to the Conditions but, for the avoidance of doubt, do not address the likelihood of payment of the Subordinated Step-up Consideration in respect of any of the Classes of Rated Notes.

Any decline in or withdrawal of the credit ratings of the Class A Notes, the Class B Notes, the Class C Notes and/or the Class D Notes or changes in credit rating methodologies may affect the market value of the Notes. Furthermore, the credit ratings may not reflect the potential impact of all rights related to the structure, market, additional factors discussed above or below and other factors that may affect the value of the Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning credit rating organisation if in its judgment, the circumstances in the future so require. A deterioration of the credit quality of any of the Issuer's counterparties might have an adverse effect on the credit rating assigned to the Class A Notes, the Class B Notes, the Class C Notes and/or the Class D Notes. The Class E Notes, the Class S Notes and the Class X Notes will not be assigned a credit rating.

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

Other credit rating agencies that have not been engaged to rate the Notes by the Issuer may issue unsolicited credit ratings on the Notes at any time. Any unsolicited ratings in respect of the Notes may differ from the ratings expected to be assigned by Fitch and DBRS and may not be reflected in any final terms. Issuance of an unsolicited

rating which is lower than the ratings assigned by Fitch and DBRS in respect of the Notes may adversely affect the market value and/or the liquidity of the Notes.

**Risk related to confirmations from Credit Rating Agencies and Credit Rating Agency Confirmations**

Notwithstanding that none of the Security Trustee and the Noteholders may have any right of recourse against the Credit Rating Agencies in respect of any confirmation given by them and relied upon by the Security Trustee, the Security Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Conditions or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders if the Credit Rating Agencies have confirmed that the then current rating of the applicable Class or Classes of Notes would not be adversely affected by such exercise.

A credit rating is an assessment of credit risk and does not address other matters that may be of relevance to the Noteholder. A confirmation from a Credit Rating Agency regarding any action proposed to be taken by Security Trustee and the Issuer does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Noteholders. While Noteholders are entitled to have regard to the fact that the Credit Rating Agencies have confirmed that the then current credit ratings of Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes would not be adversely affected, a confirmation from the relevant Credit Rating Agency does not impose or extend any actual or contingent liability on the Credit Rating Agencies to such Noteholders, the Issuer, the Security Trustee or any other person or create any legal relationship between the Credit Rating Agencies and the Noteholders, the Issuer, the Security Trustee or any other person whether by way of contract or otherwise.

Any confirmation from the relevant Credit Rating Agency may or may not be given at the sole discretion of each Credit Rating Agency. It should be noted that, depending for example on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Credit Rating Agency cannot provide a confirmation in the time available or at all, and the relevant Credit Rating Agency shall not be responsible for the consequences thereof. Confirmation, if given by the relevant Credit Rating Agency, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date.

A confirmation from the relevant Credit Rating Agency represents only a restatement or confirmation of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Furthermore, it is noted that the defined term "Credit Rating Agency Confirmation" as used in this Prospectus and the Transaction Documents and which is relied upon by the Security Trustee, does not only refer to the situation that the Security Trustee has received a confirmation from the relevant Credit Rating Agency that the then current ratings of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will not be adversely affected by or withdrawn as a result of the relevant matter (a "confirmation"), but also includes:

- (a) 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
- (b) 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:
  - (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 (see Glossary of defined terms).

Thus, Noteholders incur the risk of losses under the Notes when relying solely on a Credit Rating Agency Confirmation, including on a confirmation from the relevant Credit Rating Agency that the then current ratings of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will not be adversely affected by or withdrawn as a result of the relevant matter. Furthermore, if no confirmation or indication is forthcoming from any

Credit Rating Agency and confirmation of the Credit Rating Agencies is implied in accordance with the definition of Credit Rating Agency Confirmation, the Credit Rating Agencies may nevertheless downgrade the credit ratings assigned to the Class A Notes, the Class B Notes, the Class C Notes and/or the Class D Notes, which could lead to losses under the Notes.

The Credit Rating Agencies may change their criteria and methodologies and it may therefore be required that the Transaction Documents be restructured in connection therewith to prevent a downgrade of the credit ratings assigned to the Notes. There is, however, no obligation for any party to the Transaction Documents, including the Issuer, to cooperate with or to initiate or propose such a restructuring. A failure to restructure the transaction may lead to a downgrade of the credit ratings assigned to the Class A Notes, the Class B Notes, the Class C Notes and/or the Class D Notes.

#### **Class A Notes may not be recognised as eligible Eurosystem Eligible 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 one of the ICSDs as Common Safekeeper. This does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction at the Eurosystem's discretion 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 or, following a three month transitional period after the final implementing technical standards pursuant to article 7(4) of the Securitisation Regulation become applicable and a repository has been designated pursuant to article 10 of the Securitisation Regulation, in accordance with the final disclosure templates as adopted in such final regulatory technical standards and final implementing technical standards. It has been agreed in the Administration Agreement and the Servicing Agreement, respectively, that the Issuer Administrator or, at the instruction of the Issuer Administrator, the Servicer, shall use its best efforts to make such loan-by-loan information available on a quarterly basis within one month after each Notes Payment Date, for as long as such requirement is effective, to the extent it has such information available. Should such loan-by-loan information not comply with the European Central Bank's requirements or not be available at such time, the Class A Notes may not be recognised as Eurosystem Eligible Collateral. The Subordinated Notes are not intended to be held in a manner which allows their Eurosystem eligibility.

Application has been made to Euronext Amsterdam for the Class A Notes to be admitted to listing on or about the Closing Date. However, there is no assurance that the Class A Notes will be admitted to listing on Euronext Amsterdam. If the Class A Notes will not be admitted to listing, they will not be recognised as Eurosystem Eligible Collateral.

#### **Financial transaction tax**

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

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

Given the lack of certainty surrounding the Commission's Proposal, it is not possible to predict what effect the proposed FTT might have. Prospective investors are advised to seek their own professional advice in relation to the FTT.

### **Volcker Rule**

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules (the "**Volcker Rule**"), U.S. banks, foreign banks with U.S. branches or agencies, bank holding companies, and their affiliates (collectively, the "Relevant Banking Entities" as defined under the Volcker Rule) are prohibited from, among other things, acquiring or retaining any ownership interest in, or acting as sponsor in respect of, certain investment entities referred to in the Volcker Rule as covered funds, except as may be permitted by an applicable exclusion or exception from the Volcker Rule. In addition, in certain circumstances, the Volcker Rule restricts relevant banking entities from entering into certain credit exposure related transactions with covered funds. Full conformance with the Volcker Rule has been required since 21 July 2015.

Key terms are widely defined under the Volcker Rule, including "banking entity", "ownership interest", "sponsor" and "covered fund". In particular, "banking entity" is defined to include certain non-U.S. affiliates of U.S. banking entities. A "covered fund" is defined to include an issuer that would be an investment company under the Investment Company Act of 1940 but is exempt from registration solely in reliance on section 31(1) or 31(7) of that Act, subject to certain exemptions found in the Volcker Rule's implementing regulations. An "ownership interest" is defined to include, among other things, interests arising through a holder's exposure to profits and losses in the covered fund, as well as through any right of the holder to participate in the selection or removal of an investment adviser, manager, or general partner, trustee, or member of the board of directors of the covered fund.

No representation or warranty nor any advice is given or deemed given by any entity named in this Prospectus nor the Arrangers, the Joint Lead Managers nor any of their respective affiliates on whether the Issuer may qualify or not as a "covered fund", whether the Notes represent "ownership interests" within the definitions provided for under the Volcker Rule or whether exemptions are available under applicable U.S. laws and regulations in respect of the Issuer.

The Volcker Rule and any similar measures introduced in another relevant jurisdiction may restrict the ability of prospective purchasers to invest in the Notes and, in addition, may have a negative impact on the price and liquidity of the Notes in the secondary market. It is noted in this respect that the Issuer has been advised that the holding of Notes will not constitute ownership interests in a "covered fund" for the purposes of the Volcker Rule.

Prospective investors which are Relevant Banking Entities must rely on their own independent investigation and appraisal of the Issuer and the terms of the offering and should consult their own legal advisers in order to assess whether an investment in the Notes would lead them to violate any applicable provisions of the Volcker Rule. Each investor is responsible for analysing its own position under the Volcker Rule and any similar measures and none of the Issuer, the Arrangers, the Joint Lead Managers, the Portfolio Manager, the Seller, the Servicer, the Sub-servicers, the Issuer Account Bank, the Issuer Account Agent, the Swap Counterparty or the Paying Agent makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Notes, now or at any time in the future in compliance with the Volcker Rule and any other applicable laws.

### **The performance of the Notes may be adversely affected by the 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. In particular, concerns have been raised with respect to continuing economic, monetary and political conditions in the region comprised of the Member States of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended (the **Eurozone**).

The market's anticipation of these (potential) impacts could have a material adverse effect on the business, financial condition and liquidity of the Issuer, the Seller, the Servicer, the Originator, the Sub-servicers, the Swap Counterparty, the Issuer Account Bank, the Issuer Account Agent and the Portfolio Manager. 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. Further, there is considerable uncertainty surrounding the United Kingdom's 23 June 2016 referendum on whether to exit the European Union. Such an exit could also negatively impact the European markets.

In addition, on 23 June 2016, the United Kingdom voted in a national referendum to withdraw from the EU. The result of the referendum does not legally obligate the United Kingdom to exit the EU. However, the United Kingdom has formally served notice to the European Council on 29 March 2017 of its desire to withdraw. The EU and the United Kingdom are in negotiations in relation to the conditions under which the United Kingdom will withdraw from the EU and the content of the future relationship between the EU and the United Kingdom. The prospective exit could negatively impact the European markets and/or the Transaction Parties.

In the event of continued or increasing market disruptions and volatility (including as may be demonstrated by any default or restructuring of indebtedness by one or more Member States or institutions within those Member States and/or any changes to the Eurozone or exit from the European Union), the Issuer, the Seller, the Servicer, the Originator, the Sub-servicers, the Swap Counterparty, the Issuer Account Bank, the Issuer Account Agent and the Portfolio Manager 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.

These factors 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.

### **Recovery and Resolution Directive and SRM Regulation**

The BRRD and the SRM Regulation set out a common European recovery and resolution framework which is composed of three pillars: (i) preparation (by requiring banks and other entities subject to the BRRD/SRM Regulation to draw up recovery plans and resolution authorities to draw up resolution plans), (ii) early intervention powers and (iii) resolution powers. The SRM Regulation applies to banks and banking groups subject to the SSM pursuant to Council Regulation (EU) No 1024/2013 and Regulation (EU) No 1022/2013 and provides for a single resolution mechanism in respect of such banks and banking groups. The BRRD has been transposed into the law of the Netherlands pursuant to the BRRD Implementation Act, which entered into force on 26 November 2015. The BRRD has been transposed into Luxembourg law pursuant to the Law of 18 December 2015 on resolution, recovery and liquidation measures of credit institutions and some investment firms, on deposit guarantee schemes and indemnification of investors. The SRM is fully operational and applies in Luxembourg since 1 January 2016.

In short, the BRRD and the SRM Regulation have introduced a harmonised European framework for the recovery and resolution of banks and large investment firms (and certain affiliated entities) which are failing or likely to fail. To enable the competent authorities to intervene in a timely manner or to resolve an institution, the BRRD and the SRM Regulation give them certain tools and powers. In a resolution scenario, this includes the tools and powers to transfer assets or liabilities to third parties, to write-down or convert ('bail-in') capital instruments or eligible liabilities or to terminate or amend agreements. To ensure that these tools and powers are effective, the BRRD and SRM Regulation require EU member states to impose various requirements on institutions or their counterparties and they provide for exclusion and suspension of contractual rights. The BRRD and SRM Regulation do however also provide for certain safeguards for contractual counterparties. If at any time any such powers are used by the relevant national resolution authority in its capacity as national resolution authority or, the Single Resolution Board or any other relevant authority in relation to a counterparty of the Issuer or another party to the Transaction Documents, this could result in losses to, or otherwise affect the rights of, Noteholders and/or could affect the credit ratings assigned to the Rated Notes.

On 14 May 2019 the Council of the EU and the European Parliament adopted the EU Banking Reforms (as further described above), which includes a comprehensive package of amendments to amongst others the BRRD and SRM Regulation. These amendments aim to further strengthen the European resolution framework by, amongst others, the revision of the minimum requirement for own funds and eligible liabilities, the harmonisation of the priority ranking of unsecured debt instruments under national insolvency proceedings and the introduction of (additional) powers of competent authorities to suspend contractual obligations. Most of the new rules will start applying in mid 2021, subject in certain cases to transposition in the Member States. It is at this time not yet certain how the reforms will affect the Issuer.

### **CRA Regulation**

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such credit 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 the European Securities and Markets Authority (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. Should any of the Credit Rating Agencies not be registered or endorsed or should such registration or endorsement be withdrawn or suspended, this may affect the market value of the Notes.

## **RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES**

### **Risk related to payments received by the Seller prior to notification of the assignment to the Issuer**

Under Dutch law, assignment of the legal title to claims, such as the Mortgage Receivables, can be effectuated by means of a notarial deed of assignment or a private deed of assignment and registration thereof with the appropriate tax authorities, without notification of the assignment to the debtors being required (*stille cessie*). The legal title to the Mortgage Receivables has been or will be (as the case may be) assigned (i) on 10 March 2016 and from time to time thereafter by the Originator to the Seller ("**Assignment I**") and (ii) on the Closing Date and, in respect of the New Mortgage Receivables and the Further Advance Receivables, on any Purchase Date, by the Seller to the Issuer ("**Assignment II**"), each through deeds of assignment and registration thereof with the appropriate tax authorities. The Mortgage Receivables Purchase Agreement will provide that Assignment II will not be notified by the Seller or, as the case may be, the Issuer to the Borrowers except that notification of the assignment of the Mortgage Receivables may be made upon the occurrence of any of the Assignment Notification Events. The same applies, *mutatis mutandis*, for Assignment I. For a description of these notification events reference is made to Section 7.1 (*Purchase, repurchase and sale*).

Under Dutch law, until notification of the Assignment I and Assignment II to the Borrowers, the Borrowers can only validly pay to the Originator in order to fully discharge their payment obligations (*bevrijdend betalen*). Upon notification of Assignment I and until notification of Assignment II, the Borrowers can only validly pay to the Seller. The Originator and the Seller have undertaken in the Mortgage Receivables Purchase Agreement to transfer or procure transfer of any amounts received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables to the Issuer Collection Account. However, receipt of such amounts by the Issuer is subject to such payments actually being made.

Payments made by Borrowers under the relevant Mortgage Receivables prior to notification of Assignment I, but after bankruptcy having been declared in respect of the Originator will be part of the Originator's bankruptcy estate. In respect of these payments, the Issuer will be a creditor of the relevant estate (*boedelschuldeiser*) and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate and after deduction of the general bankruptcy costs (*algemene faillissementskosten*), which may be material. Payments made by Borrowers under Mortgage Receivables after notification of Assignment I and prior to notification of Assignment II, but after bankruptcy having been declared in respect of the Seller will fall into the Seller's bankruptcy estate, giving rise to a claim of the Issuer against the Seller for the amount of such payments, in the bankruptcy proceedings of the Seller and such claim of the Issuer would be ranked after the secured creditors of the Seller, if any. After notification of Assignment I and Assignment II, a Borrower can only validly make payments to the Issuer.

It is noted that the Seller has represented in the Mortgage Receivables Purchase Agreement that the Seller has its COMI, within the meaning of article 3 of the Recast Insolvency Regulation, in the Grand Duchy of Luxembourg (see also above under Risk factors regarding the Seller), that the Originator has its COMI, within the meaning of article 3 of the Recast Insolvency Regulation, in the Netherlands and that neither the Seller nor the Originator qualify as one of the entities listed in article 1(2) of the Recast Insolvency Regulation. In this respect it should also be noted that the Dutch Civil Code and the Dutch Bankruptcy Act (*faillissementswet*) do not include the *severe clawback provisions* as set out in article 20(2) of the Securitisation Regulation. Similarly, it should further be noted that articles 445 and 446 of the Luxembourg Commercial Code do not include in themselves the *severe clawback provisions* as defined in article 20(2) of the Securitisation Regulation.

The risks set out in the preceding paragraphs, are mitigated to a certain extent by the following structural features. Each Borrower has given a power of attorney to the Originator or any sub agent of the Originator respectively to collect amounts from his account due under the Mortgage Loan by direct debit. Under the Receivables Proceeds

Distribution Agreement the Originator has undertaken to direct all amounts of principal and interest to the Collection Foundation Accounts maintained by the Collection Foundation which is a bankruptcy remote foundation (*stichting*) and in addition the Seller and the Servicer have undertaken the same. The Collection Foundation Accounts are held with ABN AMRO Bank N.V. As a consequence, the Collection Foundation has a claim against ABN AMRO Bank N.V. as the Collection Foundation Accounts Provider as the bank where such account is held, in respect of the balances standing to credit of the Collection Foundation Accounts.

The Issuer has been advised that in the event of a bankruptcy of the Originator any amounts standing to the credit of the Collection Foundation Accounts relating to the Mortgage Receivables will not form part of the bankruptcy estate of the Originator. The Collection Foundation is set up as a special purpose bankruptcy remote entity. The objectives clause included in the articles of association (*statuten*) of the Collection Foundation is limited to collecting, managing and distributing amounts received on the Collection Foundation Accounts to the persons who are entitled to receive such amounts pursuant to the Receivables Proceeds Distribution Agreement.

Upon receipt of such amounts, the Collection Foundation will distribute to the Issuer or, after the delivery of an Enforcement Notice, to the Security Trustee any and all amounts relating to the Mortgage Receivables received by it on the Collection Foundation Accounts, in accordance with the relevant provisions of the Receivables Proceeds Distribution Agreement. Pursuant to the relevant Receivables Proceeds Distribution Agreement, Intertrust Administrative Services B.V. and after an insolvency event relating to Intertrust Administrative Services B.V., a new administrator appointed for such purpose, respectively, will perform such payment transaction services on behalf of the Collection Foundation (see for a description of the cash collection arrangements Section 5 (*Credit Structure*) below).

There is a risk that the Originator (prior to notification of Assignment I and Assignment II) or its liquidator (following bankruptcy or suspension of payments but prior to notification) instructs the Borrowers to pay to another bank account. Any such payments by a Borrower would be valid (*bevrjndend*). This risk is, however, mitigated by the following. Firstly, the Originator has under the Receivables Proceeds Distribution Agreement undertaken towards the Issuer, the Security Trustee and the Collection Foundation not to amend the payment instructions and not to redirect cash flows to the Collection Foundation Accounts in respect of the Mortgage Receivables to another account, without prior approval of the Issuer and the Security Trustee. In addition, Intertrust Administrative Services B.V. in its capacity as administrator for the Collection Foundation has undertaken in the Receivables Proceeds Distribution Agreement to disregard any instructions or orders from the Originator to cause the transfer of amounts in respect of the Mortgage Receivables to be made to another account than the Collection Foundation Accounts without prior approval of the Issuer and the Security Trustee. Moreover, the Issuer can notify the Assignment I and the Assignment II at any time after an Assignment Notification Event has occurred, including following bankruptcy or suspension of payments in respect of the Originator. Notwithstanding the above, each of the Originator and the Seller is obliged to pay to the Issuer any amounts which were not paid on the Collection Foundation Accounts but to the Originator or, as the case may be, the Seller directly.

The Collection Foundation will enter into the Collection Foundation Accounts Pledge Agreement, see Section 4.7 (*Security*). Pursuant to the Collection Foundation Account Pledge Agreement, the Collection Foundation shall grant a first ranking disclosed right of pledge on the balance standing to the credit of the Collection Foundation Accounts in favour of the Security Trustee and the Previous Transaction Security Trustees jointly as security for any and all liabilities of the Collection Foundation to the Security Trustee and the Previous Transaction Security Trustees and a second ranking disclosed right of pledge in favour of, *inter alia*, the Issuer and the Previous Transaction SPVs jointly as security for any and all liabilities of the Collection Foundation to the Issuer and the Previous Transaction SPVs, both under the condition that future issuers (and any security trustees) in securitisation transactions, covered bonds transactions, warehouse transactions, whole loan funding transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) initiated by the Originator and/or the Seller or group companies thereof will also have the benefit of such right of pledge. Such rights of pledge are governed by Dutch law and have been notified to the Collection Foundation Accounts Provider. The rights of the Security Trustee and the Previous Transaction Security Trustees will rank *pari passu* to the rights of each further security trustee in such securitisation transactions, covered bonds transactions, warehouse transactions, whole loan funding transactions and future vehicles in conduit transactions or such other similar transactions and the rights of Issuer and the Previous Transaction SPVs will rank *pari passu* to the rights of each further issuer in such securitisation transactions, conduit transactions or similar transactions.

Each Previous Transaction Security Trustee and the Security Trustee have, and each future security trustee in securitisation transactions, covered bonds transactions, warehouse transactions, whole loan funding transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) of or by the Originator and/or the Seller or group companies thereof will have, a certain *pari passu* ranking undivided interest, or "share" (*aandeeel*) in the jointly-held pledge, entitling it to part of the foreclosure proceeds of the pledge over the Collection Foundation Accounts. As a consequence, the rules applicable to a joint-estate (*gemeenschap*) apply to the joint right of pledge. The share of the Security Trustee will be determined on the basis of the amounts in the Collection Foundation Accounts relating to the relevant Mortgage Receivables owned by the Issuer. Section 3:166 of the Dutch Civil Code provides that co-owners will have equal shares, unless a different arrangement follows from their legal relationship. The co-pledgees have agreed that each pledgee's share within the meaning of Section 3:166 of the Dutch Civil Code (*aandeeel*) in respect of the balances of the Collection Foundation Accounts from time to time is equal to their entitlement in respect of the amounts standing to the credit of the Collection Foundation Accounts which relate to the mortgage receivables owned and/or pledged to them, from time to time. In case of foreclosure of the jointly-held right of pledge on the Collection Foundation Accounts (i.e. if the Collection Foundation defaults in forwarding or transferring the amounts received by it, as agreed), the proceeds will be divided according to each Previous Transaction Security Trustee's and the Security Trustee's share. It is uncertain whether this sharing arrangement constitutes a sharing arrangement within the meaning of Section 3:166 of the Dutch Civil Code and thus whether it is enforceable in the event of bankruptcy or suspension of payments of one of the pledgees. The same applies, *mutatis mutandis*, to the pledge for the Issuer and the Previous Transaction SPVs, and any future issuer in securitisation transactions, covered bonds transactions, warehouse transactions, whole loan funding transactions and future vehicles in conduit transactions or similar transactions of or by the Originator and/or the Seller or group companies thereof.

#### **Set-off by Borrowers may affect the proceeds under the Mortgage Receivables**

Under Dutch law a debtor has a right of set-off if it has a claim that corresponds to its debt owed to the same counterparty and it is entitled to pay its debt as well as to enforce its claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the Originator to it (if any) with amounts it owes in respect of the Mortgage Receivable originated by the Originator prior to notification of the relevant assignment of the Mortgage Receivable. In the Mortgage Receivables Purchase Agreement, the Seller and the Originator represent that none of the Borrowers holds a savings account, current account or term deposit with the Originator or the Seller, other than a Construction Deposit. It is noted that neither the Seller nor the Originator hold a license to hold current accounts or deposits and the Originator does not hold a license to hold current accounts or deposits. Also such claim of a Borrower could, *inter alia*, result from services rendered by the Originator or, as the case may be, the Seller to a Borrower or for which it is responsible or held liable. As a result of the set-off of amounts due and payable by the Originator to the Borrower with amounts the Borrower owes in respect of the Mortgage Receivable, the Mortgage Receivable originated by the Originator will, partially or fully, be extinguished (*gaat teniet*). Set-off by Borrowers could thus lead to losses under the Notes.

The Mortgage Conditions applicable to the Mortgage Loans provide that payments by the Borrowers should be made without set-off. Considering the wording of this provision, it is uncertain whether it is intended as a waiver by the relevant Borrowers of their set-off rights *vis-à-vis* the Originator, but if this clause can be regarded as such, under Dutch law it is uncertain whether such provision will be valid. A provision in general conditions (such as the applicable mortgage conditions) is voidable (*vernietigbaar*) if the provision is deemed to be unreasonably onerous (*onredelijk bezwarend*) for the party against whom the general conditions are used. A clause containing a waiver of set-off rights is, subject to proof to the contrary, assumed to be unreasonably onerous if the party, against which the general conditions are used, does not act in the conduct of its profession or trade (i.e. a consumer). Should such waiver be invalid and in respect of Mortgage Loans which do not contain a waiver, the Borrowers will have the set-off rights described in this paragraph.

After notification of Assignment I, but prior to notification of Assignment II to a Borrower, such Borrower will also have set-off rights *vis-à-vis* the Seller, provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower against the Originator results from the same legal relationship as the relevant Mortgage Receivable or (ii) the counterclaim of the Borrower against the Originator has been originated and has become due and payable prior to Assignment I and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the Mortgage Receivable and the claim of the Borrower against the Originator result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated (*opgekomen*) and has become due and payable prior to notification

of the Assignment I and, further, provided that all other requirements for set-off have been met (see above).

In addition, upon notification of Assignment I, but prior to notification of Assignment II, to a Borrower, as a result thereof the Seller becoming authorised to collect (*inningsbevoegd*), such Borrower will have the right to set-off a counterclaim against the Seller *vis-à-vis* the Seller, subject to the requirements for set-off prior to notification of an assignment (see the first paragraph) having been met.

After a Borrower has been notified of Assignment I and of Assignment II, the Borrower will have the right to set-off a counterclaim against the Originator or against the Seller *vis-à-vis* the Issuer, provided that the requirements for set-off after notification of an assignment (see the third paragraph of this Section under the heading *Set-off by Borrowers may affect the proceeds under the Mortgage Receivables*) have been satisfied.

If notification of Assignment I and/or Assignment II is made after the bankruptcy or similar provisions of the Originator and the Seller having become effective, it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Dutch Bankruptcy Act. Under the Dutch Bankruptcy Act a person which is both debtor and creditor of the bankrupt entity can set off its debt with its claim, if each claim (i) came into existence prior to the moment at which the bankruptcy becomes effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of suspension of payments.

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Originator or the Seller against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable.

#### **Risk that the All Moneys Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer**

The mortgage deeds relating to the Mortgage Receivables to be sold to the Issuer provide for All Moneys Mortgages, meaning that the mortgage rights created pursuant to such mortgage deeds, not only secure the loan granted by the Originator to the Borrower for the purpose of acquiring the relevant Mortgaged Asset, but also other liabilities and moneys that the Borrower, now or in the future, may owe to the Originator. The Mortgage Loans also provide for All Moneys Pledges granted in favour of the Originator.

Under Dutch law a mortgage right is an accessory right (*afhankelijk recht*) which follows by operation of law the receivable with which it is connected. Furthermore, a mortgage right is an ancillary right (*nevenrecht*) and the assignee of a receivable secured by an ancillary right will have the benefit of such right, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law.

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

The most commonly held view in legal literature is currently to dispute the view set out in the preceding paragraph and legal commentators argue that in case of assignment of a receivable secured by an all moneys security right, the security right will in principle (partially) pass to the assignee as an accessory right. In this argument the transfer does not conflict with the nature of an all moneys security right, which is -in this argument- supported by the same case law. Any further claims of the assignor will also continue to be secured and as a consequence the all moneys security right will be jointly-held by the assignor and the assignee after the assignment. In this view an All Moneys Security Right only continues to secure exclusively claims of the original holder of the security right and will not pass to the assignee, if this has been explicitly stipulated in the deed creating the security right.

Although the view prevailing in the past, to the effect that given its nature an all moneys security right will as a general rule not follow as an accessory right upon assignment of a receivable which it secures, is still defended by

some, the Issuer has been advised that the better view is that as a general rule an all moneys security right in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the all moneys security right will remain with the original holder of the security right, will be a matter of interpretation of the relevant deed creating the security right.

The Originator has represented and warranted to the Seller and the Seller has represented and warranted to the Issuer that each Mortgage Loan either (i) contains provisions that in case of assignment of a Mortgage Receivable to a third party, the Mortgage or related right of pledge will partially follow, *pro rata*, the Mortgage Receivable if it is assigned and/or pledged to a third party or (ii) does not contain any explicit provision on the issue whether in case of an assignment and/or a pledge of a Mortgage Receivable to a third party, the Mortgage or related right of pledge will partially follow the Mortgage Receivable if it is assigned and/or pledged to a third party. The Issuer has been advised that, in the absence of circumstances to the contrary, the All Moneys Security Right should (partially) follow the receivable as accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Dutch courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch legal commentators on all moneys security rights in the past as described above, which view continues to be defended by some legal commentators.

The above applies *mutatis mutandis* in the case of the pledge of the Mortgage Receivables by the Issuer to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement.

#### **Risk related to jointly-held All Moneys Security Rights by the Originator, the Seller, the Issuer and the Security Trustee**

If the All Moneys Security Rights have (partially) followed the Mortgage Receivables upon their assignment by the Originator to the Seller and by the Seller to the Issuer, the All Moneys Security Rights will be jointly-held by the Issuer (or the Security Trustee), the Seller and the Originator and will secure both the Mortgage Receivables held by the Issuer (or the Security Trustee, as pledgee) and any Other Claims of the Originator or the Seller. In the Mortgage Receivables Purchase Agreement, each of the Seller and the Originator represents that it has no Other Claim *vis-à-vis* any Borrower.

Where the All Moneys Security Rights are jointly-held by the Issuer or the Security Trustee, the Seller and the Originator, the rules applicable to a joint estate (*gemeenschap*) apply. The Dutch Civil Code provides for various mandatory rules applying to such jointly-held rights. In the Mortgage Receivables Purchase Agreement, the Originator, the Seller, the Issuer and the Security Trustee have agreed that the Issuer and/or the Security Trustee (as applicable) will manage and administer such jointly-held rights (together with the arrangements regarding the share (*aandeel*) set out in the next paragraph, the "**Joint Security Right Arrangements**"). Certain acts, including acts concerning the day-to-day management (*beheer*) of the jointly-held rights, may under Dutch law be transacted by each of the participants (*deelgenoten*) in the jointly-held rights. All other acts must be transacted by all of the participants acting together in order to bind the jointly-held rights. It is uncertain whether the foreclosure of the All Moneys Security Rights will be considered as day-to-day management, and, consequently it is uncertain whether the consent of the Originator or the Originator's bankruptcy trustee (*curator*) (in case of bankruptcy) may be required for such foreclosure.

The Originator, the Seller, the Issuer and the Security Trustee will agree that in case of foreclosure the share (*aandeel*) in each jointly-held All Moneys Security Right of the Issuer and/or the Security Trustee will be equal to the Outstanding Principal Amount of the Mortgage Receivable, increased with interest and costs, if any, and the share of the Originator and the Seller be equal to their *pro rata* share in accordance with the respective amounts of their claims of the Net Foreclosure Proceeds less the Outstanding Principal Amount, increased with interest and costs, if any (provided that, if the outcome thereof is negative, this will not lead to an obligation of the Originator to reimburse the Issuer for the amount of the outcome). The Issuer has been advised that although a good argument can be made that this arrangement will be enforceable against the Originator or, in case of its bankruptcy, its trustee or administrator, as the case may be, this is not certain. Furthermore, it is noted that the Joint Security Right Arrangement may not be effective against the Borrower.

If (a bankruptcy trustee or administrator of) the Originator would, notwithstanding the arrangement set out above, enforce the jointly-held All Moneys Security Rights, the Issuer and/or the Security Trustee would have a claim against the Originator (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred.

### **Long lease**

The mortgage rights securing the Mortgage Loans may be vested on a long lease (*erfpacht*), as further described in the Section 6.2 (*Description of Mortgage Loans*). A long lease will, *inter alia*, end as a result of expiration of the long lease term (in the case of a lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease if the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches (*in ernstige mate tekortschiet*) other obligations under the long lease. If the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage 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, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

When underwriting a Mortgage Loan to be secured by a mortgage right on a long lease, the Originator will take into consideration certain conditions, in particular the term of the long lease. Therefore, the Mortgage Conditions used by the Originator provide that the Outstanding Principal Amount of a Mortgage Receivable, including interest, will become immediately due and payable, *inter alia*, if the long lease terminates.

Accordingly, certain Mortgage Loans may become due and payable prematurely as a result of early termination of a long lease. In such event there is a risk that the Issuer will upon enforcement receive less than the market value of the long lease, which could lead to losses under the Notes.

### **Risk related to prepayment penalties charged by the Originator**

On 14 July 2016 the act implementing the Mortgage Credit Directive entered into force in the Netherlands. Pursuant to the Mortgage Credit Directive (and the implementing legislation), the compensation a borrower has to pay in case of early termination of a residential mortgage loan may not be higher than the amount of the financial disadvantage of the mortgage credit provider. Following the implementation of the Mortgage Credit Directive, the Authority for Financial Markets (*Stichting Autoriteit Financiële Markten, "AFM"*) published on 20 March 2017 a guidance note (*leidraad*) "Compensation for prepayment of the residential mortgage loan – starting points for the calculation of financial disadvantage" (*Vergoeding voor vervroegde aflossing van de hypotheek – Uitgangspunten berekening van het financiële nadeel*). This AFM guidance note gives an interpretation by the AFM of the methods to calculate the compensation that the AFM deems acceptable. As of 14 July 2016, the Originator has updated its method of calculation of the compensation in case of early termination of residential mortgage loans in order to comply with the Mortgage Credit Directive and the AFM guidance note. Consequently, the number of occasions in which the Originator had to recalculate any such compensation has so far been limited. (Groups of) customers or consumer organisations may (decide to) claim damages or initiate legal claims against financial institutions for repayment of compensation in case of early termination of residential mortgage loans in the period before the Mortgage Credit Directive came into force.

### **Risk related to interest rate averaging**

Recently certain offerors of mortgage loans in the Netherlands allow borrowers to apply for interest rate averaging (*rentemiddeling*). In case of interest rate averaging (*rentemiddeling*) a borrower of a mortgage loan is offered a new fixed interest rate whereby the (agreed-upon) fixed interest may be reduced taking into account the current interest rate offered by such offeror for the relevant period, the risk profile, the break costs for the fixed interest and (sometimes) a small surcharge. As all Mortgage Loans have been originated from April 2016 the Originator has not yet received requests in respect of interest rate averaging nor has developed a standard guideline on the offering of interest rate averaging (*rentemiddeling*) to Borrowers. It should be noted that interest rate averaging (*rentemiddeling*) – when offered to a Borrower paying a higher interest rate at the time of the offer than the new interest rate offered – will have a downward effect on the interest received on the relevant Mortgage Loans.

### **Risk regarding the reset of interest rates**

The Issuer has been advised that a good argument can be made that the right to reset the interest rate on the Mortgage Loans should be considered as an ancillary right and follows the Mortgage Receivables upon their assignment to the Issuer and notification of the pledge to the Security Trustee, but that in the absence of case law or legal literature this is not certain. To the extent the interest rate reset right passes upon the assignment of the Mortgage Receivables to the Issuer or upon the notification of the pledge of the Mortgage Receivables to the Security Trustee, such assignee or pledgee will be bound by the contractual provisions relating to the reset of interest rates. If the interest reset right remains with the Originator, the co-operation of the trustee (in bankruptcy) or administrator would be required to reset the interest rates.

The Originator has in the Interest Rate Policy Letter agreed with, *inter alios*, the Seller, to set interest rates at a certain level based on, *inter alia*, the Swap Fixed Rates provided that any such policy will always be made in accordance with applicable laws, including, without limitation, the principles of reasonableness and fairness, competition laws and the Mortgage Conditions (the "**Interest Rate Policy**"), which Interest Rate Policy may be changed by the Originator. In case of a change which has a material impact on the interests of the Swap Counterparty without consent of the Swap Counterparty, the Swap Counterparty may terminate the Swap Agreement.

Pursuant to the Mortgage Receivables Purchase Agreement the Originator or, as the case may be, the Seller, will determine and reset the Mortgage Interest Rates in accordance with the Interest Rate Policy until such authority is revoked by the Issuer. The Issuer and the Servicer have in the Servicing Agreement agreed that in case the authority of the Originator is terminated, the Servicer will determine and set the Mortgage Interest Rates in accordance with the Interest Rate Policy.

In view hereof the Mortgage Interests Rates may deviate substantially from the interest rates offered prior to the Closing Date, because the Interest Rate Policy may be different than the interest policy used prior to such date. Such Mortgage Interests Rates may also deviate as a result of a change in (i) the Interest Rate Policy after the Closing Date or (ii) the party determining the Mortgage Interests Rate after the Closing Date. Each party when determining the Mortgage Interests Rates may take into account its own position and own interest, subject to the Interest Rate Policy. It may therefore be that the party determining the Mortgage Interests Rates will take into account factors specific to it (or the group of companies to which it belongs) and may act in its own interest, which interest may deviate from the interest of the Noteholders. If the Mortgage Interests Rates are set at a relatively high or low level this may result in a higher or lower rate of prepayments, higher or lower defaults by the Borrowers and otherwise influence the performance of the Mortgage Receivables, which could in turn lead to less income available to the Issuer and ultimately to losses on the Notes.

#### **Risk related to Construction Deposits**

Pursuant to the Mortgage Conditions, part of the Mortgage Loan may be applied towards construction of or improvements to the Mortgaged Asset. In that case part of the Mortgage Loan is not disbursed to the Borrower but withheld by the Originator. The Originator has undertaken to pay out deposits in connection with a Construction Deposit to the Borrower to pay for such construction or improvement if certain conditions are met. If the Originator is unable to pay the relevant Construction Deposit to the Borrower, such Borrower may invoke defences or set-off such amount with its payment obligation under the Mortgage Loan. This risk is mitigated as follows. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the relevant Initial Purchase Price for such Mortgage Receivables an amount equal to the Aggregate Construction Deposit Amount. Such amount will be deposited by the Issuer in the Construction Deposit Account. On or around each Mortgage Collection Payment Date, if applicable the Issuer will release from the Construction Deposit Account such part of the relevant Initial Purchase Price for the Mortgage Receivables which equals the difference between the balance standing to the credit of the Construction Deposit Account and the Aggregate Construction Deposit Amount and pay such amount to the Seller, except if and to the extent the Borrower has invoked set-off or defences.

Construction Deposits have to be paid out after the construction activities or renovation activities have been finalised. Upon the expiry of such period, the remaining Construction Deposit, if below EUR 5,000, will be paid out to the relevant Borrower and if exceeding EUR 5,000, will be set off against the relevant Mortgage Receivable up to the amount of the Construction Deposit, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the relevant Initial Purchase Price, and consequently any remaining part of the amounts of the relevant Construction Deposit Account will form part of the Available Principal Funds. If an Assignment Notification Event set out under (d) (see Section 7.1 (*Purchase, repurchase and sale*)) has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the relevant Initial Purchase Price.

The Issuer has been advised that based on case law and legal literature uncertainty remains whether on the basis of the applicable terms and conditions the part of the Mortgage Receivables relating to the Construction Deposits are considered to be existing receivables. It could be argued that such part of the Mortgage Receivable concerned comes into existence only when and to the extent the Construction Deposit is paid out. If the part of the Mortgage Receivable relating to the Construction Deposit is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Deposit is paid out on or after the date on which the

relevant Seller is declared bankrupt or has become subject to suspension of payments. In such a situation, the Issuer will have no further obligation to pay out to the relevant Seller the remaining of the Initial Purchase Price.

The amount for which a Borrower can invoke set-off or defences may, depending on the circumstances, exceed the relevant Construction Deposit. Therefore, the remaining risk is that, if and to the extent that the amount for which a Borrower successfully invokes a set-off or defences exceeds the relevant Construction Deposit, such set-off or defence may lead to losses under the corresponding Mortgage Receivables, which would reduce the amounts available for payment to Noteholders.

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

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, market interest rates, general economic conditions, unemployment levels, the financial standing of Borrowers and similar factors. These factors and other factors such as loss of earnings, illness, divorce and other similar factors or a combination thereof may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables. The ultimate effect of this could lead to delayed and/or reduced payments on the Notes and/or the increase or decrease of the rate of repayment of the Notes.

**No investigations in relation to the Mortgage Loans and the Mortgaged Assets**

None of the Issuer, the Security Trustee, the Portfolio Manager, the Arrangers and the Joint Lead Managers or any other person has undertaken or will undertake an independent investigation, searches or other actions to verify the statements of the Seller, the Mortgage Loans, the Mortgage Receivables and the Mortgaged Assets. The Issuer and the Security Trustee will rely solely on representations and warranties given by the Seller in respect thereof and in respect of itself.

Should any of the Mortgage Loans and the Mortgage Receivables not comply with the representations and warranties made by the Seller on the Signing Date and the Closing Date and, in respect of New Mortgage Loans and New Mortgage Receivables, and Further Advances and Further Advance Receivables on the relevant Purchase Date, the Seller will, if the relevant breach cannot be remedied, be required to repurchase the relevant Mortgage Receivables (see Section 7.1 (*Purchase, Repurchase and Sale*)). Should the Seller fail to take the appropriate action and fail to indemnify the Issuer for the losses incurred, this may have an adverse effect on the ability of the Issuer to make payments under the Notes.

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

The Originator has represented to the Seller and the Seller to the Issuer in respect of the Originator that, when originating Mortgage Loans it did so in accordance with underwriting guidelines it has established and, in certain cases, based on exceptions to those guidelines by way of manual overrules, as may be expected from a prudent lender of Dutch residential mortgage loans. 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 Originator's 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.

**Risks of losses associated with declining values of Mortgaged Assets**

The value of the Notes may be affected by, among other things, a decline in the value of the Mortgaged Assets. The value of the Mortgaged Assets is exposed to decreases in real estate prices, arising for instance from downturns in the economy generally, oversupply of properties in the market, and changes in tax regulations related to housing (such as the decrease in deductibility of interest on mortgage payments). Furthermore, the value of the Mortgaged Assets is exposed to destruction and damage resulting from floods and other natural and man-made disasters and also, Mortgaged Assets which are subject to building or renovation activities, including as a result of a Borrower using funds obtained under a Construction Deposit, may have a lower value if they are unfinished at the time of enforcement of the relevant Mortgages. In addition, a forced sale of those properties may, compared to a private sale, result in a lower value of such properties. A decline in value may result in losses to the Noteholders if such security is required to be enforced. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. 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 could exacerbate certain risks relating to the Mortgage Loans. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. See further Sections 6.2 (*Description of Mortgage Loans*) and 6.4 (*Dutch residential mortgage market*).

Valuations commissioned as part of the origination of Mortgage Loans, represent the analysis and opinion of the appraiser performing the valuation at the time the valuation is prepared and are not guarantees of, and may not be indicative of, present or future value. There can be no assurance that another person would have arrived at the same valuation, even if such person used the same general approach to and same method of valuing the property. In some cases, the origination does not require such valuation.

No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Loans. A decline in value may result in losses to the Noteholders if the relevant security rights on the Mortgaged Assets are required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Receivables.

#### **Risks relating to (automatic) adjustment in case of lowering Loan-to-Value (LTV) ratios**

Risk premiums based on LTV ratios are taken into account when the Originator determines interest rates on mortgage loans, including the Mortgage Loans from which the Mortgage Receivables result. The Mortgage Interest Rates may therefore reduce due to a lowering of the LTV ratio in respect of a Mortgage Loan (i) during the fixed interest period of such Mortgage Loan or (ii) when the Mortgage Interest Rate of a Mortgage Loan is to be reset after a fixed interest period. The LTV ratio may reduce if a Mortgage Loan has been partly prepaid or if the value of the Mortgaged Asset has increased. This applies to all mortgage loans (i.e. including the Mortgage Loans) granted by the Originator other than mortgage loans with the lowest LTV risk premium. Consequently, the Mortgage Interest Rates are subject to automatic adjustment of interest rates which could lead to lower collections by the Issuer and could affect its ability to fulfil its obligations under the Notes.

#### **Changes to tax treatment of interest may impose various risks**

The Dutch tax system allows borrowers to deduct, subject to certain limitations, mortgage interest payments for owner-occupied residences from their taxable income. The period allowed for deductibility is restricted to a term of 30 years. 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 surplus value on the sale of his old home in respect of which Interest payments were deducted from taxable Income, the interest deductibility is limited to the interest that relates to an amount equal to the purchase price of the new home less the net surplus value realised on the sale 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 amortise over 30 years or less and are repaid on at least an annuity basis.

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 highest income tax, rate the interest deductibility has been reduced with 0.5 per cent. per year to 49 per cent. (in 2019). As per 1 January 2020, the maximum deduction of mortgage interest will be decreased more quickly than the current decrease of 0.5 per cent. per annum. From 2020 onwards, the maximum deduction will be lowered with 3 per cent. per annum down to 37.05 per cent. in 2023.

These changes and any other or further changes in the tax treatment could ultimately have an adverse impact on the ability of Borrowers to pay interest and principal on their Mortgage Loans. In addition, changes in tax treatment may lead to different prepayment behaviour by Borrowers on their Mortgage Loans resulting in higher or lower prepayment rates of such Mortgage Loans. Finally, changes in tax treatment may have an adverse effect on the value of the Mortgaged Assets, see *Risks of Losses associated with declining values of Mortgaged Assets*.

### 3. PRINCIPAL PARTIES

#### 3.1 ISSUER

Cartesian Residential Mortgages 4 S.A. is a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg on 3 June 2019 for an unlimited duration. The Issuer is registered with the Luxembourg Register of Commerce and Companies (*R.C.S. Luxembourg*) under number B235.337 and is subject, as an unregulated securitisation undertaking, to the Securitisation Act.

The articles of association of the Issuer have been published in the Luxembourg Official Gazette (*Recueil Electronique des Sociétés et Associations*) (n°2019 144) on 24 June 2019.

The registered office of the Issuer is at 6, rue Eugène Ruppert, L-2453 Luxembourg. The telephone number of the Issuer is +352 26 449551.

The Issuer is a special purpose vehicle, whose corporate object is to enter into, perform and serve as an undertaking for, any securitisation transaction as permitted under the Securitisation Act. To that effect, the Issuer may, *inter alia*, acquire or assume, directly or through another entity or undertaking, the existing or future risk relating to the holding or property of claims, receivables and/or other goods or assets, either movable or immovable, tangible or intangible, and/or risks relating to liabilities or commitments of third parties or which are inherent to all or part of the activities undertaken by third parties, by issuing securities of any kind (including but not limited to any *valeurs mobilières* in bearer form and/or registered form) whose value or return is linked to these risks.

The Issuer as an unregulated securitisation vehicle under the Securitisation Act is not authorised to issue Notes to the public on a continuous basis, unless prior authorisation of and approval from the Luxembourg Financial Sector Supervisory Authority (*Commission de Surveillance du Secteur Financier*) has been obtained for the purpose of an authorisation under the Securitisation Act.

The Issuer may assume or acquire these risks by acquiring, by any means, the claims, receivables and/or other assets, by guaranteeing liabilities or commitments of third parties or by binding itself by any other means.

The Issuer may proceed to (i) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, rights and interests in, and obligations of, Luxembourg and foreign companies, (ii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind and contracts thereon or related thereto, and (iii) the ownership, administration, development and management of a portfolio (including, among other things, the assets referred to in (i) and (ii) above). The Issuer may, for securitisation purposes, further acquire, hold and dispose of interests in partnerships, limited partnerships, trusts, funds and other entities.

The Issuer may borrow in any form permitted by the Securitisation Act. It may issue notes, bonds, warrants, certificates and any kind of debt, instruments and securities within or outside of an issue programme. The method that will be used to determine the valuation of the securitised assets may be set out in the relevant issue document entered into or issued by the Issuer from time to time. The Issuer may for securitisation purposes and within the limits permitted by the Securitisation Act lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company or third person.

In accordance with and to the extent permitted by the Securitisation Act, it may also give guarantees and grant security over its assets in order to secure the obligations it has assumed for the securitisation of these assets or for the benefit of investors (including their trustee or representative, if any) and/or any issuing entity participating in a securitisation transaction of the Issuer. The Issuer may not pledge, transfer, encumber or otherwise create security over some or all its assets, unless permitted by the Securitisation Act.

The Issuer may enter into, execute and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending, and similar transactions for the purpose of a securitisation.

The Issuer may, in accordance with article 61 of the Securitisation Act, sell all or part of its assets, in accordance with the conditions as determined by the Director or the Board.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate purpose shall include any transaction or agreement which is entered into by the Issuer, provided it is not inconsistent with the foregoing enumeration objects.

The Issuer has a share capital of thirty thousand Euros (EUR 30,000.-) represented by thirty thousand (30,000) shares, with a nominal value of one Euro (EUR 1) each, all fully subscribed and entirely paid up. The share capital of the Issuer is held by Stichting Holding Cartesian (see Section 3.2 (*Shareholder*)).

#### **Statement by the Issuer Director**

Since its incorporation there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction described in this Prospectus nor (ii) prepared any financial statements. There are 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.

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Transaction Documents.

The sole director of the Issuer is Universal Management Services S.à r.l., represented by its permanent representative Mr. Jeremiah Daniel O'Donoghue. The registered office of the Issuer Director is at 6, rue Eugène Ruppert, L-2453 Luxembourg. The permanent representative of Universal Management Services S.à r.l. is Mr. Jeremiah Daniel O'Donoghue.

The Issuer Director belongs to the same group of companies as Intertrust (Luxembourg) S.à r.l. Intertrust (Luxembourg) S.à r.l. acts as Issuer Administrator, Domiciliation Agent and Service Provider to the Issuer. The sole shareholder of Intertrust (Luxembourg) S.à r.l., is Intertrust (Netherlands) B.V., which belongs to the same group of companies as Intertrust Management B.V., which is the Shareholder Director and Amsterdamsch Trustee's Kantoor B.V., which is the Security Trustee Director. Therefore, as each of the Directors, the Issuer Administrator, the Domiciliation Agent and the Service Provider have obligations towards the Issuer and towards each other and such parties are also creditor (each as a Secured Creditor) of the Issuer, and the Security Trustee acts as a trustee to the Noteholders and the other Secured Creditors and is as such obliged to take into consideration the interests of the Noteholders and the other Secured Creditors, a conflict of interest may arise.

The Issuer Director and the Service Provider have entered into the Issuer Management Agreement with the Issuer and the Security Trustee. In the Issuer Management Agreement the Issuer Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Issuer in accordance with proper and prudent Luxembourg business practice and in accordance with the requirements of Luxembourg law and Luxembourg accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and (ii) refrain from any action detrimental to any of the Issuer's rights and obligations under the Transaction Documents. In addition, the Issuer Director agrees in the Issuer Management Agreement that it shall not agree to any modification of any agreement including, but not limited to, the Transaction Documents, or enter into any agreement, other than in accordance with the Trust Agreement and the other Transaction Documents. In the Issuer Management Agreement the Service Provider, together with the Issuer Director, agrees to perform certain directorship services as set out in the Issuer Management Agreement, and undertakes, *inter alia*, that it shall (i) treat confidential information relating to the business of the Issuer strictly confidential, (ii) adopt and apply any necessary and reasonable measures in order to protect the confidential information, and (iii) return, to the extent possible, the confidential information received from the Issuer.

The Issuer Management Agreement may be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee upon the occurrence of certain termination events, including, but not limited to, a default by the Issuer Director (unless remedied within the applicable grace period), dissolution and liquidation of the Issuer Director or the Issuer Director being declared bankrupt or granted a suspension of payments. Furthermore, the Issuer Management Agreement can be terminated by the Issuer Director, the Service Provider or the Security

Trustee per the end of each calendar year upon ninety (90) days prior written notice, provided that a Credit Rating Agency Confirmation is available in respect of such termination. The Issuer Director and the Service Provider shall resign upon termination of the Issuer Management Agreement, provided that such resignation shall only be effective as from the moment (a) a new director reasonably acceptable to the Security Trustee has been appointed and (b) a Credit Rating Agency Confirmation is available in respect of such appointment.

Under the Issuer Management Agreement, the Service Provider and the Issuer Director shall not be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by the Issuer and/or the Security Trustee as a result of the performance by the Service Provider and the Issuer Director of the services thereunder save where such loss, liability, claim, expense or damage is suffered or incurred as a result of any fraud, gross negligence or wilful misconduct of the Service Provider and/ or the Issuer Director or any material breach by the Service Provider and/ or the Issuer Director of the provisions of the Issuer Management Agreement.

### **Domiciliation Agent**

Intertrust (Luxembourg) S.à r.l. acts as domiciliation agent of the Issuer (the "**Domiciliation Agent**"). The address of the Domiciliation Agent serves as the registered office of the Issuer which is located at 6, rue Eugène Ruppert, L-2453 Luxembourg. Pursuant to the terms of the Domiciliation Agreement, the Domiciliation Agent performs in Luxembourg certain corporate secretarial, management and other administrative services. The appointment of the Domiciliation Agent may be terminated, *inter alia*, at any time without stating any reason by the Issuer or the Domiciliation Agent giving the other parties to the agreement a six (6) months prior written notice by means of a registered letter. In addition, in case the Domiciliation Agent violates its legal, regulatory or contractual obligations, the Issuer is entitled to terminate the Domiciliation Agreement with immediate effect. Furthermore, the Domiciliation Agent is entitled to terminate the Domiciliation Agreement with immediate effect if and when the Domiciliation Agent, in its own discretion, cannot reasonably be expected to continue to act as domiciliation agent or to act as a director of the Issuer further to, but not limited to, the occurrence of certain events in respect of the Issuer, such as its bankruptcy, dissolution or compliance under the Domiciliation Agreement. The remuneration payable by the Issuer to the Domiciliation Agent payable for (i) administration services rendered under the Domiciliation Agreement are agreed upon in the Intertrust Fee Letter, (ii) management services rendered by the Issuer Director equal to an annual management fee of EUR 5,355 plus an annual directors and officers liability insurance fee of EUR 300 and (iii) accounting, administration and reporting services equal to an annual fee of EUR 45,135. Additionally, there is an annual domiciliation fee of EUR 1,100.

The auditor of the Issuer is Deloitte Luxembourg. Deloitte Luxembourg is a member of the Luxembourg *insitut des réviseurs d'entreprises*. The address of Deloitte Luxembourg is 560 Rue de Neudorf, L-2220 Luxembourg, Luxembourg.

The financial year of the Issuer coincides with the calendar year. The first financial year will end on 31 December 2019.

### **Capitalisation**

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

#### **Share Capital**

Issued Share Capital	EUR 30,000
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#### **Borrowings**

Class A Notes	EUR 345,800,000
Class B Notes	EUR 8,550,000
Class C Notes	EUR 8,550,000
Class D Notes	EUR 5,700,000
Class E Notes	EUR 11,400,000
Class S Notes	EUR 7,600,000
Class X Notes	EUR 500,0000

### 3.2 SHAREHOLDER

Stichting Holding Cartesian is a foundation (*stichting*) incorporated under Dutch law on 29 April 2013. The statutory seat of the Shareholder is in Amsterdam, the Netherlands and its registered office is at Prins Bernhardplein 200,1097 JB Amsterdam, the Netherlands. Stichting Holding Cartesian was formerly named Stichting Holding Cartesian Residential Mortgages 1. The name and part of the objectives of Stichting Holding Cartesian were changed by an amendment to its articles of association dated 3 February 2015.

The objectives of the Shareholder are (a) to incorporate, acquire and to hold shares in the share capital of one or more companies (such as the Issuer) and to administrate the shares of such companies, to exercise any rights connected to the shares in such companies, to grant loans to such companies and to alienate and to encumber shares in such companies, (b) to make donations and (c) to do anything which, in the widest sense of the word, is connected with and/or may be conducive to the attainment of the above. The sole managing director of the Shareholder is Intertrust Management B.V., having its registered office is at Prins Bernhardplein 200,1097 JB Amsterdam, the Netherlands.

Intertrust Management B.V. belongs to the same group of companies as Intertrust (Luxembourg) S.à r.l., which is the Domiciliation Agent, the Service Provider and the Issuer Administrator, Universal Management Services S.à r.l., represented by its permanent representative Mr. Jeremiah Daniel O'Donoghue, which is the Issuer Director and Amsterdamsch Trustee's Kantoor B.V., which is the Security Trustee Director. The sole shareholder of Intertrust Management B.V., Intertrust (Luxembourg) S.à r.l. and Amsterdamsch Trustee's Kantoor B.V. is Intertrust (Netherlands) B.V. Therefore, a conflict of interest may arise.

The Shareholder Director has entered into the Shareholder Management Agreement together with, on the Signing Date, a letter in connection therewith pursuant to which the Director agrees and undertakes to, *inter alia*, (i) manage the affairs of the Shareholder in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and Dutch accounting practices, and (ii) refrain from any action detrimental to the Issuer's ability to meet its obligations under any of the Transaction Documents.

### 3.3 SECURITY TRUSTEE

Stichting Security Trustee Cartesian Residential Mortgages 4 is a foundation (*stichting*) incorporated under Dutch law on 14 June 2019. The statutory seat of the Security Trustee is in Amsterdam, the Netherlands and its registered office is at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

The objectives of the Security Trustee are (a) to act as security trustee for the benefit of creditors of the Issuer, including the holders of notes to be issued by the Issuer, (b) to acquire, hold and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the Issuer, including the holders of the notes to be issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from the Issuer, which is conducive to the acquiring and holding of the above mentioned security rights, (c) to borrow money, (d) to make donations and (e) to do anything which, in the widest sense of the words, is connected with and/or may be conducive to the attainment of the above.

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. The managing directors of Amsterdamsch Trustee's Kantoor B.V. are J.A. Broekhuis, O.J.A. van der Nap and E.F. Coomans-Piscaer.

Amsterdamsch Trustee's Kantoor B.V. belongs to the same group of companies as Intertrust (Luxembourg) S.à r.l., which is the Domiciliation Agent, the Service Provider and the Issuer Administrator, Universal Management Services S.à r.l., represented by its permanent representative Mr. Jeremiah Daniel O'Donoghue, which is the Issuer Director and Intertrust Management B.V., which is the Shareholder Director. The sole shareholder of Amsterdamsch Trustee's Kantoor B.V., Intertrust Management B.V. and Intertrust (Luxembourg) S.à r.l. is Intertrust (Netherlands) B.V. Therefore, a conflict of interest may arise.

The Security Trustee has agreed to act as security trustee for the Noteholders and to pay any amounts received from the Issuer or amounts collected by the Security Trustee under the Pledge Agreements to the Noteholders subject to and pursuant to the Trust Agreement and subject to and in accordance with the Post-Enforcement Priority of Payments.

In addition, the Security Trustee has agreed to act as security trustee vis-à-vis the other Secured Creditors and to pay to such Secured Creditors any amounts received from the Issuer or amounts collected by the Security Trustee under the Pledge Agreements subject to and pursuant to the Trust Agreement and subject to and in accordance with the Post-Enforcement Priority of Payments.

The Security Trustee shall not be liable for any action taken or not taken by it or for any breach of its obligations under or in connection with the Trust Agreement or any other Transaction Document to which it is a party, except in the event of its wilful misconduct (*opzet*), gross negligence (*grove nalatigheid*), fraud or bad faith, and it shall not be responsible for any act or negligence of persons or institutions selected by it with due care.

The Security Trustee Director has entered into the Security Trustee Management Agreement with the Security Trustee and the Issuer. In this Security Trustee Management Agreement, the Security Trustee Director agrees and undertakes, *inter alia*, that it shall (i) manage the affairs of the Security Trustee in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practice with the same care that it exercises or would exercise in connection with the administration of similar matters held for its own account or for the account of third parties and (ii) refrain from taking any action detrimental to the obligations of the Security Trustee under any of the Transaction Documents. In addition the Security Trustee Director agrees in the Security Trustee Management Agreement that the Security Trustee will not agree to any modification of any agreement including, but not limited to, the Transaction Documents or enter into any agreement, other than in accordance with the Trust Agreement and the other Transaction Documents.

The Trust Agreement provides that the Security Trustee shall not retire or be removed from its duties under the Trust Agreement until all amounts payable to the Secured Creditors under the Transaction Documents have been paid in full. However, the Noteholders of the Most Senior Class shall have the power, exercisable only by an Extraordinary Resolution, to remove the Security Trustee Director as director of the Security Trustee. The Security Trustee Management Agreement with the Security Trustee Director may be terminated by the Security Trustee (or the Issuer on its behalf) upon the occurrence of certain termination events, including, but not limited to, a default by

the Security Trustee Director (unless remedied within the applicable grace period), dissolution and liquidation of the Security Trustee Director or the Security Trustee Director being declared bankrupt or granted a suspension of payments. Furthermore, the Security Trustee Management Agreement can be terminated by the Security Trustee Director or the Security Trustee (or the Issuer on its behalf) per the end of each calendar year upon ninety (90) days' prior written notice, provided that a Credit Rating Agency Confirmation is available in respect of such termination. The Security Trustee Director shall resign upon termination of the Security Trustee Management Agreement, provided that such resignation shall only be effective as from the moment (a) a new director reasonably acceptable to the Security Trustee has been appointed and (b) a Credit Rating Agency Confirmation is available in respect of such appointment.

The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders to (i) any modification of any of the provisions of the Trust Agreement, the Notes or any other Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Agreement, the Notes or any other Transaction Document which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that a Credit Rating Agency Confirmation is available in connection with such modification, authorisation or waiver.

In addition, the Security Trustee may agree, without the consent of the Noteholders, to (a) the entering into of a new Transaction Document by the Issuer with a successor of the relevant counterparty or (b) the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to a successor provided that (i) a Credit Rating Agency Confirmation is available in connection with such transfer or contracting, (ii) the rights deriving from such new Transaction Document, if any, will be pledged to the Security Trustee and (iii) if the relevant counterparty will be a Secured Creditor, the relevant successor will accede to the Parallel Debt Agreement and will agree to be bound by the provisions thereof (including limited recourse and no petition provisions).

The Security Trustee may further agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents (including the Swap Agreement) in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under EMIR, the CRA Regulation, the Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant supervisory regulators), the Securitisation Regulation, the Benchmark Regulation (subject to Condition 14(g) (*Modification to facilitate Replacement Reference Rate with consent of the Noteholders*)), the CRR Securitisation Amendment and/or for the securitisation transaction described in this Prospectus to qualify or continue to qualify as STS securitisation, subject to receipt by the Security Trustee of a certificate of the Issuer or the Swap Counterparty certifying to the Security Trustee that the amendments requested by the Issuer or the Swap Counterparty, as the case may be, are to be made solely for the purpose of enabling the Issuer or the Swap Counterparty, as the case may be, to satisfy its requirements under EMIR, the CRA Regulation, the Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant supervisory regulators), the Securitisation Regulation, the Benchmark Regulation (subject to Condition 14(g) (*Modification to facilitate Replacement Reference Rate with consent of the Noteholders*)), the CRR Securitisation Amendment and/or for the securitisation transaction described in this Prospectus to qualify or continue to qualify as STS securitisation, provided that 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 or any other Secured Creditor (unless with its consent) to any additional liability or (B) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee or any other Secured Creditor (unless with its consent) in respect of the Notes, the relevant Transaction Documents and/or the Conditions and further provided that the Security Trustee has received written confirmation from the Swap Counterparty that it has consented to such amendment (see Section 4.1 (*Terms and Conditions*)).

### 3.4 SELLER & ORIGINATOR

#### Seller

Ember VRM S.à r.l. is a private limited liability company (*société à responsabilité limitée*), incorporated under the laws of the Grand Duchy of Luxembourg on 12 April 2013. The corporate seat of the Seller is in Luxembourg, Luxembourg. The registered office of the Seller is at 36-38 Grand-Rue, L-1660 Luxembourg, Grand Duchy of Luxembourg. The Seller is registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B176.837.

The objectives of the Seller are, *inter alia*, (a) the investment in, acquisition and disposal of, grant or issuance of preferred equity certificates, loans, bonds, notes, debentures and other debt instruments, shares, warrants and other equity instruments or rights, including without limitation, shares of capital stock, limited partnership interest, limited liability company interest, preferred stock, securities and swaps, and any combination of the foregoing, in each case whether readily marketable or not, as well as obligations in any type of company, entity or other legal person, (b) the funding in real estate, intellectual property rights or any other movable or immovable asset in any form or of any kind, (c) the granting of pledges, guarantees, liens, mortgages and any other form or security as well as any form of indemnity, to Luxembourg or foreign entities, in respect of its own obligations and debts and (d) the entering in commercial, industrial or financial transactions as it deems necessary, advisable, convenient, incidental to, or not inconsistent with, the accomplishment and development of its corporate purpose.

Activities of the Seller since its incorporation in 2013 include the acquisition of a portfolio of mortgage loans from Banque Artesia Nederland N.V. and the management of non-performing loans from that portfolio. The directors of the Seller consider, resolve and approve the business plan (including the eligibility criteria applicable to the Mortgage Receivables) for the Seller to purchase mortgage receivables from, amongst others, the Originator from time to time and/or the sale of any mortgage receivables by the Seller to Cartesian Finance S.A. from time to time, and which purchase and sale, respectively, is on arms' length terms. The directors of the Seller also monitor implementation of the business plan on an ongoing basis. Furthermore, the Seller has been involved in (i) the structuring of the funding of the acquisition of mortgage receivables through the Cartesian Warehouse 3 S.A. and the capital markets refinancing thereof, (ii) amendments to the terms of the Cartesian Warehouse documents and (iii) the selection of the mortgage receivables sold by the Seller from time to time to Cartesian Warehouse 3 S.A., including the Mortgage Receivables which form part of the transaction described in this Prospectus and, for this purpose, it, together with its advisers, conducted such commercial, operational and legal due diligence as it considered appropriate in relation to such mortgage receivables. The Seller has undertaken in the Transaction Documents that it will, prior to the date of transfer of the relevant Mortgage Receivable to the Issuer, hold the relevant Mortgage Receivable for its own account. Between acquisition of the relevant Mortgage Receivables from the Originator and sale to the Issuer, there is uncertainty as to whether the Mortgage Receivables would be sold to the Issuer and whether the Issuer would be able to purchase them. Therefore, during that period, the Seller is exposed to the credit risk in relation to the Mortgage Receivables.

The directors of the Seller are Mr. Matthijs Bogers, Mr. Darren Gorman, Mr. Arnold Spruit and Ms. Sheila Ramcharan-Razab-Sekh.

Upon incorporation on 12 April 2013, the Seller had a fixed share capital of EUR 12,500 (twelve thousand five hundred) represented by 12,500 (twelve thousand five hundred) shares, with a nominal value of EUR 1 (one euro) each, all fully subscribed and entirely paid up. On 12 December 2013, the share capital of the Seller was increased by EUR 1,000 (one thousand) represented by 1,000 (one thousand) shares, with a nominal value of EUR 1 (one euro) each, to a fixed share capital of EUR 13,500 (thirteen thousand five hundred) represented by 13,500 (thirteen thousand five hundred) shares, with a nominal value of EUR 1 (one euro) each.

The entire issued share capital of the Seller is held by VSK Holdings Limited. VSK Holdings Limited was established in 2013 by Venn Partners LLP as an investment company to invest asset-backed loan portfolios. Its shareholders comprise Venn Partners LLP and other credit investors and it is advised by Venn Partners LLP. Venn Partners LLP is an investment manager of asset-backed loans, including Dutch residential mortgages and commercial real estate debt within the UK and various EU countries. In 2014 it was selected by the UK Department for Communities and Local Government to build and manage a government guaranteed lending scheme for private rental housing in the UK. Venn Partners LLP is regulated by the UK FCA as an adviser, arranger and AIFM.

## Originator

Venn Hypotheken B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under Dutch law 23 February 2015. The registered office of Venn Hypotheken is at Claudius Prinsenlaan 111, 4817 HC in Breda, the Netherlands. Venn Hypotheken is registered with the Commercial Register of the Chamber of Commerce under number 62715550.

Venn Hypotheken has an authorised share capital of EUR 5,000 of which EUR 5,000 is issued and paid up. The significant majority of shares in the capital of Venn Hypotheken are held by Venn Partners Services Ltd, a wholly owned subsidiary of Venn Partners LLP.

The activities of Venn Hypotheken consist of granting mortgage loans. Pursuant to article 2:60 of the Wft, on December 31, 2015 Venn Hypotheken has obtained a license from the *Autoriteit Financiële Markten* ("**AFM**") to grant credit to consumers in the Netherlands.

Venn Hypotheken is involved in any and all business activities typically covered in a Dutch mortgage lending business, such as product development and management, marketing, distribution and sales, loan underwriting, customer care, loan administration, funding and risk management.

Venn Hypotheken has six (6) employees, including the directors. The directors are Marc F.J. de Moor and Peter K.M. Arrazola de Oñate. The supervisory board members of Venn Hypotheken are C.A.J.M. Engel, G.P. McKenzie-Smith and L. Venables.

### 3.5 SERVICER

The Issuer has appointed the Seller to act as its Servicer in accordance with the terms of the Servicing Agreement. In accordance with the Servicing Agreement, the Servicer has appointed Stater Nederland B.V. and HypoCasso B.V., respectively, to act as its Sub-servicers, to provide certain of the Mortgage Loan Services in respect of the relevant Mortgage Receivables in accordance with the Sub-Servicing Letters. In case of termination of the Servicing Agreement, each of the Sub-servicers has agreed to continue to provide its services for a certain period of time and, subject to certain conditions, replace the Servicer under the Servicing Agreement in respect of such services.

For further information on the Servicer see Section 3.4 (*Seller & Originator*) and Section 6.3 (*Origination and Servicing*).

The Issuer has appointed Venn Hypotheken B.V. to act as the Portfolio Manager in accordance with the terms of the Servicing Agreement. The Portfolio Manager will provide certain advisory services to the Issuer on a day-to-day basis and is also the Originator.

### 3.6 ISSUER ADMINISTRATOR

The Issuer has appointed Intertrust (Luxembourg) S.à r.l. to act as its Issuer Administrator in accordance with the terms of the Administration Agreement (see further under Section 5.7 (*Administration Agreement*)).

Intertrust (Luxembourg) S.à r.l., a private limited liability company (*société à responsabilité limitée*), existing and organised under the laws of the Grand Duchy of Luxembourg with registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, being registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B103.123.

The objects of the Issuer Administrator are *inter alia* the provision of domiciliary, administrative and corporate services in the widest sense to other legal entities in whatever form. For the avoidance of doubt, such services include the activity of domiciliary agent, registrar agent, administrative agent of the financial sector and client communication agent and professional providing company formation and management services as defined in and in the widest sense permitted by the Luxembourg law of 5 April 1993 on the financial sector and as such law has been and may be amended in the future from time to time. The Issuer Administrator may serve as a director, manager or member of the supervisory board of other legal entities and may carry out any operation which it may deem useful in the accomplishment and development of its purposes including the holding of interests in other legal entities having a similar or related object.

The managers (*gérants*) of the Issuer Administrator are Mrs Virginie Dohogne, Mrs Stephanie Miller, Mr Henk Pieter van Asselt and Mr Frank Welman. The sole shareholder of the Issuer Administrator is Intertrust Holding (Luxembourg) S.à r.l., a private company with limited liability (*société à responsabilité limitée*) organised under the laws of the Grand Duchy of Luxembourg and having its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*) under number B156338, itself being an indirect fully-owned subsidiary of Intertrust Group B.V., a (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law and having its statutory seat in Amsterdam, the Netherlands.

Intertrust (Luxembourg) S.à r.l. is duly authorised in Luxembourg to provide domiciliary services by the Ministère des Finances and submitted to supervision of the *Commission de Surveillance du Secteur Financier*. Intertrust (Luxembourg) S.à r.l. belongs to the same group of companies as Intertrust Management B.V., which is Shareholder Director and the Security Trustee Director. The sole shareholder of Intertrust Management B.V. and Intertrust (Luxembourg) S.à r.l. is Intertrust (Netherlands) B.V. The Issuer Director is Universal Management Services S.à r.l., represented by its permanent representative Mr. Jeremiah Daniel O'Donoghue. Therefore, a conflict of interest may arise.

### 3.7 SWAP COUNTERPARTY

BNP Paribas will act as the Swap Counterparty. BNP Paribas is a French multinational bank and financial services company with its registered office located at 16 boulevard des Italiens 75009 Paris, France, and its corporate website in English is <http://www.bnpparibas.com/en>.

BNP Paribas, together with its consolidated subsidiaries (the "**BNP Paribas Group**") is a global financial services provider, conducting retail, corporate and investment banking, private banking, asset management, insurance and specialized and other financial activities throughout the world.

The BNP Paribas Group, one of Europe's leading providers of banking and financial services, has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg.

It operates in 72 countries and has more than 202,000 employees, including more than 154,000 employees in Europe. BNP Paribas holds key positions in its two main businesses, being:

- Retail Banking and Services, which includes:
  - Domestic Markets, comprising:
    - French Retail Banking (FRB);
    - BNL banca commerciale (BNL bc), Italian retail banking;
    - Belgian Retail Banking (BRB); and
    - Other Domestic Markets activities including Luxembourg Retail Banking (LRB);
  - International Financial Services, comprising:
    - Europe-Mediterranean;
    - BancWest;
    - Personal Finance;
    - Insurance; and
    - Wealth and Asset Management;
- Corporate and Institutional Banking (CIB):
  - Corporate Banking;
  - Global Markets; and
  - Securities Services.

BNP Paribas S.A. is the parent company of the BNP Paribas Group.

At 31 March 2019, the BNP Paribas Group had consolidated assets of €2,284 billion (compared to €2,044 billion at 1<sup>st</sup> January 2019<sup>4</sup>), consolidated loans and receivables due from customers of €783 billion (compared to €766 billion at 1<sup>st</sup> January 2019<sup>1</sup>), consolidated items due to customers of €826 billion (compared to €797 billion at 1<sup>st</sup> January 2019<sup>1</sup>) and shareholders' equity (Group share) of €105.3 billion (compared to €101.3 billion at 1<sup>st</sup> January 2019<sup>1</sup>).

At 31 March 2019, pre-tax income was €2.7 billion (compared to €2.3 billion at the end of March 2018). Net income, attributable to equity holders, for the first quarter 2019 was €1.9 billion (compared to €1.6 billion for the first quarter 2018).

At the date of this Prospectus, the BNP Paribas Group currently has long-term senior debt ratings of "A+" with stable outlook from S&P, "Aa3" with stable outlook from Moody's Investors Service, Inc. and "AA (low)" with stable outlook from DBRS and a long-term issuer default rating of "A+" with stable outlook from Fitch Ratings, Ltd.

The information contained in this Section relates to and has been obtained from BNP Paribas. The information

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<sup>4</sup> Revised presentation, based on the new IFRS 16 accounting standard

concerning BNP Paribas and the BNP Paribas Group contained herein is furnished solely to provide limited introductory information regarding BNP Paribas and the BNP Paribas Group and does not purport to be comprehensive.

The delivery of the information contained in this Section shall not create any implication that there has been no change in the affairs of BNP Paribas or the BNP Paribas Group since the date hereof, or that the information contained or referred to in this Section is correct as of any time subsequent to its date.

### 3.8 OTHER PARTIES

<b>Collection Foundation:</b>	Stichting Ember Hypotheken, established under Dutch law as a foundation ( <i>stichting</i> ), with its seat ( <i>zetel</i> ) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and registered with the Commercial Register of the Chamber of Commerce under number 59974052.
<b>Swap Counterparty:</b>	BNP Paribas.
<b>Reporting Services Provider:</b>	BNP Paribas.
<b>Issuer Account Bank:</b>	Citibank Europe plc., Luxembourg Branch.
<b>Issuer Account Agent:</b>	Citibank N.A., London Branch.
<b>Directors:</b>	With respect to the Issuer, Universal Management Services S.à r.l., represented by its permanent representative Mr. Jeremiah Daniel O'Donoghue, with respect to the Shareholder, Intertrust Management B.V and with respect to the Security Trustee, Amsterdamsch Trustee's Kantoor B.V.
<b>Paying Agent:</b>	Citibank N.A., London Branch.
<b>Reference Agent:</b>	Citibank N.A., London Branch.
<b>Listing Agent:</b>	ABN AMRO Bank N.V.
<b>Arrangers:</b>	BNP Paribas, London Branch; and Venn Partners LLP.
<b>Joint Lead Managers:</b>	BNP Paribas, London Branch and Citigroup Global Markets Limited.
<b>Common Safekeeper:</b>	The clearing system or such other entity which the Issuer may elect from time to time to perform the safekeeping role.
<b>Previous Transaction Security Trustees:</b>	Stichting Security Trustee Cartesian Residential Mortgages 2, Stichting Security Trustee Cartesian Residential Mortgages 3, Stichting Security Trustee Cartesian Residential Mortgages Blue and security trustees and/or agents of other funders.
<b>Previous Transaction SPVs:</b>	Cartesian Residential Mortgages 2 S.A., Cartesian Residential Mortgages 3 S.A. and Cartesian Residential Mortgages Blue S.A. and other funders.

## 4. THE NOTES

### 4.1 TERMS AND CONDITIONS

*The terms and conditions (the 'Conditions') will be as set out below. The Conditions will be endorsed on each Definitive Note if they are issued. 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 Section 4.2 (Form) below.*

The issue of the EUR 345,800,000 Class A mortgage-backed notes 2019 due 2054 (the "**Class A Notes**"), the EUR 8,550,000 Class B mortgage-backed notes 2019 due 2054 (the "**Class B Notes**"), the EUR 8,550,000 Class C mortgage-backed notes 2019 due 2054 (the "**Class C Notes**"), the EUR 5,700,000 Class D mortgage-backed notes 2019 due 2054 (the "**Class D Notes**"), the EUR 11,400,000 Class E mortgage-backed notes 2019 due 2054 (the "**Class E Notes**"), the EUR 7,600,000 Class S notes 2019 due 2054 (the "**Class S Notes**") and the EUR 500,000 Class X notes 2019 due 2054 (the "**Class X Notes**", and together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class S Notes, the "**Notes**") was authorised by a resolution of the board of the Issuer passed on or about 11 July 2019. The Notes are issued under the Trust Agreement on the Closing Date.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of (i) the Trust Agreement, which will include the forms of the Notes and Coupons, and the Temporary Global Notes and the Permanent Global Notes, (ii) the Paying Agency Agreement, (iii) the Parallel Debt Agreement and (iv) the Pledge Agreements.

Unless otherwise defined herein, words and expressions used in these Conditions are defined in a master definitions agreement dated the Signing Date, between the Issuer, the Security Trustee, the Seller and certain other parties as amended, supplemented, restated, novated or otherwise modified from time to time (the "**Master Definitions Agreement**"). Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the terms or definitions in the Master Definitions Agreement would conflict with the terms and definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, "**Class**" means either the Class A Notes or the Class B Notes or the Class C Notes or the Class D Notes or the Class E Notes or the Class S Notes or the Class X Notes, as the case may be.

Copies of the Trust Agreement, Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements, and the Master Definitions Agreement and certain other Transaction Documents are available for inspection, free of charge, by Noteholders and prospective Noteholders at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and in electronic form upon email request at [securitisation@intertrustgroup.com](mailto:securitisation@intertrustgroup.com). The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Agreement, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and reference to any document is considered to be a reference to such document as amended, supplemented, restated, novated or otherwise modified from time to time.

#### 1. Form, Denomination and Title

The Notes will be in bearer form serially numbered and with Coupons attached on issue in minimum denominations of EUR 125,000 and in integral multiples of EUR 1,000 in excess thereof with a maximum denomination of EUR 249,000. Under Dutch law, the valid transfer of Notes together with Coupons requires, *inter alia*, delivery (*levering*) thereof. The Issuer, the Security Trustee and the Paying Agent may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof), including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

#### 2. Status, Priority and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and without any preference or priority among Notes of the same Class.
- (b) In accordance with the Conditions and the Trust Agreement on each Notes Payment Date, other than the Pre-funded Amount (unless lower than EUR 100,000) remaining on the first Notes Payment Date, (i) payments of principal and, in certain circumstances, interest on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, (ii) payments of principal and, in certain circumstances, interest on the Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes and the Class B Notes, (iii) payments of principal and, in certain circumstances, interest on the Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes and the Class C Notes, (iv) payments of principal on the Class E Notes are subordinated to, *inter alia*, payments of principal and, ultimately, interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, (v) payments of principal on the Class S Notes are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and, ultimately, payment of principal on the Class E Notes and (vi) payments of the Class X Revenue Amount are subordinated to, *inter alia*, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and, ultimately, payment of principal on the Class E Notes and the Class S Notes. On the first Notes Payment Date, the Pre-funded Amount remaining on such first Notes Payment Date, if equal to or higher than EUR 100,000, will be applied by the Issuer in or towards satisfaction, on a *pari passu* and *pro rata* basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date. The obligation to pay the Subordinated Step-up Consideration in respect of any Class of Rated Notes, unless an Enforcement Notice has been delivered, is subordinated to payments of a higher order of priority including, but not limited to, payments of principal and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in accordance with the Conditions and the Trust Agreement. Prior to an Enforcement Notice, the Class S Notes will on each Notes Payment Date be redeemed in accordance with Condition 6(c) (*Redemption of the Class S Notes*) with the Available Class S Redemption Funds, if any, through the Revenue Priority of Payments.
- (c) The obligations under the Notes will be secured (indirectly) by the Security. The Security for the obligations of the Issuer towards, *inter alios*, the Noteholders will be created pursuant to, and on the terms set out in, the Parallel Debt Agreement, the Trust Agreement and the Pledge Agreements, which will create the following security rights:
- (i) a first ranking right of pledge by the Issuer to the Security Trustee over the Mortgage Receivables and all rights ancillary thereto, governed by Dutch law;
  - (ii) a first ranking right of pledge by the Issuer to the Security Trustee over the Issuer Rights, including all rights ancillary thereto, governed by Dutch law;
  - (iii) a first ranking right of pledge by the Issuer to the Security Trustee in respect of its rights under the Issuer Accounts *vis-à-vis* the Issuer Account Bank, governed by Luxembourg law; and
  - (iv) a first ranking right of pledge by the Collection Foundation to the Security Trustee and the Previous Transaction Security Trustees jointly in respect of its rights under the Collection Foundation Accounts, and a second ranking right of pledge to the Issuer and the Previous Transaction SPVs jointly. Such rights of pledge are governed by Dutch law.
- (d) The obligations under (i) the Class A Notes (other than, prior to the delivery of an Enforcement Notice, in respect of the relevant Subordinated Step-up Consideration) will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class S Notes and the Class X Notes, (ii) the Class B Notes (other than, prior to the delivery of an Enforcement Notice, in respect of the relevant Subordinated Step-up Consideration) will rank in priority to the Class C Notes, the Class D Notes, the Class E Notes, the Class S Notes and the Class X Notes, (iii) the Class C Notes (other than, prior to the delivery of an Enforcement Notice, in respect of the relevant Subordinated Step-up Consideration) will rank in priority to the Class D Notes, the Class E Notes, the Class S Notes and the Class X Notes, (iv) the Class D Notes (other than, prior to the delivery of an Enforcement Notice, in respect of the relevant Subordinated

Step-up Consideration) will rank in priority to the Class E Notes, the Class S Notes and the Class X Notes, (v) the Class E Notes will rank in priority to the Class S Notes and (vi) the Class S Notes will rank in priority to the Class X Notes, in the event of the Security being enforced.

- (e) The Trust Agreement contains provisions requiring the Security Trustee to have regard only to the interests of the Noteholders of a Class and not to consequences of such exercise upon individual Noteholders. If, in the sole opinion of the Security Trustee, there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the Higher Ranking Class of Notes. In addition, the Security Trustee shall have regard to the interest of the other Secured Creditors. In case of a conflict of interest between the Secured Creditors, the ranking set out in the Post-Enforcement Priority of Payments determines which interest of which Secured Creditor prevails.

### 3. Covenants of the Issuer

As long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Luxembourg business practice and in accordance with the requirements of Luxembourg and accounting practice, and shall not, except (i) to the extent permitted by the Transaction Documents or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus and as contemplated in the Transaction Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness except as contemplated in the Transaction Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets except as contemplated by the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any person;
- (e) permit the validity or effectiveness of the Transaction Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations or consent to any waiver except as contemplated in the Transaction Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the Issuer Accounts, unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(c)(ii);
- (h) take any action which will cause its centre of main interest (*centre des intérêts principaux*) within the meaning of the Recast Insolvency Regulation, as amended, to be located outside Luxembourg; and
- (i) make any investments other than in Eligible Investments, except for any other investments as contemplated by the Transaction Documents.

### 4. Interest and Subordinated Step-up Consideration

- (a) *Period of Accrual*

The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes shall bear interest on their Principal Amount Outstanding from and including the Closing Date. Each Class A Note, Class B Note, Class C Note and Class D Note (or in the case of the redemption of part only of a Class A Note, a Class B Note, a Class C Note or a Class D Note, that part only of such Class A Note, Class B Note, Class C Note or Class D Note) shall cease to bear interest from its due date for

redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation payment thereof, is in fact made.

Whenever it is necessary to compute an amount of interest or the Subordinated Step-up Consideration in respect of any Class A Note, Class B Note, Class C Note or Class D Note for any period (including any Interest Period), such interest or Subordinated Step-up Consideration shall be calculated in respect of the Principal Amount Outstanding of the relevant Class of Notes and on the basis of the actual days elapsed in such period and a 360 day year.

The Class E Notes and the Class S Notes will not carry interest.

(b) *Interest Periods and Notes Payment Dates*

Interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and the Class X Revenue Amount is payable by reference to the successive Interest Periods. Each successive 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 Notes Payment Date falling in November 2019.

Interest on each of the Notes shall be payable quarterly in arrear in EUR in respect of the Principal Amount Outstanding of each Class A Note, Class B Note, Class C Note and the Class D Note on each Notes Payment Date. The Class X Revenue Amount shall be payable to the holders of the Class X Notes quarterly in arrear in EUR on each Notes Payment Date up to and including the First Optional Redemption Date by paying in respect of each Class X Note the Class X Revenue Interest Amount.

(c) *Interest on the Class A Notes, the Class B Notes, the Class C Notes and Class D Notes and the Class X Revenue Amount*

*Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes:*

Interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes for each Interest Period will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ("**Euribor**") for three month deposits in EUR (determined in accordance with paragraph (e) below) (or, in respect of the first Interest Period, accrue at the rate which represents the linear interpolation of Euribor for four (4) and five (5) month deposits in EUR, rounded, if necessary, to the 5<sup>th</sup> decimal place with 0.000005, being rounded upwards), plus a margin which will be equal to:

- (i) for the Class A Notes 0.51 per cent. per annum;
- (ii) for the Class B Notes 1.00 per cent. per annum;
- (iii) for the Class C Notes 1.35 per cent. per annum; and
- (iv) for the Class D Notes 1.75 per cent. per annum,

whereby the interest has in each case a floor of 0 per cent. per annum.

*Class X Notes:*

The Class X Revenue Amount will be payable from and including the Closing Date up to and including the First Optional Redemption Date. Following the First Optional Redemption Date, no Class X Revenue Amount will be payable. The Class X Revenue Interest Amount payable in respect of each Class X Note on the relevant Notes Payment Date up to and including the First Optional Redemption Date shall be the outcome of (i) the Class X Revenue Amount on the Notes

Calculation Date relating to such Notes Payment Date divided by (ii) the number of the Class X Notes (rounded, if necessary, to the 2<sup>nd</sup> decimal place with 0.005 being rounded upwards).

(d) *Subordinated Step-up Consideration following the First Optional Redemption Date*

If on the First Optional Redemption Date the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will not have been redeemed in full, on each Notes Payment Date following the First Optional Redemption Date, the relevant Subordinated Step-up Consideration will be due to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders respectively.

The Subordinated Step-up Consideration is, in respect of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, an amount equal to the relevant Principal Amount Outstanding of such Class multiplied by the Subordinated Step-up Margin applicable to such Class calculated on the basis of the actual days elapsed in such period and a 360 day year.

The Subordinated Step-up Margin applicable to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be equal to:

- (i) for the Class A Notes 1.02 per cent. per annum;
- (ii) for the Class B Notes 1.50 per cent. per annum;
- (iii) for the Class C Notes 2.025 per cent. per annum; and
- (iv) for the Class D Notes 2.625 per cent. per annum.

(e) *Euribor*

For the purpose of Condition 4(c) with respect to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, Euribor will be determined as follows:

- (i) The Reference Agent will, subject to Condition 4(c), obtain for each Interest Period the rate equal to Euribor for three month deposits in euros. The Reference Agent shall use the Euribor rate as determined and published by EMMI and which appears for information purposes on the Reuters Screen EURIBOR01, (or, if not available, any other display page on any screen service maintained by any registered information vendor for the display of the Euribor rate selected by the Reference Agent) as at or about 11.00 am (Central European Time) on the day that is two Business Days preceding the first day of each Interest Period (each an "**Interest Determination Date**");
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published by EMMI, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent, in consultation with the Issuer, will:
  - a. request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the "**Euribor Reference Banks**") to provide a quotation for the rate at which three month euro deposits are offered by it in the Euro-zone interbank market at approximately 11.00 am (Central European Time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and
  - b. if at least two quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotations as provided; and
- (iii) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the Euro-zone, selected by the Reference Agent, in consultation with the Issuer, at approximately 11.00 am (Central European Time) on the

relevant Interest Determination Date for three month deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Interest Period shall be the rate per annum equal to Euribor for three month euro deposits as determined in accordance with this paragraph (e), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Interest Period, Euribor applicable to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes during such Interest Period will be Euribor last determined in relation thereto. The Reference Agent will cause Euribor as determined in accordance with this paragraph (e) to be notified to the Paying Agent as soon as possible after the determination.

(f) *Determination of the Interest Rates and Calculation of Interest Amounts, the Class X Revenue Amount, the Class X Revenue Interest Amount and the Subordinated Step-up Consideration*

The Paying Agent and/or the Reference Agent (as applicable) will, as soon as practicable after 11.00 am (Central European Time) on each Interest Determination Date, determine the rates of interest referred to in paragraph (c) above for the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and calculate the amount of interest payable for the following Interest Period (the "**Interest Amount**") for the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes by applying the relevant Interest Rates to the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, respectively, at close of business on the first day of the relevant Interest Period.

The Class X Revenue Amount and the Class X Revenue Interest Amount payable on each Class X Note will be calculated by the Issuer (or the Issuer Administrator on its behalf) on each Notes Calculation Date in accordance with Condition 4(c) above.

The Subordinated Step-up Consideration payable in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be calculated by the Issuer (or the Issuer Administrator on its behalf) on each Notes Calculation Date after the First Optional Redemption Date.

The determination of the relevant Interest Rate, each Interest Amount, each Class X Revenue Interest Amount and each Subordinated Step-up Consideration by the Paying Agent or the Issuer, as applicable, shall (in the absence of manifest error) be final and binding on all parties.

(g) *Notification of Interest Rates, Interest Amounts, the Class X Revenue Interest Amount, the Subordinated Step-up Consideration and Notes Payment Dates*

The Paying Agent and/or the Reference Agent (as applicable) will cause the relevant Interest Rates, the relevant Class X Revenue Interest Amount and the Notes Payment Date applicable to the relevant Class of Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator, the holders of such Class of Notes and Euronext Amsterdam. The Issuer (or the Issuer Administrator on its behalf) will cause the relevant the Class X Revenue Interest Amount and the Subordinated Step-up Consideration applicable to the relevant Class of Rated Notes to be notified to the Security Trustee, the Paying Agent, the holders of such Class of Notes and Euronext Amsterdam. The Interest Rates, the Interest Amount, the Notes Payment Date, the Class X Revenue Interest Amount and the Subordinated Step-up Consideration so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(h) *Calculation by Security Trustee*

If the Paying Agent and/or Reference Agent at any time for any reason does not determine the relevant Interest Rates in accordance with Condition 4(f) above or fails to calculate the relevant Interest Amounts in accordance with Condition 4(f) above or the Issuer fails to calculate the Class X Revenue Interest Amount or the Subordinated Step-up Consideration in respect of the relevant Classes of Rated Notes, as applicable, the Security Trustee shall, or a party so appointed by the Security Trustee shall on behalf of the Security Trustee, determine the Interest Rate at such rate

as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Condition 4(f) above), it shall deem fair and reasonable under the circumstances and/or as the case may be, the Security Trustee shall calculate the relevant Interest Amounts in accordance with Condition 4(f) above and/or the Class X Revenue Interest Amount or the Subordinated Step-up Consideration, as applicable, and each such determination or calculation shall be final and binding on all parties.

(i) *Reference Agent*

The Issuer will procure that, as long as any of the Notes remains outstanding, there will at all times be a Reference Agent. The Issuer has, subject to prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent by giving at least 90 days' notice in writing to that effect. Notice of any such termination will be given to the holders of the Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as the Reference Agent or if the appointment of the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor reference agent to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

(j) *Replacement Reference Rate*

Notwithstanding the provisions above in this Condition 4, if the Reference Agent or the Issuer determines at any time prior to, on or following any Interest Determination Date, that a Benchmark Event has occurred, the Issuer may appoint a Rate Determination Agent, which may determine in its sole discretion, acting in good faith and in a commercially reasonable manner, a substitute, alternative or successor rate for purposes of determining the interest rate on each relevant Interest Determination Date (the first of which shall fall at least forty-five (45) calendar days after the notification referred under (C) below) thereafter that is substantially comparable to Euribor (the "**Reference Rate**") or that has been recommended or selected by the monetary authority or similar authority (or working group thereof) in the jurisdiction of the applicable currency or by a widely recognised industry association or body or that is expected to develop in an industry accepted rate for debt market instruments such as or comparable to the Notes. If the Rate Determination Agent has determined a substitute, alternative or successor rate in accordance with the foregoing (such rate, the "**Replacement Reference Rate**") for purposes of determining the interest rate on the relevant Interest Determination Date falling after such determination, (A) the Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate, including any Adjustment Spread or other adjustment factor needed to make such Replacement Reference Rate comparable to the Reference Rate, in each case in a manner that is consistent with any industry-accepted practices for such Replacement Reference Rate, although there is no guarantee that such an Adjustment Spread or other adjustment factor will be determined or applied or that the application of any such factor will either reduce or eliminate economic prejudice to Noteholders; (B) references to the Reference Rate in these Conditions applicable to the Notes will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rate as described in (A) above (including the Adjustment Spread); (C) the Rate Determination Agent will notify the Issuer, the Security Trustee, the Reference Agent and the Swap Counterparty of the foregoing as soon as reasonably practicable; and (D) the Issuer will give notice as soon as reasonably practicable to the Noteholders (in accordance with Condition 13) and the Paying Agent specifying the Replacement Reference Rate, as well as the details described in (A) above, provided that such Replacement Reference Rate shall only become applicable after (i) the Issuer has provided at least a 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 13 (*Notices*) and (ii) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer or Paying Agent 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 Paying Agent that such Noteholders do not consent to such modification in accordance with Condition 14(g). The party responsible for calculating the

Interest Rate pursuant to Condition 4 will remain the party responsible for calculating the Interest Rate by making use of the Replacement Reference Rate and the other matters referred to above.

The Issuer and the Security Trustee may, subject to Condition 14(e) and Condition 14(g), make any (further) amendments to these Conditions that are necessary to ensure the proper operation of the foregoing.

For the avoidance of doubt, if a Replacement Reference Rate is determined by the Rate Determination Agent in accordance with this Condition 4(j), this Replacement Reference Rate will be applied to all relevant future payments on the relevant Notes, subject to this Condition 4(j). For the avoidance of doubt, this Condition 4(j) may be (re-)applied if a Benchmark Event has occurred in respect of the Replacement Reference Rate.

The determination of the Replacement Reference Rate and the other matters referred to above by the Rate Determination Agent will be final and binding on the Issuer, the Security Trustee, the Paying Agent, the Reference Agent and the Noteholders. If the Rate Determination Agent is unable to or otherwise does not determine a Replacement Reference Rate or any of the other matters referred to above, then the Reference Rate will remain unchanged (but subject to the other provisions of Condition 4, but particularly Condition 4(e) and Condition 4(g)). The Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 4(j), *mutatis mutandis*, on one or more occasions until a Replacement Reference Rate has been determined and notified in accordance with this Condition 4(j) and, until such determination and notification (if any), the fallback provisions provided elsewhere in these Conditions will continue to apply.

As used in this Condition 4(j):

**"Adjustment Spread"** means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Rate Determination Agent, acting in good faith, determines is required to be applied to the Replacement Reference Rate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Replacement Reference Rate and is the spread, formula or methodology which:

- (a) is formally recommended in relation to the replacement of the Reference Rate with the Replacement Reference Rate by any competent authority; or (if no such recommendation has been made)
- (b) the Rate Determination Agent determines, acting in good faith, is recognised or acknowledged as being the industry standard for debt market instruments such as or comparable to the Notes or for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Replacement Reference Rate; or (if the Rate Determination Agent determines that no such industry accepted standard is recognised or acknowledged)
- (c) the Rate Determination Agent, in its discretion, acting in good faith, determines to be appropriate.

**"Benchmark Event"** means:

- (a) the Reference Rate has ceased to be representative of an industry accepted rate for debt market instruments (as determined by the Reference Agent or the Issuer, acting in good faith) such as, or comparable to, the Notes; or
- (b) it has become unlawful or otherwise prohibited (including, without limitation, for the Reference Agent) pursuant to any law, regulation or instruction from a competent authority, to calculate any payments due to be made to any Noteholder using the Reference Rate or otherwise make use of the Reference Rate with respect to the Notes; or
- (c) the Reference Rate has changed materially, ceased to be published for a period of at least five (5) Business Days or ceased to exist; or

- (d) a public statement is made by the administrator of the Reference Rate or its supervisor that, by a specified date within the following six months, the Reference Rate will be materially changed, no longer be representative, cease to be published, be discontinued or be prohibited from being used or that its use will be subject to restrictions or adverse consequences (for the avoidance of doubt, in case the specified date lies more than six months after the date the public statement is made, this event will be deemed to occur as of such specified date).

**"Rate Determination Agent"** means (A) a major bank or broker-dealer in the Netherlands, the European Union or the United Kingdom as appointed by the Issuer; or (B), if it is not reasonably practicable to appoint a party as referred to under (A), the Issuer, to determine the Replacement Reference Rate in accordance with this Condition.

## 5. Payment

- (a) Payment of principal, interest, revenue and the Subordinated Step-up Consideration in respect of the Notes, if any, will be made upon presentation of the Note and against surrender of the relevant Coupon appertaining thereto at any specified office of the Paying Agent by transfer to a euro account maintained by the payee with a bank within the EU. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment and any FATCA Withholding.
- (b) At the Final Maturity Date, or at such earlier date on which the Notes become due and payable, the Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).
- (c) If the relevant Notes Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note and Coupon (a "**Local Business Day**") the holder of the Note shall not be entitled to payment until the next following Local Business Day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to a euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account is open for business immediately following the day on which banks are open for business within the EU. The name of the Paying Agent and details of its offices are set out on the last page of the Prospectus.
- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agents located in the United States of America will be appointed. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 13 (*Notices*).

## 6. Redemption

- (a) *Final redemption*

If and to the extent not otherwise redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to, in respect of the Subordinated Notes, Condition 9(b) (*Principal*).

- (b) *Mandatory Redemption of the Notes, other than the Class S Notes and the Class X Notes*

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, on each Notes Payment Date, the Issuer will be obliged to apply the

Available Principal Funds to (partially) redeem the Notes, other than the Class S Notes and the Class X Notes, at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis within each Class, subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*), in the following order:

- (a) *firstly*, the Class A Notes, until fully redeemed;
- (b) *secondly*, the Class B Notes, until fully redeemed;
- (c) *thirdly*, the Class C Notes, until fully redeemed;
- (d) *fourthly*, the Class D Notes, until fully redeemed; and
- (e) *fifthly*, the Class E Notes, until fully redeemed.

In addition, on the first Notes Payment Date, the Pre-funded Amount remaining on such first Notes Payment Date will be applied by the Issuer in or towards satisfaction, on a *pari passu* and *pro rata* basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date, unless the Pre-funded Amount is less than EUR 100,000 on such first Notes Payment Date, in which case it will form part of the Available Principal Funds and will be applied as set out in the first two paragraphs of this Condition 6(b) above.

(c) *Redemption of the Class S Notes*

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, on each Notes Payment Date the Issuer will be obliged to apply the Available Class S Redemption Funds to (partially) redeem on a *pro rata* basis, the Class S Notes, until fully redeemed, subject to Condition 9(b) (*Principal*).

(d) *Redemption of the Class X Notes*

Unless previously redeemed in full and provided that no Enforcement Notice has been served in accordance with Condition 10, on each Notes Payment Date after the redemption in full of all Higher Ranking Classes of Notes, the Issuer will be obliged to apply the Available Revenue Funds to the extent available for such purpose to (partially) redeem the Class X Notes at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis within such Class, subject to Condition 9(b) (*Principal*).

(e) *Remarketing Call Option*

(i) *Remarketing Redemption Instruction*

The Seller has the right to instruct the Issuer to redeem or, at the Issuer's option, to purchase all (but not some only) of the Notes and to subsequently structure new notes or restructure the Notes and re-market such new notes or restructured Notes to be (re-)issued by the Issuer against payment of the proceeds thereof equal to at least the Required Call Amount (as defined below) to the Issuer on or prior to an Optional Redemption Date subject to and in accordance with this Condition 6(e) (*Remarketing Call Option*).

The Seller may by way of written notification to the Issuer with a copy to the Security Trustee and by no later than 75 (seventy-five) calendar days prior to an Optional Redemption Date (the "**Remarketing Call Notice**"), inform the Issuer that it intends to exercise the Remarketing Call Option on the first succeeding Optional Redemption Date. The Remarketing Call Notice will include (i) the proposed Optional Redemption Date and (ii) the key terms of the new notes or restructured Notes to be (re-) issued by the Issuer. Following a Remarketing Call Notice and subject to the consent of the Issuer and the Security Trustee and, in accordance with Condition 14(f), the Swap Counterparty's prior written consent, as set out in paragraph (iii) below, the Seller will inform the Issuer (with a copy to the Security Trustee) by no later than five (5) Business Days prior to the Optional Redemption Date proposed in the Remarketing Call Notice whether it will exercise the Remarketing Call Notice.

By submitting a Remarketing Call Notice, the Seller shall have the right to start marketing the new notes or restructured Notes subject to paragraph (iii) below.

(ii) *Redemption in relation to Remarketing Call Option*

Upon exercise of the Remarketing Call Option, the Seller shall grant a loan on or before the relevant Optional Redemption Date for an amount which shall at least be equal to an amount that is sufficient for the Issuer to redeem the Notes, other than the Class S Notes and the Class X Notes, at their respective Principal Amount Outstanding, on a *pro rata* and *pari passu* basis within each Class, subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*) and to pay all accrued (but unpaid) interest on the Notes, other than the Class S Notes and the Class X Notes, and the Subordinated Step-up Consideration in respect of any of the Rated Notes, and other amounts due ranking higher or equal to the Notes, other than the Class S Notes and the Class X Notes, and all amounts ranking higher than payments on the Notes in the relevant Priority of Payments (the "**Required Call Amount**").

Furthermore, the exercise of the Remarketing Call Option by the Seller is subject to the following conditions (the "**Remarketing Call Option Conditions**"):

- (A) each agreement entered into by the Issuer in respect of the Remarketing Call Option and (re-)issue and sale of new notes or restructured Notes contains limited recourse and non-petition provisions substantially the same as those contained in the Transaction Documents; and
- (B) all costs incurred in connection with the exercise of the Remarketing Call Option by the Seller will be borne by the Seller.

The Seller will be required to inform the Issuer and the Security Trustee of the amount of the Required Call Amount and the transfer thereof (properly evidenced) no later than five (5) Business Days prior to the Optional Redemption Date and the Issuer and Security Trustee will have to acknowledge and agree such amount.

No Class of Notes may be redeemed or purchased in such circumstances unless all Classes of Notes (or such of them as are then outstanding), other than the Class S Notes and the Class X Notes, are also redeemed in full subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*), at the same time.

In the case of redemption, upon redemption in full of all Higher Ranking Classes of Notes, the Class S Notes and the Class X Notes are subject to redemption on such Notes Payment Date and on each Notes Payment Date thereafter in accordance with and subject to Condition 6(c) (*Redemption of the Class S Notes*) and Condition 6(d) (*Redemption of the Class X Notes*), respectively, and Condition 9(b) (*Principal*).

The Issuer shall notify the intention of the Seller to exercise such option by giving not more than 60 nor less than 30 days' notice to the Noteholders, the Security Trustee and the Swap Counterparty prior to the relevant Notes Payment Date.

(iii) *Consequential Amendments*

The Seller has the right to restructure the Notes without any need for the prior consent of the Noteholders, subject to the consent of the Issuer and the Security Trustee and the requirement for the Swap Counterparty's prior written consent in accordance with Condition 14(f), provided that such restructuring will only become effective at the time of purchase and/or (re-)issue by the Issuer of the new notes or restructured Notes. Upon completion of the restructuring, the Issuer will (re-)issue and sell the new notes or restructured Notes to such person(s) as instructed by the Seller or any placement agent or other party appointed by the Seller.

For the avoidance of doubt, none of the Transaction Documents and/or appointments of parties to the Transaction Documents shall automatically terminate as a result of a restructuring of the Notes and (re-)issue of new notes or restructured Notes. Subject to the Swap Counterparty providing its prior written consent in accordance with Condition 14(f), the restructuring of the Notes pursuant to the Remarketing Call Option will not constitute a default under any Transaction Document. Upon the

exercise of the Remarketing Call Option, the Seller (or another party, if applicable) shall be required to fulfil the retention requirement in accordance with article 6 of the Securitisation Regulation in respect of the relevant new notes or restructured Notes. There is no guarantee that such new notes or restructured Notes and the transaction in connection therewith meet the STS requirements.

The Originator, the Issuer and the Security Trustee have in the Mortgage Receivables Purchase Agreement undertaken to cooperate in good faith with the restructuring and marketing efforts of the Seller with respect to the new notes or restructured Notes and to provide such information as reasonably requested including in respect of the Mortgage Receivables, subject to signing of non-disclosure agreements and further subject to any regulatory and/or data protection restrictions.

(f) *Redemption for tax reasons*

All (but not some only) of the Notes, other than the Class S Notes and the Class X Notes, may be redeemed at the option of the Issuer on any Notes Payment Date, at their Principal Amount Outstanding, if, immediately prior to giving such notice, the Issuer has satisfied the Security Trustee that:

- (a) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the laws or regulations of Luxembourg (in each case, including any guidelines issued by the tax authorities) or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (b) the Issuer will have sufficient funds available on the Notes Calculation Date immediately preceding such Notes Payment Date to discharge all amounts of principal and interest and Subordinated Step-up Consideration due in respect of any of the Rated Notes and any amounts required to be paid in priority or *pari passu* with each Class of Notes in accordance with the relevant Priority of Payments and the Trust Agreement.

No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (or such of them as are then outstanding), other than the Class S Notes and the Class X Notes, are also redeemed in full, at the same time.

Upon redemption in full of all Higher Ranking Classes of Notes, the Class S Notes are subject to redemption on such Notes Payment Date and on each Notes Payment Date thereafter in accordance with and subject to Condition 6(c) (*Redemption of the Class S Notes*) and Condition 9(b) (*Principal*).

Upon redemption in full of all Higher Ranking Classes of Notes, the Class X Notes are subject to redemption on such Notes Payment Date and on each Notes Payment Date thereafter in accordance with and subject to Condition 6(d) (*Redemption of the Class X Notes*) and Condition 9(b) (*Principal*).

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

(g) *Redemption Amount and Class S Redemption Amount*

The principal amount redeemable in respect of each relevant Note in respect of a Class of Notes, other than the Class S Notes and the Class X Notes, on the relevant Notes Payment Date in accordance with Condition 6(b) (*Mandatory Redemption of the Notes, other than the Class S Notes and the Class X Notes*), Condition 6(e) (*Remarketing Call Option*) and Condition 6(f) (*Redemption for tax reasons*) and the principal amount redeemable in respect of each Class X Note on the relevant Notes Payment Date in accordance with Condition 6(d) (*Redemption of the Class X Notes*) (each a "**Redemption Amount**"), shall be the aggregate amount (if any) of the Available Principal Funds plus on the first Notes Payment Date the *pro rata* part of the Pre-funded Amount (if equal to or higher than EUR 100,000) remaining upon expiry of the Pre-funded Period or, in respect of the Class X Notes, the Available Revenue Funds remaining after

making all payments ranking higher than principal on the Class X Notes on such Notes Payment Date to be available for a Class of Notes, divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro), provided always that the Redemption Amount can never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

The principal amount redeemable in respect of each Class S Note on the relevant Notes Payment Date in accordance with Condition 6(c) (*Redemption of the Class S Notes*) (each a "**Class S Redemption Amount**") shall be the Available Class S Redemption Funds as calculated on the Notes Calculation Date relating to such Notes Payment Date divided by the number of Class S Notes (rounded down to the nearest euro), provided always that the Class S Redemption Amount can never exceed the Principal Amount Outstanding of the relevant Class S Note. Following application of the Class S Redemption Amount to redeem a Class S Note, the Principal Amount Outstanding of such Class S Note shall be reduced accordingly.

(h) *Determination of the Available Principal Funds, the Available Revenue Funds, the Available Class S Redemption Funds, the Redemption Amount, the Class S Redemption Amount and Principal Amount Outstanding*

(i) On each Notes Calculation Date (to the extent Notes are redeemable on the immediately succeeding Notes Payment Date), the Issuer shall cause the Issuer Administrator to determine (a) the Available Principal Funds, (b) the Available Revenue Funds, (c) the Available Class S Redemption Funds, (d) the amount of the Redemption Amount due for the relevant Class of Notes, other than the Class S Notes, on the relevant Notes Payment Date, (e) the Class S Redemption Amount and (f) the Principal Amount Outstanding of the relevant Note on the first day following such Notes Payment Date. Each such determination by or on behalf of the Issuer shall in each case (in the absence of a manifest error) be final and binding on all persons.

(ii) The Issuer will on each Notes Calculation Date (to the extent Notes are redeemable on the immediately succeeding Notes Payment Date), cause each determination of (a) the Available Principal Funds, (b) the Available Revenue Funds, (c) the Available Class S Redemption Funds, (d) the amount of the Redemption Amount due for the relevant Class of Notes, other than the Class S Notes, on the relevant Notes Payment Date, (e) the Class S Redemption Amount and (f) the Principal Amount Outstanding of the relevant Notes to be notified forthwith to the Security Trustee, the Swap Counterparty, the Paying Agent, the Reference Agent, Euroclear and Clearstream, Luxembourg and to the holders of Notes in accordance with Condition 13. If no Redemption Amount is due to be made on the Notes on any applicable Notes Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13.

(iii) If the Issuer or the Issuer Administrator on its behalf does not at any time for any reason determine any of the amounts set forth in item (i) above, such amount shall be determined by the Security Trustee in accordance with this Condition (but based upon the information in its possession as to the relevant amounts and each such determination or calculation shall be deemed to have been made by the Issuer and shall in each case (in the absence of a manifest error) be final and binding on all persons.

(i) *Definitions*

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

**"Available Class S Redemption Funds"** shall mean (i) on any Notes Payment Date when the Class S Redemption Condition is not met, zero, or (ii) on any Notes Payment Date on which the Class S Redemption Condition is met, the amount of the Available Revenue Funds remaining after all payments ranking above item (w) in the Revenue Priority of Payments have been made in full, if any.

**"Class X Revenue Amount"** means (a) on any Notes Payment Date up to and including the First Optional Redemption Date, prior to the delivery of an Enforcement Notice, an amount equal to the Available

Revenue Funds remaining after all items ranking above item (x) of the Revenue Priority of Payments have been paid in full, less in case all Higher Ranking Class of Notes have been redeemed in full, an amount equal to the aggregate Principal Amount Outstanding of the Class X Notes, (b) up to and including the First Optional Redemption Date, after the delivery of an Enforcement Notice, the amount remaining after all items ranking above item (q) of the Post-Enforcement Priority of Payments have been paid in full, less in case all Higher Ranking Class of Notes have been redeemed in full, an amount equal to the aggregate Principal Amount Outstanding of the Class X Notes and (c) on any Notes Payment Date following the First Optional Redemption Date, zero.

**"Principal Amount Outstanding"** on any date shall be the principal amount of that Note upon issue less the aggregate amount of all Redemption Amounts, that have become due and payable prior to such date, provided that for the purpose of Conditions 4, 6 and 10 all Redemption Amounts that have become due and not been paid shall not be so deducted.

## **7. Taxation**

### *(a) General*

All payments of, or in respect of, principal of and interest or Subordinated Step-up Consideration on the Notes, if any, will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note or Coupon presented for payment where such withholding or deduction is required to be made pursuant to the Luxembourg laws of December 23, 2005 (as amended) introducing a final withholding tax on certain interests from savings.

### *(b) FATCA Withholding*

Payments in respect of the Notes may be reduced by any amounts of tax required to be withheld or deducted 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 any other 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 by the Issuer on the Notes with respect to any such withholding or deduction.

## **8. Prescription**

Claims against the Issuer for payment in respect of the Notes and Coupons shall become prescribed and become void unless made within five years from the date on which such payment first becomes due.

## **9. Subordination, interest deferral and limited recourse**

### *(a) Interest*

Interest on the Class C Notes and the Class D Notes (other than, for the avoidance of doubt, the Subordinated Step-up Consideration) shall be payable in accordance with the provisions of Conditions 4 and 5, subject to the terms of this Condition.

In the event that on any Notes Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class C Notes on such Notes Payment Date, the amount available (if any) shall be applied *pro rata* and *pari passu* to the amount of the interest due on such Notes Payment Date to the holders of the Class C Notes. In the event of a shortfall, the Issuer shall debit the Class C Interest Deficiency Ledger with an amount equal to the amount by which the aggregate

amount of interest paid on the Class C Notes on any Notes Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Class C Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Class C Notes for such period and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Class C Note on the next succeeding Notes Payment Date.

In the event that on any Notes Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Class D Notes on such Notes Payment Date, the amount available (if any) shall be applied *pro rata* and *pari passu* to the amount of the interest due on such Notes Payment Date to the holders of the Class D Notes. In the event of a shortfall, the Issuer shall debit the Class D Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Class D Notes on any Notes Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Class D Notes on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Class D Notes for such period and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Class D Note on the next succeeding Notes Payment Date.

(b) *Principal*

Any payments to be made in respect of (i) the Subordinated Notes in accordance with Condition 6(a) (*Final redemption*), (ii) the Class E Notes in accordance with Condition 6(b) (*Mandatory Redemption of the Notes, other than the Class S Notes and the Class X Notes*) and Condition 6(e) (*Remarketing Call Option*), (iii) the Class S Notes in accordance with Condition 6(c) (*Redemption of the Class S Notes*) and (iv) the Class X Notes in accordance with Condition 6(d) (*Redemption of the Class X Notes*), are subject to this Condition 9(b) (*Principal*).

Until the date on which the Principal Amount Outstanding of all Class A Notes is reduced to zero, the Class B Noteholders will not be entitled to any repayment of principal in respect of the Class B Notes. If, on any Notes Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Class B Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Shortfall on such Notes Payment Date. The Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class B Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class B Notes is reduced to zero, the Class C Noteholders will not be entitled to any repayment of principal in respect of the Class C Notes. If, on any Notes Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Class C Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class C Principal Shortfall on such Notes Payment Date. The Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class C Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class C Notes is reduced to zero, the Class D Noteholders will not be entitled to any repayment of principal in respect of the Class D Notes. If, on any Notes Payment Date, there is a balance on the Class D Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Class D Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class D Principal Shortfall on such Notes Payment Date. The Class D Noteholders shall have no

further claim against the Issuer for the Principal Amount Outstanding on the Class D Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

Until the date on which the Principal Amount Outstanding of all Class D Notes is reduced to zero, the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class E Notes. If, on any Notes Payment Date, there is a balance on the Class E Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions, the principal amount payable on redemption of each Class E Note on such Notes Payment Date shall not exceed its Principal Amount Outstanding less the Class E Principal Shortfall on such Notes Payment Date. The Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class E Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

The Class S Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class S Notes after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

The Class X Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Class X Notes and any Class X Revenue Interest Amount after the date on which the Issuer no longer holds any Mortgage Receivables and there is no balance standing to the credit of the Issuer Transaction Accounts and the Issuer has no further rights under or in connection with any of the Transaction Documents.

(c) *Subordinated Step-up Consideration*

In the event that on any Notes Payment Date following the First Optional Redemption Date, prior to redemption in full of the Class A Notes, the Issuer has insufficient funds available to it to satisfy its obligations in respect of Class A Subordinated Step-up Consideration due on such Notes Payment Date, the amount available (if any) shall be applied towards satisfaction of the Class A Subordinated Step-up Consideration due on such Notes Payment Date to the holders of the Class A Notes on a *pro rata* and *pari passu* basis in accordance with the respective amount of Class A Subordinated Step-up Consideration to be distributed to the Class A Noteholders at such time. In the event of a shortfall, the Issuer shall debit the Class A Subordinated Step-up Consideration Deficiency Ledger with an amount equal to the amount by which the aggregate part of the Class A Subordinated Step-up Consideration paid on any Notes Payment Date in accordance with this Condition falls short of the aggregate Class A Subordinated Step-up Consideration payable on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4 and a *pro rata* share of such shortfall shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were an amount due, subject to this Condition, on each Class A Note on the next succeeding Notes Payment Date.

In the event that on any Notes Payment Date following the First Optional Redemption Date, prior to redemption in full of the Class B Notes, the Issuer has insufficient funds available to it to satisfy its obligations in respect of Class B Subordinated Step-up Consideration due on such Notes Payment Date, the amount available (if any) shall be applied towards satisfaction of the Class B Subordinated Step-up Consideration due on such Notes Payment Date to the holders of the Class B Notes on a *pro rata* and *pari passu* basis in accordance with the respective amount of Class B Subordinated Step-up Consideration to be distributed to the Class B Noteholders at such time. In the event of a shortfall, the Issuer shall debit the Class B Subordinated Step-up Consideration Deficiency Ledger with an amount equal to the amount by which the aggregate part of the Class B Subordinated Step-up Consideration paid on any Notes Payment Date in accordance with this Condition falls short of the aggregate Class B Subordinated Step-up Consideration payable on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4 and a *pro rata* share of such shortfall shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were an amount due, subject to this Condition, on each Class B Note on the next succeeding Notes Payment Date.

In the event that on any Notes Payment Date following the First Optional Redemption Date, prior to redemption in full of the Class C Notes, the Issuer has insufficient funds available to it to satisfy its obligations in respect of Class C Subordinated Step-up Consideration due on such Notes Payment Date, the amount available (if any) shall be applied towards satisfaction of the Class C Subordinated Step-up Consideration due on such Notes Payment Date to the holders of the Class C Notes on a *pro rata* and *pari passu* basis in accordance with the respective amount of Class C Subordinated Step-up Consideration to be distributed to the Class C Noteholders at such time. In the event of a shortfall, the Issuer shall debit the Class C Subordinated Step-up Consideration Deficiency Ledger with an amount equal to the amount by which the aggregate part of the Class C Subordinated Step-up Consideration paid on any Notes Payment Date in accordance with this Condition falls short of the aggregate Class C Subordinated Step-up Consideration payable on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4 and a *pro rata* share of such shortfall shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were an amount due, subject to this Condition, on each Class C Note on the next succeeding Notes Payment Date.

In the event that on any Notes Payment Date following the First Optional Redemption Date, prior to redemption in full of the Class D Notes, the Issuer has insufficient funds available to it to satisfy its obligations in respect of Class D Subordinated Step-up Consideration due on such Notes Payment Date, the amount available (if any) shall be applied towards satisfaction of the Class D Subordinated Step-up Consideration due on such Notes Payment Date to the holders of the Class D Notes on a *pro rata* and *pari passu* basis in accordance with the respective amount of Class D Subordinated Step-up Consideration to be distributed to the Class D Noteholders at such time. In the event of a shortfall, the Issuer shall debit the Class D Subordinated Step-up Consideration Deficiency Ledger with an amount equal to the amount by which the aggregate part of the Class D Subordinated Step-up Consideration paid on any Notes Payment Date in accordance with this Condition falls short of the aggregate Class D Subordinated Step-up Consideration payable on that date pursuant to Condition 4. Such shortfall shall not be treated as due on that date for the purposes of Condition 4 and a *pro rata* share of such shortfall shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were an amount due, subject to this Condition, on each Class D Note on the next succeeding Notes Payment Date.

Failure to pay any Subordinated Step-up Consideration will not cause an Event of Default.

(d) *Limited recourse*

In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement and any other amounts received by the Security Trustee, after payment of all other claims ranking under the Trust Agreement in priority to a Class of Notes, as applicable, are insufficient to pay in full all principal and interest, if any, and other amounts whatsoever due in respect of such Class of Notes, as applicable, the Noteholders of the relevant Class of Notes, as applicable, shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

**10. Events of Default**

The Security Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class (subject, in each case, to being indemnified to its satisfaction) (in each case, the "**Relevant Class**") shall (but in the case of the occurrence of any of the events mentioned in (b) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders of the Relevant Class) give an Enforcement Notice to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following shall occur (each an "**Event of Default**"):

- (a) default is made for a period of 14 days or more in the payment of the principal or interest on the Notes of the Relevant Class when and as the same ought to be paid in accordance with these Conditions, excluding the payment of any Subordinated Step-up Consideration; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Agreement, the Paying Agency Agreement or the Pledge Agreements and, except

where such failure, in the reasonable opinion of the Security Trustee, is incapable of remedy, such default continues for a period of 30 days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or

- (c) if a conservatory attachment (*saisie conservatoire*) or an executory attachment (*saisie exécution*) on any major part of the Issuer's assets is made and not discharged or released within a period of 45 days of its first being made; or
- (d) the Issuer has taken any winding-up resolution, has been declared bankrupt (*en faillite*) or has applied for general settlement or composition with creditors (*concordat préventif de faillite*), controlled management (*gestion contrôlée*) or moratorium or reprieve from payment (*sursis de paiement*), or is subject to any similar proceedings affecting the rights of creditors generally; or
- (e) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Trust Agreement or the Security,

provided that, if more than one Class of Notes is outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of any Class of Notes ranking junior to the Most Senior Class regardless of whether an Extraordinary Resolution is passed by the holder of such Class or Classes of Notes ranking junior to the Most Senior Class, unless an Enforcement Notice in respect of the Most Senior Class has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Most Senior Class, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Most Senior Class. In the event that an Enforcement Notice has been given by the Security Trustee, the Issuer shall notify the Swap Counterparty and the Noteholders thereof.

The delivery of an Enforcement Notice will be reported to the Noteholders without undue delay in accordance with Condition 13.

#### **11. Enforcement and Non-Petition**

- (a) At any time after the obligations under the Notes of any Class become due and payable, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Parallel Debt Agreement, the Trust Agreement, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Relevant Class and (ii) it shall have been indemnified to its satisfaction.
- (b) The Noteholders may not proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.
- (c) Neither the Noteholders and the Security Trustee nor any other party entitled to any claims against the Issuer in connection with the Notes (or any person acting on behalf of any of them) shall institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note has been paid in full. The Noteholders accept and agree that the only remedy against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

#### **12. Indemnification of the Security Trustee**

The Trust Agreement contains provisions for the indemnification of the Security Trustee and for its relief from responsibility. The Security Trustee is entitled to enter into commercial transactions with the Issuer and/or any other party to the Transaction Documents without accounting for any profit resulting from such transaction.

#### **13. Notices**

With the exception of the publications of the Reference Agent in Condition 4 and of the Issuer in Condition 6, all notices to the Noteholders will only be valid if published on [cm.intertrustgroup.com](http://cm.intertrustgroup.com) or, if such website shall cease to exist or timely publication thereon shall not be practicable, in such manner as the Security Trustee shall approve and, as long as the Notes are listed on Euronext Amsterdam, any notice will also be made to Euronext Amsterdam if such is a requirement of Euronext Amsterdam at the time of such notice. Any such notice shall be deemed to have been given on the first date of such publication. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given at such date, as the Security Trustee shall approve.

#### **14. Meetings of Noteholders; Modification; Consents; Waiver**

The Trust Agreement contains provisions for convening meetings of the Noteholders of any Class to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Transaction Documents. Instead of at a meeting, a resolution of the Noteholders of the relevant Class may be passed in writing - including by telegram or facsimile transmission, or in the form of a message transmitted by any accepted means of communication and received or capable of being produced in writing - provided that all Noteholders with the right to vote have voted in favour of the proposal.

(a) Meeting of Noteholders

A meeting of Noteholders may be convened by the Security Trustee as often as it reasonably considers desirable and shall be convened by the Security Trustee at the written request of (i) the Issuer or the Seller or (ii) by Noteholders of a Class or Classes holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class or Classes of the Notes.

(b) Quorum

The quorum for the adoption of an Extraordinary Resolution is two-thirds of the Principal Amount Outstanding of the Notes of the relevant Class or Classes, as the case may be, and for an Extraordinary Resolution approving a Basic Terms Change the quorum shall be at least seventy-five (75) per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes.

If at a meeting a quorum is not present, a second meeting will be held not less than fourteen (14) nor more than thirty (30) calendar days after the first meeting. At such second meeting an Extraordinary Resolution, including an Extraordinary Resolution approving a Basic Term Change, can be adopted regardless of the quorum represented at such meeting.

(c) Extraordinary Resolution

A Meeting shall have power, exercisable only by Extraordinary Resolution, without prejudice to any other powers conferred on it or any other person:

- a. to approve any proposal for a Basic Terms Change and for any other modification of any provisions of the Trust Agreement, the Conditions, the Notes or any other Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- b. to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Trust Agreement or the Notes or any act or omission which might otherwise constitute an Event of Default under the Notes;
- c. to authorise the Security Trustee (subject to it being indemnified and/or secured to its satisfaction) or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- d. to discharge or exonerate the Security Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Agreement or the Notes;
- e. to give any other authorisation or approval which under this Trust Agreement or the Notes is required to be given by Extraordinary Resolution; and
- f. to appoint any persons as a committee to represent the interests of Noteholders and to confer upon such committee any powers which Noteholders could themselves exercise by Extraordinary Resolution.

(d) Limitations

An Extraordinary Resolution validly passed at a Meeting of a Class of Notes shall be binding upon all Noteholders of such Class. An Extraordinary Resolution validly passed at any Meeting of the Most Senior Class shall be binding upon all Noteholders of a Class irrespective of the effect upon them, except that an Extraordinary Resolution approving a Basic Terms Change shall not be effective for any purpose unless it shall have been approved by Extraordinary Resolutions of Noteholders of each such Class or unless and to the extent that it shall not, in the sole opinion of the Security Trustee, be materially prejudicial to the interests of Noteholders of each such Class.

A resolution of Noteholders of a Class or by Noteholders of one or more Class or Classes shall not be effective for any purpose unless either: (i) the Security Trustee is of the opinion that it would not be materially prejudicial to the interests of Noteholders of any Higher Ranking Class or (ii) when it is approved by Extraordinary Resolutions of Noteholders of each such Higher Ranking Class. "**Higher Ranking Class**" means, in relation to any Class of Notes, each Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority to it in the Post-Enforcement Priority of Payments.

(e) *Modifications agreed with the Security Trustee*

The Security Trustee may agree with the other parties to any Transaction Document, without the consent of the Noteholders to (i) any modification of any of the provisions of the Trust Agreement, the Notes or any other Transaction Document which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Agreement, the Notes or any other Transaction Document which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that a Credit Rating Agency Confirmation is available in connection with such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In addition, the Security Trustee may agree, without the consent of the Noteholders, to (a) the entering into of a new Transaction Document by the Issuer with a successor of the relevant counterparty or (b) the transfer of the rights and obligations under a Transaction Document by the relevant counterparty to a successor provided that (i) a Credit Rating Agency Confirmation is available in connection with such transfer or contracting, (ii) the rights deriving from such new transaction document, if any, will be pledged to the Security Trustee and (iii) if the relevant counterparty will be a Secured Creditor, the relevant successor will accede to the Parallel Debt Agreement and will agree to be bound by the provisions thereof.

The Security Trustee may further agree with the other parties to any Transaction Document, without the consent of the Noteholders, to any modification of the relevant Transaction Documents (including the Swap Agreement) in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under EMIR, the CRA Regulation, the Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant supervisory regulators), the Securitisation Regulation, the Benchmark Regulation (subject to Condition 14(g)), the CRR Securitisation Amendment and/or for the securitisation transaction described in this Prospectus to qualify or continue to qualify as STS securitisation, subject to receipt by the Security Trustee of a certificate of the Issuer or the Swap Counterparty certifying to the Security Trustee that the amendments requested by the Issuer or the Swap Counterparty, as the case may be, are to be made solely for the purpose of enabling the Issuer or the Swap Counterparty, as the case may be, to satisfy its requirements under EMIR, the CRA Regulation, the Commission Delegated Regulation (EU) 2015/3 (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant supervisory regulators), the Securitisation Regulation, the Benchmark Regulation (subject to Condition 14(g)), the CRR Securitisation Amendment and/or for the securitisation transaction described in this Prospectus to qualify or continue to qualify as STS securitisation, provided that 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 or any other Secured Creditor (unless with its consent) to

any additional liability or (B) adding to or increasing the obligations, liabilities or duties, or decreasing the protections, of the Security Trustee or any other Secured Creditor (unless with its consent) in respect of the Notes, the relevant Transaction Documents and/or the Conditions and further provided that the Security Trustee has received written confirmation from the Swap Counterparty that it has consented to such amendment.

(f) Swap Counterparty prior consent rights

The Swap Counterparty's written consent is required for any amendment, such consent not to be unreasonably withheld or delayed, (i) to clause 4 of the Servicing Agreement, (ii) which constitutes a Basic Terms Change, (iii) to the Issuer's right to sell or assign the Mortgage Receivables under the Transaction Documents or to redeem the Notes under the Conditions, (iv) to the Transaction Documents, the Conditions or the Interest Rate Policy Letter or (v) to this Condition 14(f) and clause 19.3 of the Trust Agreement, which in the Swap Counterparty's reasonable opinion will have a material adverse impact on the currency, amount, timing or priority of payments due to be made by or to the Swap Counterparty under either the Swap Agreement or the NAMS Rebalancing Agreement. Furthermore, the Swap Counterparty's written consent is required for any restructuring of the Notes or structuring of new notes pursuant to Condition 6(e) (*Remarketing Call Option*), such consent not to be unreasonably withheld or delayed. In case of an amendment which constitutes a Basic Terms Change, no such consent will be required if the Swap Counterparty fails to respond within ten (10) Business Days of written request by the Security Trustee.

(g) Modification to facilitate Replacement Reference Rate with consent of the Noteholders

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Paying Agent 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 in Condition 4(j) (*Replacement Reference Rate*) that they do not consent to the modification to change the Reference Rate to a Replacement Reference Rate, 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 this Condition 14 (*Meetings of Noteholders; Modification; Consents; Waiver*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

## 15. Replacement of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the office of the Paying Agent upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered, in the case of Notes together with all unmatured Coupons appertaining thereto, in the case of Coupons together with the Note and all unmatured Coupons to which they appertain (*mantel en blad*), before replacements will be issued.

## 16. Governing Law and Jurisdiction

The Notes and Coupons are governed by, and will be construed in accordance with, Dutch law. Any disputes arising out of or in connection with the Notes and Coupons, including, without limitation, disputes relating to any non-contractual obligations arising out of or in relation to the Notes and Coupons, shall be submitted to the exclusive jurisdiction of the competent courts of Amsterdam, the Netherlands. The provisions of articles 470-1 to 470-19 of the Luxembourg law of 10 August 1915, as amended, are expressly excluded.

## 4.2 FORM

Each Class of Notes shall be initially represented by a Temporary Global Note in bearer form, without coupons, (i) in the case of the Class A Notes in the principal amount of EUR 345,800,000, (ii) in the case of the Class B Notes in the principal amount of EUR 8,550,000, (iii) in the case of the Class C Notes in the principal amount of EUR 8,550,000, (iv) in the case of the Class D Notes in the principal amount of EUR 5,700,000, (v) in the case of the Class E Notes in the principal amount of EUR 11,400,000, (vi) in the case of the Class S Notes in the principal amount of EUR 7,600,000 and (vii) in case of the Class X Notes in the principal amount of EUR 500,000. Each Temporary Global Note will be deposited with the Common Safekeeper on or about the Closing Date. Upon deposit of each such Temporary Global Note, the Common Safekeeper will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than the Exchange Date for interests in a Permanent Global Note in bearer form, without coupons, in the principal amount of the Notes of the relevant Class. On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class of Notes, the Permanent Global Note will remain deposited with the Common Safekeeper.

The 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 one of the ICSDs as common safekeeper and does not necessarily mean that the Class A Notes will be recognised as Eurosystem Eligible Collateral either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction at the Eurosystem's discretion of the Eurosystem eligibility criteria. The Notes, other than the Class A Notes, are not intended to be held in a manner which allows their Eurosystem eligibility. The Notes represented by a Global Note are held in book-entry form.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for Notes in definitive form only in the circumstances described below. Such Notes in definitive form shall be issued in minimum denominations of EUR 125,000 and in integral multiples of EUR 1,000 in excess thereof with a maximum denomination of EUR 249,000 or, as the case may be, in the then Principal Amount Outstanding of the Notes on such exchange date. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-U.S. beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate, in the minimum authorised denomination of EUR 125,000 and in integral multiples of EUR 1,000 in excess thereof with a maximum denomination of EUR 249,000. Notes in definitive form, if issued, will only be printed and issued in denominations of EUR 125,000 and in integral multiples of EUR 1,000 in excess thereof with a maximum denomination of EUR 249,000. No Notes in definitive form will be issued with a denomination above EUR 249,000. All such definitive Notes will be serially numbered and will be issued in bearer form and with (at the date of issue) Coupons and, if necessary, talons attached.

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice delivered on or prior to 4.00 p.m. (local time) on a Business Day in the city in which it was delivered shall be deemed to have been given to the holder of the Global Notes on such Business Day. A notice delivered after 4.00 p.m. (local time) on a Business Day in the city in which it was delivered will be deemed to have been given to the holders of the Global Notes on the next following Business Day in such city.

For so long as the Notes of a particular Class are represented by a Global Note, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of that Class of Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of that Class of Notes and the expression "**Noteholder**" shall be construed accordingly, but without prejudice to the entitlement of the bearer of the relevant Global Note to be paid principal thereon and interest with respect thereto in accordance with and subject to its terms. Any statement in writing issued by Euroclear or Clearstream, Luxembourg as to the persons shown in its records as being entitled to such Notes and the respective principal amount of such Notes held by them shall be conclusive for all purposes.

If after the Exchange Date (i) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee and the Issuer is available, or (ii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes which would not be required if the Notes were in definitive form, then the Issuer will, at its sole cost and expense, issue:

- (i) Class A Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A Notes; and
- (ii) Class B Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class B Notes; and
- (iii) Class C Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class C Notes; and
- (iv) Class D Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class D Notes; and
- (v) Class E Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class E Notes; and
- (vi) Class S Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class S Notes; and
- (vii) Class X Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class X Notes,

in each case within 30 days of the occurrence of the relevant event.

The provisions of articles 470-1 to 470-19 of the Luxembourg law of 10 August 1915, as amended, are expressly excluded.

#### **Application of Dutch Savings Certificates Act in respect of the Class E Notes and the Class S Notes**

Unless between individuals not acting in the conduct of a business or profession, each transaction regarding the Class E Notes and the Class S Notes which involves the physical delivery thereof within, from or into the Netherlands, must be effected (as required by the Dutch Savings Certificates Act (*Wet Inzake Spaarbewijzen*) of 21st May, 1985) (as amended) and its implementing regulations through the mediation of the Issuer or an admitted institution of Euronext Amsterdam and must be recorded in a transaction note which includes the name and address of each party to the transaction, the nature of the transaction and the details and serial number of the relevant Class E Note and Class S Note, provided that no such mediation and/or recording is required: (a) in respect of the transfer and acceptance of rights representing an interest in the Class E Notes and the Class S Notes and, following the First Optional Redemption Date, the Class X Notes in global form or (b) in respect of the initial issue of the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X 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 the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X Notes within, from or into the Netherlands if all the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X Notes (either in definitive form or as rights representing an interest in the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X 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.

### 4.3 SUBSCRIPTION AND SALE

Each of the Joint Lead Managers has in the Senior Subscription Agreement agreed with the Issuer, subject to certain conditions, to purchase the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes at their respective issue prices. Furthermore, the Seller has in the Class E-S-X Notes Purchase Agreement agreed with the Issuer, subject to certain conditions, to purchase the Class E Notes, the Class S Notes and the Class X Notes at their respective issue prices. The Issuer, the Seller and certain other parties have agreed to indemnify and reimburse the Arrangers and the Joint Lead Managers against certain liabilities and expenses in connection with the issue of the Notes.

The Issuer as an unregulated securitisation vehicle under the Securitisation Act is not authorised to issue Notes to the public on a continuous basis, unless prior authorisation of and approval from the Luxembourg Financial Sector Supervisory Authority (*Commission de Surveillance du Secteur Financier*) has been obtained for the purpose of an authorisation under the Securitisation Act.

The issuance of the Notes is not designed to comply with the U.S. Risk Retention Rules other than the exemption under Section 246.20 of the U.S. Risk Retention Rules.

Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S.

Each purchaser of Notes, including beneficial interests therein, will be deemed to represent and agree that: (i) it is not a Risk Retention U.S. Person (unless it is a Risk Retention U.S. Person that has obtained the prior written consent of the Seller to purchase the relevant Notes within the restrictions set forth in the exemption provided for in Section 246.20 of the U.S. Risk Retention Rules), (ii) it is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (iii) it 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 Notes may not be sold to, or for the account or benefit of, U.S. persons except (i) pursuant to an exemption from, or in a transaction not subject to the registration requirements of, the Securities Act and (ii) only with the prior written consent of the Seller, in accordance with an exemption from the U.S. Risk Retention Rules.

Each of the Seller and the Issuer has, pursuant to the Notes Purchase Agreements agreed and acknowledged that none of the Joint Lead Managers, the Security Trustee or the Arrangers, or any other person shall have any responsibility for determining the proper characterisation of potential investors (including whether such investor is a Risk Retention U.S. Person) for the requirements of the U.S. Risk Retention Rules or for determining the availability of the exemption provided for in Section 246.20 of the U.S. Risk Retention Rules, and none of the Joint Lead Managers, the Security Trustee or the Arrangers, or any other person accepts any liability or responsibility whatsoever for any such determination.

#### **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 which are the subject of the offering contemplated by this Prospectus to any retail investor in the European Economic Area. For the purposes of this provision:

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 (EU) 2016/97 ("**Insurance Distribution Directive**") where in both instances (i) and this (ii) that client or customer, as applicable, 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; and

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.

### France

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not made and will not make any communication by any means about the offer to the public in France, and has not distributed, released or issued or caused to be distributed, released or issued and will not distribute, release or issue or cause to be distributed, released or issued to the public in France, or used in connection with any offer for subscription or sale of the Notes to the public in France, this Prospectus, or any other offering material relating to the Notes, and that such offers, sales, communications and distributions have been and shall be made in France only to (a) authorised providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*) or a restricted circle of investors (*cercle restreint d'investisseurs*), in each case, acting for their own account, all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French Code monétaire et financier.

In addition, pursuant to article 211-3 of the Règlement Général of the French Autorité des Marchés Financiers (AMF), each Joint Lead Manager must disclose to any investors in a private placement as described in the above that: (i) the offer does not require a prospectus to be submitted for approval to the AMF, (ii) persons or entities mentioned in sub-paragraph 2° of paragraph II of article L. 411-2 of the French Code monétaire et financier (i.e., qualified investors (*investisseurs qualifiés*) or a restricted circle of investors (*cercle restreint d'investisseurs*) mentioned above) may take part in the offer solely for their own account, as provided in articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code monétaire et financier and (iii) the financial instruments thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code monétaire et financier.

### Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and accordingly, each Joint Lead Manager has represented and agreed that save as set out below, it has not offered or sold and will not offer or sell any Notes in the Republic of Italy in an offer to the public and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Accordingly, each Joint Lead Manager has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Prospectus and any other document relating to the Notes in the Republic of Italy other than:

- (i) to "qualified investors", as referred to in article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Decree No. 58**") and defined in article 34-ter, paragraph 1, let. b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"); or
- (ii) in any other circumstances which are exempted from the rules on public offerings, as provided under Decree No. 58 and its implementing CONSOB Regulations including, Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58 CONSOB Regulation No. No. 20307 of 15 February 2018, as amended and any other applicable laws and regulations;
- (b) in compliance with article 129 of Legislative Decree No. 385 of 1 September 1993, as amended and the relevant implementing guidelines of the Bank of Italy, as amended from time to time, with regard, *inter alia*, to the reporting obligations required ; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy.

### **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, 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 any Notes in, from or otherwise involving the United Kingdom.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

The Notes are in bearer form and 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, or for the account or benefit of, a U.S. person. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations thereunder.

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

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

### **The Netherlands**

Each Joint Lead Manager has represented and agreed that the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X Notes, being notes to bearer that constitute a claim for a fixed sum against the Issuer and on which no interest is due, 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 the Class E Notes and the Class S Notes and, following the First Optional Redemption Date, the Class X Notes in global form or (b) in respect of the initial issue of the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X 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 the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X Notes within, from or into the Netherlands if all the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X Notes (either in definitive form or as rights representing an interest in the Class E Notes and Class S Notes and, following the First Optional Redemption Date, the Class X 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.

### **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**)). Accordingly, each Joint Lead Manager has agreed and each further Joint Lead Manager appointed will be required to agree, that it has not, directly or indirectly, offered or sold and will

not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein 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, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan.

**General**

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

Each Joint Lead Manager has undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish this Prospectus or any other material relating to the Notes in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of the Notes by such Joint Lead Manager will be made on the same terms.

Notwithstanding the foregoing, the Joint Lead Managers will not have any liability to the Issuer, the Seller, the Originator or any other person, for compliance with the U.S. Risk Retention Rules by the Issuer, the Seller, the Originator or any other person, prior to, on or after the Closing Date.

#### 4.4 REGULATORY AND INDUSTRY COMPLIANCE

##### Retention and disclosure requirements under the Securitisation Regulation

###### *Risk Retention and Related Disclosure Requirements*

Ember VRM S.à r.l., in its capacity as originator, within the meaning of the Securitisation Regulation, has undertaken to the Issuer, the Security Trustee and the Joint Lead Managers that it shall retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus, in accordance with article 6 of the Securitisation Regulation. On the Closing Date, such material net economic interest is retained in accordance with item 3(d) of article 6 of the Securitisation Regulation by the retention of the Class E Notes and the Class S Notes, having a nominal amount equal to not less than 5% of the sum of (i) the aggregate Outstanding Principal Amount of the Mortgage Receivables and (ii) the Pre-funded Amount. The Senior Subscription Agreement includes a representation and warranty of the Seller that it acts as the originator (as defined in the Securitisation Regulation) of the transaction described in this Prospectus and as to its compliance with article 6(1) and 6(3)(d) of the Securitisation Regulation. In addition to the information set out herein and forming part of this Prospectus, the Seller, as designated entity under article 7(2) of the Securitisation Regulation, has undertaken to make available materially relevant information to investors in accordance with and as required pursuant to article 7 of the Securitisation Regulation so that investors are able to verify compliance with article 6 of the Securitisation Regulation. Each prospective Noteholder should ensure that it complies with the Securitisation Regulation to the extent applicable to it.

###### *Disclosure Requirements*

In the Mortgage Receivables Purchase Agreement, the Issuer and the Seller have amongst themselves designated the Seller for the purpose article 7(2) of the Securitisation Regulation. The Seller, or the Issuer or any other party on its behalf, will make available to Noteholders, to the competent authorities referred to in article 29 of the Securitisation Regulation and, upon request, to potential investors, on the website of European DataWarehouse (<http://www.eurodw.eu/edwin.html>), which website (a) includes a well-functioning data quality control system, (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website, (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk, (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information and (e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation or any other website as selected by the Seller which fulfils the requirements set out in article 7(2) of the Securitisation Regulation, and, from the moment that a securitisation repository has been designated within the meaning of article 10 of the Securitisation Regulation and appointed for the transaction described in this Prospectus, through such securitisation repository:

- (i) until the final regulatory technical standards pursuant to article 7(3) of the Securitisation Regulation have been adopted and become applicable:
  - a. in accordance with article 7(1)(a) of the Securitisation Regulation, make available on a quarterly basis certain loan-by-loan information in relation to the Mortgage Receivables in respect of each Notes Calculation Period in the form of the standardised template set out in Annex I of Delegated Regulation (EU) 2015/3; and
  - b. in accordance with article 7(1)(e) of the Securitisation Regulation, make available a quarterly investor report in respect of each Notes Calculation Period in the form of the standardised template set out in Annex I and Annex VIII of Delegated Regulation (EU) 2015/3;
- (ii) as soon as reasonably practicable once such final regulatory technical standards and final implementing technical standards for the purpose of compliance with article 7 of the Securitisation Regulation pursuant to article 7(3) of the Securitisation Regulation have been adopted and become applicable:
  - a. in accordance with article 7(1)(a) of the Securitisation Regulation, make available on a quarterly basis certain loan-by-loan information in relation to the Mortgage Receivables in respect of each Notes Calculation Period in the form of the final disclosure templates as adopted in such final regulatory technical standards and final implementing technical standards; and

- b. in accordance with article 7(1)(e) of the Securitisation Regulation, make available a quarterly investor report in respect of each Notes Calculation Period, in the form of the final disclosure templates as adopted in such final regulatory technical standards and final implementing technical standards,
- (iii) without delay, in accordance with article 7(1)(f) of the Securitisation Regulation, any inside information relating to the transaction described in this Prospectus; and
- (iv) without delay, in accordance with article 7(1)(g) of the Securitisation Regulation, any significant event such as (a) a material breach of the obligations laid down in the Transaction Documents, (b) a change in the structural features that can materially impact the performance of the securitisation, (c) a change in the risk characteristics of the transaction described in this Prospectus or of the Mortgage Receivables that can materially impact the performance of the transaction described in this Prospectus, (d) if the transaction described in this Prospectus ceases to meet the STS requirements or if competent authorities have taken remedial or administrative actions and (e) any material amendments to the Transaction Document.

In addition, the Seller, or the Issuer or any other party on its behalf, has made available and will make available, as applicable, to the above mentioned parties:

- (i) before pricing of the Notes at least in draft or initial form and, at the latest 15 calendar days after the Closing Date, in final form, all underlying documents that are essential for the understanding of the transaction described in this Prospectus, which are listed in Section 8 (*General*) under item (13), as required by article 7(1)(b) of the Securitisation Regulation, on the aforementioned website;
- (ii) before pricing of the Notes at least in draft or initial form and on or around the Closing Date in final form, the STS notification referred to in article 27 of the Securitisation Regulation, on the aforementioned website, as required by article 7(1)(d) of the Securitisation Regulation;
- (iii) before pricing of the Notes, via Bloomberg and/or Intex, a liability cash flow model of the transaction described in this Prospectus which precisely represents the contractual relationship between the Mortgage Receivables and the payments flowing between the Originator, the Seller, the Noteholders, other third parties and the Issuer, which shall remain to be made available to Noteholders on an ongoing basis and to potential investors upon request, as required by article 22(3) of the Securitisation Regulation; and
- (iv) before pricing of the Notes, information on the Mortgage Receivables.

Furthermore, the Seller has made available and will make available, as applicable:

- (i) the underwriting standards pursuant to which the Mortgage Loans are originated and any material changes to such underwriting standards pursuant to which the Mortgage Loans are originated to potential investors without undue delay, as required by article 20(10) of the Securitisation Regulation; and
- (ii) to potential investors before pricing, data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar mortgage loans and mortgage receivables to those being securitised, and the sources of those data and the basis for claiming similarity, which data cover a period of not shorter than five years, as required by article 22(1) of the Securitisation Regulation (see also Section 6.1 (*Stratification Tables*)).

Without prejudice to the information to be made available by the Seller in accordance with article 7 of the Securitisation Regulation, the Issuer shall, also on behalf of the Seller, include on a monthly basis in the Portfolio and Performance Report or, as the case may be, on a quarterly basis in the Notes and Cash Report, information on the Mortgage Receivables (as required by article 7(1)(a) of the Securitisation Regulation) and all materially relevant data on the credit quality and performance of the Mortgage Loans and the Mortgage Receivables, information about events which trigger changes in the Priorities of Payments or the replacement of counterparties of the Issuer, data on the cash flows generated by the Mortgage Receivables and by the liabilities of the Issuer under the Transaction Documents and information about the risk retained, including information on which of the modalities provided for in article 6(3) of the Securitisation Regulation has been applied, in accordance with article 6 of the Securitisation Regulation (each as required by article 7(1)(e) of the Securitisation Regulation). Such investor reports are based on

the templates published by the DSA on its website. The Issuer shall, also on behalf of the Seller, as soon as reasonably possible, once the standardised templates for the purpose of compliance with article 7 of the Securitisation Regulation are adopted by the European Commission replace Investor Reports based on templates published by the Dutch Securitisation Association with Investor Reports based on the templates adopted pursuant to article 7 of the Securitisation Regulation. The Issuer, or the Issuer Administrator on its behalf, shall also make available prior to the Closing Date, loan-by-loan information, which information will be updated within one month after each Notes Payment Date.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with article 5 of the Securitisation Regulation and none of the Issuer, the Security Trustee, the Seller, the Originator, the Arrangers and/or the Joint Lead Managers makes any representation that the information described above is sufficient in all circumstances for such purposes.

#### *Seller's Policies and Procedures Regarding Credit Risk Mitigation*

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

- (a) an assessment of the origination procedures employed in relation to the Mortgage Loans, including the criteria for 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 (*Origination and Servicing*) of this Prospectus;
- (b) systems to administer and monitor the various credit-risk bearing portfolios and exposures, as to which the Mortgage Loans will be serviced in line with the servicing procedures of the Seller, see the information set out in Section 3.5 (*Servicers*), Section 6.3 (*Origination and Servicing*) and Section 7.5 (*Servicing Agreement*) of this Prospectus;
- (c) adequate diversification within the credit portfolio given the Seller's target market and overall credit strategy, as to which, in relation to the Mortgage Loans, please see Section 6.2 (*Description of the Loans*) of this Prospectus; and
- (d) policies and procedures in relation to risk mitigation techniques, as to which please see the information set out in Section 3.5 (*Servicer*), Section 6.3 (*Origination and Servicing*) and Section 7.5 (*Servicing Agreement*) of this Prospectus.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with each of the Securitisation Regulation and none of the Portfolio Manager, the Seller, the Arrangers, the Originator nor the Joint Lead Managers makes any representation that the information described above is sufficient in all circumstances for such purposes. In addition each prospective Noteholder should ensure that they comply with the implementing provisions in respect of the Securitisation Regulation in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

For further information please refer to the Risk Factor entitled "*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*" in Section 2 (*Risk factors*).

#### *STS Statements*

Pursuant to article 18 of the Securitisation Regulation a number of requirements should be met if Ember as originator and the Issuer as SSPE (each for the purpose of the Securitisation Regulation), wish to use the designation 'STS' or 'simple, transparent and standardised' for securitisation transactions initiated by them. The Seller will submit an STS notification to ESMA on or prior to the Closing Date in accordance with article 27 of the Securitisation Regulation, pursuant to which compliance with the requirements of articles 19 to 22 of the Securitisation Regulation has been notified with the intention that the securitisation transaction described in this Prospectus is to be included in the list administered by ESMA within the meaning of article 27 of the Securitisation Regulation.

The Seller and the Issuer have used the service of PCS, a third party authorised pursuant to article 28 of the Securitisation Regulation, to verify whether the securitisation transaction described in this Prospectus complies with

articles 19 to 22 of the Securitisation Regulation and the compliance with such requirements is expected to be verified by PCS on the Closing Date. However, neither the Seller nor the Issuer gives explicit or implied representation or warranty as to (i) inclusion in the list administered by ESMA within the meaning of article 27 of the Securitisation Regulation, (ii) that the securitisation transaction described in this Prospectus does or continues to comply with the Securitisation Regulation and (iii) that this securitisation transaction does or continues to be recognised or designated as 'STS' or 'simple, transparent and standardised' within the meaning of article 18 of the Securitisation Regulation after the date of this Prospectus.

Without prejudice to the above the Seller and the Issuer confirm the following to the extent relating to it, which confirmations are made on the basis of the information available with respect to the Securitisation Regulation and related regulations and interpretations (including, without limitation, the EBA STS Guidelines Non-ABCP Securitisations) and regulations and interpretations in draft form and/or not yet entered into force at the time of this Prospectus (including, without limitation, the RTS Homogeneity), and are subject to any changes made therein after the date of this Prospectus:

- a) for confirming compliance with articles 20(1) and 20(4) of the Securitisation Regulation, (i) pursuant to a mortgage receivables purchase agreement dated 10 March 2016 between the Seller and the Originator and under multiple deeds of sale and assignment between the Seller and the Originator and registration of such deeds of sale and assignment with the Dutch tax authorities, the Seller purchased and accepted assignment of the Mortgage Receivables from the Originator as a result of which legal title to the Mortgage Receivables was transferred to the Seller and such purchase and assignment is enforceable against the Originator and/or any third party of the Originator and (ii) (a) pursuant to a warehouse mortgage receivables purchase agreement and multiple deeds of sale and assignment between the Seller and Cartesian Warehouse 3 S.A. and registration of such deeds of sale and assignment with the Dutch tax authorities, Cartesian Warehouse 3 S.A. purchased and accepted assignment of the Mortgage Receivables from the Seller as a result of which legal title to the Mortgage Receivables was transferred to Cartesian Warehouse 3 S.A. and such purchase and assignment was enforceable against the Seller and/or any third party of the Seller and (b) pursuant to a deed of repurchase and reassignment between Cartesian Warehouse 3 S.A. and the Seller and registration of such deed of repurchase and reassignment with the Dutch tax authorities prior to the closing on or before the Closing Date, the Seller repurchased and accepted reassignment of the Mortgage Receivables from Cartesian Warehouse 3 S.A. as a result of which legal title to the Mortgage Receivables was retransferred to the Seller and such repurchase and reassignment is enforceable against Cartesian Warehouse 3 S.A. and/or any third party of Cartesian Warehouse 3 S.A., and as a result thereof article 20(5) of the Securitisation Regulation is not applicable; this is also confirmed by legal opinions of NautaDutilh N.V. and NautaDutilh Avocats Luxembourg S.à r.l., respectively, qualified external legal counsels with experience in the field of securitisations, which legal opinions have been made available to PCS, being the third party certification agent in respect of this transaction authorised pursuant to article 28 of the Securitisation Regulation and to any relevant competent authority referred to in article 29 of the Securitisation Regulation (see also items (b) and (c) below and Section 7.1 (*Purchase, repurchase and sale*));
- b) for confirming compliance with article 20(1) of the Securitisation Regulation, pursuant to the Mortgage Receivables Purchase Agreement the Issuer will purchase on the Signing Date and will under the initial Deed of Assignment and Pledge and registration thereof with the Dutch tax authorities on the Closing Date accept assignment of the Mortgage Receivables from the Seller and will purchase and accept assignment on any Purchase Date under any subsequent Deed of Assignment and Pledge and registration thereof with the Dutch tax authorities of New Mortgage Receivables and/or Further Advance Receivables, as the case may be, from the Seller, as a result of which legal title to the Mortgage Receivables is transferred to the Issuer and such purchase and assignment will be enforceable against the Seller and/or any third party of the Seller, and as a result thereof article 20(5) of the Securitisation Regulation is not applicable; this is also confirmed by legal opinions of NautaDutilh N.V. and NautaDutilh Avocats Luxembourg S.à r.l., respectively, qualified external legal counsels with experience in the field of securitisations, which legal opinions have been made available to PCS, being the third party certification agent in respect of this transaction authorised pursuant to article 28 of the Securitisation Regulation and to any relevant competent authority referred to in article 29 of the Securitisation Regulation (see also item (a) above, item (c) below and Section 7.1 (*Purchase, repurchase and sale*));
- c) for confirming compliance with article 20(2) of the Securitisation Regulation, neither the Dutch Bankruptcy Act (*Faillissementswet*) nor the Recast Insolvency Regulation nor Luxembourg insolvency laws contain severe

clawback provisions as referred to in article 20(2) of the Securitisation Regulation or re-characterisation provisions and, in addition, the Seller will represent on the Closing Date and, as applicable, the relevant Purchase Date to the Issuer in the Mortgage Receivables Purchase Agreement that (a) its COMI and the COMI of Cartesian Warehouse 3 S.A. is situated in the Grand-Duchy of Luxembourg, (b) the COMI of the Originator is situated in the Netherlands and (c) neither it nor the Originator nor Cartesian Warehouse 3 S.A. is subject to any one or more of the insolvency and winding-up proceedings listed in Annex A to the Recast Insolvency Regulation in any EU Member State and has not been dissolved (*ontbonden; dissolution*), granted a suspension of payments (*surseance van betaling; sursis de paiement*), or for bankruptcy (*faillissement; faillite*) (see also Section 3.4 (*Seller & Originator*));

- d) for confirming compliance with the relevant requirements, among other provisions, set forth in articles 20(6), 20(7), 20(8), 20(9), 20(10), 20(11) and 20(12) of the Securitisation Regulation, only Mortgage Receivables resulting from Mortgage Loans which satisfy the Mortgage Loan Criteria and, if applicable, the Additional Purchase Conditions and the representations and warranties made by the Seller in the Mortgage Receivables Purchase Agreement and as set out in Section 7.2 (*Representations and warranties*) will be purchased by the Issuer (see also Section 7.1 (*Purchase, repurchase and sale*), Section 7.2 (*Representations and warranties*), Section 7.3 (*Mortgage Loan Criteria*) and Section 7.4 (*Portfolio Conditions*));
- e) the representations and warranties, the Mortgage Loan Criteria, the Additional Purchase Conditions and the Transaction Documents do not allow for active portfolio management of the Mortgage Receivables on a discretionary basis (see also Section 6.1 (*Purchase, Repurchase and Sale*) and the New Mortgage Receivables and the Further Advance Receivables transferred to the Issuer after the Closing Date shall meet the representations and warranties, including the Mortgage Loan Criteria;
- f) the Mortgage Receivables are homogeneous in terms of asset type, taking into account the cash flows and the contractual, credit risk and prepayment characteristics of the Mortgage Receivables and have defined periodic payment streams within the meaning of article 20(8) of the Securitisation Regulation and the regulatory technical standards as contained in article 1(a)(i) of the RTS Homogeneity (see also the paragraph below and the Section 6.1 (*Stratification Tables*)). The Mortgage Loans from which the Mortgage Receivables result (i) have been underwritten according to similar underwriting standards which apply similar approaches to the assessment of credit risk associated with the Mortgage Loans and without prejudice to article 9(1) of the Securitisation Regulation, (ii) are serviced according to similar servicing procedures with respect to monitoring, collection and administration of Mortgage Receivables from the Mortgage Loans, (iii) fall within the same asset category of residential loans secured with one or several mortgages on residential immovable property and (iv), in accordance with the homogeneity factors set forth in article 20(8) of the Securitisation Regulation and article 2(1) of the RTS Homogeneity, (a) are secured by a first ranking Mortgage or, in the case of Mortgage Loans (including, as the case may be, any Further Advance) secured on the same Mortgaged Asset, a first and sequentially lower ranking Mortgage over (i) real estate (*onroerende zaak*), (ii) an apartment right (*appartementsrecht*) or (iii) a long lease (*erfpacht*), in each case situated in the Netherlands and (b) as far as the Seller or the Originator is aware, having made all reasonable inquiries, including with the Originator and the Servicer, each of the Mortgaged Assets is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination and such residential letting is not permitted under the relevant Mortgage Conditions. The criteria set out in (i) up to and including (iv) are derived from article 20(8) Securitisation Regulation and the RTS Homogeneity, the final draft of which has been formally adopted by the European Commission but has not yet come into force on the date of this Prospectus;
- g) the Mortgage Loans are serviced according to similar servicing procedures with respect to monitoring, collection and administration as other mortgage receivables of the Seller not transferred to the Issuer (see also Section 6.3 (*Origination and Servicing*));
- h) the Mortgage Receivables have been selected by the Seller from a larger pool by applying the Mortgage Loan Criteria and Additional Purchase Conditions and selecting all eligible loans;
- i) for confirming compliance with article 20(10) of the Securitisation Regulation, the Originator has the required expertise in originating residential mortgage loans which are of a similar nature as the Mortgage Loans (taking the EBA STS Guidelines Non-ABCP Securitisations into account), as Stater Nederland B.V. and HypoCasso B.V. (who, on behalf of the Originator, carry out all administrative activities regarding the offering, the review and acceptance for mortgages) have the relevant experience in the origination of mortgage loans similar to the

Mortgage Loans for at least 5 years (see also Section 6.3 (*Origination and Servicing*)), both directors of the Originator have relevant experience in the origination of mortgage loans similar to the Mortgage Loans, at a personal level, for at least 5 years and senior staff, other than the directors, who are responsible for managing the Originator's origination of mortgage loans similar to the Mortgage Loans have the relevant professional experience in the origination of mortgage loans of a similar nature to the Mortgage Loans, at a personal level, for at least 5 years;

- j) for confirming compliance with article 20(11) of the Securitisation Regulation, (i) the Mortgage Receivables that will be assigned to the Issuer on the Closing Date have been selected on the initial Cut-Off Date and (ii) any New Mortgage Receivables and Further Advance Receivables that will be assigned to the Issuer on any Purchase Date will result from New Mortgage Loans and Further Advances, respectively, that have been granted or, as applicable, selected during the immediately preceding Mortgage Calculation Period and each such assignment therefore occurs in the Seller's view without undue delay (see also Section 6.1 (*Stratification tables*) and Section 7.1 (*Purchase, Repurchase and Sale*)).
- k) for confirming compliance with article 20(13) of the Securitisation Regulation and the EBA STS Guidelines Non-ABCP Securitisations, the repayments to be made to the Noteholders have not been structured to depend predominantly on the sale of the Mortgaged Assets securing the Mortgage Loans (see also Section 6.2 (*Description of Mortgage Loans*));
- l) for confirming compliance with article 21(2) of the Securitisation Regulation, the interest rate risks are appropriately mitigated, as the Hedging Agreements are entered into to reduce the potential interest rate mismatch between the interest payable by Borrowers on the Swap Mortgage Receivables, which is calculated on the basis of a variety of different rates and is set on a number of different interest fixing dates, and interest payable on the Rated Notes, which is calculated on the basis of three month Euribor plus a specified margin (see Section 5.4 (*Hedging*)). No currency risk applies to the transaction. Other than the Hedging Agreements, no derivative contracts are entered into by the Issuer and no derivative contracts are included in the pool of underlying exposures;
- m) for confirming compliance with article 21(3) of the Securitisation Regulation and the EBA STS Guidelines Non-ABCP Securitisations, the Mortgage Receivables result from Mortgage Loans having a fixed rate of interest and therefore there are no referenced interest payments under the Mortgage Loans (see also Section 6.3 (*Origination and servicing*));
- n) for confirming compliance with article 21(4) of the Securitisation Regulation, after the Enforcement Date, no amount of cash is trapped in the Issuer in accordance with the Transaction Documents and the Notes will amortise sequentially (see also Section 5 (*Credit Structure*), in particular Section 5.2 (*Priorities of Payments*) and no automatic liquidation for market value of the Mortgage Receivables is required under the Transaction Documents (see also Conditions 10 and 11 and Section 7.1 (*Purchase, Repurchase an Sale*));
- o) for confirming compliance with article 21(6) of the Securitisation Regulation, any New Mortgage Receivables may only be sold and assigned to the Issuer during the Pre-funded Period, which ends on the Mortgage Collection Payment Date falling in November 2019;
- p) for confirming compliance with article 21(7) of the Securitisation Regulation, the contractual obligations, duties and responsibilities of the Servicer are set forth in the Servicing Agreement (including the processes and responsibilities to ensure that a substitute servicer shall be appointed upon the occurrence of a termination event under the Servicing Agreement), a summary of which is included in Section 7.5 (*Servicing Agreement*), the contractual obligations, duties and responsibilities of the Issuer Administrator are set forth in the Administration Agreement, a summary of which is included in 5.7 (*Administration Agreement*), the contractual obligations, duties and responsibilities of the Security Trustee are set forth in the Trust Agreement, a summary of which is included in Section 3.3 (*Security Trustee*) and Section 4.1 (*Terms and Conditions*), the provisions that ensure the replacement of the Swap Counterparty upon the occurrence of certain events are set forth in the Hedging Agreements (see also Section 5.4 (*Hedging*)), the provisions that ensure the replacement of the Issuer Account Bank upon the occurrence of certain events are set forth in the Issuer Account Agreement (see also Section 5.6 (*Issuer Accounts*)) and the relevant rating triggers for potential replacements are set forth in the definition of Requisite Credit Rating.

- q) for confirming compliance with article 21(8) of the Securitisation Regulation, the Servicer has the appropriate expertise in servicing the Mortgage Receivables (taking the EBA STS Guidelines Non-ABCP Securitisations into account) as it has previously been an admitted institution of Quion Group B.V. and is currently an admitted institution of Venn Hypotheken and has the benefit of the license of Venn Hypotheken as intermediary (*bemiddelaar*) under the Wft and has a minimum of 5 years' experience in servicing mortgage loans of a similar nature to the Mortgage Loans and Stater Nederland B.V. and HypoCasso B.V., respectively, as its Sub-servicers, have well documented and adequate policies, procedures and risk-management controls relating to the servicing of mortgage loans (see also Section 3.5 (*Servicer*) and Section 6.3 (*Origination and Servicing*));
- r) for confirming compliance with article 21(9) of the Securitisation Regulation, (i) the Trust Agreement clearly specifies the Priorities of Payments, (ii) the delivery of an Enforcement Notice, which event triggers changes to the Priorities of Payments, will be reported in accordance with Condition 10 (*Events of Default*) and (iii) any change in the Priorities of Payments which will have a material adverse effect on the repayment of the Notes shall be reported to investors without undue delay in accordance with article 21(9) of the Securitisation Regulation (see also Condition 14) (*Meetings of Noteholders; Modification; Consents; Waiver*);
- s) for confirming compliance with article 21(10) of the Securitisation Regulation, the Trust Agreement contains clear provisions for convening meetings of Noteholders that facilitate the timely resolution of conflicts between Noteholders of different Classes of Notes, clearly defined voting rights of the Noteholders and clearly identified responsibilities of the Security Trustee in this respect (see also Condition 14 (*Meetings of Noteholders; Modification; Consents; Waiver*);
- t) the portfolio of Mortgage Receivables which the Seller will offer for sale to the Issuer on the Signing Date, as selected on the initial Cut-Off Date, has been subject to an agreed upon procedures review on a sample of Mortgage Receivables selected from a representative portfolio conducted by an appropriate and independent party and completed on or about 24 June 2019 with respect to such portfolio in existence as of 1 May 2019. The agreed-upon procedure reviews included the review of a sample of randomly selected loans from the portfolio to check loan characteristics which included but are not limited to the current loan amount, origination date, maturity date, original loan amount, amortisation type, payment frequency, interest rate type, interest reset date, interest rate/margin, borrower income, property value and valuation date. For the review of the Mortgage Loans a confidence level of at least 95% was applied. In both reviews, there have been no significant adverse findings. This independent third party has also performed agreed upon procedures in order to verify that the data included in the stratification tables disclosed in respect of the Mortgage Receivables is accurate, in accordance with article 22(2) of the Securitisation Regulation;
- u) for confirming compliance with article 22(4) of the Securitisation Regulation, as at the Closing Date the records of neither the Seller nor the Originator contain any information related to the environmental performance of the Mortgaged Assets nor is information publicly available related to the environmental performance of the Mortgaged Assets, as no investigation in respect of such information formed part of the underwriting policies and procedures of the Originator at the time of origination of the Mortgage Loans; and
- v) for confirming compliance with articles 7(1), 20(10), 22(1) and 22(3) of the Securitisation Regulation, the Seller confirms that it, or the Issuer or another party on its behalf, has made available and/or will make available, as applicable, the information as set out and in the manner described in the paragraphs under the header *Disclosure Requirements* of this Section 4.4 (*Regulatory and industry compliance*) (see also Section 8 (*General*)).

The designation of the securitisation transaction described in this Prospectus as an STS securitisation is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under MiFID II and it is not a credit rating whether generally or as defined under the CRA Regulation or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended by the Credit Agency Reform Act of 2006).

By designating the securitisation transaction described in this Prospectus as an STS securitisation, no views are expressed about the creditworthiness of the Notes or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for the Notes. No assurance can be provided that the securitisation position described in this Prospectus continues to qualify as an STS securitisation under the Securitisation Regulation at any point in the future.

### **Dutch Securitisation Standard**

This Prospectus follows the template table of contents and the template glossary of defined terms (save as otherwise indicated in this Prospectus), and the Notes and Cash Reports to be published by the Issuer will follow the applicable template Notes and Cash Report (save as otherwise indicated in the relevant Notes and Cash Report), each as published by the Dutch Securitisation Association on its website [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl). As a result the Notes comply with the standard created for residential mortgage-backed securities by the Dutch Securitisation Association. This has also been recognised by Prime Collateralised Securities initiative established by Prime Collateralised Securities (PCS) Europe as the Domestic Market Guideline for the Netherlands in respect of this asset class. The Issuer shall, also on behalf of the Seller, as soon as reasonably possible, once the standardised templates for the purpose of compliance with article 7 of the Securitisation Regulation are adopted by the European Commission replace Investor Reports based on templates published by the Dutch Securitisation Association with Investor Reports based on the templates adopted pursuant to article 7 of the Securitisation Regulation.

### **STS Verification, LCR Assessment and CRR Assessment**

An application has been made to PCS for the securitisation transaction described in this Prospectus to receive a report from PCS verifying compliance with the criteria stemming from article 18, 19, 20, 21 and 22 of the Securitisation Regulation (the "**STS Verification**"). There can be no assurance that the securitisation transaction described in this Prospectus will receive the STS Verification (either before issuance or at any time thereafter) and if the securitisation transaction described in this Prospectus does receive the STS Verification, this shall not, under any circumstances, affect the liability of the Seller and the Issuer in respect of their legal obligations under the Securitisation Regulation, nor shall it affect the obligations imposed on institutional investors as set out in article 5 of the Securitisation Regulation.

In addition, an application has been made to PCS to assess compliance of the Notes with the certain LCR criteria set forth in the CRR regarding STS securitisations (the "**LCR Assessment**" and the "**CRR Assessment**", respectively). There can be no assurance that the Notes will receive the LCR Assessment and/or a CRR Assessment either before issuance or at any time thereafter and that the CRR Amendment Regulation is complied with.

The STS Verification, the LCR Assessment and the CRR Assessment (the "**PCS Services**") are provided by Prime Collateralised Securities (UK) Limited (PCS). No PCS Service is a recommendation to buy, sell or hold securities. None are investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and none are a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC) or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended). PCS is not an "expert" as defined in the Securities Act.

PCS is not a law firm and nothing in any PCS Service constitutes legal advice in any jurisdiction. PCS is authorised by the United Kingdom Financial Conduct Authority, pursuant to article 28 of the Securitisation Regulation, to act as a third party verifying STS compliance. This authorisation covers STS Verifications in the European Union. Other than as specifically set out above, none of the activities involved in providing the PCS Services are endorsed or regulated by any regulatory and/or supervisory authority nor is PCS UK regulated by any other regulator including the AFM or the European Securities and Markets Authority.

By providing any PCS Service in respect of any securities PCS does not express any views about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities or financings. Investors should conduct their own research regarding the nature of the LCR Assessment, the CRR Assessment and STS Verification and must read the information set out in <http://pcsmarket.org>. In the provision of any PCS Service, PCS has based its decision on information provided directly and indirectly by the Seller. PCS does not undertake its own direct verification of the underlying facts stated in the prospectus, deal sheet, documentation or certificates for the relevant instruments and the completion of any PCS Service is not a confirmation or implication that the information provided by or on behalf of the Seller as part of the relevant PCS Service is accurate or complete.

In completing an STS Verification, PCS bases its analysis on the STS criteria appearing in articles 20 to 26 of the Securitisation Regulation together with, if relevant, the appropriate provisions of article 43, (together, the "**STS criteria**"). Unless specifically mentioned in the STS Verification, PCS relies on the English version of the Securitisation Regulation. In addition, article 19(2) of the Securitisation Regulation requires the European Banking

Authorities, from time to time, to issue guidelines and recommendations interpreting the STS criteria. The EBA has issued the EBA STS Guidelines Non-ABCP Securitisations. The task of interpreting individual STS criteria rests with national competent authorities ("NCAs"). Any NCA may publish or otherwise publicly disseminate from time to time interpretations of specific criteria ("**NCA Interpretations**"). The STS criteria, as drafted in the Securitisation Regulation, are subject to a potentially wide variety of interpretations. In compiling an STS Verification, PCS uses its discretion to interpret the STS criteria based on (a) the text of the Securitisation Regulation, (b) any relevant guidelines issued by EBA and (c) any relevant NCA Interpretation. There can be no guarantees that any regulatory authority or any court of law interpreting the STS criteria will agree with the interpretation of PCS. There can be no guarantees that any future guidelines issued by EBA or NCA Interpretations may not differ in their approach from those used by PCS in interpreting any STS criterion prior to the issuance of such new guideline or interpretation. In particular, guidelines issued by EBA are not binding on any NCA. There can be no guarantees that any interpretation by any NCA will be the same as that set out in the EBA Guidelines and therefore used, prior to the publication of such NCA interpretation, by PCS in completing an STS Verification. Although PCS will use all reasonable endeavours to ascertain the position of any relevant NCA as to STS criteria interpretation, PCS cannot guarantee that it will have been made aware of any NCA interpretation in cases where such interpretation has not been officially published by the relevant NCA. Accordingly, the provision of an STS Verification is only an opinion by PCS and not a statement of fact. It is not a guarantee or warranty that any national competent authority, court, investor or any other person will accept the STS status of the relevant securitisation.

The task of interpreting individual CRR criteria, liquidity cover ratio (LCR) criteria as well as the final determination of the capital required by a bank to allocate for any investment or the type of assets it may put in its LCR pool rests with prudential authorities ("**PRAs**") supervising any European bank. The LCR/CRR criteria, as drafted in the CRR, are subject to a potentially wide variety of interpretations. In compiling an LCR Assessment and CRR Assessment, PCS uses its discretion to interpret the LCR/CRR criteria based on the text of the CRR, and any relevant and public interpretation by the European Banking Authority. Although PCS believes its interpretations reflect a reasonable approach, there can be no guarantees that any prudential authority or any court of law interpreting the LCR/CRR criteria will agree with the PCS interpretation. PCS also draws attention to the fact that, in assessing capital requirements and the composition of any bank's LCR pool, prudential regulators possess wide discretions.

Accordingly, when performing an LCR Assessment or a CRR Assessment, PCS is not confirming or indicating that the securitisation the subject of such assessment will be allowed to have lower capital allocated to it under the CRR Regulation or that it will be eligible to be part of any bank's LCR pool. PCS is merely addressing the specific LCR/CRR criteria and determining whether, in PCS' opinion, these criteria have been met.

Therefore, no bank should rely on an LCR Assessment or a CRR Assessment in determining the status of any securitisation in relation to capital requirements or liquidity cover ratio pools and must make its own determination. All PCS Services speak only as of the date on which they are issued. PCS has no obligation to monitor (nor any intention to monitor) any securitisation the subject of any PCS Service. PCS has no obligation and does not undertake to update any PCS Service to account for (a) any change of law or regulatory interpretation or (b) any act or failure to act by any person relating to those STS criteria that speak to actions taking place following the close of any transaction such as – without limitation – the obligation to continue to provide certain mandated information.

#### **Investor compliance with due diligence requirements under the Securitisation Regulation**

Investors should be aware of the due diligence requirements under article 5 of the Securitisation Regulation that apply to institutional investors with an EU nexus (including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, institutions for occupational retirement provision and UCITS funds). Amongst other things, such requirements restrict an institutional investor (other than the originator, sponsor or original lender within the meaning of the Securitisation Regulation) from investing in securitisation positions unless, prior to holding the securitisation position:

- (a) that institutional investor has verified that:
  - (i) for certain originators, certain credit-granting standards were met in relation to the origination of the underlying exposures;
  - (ii) the risk retention requirements set out in article 6 of the Securitisation Regulation are being complied with; and

- (iii) information required by article 7 of the Securitisation Regulation has been made available; and
- (b) that institutional investor has carried out a due diligence assessment which enables it to assess the risks involved, which shall include at least (among other things) the risk characteristics of its securitisation position and the underlying exposures of the securitisation, and all the structural features of the transaction that can materially impact the performance of its securitisation position.

In addition, under article 5(4) of the Securitisation Regulation, an institutional investor (other than the originator, sponsor or original lender) holding a securitisation position shall at least establish appropriate written procedures that are proportionate to the risk profile of the securitisation position and, where relevant, to the institutional investor's trading and non-trading book, in order to monitor, on an ongoing basis, compliance with its due diligence requirements and the performance of the securitisation position and of the underlying exposures.

Depending on the approach in the relevant EU Member State, failure to comply with one or more of the due diligence requirements may result in penalties including fines, other administrative sanctions and possibly criminal sanctions. In the case of those institutional investors subject to regulatory capital requirements, penal capital charges may also be imposed on the securitisation position (i.e., notes) acquired by the relevant institutional investor.

The institutional investor due diligence requirements described above apply in respect of 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, please see the statements set out in Section 4.4 (*Regulatory and industry compliance*) and Section 8 (*General*). Relevant institutional investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with article 5 of the Securitisation Regulation and any corresponding national measures which may be relevant to investors.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. Prospective investors who are uncertain as to the requirements that will need to be complied with in order to avoid the consequences of the non-compliance should seek guidance from their regulator.

#### **Volcker Rule**

The Issuer is not, and solely after giving effect to any offering and sale of the Notes and the application of the proceeds thereof will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exclusions and/or exemptions under the Investment Company Act of 1940, as amended (the Investment Company Act) and under the Volcker Rule and its related regulations may be available, the Issuer has relied on the determinations that (i) the Issuer would satisfy all of the elements of the exemption from registration under the Investment Company Act provided by Section 31(5)I thereunder, and, accordingly, (ii) the Issuer may rely on the exemption from the definition of a "covered fund" under the Volcker Rule made available to entities that do not rely solely on Section 31(1) or Section 31(7) of the Investment Company Act for their exclusion and/or exemption from registration under the Investment Company Act.

#### **4.5 USE OF PROCEEDS**

The aggregate proceeds of the Notes to be issued on the Closing Date amount to EUR 388,100,000.

The aggregate proceeds of the issue of the Notes, other than the Class S Notes and the Class X Notes, amount to EUR 380,000,000. Part thereof will be applied by the Issuer on the Closing Date to pay to the Seller the Initial Purchase Price for the Mortgage Receivables purchased on the Signing Date under the Mortgage Receivables Purchase Agreement. An amount of EUR 12,403,696.03, being equal to the Aggregate Construction Deposits will be withheld by the Issuer from the Initial Purchase Price payable on the Closing Date and deposited in the Construction Deposit Account.

The remaining part of the proceeds of the Notes, other than the Class S Notes and the Class X Notes, EUR 44,547,236.90 (being the Pre-funded Amount) will be deposited in the Pre-funded Account on the Closing Date and will be available for the purchase of any New Mortgage Receivables on any Purchase Date during the Pre-funded Period.

The aggregate proceeds of the Class S Notes amount to EUR 7,600,000. This amount will be credited to the Reserve Account and is the sum of the Reserve Account Second Target Level.

The aggregate proceeds of the Class X Notes will amount to EUR 500,000. This amount will be credited to the Issuer Collection Account and is equal to the Negative Carry Amount, consisting of (i) the Construction Deposit Negative Carry Amount, (ii) the Pre-funded Account Negative Carry Amount and (iii) the Swap Negative Carry Amount.

## 4.6 TAXATION

### Taxation in Luxembourg

*The following paragraphs provide information on certain material Luxembourg tax consequences of purchasing, owning and disposing of the Notes. It does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase or sell the Notes. It is based on the laws, regulations and administrative and judicial interpretations presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. This information does not take into account the specific circumstances of particular investors. Prospective investors should consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

*Please be aware that the residence concept used in the sub-headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present Section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers only to Luxembourg tax law and/or concepts. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), an employment fund's contribution (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*). Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the employment contribution invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the employment fund's contribution. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

### Taxation of the holders of Notes

#### Withholding Tax

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes can be made free of withholding tax or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein in accordance with applicable law, subject however to the application of the Luxembourg law of December 23, 2005 introducing a final withholding tax on certain interest from savings, as amended (the "**Relibi Law**").

#### *Resident holders of Notes*

Payments of interest or similar income (within the meaning of the Relibi Law) on debt instruments made or deemed to be made by a paying agent (within the meaning of the Relibi Law) established in Luxembourg to or for the benefit of a Luxembourg tax resident individual who is the beneficial owner of such payment, may be subject to a final withholding tax at a rate of 20 per cent.. Such final withholding tax will be in full discharge of personal income tax if the individual beneficial owner acts in the course of the management of his/her private wealth. Responsibility for the withholding and payment of the final tax levy lies with the Luxembourg paying agent.

An individual beneficial owner of interest or similar income (within the meaning of the Relibi Law) who is a resident of Luxembourg and acts in the course of the management of his/her private wealth may opt for a final tax of 20 per cent. when he/she receives or is deemed to receive such interest or similar income from a paying agent established in another EU Member State or in a State of the EEA which is not an EU Member State. Responsibility for the declaration and the payment of the 20 per cent. final withholding tax is assumed by the individual resident beneficial owner of interest.

For these purposes, the "paying agent" under the Relibi Law is the economic operator which pays interest or allocates the payment of the interest to the immediate benefit of the beneficial owner – i.e. the last person in the payment chain before the Luxembourg resident individual.

#### Income taxation

Holders of the Notes which/who are resident of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

### *Non-resident holders of Notes*

Non-resident holders of Notes, not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income therefrom are attributable, are not subject to Luxembourg income taxes on income accrued or received, redemption premiums or issue discounts, under the Notes nor on capital gains realised on the disposal or redemption of the Notes. Non-residents holders who/which have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Notes or income therefrom are attributable are subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any capital gains realised upon the sale or disposal of the Notes.

### *Resident holders of Notes*

#### *Individuals*

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg personal income tax in respect of interest received, redemption premiums or issue discounts under the Notes, except if a withholding tax has been levied on such payments in accordance with the Relibi Law.

Under Luxembourg domestic tax law, capital gains realised upon the sale, disposal or redemption of the Notes by an individual holder of Notes, who is a resident of Luxembourg for tax purposes and who acts in the course of the management of his/her private wealth, on the sale or disposal, in any form whatsoever, of Notes are not subject to Luxembourg personal income tax, provided this sale or disposal took place more than six months after the acquisition of the Notes. An individual holder of Notes, who acts in the course of the management of his/her private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid interest in respect of the Notes in his/her taxable income. Taxable capital gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the tax value of the Notes sold or redeemed.

Gains realised by an individual resident holder of Notes acting in the course of the management of a professional or business undertaking and who is resident of Luxembourg for tax purposes are subject to Luxembourg income tax at the progressive ordinary rate. Also for individuals carrying on a business activity such gains should be subject to municipal business tax.

#### *Corporations*

A resident corporate holder of Notes (which is not tax exempt pursuant to a special tax regime as described below from income taxation) must include any interest accrued or received, any redemption premium or issue discount, as well as any capital gain realised on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

#### *Special tax regime*

Luxembourg tax resident corporate holders of Notes which benefit from a special tax regime, such as, (i) the Luxembourg law of December 17, 2010 on undertakings for collective investment, as amended, (ii) the Luxembourg law of February 13, 2007 on specialised investment funds, as amended, or (iii) the Luxembourg law of May 11, 2007 on family estate companies, as amended, or (iv) a company regulated by the Luxembourg law of 23 July 2016 on reserved alternative investment funds, not investing in risk capital, are exempt from income tax in Luxembourg and thus, income derived from the Notes, as well as gains realised thereon, are exempt from Luxembourg income taxes.

### **Net wealth taxation**

An individual holder of Notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg net wealth tax on such Notes.

A resident corporate holder of Notes or a non-resident corporate holder of Notes that maintains a permanent establishment, permanent representative or a fixed place of business in Luxembourg to which such Notes are attributable, is subject to Luxembourg net wealth tax on such Notes, except if such holder is governed by (i) the Luxembourg law of 11 May 2007 on family estate management companies, as amended; (ii) the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended; (iii) the Luxembourg law of 13 February 2007 on specialised investment funds, as amended; (iv) by the Luxembourg law of 22 March 2004 on securitisation,

as amended; (v) by the Luxembourg law of 15 June 2004 on venture capital vehicles, as amended; (vi) or it is a professional pension institution in the form of variable capital companies (*société d'épargne-pension* à capital variable - SEPCAV) or associations (*association d'épargne-pension* - ASSEP) governed by Luxembourg the law of 13 July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations, as amended; or (vii) it is a company that is subject to the law of 23 July 2016 on reserved alternative investment funds.

However, further to the Luxembourg law of 18 December 2015 on net wealth tax aspects, as amended, (i) securitisation companies governed by the Luxembourg law of 22 March 2004, as amended; (ii) risk capital companies governed by the Luxembourg law of 15 June 2004 relating to the investment company in risk capital, as amended; (iii) professional pension institutions in the form of variable capital companies (*sociétés d'épargne-pension* à capital variable - SEPCAVs) or associations (*associations d'épargne-pension* - ASSEPs) governed by Luxembourg the law of 13 July 2005 on institutions for occupational retirement provision in the form of pension savings companies with variable capital and pension savings associations, as amended; and (iv) reserved alternative investment funds treated as venture capital vehicles for Luxembourg tax purposes in the terms of article 48 (1) and 57 of the Luxembourg law of 23 July 2016 on reserved alternative investment funds, should fall within the scope of the minimum net wealth tax, which may vary depending on the total amount and type of assets held. Such minimum net wealth tax may either amount to EUR 4,815 or range between EUR 535 and EUR 32,100.

### **Value added tax**

There is no Luxembourg value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or a transfer of the Notes.

### **Other taxes**

Notes or documents relating to the Notes issuance which are deemed to be entered into in the context of securitisation transactions are not subject to registration duties in Luxembourg, provided however that such documents do not have the effect to transfer rights which must be transcribed, recorded or registered and which relate to immovable property located in Luxembourg, or to aircraft, ships or vessels recorded on a public register in Luxembourg. In case of voluntary registration of such agreements and instruments they are subject to a fixed registration duty.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or registered in Luxembourg.

### **Taxation in the Netherlands**

#### **General**

The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their own tax advisers with regard to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.

The Issuer is incorporated under the laws of the Grand Duchy of Luxembourg. The Board is expected to conduct the affairs of the Issuer in such manner that it does not become a resident of the Netherlands for tax purposes.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, whereby the Netherlands means the part of the Kingdom of the Netherlands located in Europe, as in effect on the date of this Prospectus and as interpreted in published case law until the date of this Prospectus,

including, for the avoidance of doubt, the tax rates and brackets applicable on the date hereof, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

Please note that with the exception of the Section on withholding tax below, the summary does not describe the Netherlands tax consequences for:

- i. holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5 per cent. or more of the company's annual profits and/or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- ii. pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969; *Wet op de vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax; and
- iii. holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holder (as defined in the Netherlands Income Tax Act 2001).

### **Withholding tax**

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

### **Taxes on income and capital gains**

#### *Netherlands Resident Entities*

Generally speaking, if the holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes (a "**Netherlands Resident Entity**"), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 19 per cent. with respect to taxable profits up to €200,000 and 25 per cent. with respect to taxable profits in excess of that amount (tax rates and brackets as applicable for 2019).

#### *Netherlands Resident Individuals*

If a holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (a "**Netherlands Resident Individual**"), any payment under the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of generally 51.75 per cent. in 2019), if:

- i. the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Netherlands Income Tax Act 2001); or
- ii. the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

*Income from savings and investments.* If the above-mentioned conditions i. and ii. do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed, variable return (with a maximum of 5.60 per cent. in 2019) on his/her net investment assets for the year (*rendementsgrondslag*) at an income tax rate of 30 per cent.

The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. A tax free allowance may be available. Actual income, gains or losses in respect of the Notes are as such not subject to Netherlands income tax.

For the net investment assets on 1 January 2019, the deemed return ranges from 1.94 per cent. up to 5.60 per cent. (depending on the aggregate amount of the net investments assets on 1 January 2019). The deemed, variable return will be adjusted annually on the basis of historic market yields.

#### *Non-residents of the Netherlands*

A holder of Notes that is neither a Netherlands Resident Entity nor a Netherlands Resident Individual will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realized on the disposal or deemed disposal of the Notes, provided that:

- i. such holder does not have an interest in an enterprise or deemed enterprise (as defined in the Netherlands Income Tax Act 2001 and the Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and
- ii. in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are taxable as benefits from other activities in the Netherlands.

#### **Gift and inheritance taxes**

##### *Residents of the Netherlands*

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed to be resident of the Netherlands at the time of the gift or his/her death.

##### *Non-residents of the Netherlands*

No Netherlands gift or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident of the Netherlands, unless:

- i. in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident of the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident of the Netherlands; or
- ii. the transfer is otherwise construed as a gift or inheritance 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 purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident of the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

#### **Value added tax (VAT)**

No Netherlands VAT will be payable by the holders of the Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

#### **Other taxes and duties**

No Netherlands registration tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by the holders of the Notes in respect or in connection with (i) Notes in respect of or in connection with the execution and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

## 4.7 SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due (*verschuldigd*) by the Issuer (i) as fees, costs, expenses or other remuneration to the Directors and the Service Provider under the Management Agreements, (ii) as fees and expenses to the Servicer, or on behalf of the Servicer, the Sub-servicers, and the Portfolio Manager under the Servicing Agreement, (iii) as fees and expenses to the Issuer Administrator under the Administration Agreement, (iv) as fees and expenses to the Domiciliation Agent under the Domiciliation Agreement, (v) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (vi) to the Swap Counterparty under the Hedging Agreements, (vii) as fees and expenses to the Issuer Account Bank and the Issuer Account Agent under the Issuer Account Agreement, (viii) to the Noteholders under the Notes, (ix) to the Reporting Services Provider under the Reporting Services Agreement, (x) to the Seller under the Mortgage Receivables Purchase Agreement, (xi) to the Collection Foundation under the Receivables Proceeds Distribution Agreement and (xii) to any other party designated by the Security Trustee as a Secured Creditor under or in connection with the Transaction Documents (payment obligations referred to in items (i) through (xii) together the "**Parallel Debt**" and the parties referred therein the "**Secured Creditors**"). The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim (*eigen en zelfstandige vordering*) to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Creditors shall be reduced by an amount equal to the amount so received and vice versa.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Secured Creditors in accordance with, until the delivery of an Enforcement Notice, the Revenue Priority of Payments and the Redemption Priority of Payments and, after the delivery of an Enforcement Notice, the Post-Enforcement Priority of Payments. After the delivery of an Enforcement Notice, the amounts due to the Secured Creditors will, broadly, be equal to amounts recovered (*verhaald*) by the Security Trustee on the Mortgage Receivables and other assets pledged to the Security Trustee under the Issuer Mortgage Receivables Pledge Agreement, any Deed of Assignment and Pledge, the Issuer Rights Pledge, the Issuer Account Pledge Agreement and the Collection Foundation Account Pledge Agreement.

The Issuer will vest a right of pledge in favour of the Security Trustee on the Mortgage Receivables on the Closing Date pursuant to the Issuer Mortgage Receivables Pledge Agreement and the initial Deed of Assignment and Pledge, governed by Dutch law, and undertakes to grant a first ranking right of pledge on the relevant New Mortgage Receivables and the Further Advance Receivables on the Purchase Date on which they are acquired pursuant to each subsequent Deed of Assignment and Pledge, which, together with the other Security, will secure the payment obligations of the Issuer to the Security Trustee under the Parallel Debt Agreement and any other Transaction Documents. The pledge on the Mortgage Receivables will not be notified to the Borrowers, except upon the occurrence of certain notification events, which are similar to the Assignment Notification Events but relating to the Issuer, including the delivery of an Enforcement Notice by the Security Trustee (the "**Pledge Notification Events**"). Prior to notification of the pledge to the Borrowers, the pledge will be a "silent" right of pledge (*stil pandrecht*) within the meaning of article 3:239 of the Dutch Civil Code.

From the occurrence of a Pledge Notification Event and, consequently notification to the Borrowers and withdrawal of the power to collect, the Security Trustee will collect (*innen*) all amounts due to the Issuer and the Seller whether by the Borrowers or any other parties to the Transaction Documents. Pursuant to the Trust Agreement, the Security Trustee will, until the delivery of an Enforcement Notice for the sole purpose of enabling the Issuer to make payments in accordance with the relevant Priority of Payments, pay or procure the payment of certain amounts to the Issuer, whilst for that sole purpose terminating (*opzeggen*) its right of pledge.

In addition, a right of pledge will be vested by the Issuer in favour of the Security Trustee on the Signing Date pursuant to the Issuer Rights Pledge Agreement, governed by Dutch law, over all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Servicing Agreement, (iii) the Administration Agreement, (iv) the Receivables Proceeds Distribution Agreement and (v) the Hedging Agreements. The Issuer Rights include all rights ancillary thereto. The rights of pledge pursuant to the Issuer Rights Pledge Agreement will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge (*openbaar pandrecht*), but the Security Trustee will grant a power to collect to the Issuer which will be withdrawn upon the occurrence of any of the Pledge Notification Events.

In addition, a right of pledge will be vested by the Issuer in favour of the Security Trustee on the Signing Date pursuant to the Issuer Account Pledge Agreement, governed by Luxembourg law, over all rights of the Issuer under or in connection with Issuer Accounts. The right of pledge created under the Issuer Account Pledge Agreement will be notified to the Issuer Account Bank in order for them to be accepted by the Issuer Account Bank and to obtain from the Issuer Account Bank a waiver of any pre-existing security interests and other rights in respect of the relevant accounts it may have. Following the occurrence of any of the Pledge Notification Events, the Issuer shall no longer be entitled to operate the relevant accounts and the Security Trustee will be granted a power to enforce the right of pledge over the accounts, in accordance with the terms of the Issuer Account Pledge Agreement.

The rights of pledge created in or pursuant to the Issuer Mortgage Receivables Pledge Agreement, the Issuer Rights Pledge Agreement and the Issuer Account Pledge Agreement secure any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt Agreement and any other Transaction Documents.

Pursuant to the Collection Foundation Account Pledge Agreement, the Collection Foundation shall grant a first ranking right of pledge on the balance standing to the credit of the Collection Foundation Accounts in favour of the Security Trustee and the Previous Transaction Security Trustees jointly as security for any and all liabilities of the Collection Foundation to the Security Trustee and the Previous Transaction Security Trustees and a second ranking right of pledge in favour of, *inter alia*, the Issuer and the Previous Transaction SPVs jointly as security for any and all liabilities of the Collection Foundation to the Issuer and the Previous Transaction SPVs, both under the condition that future issuers (and any security trustees) in securitisation transactions, covered bonds transactions, warehouse transactions, whole loan funding transactions and future vehicles in conduit transactions or similar transactions (and any security trustees relating thereto) of or by the Originator and/or the Seller or group companies thereof will also have the benefit of such right of pledge. Such rights of pledge are governed by Dutch law and have been notified to the Collection Foundation Accounts Provider.

Under the Collection Foundation Account Pledge Agreement, each Previous Transaction Security Trustee and the Security Trustee have a certain *pari passu* ranking undivided interest, or "share" (*aandeeel*) in the jointly-held pledge, entitling it to part of the foreclosure proceeds of the pledge over the Collection Foundation Accounts. As a consequence, the rules applicable to joint-estate (*gemeenschap*) apply to the jointly-held right of pledge. The share of the Security Trustee will be determined on the basis of the amounts in the Collection Foundation Accounts relating to the relevant Mortgage Receivables owned by the Issuer. Article 3:166 of the Dutch Civil Code provides that co-owners will have equal shares, unless a different arrangement follows from their legal relationship. The co-pledgees have agreed that each pledgee's share within the meaning of article 3:166 of the Dutch Civil Code (*aandeeel*) in respect of the balances of the Collection Foundation Accounts from time to time is equal to their entitlement in respect of the amounts standing to the credit of the Collection Foundation Accounts which relate to the mortgage receivables owned and/or pledged to them, from time to time. In case of foreclosure of the jointly-held right of pledge on the Collection Foundation Accounts (i.e. if the Collection Foundation defaults in forwarding or transferring the amounts received by it, as agreed), the proceeds will be divided according to each Previous Transaction Security Trustee's and the Security Trustee's share. It is uncertain whether this sharing arrangement constitutes a sharing arrangement within the meaning of article 3:166 of the Dutch Civil Code and thus whether it is enforceable in the event of bankruptcy or suspension of payments of one of the pledgees. The same applies, *mutatis mutandis*, to the pledge for the Issuer and the Previous Transaction SPVs.

In this respect it has been agreed that in case of a breach by a party of its obligations under the abovementioned agreements or if such agreement is dissolved, void, nullified or ineffective for any reason in respect of one of the parties, such defaulting party shall compensate the other parties forthwith for any and all loss, costs, claim, damage and expense whatsoever which such party incurs as a result hereof.

The security rights described above shall serve as security for the benefit of the Secured Creditors, including each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class S Noteholders and the Class X Noteholders, but (i) amounts owing to the Class B Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders (other than, prior to the delivery of an Enforcement Notice, in respect of the Class A Subordinated Step-up Consideration), (ii) amounts owing to the Class C Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders and the Class B Noteholders (other than, prior to the delivery of an Enforcement Notice, in respect of the Class A Subordinated Step-up Consideration and the Class B Subordinated Step-up Consideration), (iii) amounts owing to

the Class D Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders and the Class C Noteholders (other than, prior to the delivery of an Enforcement Notice, in respect of the Class A Subordinated Step-up Consideration, the Class B Subordinated Step-up Consideration and the Class C Subordinated Step-up Consideration), (iv) principal amounts owing to the Class E Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, (v) amounts owing to the Class S Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and, in respect of principal amounts, the Class E Noteholders and (vi) amounts owing to the Class X Noteholders will rank in priority of payment after amounts owing to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, in respect of principal amounts, the Class E Noteholders and the Class S Noteholders (see further Section 5 (*Credit Structure*) below).

## 5. CREDIT STRUCTURE

*The structure of the credit arrangements for the proposed issue of the Notes may be summarised as set out below.*

### 5.1 AVAILABLE FUNDS

#### **Available Revenue Funds**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated on each Notes Calculation Date, received or to be received or held by the Issuer in respect of the immediately preceding Notes Calculation Period or on the immediately succeeding Notes Payment Date (excluding, for the avoidance of doubt, any Tax Credit and any Swap Replacement Premium) (items under (i) up to and including (xii) less item (xiii) hereafter being referred to as the "**Available Revenue Funds**"):

- (i) as interest, including interest penalties, on the Mortgage Receivables and, for the avoidance of doubt, to the extent relating to the Construction Deposit;
- (ii) as interest accrued and received on the Issuer Transaction Accounts and as revenue on any Eligible Investments made by the Issuer;
- (iii) as Prepayment Penalties under the Mortgage Receivables;
- (iv) as Net Foreclosure Proceeds on any Mortgage Receivables, to the extent such proceeds do not relate to principal;
- (v) as amounts from the Swap Counterparty under the Hedging Agreements, excluding any Swap Collateral (for the avoidance of doubt, unless such collateral is available for inclusion in the Available Revenue Funds in accordance with the Trust Agreement in connection with the termination of the Swap Agreement) and excluding any Swap Replacement Premium by a replacement swap counterparty which is to be applied towards a termination payment in accordance with the Trust Agreement;
- (vi) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts do not relate to principal;
- (vii) as amounts received in connection with (a) a sale of Mortgage Receivables pursuant to the Trust Agreement to the extent such amounts do not relate to principal and (b) the exercise of a Remarketing Call Option, to the extent such amounts are not to be applied in accordance with the Redemption Priority of Payments, as calculated at the date of such exercise;
- (viii) as any amounts received, recovered or collected from a Borrower in respect of a Mortgage Receivable in addition to Net Foreclosure Proceeds, whether in relation to interest, principal or otherwise, following completion of foreclosure on the Mortgage and other collateral securing the Mortgage Receivable (the "**Post-Foreclosure Proceeds**");
- (ix) as amounts to be drawn from the Reserve Account and, in respect of any Negative Carry Amount, from the Issuer Collection Account each in accordance with the Trust Agreement and the Administration Agreement;
- (x) an amount equal to the Revenue Shortfall Amount on the immediate succeeding Notes Payment Date;
- (xi) as amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Revenue Reconciliation Ledger on the immediately succeeding Notes Payment Date; and
- (xii) any amounts standing to the credit of the Issuer Collection Account, after all amounts of interest and principal due in respect of the Notes, other than the Class S Notes and the Class X Notes, have been paid in full;

**less:**

- (xiii) any amount of the Available Revenue Funds to be credited to the Revenue Reconciliation Ledger on the immediately succeeding Notes Payment Date;

will be applied in accordance with the Revenue Priority of Payments.

**Available Principal Funds**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts calculated on each Notes Calculation Date received or to be received or held by the Issuer in respect of the immediately preceding Notes Calculation Period or on the immediately succeeding Notes Payment Date (items under (i) up to and including (vii) less items (viii), (ix) and (x), hereinafter being referred to as the "**Available Principal Funds**"):

- (i) as amounts received in connection with a repayment or prepayment in part or in full of principal under the Mortgage Receivables;
- (ii) as Net Foreclosure Proceeds on any Mortgage Receivable;
- (iii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal;
- (iv) as amounts received in connection with (a) a sale of Mortgage Receivables pursuant to the Trust Agreement to the extent such amounts relate to principal and (b) the exercise of a Remarketing Call Option, to the extent such amounts are to be applied in accordance with the Redemption Priority of Payments, to be calculated at the date of such exercise;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Notes Payment Date in accordance with the Administration Agreement;
- (vi) as amounts received on the Issuer Collection Account on the preceding Mortgage Collection Payment Date from the credit balance of the Construction Deposit Account in accordance with the Mortgage Receivables Purchase Agreement; and
- (vii) (a) as any amounts to be drawn from the Issuer Collection Account with a corresponding debit to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date and (b) if the Pre-funded Amount is less than EUR 100,000, the Pre-funded Amount;

**less:**

- (viii) any amount equal to the Revenue Shortfall Amount on the immediately succeeding Notes Payment Date;
- (ix) any amount to be credited to the Principal Reconciliation Ledger on the immediately succeeding Notes Payment Date; and
- (x) any amounts paid or to be paid in or towards satisfaction of the Initial Purchase Price for the Further Advance Receivables purchased during the previous Notes Calculation Period (other than on the previous Notes Payment Date falling in such Notes Calculation Period) or on the relevant Notes Payment Date,

will be applied in accordance with the Redemption Priority of Payments.

**Cash Collection Arrangements**

Payments by the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the first calendar day of each month (or the next Business Day if such day is not a Business Day), interest being payable in arrear. All payments made by Borrowers must be paid into the Collection Foundation Account maintained by the Collection Foundation with the Collection Foundation Accounts Provider. The Collection Foundation 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 and the Originator are entitled *vis-à-vis* the Collection Foundation.

If at any time the unsecured, unsubordinated and unguaranteed debt obligations of the Collection Foundation Accounts Provider are assigned a rating below the Required Ratings, Intertrust Administrative Services B.V., on behalf of the Collection Foundation, will as soon as reasonably possible, but within no longer than 30 days, (i) ensure that payments to be made by the Collection Foundation Accounts Provider in respect of amounts received on the Collection Foundation Account relating to the Mortgage Receivables will be fully guaranteed pursuant to an unconditional and irrevocable guarantee from an eligible party, or transfer the Collection Foundation Account together with the other Collection Foundation Accounts to a new account provider, provided that the unsecured, unsubordinated and unguaranteed debt obligations of such guarantor or new account provider are assigned at least the Required Ratings, or (ii) implement any other actions provided that the Credit Rating Agencies are notified of such other action.

In the event of a transfer to an alternative bank as referred to under (i) above, the Collection Foundation shall enter into a pledge agreement – and create a right of pledge over such bank account in favour of, *inter alia*, the Issuer and the Security Trustee separately – upon terms substantially the same as the Collection Foundation Account Pledge Agreement.

Intertrust Administrative Services B.V., or if Intertrust Administrative Services B.V. fails to reimburse the Collection Foundation or pay on behalf of the Collection Foundation any costs in connection with any of the actions under (i) or (ii), ABN AMRO Bank N.V. as Collection Foundation Accounts Provider shall pay any costs incurred by the Collection Foundation as a result of the action described under (i) or (ii) above, only if such action is a consequence of a downgrade of its rating below the Required Ratings (as defined in the Receivables Proceeds Distribution Agreement).

Each of the Collection Foundation, the Originator and the Seller have undertaken with the Issuer that, on or prior to each Mortgage Collection Payment Date, all amounts of principal, interest, Prepayment Penalties and interest penalties in respect of the Mortgage Receivables received by the Collection Foundation on the Collection Foundation Account during the immediately preceding Mortgage Calculation Period Account in respect of the Mortgage Receivables will be transferred to the Issuer Collection Account.

### **Eligible Investments**

The Issuer may at its option, invest (i) the balance standing to the credit of the Pre-funded Account and the balance standing to the credit of the Reserve Account and (ii) if during any Mortgage Calculation Period, the balance standing to the credit of the Issuer Collection Account exceeds 0.75 per cent. of the Principal Amount Outstanding of all Notes on the Closing Date at close of business (after application by the Issuer of the Available Revenue Funds and the Available Principal Funds), on the immediately preceding Notes Payment Date, such funds, into (A) euro denominated investments, with a maturity not beyond the immediately succeeding Notes Payment Date having been assigned the Eligible Investment Minimum Ratings or (B) in other euro denominated securities that meet the then current criteria of the Credit Rating Agencies, provided that such securities do not qualify as equity securities and that such investments are not investments which are in whole or in part, actually or potentially, tranches of other asset backed securities, credit linked notes, swaps or other derivative instruments, synthetic securities or similar claims (the "**Eligible Investments**").

The "**Eligible Investments Minimum Ratings**" means (A) in respect of securities, (i) a rating of (a) AA (low) or R-1 (middle) by DBRS in case of a remaining tenor less than ninety (90) days but longer than thirty (30) days and (b) A or R-1 (low) by DBRS in case of a remaining tenor less than thirty (30) days and (ii) a rating of (a) AA- and/or F1+ by Fitch in case of a remaining tenor less than one year but longer than thirty (30) days or (b) A and/or F1 by Fitch in case of a remaining tenor less than thirty (30) days, (B) in respect of money market funds AAmmf by Fitch, and (C) in respect of guaranteed interest contracts or similar account, a rating of A and/or F1 by Fitch.

## 5.2 PRIORITY OF PAYMENTS

### Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Trustee, the Available Revenue Funds will pursuant to the terms of the Trust Agreement be applied by the Issuer on the Notes Payment Date immediately succeeding the relevant Notes Calculation Date as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the "**Revenue Priority of Payments**"):

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due and payable to the Directors in connection with the Management Agreements, (ii) the fees, costs, expenses or other remuneration due and payable to the Collection Foundation under the Receivables Proceeds Distribution Agreement by the Issuer and (iii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amount due and payable to the Sub-servicers under the relevant Sub-Servicing Letter and any remaining amount due and payable, if any, to the Servicer under the Servicing Agreement, (ii) any amount due and payable to the Issuer Administrator under the Administration Agreement, (iii) any amount due and payable to the Domiciliation Agent under the Domiciliation Agreement, (iv) any amount due and payable to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (v) the fees, costs, expenses or other remuneration due and payable to the Reporting Services Provider under the Reporting Services Agreement, and (vi) any fees, costs, expenses or other remuneration due and payable to the Service Provider under or in connection with the Issuer Management Agreement;
- (c) *third*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amount due and payable to third parties under obligations incurred in the Issuer's business (other than under the Transaction Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (ii) any amount due and payable to the Credit Rating Agencies and any legal adviser, auditor and accountant, appointed by the Issuer or the Security Trustee, (iii) any amount due and payable to the Issuer Account Bank and the Issuer Account Agent under the Issuer Account Agreement and, if applicable, to Citibank acting as custodian in respect of any Investment Securities Account or Swap Securities Collateral Account held with Citibank as custodian under the relevant custodian agreement, and (iv) any amounts due in connection with the listing of the Notes;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due and payable under the Swap Agreement (except for any Swap Counterparty Subordinated Payment, any Excess Swap Collateral, any Swap Replacement Premium and any Tax Credit);
- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class A Notes, other than the Class A Subordinated Step-up Consideration;
- (f) *sixth*, in or towards satisfaction, of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (g) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due on the Class B Notes, other than the Class B Subordinated Step-up Consideration;
- (h) *eighth*, to replenish the Reserve Account up to the amount of the Reserve Account First Target Level;
- (i) *ninth*, in or towards satisfaction, of sums to be credited to the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (j) *tenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due or accrued due on the Class C Notes, other than the Class C Subordinated Step-up Consideration;

- (k) *eleventh*, in or towards satisfaction, of sums to be credited to the Class C Principal Deficiency Ledger until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
- (l) *twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest due or accrued due on the Class D Notes, other than the Class D Subordinated Step-up Consideration;
- (m) *thirteenth*, in or towards satisfaction, of sums to be credited to the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
- (n) *fourteenth*, to replenish the Reserve Account up to the amount of the Reserve Account Second Target Level;
- (o) *fifteenth*, in or towards satisfaction of any amount due and payable to the Portfolio Manager under the Servicing Agreement;
- (p) *sixteenth*, after the First Optional Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the Class A Subordinated Step-up Consideration due or accrued due on the Class A Notes;
- (q) *seventeenth*, after the First Optional Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the Class B Subordinated Step-up Consideration due or accrued due on the Class B Notes;
- (r) *eighteenth*, after the First Optional Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the Class C Subordinated Step-up Consideration due or accrued due on the Class C Notes;
- (s) *nineteenth*, after the First Optional Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the Class D Subordinated Step-up Consideration due or accrued on the Class D Notes;
- (t) *twentieth*, in or towards satisfaction, *pro rata* and *pari passu*, of the Swap Counterparty Subordinated Payment due to the Swap Counterparty under the terms of the Swap Agreement and the amounts, if any, due and payable under the NAMS Rebalancing Agreement, including any termination payment due and payable by the Issuer;
- (u) *twenty-first*, after the First Optional Redemption Date and until the Class E Notes are redeemed in full, in or towards satisfaction of items (a) up to and including (e) of the Redemption Priority of Payments subject to and in accordance with the Redemption Priority of Payments;
- (v) *twenty-second*, in or towards satisfaction of sums to be credited to the Class E Principal Deficiency Ledger until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to zero;
- (w) *twenty-third*, in or towards satisfaction of principal due under the Class S Notes until fully redeemed in accordance with the Conditions by applying the Available Class S Redemption Funds;
- (x) *twenty-fourth*, on any Notes Payment Date up to and including the First Optional Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the Class X Revenue Amount;
- (y) *twenty-fifth*, in or towards satisfaction of principal due under the Class X Notes until fully redeemed in accordance with the Conditions; and
- (z) *twenty-sixth*, after the First Optional Redemption Date, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

**Priority of Payments in respect of principal**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the Available Principal Funds will pursuant to terms of the Trust Agreement be applied by the Issuer on the Notes Payment Date immediately succeeding the relevant Notes Calculation Date as follows (in each case only if and to the extent that payments of a higher order of priority have been made in full) (the “**Redemption Priority of Payments**”):

- (a) *first*, in or towards satisfaction of principal due under the Class A Notes until fully redeemed in accordance with the Conditions;
- (b) *second*, in or towards satisfaction of principal due under the Class B Notes until fully redeemed in accordance with the Conditions;
- (c) *third*, in or towards satisfaction of principal due under the Class C Notes until fully redeemed in accordance with the Conditions;
- (d) *fourth*, in or towards satisfaction of principal due under the Class D Notes until fully redeemed in accordance with the Conditions; and
- (e) *fifth*, in or towards satisfaction of principal due under the Class E Notes until fully redeemed in accordance with the Conditions.

**Pro rata redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes**

The Pre-funded Amount remaining on the first Notes Payment Date will be applied by the Issuer in or towards satisfaction, on a *pari passu* and *pro rata* basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date, unless the Pre-funded Amount is less than EUR 100,000 on such first Notes Payment Date, in which case it will form part of the Available Principal Funds and will be applied in accordance with the Redemption Priority of Payments.

**Post-Enforcement Priority of Payments**

Following delivery of an Enforcement Notice, the Enforcement Available Amount will be paid to the Secured Creditors (including the Noteholders) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the “**Post-Enforcement Priority of Payments**”):

- (a) *first*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) the fees, costs, expenses or other remuneration due and payable to the Directors in connection with the Management Agreements, (ii) the fees, costs, expenses or other remuneration due and payable to the Collection Foundation by the Issuer under the Receivables Proceeds Distribution Agreement and (iii) any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Transaction Documents;
- (b) *second*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amount due and payable to the Servicer under the Servicing Agreement or, on behalf of the Servicer, to the Sub-servicers as servicers under the relevant Sub-Servicing Letter, (ii) any amount due and payable to the Issuer Administrator under the Administration Agreement, (iii) any amount due and payable to the Domiciliation Agent under the Domiciliation Agreement, (iv) any amount due and payable to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (v) the fees, costs, expenses or other remuneration due and payable to the Reporting Services Provider under the Reporting Services Agreement, (vi) any fees, costs, expenses or other remuneration due and payable to the Service Provider under or in connection with the Issuer Management Agreement;
- (c) *third*, in or towards satisfaction, *pari passu* and *pro rata*, according to the respective amounts thereof, of (i) any amount due and payable to the Credit Rating Agencies and any legal adviser, auditor and accountant, appointed by the Security Trustee, (ii) any amount due and payable to the Issuer Account Bank and the Issuer Account Agent under the Issuer Account Agreement and, if applicable, to Citibank acting as custodian in respect of any Investment Securities Account or Swap Securities Collateral Account held with Citibank as custodian under the relevant custodian agreement, and (iii) any amounts due in connection with the listing of the Notes;

- (d) *fourth*, in or towards satisfaction of amounts, if any, due and payable under the Swap Agreement (except for any Swap Counterparty Subordinated Payment, any Excess Swap Collateral, any Swap Replacement Premium and any Tax Credit);
- (e) *fifth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest and principal due on the Class A Notes, other than the Class A Subordinated Step-up Consideration;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the Class A Subordinated Step-up Consideration due on the Class A Notes, if any;
- (g) *seventh*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest and principal due on the Class B Notes, other than the Class B Subordinated Step-up Consideration;
- (h) *eighth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the Class B Subordinated Step-up Consideration due on the Class B Notes, if any;
- (i) *ninth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest and principal due on the Class C Notes, other than the Class C Subordinated Step-up Consideration;
- (j) *tenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the Class C Subordinated Step-up Consideration due on the Class C Notes, if any;
- (k) *eleventh*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of interest and principal due on the Class D Notes, other than the Class D Subordinated Step-up Consideration;
- (l) *twelfth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the Class D Subordinated Step-up Consideration due on the Class D Notes, if any;
- (m) *thirteenth*, in or towards satisfaction of any amount due and payable to the Portfolio Manager under the Servicing Agreement;
- (n) *fourteenth*, in or towards satisfaction, *pro rata* and *pari passu*, of the Swap Counterparty Subordinated Payment due to the Swap Counterparty under the terms of the Swap Agreement and the amounts, if any, due and payable under the NAMS Rebalancing Agreement, including any termination payment due and payable by the Issuer;
- (o) *fifteenth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of principal due on the Class E Notes;
- (p) *sixteenth*, in or towards satisfaction *pro rata* and *pari passu*, of principal due under the Class S Notes until fully redeemed in accordance with the Conditions by applying the Available Class S Redemption Funds;
- (q) *seventeenth*, up to and including the First Optional Redemption Date, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of the Class X Revenue Amount;
- (r) *eighteenth*, in or towards satisfaction of principal due under the Class X Notes until fully redeemed in accordance with the Conditions; and
- (s) *nineteenth*, after the First Optional Redemption Date, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

**Payment outside the Priority of Payments**

Any Tax Credit and any Swap Replacement Premium shall be paid outside the relevant Priority of Payments and

such amount will not form part of the Available Revenue Funds (see Section 5.4 (*Hedging*)).

### 5.3 LOSS ALLOCATION

#### Principal Deficiency Ledger

A Principal Deficiency Ledger comprising five sub-ledgers, 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 and the Class E Principal Deficiency Ledger, respectively, will be established by or on behalf of the Issuer in order to record any Realised Loss on the Mortgage Receivables. In addition each such sub-ledger will be used to record any Revenue Shortfall Amount (the balance standing to the debit any such sub-ledger, respectively, the Class A Principal Deficiency, the Class B Principal Deficiency, the Class C Principal Deficiency, the Class D Principal Deficiency and the Class E Principal Deficiency and together a Principal Deficiency). The sum of any Realised Loss and any Revenue Shortfall Amount shall be debited to the Class E Principal Deficiency Ledger (such debit items being reccredited at item (v) of the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of the Principal Amount Outstanding of the Class E Notes and thereafter such amounts shall be debited to the Class D Principal Deficiency Ledger (such debit items being reccredited at item (m) of the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of the Principal Amount Outstanding of the Class D Notes and thereafter such amounts shall be debited to the Class C Principal Deficiency Ledger (such debit items being reccredited at item (k) of the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of the Principal Amount Outstanding of the Class C Notes and thereafter such amounts shall be debited to the Class B Principal Deficiency Ledger (such debit items being reccredited at item (i) of the Revenue Priority of Payments on each relevant Notes Payment Date) so long as the debit balance on such sub-ledger is less than the sum of the Principal Amount Outstanding of the Class B Notes and thereafter such amounts shall be debited to the Class A Principal Deficiency Ledger (such debit items being reccredited at item (f) of the Revenue Priority of Payments on each relevant Notes Payment Date).

“**Realised Loss**” means, on any Notes Payment Date, the sum of:

- (A) with respect to the Mortgage Receivables purchased after the Closing Date, in respect of which the Originator, the Seller, the Issuer, the Servicer on behalf of the Issuer or the Security Trustee has completed the foreclosure, in the immediately preceding Notes Calculation Period the amount by which (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables exceeds (ii) the amount of the Net Foreclosure Proceeds applied to reduce the Outstanding Principal Amount of the Mortgage Receivables; and
- (B) with respect to the Mortgage Receivables sold by the Issuer in the immediate preceding Notes Calculation Period, the amount by which (i) the aggregate Outstanding Principal Amount of such Mortgage Receivables exceeds (ii) the purchase price of the Mortgage Receivables received by the Issuer to the extent relating to principal; and
- (C) with respect to the Mortgage Receivables in respect of which the Borrower (i) has successfully asserted set-off or defence to payments or (ii) repaid or prepaid any amount in the immediately preceding Notes Calculation Period the amount by which (x) the aggregate Outstanding Principal Amount of such Mortgage Receivables prior to such set-off or defence or repayment or prepayment exceeds (y) the aggregate Outstanding Principal Amount of such Mortgage Receivables after such set-off or defence or repayment or prepayment having been made, unless, and to the extent, such amount is received from the Originator or the Seller or otherwise in accordance with any item of the Available Principal Funds.

## 5.4 HEDGING

### Interest Rate Hedging

All Mortgage Receivables sold and assigned to the Issuer bear a fixed rate of interest. The interest rate payable by the Issuer with respect to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes is calculated as a margin over three month Euribor. By entering into the Swap Agreement and the NAMS Rebalancing Agreement with the Swap Counterparty, the Issuer will hedge the exposure in respect of the interest received under the Swap Mortgage Receivables against the Euribor component of the interest rate due by the Issuer under the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (i.e. excluding the applicable margin part of the interest rate).

In respect of each Swap Transaction, the Issuer will agree to pay on each payment date of such Swap Transaction an amount equal to the sum of:

- (i) the Swap Notional Amount for the relevant Swap Calculation Period multiplied by (a) the Swap Fixed Rate for the relevant Swap Calculation Period multiplied by (b) the relevant day count fraction determined on a 30/360 basis; and
- (ii) any Prepayment Penalties received in respect of the Swap Mortgage Receivables during the relevant Swap Calculation Period *divided by* the proportion that the Swap Notional Amount for that Swap Transaction bears to the aggregate of the Swap Notional Amounts for all Swap Transactions, in each case for the relevant Calculation Period ("**Actual Prepayment Penalties**").

In respect of each Swap Transaction, the Swap Counterparty will agree to pay on each payment date of such Swap Transaction an amount equal to (i) the Swap Notional Amount for the relevant Swap Calculation Period multiplied by (ii) Euribor for three (3) month deposits for the relevant Swap Calculation Period (or such other rate determined following a Benchmark Trigger Event, as applicable), multiplied by (iii) the relevant day count fraction determined on an actual/360 basis (the "**Swap Counterparty Floating Amount**"). If the Swap Counterparty Floating Amount is a negative amount (i.e. because Euribor for three (3) month deposits is negative), the Issuer will be required to pay an amount equal to the absolute value of such Swap Counterparty Floating Amount to the Swap Counterparty.

The Swap Calculation Period will be equal to the Interest Period.

In respect of each NAMS Rebalancing Transaction, the Swap Counterparty will be entitled to receive a NAMS Rebalancing Payment in respect of a period if the amortisation of the Swap Mortgage Receivables during that period diverges from certain expected amortisation scenarios. The NAMS Rebalancing Payment represents the impact of rebalancing a vanilla interest rate swap to the actual outstanding balance of the Swap Mortgage Receivables. The terms of such vanilla interest rate swap are the same as the terms of the Swap Transaction corresponding to the relevant NAMS Rebalancing Transaction, provided that the notional amounts of such vanilla interest rate swap are known in advance and projected using the 0% CPR Assumption (as defined in the NAMS Rebalancing Agreement), together with certain prepayment assumptions. If the prepayment rate experienced on the Swap Mortgage Receivables is within specified CPR bands for a given period from (and including) an Observation Date to (but excluding) the next following Observation Date, no payment will be due under the NAMS Rebalancing Transactions unless there are Issuer Deferred Amounts (as defined below) from previous period(s), which will be payable to the extent that the Issuer has sufficient funds available to pay such Issuer Deferred Amounts. The NAMS Rebalancing Payment will be payable *pari passu* with payment of the Swap Counterparty Subordinated Payment under the applicable Priority of Payments.

In addition, if the Issuer has insufficient funds available to pay in full any amounts due under the NAMS Rebalancing Agreement on any Notes Payment Date, this will not constitute a NAMS Event of Default and any unpaid amounts (the "**Issuer Deferred Amounts**") will be accrued and payable on the next subsequent Notes Payment Date on which funds are available (or, if earlier, on the termination date of the relevant NAMS Rebalancing Transaction). The Actual Prepayment Penalties received in respect of any Swap Mortgage Receivables are paid by the Issuer to the Swap Counterparty on each such Notes Payment Date and in respect of each relevant period under the Swap Agreement. Under the NAMS Rebalancing Agreement, the amount owed by the Issuer will be reduced by the Prepayment Penalty Rebate (as defined in the NAMS Rebalancing Agreement and which is a portion of the Actual Prepayment Penalties). To the extent that this results in an overall payment

being due from the Swap Counterparty on any such Notes Payment Date, such amount (the “**Swap Counterparty Deferred Amount**”) will be deferred and the amount owed by the Issuer will be reduced by this amount on the next Notes Payment Date on which a NAMS Rebalancing Payment is due and payable by the Issuer. Interest will be payable by the Issuer or the Swap Counterparty on any Issuer Deferred Amount or Swap Counterparty Deferred Amount, respectively. Such deferral of payment will not constitute a NAMS Event of Default.

The Hedging Agreements will be documented under two separate 2002 ISDA Master Agreements. The Hedging Transactions under each Hedging Agreement may be terminated upon the occurrence of one of certain specified Events of Default and Termination Events (each as defined therein) commonly found in standard ISDA documentation except where such Events of Default and Termination Events (each as defined therein) are disappplied and/or modified and any Additional Termination Events (as defined therein) are added.

Hedging Events of Default under the Hedging Agreements in relation to the Issuer will be limited to (a) non-payment under the relevant Hedging Agreement, (b) certain insolvency events in respect of the Issuer and (c) Merger Without Assumption (as defined in the relevant Hedging Agreement), whereas all Hedging Events of Default under the Hedging Agreement other than (a) Cross Default and (b) Default Under Specified Transaction (each as defined in the relevant Hedging Agreement) shall apply in relation to the Swap Counterparty.

A Hedging Termination Event under a Hedging Agreement will occur if (i) it becomes unlawful for either party to perform its obligations under the relevant Hedging Agreement, or (ii) a Force Majeure Event (as defined in the relevant Hedging Agreement) occurs, or (iii) a Tax Event (as defined and modified in the relevant Hedging Agreement) occurs, or (iv) a Tax Event Upon Merger (as defined and modified in the relevant Hedging Agreement) occurs. In addition, a Swap Termination Event under the Swap Agreement will occur if (a) the Issuer sells or assigns a Swap Mortgage Receivable, provided that a Swap Transaction that includes such Swap Mortgage Receivable in its Reference Pool will partially terminate in respect of a notional amount equal to the aggregate outstanding principal amount of the Swap Mortgage Receivable sold or assigned, or (b) the Issuer fails to pay to the Swap Counterparty any amounts owed by the Issuer to the Swap Counterparty under the Swap Agreement following a breach by the Seller or the Originator of clause 12.1(l) of the Mortgage Receivables Purchase Agreement, or (c) amendments are made without the Swap Counterparty’s consent (not to be unreasonably withheld or delayed) (A) to clause 4 of the Servicing Agreement, (B) which constitute a Basic Terms Change, (C) to the Issuer’s right to sell or assign the Mortgage Receivables under the Transaction Documents or to redeem the Notes under the Conditions, (D) to Condition 14(f) or clause 19.3 of the Trust Agreement or (E) to the Transaction Documents, the Conditions or the Interest Rate Policy Letter which in the Swap Counterparty’s reasonable opinion will have a material adverse impact on the currency, amount, timing or priority of payments due to be made by or to the Swap Counterparty under the Swap Agreement, or (d) the Rated Notes are redeemed or repaid in full (other than pursuant to the exercise by the Seller of the Remarketing Call Option), or (e) the Notes, other than the Class S Notes and the Class X Notes, are purchased by the Issuer or are restructured or new notes are structured pursuant to Condition 6(e) (*Remarketing Call Option*) without the prior written consent of the Swap Counterparty, or (f) an Enforcement Notice is served.

If a Swap Transaction is terminated or is novated to a replacement swap counterparty and the corresponding NAMS Rebalancing Transaction is not also novated to that replacement swap counterparty, this will trigger a termination of the corresponding NAMS Rebalancing Transaction.

Upon the early termination of a Hedging Transaction, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party. Any termination payment could be substantial.

If a termination payment is due to the Swap Counterparty (other than where it constitutes a Swap Counterparty Subordinated Payment) under the Swap Agreement, it will rank in priority to payments due from the Issuer under the Notes under the applicable Priority of Payments. If a Swap Counterparty Subordinated Payment or a termination payment under the NAMS Rebalancing Agreement is due to the Swap Counterparty, it will rank in priority to payments due from the Issuer under the Class E Notes, the Class S Notes and the Class X Notes under the applicable Priority of Payments. Subject to the terms of the Hedging Agreements, the termination amount will be based upon loss (or gain) and may consider market quotations of the cost of entering into transactions with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties. The projected amortisation of the Swap Notional Amount for the purpose of determining the termination amount under the Hedging Agreements will be based on (i) a range of prepayment rates defined in a commercially reasonable manner using all information available on the Swap Mortgage Receivables and according to the regular

methodology customarily employed by the Swap Counterparty or another leading dealer in the relevant market for similar prepayment-linked swap; and (ii) the assumption that the Outstanding Principal Amount of each Swap Mortgage Receivable reduces to zero on the first date on which the Loan Index payable under such Swap Mortgage Receivable is scheduled to reset or otherwise the date on which a Swap Mortgage Receivable is scheduled to mature.

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to the Swap Counterparty, the Issuer will not be required pursuant to the terms of the Swap Agreement to pay the Swap Counterparty such amounts as would otherwise have been required to ensure that the Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made.

In the event that the Swap Counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the Swap Counterparty will be required (save where such deduction is in respect of FATCA) pursuant to the terms of the Swap Agreement to pay to the Issuer such additional amounts as are required to ensure that the Issuer receives the same amounts that it would have received had such withholding or deduction not been made.

If the Swap Counterparty ceases to have certain required ratings by the Credit Rating Agencies, the Swap Counterparty will be required to take certain remedial measures under the Swap Agreement at its own cost which, subject to the terms of the Swap Agreement, may include (i) the provision of collateral for its obligations under the Swap Agreement (pursuant to the credit support annex entered into by the Issuer and the Swap Counterparty which forms part of the Swap Agreement on the basis of ISDA documentation, which stipulates certain requirements relating to the provision of collateral by the Swap Counterparty at any time after the Closing Date in accordance with the relevant Credit Rating Agency criteria), (ii) arranging for its obligations under the Swap Agreement to be transferred to an entity with the required ratings, (iii) procuring another entity with at least the required ratings guarantee its obligations under the Swap Agreement, or (iv) the taking of such other action acceptable to the relevant Credit Rating Agencies as may be required to maintain or, as the case may be, restore the then current ratings assigned to the Rated Notes immediately prior to the Swap Counterparty ceasing to have such ratings. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Transactions.

Furthermore, in the Trust Agreement, if the Swap Counterparty is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement, the Issuer has undertaken to use commercially reasonable efforts, or procure that the Issuer Administrator shall use commercially reasonable efforts, to ensure (if necessary) that the relevant steps contemplated in the Swap Agreement are taken and, in case of a termination of the Swap Agreement due to other reasons, the Issuer has undertaken to take or procure that the Issuer Administrator shall take all steps reasonably required under the Swap Agreement and in assisting the Security Trustee in finding an alternative swap counterparty.

Upon termination of the Swap Transactions any collateral transferred by the Swap Counterparty which is in excess of its obligations to the Issuer under the Swap Agreement will promptly be returned to such Swap Counterparty outside the relevant Priority of Payments. Interest accrued on, and any distributions received in respect of, the Swap Collateral will either be deposited in the Swap Collateral Account or paid to the Swap Counterparty in accordance with the credit support annex.

Any Tax Credit obtained by the Issuer in connection with an amount that is required to be withheld or deducted in respect of tax from payments due under the Swap Agreement shall be paid to the Swap Counterparty outside the relevant Priority of Payments.

#### **Swap termination and payment by replacement swap counterparty**

If following the termination of a Hedging Transaction (i) an amount is due by the Issuer to the Swap Counterparty as termination payment (including any Swap Counterparty Subordinated Payment), other than in relation to the return of Excess Swap Collateral under the Swap Agreement, and (ii) the Issuer receives an upfront payment from a replacement swap counterparty in connection with the entering into of a replacement swap transaction as a result of the market value of such swap transaction, then the Issuer shall apply such amounts received from that replacement swap counterparty to pay an amount equal to such termination payment outside the relevant Priority of Payments and such amount will not form part of the Available Revenue Funds.

## **EMIR**

Under EMIR, (i) financial counterparties (“**FC**”) and (ii) non-financial counterparties whose positions in OTC derivatives (including the positions of other non-financial entities in its group, but excluding any hedging positions) exceed a specified clearing threshold (“**NFC+**”) must clear OTC derivative contracts that are entered into on or after the effective date for the clearing obligation. The Issuer is however of the view that it currently qualifies as a non-financial counterparty whose positions in OTC derivatives are below the specified clearing threshold referred to under (i) above (“**NFC**”). That is, because the Issuer’s only positions in OTC derivatives are the positions under the Swap Agreement, which in its view qualify as hedging positions under EMIR. In addition, to the Issuer’s knowledge, no other non-financial entity in the Issuer’s group (which includes the Seller’s group) exceeds the clearing threshold. Should the Issuer nonetheless qualify as an NFC+ (or FC), it would in principle become subject to the clearing obligation. However, OTC derivative contracts that have a conditional notional amount (i.e. a notional amount which varies over the life of the contract in an unpredictable way) will not be subject to the clearing obligation and the Swap Agreement will likely qualify as such an OTC derivative contract. Furthermore, pursuant to the Securitisation Regulation, a securitisation special purpose entity that is an NFC+ or FC would, subject to certain requirements, be exempted from the clearing obligation.

OTC derivative contracts that are not cleared by a CCP are subject to certain other risk-mitigation requirements. These include arrangements for timely confirmation of OTC derivative contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivative contracts. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Swap Agreement. Another risk mitigation requirement under EMIR is the mandatory margining of non-cleared OTC derivative contracts. This requirement does, however, not apply to NFC’s, like the Issuer (see above). Moreover, even if the Issuer would qualify as NFC+ (or FC), the margin obligation is expected to be amended to take into account the specified structure of a securitisation arrangement and the protections already provided therein.

In addition, under EMIR, any counterparty must timely report the conclusion, modification and termination of their OTC and exchange traded derivative contracts to a trade repository.

Under the Reporting Services Agreement, the Swap Counterparty undertakes to report the details of the Swap Transaction to the trade repository in accordance with the terms of the Reporting Services Agreement on behalf of the Issuer.

## 5.5 LIQUIDITY SUPPORT

### **Reserve Account**

Amounts credited to the Reserve Account will be available on any Notes Payment Date to meet items (a) to (m) (inclusive) of the Revenue Priority of Payments provided that all other amounts available to the Issuer other than item (ix) of the Available Revenue Funds and the Revenue Shortfall Amount available for such purpose have been used or shall be used on such Notes Payment Date to meet these items (a) to (m) (inclusive) of the Revenue Priority of Payments.

### **Available Principal Funds / Revenue Shortfall Amount**

If and to the extent that the Available Revenue Funds, but excluding item (x) thereof, are insufficient for the Issuer to meet items (a) up to and including (e) of the Revenue Priority of Payments and after redemption in full of the Class A Notes, the item in the Revenue Priority of Payments relating to the payment of interest of the Most Senior Class, the Issuer shall use from the Available Principal Funds (excluding item (viii) thereof) such amount required to meet such items (a) up to and including (e) of the Revenue Priority of Payments and after redemption in full of the Class A Notes, the item in the Revenue Priority of Payments relating to the payment of interest of the Most Senior Class on such Notes Payment Date as the Revenue Shortfall Amount. Any Revenue Shortfall Amount shall be debited to the Principal Deficiency Ledger on such Notes Payment Date, see further Section 5.3.

### **Negative Carry Amount**

On the Closing Date, from the net proceeds of the Class X Notes, an amount equal to the sum of the (i) Construction Deposit Negative Carry Amount, (ii) the Pre-funded Account Negative Carry Amount and (iii) the Swap Negative Carry Amount will be deposited on the Issuer Collection Account.

On the first Notes Payment Date, an amount equal to the Pre-funded Account Negative Carry Amount and the Swap Negative Carry Amount will be withdrawn from the Issuer Collection Account and form part of the Available Revenue Funds. After the first Notes Payment Date, other than the Construction Deposit Negative Carry Amount, there will be no further Negative Carry Amount. On any Notes Calculation Date, the Construction Deposit Negative Carry Amount will be calculated and the positive difference between the Construction Deposit Negative Carry Amount calculated on the previous Notes Calculation Date and the Construction Deposit Negative Carry Amount calculated on such Notes Calculation Date will be withdrawn from the Issuer Collection Account and form part of the Available Revenue Funds.

Further ledgers may be maintained to record amounts standing to the credit of the Issuer Accounts.

## 5.6 TRANSACTION ACCOUNTS

### Issuer Accounts

#### *Issuer Collection Account*

The Issuer will maintain with the Issuer Account Bank, the Issuer Collection Account to which – *inter alia* – all amounts received (i) in respect of the Mortgage Receivables and (ii) from the other parties to the Transaction Documents will be paid. The Issuer Administrator will identify all amounts paid into the Issuer Collection Account, including the amounts received set out under (i) and (ii) above, in respect of the Mortgage Receivables.

The Issuer Administrator will identify all amounts paid into the Issuer Collection Account in respect of the Mortgage Receivables by crediting such amounts to ledgers established for such purpose. Payments received on each relevant Mortgage Collection Payment Date in respect of the Mortgage Receivables will be identified as principal or revenue receipts and credited to the relevant principal ledger or the revenue ledger, as the case may be. Further ledgers may be maintained to record amounts held in the Issuer Collection Account.

The Issuer may at its option, invest (i) the balance standing to the credit of the Pre-funded Account and the balance standing to the credit of the Reserve Account and (ii) if during any Mortgage Calculation Period, the balance standing to the credit of the Issuer Collection Account exceeds 0.75 per cent. of the Principal Amount Outstanding of all Notes on the Closing Date at close of business (after application by the Issuer of the Available Revenue Funds and the Available Principal Funds) on the immediately preceding Notes Payment Date, such funds, into Eligible Investments.

Payments may be made from the Issuer Collection Account other than on a Notes Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Transaction Documents) and under obligations incurred in connection with the Issuer's business (ii) investments in Eligible Investments and (iii) the Initial Purchase Price of the Further Advance Receivables purchased by the Issuer from the Seller, subject to the Additional Purchase Conditions being met.

#### *Construction Deposit Account*

In addition, the Issuer will maintain with the Issuer Account Bank a Construction Deposit Account. On or around the Closing Date and on a Purchase Date on which New Mortgage Receivables will be purchased by the Issuer an amount corresponding to the Aggregate Construction Deposit Amount in relation to the Mortgage Receivables purchased by the Issuer on the Closing Date or, as the case may be, the New Mortgage Receivables purchased by the Issuer on such Purchase Date will be credited to the Construction Deposit Account. Payments may be made from the Construction Deposit Account only to satisfy payment by the Issuer to the Seller of part of the Initial Purchase Price as a result of the distribution of all of the Construction Deposit by the Originator to the relevant Borrowers. Besides this, the Construction Deposit Account will be debited (i) on each Mortgage Collection Payment Date with the amount Borrowers have set off against the Mortgage Receivables in connection with the Construction Deposits and/or (ii) if an Assignment Notification Event set out under (d) (see Section 7.1 (*Purchase, repurchase and sale*)) has occurred, as a result of which the Issuer has no further obligation to pay such part of the Initial Purchase Price. In both cases, the relevant amount will be credited to the Issuer Collection Account and will form part of the Available Principal Funds. In the event that the interest rate accruing on the balance standing to the credit of the Construction Deposit Account is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank.

#### *Reserve Account*

The Issuer will maintain with the Issuer Account Bank the Reserve Account to which on the Closing Date the proceeds of the Class S Notes will be credited, which are equal to EUR 7,600,000.

If and to the extent that the Available Revenue Funds (excluding item (ix) and (x)) as calculated on any Notes Calculation Date exceeds the amounts required to meet items ranking higher than item (h) in the Revenue Priority of Payments on the immediately succeeding Notes Payment Date, the excess amount will be used to credit the Reserve Account, to the extent required, until the balance standing to the credit of the Reserve Account equals the Reserve Account First Target Level, being, on any Notes Payment Date, an amount equal to 1.25 per cent. of the Principal Amount Outstanding of the Class A Notes and the Class B Notes, as calculated at close of business on the immediately preceding Notes Payment Date, provided that at the close of business on the Notes Payment Date

on which all amounts of interest and principal due to the Class A Notes and the Class B Notes have been or will be paid and redeemed, the Reserve Account First Target Level shall be zero.

Amounts credited to the Reserve Account up to an amount equal to the Reserve Account Second Target Level will be available on any Notes Payment Date to meet items (a) to (m) (inclusive) of the Revenue Priority of Payments, provided that all other amounts available to the Issuer for such purpose have been used or shall be used on such Notes Payment Date to meet these items (a) to (m) (inclusive) of the Revenue Priority of Payments.

If and to the extent that the Available Revenue Funds (excluding item (ix) and (x)) as calculated on any Notes Calculation Date exceed the amounts required to meet items ranking higher than item (n) in the Revenue Priority of Payments, the excess amount will be used to credit the Reserve Account, to the extent required, until the balance standing to the credit of the Reserve Account equals the Reserve Account Second Target Level, being, (A) on the Closing Date, an amount equal to 2.00 per cent. of the Rated Notes and the Class E Notes, (B) on any Notes Payment Date thereafter, an amount equal to the higher of (a) the sum of (i) 2.00 per cent. of the Principal Amount Outstanding of the Class A Notes and the Class B Notes at close of business on the immediately preceding Notes Payment Date and (ii) 2.00 per cent. of the Principal Amount Outstanding of the Class C Notes, Class D Notes and Class E Notes at close of business on the immediately preceding Notes Payment Date and (b) EUR 100,000 and (C) at close of business on the relevant Notes Payment Date on which all amounts of interest and principal due to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been or will be paid and redeemed, zero.

To the extent that the balance standing to the credit of the Reserve Account on any Notes Payment Date exceeds the Reserve Account Second Target Level (after payments pursuant to the Revenue Priority of Payments would have been made on such date), such excess shall be drawn from the Reserve Account 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 interest and principal due in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes have been or will be paid, the Reserve Account Second Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will thereafter form part of the Available Revenue Funds and, as the Available Class S Redemption Funds (i.e. provided that the Class S Redemption Condition is met), be available to redeem the Class S Notes in accordance with the Conditions, subject to the Revenue Priority of Payments.

The Issuer may at its option, at any time invest any balance standing to the credit of the Reserve Account into Eligible Investments.

#### *Pre-funded Account*

The Issuer will maintain with the Issuer Account Bank the Pre-funded Account into which on the Closing Date an amount equal to the EUR 44,547,236.90 (being the Pre-funded Amount on the Closing Date) from the net proceeds of the Notes (other than the proceeds of Class S Notes and the Class X Notes) will be credited.

The Pre-funded Amount is to be applied provided that the Additional Purchase Conditions are met on such date, during the Pre-funded Period to purchase New Mortgage Receivables and to pay the Initial Purchase Price thereof on any Purchase Date during the Pre-funded Period.

Without prejudice to any drawing in connection with investments in Eligible Investments, amounts may be drawn by the Issuer from the Pre-funded Account to pay the Initial Purchase Price payable to the Seller and, as the case may be, the deposit of the relevant Aggregate Construction Deposit Amount in respect of the New Mortgage Receivables on the Construction Deposit Account on the relevant Purchase Date.

The Pre-funded Amount remaining on the first Notes Payment Date will be applied by the Issuer in or towards satisfaction, on a *pari passu* and *pro rata* basis, in accordance with the respective amounts thereof, to redeem in part the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by reference to their respective Principal Amount Outstanding on the Closing Date, unless the Pre-funded Amount is less than EUR 100,000 on such first Notes Payment Date, in which case it will form part of the Available Principal Funds and will be applied in accordance with the Redemption Priority of Payments.

On each day during the Pre-funded Period (excluding the last Mortgage Calculation Period falling in the Pre-funded

Period), the Issuer has the option to invest any balance standing to the credit of the Pre-funded Account in Eligible Investments.

#### *Swap Collateral Accounts*

The Issuer will maintain with the Issuer Account Bank the Swap Cash Collateral Account to which any collateral in the form of cash may be credited by the Swap Counterparty pursuant to the Swap Agreement. If any collateral in the form of securities is to be provided to the Issuer by the Swap Counterparty, the Issuer will be required to open a Swap Securities Collateral Account in accordance with the Swap Agreement in which such securities will be held.

No withdrawals may be made in respect of any Swap Collateral Account other than:

- (i) to effect the return of Excess Swap Collateral to the Swap Counterparty (which return shall be effected by the transfer of such Excess Swap Collateral directly to the Swap Counterparty, outside the Revenue Priority of Payments or, as applicable, the Post-Enforcement Priority of Payments) including any interest accrued on or distributions received in respect of the collateral which may be paid in accordance with the credit support annex; or
- (ii) following the termination of the Swap Agreement where an amount is owed by the Swap Counterparty to the Issuer, the collateral (in case of securities after liquidation or sale thereof) (other than any Excess Swap Collateral) will form part of the Available Revenue Funds (for the avoidance of doubt, after any close out netting has taken place) provided that such amount may be first applied towards, or reserved for, an upfront payment to a replacement swap counterparty outside the Revenue Priority of Payments until one year after such termination has occurred.

#### *Interest*

The Issuer Account Bank will agree to pay a rate of interest determined by reference to EONIA minus a margin on the balance standing to the credit of the relevant Issuer Transaction Account from time to time. In the event that the interest rate accruing on the balance standing to the credit of the relevant Issuer Transaction Account is less than zero, such amount will be payable by the Issuer to the Issuer Account Bank.

#### *Rating of Issuer Account Bank*

If at any time the rating of the Issuer Account Bank falls below the Requisite Credit Rating or any such rating is withdrawn by any of the Credit Rating Agencies, the Issuer will be required within thirty (30) calendar days (of such reduction or withdrawal of such rating) to (a) transfer the balance standing to the credit of the relevant Issuer Accounts to an alternative issuer account bank having at least the Requisite Credit Rating, (b) to obtain a third party with at least the Requisite Credit Rating to guarantee the obligations of the Issuer Account Bank or, (c) to find another solution so that the then current ratings of the Rated Notes are not adversely affected as a result thereof. The Issuer shall, promptly following the transfer to another bank, pledge its interests in such agreement and the Issuer Accounts in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

#### *Issuer Account Agent*

The Issuer Accounts will be operated by the Issuer Account Agent.

#### *Issuer Investment Accounts*

If the Issuer invests in Eligible Investments it will open the Investment Securities Account and deposit the Eligible Investments on such account. In addition, the Issuer will maintain with the Issuer Account Bank the Investment Cash Account and will deposit the monies resulting from Eligible Investments on such account.

## 5.7 ADMINISTRATION AGREEMENT

### Issuer Services

In the Administration Agreement, the Issuer Administrator will agree to provide certain services, including (a) the application of amounts received by the Issuer to the Issuer Accounts and the production of reports in relation thereto, (b) arranging that, if required, drawings are made by the Issuer from the Issuer Collection Account, the Reserve Account, the Pre-funded Account and the Construction Deposit Account, (c) arranging that all payments to be made by the Issuer under the Swap Agreement are made, (d) arranging that all payments to be made by the Issuer under the other Transaction Documents are made, (e) arranging that all payments to be made by the Issuer under the Notes are made in accordance with the Paying Agency Agreement and the Conditions, (f) the maintaining of all required ledgers in connection with the above, (g) all administrative actions in relation thereto, (h) arranging that all calculations to be made pursuant to the Conditions are made and (i) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

The Issuer Administrator will calculate the amounts available to the Issuer on the basis of information received by it, including but not limited to the relevant information provided by the Servicer to the Issuer Administrator for each Mortgage Calculation Period. The Issuer Administrator will make each of the Portfolio and Performance Reports and the Notes and Cash Reports available to, amongst others, the Issuer, the Security Trustee and the Noteholders on a quarterly basis (see also Section 8 (*General Information*)).

### Termination

The Administration Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by the Issuer Administrator in the payment on the due date of any amount due and payable under the Administration Agreement, (b) a default is made by the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Administration Agreement or (c) the Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted against it for its entering into controlled management (*gestion contrôlée*) or moratorium or reprieve from payments (*sursis the paiement*) or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets.

Upon the occurrence of a termination event as set out above, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute issuer administrator and such substitute issuer administrator shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Administration Agreement, provided that such substitute issuer administrator shall have the benefit of a servicing fee and an administration fee at a level to be then determined. The Issuer shall, promptly following the execution of such agreement, pledge its interests in such agreement in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

Furthermore, the Administration Agreement may be terminated by (i) the Issuer Administrator and (ii) the Issuer or the Security Trustee on behalf of the Issuer upon the expiry of not less than 6 months' notice of termination given by (i) the Issuer Administrator to each of the Issuer and the Security Trustee or (ii) by the Issuer to each of the Issuer Administrator and the Security Trustee, provided that, *inter alia*, (a) the Security Trustee consents in writing to such termination (b) a Credit Rating Agency Confirmation is available and (c) a substitute issuer administrator shall be appointed, such appointment to be effective not later than the date of termination of the Administration Agreement and such substitute issuer administrator enters into an agreement substantially on the terms of the Administration Agreement and the Administrator shall not be released from its obligations under the Administration Agreement until such new agreement has been signed and entered into effect with respect to such substitute administrator. The Issuer shall, promptly following the execution of such agreement, pledge its interests in such agreement in favour of the Security Trustee on the terms of the Issuer Rights Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

### Calculations and reconciliation

The Issuer Administrator will calculate the amounts available to the Issuer on the basis of information received by it, including but not limited to the relevant information provided by the Servicer for each Mortgage Calculation Period.

If on any Mortgage Calculation Date no Portfolio and Performance Report is delivered to the Issuer Administrator by

the Servicer in accordance with the Servicing Agreement, the Issuer Administrator will use all reasonable endeavours to make all determinations necessary in order for the Issuer Administrator to continue to perform the Issuer Services, as further set out in the Administration Agreement. The Issuer Administrator will make such determinations until such time it receives from the Servicer or substitute servicer the Portfolio and Performance Report. Upon receipt by the Issuer Administrator of such Portfolio and Performance Report, the Issuer Administrator will apply the reconciliation calculations as further set out in the Administration Agreement in respect of payments made as a result of determinations made by the Issuer Administrator during the period when no Portfolio and Performance Report was available, and credit or debit, as applicable, such amounts from the Revenue Reconciliation Ledger and the Principal Reconciliation Ledger as set out in the Administration Agreement.

With respect to the Revenue Priority of Payments, the Issuer Administrator shall only make payments for items (a) up to and including (t) and shall make no payments to any items ranking below item (t) until the relevant Portfolio and Performance Reports are available. The Issuer or the Issuer Administrator shall credit the amounts remaining after the Revenue Priority of Payments and items (a) up to and including (t) of the Revenue Priority of Payments have been paid in full on the Revenue Reconciliation Ledger.

Any (i) calculations properly done in accordance with the Trust Agreement and in accordance with the Administration 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 Administration 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).

#### **Market Abuse Directive**

Pursuant to the Administration Agreement, the Issuer Administrator, *inter alia*, shall procure compliance by the Issuer with all applicable legal requirements, including in respect of the below.

The Directive 2014/57/EU of 16 April 2014 on criminal sanctions for market abuse (the **Market Abuse Directive**) and the Regulation 596/2014 of 16 April 2014 on market abuse (the **Market Abuse Regulation**) and the Dutch legislation implementing this directive (the Market Abuse Directive, the Market Abuse Regulation and the Dutch implementing legislation together referred to as the **MAD Regulations**) *inter alia* impose on the Issuer the obligations to disclose inside information and to maintain a list of persons that act on behalf of or for the account of the Issuer and who, on a regular basis, have access to inside information in respect of the Issuer.

The Issuer Administrator has accepted the tasks of maintaining the list of insiders and to organise the assessment and disclosure of inside information, if any, on behalf of the Issuer. The Issuer Administrator shall have the right to consult with the Servicer and any legal counsel, accountant, banker, broker, securities company or other company other than the Credit Rating Agencies and the Security Trustee in order to analyse whether the information can be considered to be inside information which must be disclosed in accordance with the MAD Regulations. If disclosure is required, the Issuer Administrator shall procure the publication of such information in accordance with the MAD Regulations. Notwithstanding the delegation of compliance with the MAD Regulations to the Issuer Administrator, the Issuer shall ultimately remain legally responsible and liable for such compliance.

## 6. PORTFOLIO INFORMATION

### 6.1 STRATIFICATION TABLES

The numerical information set out below under the header *Stratification Tables* relates to the portfolio of Mortgage Receivables as of the initial Cut-Off Date which the Seller will offer for sale to the Issuer on the Signing Date. In addition, this information is expected to be representative of the portfolio of New Mortgage Receivables which the Seller may potentially offer for sale to the Issuer during the Pre-funded Period. Not all of the information set out below in relation to the portfolio may necessarily correspond to the details of the Mortgage Receivables as of the Signing Date. Furthermore, after the Signing Date, the portfolio will change from time to time as a result of the repayment, prepayment, amendment and repurchase of Mortgage Receivables as well as the purchase of New Mortgage Receivables and Further Advance Receivables.

The Mortgage Receivables represented in the Stratification Tables have been selected in accordance with the Mortgage Loan Criteria. However, there can be no assurance that any New Mortgage Receivables or Further Advance Receivables acquired by the Issuer after the Signing Date will have the exact same characteristics as represented in the Stratification Tables.

#### STRATIFICATION TABLES

##### 1. Key Characteristics

Total Original Principal Amount (€)	340,600,726
Total Outstanding Principal Amount (€)	335,452,763
Number of Borrowers	919
Saving Deposits (€)	-
Construction Deposits (€)	12,403,696
Total Outstanding Principal Amount Excl. Construction Deposits and Savings Deposits (€)	323,049,067
Number of Loan Parts	2,293
Number of Loans	919
Average Outstanding Principal Amount Excl. Construction Deposits (Per Borrower)	351,522
Weighted Average Interest Rate (%)	2.61
Weighted Average Maturity (In Years)	29.02
Weighted Seasoning (In Years)	0.60
Weighted Average Remaining Term to Interest Reset (In Years)	18.79
Weighted Average OLTOMV (%)	96.32%
Weighted Average CLTOMV (%)	94.92%
Weighted Average Loan to Income Ratio	4.24

##### 2. Redemption Type

Redemption Type	Outstanding Principal Amount (€)	% of Total	No of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Annuity Mortgage Loans	207,651,764	61.90	1,410	61.49	2.61	28.89	95.15
Interest-only Mortgage Loans	113,602,160	33.87	770	33.58	2.63	29.35	94.43
Linear Mortgage Loans	14,198,839	4.23	113	4.93	2.59	28.26	95.46
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>2,293</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

3. Outstanding Principal Amount (Based on Total Loan)

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
< 250,000	10,324,258	3.08	53	5.77	2.45	28.22	84.54
250,000 to 275,000	16,328,886	4.87	61	6.64	2.59	28.62	94.34
275,000 to 300,000	41,732,949	12.44	145	15.78	2.64	28.78	94.63
300,000 to 325,000	39,842,764	11.88	127	13.82	2.67	28.98	94.62
325,000 to 350,000	40,161,163	11.97	119	12.95	2.63	29.18	95.93
350,000 to 375,000	34,104,896	10.17	94	10.23	2.63	29.19	95.19
375,000 to 400,000	30,990,833	9.24	80	8.71	2.57	29.03	95.36
400,000 to 425,000	21,874,825	6.52	53	5.77	2.69	29.17	96.54
425,000 to 450,000	18,884,146	5.63	43	4.68	2.66	29.37	96.42
450,000 to 475,000	12,076,630	3.60	26	2.83	2.58	28.93	95.25
475,000 to 500,000	11,232,292	3.35	23	2.50	2.57	29.46	94.95
500,000 to 525,000	12,319,127	3.67	24	2.61	2.50	29.19	96.71
525,000 to 550,000	4,278,462	1.28	8	0.87	2.61	29.00	96.03
550,000 to 575,000	7,273,197	2.17	13	1.41	2.61	29.02	95.41
575,000 to 600,000	7,071,097	2.11	12	1.31	2.48	29.32	92.53
600,000 to 625,000	6,113,908	1.82	10	1.09	2.64	29.37	96.08
625,000 to 650,000	2,533,416	0.76	4	0.44	2.65	28.99	90.97
>= 650,000	18,309,916	5.46	24	2.61	2.57	28.63	94.82
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

4. Original Principal Amount (Based on Total Loan)

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
< 250,000	9,388,106	2.80	49	5.33	2.47	28.14	84.84
250,000 to 275,000	8,579,868	2.56	33	3.59	2.53	28.53	92.19
275,000 to 300,000	38,676,758	11.53	137	14.91	2.64	28.83	95.29
300,000 to 325,000	39,888,522	11.89	130	14.15	2.66	28.92	94.08
325,000 to 350,000	42,967,537	12.81	130	14.15	2.63	29.09	95.63
350,000 to 375,000	33,833,603	10.09	95	10.34	2.66	29.29	95.87
375,000 to 400,000	32,346,507	9.64	85	9.25	2.58	28.97	95.73
400,000 to 425,000	23,427,359	6.98	58	6.31	2.63	29.18	95.23
425,000 to 450,000	17,208,963	5.13	40	4.35	2.68	29.40	97.07
450,000 to 475,000	14,486,199	4.32	32	3.48	2.58	29.09	95.23
475,000 to 500,000	11,927,603	3.56	25	2.72	2.63	29.17	96.28
500,000 to 525,000	12,092,240	3.60	24	2.61	2.54	29.37	95.45
525,000 to 550,000	8,290,299	2.47	16	1.74	2.51	28.72	94.89
550,000 to 575,000	6,129,064	1.83	11	1.20	2.69	28.97	96.52
575,000 to 600,000	5,219,822	1.56	9	0.98	2.64	29.46	94.39
600,000 to 625,000	8,286,788	2.47	14	1.52	2.44	29.34	93.03
625,000 to 650,000	3,747,113	1.12	6	0.65	2.67	28.90	94.28
>= 650,000	18,956,412	5.65	25	2.72	2.57	28.66	94.26
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

5. Origination Year (Based on Loan Part Start Date)

Origination Year	Outstanding Principal Amount (€)	% of Total	No of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
2016	1,587,532	0.47	10	0.44	1.99	27.42	84.83
2017	13,025,880	3.88	73	3.18	2.43	27.94	88.71
2018	166,493,460	49.63	1,086	47.36	2.62	28.81	94.84
2019	154,345,891	46.01	1,124	49.02	2.63	29.35	95.62
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>2,293</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

6. Seasoning (Based on Loan Part Start Date) (In Years)

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
< 0.5	157,143,723	46.85	1,144	49.89	2.63	29.35	95.64
0.5 to 1	100,620,083	30.00	677	29.52	2.60	28.89	95.05
1 to 1.5	63,075,545	18.80	389	16.96	2.65	28.65	94.44
1.5 to 2	10,725,756	3.20	59	2.57	2.40	27.96	88.58
>= 2	3,887,656	1.16	24	1.05	2.33	27.69	87.47
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>2,293</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

7. Year of Final Maturity Date

Year of Final Maturity Date	Outstanding Principal Amount (€)	% of Total	No of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
2023	24,941	0.01	3	0.13	1.74	4.11	92.13
2024	12,953	0.00	1	0.04	1.40	4.75	89.27
2025	-	-	-	-	-	-	-
2026	56,362	0.02	2	0.09	1.51	6.91	84.93
2027	-	-	-	-	-	-	-
2028	35,826	0.01	1	0.04	2.21	8.58	96.43
2029	25,728	0.01	1	0.04	1.91	10.42	87.29
2030	50,733	0.02	1	0.04	2.19	11.42	98.80
2031	246,931	0.07	5	0.22	2.25	11.91	90.23
2032	82,391	0.02	2	0.09	2.17	12.77	99.20
2033	464,569	0.14	4	0.17	2.59	14.00	85.77
2034	161,523	0.05	2	0.09	2.21	14.50	97.36
2035	10,208	0.00	1	0.04	2.15	16.42	95.50
2036	350,355	0.10	5	0.22	2.24	16.81	92.40
2037	352,760	0.11	5	0.22	2.56	18.10	85.34
2038	1,382,334	0.41	12	0.52	2.50	19.04	89.44
2039	1,581,103	0.47	19	0.83	2.57	19.78	89.46
2040	324,352	0.10	2	0.09	2.73	20.94	76.57
2041	864,169	0.26	9	0.39	2.47	21.82	94.50
2042	177,942	0.05	2	0.09	2.20	23.00	98.35
2043	1,821,667	0.54	18	0.78	2.68	24.05	91.80
2044	2,457,252	0.73	23	1.00	2.52	24.93	91.64
2045	3,773,579	1.12	36	1.57	2.67	26.01	94.91
2046	4,876,226	1.45	46	2.01	2.52	26.93	91.88

2047	18,199,788	5.43	132	5.76	2.42	28.04	90.46
2048	131,683,903	39.26	812	35.41	2.61	29.08	94.77
2049	166,435,168	49.62	1,149	50.11	2.65	29.71	95.88
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>2,293</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

8. Remaining Term (In Years)

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
< 25	9,613,538	2.87	112	4.88	2.53	20.54	90.39
25 to 26	2,677,167	0.80	26	1.13	2.58	25.60	93.38
26 to 27	4,701,528	1.40	40	1.74	2.65	26.53	94.21
27 to 28	9,206,950	2.74	76	3.31	2.39	27.55	90.36
28 to 29	44,509,802	13.27	277	12.08	2.60	28.71	92.51
29 to 30	263,712,839	78.61	1,754	76.49	2.63	29.50	95.69
>= 30	1,030,939	0.31	8	0.35	2.45	30.00	91.04
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>2,293</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

9. Original Loan to Original Market Value

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
< 80.00%	7,807,506	2.33	28	3.05	2.43	27.97	73.24
80.00% to 90.00%	36,451,209	10.87	102	11.10	2.54	28.50	86.07
90.00% to 100.00%	184,857,598	55.11	498	54.19	2.61	29.08	95.54
100.00% to 105.00%	106,336,449	31.70	291	31.66	2.65	29.17	98.47
>= 105.00%	-	-	-	-	-	-	-
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

10. Current Loan to Original Market Value

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
< 80.00%	11,510,436	3.43	40	4.35	2.41	27.89	74.59
80.00% to 90.00%	50,032,920	14.92	135	14.69	2.57	28.59	87.22
90.00% to 100.00%	273,909,407	81.65	744	80.96	2.63	29.14	97.18
= 100.00%	-	-	-	-	-	-	-
> 100.00%	-	-	-	-	-	-	-
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

11. Arrears Status

Arrears Status	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Performing	334,230,038	99.64	915	99.56	2.61	29.02	94.91
0 to 1 months	1,222,725	0.36	4	0.44	2.71	29.29	98.03
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

12. Loan Part Coupon (Interest Rate Bucket)

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
< 1.00%	-	-	-	-	-	-	-
1.00% to 2.00%	20,741,327	6.18	211	9.20	1.91	28.48	88.40
2.00% to 2.25%	57,156,114	17.04	374	16.31	2.17	28.89	96.63
2.25% to 2.50%	2,169,159	0.65	16	0.70	2.34	28.26	91.92
2.50% to 2.75%	105,392,504	31.42	758	33.06	2.67	28.97	93.12
2.75% to 3.00%	136,816,345	40.79	852	37.16	2.82	29.22	96.48
3.00% to 3.25%	13,177,314	3.93	82	3.58	3.04	28.81	96.36
>= 3.25%	-	-	-	-	-	-	-
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>2,293</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

13. Remaining Interest Rate Fixed Period (In Years)

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
0 to 5	2,132,536	0.64	52	2.27	1.66	28.11	95.96
5 to 6	-	-	-	-	-	-	-
6 to 7	435,996	0.13	9	0.39	2.10	28.09	86.20
7 to 8	2,459,918	0.73	10	0.44	1.99	27.60	86.98
8 to 9	21,783,152	6.49	144	6.28	2.13	28.54	92.36
9 to 10	52,037,703	15.51	375	16.35	2.12	28.96	95.72
10 to 11	57,058	0.02	1	0.04	2.59	28.92	88.26
11 to 12	395,846	0.12	6	0.26	2.44	23.43	92.86
12 to 13	-	-	-	-	-	-	-
13 to 14	2,137,407	0.64	13	0.57	2.69	25.80	89.12
14 to 15	3,776,050	1.13	31	1.35	2.58	29.19	91.57
15 to 16	-	-	-	-	-	-	-
16 to 17	-	-	-	-	-	-	-
17 to 18	1,707,408	0.51	13	0.57	2.87	27.84	90.58
18 to 19	37,102,255	11.06	212	9.25	2.78	28.62	94.58
19 to 20	144,730,168	43.14	996	43.44	2.70	29.11	95.14
20 to 21	-	-	-	-	-	-	-
21 to 22	-	-	-	-	-	-	-
22 to 23	-	-	-	-	-	-	-
23 to 24	-	-	-	-	-	-	-
24 to 25	-	-	-	-	-	-	-
25 to 26	-	-	-	-	-	-	-
26 to 27	-	-	-	-	-	-	-
27 to 28	-	-	-	-	-	-	-
28 to 29	11,936,973	3.56	73	3.18	3.02	28.89	93.80
29 to 30	54,760,293	16.32	358	15.61	2.90	29.60	96.06
>= 30	-	-	-	-	-	-	-
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>2,293</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

14. Interest Payment Type

Interest Payment Type	Outstanding Principal Amount (€)	% of Total	No of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Fixed with future periodic resets	335,452,763	100.00	2,293	100.00	2.61	29.02	94.92
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>2,293</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

15. Property Description

Property Description	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Residential (House, detached or semi-detached)	315,806,621	94.14	862	93.80	2.62	29.01	94.94
Residential (Flat/Apartment)	19,646,142	5.86	57	6.20	2.53	29.11	94.57
Other	-	-	-	-	-	-	-
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

16. Geographic Distribution (By Province)

Province	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Drenthe	12,176,886	3.63	35	3.81	2.59	29.19	93.36
Flevoland	7,377,708	2.20	20	2.18	2.58	29.02	95.08
Friesland	6,591,093	1.96	18	1.96	2.51	28.98	96.46
Gelderland	50,332,475	15.00	136	14.80	2.64	28.99	95.32
Groningen	2,225,237	0.66	7	0.76	2.69	28.32	96.39
Limburg	9,387,950	2.80	27	2.94	2.69	29.08	95.05
Noord-Brabant	67,741,386	20.19	185	20.13	2.66	29.04	94.94
Noord-Holland	50,240,031	14.98	136	14.80	2.55	28.97	94.82
Overijssel	20,449,564	6.10	58	6.31	2.65	29.26	96.01
Utrecht	36,845,980	10.98	95	10.34	2.56	28.94	94.68
Zeeland	3,058,022	0.91	10	1.09	2.55	28.93	92.98
Zuid-Holland	69,026,430	20.58	192	20.89	2.63	29.01	94.61
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

17. Construction Deposits (as a percentage of Total Outstanding Principal Amount)

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
0.00%	258,898,444	77.18	731	79.54	2.61	29.00	94.67
0.00% to 10.00%	41,360,720	12.33	104	11.32	2.66	28.88	95.64
10.00% to 20.00%	15,950,769	4.75	40	4.35	2.58	29.18	95.32
20.00% to 30.00%	3,515,488	1.05	9	0.98	2.63	29.52	95.05
30.00% to 35.00%	1,421,367	0.42	4	0.44	2.87	29.37	98.71
35.00% to 40.00%	2,416,829	0.72	5	0.54	2.38	29.13	90.87
>= 40.00%	11,889,145	3.54	26	2.83	2.51	29.49	97.57
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## 18. Occupancy

Occupancy	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Owner Occupied	335,452,763	100.00	919	100.00	2.61	29.02	94.92
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## 19. Employment Status of Borrower

Employment Status	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Employed	288,252,138	85.93	790	85.96	2.62	29.00	95.11
Self-employed	46,226,959	13.78	124	13.49	2.56	29.11	94.05
Other	973,666	0.29	5	0.54	2.12	29.02	78.00
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## 20. Loan Purpose

Loan Purpose	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Purchase	183,330,705	54.65	526	57.24	2.62	28.99	94.41
Purchase with renovation elements	125,161,220	37.31	329	35.80	2.63	29.05	95.38
Construction	26,960,838	8.04	64	6.96	2.52	29.09	96.25
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## 21. Loan to Income Ratio

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
< 2.0	174,910	0.05	1	0.11	2.40	23.25	69.81
2.0 to 2.5	3,714,175	1.11	12	1.31	2.66	29.00	90.09
2.5 to 3.0	13,573,292	4.05	44	4.79	2.59	28.35	92.39
3.0 to 3.5	34,114,538	10.17	97	10.55	2.61	28.50	93.95
3.5 to 4.0	53,366,922	15.91	156	16.97	2.66	28.87	94.93
4.0 to 4.5	103,161,378	30.75	293	31.88	2.61	29.06	95.01
4.5 to 5.0	84,302,405	25.13	225	24.48	2.60	29.22	95.18
5.0 to 5.5	39,879,067	11.89	85	9.25	2.60	29.34	96.36
>= 5.5	3,166,076	0.94	6	0.65	2.54	29.36	94.80
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## 22. Debt Service to Income

From (>=) Until (<)	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
< 10.00%	5,278,606	1.57	19	2.07	2.38	28.87	86.21
10.00% to 15.00%	65,727,290	19.59	184	20.02	2.51	29.00	94.08
15.00% to 20.00%	175,660,309	52.37	485	52.77	2.62	29.02	95.09
20.00% to 25.00%	79,159,766	23.60	208	22.63	2.70	29.05	95.67
25.00% to 30.00%	9,350,157	2.79	22	2.39	2.71	29.05	95.94
30.00% to 35.00%	276,635	0.08	1	0.11	2.65	26.12	98.80
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## 23. Loan Payment Frequency

Payment Frequency	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Monthly	335,452,763	100.00	919	100.00	2.61	29.02	94.92
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## 24. Guarantee Type

Guarantee Type	Outstanding Principal Amount (€)	% of Total	No of Loan Parts	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Non-NHG	335,452,763	100.00	2,293	100.00	2.61	29.02	94.92
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>2,293</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## 25. Originator

Originator	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Venn Hypotheken	335,452,763	100.00	919	100.00	2.61	29.02	94.92
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## 26. Servicer

Servicer	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Stater	335,452,763	100.00	919	100.00	2.61	29.02	94.92
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## 27. Valuation Type

Valuation Type	Outstanding Principal Amount (€)	% of Total	No of Loans	% of Total	Weighted Average Coupon	Weighted Average Maturity	Weighted Average CLTOMV
Full, internal and external inspection	308,491,925	91.96	855	93.04	2.62	29.01	94.80
Construction costs	26,960,838	8.04	64	6.96	2.52	29.09	96.25
<b>Total:</b>	<b>335,452,763</b>	<b>100.00</b>	<b>919</b>	<b>100.00</b>	<b>2.61</b>	<b>29.02</b>	<b>94.92</b>

## PERFORMANCE TABLES OF SIMILAR MORTGAGE RECEIVABLES

Data on static and dynamic historical default and loss performance of mortgage receivables similar to the Mortgage Receivables

The tables set forth below present the historical performance data compiled by the European DataWarehouse for a portfolio of mortgage loans which have been securitised in other prime Dutch RMBS transactions which are deemed substantially similar to those being securitised by means of the securitisation transaction described in this Prospectus, based on solely the criteria set out below. The performance of the mortgage loans have been tracked by the European DataWarehouse for at least five (5) years prior to the Cut-Off Date.

The underlying portfolio is deemed substantially similar to the portfolio of Mortgage Loans securitised in this transaction and the sample was selected by the European DataWarehouse based on the following criteria:

- The mortgage loans have been originated from 1 August 2011 under the Code of Conduct;
- The mortgage loans are non-NHG mortgage loans granted to owner occupied borrowers for the purpose of acquiring a residential property in the Netherlands; and
- The mortgage receivables resulting therefrom have been securitised in a prime Dutch RMBS transaction between 2011 and 2019.

The information included in the tables below does not relate to the Mortgage Receivables itself and has not been audited by any auditor.

## PERFORMANCE TABLES

### 5 Years of Historical Arrears of a Sample of Substantially Similar Mortgage Receivables (Source: European DataWarehouse)

Date	Outstanding Balance	0-30 days	30-60 days	60-90 days	90-120 days	120-150 days	150-180 days	180+ days
31 March 2014	886,240,154	0.59%	0.12%	0.05%	0.02%	0.03%	0.02%	0.23%
30 June 2014	872,109,172	0.74%	0.27%	0.12%	0.14%	0.02%	0.02%	0.18%
30 September 2014	860,784,118	0.25%	0.10%	0.03%	0.00%	0.02%	0.00%	0.00%
31 December 2014	843,694,237	2.92%	0.23%	0.12%	0.06%	0.04%	0.02%	0.13%
31 March 2015	810,849,986	2.09%	0.21%	0.14%	0.01%	0.07%	0.03%	0.13%
30 June 2015	818,402,751	2.90%	0.28%	0.06%	0.03%	0.15%	0.04%	0.11%
30 September 2015	800,530,947	2.21%	0.40%	0.02%	0.27%	0.01%	0.03%	0.12%
31 December 2015	782,354,385	2.35%	0.45%	0.28%	0.06%	0.04%	0.00%	0.15%
31 March 2016	764,857,160	2.01%	0.27%	0.17%	0.06%	0.07%	0.04%	0.20%
30 June 2016	748,305,784	0.72%	0.41%	0.10%	0.00%	0.00%	0.13%	0.14%
30 September 2016	731,995,037	0.52%	0.27%	0.15%	0.11%	0.00%	0.02%	0.17%
31 December 2016	714,934,007	0.62%	0.24%	0.06%	0.02%	0.06%	0.08%	0.00%
31 March 2017	694,200,430	0.80%	0.27%	0.08%	0.04%	0.07%	0.00%	0.06%
30 June 2017	657,233,063	0.61%	0.16%	0.06%	0.00%	0.04%	0.00%	0.02%
30 September 2017	637,489,641	0.75%	0.13%	0.09%	0.06%	0.00%	0.00%	0.02%
31 December 2017	597,717,027	0.88%	0.13%	0.10%	0.00%	0.03%	0.00%	0.02%
31 March 2018	578,368,243	0.47%	0.04%	0.07%	0.10%	0.00%	0.07%	0.00%
30 June 2018	562,999,503	0.64%	0.12%	0.00%	0.00%	0.05%	0.03%	0.07%
30 September 2018	545,102,048	1.05%	0.19%	0.00%	0.00%	0.00%	0.03%	0.07%

31 December 2018	529,753,823	0.61%	0.12%	0.00%	0.09%	0.07%	0.00%	0.00%
31 March 2019	511,959,352	1.02%	0.12%	0.04%	0.04%	0.03%	0.00%	0.00%

**5 Years of Historical Annualised Defaults and Losses of a Sample of Substantially Similar Mortgage Receivables (Source: European DataWarehouse)**

Date	Original Outstanding Balance	Annualised Default Rate	Annualised Loss Rate
31 March 2014	886,240,154		
30 June 2014	886,240,154	0.97%	0.00%
30 September 2014	886,240,154	0.86%	0.01%
31 December 2014	886,240,154	0.94%	0.26%
31 March 2015	886,240,154	0.95%	0.25%
30 June 2015	886,240,154	0.77%	0.20%
30 September 2015	886,240,154	0.87%	0.21%
31 December 2015	886,240,154	0.89%	0.20%
31 March 2016	886,240,154	0.78%	0.17%
30 June 2016	886,240,154	0.85%	0.17%
30 September 2016	886,240,154	0.94%	0.15%
31 December 2016	886,240,154	0.94%	0.15%
31 March 2017	886,240,154	0.92%	0.14%
30 June 2017	886,240,154	0.86%	0.12%
30 September 2017	886,240,154	0.81%	0.11%
31 December 2017	886,240,154	0.74%	0.10%
31 March 2018	886,240,154	0.70%	0.09%
30 June 2018	886,240,154	0.67%	0.09%
30 September 2018	886,240,154	0.64%	0.09%
31 December 2018	886,240,154	0.61%	0.09%
31 March 2019	886,240,154	0.58%	0.08%

**5 Years of Historical Cumulative Defaults and Losses of a Sample of Substantially Similar Mortgage Receivables (Source: European DataWarehouse)**

Date	Original Outstanding Balance	Cumulative Default Rate	Cumulative Loss Rate
31 March 2014	886,240,154		
30 June 2014	886,240,154	0.24%	0.00%
30 September 2014	886,240,154	0.43%	0.01%
31 December 2014	886,240,154	0.71%	0.20%
31 March 2015	886,240,154	0.95%	0.25%
30 June 2015	886,240,154	0.96%	0.25%
30 September 2015	886,240,154	1.31%	0.32%
31 December 2015	886,240,154	1.56%	0.34%

31 March 2016	886,240,154	1.57%	0.34%
30 June 2016	886,240,154	1.91%	0.38%
30 September 2016	886,240,154	2.36%	0.38%
31 December 2016	886,240,154	2.58%	0.40%
31 March 2017	886,240,154	2.77%	0.41%
30 June 2017	886,240,154	2.80%	0.41%
30 September 2017	886,240,154	2.82%	0.38%
31 December 2017	886,240,154	2.79%	0.38%
31 March 2018	886,240,154	2.79%	0.38%
30 June 2018	886,240,154	2.84%	0.38%
30 September 2018	886,240,154	2.88%	0.41%
31 December 2018	886,240,154	2.88%	0.41%
31 March 2019	886,240,154	2.88%	0.41%

### **WEIGHTED AVERAGE LIFE**

The average life of the Notes refers to the average amount of time that will elapse from the Closing Date to the date of payment of the relevant Noteholders in reduction of the Principal Amount Outstanding of such Notes and gives a sense of the behaviour of principal cash flows.

The average lives of the Notes will be influenced by, among other things, the actual rates of repayment and prepayment of the Mortgage Loans. The average lives of the Notes are subject to factors largely outside the control of the Issuer. However, calculations of the possible average lives of the Notes can be made based on certain assumptions.

The tables under the header weighted average life tables below were prepared based on the characteristics of the Mortgage Loans and the following additional assumptions:

- (a) the Seller exercises the Seller Call Option on the First Optional Redemption Date in the first scenario described in the tables, or the Seller does not exercise the Seller Call Option in the second scenario described in the tables;
- (b) the Mortgage Loans are subject to a CPR of between 0 per cent. and 20 per cent. per annum as shown in the following tables;
- (c) there is no redemption of the Notes for tax reasons;
- (d) the Mortgage Loans continue to be fully performing and there are no arrears or foreclosures, i.e. no Realised Losses;
- (e) no Mortgage Receivable is sold by the Issuer;
- (f) the portfolio mix of loan characteristics remain the same throughout the life of the Notes and 100 per cent. of the Mortgage Receivables are purchased on the Closing Date;
- (g) there is no debit balance on the Principal Deficiency Ledger on any Notes Payment Date;
- (h) the Seller is not in breach of the terms of the Mortgage Receivables Purchase Agreement;
- (i) no Mortgage Receivable is required to be repurchased by the Seller;
- (j) the balance of the Pre-funded Account is zero;
- (k) there is collateral of EUR 335,452,763 and on the Closing Date the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have an aggregate Principal Amount Outstanding of EUR 325,389,180;
- (l) at the Closing Date, the Class A Notes represent approximately 91.00 per cent. of the Mortgage Receivables as of the initial Cut-Off Date;
- (m) at the Closing Date, the Class B Notes represent approximately 2.25 per cent. of the Mortgage Receivables as of the initial Cut-Off Date;
- (n) at the Closing Date, the Class C Notes represent approximately 2.25 per cent. of the Mortgage Receivables as of the initial Cut-Off Date;

- (o) at the Closing Date, the Class D Notes represent approximately 1.50 per cent. of the Mortgage Receivables as of the initial Cut-Off Date;
- (p) at the Closing Date, the Class E Notes represent approximately 3.00 per cent. of the Mortgage Receivables as of the initial Cut-Off Date;
- (q) the Notes are issued on 16<sup>th</sup> July 2019 and the first Notes Payment Date is on 25<sup>th</sup> November 2019;
- (r) all the payments on the Notes are received on the 25<sup>th</sup> day of February, May, August and November commencing from the first Notes Payment Date. If the 25<sup>th</sup> falls into Saturday or Sunday, the payment on the Notes will be the received the following weekday
- (s) Euribor remains constant at 0.0 per cent.;
- (t) the interest rate of Mortgage Receivables is assumed to be equal to their current interest rate (as of the initial Cut-Off Date) until their maturity;
- (u) the Final Maturity Date of the Notes is the Notes Payment Date falling in November 2054;
- (v) the weighted average lives have been calculated on an actual/360 basis;
- (w) the weighted average lives have been modelled on the Outstanding Principal Amount of the Mortgage Loans including any Construction Deposits (i.e. it is assumed that the Construction Deposits are drawn on the initial Cut-Off Date);
- (x) Mortgage Loans which are repaid in full are assumed to be repaid on the first day of the Mortgage Calculation Period;
- (y) the Notes will be redeemed in accordance with the Conditions;
- (z) no Security has been enforced;
- (aa) no Enforcement Notice has been served and no Event of Default has occurred;
- (bb) no Mortgage Loan has or will be in breach of any Mortgage Loan Criteria;
- (cc) the structure incorporates senior and servicing fees of 0.15 per cent. (per annum) of the Outstanding Principal Amount of the Mortgage Loans at close of business on the immediately preceding Notes Payment Date;
- (dd) the structure incorporates a portfolio management fee of 0.10 per cent. (per annum) of the Outstanding Principal Amount of the Mortgage Loans at close of business on the immediately preceding Notes Payment Date; and
- (ee) the structure incorporates a Swap Fixed Rate of 1.234 per cent. (per annum).

The actual characteristics and performance of the Mortgage Loans are likely to differ from the assumptions and the tables below and must therefore be viewed with considerable caution.

### Weighted Average Life Tables

The following tables illustrate some hypothetical weighted average lives of the Notes calculated by reference to the indicated assumed CPRs and on the basis of the assumptions set out under the header Weighted Average Life above:

#### *Hypothetical weighted average lives of the Notes (in years) – With early redemption on the Step-up Date*

Class of Notes	0.0 % CPR	5.0 % CPR	10.0 % CPR	15.0 % CPR	20.0 % CPR
A Notes	5.19	4.52	3.93	3.41	2.95
B Notes	5.44	5.44	5.44	5.44	5.44
C Notes	5.44	5.44	5.44	5.44	5.44
D Notes	5.44	5.44	5.44	5.44	5.44
E Notes	5.44	5.44	5.44	5.44	5.44

#### *Hypothetical weighted average lives of the Notes (in years) – Without early redemption on the Step-up Date*

Class of Notes	0.0 % CPR	5.0 % CPR	10.0 % CPR	15.0 % CPR	20.0 % CPR
A Notes	19.79	10.19	6.23	4.40	3.36
B Notes	30.29	28.06	19.08	13.77	10.58
C Notes	30.29	29.35	21.08	15.38	11.87
D Notes	30.29	29.71	23.19	17.14	13.32
E Notes	30.37	30.14	26.77	20.62	16.40

## 6.2 DESCRIPTION OF MORTGAGE LOANS

The Mortgage Loans (or in case of Mortgage Loans consisting of more than one loan part (*leningdelen*), the aggregate of such loan parts) are secured by a first-ranking or, as the case may be, a first and sequentially lower ranking, mortgage right. The mortgage rights secure the relevant Mortgage Loans and are vested over property situated in the Netherlands. The Mortgage Loans and the mortgage rights securing the liabilities arising therefrom are governed by Dutch law. See *Risk that the All Moneys Security Rights will not follow the Mortgage Receivables upon assignment to the Issuer* in Section 2 (*Risk Factors*).

### Mortgage Loan Types

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

- (a) Linear Mortgage Loans (*lineaire hypotheken*);
- (b) Annuity Mortgage Loans (*annuïteiten hypotheken*);
- (c) Interest-only Mortgage Loans (*aflossingsvrije hypotheken*); and
- (d) Mortgage Loans which combine any of the above mentioned types of mortgage loans.

The repayments to be made to the Noteholders have not been structured to depend predominantly on the sale of the Mortgaged Assets securing the Mortgage Loans. For the purpose of the foregoing statement the Issuer and the Seller rely on the EBA STS Guidelines Non-ABCP Securitisations, which indicate that interest-only residential mortgages are not intended to be excluded from the Securitisation Regulation.

For a description of the representations and warranties given by the Seller, reference is made to Section 7.2 (*Representation and Warranties*).

<b>Mortgage Loan Type</b>	<b>Description</b>
<b>Linear Mortgage Loans:</b>	A portion of the Mortgage Loans will be in the form of Linear Mortgage Loans. Under a Linear Mortgage Loan the Borrower redeems a fixed amount on each instalment, such that at maturity the entire loan will be redeemed. The Borrower's payment obligation decreases with each payment as interest owed under such Mortgage Loan declines over time.
<b>Annuity Mortgage Loans:</b>	A portion of the Mortgage Loans will be in the form of Annuity Mortgage Loans. Under an Annuity Mortgage Loan the Borrower pays a constant total monthly payment, made up of an initially high and subsequently decreasing interest portion and an initially low and subsequently increasing principal portion, and calculated in such a manner that such Mortgage Loan will be fully redeemed at the end of its term.
<b>Interest-only Mortgage Loans:</b>	A portion of the Mortgage Loans will be in the form of Interest-only Mortgage Loans. Under an Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof). Interest-only Mortgage Loans may have been granted up to an amount equal to 50 per cent. of the Market Value of the Mortgaged Asset at origination.

## 6.3 ORIGINATION AND SERVICING

### Origination

The Mortgage Receivables result from Mortgage Loans which have been granted by the Originator.

All Mortgage Receivables are administered and serviced by Stater Nederland B.V. and its wholly owned subsidiary HypoCasso B.V. (jointly and individually referred to as “**Stater**”) in their capacity as Sub-servicer.

Under the Servicing Agreement, the Seller acts as Servicer for the Issuer and has appointed Stater to act as Sub-servicer. Stater provides collection and other services to and on behalf of the Originator and the Seller on a day-to-day basis in relation to the Mortgage Receivables. The duties of Stater include the collection of payments of principal, interest and other amounts in respect of the Mortgage Loans and the implementation of arrears procedures including the enforcement of the Mortgages.

### Underwriting rules

The Mortgage Loans have been assessed by the Originator and Stater. The underwriting criteria which apply to these Mortgage Loans are set by the Originator, which typically include the following:

- credit bureau information;
- amount of debt that can be advanced against the borrower’s monthly income and definition of income for the purposes of this calculation as well as minimum income level;
- type of employment: on a temporary or permanent basis;
- loan-to-value limitations;
- loan purpose and property type;
- foreclosure and market valuations;
- status of borrower;
- whether or not the NHG Guarantee is applicable; and
- the Code of Conduct.

### *Origination process*

The Originator and Stater carry out all activities regarding the requests for mortgages, including the offering, the review and acceptance of the requests and amendments to the mortgages. The origination is wholly done through intermediaries.

The origination process starts when a borrower opts for one of the Originator’s mortgage products advised by an intermediary. Dutch intermediaries typically offer mortgage products from multiple lenders and are typically supported by two key IT applications. The first IT application supports the intermediary in his independent advisory function and contains product specs and underwriting from multiple lenders. The second IT application is provided by the Hypotheken Data Network (“**HDN**”) and is the industry standard for exchanging data and documents regarding mortgage loan applications between all involved professional parties (intermediaries, service providers, servicers, lenders). The borrower will select the desired products and preferred lender based on advice from the intermediary. The intermediary will send the loan application and all necessary loan documentation through the HDN network to Stater where it will be processed and assessed against the relevant underwriting criteria.

If the application complies with all underwriting conditions, Stater will, on behalf of the Originator, submit a loan proposal to the borrower via the intermediary. This proposal is valid for three (3) weeks. The borrower must accept, sign and return the proposal after which it will be valid for four (4) months. The required loan underwriting

documentation must be sent after the loan proposal has been accepted but no later than three (3) weeks before the expiration of the validity period. Upon receipt of the underlying loan underwriting documentation the formal underwriting will be completed – including the relevant fraud and credit checks – and a formal loan offer will be sent to the borrower. Pursuant to the Mortgage Credit Directive and notwithstanding the initial validity period of the loan proposal, the borrower then has fourteen (14) days to consider whether or not he wants to enter into the loan contract.

When all documents have been received and finally approved by the relevant underwriting department, and the borrower has accepted the formal loan offer, Stater will send instructions and the draft mortgage loan deed to the civil law notary. Subsequently the civil law notary will call the money shortly before the scheduled signing date. Upon request, the money is transferred from the Collection Foundation Account to the civil law notary's third party account. The civil law notary is responsible for the execution of the mortgage deed and registration thereof with the Land Registry, after which all relevant documents are sent to Stater.

### *Collections*

Stater is authorised by the Originator (who has been authorised by the borrower pursuant to a SEPA direct debit contract), to draw the monthly payments from the borrower's bank account through direct debit directly into the Collection Foundation Account. Stater collects the payments on the second business day prior to the first business day of each month in arrear. Payments information is monitored daily by the servicing departments of Stater.

### *IT*

Stater has a robust and scalable IT system with recovery and backup procedures meeting generally accepted international standards.

## **Management of arrears and foreclosures**

### *Introduction*

The Originator and Servicer retain a manual providing clear and consistent terms detailing the remedies and actions relating to delinquency and default of mortgage loans, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.

The management of arrears and foreclosures process for Mortgages Loans starts as of the day that collection via direct debit of any payment due is reported failed or missing:

- Immediate client contact after a missed payment;
- Focus on client relation;
- Strict and firm follow up;
- Use all means of communication and contact;
- Use personal visits and budget counselling; and
- Secure collateral.

### *Daily process*

In case of any scheduled payment or collection reported missing or failed, Stater (on behalf of the Originator) will contact the borrower (by mail, e-mail or call) to remind the borrower of the payment due. Furthermore, after a specified number of days after a scheduled payment or collection is reported missing or failed, Stater (on behalf of the Originator) will send a formal collection letter.

Where deemed necessary, Stater will also make service calls to discuss missed payments with borrowers. Payment arrangements can also be made with the borrower if necessary. After this service call, Stater will make an initial assessment on the missed payment depending on the risk category of the mortgage account. If the borrower does not answer the service calls a message (if possible) will be left and a text message will be sent with a request for contact.

If the borrower does not respond after the first contact, Stater will continue to make service calls or if necessary, by sending letters (or telegrams, e-mails or text messages). In addition, Stater will use other means to try to reach the borrower including calling the borrower's intermediary agent and employer, searching on the internet for information (social media and housing websites), consulting the registries of the Chamber of Commerce and the Land Registry and, ultimately, paying visits to borrowers.

30 days after the arrears have come into existence, Stater will assess the situation and – if applicable qualify the borrower and the due payments as being late. Being 'late' means that the payment is 30 or more days in arrears or, in some cases, 60 days or more in arrears or that there are special circumstances, such as recent unemployment or divorce. Following such qualification, Stater will attempt to create a good contact with the borrower, to be well informed about his situation and to conclude a payment scheme or any other treatment which Stater deems fit for the borrower and acceptable to the Originator. Stater will aim to preserve the ownership by the borrower of the property. If preservation of ownership is not possible the objective will be to limit losses as much as possible.

If preservation of ownership by the borrower is no longer feasible and a sale of the property is inevitable, the borrower will be requested to cooperate and to grant a power of attorney to the relevant civil law notary for a private sale of the property. Stater will assist with the sale of the property and will achieve that the power of attorney will be granted by the borrower in an earliest possible stage. In addition, Stater will have a real estate agent value the property. Stater will, together with the Originator, consider and determine the sale price. Should the power of attorney not be granted and/or a private sale of the property appears not to be feasible, the property will be sold by public auction. Stater will lead and observe both the public and the private sale of the property.

#### *Foreclosures*

As the Originator has, as a first-ranking or, as the case may be, a first and sequentially lower ranking, mortgagee, an 'executorial title' ("*executoriale titel*"), it does not have to obtain permission from the court prior to foreclosure if the Borrower fails to fulfil his/her obligations and no other solutions are reached. Stater can, on behalf of the Originator, sell the property either through a public sale (auction) or private sale (where it has been provided with a mandate by the Borrower). If the proceeds do not fully cover the Originator's claims, the outstanding amount still has to be paid by the Borrower.

#### *Outstanding Amounts*

If amounts are still outstanding after the sale of the property has been completed, Stater, on behalf of the Originator, continues to manage the remaining receivables if it considers it likely that it will be able to recover such losses. These amounts still have to be repaid by the Borrower. If possible a settlement agreement will be entered into between the Borrower and Stater, on behalf of the Originator. If the Borrower does not comply with the settlement agreement or does not wish to cooperate with Stater on finding a solution to repay the unpaid amounts, other measures can be taken, such as attachments on assets of the debtor.

With an exception made for Mortgage Loans granted by the Originator on a Mortgaged Asset which is a property built on land for which the Borrower has entered into an unconditionally extendable long lease contract with the owner of the land, the expiration date of the long lease contract falls on the same date or any other date after the final maturity date of either the Mortgage Loan, or, as the case may be, the Loan Part with the longest remaining duration.

## 6.4 DUTCH RESIDENTIAL MORTGAGE MARKET

This Section 6.4 is derived from the overview which is available at the website of the DSA (<https://www.dutchsecuritisation.nl/dutch-mortgage-and-consumer-loan-markets>) regarding the Dutch residential mortgage market and was lastly updated February 2019. For the avoidance of doubt, this website does not form part of this Prospectus. The Issuer and the Seller believe that this source is reliable and as far as the Issuer and Seller are aware and are able to ascertain from the Dutch Securitisation Association, no facts have been omitted which would render the information in this Section 6.4 inaccurate or misleading.

### Dutch residential mortgage market

The Dutch residential mortgage debt stock is relatively sizeable, especially when compared to other European countries. Since the 1990s, the mortgage debt stock of Dutch households has grown considerably, mainly on the back of mortgage lending on the basis of two incomes in a household, the introduction of tax-efficient product structures such as mortgage loans with deferred principal repayment vehicles and interest-only mortgage loans, financial deregulation and increased competition among originators. Moreover, Loan-to-Value (LTV) ratios have been relatively high, as the Dutch tax system implicitly discouraged amortisation, due to the tax deductibility of mortgage interest payments. After a brief decline between 2012 and 2015, mortgage debt reached a new peak of EUR 704 billion in Q4 2018<sup>5</sup>. This represents a rise of EUR 9.4 billion compared to Q4 2017.

#### *Tax system*

The Dutch tax system plays an important role in the Dutch mortgage market, as it allows for almost full deductibility of mortgage interest payments from taxable income. This tax system has been around for a very long time, but financial innovation has resulted in a greater leverage of this tax benefit. 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.

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 (2019: 49%). The new government coalition has the intention to speed up this decrease. According to their policy agenda, they will reduce the maximum deduction percentage by 3.0% per annum, starting in 2020. In 2023, the maximum deduction percentage will be 37.05<sup>6</sup>%, which will then be equal to the second highest marginal income tax rate.

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.

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<sup>5</sup> Statistics Netherlands, household data.

<sup>6</sup> Deviation from the overview retrieved from the website of the DSA.

### *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. 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).

A typical Dutch mortgage loan consists of multiple loan parts, e.g. a bank savings loan part that is combined with an interest-only loan part. Newer mortgage loans, in particular those for first-time buyers after 2013, are full annuity and often consists of only one loan part. Nonetheless, tax grandfathering of older mortgage loan product structures still results in the origination of mortgage loans including multiple loan parts.

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 hypotheckair krediet”). 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). The new government coalition has indicated not to lower the maximum LTV further beyond 2018. 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. This code, which limits the risk of over crediting, has been tightened several times in the past decade. The 2007 version of the code included a major overhaul and resulted in tighter lending standards, but deviation in this version was still possible under the “explain” clause<sup>7</sup>. In 2011, another revised and stricter version of the Code of Conduct was introduced. Moreover, adherence to the “comply” option was increasingly mandated by the Financial Markets Authority (AFM). Although the Code of Conduct is currently

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<sup>7</sup> Under the “explain” clause it is in exceptional cases possible to deviate from the loan-to-income and loan-to-value rules set forth in the Code of Conduct.

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.

### Recent developments in the Dutch housing market

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.

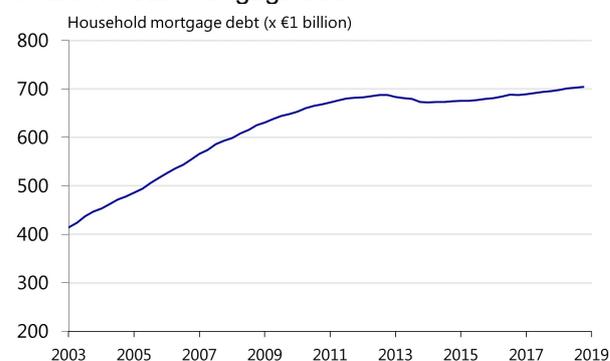
Existing house prices (PBK-index) in Q1 2019 rose by 1.7% compared to Q4 2018. Compared to Q1 2018 this increase was 7.9%. A new peak was reached this quarter. The average house average price level was 6.8% above the previous peak of 2008. The continued increase in house prices is mostly caused by an increasing supply scarcity in the market. Indeed, existing homes sales are trending down. Compared to a year ago, sales numbers declined by 9% in Q1 2019. The twelve month total of existing home sales now stands at 213,692, which is still well above pre-crisis levels.

### Forced sales

Compared to other jurisdictions, performance statistics of Dutch mortgage loans show relatively low arrears and loss rates<sup>8</sup>. The most important reason for default is relationship termination, although the increase in unemployment following the economic downturn in recent years is increasingly also a reason for payment problems. The ultimate attempt to loss recovery to a defaulted mortgage borrower is the forced sale of the underlying property.

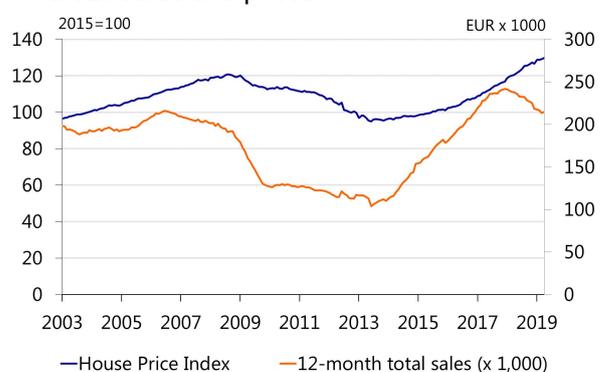
For a long time, mortgage servicers opted to perform this forced sale by an auction process. The advantage of this auction process is the high speed of execution, but the drawback is a discount on the selling price. Due to the implementation of a new IT system, the Land Registry did not record forced sales by auction in Q4 2018 and Q1 2019. In April 2019, 45 forced sales took place (0.26% of total number of sales).

Chart 1: Total mortgage debt



Source: Statistics Netherlands, Rabobank

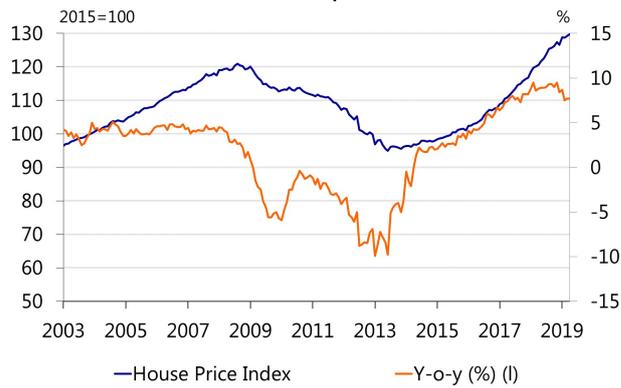
Chart 2: Sales and prices



Source: Statistics Netherlands, Rabobank

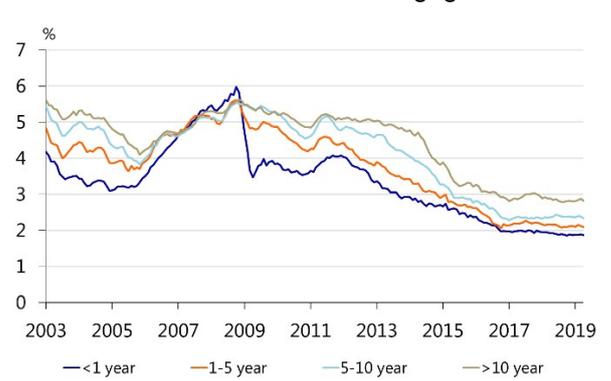
<sup>8</sup> Comparison of S&P RMBS index delinquency data.

Chart 3: Price index development



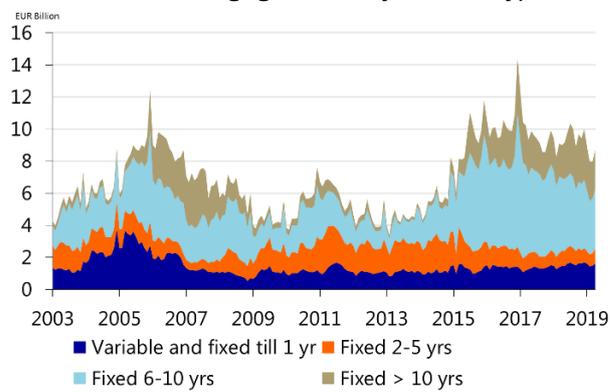
Source: Statistics Netherlands, Rabobank

Chart 4: Interest rate on new mortgage loans



Source: Dutch Central Bank

Chart 5: New mortgage loans by interest type



Source: Dutch Central Bank

Chart 6: Confidence



Source: Delft University OTB, Rabobank

## 7. PORTFOLIO DOCUMENTATION

### 7.1 PURCHASE, REPURCHASE AND SALE

#### *Assignment I*

On 10 March 2016 and from time to time thereafter, the Seller purchased and accepted assignment of the Mortgage Receivables including all ancillary rights (*nevenrechten*), such as mortgage rights (*rechten van hypotheek*) and rights of pledge (*pandrechten*) from the Originator by means of a mortgage receivables purchase agreement and multiple deeds of sale and assignment and registration of such deeds of sale and assignment with the Dutch tax authorities as a result of which legal title to the relevant Mortgage Receivables was or will be transferred from the Originator to the Seller (Assignment I). Assignment I has and will not be notified to the Borrowers, except upon the occurrence of certain events. Until such notification the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the Originator.

#### *Assignment II*

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase on the Signing Date and will, under the Deed of Assignment and Pledge and registration thereof with the Dutch tax authorities, on the Closing Date accept assignment of the Mortgage Receivables (Assignment II). The assignment by the Seller to the Issuer of the Mortgage Receivables will not be notified to the Borrowers, except upon the occurrence of any Assignment Notification Event. Until notification of Assignment I the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the Originator until notification of Assignment II the Borrowers will only be entitled to validly pay (*bevrijdend betalen*) to the Seller.

#### *Cartesian Warehouse 3 S.A.*

After Assignment I and prior to Assignment II, the Seller has sold and assigned the Mortgage Receivables to Cartesian Warehouse 3 S.A., being one of the Previous Transaction SPVs, as part of the Seller's warehouse transaction under a warehouse mortgage receivables purchase agreement and multiple deeds of sale and assignment and registration of such deeds of sale and assignment with the Dutch tax authorities as a result of which legal title to the Mortgage Receivables was transferred from the Seller to Cartesian Warehouse 3 S.A. Prior to Assignment II, the Seller has repurchased and accepted reassignment of the Mortgage Receivables from Cartesian Warehouse 3 S.A. by means of a deed of repurchase and reassignment and registration of such deed of repurchase and reassignment with the Dutch tax authorities as a result of which legal title to the relevant Mortgage Receivables was retransferred from Cartesian Warehouse 3 S.A. to the Seller prior to the closing on or before the Closing Date.

#### **Purchase Price**

The Purchase Price for the Mortgage Receivables shall consist of (i) an Initial Purchase Price which shall be payable on the Closing Date or, in case of New Mortgage Receivables and Further Advance Receivables on the relevant Purchase Date and (ii) the Deferred Purchase Price. The Initial Purchase Price is equal to the aggregate Outstanding Principal Amount of the Mortgage Receivables on the relevant Cut-Off Date. The Initial Purchase Price in respect of the Mortgage Receivables purchased on the Signing Date will be EUR 335,452,763.10. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments.

The part of the Initial Purchase Price equalling the Aggregate Construction Deposits will be withheld by the Issuer and will be deposited in the Construction Deposit Account.

#### **Further Purchases by the Issuer**

##### *New Mortgage Receivables*

The Mortgage Receivables Purchase Agreement will provide that if the Seller offers for sale and assignment a New Mortgage Receivable to the Issuer, the Issuer will accept such sale and assignment of such New Mortgage Receivable up to the Pre-funded Amount, subject to the Additional Purchase Conditions being met, on any Purchase Date during the Pre-funded Period.

##### *Further Advance Receivables*

The Mortgage Receivables Purchase Agreement will provide that the Seller shall offer for sale and assignment any

Further Advance Receivables resulting from Further Advances granted by the Originator in the preceding Mortgage Calculation Period and the Issuer shall apply the Further Advance Available Funds towards the purchase of any such Further Advance Receivables, subject to the Additional Purchase Conditions being met, on any Purchase Date until (but excluding) the First Optional Redemption Date. If the Additional Purchase Conditions are not met and the Issuer does not purchase any such Further Advance Receivable, the Seller has undertaken to repurchase the Mortgage Receivable which results from the Mortgage Loan to which the Further Advance relates.

The Mortgage Receivables will be sold to the Issuer from and including the relevant Cut-Off Date.

With respect to the Additional Purchase Conditions which apply to each purchase and assignment after the Closing Date of New Mortgage Receivables and Further Advance Receivables on any Purchase Date, reference is made to Section 7.4 (*Portfolio Conditions*) below.

The Servicer will transfer, or the Seller will pay or procure that the Collection Foundation will pay, to the Issuer on each Mortgage Collection Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the relevant Mortgage Receivables.

### **Repurchase**

In the Mortgage Receivables Purchase Agreement, the Seller has undertaken to repurchase and accept reassignment of a Mortgage Receivable:

- (i) either (a) on the Mortgage Collection Payment Date immediately following the expiration of the fourteen (14) days remedy period (as provided for in the Mortgage Receivables Purchase Agreement) if any of the representations and warranties given by the Seller in respect of the Mortgage Loans and the Mortgage Receivables, including the representation and warranty that the Mortgage Loans or, as the case may be, the Mortgage Receivables meet the Mortgage Loan Criteria, is untrue or incorrect in any material respect and the Seller has not remedied the breach or procured the remedy of the matter giving rise to such breach, or (b), if such matter is not capable of being remedied within the said period of fourteen (14) days, on the immediately following Mortgage Collection Payment Date; or
- (ii) on the Mortgage Collection Payment Date immediately following (a) the date on which the Originator agrees with a Borrower to grant a Further Advance and the relevant Further Advance Receivable is not purchased by the Issuer on any Purchase Date falling ultimately on the immediately succeeding Notes Payment Date or (b) the date on which the Originator or the Seller obtains an Other Claim; or
- (iii) on the Mortgage Collection Payment Date immediately following the date on which the Originator agrees with a Borrower to a Non-Permitted Mortgage Loan Amendment; or
- (iv) if a Borrower has exercised the Mover Option and the Current Loan to Original Market Value Ratio of the relevant Mover Mortgage Loan is higher than the Current Loan to Original Market Value Ratio of the existing Mortgage Loan on the Mortgage Collection Payment Date immediately following the date of such exercise.

The purchase price for the Mortgage Receivable in such event shall be the Outstanding Principal Amount of the relevant Mortgage Receivable together with (i) any unpaid interest accrued (up to but excluding the relevant cut-off date of the sale and assignment of the Mortgage Receivable) and (ii) reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment).

Other than in the events set out above, the Seller will not be obliged to repurchase any Mortgage Receivables from the Issuer.

In relation to the ability of the Seller to repurchase, reference is made to *Risk that the Seller fails to repurchase the Mortgage Receivables* in Section 2 above.

### **Sale of Mortgage Receivables**

#### **Call Options**

#### *Tax Call Option*

Pursuant to the Trust Agreement, the Issuer has the right to sell and assign all but not some of the Mortgage Receivables if the Tax Call Option in accordance with Condition 6(f) (*Redemption for tax reasons*) is exercised, provided that the Issuer shall apply the proceeds of such sale to redeem the Notes, other than the Class S Notes and the Class X Notes, at their Principal Amount Outstanding, together with interest and Subordinated Step-up Consideration accrued up to and including the date of redemption and to pay other amounts due ranking higher or equal to the Notes, other than the Class S Notes and the Class X Notes, in accordance with the relevant Priority of Payments and the Trust Agreement. On such date of redemption, the Issuer shall apply the balance standing to the credit of the Reserve Account only towards the redemption of the Class S Notes and the Class X Notes, in a sequential order.

If the Issuer exercises the Tax Call Option, the Issuer will notify the Seller of such decision by written notice at least sixty-seven (67) calendar days prior to the scheduled date of redemption and will first offer such Mortgage Receivables to the Seller. The Seller shall within a period of fourteen (14) calendar days after receipt of such notice inform the Issuer whether it wishes to repurchase the Mortgage Receivables. After such period of fourteen (14) calendar days, if the Seller has not indicated that it wishes to repurchase the Mortgage Receivables and if the Issuer finds a third party that is willing to purchase the Mortgage Receivables, the Issuer will notify the Seller of the terms of such third party's offer by written notice at least thirty-nine (39) calendar days prior to the scheduled date of such sale. After having received the written notice as set forth in the foregoing sentence, the Seller will have the right, but not the obligation, to repurchase all the Mortgage Receivables (but not some only) on the terms of such third party's offer to purchase the Mortgage Receivables on the scheduled date of such sale, provided that the Seller shall within a period of seven (7) calendar days after receipt of such notice inform the Issuer that it wishes to repurchase all the Mortgage Receivables (but not some only) on the scheduled date of such sale. The absence of such timely notice by the Seller will entitle the Issuer to sell the Mortgage Receivables to such third party.

The purchase price of each Mortgage Receivable in the event of a sale by the Issuer as a result of it exercising the Tax Call Option shall be equal to at least the Required Call Amount.

#### *Clean-Up Call Option*

If on any Notes Payment Date, the aggregate Outstanding Principal Amount of the Mortgage Receivables is equal to or less than the sum of (i) 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the initial Cut-Off Date and (ii) the Pre-funded Amount on the Closing Date, the Seller has the option (but not the obligation) to repurchase all the Mortgage Receivables (but not some only), by delivery of a notice to the Issuer at least thirty (30) calendar days before the relevant Notes Payment Date.

#### *Seller Call Option*

On each Optional Redemption Date, the Seller has the option (but not the obligation) to repurchase all the Mortgage Receivables (but not some only) from the Issuer, by delivery of a notice to the Issuer at least thirty (30) calendar days before the relevant Optional Redemption Date.

#### *Risk Retention Regulatory Change Call Option*

On any Notes Payment Date following the occurrence of a Risk Retention Regulatory Change Event, the Seller has the option (but not the obligation) to repurchase all the Mortgage Receivables (but not some only) from the Issuer, by delivery of a notice to the Issuer at least 75 (seventy-five) calendar days before the relevant Notes Payment Date informing the Issuer that it will exercise the Risk Retention Regulatory Change Call Option. For the avoidance of doubt, if the Risk Retention Regulatory Change Call Option is not exercised for whatever reason by the Seller, this does not affect the obligation of the Seller in any way to retain, on an ongoing basis, a material net economic interest of not less than five (5) per cent. in the securitisation transaction described in this Prospectus in accordance with article 6 of the Securitisation Regulation for which the Seller shall remain responsible.

#### *Sale following the exercise of the Clean-Up Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option*

If the Seller exercises the Clean-Up Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option, the Issuer has undertaken in the Mortgage Receivables Purchase Agreement, to sell and assign all but not some of the Mortgage Receivables on the relevant Notes Payment Date to the Seller, or any third party appointed by the Seller at its sole discretion.

The Issuer shall be required to apply the proceeds of such sale of the relevant Mortgage Receivables to redeem the

Notes, other than the Class S Notes and the Class X Notes, in accordance with Condition 6(b) (*Mandatory Redemption of the Notes, other than the Class S Notes and the Class X Notes*) at their respective Principal Amount Outstanding together with unpaid interest and Subordinated Step-up Consideration accrued up to and including the date of redemption and to pay other amounts due ranking higher or equal to the Notes, other than the Class S Notes and the Class X Notes and subject to, in respect of the Class E Notes, Condition 9(b) (*Principal*) in accordance with the relevant Priority of Payments and the Trust Agreement.

The purchase price of each Mortgage Receivable in the event of a sale by the Issuer as a result of the Seller exercising the Clean-Up Call Option, the Seller Call Option or the Risk Retention Regulatory Change Call Option shall be equal to at least the Required Call Amount.

#### **Assignment Notification Events**

If:

- (a) a default is made by the Seller or the Originator in the payment on the due date of any amount due and payable by the Seller or the Originator under the Mortgage Receivables Purchase Agreement or under any other Transaction Document to which it is a party and such failure is not remedied within fifteen (15) Business Days after having knowledge of such failure or default or notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller or the Originator fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any other Transaction Documents to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within thirty (30) Business Days after having knowledge of such failure or default or notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller or the Originator under the Mortgage Receivables Purchase Agreement, other than the representations and warranties contained in Clause 8.1 thereof, or under any of the other Transaction Documents to which the Seller or the Originator is a party or in any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Transaction Document, untrue or incorrect in any material respect; or
- (d) the Seller or the Originator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into suspension of payments (*surseance van betaling; sursis de paiement*), or for bankruptcy (*faillissement; faillite*) or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (e) the Seller or the Originator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its dissolution (*ontbinding; dissolution*) and liquidation (*vereffening; liquidation volontaire ou judiciaire*) or being converted in a foreign entity (*omzetting*) or legal demerger (*juridische splitsing*) or its assets are placed under administration (*onder bewind gesteld*); or
- (f) the Seller or the Originator has given materially incorrect information or not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into of the Mortgage Receivables Purchase Agreement and/or any of the other Transaction Documents; or
- (g) at any time it becomes unlawful for the Seller or the Originator to perform all or a material part of its obligations under the Mortgage Receivables Purchase Agreement or under any other Transaction Document to which it is a party; or
- (h) a Pledge Notification Event has occurred, or
- (i) the Collection Foundation has been declared bankrupt (*failliet verklaard*) or been subjected to suspension of payments (*surseance van betaling*) or analogous insolvency procedures under any applicable law,

(any event which is or may become (with the lapse of time and/or the giving of notice and/or the making of any determination) one of these events, an “**Assignment Notification Event**”) occurs, then the Seller shall, or shall procure that the Originator shall on its behalf, unless the Security Trustee delivers an Assignment Notification Stop Instruction, forthwith:

- (A) notify or ensure that the relevant Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee are notified of Assignment I to the Seller and Assignment II, or, at its option, the Issuer shall be entitled to make such notifications itself, for which notification the Seller will grant an irrevocable power of attorney (with the right of substitution) to the Issuer and the Security Trustee; and
- (B) the Issuer shall, if so requested by the Security Trustee, forthwith make the appropriate entries in the Land Registry relating to Assignment I and Assignment II, also on behalf of the Issuer, or, at its option, the Security Trustee shall be entitled to make such entries itself, for which entries the Seller will grant an irrevocable power of attorney (with the right of substitution) to the Issuer and the Security Trustee.

(such actions together the “**Assignment Actions**”).

Upon the occurrence of an Assignment Notification Event, the Security Trustee shall, after having notified the Credit Rating Agencies, be entitled to deliver an Assignment Notification Stop Instruction to the Seller.

In the event the Security Trustee does not deliver an Assignment Notification Stop Instruction and the Seller proceeds with the Assignment Actions, the Originator shall, unless the Security Trustee instructs otherwise, perform any of the Assignment Actions in relation to Assignment II also in relation to Assignment I and notify or ensure that the relevant Borrowers and any other relevant parties indicated by the Originator and/or the Seller are notified of Assignment I to the Seller to the Security Trustee, or, at its option, the Seller shall be entitled to take such Assignment Actions in relation to Assignment I itself.

“**Assignment Notification Stop Instruction**” means that upon the occurrence of an Assignment Notification Event, the Security Trustee shall, after having notified the Credit Rating Agencies, be entitled to deliver a written notice to the Seller (copied to the Issuer) instructing the Seller not to undertake the Assignment Actions or to take any actions other than the Assignment Actions.

#### **Personal Data**

In connection with the General Data Protection Regulation, the list of loans attached to the Mortgage Receivables Purchase Agreement and any Deed of Assignment and Pledge exclude, *inter alia*, the names and addresses of the Borrowers under the Mortgage Receivables. In the Servicing Agreement, the Servicer has agreed to release the list of loans including such personal data to the Issuer and the Security Trustee if a Notification Event has occurred and notification of Assignment II will be made to the Borrowers.

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

The Mortgage Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller or the Originator against the relevant Mortgage Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Mortgage Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Mortgage Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Mortgage Receivable.

#### **Jointly-held Security Interests**

In the Mortgage Receivables Purchase Agreement the Originator, the Seller, the Issuer and the Security Trustee will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer any jointly-held security interests. Furthermore, the Originator, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in the event of a foreclosure in respect of any of the Mortgage Receivables, the share (*aandeel*) in each jointly-held security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount in respect of a Mortgage Receivable, increased by interest and costs, if any, and the share of the Originator and the Seller will be equal to their *pro rata* share in accordance with the respective amounts of their claims of the Net Foreclosure Proceeds less the Outstanding Principal Amount in respect of the relevant Mortgage Receivable, increased by interest and costs, if any.

In addition, it will be agreed in the Mortgage Receivables Purchase Agreement that following a breach by the Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof during any Mortgage Calculation Period. Such compensation will have to be paid by the Seller forthwith.

**No active portfolio management on a discretionary basis**

Only Mortgage Receivables resulting from Mortgage Loans which satisfy the Mortgage Loan Criteria, the Additional Purchase Conditions and the representations and warranties made by the Seller in the Mortgage Receivables Purchase Agreement and as set out in Section 7.2 (*Representations and Warranties*) will be purchased by the Issuer.

A repurchase and reassignment by the Seller of Mortgage Receivables from the Issuer shall only occur in the circumstances set out in this Section 7.1 (*Purchase, Repurchase and Sale*).

Also, the Transaction Documents do not allow for the active selection of the Mortgage Loans or Mortgage Receivables on a discretionary basis including management of the pool for speculative purposes aiming to achieve better performance or increased investor yield.

Accordingly, in confirmation of compliance with article 20(7) of the Securitisation Regulation and the EBA STS Guidelines Non-ABCP Securitisations, the Issuer is of the view that the Transaction Documents do not allow for active portfolio management of the Mortgage Loans comprising the pool on a discretionary basis.

## 7.2 REPRESENTATIONS AND WARRANTIES

The Seller will represent and warrant to the Issuer and the Security Trustee that (i) on the Signing Date and the Closing Date with respect to the Mortgage Loans and the Mortgage Receivables and (ii) on the relevant Purchase Date with respect to the New Mortgage Receivables and Further Advance Receivables sold and assigned by it on such Purchase Date and the Mortgage Loans from which they result, *inter alia*:

- (a) each of the Mortgage Receivables is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date or, in respect of New Mortgage Receivables and/or Further Advance Receivables on the relevant Purchase Date;
- (b) it has not been notified and is not aware of anything affecting its title to the Mortgage Receivables;
- (c) it (i) has full right and title (*titel*) to the Mortgage Receivables and (ii) it has power (*is beschikkingsbevoegd*) to sell and assign the Mortgage Receivables and no restrictions on the sale and assignment of the Mortgage Receivables are in effect, (iii) the Mortgage Receivables are capable of being assigned and pledged and (iv) to the best of its knowledge, the Mortgage Receivables are not in a condition that can be foreseen to adversely affect the enforceability of the assignment;
- (d) the Mortgage Receivables are free and clear of any encumbrances and attachments (*beslagen*) and no option to acquire the Mortgage Receivables has been granted by it in favour of any third party with regard to the Mortgage Receivables other than provided for in the Transaction Documents, except for, on the Signing Date, the rights of pledge on the Mortgage Receivables in favour of Stichting Security Trustee Cartesian Warehouse 3 which rights of pledge will be released before closing on or before the Closing Date and, to the best of its knowledge, the Mortgage Receivables are not in a condition that can be foreseen to adversely affect the enforceability of the assignment;
- (e) each Mortgage Receivable is secured by (i) a first ranking or (ii) a first and sequentially lower ranking mortgage right (*hypotheekrecht*) on a Mortgaged Asset used for residential purposes in the Netherlands and is governed by Dutch law and each Mortgage Loan is originated in the Netherlands;
- (f) each Mortgage Loan is denominated in euro;
- (g) each Mortgage Loan either (i) contains provisions that in case of assignment and/or pledge of a Mortgage Receivable to a third party, the Mortgage or related right of pledge will partially follow, *pro rata*, the Mortgage Receivable if it is assigned and/or pledged to a third party or (ii) does not contain any explicit provision on the issue whether in case of an assignment and/or a pledge of a Mortgage Receivable to a third party, the Mortgage or related right of pledge will partially follow the Mortgage Receivable if it is assigned and/or pledged to a third party;
- (h) each Mortgaged Asset concerned was valued by an independent qualified valuer when application for a Mortgage Loan was made in accordance with the then prevailing guidelines of the Originator and in accordance with the then prevailing Code of Conduct. Valuations by an independent qualified valuer are not older than twelve (12) months prior to the date of the mortgage application by the Borrower, except for certain cases, where Mortgaged Assets are exempted from valuation requirements;
- (i) each Mortgage Loan, Mortgage Receivable and each Mortgage and Borrower Pledge securing such Mortgage Receivable constitute and contain legal, valid, binding and enforceable obligations and security rights of the relevant Borrower *vis-à-vis* the Seller, subject to any bankruptcy or similar laws affecting the rights of creditors generally, with full recourse to such Borrower and, where applicable, a guarantor;
- (j) all Mortgages and Borrower Pledges in respect of each Mortgage Receivable (i) constitute valid mortgage rights (*hypotheekrechten*) and rights of pledge (*pandrechten*) respectively on the Mortgaged Assets and the assets which are the subject of the Borrower Pledge respectively and, to the extent relating to the Mortgages, are entered into the Land Registry, and (ii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount of the Mortgage Loan when originated;

- (k) each of the Mortgage Loans has been granted, and each of the Mortgages and Borrower Pledges has been vested, (i) subject to the general terms and conditions materially in the form as attached to the Mortgage Receivables Purchase Agreement and (ii) substantially in the form of one of the forms of mortgage deeds as attached to the Mortgage Receivables Purchase Agreement;
- (l) each of the Mortgage Loans has been granted by the Originator and serviced by Ember VRM S.à r.l. (i) in accordance with all applicable legal requirements and the Mortgage Conditions and do not contravene any applicable law, rule or regulation prevailing at the time of origination in all material respects, including mortgage credit and consumer protection legislation, the Code of Conduct, borrower income requirements and the assessment of the relevant Borrower's creditworthiness, which assessment meets the requirements set out in article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5 and paragraph 6 of article 18 of the Mortgage Credit Directive, as applicable, prevailing at that time and (ii) in the ordinary course of the Originator's business pursuant to the Originator's standard underwriting criteria and procedures prevailing at that time, which do not allow mortgage loans to be granted to borrowers with a negative BKR registration for "hypothek" (mortgage), "roodstand" (overdraw) or "schuldsanering" (debt restructuring) and which are not less stringent than those applied by the Originator at the time of origination to similar loans that are not securitised, and these underwriting criteria and procedures are in a form as may reasonably be expected from a lender of Dutch residential mortgages;
- (m) none of the Mortgage Loans has a life or savings insurance policy connected to it;
- (n) all receivables under a mortgage loan (*hypothecaire lening*) which are secured by the same Mortgage are sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (o) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more Loan Parts;
- (p) to the best of its knowledge, the Borrowers are not in any material breach of any provisions of their Mortgage Loans;
- (q) with respect to the Mortgage Receivables secured by a mortgage right on a long lease (*erfpacht*), the Mortgage Loan (a) has a maturity that is equal to or shorter than the term of the long lease and/or, if the maturity date of the Mortgage Loan falls after the maturity date of the long lease, the acceptance conditions used by the Originator provide that certain provisions should be met and (b) becomes immediately due and payable if the long lease terminates for whatever reason;
- (r) it is a requirement under the Mortgage Conditions that each of the Mortgaged Assets had, at the time the Mortgage Loan was advanced, the benefit of building insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*);
- (s) the Mortgage Conditions applicable to the Mortgage Loans provide that all payments by the Borrowers should be made without any set-off or deduction;
- (t) each Mortgage Loan meets the Mortgage Loan Criteria;
- (u) none of the Mortgage Loans qualifies as a saving mortgage loan (*spaarhypothek*), a bank savings mortgage loan (*bankspaarhypothek*) or an investment mortgage loan (*beleggingshypothek*);
- (v) each Mortgage Loan was originated by the Originator;
- (w) neither the Originator nor the Seller has any Other Claim *vis-à-vis* any Borrower;
- (x) other than any Construction Deposit, the principal sum was in case of each of the Mortgage Loans fully disbursed to the relevant Borrower whether or not through the relevant civil law notary and no amounts are held in deposit with respect to any premia and interest payments (*rente- en premiedepots*);
- (y) the aggregate Outstanding Principal Amount of all Mortgage Receivables on the close of business of the day immediately preceding the initial Cut-Off Date is equal to EUR 335,452,763.10;

- (z) all scheduled payments in respect of the Mortgage Receivable by the Borrowers are made in arrear in monthly instalments and are executed by way of direct debit procedures;
- (aa) the notarial mortgage deeds (*minuut*) relating to the Mortgages are kept by a civil law notary at the time of execution of the relevant mortgage deed and the Seller is not aware that the mortgage deeds are not kept by a civil notary in the Netherlands and are registered in the appropriate registers, while the Loan Files, which include certified copies of the notarial mortgage deeds, are kept by the Seller or on behalf of the Seller by the Servicer;
- (bb) none of the Borrowers had a BKR registration upon origination unless such registration was at least one (1) year old and had been completely resolved prior to the Mortgage Loan being granted;
- (cc) notwithstanding any amount withheld by the Originator as a Construction Deposit, none of the Borrowers holds a savings account, current account or term deposit with the Originator;
- (dd) in the Netherlands, the Mortgage Loans are not subject to withholding tax;
- (ee) the particulars of each Mortgage Receivable as set forth in the list of loans attached as Schedule 1 to the Mortgage Receivables Purchase Agreement are correct and complete other than in respect of any minor non-material deviations;
- (ff) the Mortgage Loans do not include self-certified mortgage loans or equity-release mortgage loans and no Mortgage Loan was marketed and underwritten on the premise that the Borrower or, where applicable intermediary, were made aware that the information provided might not be verified by the Originator;
- (gg) no Mortgage Loan has been terminated or frustrated, nor has any event occurred which would make any Mortgage Loan subject to force majeure (*overmacht*) or any right of rescission and no right or entitlement of any kind for the non-payment of the full amount of each Mortgage Loan when due has been agreed with the Borrower;
- (hh) (a) no Mortgage Receivable assigned to the Issuer on the Closing Date has more than one scheduled payment outstanding due and payable and is overdue for more than thirty (30) days, and (b) no New Mortgage Receivable or Further Advance Receivable purchased on any Purchase Date was in arrears on the relevant Cut-Off Date;
- (ii) as far as it is aware, no Mortgage Loan has been entered into fraudulently by the Borrower;
- (jj) no Mortgage Loan has been passed to the claims or legal department or referred to external lawyers other than in respect of the issue by the Originator of letters demanding payment which are issued in the ordinary course of the Originator's business;
- (kk) none of the Mortgage Loans include any obligation on the Originator to make Further Advances or increase the outstanding loan amount;
- (ll) to the best of its knowledge, no Borrower is subject to bankruptcy or other insolvency proceedings or is deceased on the relevant Cut-Off Date;
- (mm) no Mortgage Loan has been varied, amended, modified or waived in any material way which would adversely affect its terms or its enforceability or collectability;
- (nn) no Mortgage Loan has been entered into as a consequence of any conduct constituting fraud, misrepresentation, duress or under influence by the Originator, its directors, officers, employees or agents or by any other person acting on the Originator's behalf;
- (oo) none of the Mortgage Loans are flexible and payment holidays are not permitted under the relevant Mortgage Conditions;

- (pp) other than statutory privacy limitations of general application in the Netherlands, there are no confidentiality provisions in the Mortgage Loans that would restrict the Issuer's (or its assignee's) right as owner of the Mortgage Receivables resulting therefrom;
- (qq) it has accounted for and distinguished between all interest and principal payments relating to the Mortgage Loans;
- (rr) each Borrower under a Mortgage Loan has made its first (interest) payment;
- (ss) it has, prior to the date of this representation, held all Mortgage Receivables for its own account;
- (tt) no Mortgage Loan qualifies as a transferable security nor as a securitisation position within the meaning of article 20(8) and 20(9), respectively, of the Securitisation Regulation;
- (uu) the Mortgage Receivables meet the conditions for being assigned a risk weight equal to or smaller than 40 per cent. on an exposure value weighted average for a portfolio of such Mortgage Receivables as set out and within the meaning of article 243(2)(b) of the CRR; and
- (vv) at the relevant Cut-Off Date, the Mortgage Receivable is not in default within the meaning of article 178(1) of the CRR and the relevant Borrower is not a credit-impaired obligor or guarantor who, to the best of the Originator's and the Seller's knowledge, has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the Closing Date or, in respect of a New Mortgage Receivable and/or a Further Advance Receivable, the relevant Purchase Date, or has a credit assessment or a credit score indicating that the risk of contractually agreed payments not be made is significantly higher than for comparable mortgage receivables originated by the Originator which are not sold and assigned to the Issuer under the Mortgage Receivables Purchase Agreement, within the meaning of article 20(11) of the Securitisation Regulation.

### 7.3 MORTGAGE LOAN CRITERIA

Each of the Mortgage Loans will meet the following criteria (the “Mortgage Loan Criteria”) on the relevant Cut-Off Date:

- (a) the Mortgage Loans are either in the form of:
  - a. Annuity mortgage loans;
  - b. Linear mortgage loans;
  - c. Interest-only mortgage loans; or
  - d. a combination of any of the above mentioned types;
- (b) the Mortgage Loan has been or will be originated after 1 April 2016;
- (c) the Borrower is a natural person, a resident of the Netherlands and not an employee of the Originator or the Seller or any of the companies in the Originator’s or the Seller’s group;
- (d) each Mortgage Receivable is secured by a first-ranking Mortgage (*eerste recht van hypotheek*) or, in the case of Mortgage Receivables secured on the same Mortgaged Asset, first and sequentially lower ranking Mortgages over real estate (*onroerende zaak*), an apartment right (*appartementsrecht*), or a long lease (*erfpacht*) situated in the Netherlands;
- (e) no Mortgage Loan or part thereof qualifies as a bridge loan (*overbruggingshypotheek*);
- (f) as far as the Seller or the Originator is aware, having made all reasonable inquiries, including with the Originator and the Servicer, each of the Mortgaged Assets is not the subject of residential letting and is occupied by the Borrower at the moment of (or shortly after) origination and such residential letting is not permitted under the relevant Mortgage Conditions;
- (g) the Outstanding Principal Amount of each of the Mortgage Receivables did not exceed 100 per cent. of the Original Market Value of the Mortgaged Asset upon the relevant valuation date;
- (h) in respect of all Interest-Only Mortgage Loans, or in case of a combination of types of Mortgage Loans, the interest-only loan part at the time of origination, did not exceed 50 per cent. of the Original Market Value of the Mortgaged Asset;
- (i) each Mortgage Loan, or all such Mortgage Loans secured on the same Mortgaged Asset, has an Outstanding Principal Amount of not more than EUR 1,000,000;
- (j) each Mortgage Loan has a positive Outstanding Principal Amount;
- (k) the Mortgage Loans have an initial fixed interest rate period of not more than 30 years plus one month;
- (l) no Mortgage Loan is connected to a municipality guarantee or “*overheidssubsidies*”;
- (m) the aggregate Outstanding Principal Amount of all Mortgage Loans entered into with a single Borrower shall not exceed 2.0 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables under or in connection with all Mortgage Loans;
- (n) the Mortgage Loan will not have a legal maturity beyond 30 years plus one month from its origination date;  
and
- (o) each Mortgage Loan was originated in the Netherlands.

## 7.4 PORTFOLIO CONDITIONS

### Additional Purchase Conditions

The purchase by the Issuer of New Mortgage Receivables and Further Advance Receivables will be subject to a number of conditions (the “**Additional Purchase Conditions**”) which include, *inter alia*, the conditions that on the relevant Purchase Date (where applicable after completion of the sale and purchase on such date):

- (i) the Seller will represent and warrant to the Issuer and the Security Trustee the matters set out in the clauses providing for the representations and warranties relating to the Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the New Mortgage Receivables and Further Advance Receivables sold;
- (ii) no Enforcement Notice has been delivered;
- (iii) no Event of Default has occurred which is continuing or is expected to occur on such Purchase Date;
- (iv) no Assignment Notification Event has occurred;
- (v) the Issuer has not received a termination notice under the Swap Agreement;
- (vi) the Issuer has not received a termination notice under the Servicing Agreement;
- (vii) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase;
- (viii) after completion of the sale and purchase on such date, the weighted average Current Loan to Original Market Value Ratio of all Mortgage Receivables does not exceed (a) during the Pre-funded Period, 96 per cent. and (b) thereafter, the sum of (1) the weighted average Current Loan to Original Market Value Ratio of all Mortgage Receivables on the first day of the Notes Calculation Period and (2) 0.15 per cent.;
- (ix) after completion of the sale and purchase on such date, the aggregate Outstanding Principal Amount of the Mortgage Receivables due from self-employed Borrowers, does not exceed 14.6 per cent.;
- (x) in respect of New Mortgage Receivables, the Pre-funded Amount is at least equal to the Initial Purchase Price of such New Mortgage Receivables;
- (xi) in respect of Further Advance Receivables, the amount equal to the Further Advance Available Funds is sufficient to pay the Initial Purchase Price of such Further Advance Receivables;
- (xii) after completion of the sale and purchase on such date, the aggregate outstanding amount of the Construction Deposits does not exceed 6 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables, including the Mortgage Receivables to be purchased;
- (xiii) after completion of the sale and purchase on such date, the weighted average Loan to Income Ratio of all Mortgage Receivables, including the Mortgage Receivables to be purchased, will not exceed 4.5;
- (xiv) after completion of the sale and purchase on such date, the aggregate Outstanding Principal Amount of the Mortgage Receivables, including the Mortgage Receivables to be purchased, under which amounts are due and payable which have remained unpaid for a consecutive period exceeding ninety calendar days on the relevant Purchase Date is not more than 0.75 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables;
- (xv) after completion of the sale and purchase on such date, the aggregate of the Realised Losses incurred from the Closing Date up to the relevant Purchase Date does not exceed 0.35 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables;
- (xvi) after completion of the sale and purchase on such date, the aggregate Outstanding Principal Amount of the Mortgage Receivables with a Loan to Income Ratio higher than 5 does not exceed 15 per cent. of the

aggregate Outstanding Principal Amount of the Mortgage Receivables;

- (xvii) on any Purchase Date falling in the Pre-funded Period, after completion of the sale and purchase on such date, the aggregate Outstanding Principal Amount of all Interest-only Mortgage Receivables does not exceed 35.8 per cent. of the aggregate Outstanding Principal Amount of all Mortgage Receivables; and on any Purchase Date falling after the Pre-funded Period, after completion of the sale and purchase on such date, the aggregate Outstanding Principal Amount of all Interest-only Mortgage Receivables does not exceed the sum of (a) the aggregate Outstanding Principal Amount of all Interest-only Mortgage Receivables on the first day of the Notes Calculation Period, divided by the aggregate Outstanding Principal Amount of all Mortgage Receivables on the first day of such Notes Calculation Period and (b) 0.40 per cent.;
- (xviii) there is no balance standing to the debit of any Principal Deficiency Ledger; and
- (xix) after completion of the sale and purchase on such date, the aggregate Outstanding Principal Amount of all Mortgage Receivables on the relevant Purchase Date is not less than EUR 50,000,000.

Each of the Additional Purchase Conditions may be amended, supplemented or removed by the Issuer with the prior approval of the Security Trustee and subject to a Credit Rating Agency Confirmation being available.

## 7.5 SERVICING AGREEMENT

In the Servicing Agreement the Servicer will (i) agree to provide management services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables resulting from such Mortgage Loans, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables, all administrative actions in relation thereto and the implementation of arrears procedures including the enforcement of mortgage rights and any other collateral (see further *Origination and Servicing* above) and (ii) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law, for submission to the relevant regulatory authorities. The Servicer will be obliged to administrate and service the Mortgage Loans and the Mortgage Receivables with the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

In accordance with the Servicing Agreement, the Servicer has appointed Stater Nederland B.V. and HypoCasso B.V., respectively, as its Sub-servicers and, subject to termination of the Servicing Agreement with the Servicer, its Sub-servicer to provide certain of the Mortgage Loan Services in respect of the relevant Mortgage Receivables in accordance with the Sub-Servicing Letters, respectively. The Issuer and the Security Trustee will get as a party thereto the benefit of the Sub-Servicing Letters respectively. As a result, the Sub-servicers have direct obligations vis-à-vis both the Issuer and the Security Trustee. In addition, if any fees due by the Servicer to the Sub-servicers are not paid when due, the Issuer will pay to each Sub-servicer the lower of the fee it is entitled to pursuant to the relevant Sub-Servicing Letter and the fee the Issuer has to pay under the Servicing Agreement. The remainder, if any, shall be paid by the Issuer to the Servicer.

In the Servicing Agreement, the Portfolio Manager will agree to provide advisory services to the Issuer on a day-to-day basis, including, advice in respect of the determination of the Mortgage Interest Rates, advice relating to actions to be considered in respect of relevant Mortgage Loans which are reasonably expected to default and providing instructions to the Servicer. The Portfolio Manager is the same entity as the Originator and belongs to the same group of companies as the Seller. Therefore a conflict of interest may arise. Reference is made to the *Risk Factors in Section 2* under the header '*Conflict of Interest*'.

The Servicing Agreement may be terminated by the Security Trustee or the Issuer upon the occurrence of certain termination events, including but not limited to, a failure by the Servicer or the Portfolio Manager to comply with its respective obligations (unless remedied within the applicable grace period), dissolution or liquidation of the Servicer or the Portfolio Manager, the Servicer or the Portfolio Manager being declared bankrupt or granted a suspension of payments or the Servicer no longer being an admitted institution of Quion Groep B.V. or the Originator as intermediary (*bemiddelaar*) under the Wft. In addition the Servicing Agreement may be terminated by the Servicer and by the Issuer or the Security Trustee on behalf of the Issuer upon the expiry of not less than twelve months' notice, subject to (*inter alia*) (i) in case of termination by the Issuer, the written approval of the Security Trustee, which approval may not be unreasonably withheld (ii) appointment of a substitute servicer and (iii) a Credit Rating Agency Confirmation. A termination of the Servicing Agreement by either the Issuer and the Security Trustee or the Servicer will only become effective if a substitute servicer is appointed.

Under the Sub-Servicing Letters each of the Sub-servicers agrees to continue to provide the services in case the Servicing Agreement is terminated, for example in case of insolvency of the Servicer. As a result, the performance of the Mortgage Loan Services is continued in such event to the extent performed by the Sub-servicers, at least for a certain period of time, which enables the Issuer and the Security Trustee to agree a servicing agreement with each Sub-servicer or to find another substitute servicer.

## 8. GENERAL

1. The issue of the Notes has been authorised by a resolution of the board of the Issuer passed on or about 11 July 2019.
2. Application has been made to list the Notes on Euronext Amsterdam. The estimated total costs involved with such admission amount to EUR 27,400.
3. The Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 201437113 and ISIN XS2014371137.
4. The Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 201437130 and ISIN XS2014371301.
5. The Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 201437156 and ISIN XS2014371566.
6. The Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 201437229 and ISIN XS2014372291.
7. The Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 201437326 and ISIN XS2014373265.
8. The Class S Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 201437342 and ISIN XS2014373422.
9. The Class X Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 201437369 and ISIN XS2014373695.
10. The addresses of the clearing systems are: Euroclear, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and Clearstream Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
11. There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 3 June 2019.
12. There are no legal, arbitration or governmental proceedings and neither the Issuer nor the Shareholder is aware of any such proceedings which may have, or have had, significant effects on the Issuer's or, as the case may be, the Shareholder's financial position or profitability nor, so far as the Issuer and/or the Shareholder is aware, are any such proceedings pending or threatened against the Issuer and the Shareholder, respectively, since the date of its incorporation.
13. As long as any of the Notes are outstanding, copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours and will be available either in physical or in electronic form, as the case may be, and can also be obtained on the website of European DataWarehouse (<http://www.eurodw.eu/edwin.html>), which website (a) includes a well-functioning data quality control system, (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website, (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk, (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information and I makes it possible to keep record of the information for at least five years after the maturity date of the securitisation or any other website as selected by the Seller which fulfils the requirements set out in article 7(2) of the Securitisation Regulation, and, from the moment that a securitisation repository has been designated within the meaning of article 10 of the Securitisation Regulation which has been appointed for the transaction, through such securitisation repository, from a date falling at the latest 15 days after the Closing Date:

- (i) the Deed of Incorporation of the Issuer, including its articles of association;
- (ii) the Mortgage Receivables Purchase Agreement;
- (iii) the Deed of Assignment and Pledge;
- (iv) the Paying Agency Agreement;
- (v) the Trust Agreement;
- (vi) the Parallel Debt Agreement;
- (vii) the Pledge Agreements;
- (viii) the Servicing Agreement;
- (ix) the Administration Agreement;
- (x) the Issuer Account Agreement;
- (xi) the Master Definitions Agreement;
- (xii) the Hedging Agreements;
- (xiii) Receivables Proceeds Distribution Agreement; and
- (xiv) the audited annual financial statements of the Issuer, to the extent available.

The documents listed above are all the underlying documents that are essential for understanding the securitisation transaction described in this Prospectus and include, but are not limited to, each of the documents referred to in article 7(1) under point (b) of the Securitisation Regulation.

14. A copy of the Prospectus (in print) will be available (free of charge) at the registered office of the Issuer, the Security Trustee and the Paying Agent and in electronic form on <http://cm.intertrustgroup.com> and on [www.dutchsecuritisation.nl](http://www.dutchsecuritisation.nl).
15. The Issuer has not yet commenced operations and as of the date of this Prospectus no financial statements have been produced. As long as the Notes are listed on Euronext Amsterdam, the most recent audited annual financial statements of the Issuer will be made available, free of charge from the specified office of the Security Trustee.
16. U.S. tax legend:
 

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 Sections 165(j) and 1287(a) of the Internal Revenue Code'.

The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
17. No content available via the website addresses contained in this Prospectus forms part of this Prospectus.
18. The Issuer, or the Issuer Administrator on its behalf, shall make available prior to the Closing Date, loan-by-loan information, which information can be obtained at the website of European DataWarehouse (<http://www.eurowd.eu/edwin.html>) and will be updated within one month after each Notes Payment Date.
19. The Issuer and the Seller have amongst themselves designated the Seller for the purpose article 7(2) of the Securitisation Regulation. The Seller, or the Issuer or any other party on its behalf, will make available to Noteholders, to the competent authorities referred to in article 29 of the Securitisation Regulation and, upon request, to potential investors, on the website of European DataWarehouse (<http://www.eurowd.eu/edwin.html>), which website (a) includes a well-functioning data quality control system, (b) is subject to appropriate governance standards and to maintenance and operation of an adequate organisational structure that ensures the continuity and orderly functioning of the website, (c) is subject to appropriate systems, controls and procedures that identify all relevant sources of operational risk, (d) includes systems that ensure the protection and integrity of the information received and the prompt recording of the information and (e) makes it possible to keep record of the information for at least five years after the maturity date of the securitisation or any other website as selected by the Seller which fulfils the requirements set out in article 7(2) of the Securitisation Regulation, and, from the moment that a securitisation repository has been designated within the meaning of article 10 of the Securitisation

Regulation and appointed for the transaction described in this Prospectus, through such securitisation repository:

- (i) until the final regulatory technical standards pursuant to article 7(3) of the Securitisation Regulation have been adopted and become applicable:
  - a. in accordance with article 7(1)(a) of the Securitisation Regulation, make available on a quarterly basis certain loan-by-loan information in relation to the Mortgage Receivables in respect of each Notes Calculation Period in the form of the standardised template set out in Annex I of Delegated Regulation (EU) 2015/3; and
  - b. in accordance with article 7(1)(e) of the Securitisation Regulation, make available a quarterly investor report in respect of each Notes Calculation Period in the form of the standardised template set out in Annex I and Annex VIII of Delegated Regulation (EU) 2015/3;
- (ii) as soon as reasonably practicable once such final regulatory technical standards and final implementing technical standards for the purpose of compliance with article 7 of the Securitisation Regulation pursuant to article 7(3) of the Securitisation Regulation have been adopted and become applicable:
  - a. in accordance with article 7(1)(a) of the Securitisation Regulation, make available on a quarterly basis certain loan-by-loan information in relation to the Mortgage Receivables in respect of each Notes Calculation Period in the form of the final disclosure templates as adopted in such final regulatory technical standards and final implementing technical standards; and
  - b. in accordance with article 7(1)(e) of the Securitisation Regulation, make available a quarterly investor report in respect of each Notes Calculation Period, in the form of the final disclosure templates as adopted in such final regulatory technical standards and final implementing technical standards;
- (iii) without delay, in accordance with article 7(1)(f) of the Securitisation Regulation, any inside information relating to the transaction described in this Prospectus; and
- (iv) without delay, in accordance with article 7(1)(g) of the Securitisation Regulation, any significant event such as (a) a material breach of the obligations laid down in the Transaction Documents, (b) a change in the structural features that can materially impact the performance of the securitisation, (c) a change in the risk characteristics of the transaction described in this Prospectus or of the Mortgage Receivables that can materially impact the performance of the transaction described in this Prospectus, (d) if the transaction described in this Prospectus ceases to meet the STS requirements or if competent authorities have taken remedial or administrative actions and I any material amendments to the Transaction Document.

In addition, the Seller, or the Issuer or any other party on its behalf, has made available and will make available, as applicable, to the above mentioned parties:

- (i) before pricing of the Notes at least in draft or initial form and, at the latest 15 calendar days after the Closing Date, in final form, all underlying documents that are essential for the understanding of the transaction described in this Prospectus, which are listed in this Section 8 (*General*) under item (13), as required by article 7(1)(b) of the Securitisation Regulation, on the aforementioned website;
- (ii) before pricing of the Notes at least in draft or initial form and on or around the Closing Date in final form, the STS notification referred to in article 27 of the Securitisation Regulation, on the aforementioned website, as required by article 7(1)(d) of the Securitisation Regulation;
- (iii) before pricing of the Notes, via Bloomberg and/or Intex, a liability cash flow model of the transaction described in this Prospectus which precisely represents the contractual relationship between the Mortgage Receivables and the payments flowing between the Originator, the Seller, the Noteholders,

other third parties and the Issuer, which shall remain to be made available to Noteholders on an ongoing basis and to potential investors upon request, as required by article 22(3) of the Securitisation Regulation; and

(iv) before pricing of the Notes, information on the Mortgage Receivables.

Furthermore, the Seller has made available and will make available, as applicable:

(i) the underwriting standards pursuant to which the Mortgage Loans are originated and any material changes to such underwriting standards pursuant to which the Mortgage Loans are originated to potential investors without undue delay, as required by article 20(10) of the Securitisation Regulation; and

(ii) to potential investors before pricing, data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar mortgage loans and mortgage receivables to those being securitised, and the sources of those data and the basis for claiming similarity, which data cover a period of not shorter than five years, as required by article 22(1) of the Securitisation Regulation (see also Section 6.1 (*Stratification Tables*)).

20. The Issuer, or the Issuer Administrator on its behalf, confirms that it will undertake that, provided that it has received such information from the Seller:

(a) it will disclose in the first Notes and Cash Report the amount of the Notes:

(b) privately-placed with investors which are not the Seller or group companies of the Seller;  
(II) retained by the Seller or group companies of the Seller; and  
(III) publicly-placed with investors which are not the Seller or group companies of the Seller;

(c) in relation to any amount initially retained by the Seller or group companies of the Seller, but subsequently placed with investors which are not the Seller or group companies of the Seller, it will (to the extent permissible) disclose such placement in the next Notes and Cash Report.

21. Amounts payable under the Notes may be calculated by reference to Euribor. Euribor is an interest rate benchmark within the meaning of the Benchmark Regulation. Euribor is currently administered by EMMI. As at the date of this prospectus, EMMI is included in the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 (Register of administrators and benchmarks) of the Benchmark Regulation.

22. The independent external auditors at Deloitte Luxembourg are members of the Luxembourg *insitut des réviseurs d'entreprises*.

23. An appropriate and independent party conducted an agreed-on procedures review on a sample of Mortgage Receivables selected from the portfolio of Mortgage Receivables which the Seller will offer for sale to the Issuer on the Signing Date. The review was completed on or about 24 June 2019 with respect to a representative portfolio in existence as of as of 1 May 2019. The agreed-upon procedure reviews included the review of a sample of randomly selected loans from the portfolio to check loan characteristics which included but are not limited to the current loan amount, origination date, maturity date, original loan amount, amortisation type, payment frequency, interest rate type, interest reset date, interest rate/margin, borrower income, property value and valuation date. For the review a confidence level of at least 95% was applied. In both reviews, there have been no significant adverse findings. This independent third party has also performed agreed upon procedures in order to verify that the data included in the stratification tables disclosed in respect of the Mortgage Receivables is accurate, in accordance with article 22(2) of the Securitisation Regulation. The third party undertaking the review only has obligations to the parties to the engagement letters governing the performance of the agreed upon procedures subject to the limitations and exclusions contained therein.

24. ABN AMRO Bank N.V. is acting solely in its capacity as listing agent for the Issuer in connection with the

Notes and is not itself seeking admission of these Notes to Euronext Amsterdam or to trading on its regulated market for the purposes of the Prospectus Directive.

25. **IMPORTANT INFORMATION AND RESPONSIBILITY STATEMENTS:**

The Issuer is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third parties contained and specified as such in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer accepts such responsibility accordingly.

The Seller is also responsible for the information contained in the following Sections of this Prospectus: all paragraphs dealing with article 7 of the Securitisation Regulation, Section 1.6 (*Portfolio Information*), Section 3.4 (*Seller & Originator*), Section 4.4 (*Regulatory and industry compliance*), Section 6.1 (*Stratification Tables*), Section 6.2 (*Description of Mortgage Loans*), Section 6.3 (*Origination and servicing*) and Section 6.4 (*Dutch residential mortgage market*). To the best of the Seller's knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in these paragraphs and Sections, as applicable, is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

Neither the delivery of this Prospectus, nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, imply that there has been no change in the affairs of the Issuer, the Issuer Account Bank, the Issuer Account Agent, the Seller, the Originator, the Portfolio Manager, the Servicer, the Sub-servicers, the Swap Counterparty, the Paying Agent, the Listing Agent, the Arrangers or the Joint Lead Managers or the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof. Neither the Issuer nor the Seller nor the Originator nor the Portfolio Manager nor the Arrangers nor the Joint Lead Managers has an obligation to update this Prospectus after the date on which the Notes are issued or admitted to trading. The information set forth herein, to the extent that it comprises a description of certain provisions of the Transaction Documents, is a summary and is not presented as a full statement of the provisions of such Transaction Documents.

***THE NOTES AND ANY CONTRACTUAL OBLIGATIONS OF THE ISSUER ARE OBLIGATIONS OF THE ISSUER SOLELY. THE NOTES WILL BE DIRECT, LIMITED RECOURSE OBLIGATIONS OF THE ISSUER PAYABLE SOLELY OUT OF THE ASSETS OF THE ISSUER TO THE EXTENT DESCRIBED HEREIN. NEITHER THE NOTES NOR THE MORTGAGE RECEIVABLES WILL BE GUARANTEED BY THE SELLER, THE ORIGINATOR, THE PORTFOLIO MANAGER, THE ARRANGERS, THE JOINT LEAD MANAGERS NOR ANY OF THEIR RESPECTIVE AFFILIATES. SUBJECT TO THE RESPECTIVE POWERS OF THE NOTEHOLDERS' REPRESENTATIVES AND THE POWERS OF THE MEETINGS OF THE NOTEHOLDERS ONLY THE SECURITY TRUSTEE MAY ENFORCE THE RIGHTS OF THE NOTEHOLDERS AGAINST THIRD PARTIES. NONE OF THE SELLER, THE ORIGINATOR, THE PORTFOLIO MANAGER, THE ARRANGERS, THE JOINT LEAD MANAGERS NOR ANY OF THEIR RESPECTIVE AFFILIATES SHALL BE LIABLE IF THE ISSUER IS UNABLE TO PAY ANY AMOUNT DUE UNDER THE NOTES. THE OBLIGATIONS OF THE ISSUER IN RESPECT OF THE NOTES SHALL BE LIMITED TO COMMITMENTS ARISING FROM THE TRANSACTION DOCUMENTS (AS DEFINED HEREIN) RELATING TO THE ISSUER, WITHOUT PREJUDICE TO ANY APPLICABLE LAWS AND REGULATIONS.***

ABN AMRO Bank N.V. has been engaged by the Issuer as Listing Agent for the Notes. ABN AMRO Bank N.V. in its capacity of Listing Agent is acting for the Issuer only and will not regard any other person as its client in relation to the offering of the Notes. Neither ABN AMRO Bank N.V. nor any of its directors, officers, agents or employees makes any representation or warranty as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Prospectus, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with the Issuer or the offering or the Notes. Accordingly, ABN AMRO Bank N.V. disclaims all and any liability, whether arising in tort or contract or otherwise in respect of this Prospectus and or any

such other statements.

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 Arrangers, the Joint Lead Managers, the Portfolio Manager or the Originator.

The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A further description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in the Section 4.3 (*Subscription and Sale*) below. No one is authorised by the Issuer, the Seller or the Originator to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations. Neither this Prospectus nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arrangers or the Joint Lead Managers (nor any of their respective affiliates) to any person to subscribe for or to purchase any Notes. Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes, consider such an investment decision in light of the prospective investor's personal circumstances and should determine for itself the relevance of the information contained in this Prospectus and its purchase of the Notes should be based upon such investigation as it deems necessary. Neither the delivery of this Prospectus, nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, imply that there has been no change in the affairs of the Issuer, the Issuer Account Bank, the Issuer Account Agent, the Seller, the Originator, the Portfolio Manager, the Servicer, the Sub-servicers, the Swap Counterparty, the Paying Agent, the Listing Agent, the Arrangers, the Joint Lead Managers or the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof. Neither the Issuer nor the Seller nor the Originator nor the Portfolio Manager nor the Arrangers nor the Joint Lead Managers has an obligation to update this Prospectus after the date on which the Notes are issued or admitted to trading. The information set forth herein, to the extent that it comprises a description of certain provisions of the Transaction Documents, is a summary and is not presented as a full statement of the provisions of such Transaction Documents.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial conditions and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Mortgage Receivables. Neither the Arrangers nor the Joint Lead Managers (nor any of their respective affiliates) expressly undertakes to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase, hold or sell any Notes during the life of the Notes.

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 difference might be significant.

The Notes have not been and will not be registered under the Securities Act and include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to (A) United States persons as defined in Regulation S under the Securities Act, or (B) United States persons as defined in the U.S. Risk Retention Rules except in certain transactions permitted by or exempted from US tax regulations, the Securities Act and, only with the prior written consent of the Seller, the U.S. Risk Retention Rules (see Section 4.3 (*Subscription and Sale*)).

Neither the Arrangers nor the Joint Lead Managers (nor any of their respective affiliates) has separately verified the information set out in this Prospectus. To the fullest extent permitted by law, none of the Arrangers or the Joint Lead Managers (nor any of their respective affiliates) makes any representation, express or implied, or accepts any responsibility or liability for the content of this Prospectus or for the

accuracy or completeness of any statement or information contained in or consistent with this Prospectus in connection with the offering of the Notes. Furthermore, none of the Arrangers or the Joint Lead Managers will have any responsibility for any act or omission of any other party in relation to this offer. The Arrangers and the Joint Lead Managers (including their respective affiliates) disclaim any and all liability whether arising in tort or contract or otherwise in connection with this Prospectus or any such information or statements.

Citibank N.A., London Branch has been engaged by the Issuer (i) as Paying Agent for the Notes, upon the terms and subject to the conditions set out in the Paying Agency Agreement, for the purpose of paying sums due on the Notes and of performing all other obligations and duties imposed on it by the Conditions and the Paying Agency Agreement and (ii) as Reference Agent to perform the duties expressed to be performed by it in Condition 4. Citibank N.A., London Branch in its capacity of Paying Agent and Reference Agent is acting for the Issuer only and will not regard any other person as its client in relation to the offering of the Notes, other than the Security Trustee in accordance with the Trust Agreement and the Paying Agency Agreement. Neither Citibank N.A., London Branch nor any of its directors, officers, agents or employees makes any representation or warranty, express or implied, or accepts any responsibility, as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Prospectus, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with the Issuer or the offering of the Notes. Accordingly, Citibank N.A., London Branch disclaims all and any liability, whether arising in tort or contract or otherwise, in respect of this Prospectus and or any such other statements.

## 9. GLOSSARY OF DEFINED TERMS

The defined terms used in this Glossary of Defined Terms, to the extent applicable, conform to the standard published by the Dutch Securitisation Association (See Section 4.4 (Regulatory and Industry Compliance) (the RMBS Standard). However, certain deviations from the defined terms used in the RMBS Standard are denoted in the below as follows:

- if the defined term is not included in the RMBS Standard definitions list and is an additional definition, by including the symbol '+' in front of the relevant defined term;
- if the defined term deviates from the definition as recorded in the RMBS Standard definitions list, by including the symbol '\*' in front of the relevant defined term; and
- if the defined term is not between square brackets in the RMBS Standard definitions list and is not used in this Prospectus, by including the symbol 'NA' in front of the relevant defined term.

### 9.1 DEFINITIONS

Except where the context otherwise requires, the following defined terms used in this Prospectus have the meaning set out below:

+	<b>Additional Purchase Cap</b>	means on any date during a Notes Calculation Period and the immediately succeeding Notes Payment Date until the First Optional Redemption Date in respect of Further Advance Receivables purchased during such Notes Calculation Period, the lower of (i) an amount equal to the Outstanding Principal Amount of the Mortgage Receivables on the first day of such Notes Calculation Period multiplied by $1-(1-1.00\%)^{(1/4)}$ (quarterly equivalent of 1.00% CPR) and (ii) an amount equal to the amount received by the Issuer as item (iii) of the Available Principal Funds;
	<b>Additional Purchase Conditions</b>	has the meaning ascribed thereto in Section 7.4 ( <i>Portfolio Conditions</i> ) of this Prospectus;
+	<b>Additional Termination Event</b>	as such term is defined in the ISDA Schedule forming part of the Swap Agreement;
	<b>Administration Agreement</b>	means the administration agreement between the Issuer, the Issuer Administrator and the Security Trustee dated the Signing Date;
	<b>AFM</b>	means the Dutch Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> );
*	<b>Aggregate Construction Deposit Amount</b>	means the aggregate of the Construction Deposits in respect of all Mortgage Receivables;
+	<b>AIFM</b>	means an Alternative Investment Manager under the AIFMR;
	<b>AIFMR</b>	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;

*	<b>All Moneys Mortgage</b>	means any mortgage right ( <i>hypotheekrecht</i> ) which secures not only the loan granted to the Borrower to purchase the Mortgaged Asset, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the Originator;
*	<b>All Moneys Pledge</b>	means any right of pledge ( <i>pandrecht</i> ) which secures not only the loan granted to the Borrower to purchase the Mortgaged Asset, but also any other liabilities and moneys that the Borrower, now or in the future, may owe to the Originator either (i) regardless of the basis of such liability or (ii) under or in connection with the credit relationship ( <i>kredietrelatie</i> ) of the Borrower and the Originator;
	<b>All Moneys Security Rights</b>	means any All Moneys Mortgages and All Moneys Pledges collectively;
	<b>Annuity Mortgage Loan</b>	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;
	<b>Arrangers</b>	means BNP Paribas, London Branch and Venn Partners LLP;
+	<b>Assignment Actions</b>	means any of the actions specified as such in Section 7.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;
+	<b>Assignment I</b>	has the meaning ascribed thereto in Section 2 ( <i>Risk Factors</i> );
+	<b>Assignment II</b>	has the meaning ascribed thereto in Section 2 ( <i>Risk Factors</i> );
	<b>Assignment Notification Event</b>	means any of the events specified as such in Section 7.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;
	<b>Assignment Notification Stop Instruction</b>	has the meaning ascribed thereto in Section 7.1 ( <i>Purchase, Repurchase and Sale</i> ) of this Prospectus;
+	<b>Available Class S Redemption Funds</b>	has the meaning ascribed thereto in Condition 6(i) ( <i>Definitions</i> );
	<b>Available Principal Funds</b>	has the meaning ascribed thereto in Section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
	<b>Available Revenue Funds</b>	has the meaning ascribed thereto in Section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
	<b>Basel III</b>	means the capital accord amending Basel II under the title "Basel III: a global regulatory framework for more resilient banks and banking systems" published in December 2010 by the Basel Committee on Banking Supervision;

*	<b>Basic Terms Change</b>	means, in respect of Notes of one or more Class or Classes, as the case may be, a change (i) of the date of maturity of the relevant Notes, (ii) which would have the effect of postponing any day for payment of interest or principal in respect of the relevant Notes, (iii) of the amount of principal payable in respect of the relevant Notes, (iv) of the currency or the rate of interest, if any, applicable in respect of the relevant Notes, (v) of the Revenue Priority of Payments, the Redemption Priority of Payments or the Post-Enforcement Priority of Payments, (vi) of this definition of Basic Terms Change, (vii) of the quorum or majority required to pass an Extraordinary Resolution or (viii) of Schedule 1 to the Trust Agreement;
+	<b>Benchmark Event</b>	has the meaning ascribed thereto in Condition 4(j) ( <i>Replacement Reference Rate</i> );
+	<b>Benchmark Trigger Event</b>	has the meaning ascribed thereto in the ISDA Benchmarks Supplement, as published by the International Swaps and Derivatives Association, Inc.;
+	<b>Benchmark Regulation</b>	means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;
	<b>BKR</b>	means Office for Credit Registration ( <i>Bureau Krediet Registratie</i> );
+	<b>BNP Paribas</b>	means BNP Paribas, a public limited liability company ( <i>société anonyme</i> ), existing and organised under French laws, with registered office at 16 Boulevard des Italiens, 75009 Paris, France, and registered with the Commercial Registry of Paris under number 662042449;
	<b>Borrower</b>	means the debtor or debtors, including any jointly and severally liable co-debtor or co-debtors, of a Mortgage Loan;
*	<b>Borrower Pledge</b>	means a right of pledge ( <i>pandrecht</i> ) securing the relevant Mortgage Receivable;
*	<b>Business Day</b>	means (i) for the purposes of determining Euribor on the Notes in accordance with Condition 4(e), a TARGET 2 Settlement Day and (ii) for any other purposes, a TARGET 2 Settlement Day, provided that such day is also a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Amsterdam, Luxembourg and London;
+	<b>CCP</b>	means central counterparty;
	<b>Class A Notes</b>	means the EUR 345,800,000 class A mortgage-backed notes 2019 due 2054;

	<b>Class B Notes</b>	means the EUR 8,550,000 class B mortgage-backed notes 2019 due 2054;
	<b>Class C Notes</b>	means the EUR 8,550,000 class C mortgage-backed notes 2019 due 2054;
	<b>Class D Notes</b>	means the EUR 5,700,000 class D mortgage-backed notes 2019 due 2054;
	<b>Class E Notes</b>	means the EUR 11,400,000 class E mortgage-backed notes 2019 due 2054;
+	<b>Class E-S-X Notes Purchase Agreement</b>	means the notes purchase agreement between the Seller and the Issuer relating to the Class E Notes, the Class S Notes and the Class X Notes dated the Signing Date;
	<b>Class S Notes</b>	means the EUR 7,600,000 class S notes 2019 due 2054;
+	<b>Class S Redemption Amount</b>	has the meaning ascribed thereto in Condition 6(g) ( <i>Redemption Amount and Class S Redemption Amount</i> );
+	<b>Class S Redemption Condition</b>	means, on any Notes Payment Date, each of the following conditions: (i) the Reserve Account First Target Level and the Reserve Account Second Target Level are zero or will be reduced to zero on such Notes Payment Date and (ii) the Seller fulfils its requirements under article 6 of the Securitisation Regulation at close of business on such Notes Payment Date;
+	<b>Class X Notes</b>	means the EUR 500,000 class X notes 2019 due 2054;
+	<b>Class X Revenue Amount</b>	has the meaning ascribed thereto in Condition 6(i) ( <i>Definitions</i> );
+	<b>Class X Revenue Interest Amount</b>	means the amount equal to the Class X Revenue Amount divided by the number of Class X Notes;
*	<b>Clean-Up Call Option</b>	means the right of the Seller to repurchase and accept re-assignment of all (but not only part of) the Mortgage Receivables which are outstanding which right may be exercised on any Notes Payment Date on which the Outstanding Principal Amount of the Mortgage Receivables is not more than the sum of (a) 10 per cent. of the aggregate Outstanding Principal Amount of the Mortgage Receivables on the initial Cut-Off Date and (b) the Pre-funded Amount;
	<b>Clearstream, Luxembourg</b>	means Clearstream Banking, <i>société anonyme</i> ;
	<b>Closing Date</b>	means 16 July 2019 or such later date as may be agreed between the Issuer, the Seller, the Arrangers and the Joint Lead Managers;
	<b>Code of Conduct</b>	means the Mortgage Code of Conduct ( <i>Gedragcode Hypothecaire Financieringen</i> ) introduced in January 2007 by the Dutch Association of Banks ( <i>Nederlandse Vereniging van Banken</i> );

	<b>Collection Foundation</b>	means Stichting Ember Hypotheken, a foundation ( <i>stichting</i> ) organised under Dutch law, and registered with the Trade Register ( <i>Handelsregister</i> ) of the Chamber of Commerce ( <i>Kamer van Koophandel</i> ) under number 59974052;
*	<b>Collection Foundation Account</b>	means the bank account designated to collect the amounts due in respect of the mortgage loans granted by the Originator as set forth in the Receivables Proceeds Distribution Agreement;
	<b>Collection Foundation Account Pledge Agreement</b>	means the collection foundation account pledge agreement between, amongst others, the Issuer and the Security Trustee dated the Signing Date;
	<b>Collection Foundation Accounts Provider</b>	means ABN AMRO Bank N.V.;
	<b>Collection Foundation Agreements</b>	means the Collection Foundation Account Pledge Agreement and the Receivables Proceeds Distribution Agreement;
+	<b>COMI</b>	means the centre of main interest within the meaning of article 3 of the Recast Insolvency Regulation;
	<b>Common Safekeeper</b>	means the clearing system or such other entity which the Issuer may elect from time to time to perform the safekeeping role;
	<b>Conditions</b>	means the terms and conditions of the Notes set out in Schedule 5 to the Trust Agreement as from time to time modified in accordance with the Trust Agreement and, with respect to any Notes represented by a Global Note, as modified by the provisions of the relevant Global Note;
*	<b>Construction Deposit</b>	means in respect of a Mortgage Loan, that part of the Mortgage Loan which the relevant Borrower requested not to be disbursed but withheld by the Originator, to be paid out towards construction of, or improvements to, the relevant Mortgaged Asset;
	<b>Construction Deposit Account</b>	means the bank account of the Issuer designated as such in the Issuer Account Agreement;
+	<b>Construction Deposit Negative Carry Amount</b>	means an amount equal to the sum of the product, for each Mortgage Loan (which can comprise of one or more Loan Parts); <ul style="list-style-type: none"> <li>(i) the weighted average Mortgage Loan rate in per cent. minus 1 per cent., where the weighted average Mortgage Loan rate is calculated as (a) the sum of, for each Loan Part, the product of the Outstanding Principal Amount of such Loan Part multiplied by the interest rate of such Loan Part, (b) divided by the Outstanding Principal Amount of the Mortgage Loan (including all Loan Parts);</li> <li>(ii) the Construction Deposit in respect of the relevant Mortgage Loan;</li> </ul>

		(iii) the number of complete days in the remaining availability period of the Construction Deposit is calculated by, in the case of each Mortgage Loan, subtracting the number of calendar days since the loan start date from the availability period of the Construction Deposit, which is either 12 or 18 months, divided by 360;
*	<b>Coupons</b>	means the interest and/or principal coupons appertaining to the Notes in definitive form;
	<b>CPR</b>	means constant prepayment rate;
	<b>CRA Regulation</b>	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;
	<b>CRD</b>	means Directive 2006/48/EC of the European Parliament and of the Council, as amended by Directive 2009/111/EC;
	<b>CRD IV</b>	means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC;
	<b>Credit Rating Agency</b>	means any credit rating agency (including any successor to its rating business) who, at the request of the Issuer, 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 Fitch and DBRS;
	<b>Credit Rating Agency Confirmation</b>	<p>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:</p> <p>(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 "<b>confirmation</b>");</p> <p>(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 "<b>indication</b>"); or</p> <p>(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</p>

		<p>respect of the relevant matter:</p> <p>(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</p> <p>(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;</p>								
	<b>CRR</b>	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;								
+	<b>CRR Amendment Regulation</b>	means Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms;								
+	<b>CRR Assessment</b>	means the assessment made by PCS in relation to compliance with the criteria set forth in the CRR regarding STS-securitisations;								
*	<b>Current Loan to Original Foreclosure Value Ratio</b>	means the ratio calculated by dividing the Outstanding Principal Amount of a Mortgage Receivable by the Original Foreclosure Value;								
+	<b>Current Loan to Original Market Value Ratio</b>	means the ratio calculated by dividing the Outstanding Principal Amount of a Mortgage Receivable by the Original Market Value;								
	<b>Cut-Off Date</b>	means, (i) in respect of the Mortgage Receivables assigned on the Closing Date, 30 June 2019 close of business, (ii) in respect of any Further Advance Receivable, the date of origination of the Further Advance, and (iii) in respect of any New Mortgage Receivable, the later of (a) the date of origination of the New Mortgage Loan and (b) the first day of the Mortgage Calculation Period in which the relevant Purchase Date falls;								
	<b>DBRS</b>	means DBRS Ratings Limited, and includes any successor to its rating business;								
+	<b>DBRS Equivalent Chart</b>	<p>means:</p> <table border="1"> <tr> <td>DBRS</td> <td>Moody's</td> <td>S&amp;P</td> <td>Fitch</td> </tr> <tr> <td>AAA</td> <td>Aaa</td> <td>AAA</td> <td>AAA</td> </tr> </table>	DBRS	Moody's	S&P	Fitch	AAA	Aaa	AAA	AAA
DBRS	Moody's	S&P	Fitch							
AAA	Aaa	AAA	AAA							

		AA (high)	Aa1	AA+	AA+
		AA	Aa2	AA	AA
		AA (low)	Aa3	AA-	AA-
		A (high)	A1	A+	A+
		A	A2	A	A
		A (low)	A3	A-	A-
		BBB (high)	Baa1	BBB+	BBB+
		BBB	Baa2	BBB	BBB
		BBB (low)	Baa3	BBB-	BBB-
		BB (high)	Ba1	BB+	BB+
		BB	Ba2	BB	BB
		BB (low)	Ba3	BB-	BB-
		B (high)	B1	B+	B+
		B	B2	B	B
		B (low)	B3	B-	B-
		CCC (high)	Caa1	CCC+	CCC
		CCC	Caa2	CCC	
		CCC (low)	Caa3	CCC-	
		CC	Ca	CC	
				C	
		D	C	D	D
+	<b>DBRS Equivalent Rating</b>	<p>means with respect to the long-term senior debt ratings, (i) if a Fitch public rating, a Moody's public rating and an S&amp;P public rating are all available, (a) the remaining rating (upon conversion on the basis of the DBRS Equivalent Chart) once the highest and lowest ratings have been excluded or (b) in the case of two or more same ratings, any of such ratings (upon conversion on the basis of the DBRS Equivalent Chart); (ii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) above, but public ratings by any two of Fitch, Moody's and S&amp;P are available, the lower rating available (upon conversion on the basis of the DBRS Equivalent Chart); and (iii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) or paragraph (ii) above, and therefore only a public rating by one of Fitch, Moody's and S&amp;P is available, such rating will be the DBRS Equivalent Rating (upon the</p>			

		conversion on the basis of the DBRS Equivalent Chart);
	<b>Deed of Assignment and Pledge</b>	means a deed of sale, assignment and pledge in the form set out in the Mortgage Receivables Purchase Agreement;
	<b>Deferred Purchase Price</b>	means part of the purchase price for the Mortgage Receivables equal to the sum of all Deferred Purchase Price Instalments;
*	<b>Deferred Purchase Price Instalments</b>	means, after application of the relevant available amounts in accordance with the Revenue Priority of Payments and/or the Post-Enforcement Priority of Payments, as the case may be, any amount remaining after all items ranking higher than the item relating to the Deferred Purchase Price have been satisfied;
	<b>Definitive Notes</b>	means Notes in definitive bearer form in respect of any Class of Notes;
	<b>Directors</b>	means the Issuer Director, the Shareholder Director and the Security Trustee Director collectively;
+	<b>Domiciliation Agent</b>	means Intertrust (Luxembourg) S.à r.l., a private limited liability company ( <i>société à responsabilité limitée</i> ), existing and organised under the laws of the Grand Duchy of Luxembourg with registered office at 6, rue Eugène Ruppert L-2453 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B103123;
+	<b>Domiciliation Agreement</b>	means the domiciliation agreement between the Issuer and the Domiciliation Agent, dated on or about the Signing Date, attached as Schedule 4 to the Administration Agreement;
+	<b>Draft RTS Risk Retention</b>	means the EBA Final Draft Regulatory Technical Standards specifying the requirements for originators, sponsors and original lenders relating to risk retention pursuant to article 6(7) of Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation dated 31 July 2018;
	<b>DSA</b>	means the Dutch Securitisation Association;
	<b>ECB</b>	means the European Central Bank;
+	<b>Eligible Investments</b>	has the meaning ascribed thereto in Section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
+	<b>Eligible Investments Minimum Ratings</b>	has the meaning ascribed thereto in Section 5.1 ( <i>Available Funds</i> ) of this Prospectus;
	<b>EMIR</b>	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;
+	<b>EMMI</b>	means the European Money Markets Institute;
+	<b>Enforcement Available</b>	means amounts corresponding to the sum of:

	<b>Amount</b>	<p>(a) amounts (i) recovered (<i>verhaald</i>) in accordance with article 3:255 of the Dutch Civil Code by the Security Trustee under any of the Pledge Agreements (other than the Issuer Account Pledge Agreement and (ii) in respect of the Issuer Account Pledge Agreement, recovered in accordance with article 11 of the Luxembourg Act of 5 August 2005 on financial collateral arrangements, as amended from time to time, to which the Security Trustee is a party on the Pledged Assets, including, without limitation, amounts recovered under or in connection with the Trustee Indemnification under the Mortgage Receivables Purchase Agreement; and</p> <p>(b) any amounts received by the Security Trustee (i) in connection with the Parallel Debt and (ii) as creditor under the Mortgage Receivables Purchase Agreement in connection with the Trustee Indemnification,</p> <p>in each case less any amounts paid by the Security Trustee to the Secured Creditors pursuant to the Trust Agreement; for the avoidance of doubt, the Enforcement Available Amount shall exclude any amounts provided by the Swap Counterparty as collateral (if any) unless it may be applied in accordance with the Trust Agreement, any Swap Replacement Premium, any Tax Credit and any other amounts standing to the credit of the Swap Collateral Accounts;</p>
	<b>Enforcement Notice</b>	means the notice delivered by the Security Trustee to the Issuer pursuant to Condition 10 ( <i>Events of Default</i> );
	<b>EONIA</b>	means the Euro Overnight Index Average as published by EMMI;
	<b>ESMA</b>	means the European Securities and Markets Authority;
	<b>EU</b>	means the European Union;
	<b>EUR or euro</b>	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;
	<b>Euribor</b>	has the meaning ascribed thereto in Condition 4 ( <i>Interest</i> );
	<b>Euribor Reference Banks</b>	has the meaning ascribed thereto in Condition 4 ( <i>Interest</i> );
	<b>Euroclear</b>	means Euroclear Bank SA/NV as operator of the Euroclear System;
	<b>Euronext Amsterdam</b>	means Euronext in Amsterdam;
	<b>Eurosystem Eligible Collateral</b>	means collateral recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem;

	<b>Events of Default</b>	means any of the events specified as such in Condition 10 ( <i>Events of Default</i> );
	<b>Excess Swap Collateral</b>	means, (x) in respect of the Early Termination Date (as defined in the Swap Agreement), collateral of a value equal to the amount by which the value of collateral transferred to the Issuer by the Swap Counterparty and accrued interest and any distributions received in respect thereof exceeds the value of the amounts owed by the Swap Counterparty (if any) to the Issuer (for the avoidance of doubt, calculated prior to any netting or set-off of an Unpaid Amount equal to the value of the collateral) and (y) in respect of any other valuation date under the Swap Agreement, collateral of a value equal to the amount by which the value of collateral transferred to the Issuer by the Swap Counterparty and accrued interest and any distributions received in respect thereof exceeds the value of the Swap Counterparty's collateral posting requirements under the credit support annex forming part of the Swap Agreement on such date;
	<b>Exchange Date</b>	means the date not earlier than forty (40) days after the Closing Date of the Notes on which interests in the Temporary Global Notes will be exchangeable for interests in the Permanent Global Notes;
*	<b>Extraordinary Resolution</b>	means a resolution passed at a Meeting or Meetings duly convened and held by the Noteholders of one or more Class or Classes, as the case may be, by a majority of not less than two-thirds of the validly cast votes, except that in case of an Extraordinary Resolution approving a Basic Terms Change the majority required shall be at least seventy-five (75) per cent. of the validly cast votes;
	<b>FATCA</b>	means the United States Foreign Account Tax Compliance Act;
+	<b>FATCA Withholding</b>	means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of 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 any other jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement);
	<b>Final Maturity Date</b>	means the Notes Payment Date falling in November 2054;
	<b>First Optional Redemption Date</b>	means the Notes Payment Date falling in November 2024;
	<b>Fitch</b>	means Fitch Ratings Limited, and includes any successor to its rating business;
+	<b>Foreclosure Procedures</b>	means the procedures to be complied with upon a default by the Borrower under a Mortgage Loan set out in the mortgage manual relating to the Originator;

	<b>Foreclosure Value</b>	means the foreclosure value of the Mortgaged Asset;
+	<b>Former Insolvency Regulation</b>	means the Council Regulation (EC) no. 1346/2000 of May 29, 2000 on insolvency proceedings, as amended;
	<b>Further Advance</b>	means a loan or a further advance to be made to a Borrower under a Mortgage Loan, which is secured by the same Mortgage;
+	<b>Further Advance Available Funds</b>	means, during the relevant Notes Calculation Period and the immediately succeeding Notes Payment Date, an amount equal to (a) to the sum of (i) the amounts received by the Collection Foundation during the Mortgage Calculation Periods falling in such Notes Calculation Period in respect of the Mortgage Receivables to the extent not yet transferred to the Issuer Collection Account and (ii) the amounts forming part of the Available Principal Funds, other than item (x) thereof, up to the Additional Purchase Cap less (b) the Purchase Price Applied Amount;
	<b>Further Advance Receivable</b>	means the Mortgage Receivable resulting from a Further Advance;
+	<b>General Data Protection Regulation</b>	means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC as amended from time to time and any Dutch or other applicable data protection laws, rules and regulations;
	<b>Global Note</b>	means any Temporary Global Note or Permanent Global Note;
	<b>Hedging Agreements</b>	means the Swap Agreement and the NAMS Rebalancing Agreement;
	<b>Hedging Event of Default</b>	means a NAMS Event of Default or a Swap Event of Default;
	<b>Hedging Termination Event</b>	means a NAMS Termination Event or a Swap Termination Event;
+	<b>Hedging Transaction</b>	means a NAMS Rebalancing Transaction or a Swap Transaction;
*	<b>Higher Ranking Class</b>	means, in respect of any Class of Notes, each Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority in respect of redemption of principal to it in the Post-Enforcement Priority of Payments;
+	<b>ICSDs</b>	means International Central Securities Depositories;
+	<b>Initial Purchase Price</b>	means in respect of any relevant Mortgage Receivable, New Mortgage Receivable or Further Advance Receivable, its Outstanding Principal Amount on the relevant Cut-Off Date;
	<b>Interest Amount</b>	has the meaning ascribed thereto in Condition 4 ( <i>Interest</i> );

+	<b>Interest Deficiency Ledger</b>	means the interest deficiency ledger relating to the Class B Notes, the Class C Notes and the Class D Notes and comprising three sub-ledgers for each such Class of Notes;
	<b>Interest Determination Date</b>	means the day that is two Business Days preceding the first day of each Interest Period;
	<b>Interest Period</b>	means the period from (and including) the Closing Date to (but excluding) the Notes Payment Date falling in November 2019 and each successive period from (and including) a Notes Payment Date to (but excluding) the next succeeding Notes Payment Date;
	<b>Interest Rate</b>	means the rate of interest applicable from time to time to a Class of Notes, other than the Class E Notes and the Class S Notes, as determined in accordance with Condition 4 ( <i>Interest</i> );
+	<b>Interest Rate Policy</b>	means the policy in relation to the setting and resetting of Mortgage Interest Rates as set out in the Interest Rate Policy Letter;
+	<b>Interest Rate Policy Letter</b>	means the interest rate policy letter between the Originator and Stater, as attached to the Mortgage Receivables Purchase Agreement;
	<b>Interest-only Mortgage Loan</b>	means a mortgage loan or part thereof in respect of which the Borrower is not required to repay principal until maturity;
	<b>Interest-only Mortgage Receivable</b>	means the Mortgage Receivable resulting from an Interest-only Mortgage Loan;
+	<b>Intertrust Fee Letter</b>	means the fee letter entered into between Intertrust (Luxembourg S.à r.l) and Venn Partners LLP dated 9 May 2019, for the services rendered under the Administration Agreement, including the Domiciliation Agreement;
+	<b>Investment Cash Account</b>	means the relevant investment cash account maintained by the Issuer with the Issuer Account Bank;
+	<b>Investment Securities Account</b>	means any account or securities account opened by the Issuer in respect of any Eligible Investments and any further account opened to hold Eligible Investments in the form of securities;
	<b>Investor Report</b>	means any of (i) the Notes and Cash Report and (ii) the Portfolio and Performance Report;
+	<b>IORP Directive</b>	means Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision;
+	<b>IRS</b>	means the U.S. Internal Revenue Service;
+	<b>ISDA Benchmarks Supplement</b>	means the 2018 ISDA Benchmarks Supplement, published by the International Swaps and Derivatives Association, Inc. on 19 September 2018;

	<b>Issuer</b>	means Cartesian Residential Mortgages 4 S.A., a public limited liability company ( <i>société anonyme</i> ), existing and organised under the laws of the Grand Duchy of Luxembourg, with registered office at 6 rue Eugène Ruppert L-2453, Luxembourg, Grand Duchy of Luxembourg registered with the Luxembourg Register of Commerce and Companies ( <i>R.C.S. Luxembourg</i> ) under number B235.337, subject, as an unregulated securitisation undertaking, to the Luxembourg Act dated 22 March 2004 on securitisation, as amended;
+	<b>Issuer Account Agent</b>	means Citibank N.A., London Branch;
*	<b>Issuer Account Agreement</b>	means the issuer account agreement between the Issuer, the Security Trustee, the Issuer Account Bank and the Issuer Account Agent dated the Signing Date;
	<b>Issuer Account Bank</b>	means Citibank Europe plc, Luxembourg Branch;
*	<b>Issuer Account Pledge Agreement</b>	means the issuer account pledge agreement between the Issuer and the Security Trustee dated the Signing Date;
	<b>Issuer Accounts</b>	means any of the Issuer Transaction Accounts and the Swap Collateral Accounts;
	<b>Issuer Administrator</b>	means Intertrust (Luxembourg) S.à r.l. a private limited liability company ( <i>société à responsabilité limitée</i> ), existing and organised under the laws of the Grand Duchy of Luxembourg with registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B103123;
	<b>Issuer Collection Account</b>	means the bank account of the Issuer designated as such in the Issuer Account Agreement;
	<b>Issuer Director</b>	means Universal Management Services S.à r.l., represented by its permanent representative Mr. Jeremiah Daniel O'Donoghue;
+	<b>Issuer Investment Accounts</b>	means the Investment Cash Account and the Investment Securities Account;
*	<b>Issuer Management Agreement</b>	means the directorship agreement between the Issuer, the Issuer Director, the Service Provider and the Security Trustee, dated on or about the Signing Date;
	<b>Issuer Mortgage Receivables Pledge Agreement</b>	means the mortgage receivables pledge agreement between the Issuer and the Security Trustee dated the Signing Date;
	<b>Issuer Rights</b>	means any and all rights of the Issuer under and in connection with the Mortgage Receivables Purchase Agreement, the Servicing Agreement, the Hedging Agreements, the Administration Agreement and the Receivables Proceeds Distribution Agreement, collectively;
*	<b>Issuer Rights Pledge</b>	means the issuer rights pledge agreement between, amongst others, the Issuer, the Security Trustee, the Seller, the Issuer

	<b>Agreement</b>	Administrator and the Servicer dated the Signing Date, pursuant to which a right of pledge is created in favour of the Security Trustee over the Issuer Rights;
+	<b>Issuer Services</b>	means the services to be provided by the Issuer Administrator to the Issuer and the Security Trustee, as set out in the Administration Agreement;
*	<b>Issuer Transaction Accounts</b>	means the Issuer Collection Account, the Construction Deposit Account, the Reserve Account, the Pre-funded Account and the Issuer Investment Accounts, jointly;
+	<b>Joint Lead Managers</b>	means BNP Paribas, London Branch and Citigroup Global Markets Limited;
+	<b>Joint Security Right Arrangements</b>	has the meaning ascribed thereto in Section 2 ( <i>Risk Factors</i> ) of this Prospectus;
	<b>Land Registry</b>	means the Dutch land registry ( <i>het Kadaster</i> );
+	<b>LCR Assessment</b>	means the assessment made by PCS in relation to compliance with the criteria set forth in the LCR Delegated Regulation, as amended by Commission Delegated Regulation (EU) 2018/1620 of 13 July 2018;
+	<b>LCR Delegated Regulation</b>	means 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;
	<b>Linear Mortgage Loan</b>	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;
	<b>Linear Mortgage Receivable</b>	means the Mortgage Receivable resulting from a Linear Mortgage Loan;
	<b>Listing Agent</b>	means ABN AMRO Bank N.V.;
+	<b>Loan Files</b>	means the file or files relating to each Mortgage Loan containing, <i>inter alia</i> , (i) all material correspondence relating to that Mortgage Loan; (ii) a certified copy of the Mortgage Deed; and (iii) any other documents or agreements relating to that Mortgage Loan;
+	<b>Loan Index</b>	means, for each Swap Mortgage Receivable: <ul style="list-style-type: none"> <li>(i) prior to the first Swap Mortgage Receivable Reset Date, the relevant percentage specified in the Swap Agreement; and</li> <li>(ii) following a Swap Mortgage Receivable Reset Date, the sum of (a) the Swap Reference Rate and (b) the Spread;</li> </ul>

	<b>Loan Parts</b>	means one or more of the loan parts ( <i>leningdelen</i> ) of which a Mortgage Loan consists;
+	<b>Loan to Income Ratio</b>	means in respect of a Mortgage Loan, the ratio calculated by dividing the Outstanding Principal Amount on such date by the sum of the gross annual income of the relevant Borrower(s);
	<b>Local Business Day</b>	has the meaning ascribed thereto in Condition 5(c) ( <i>Payment</i> );
	<b>MAD Regulations</b>	means the Market Abuse Directive, the Market Abuse Regulation and the Dutch implementation legislation pertaining thereto;
	<b>Management Agreement</b>	means any of (i) the Issuer Management Agreement, (ii) the Shareholder Management Agreement and (iii) the Security Trustee Management Agreement;
	<b>Market Abuse Directive</b>	means the Directive 2014/57/EU of 16 April 2014;
	<b>Market Abuse Regulation</b>	means the Regulation (EU) No 596/2014 of 16 April 2014;
*	<b>Market Value</b>	means (i) the market value ( <i>marktwaarde</i> ) of the relevant Mortgaged Asset based on (a) if available, the most recent valuation by an external valuer or (b) if no valuation is available, or if more recent, either the assessment by the Dutch tax authorities on the basis of the WOZ at the time of application by the Borrower or the indexed market value or (ii) in respect of a Mortgaged Asset to be constructed or in construction at the time of application by the Borrower, the construction costs of such Mortgaged Asset plus the purchase price of the relevant building lot;
	<b>Master Definitions Agreement</b>	means the master definitions agreement between, amongst others, the Seller, the Issuer and the Security Trustee dated the Signing Date;
+	<b>MiFID II</b>	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
	<b>Moody's</b>	means Moody's Investors Service Ltd., and includes any successor to its rating business;
	<b>Mortgage</b>	means a mortgage right ( <i>hypotheekrecht</i> ) securing the relevant Mortgage Receivable;
*	<b>Mortgage Calculation Date</b>	means the fifth Business Day of each calendar month;
*	<b>Mortgage Calculation Period</b>	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, except for the first mortgage calculation period which commences on (and includes) the initial Cut-Off Date and ends on (and includes) the last day of July 2019;

	<b>Mortgage Collection Payment Date</b>	means the seventh Business Day of each calendar month;
	<b>Mortgage Conditions</b>	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;
+	<b>Mortgage Credit Directive</b>	means the Directive on credit agreements for consumers relating to residential immovable property (2014/17/EU);
+	<b>Mortgage Interest Rates</b>	means the rates of interest from time to time chargeable to Borrowers under the Mortgage Loans;
	<b>Mortgage Loan Criteria</b>	means the criteria relating to the Mortgage Loans set forth as such in Section 7.3 ( <i>Mortgage Loan Criteria</i> ) of this Prospectus;
	<b>Mortgage Loan Services</b>	means the services to be provided by the Servicer to the Issuer and the Security Trustee with respect to the Mortgage Loans, as set out in the Servicing Agreement;
*	<b>Mortgage Loans</b>	means the mortgage loans granted by the Originator to the relevant borrowers which may consist of one or more Loan Parts as set forth in the list of loans attached to the Mortgage Receivables Purchase Agreement and, after any purchase and assignment of any New Mortgage Receivables or Further Advance Receivables has taken place in accordance with the Mortgage Receivables Purchase Agreement, the relevant New Mortgage Receivables and/or Further Advance Receivables to the extent any and all rights under and in connection therewith are not retransferred or otherwise disposed of by the Issuer;
*	<b>Mortgage Receivable</b>	means any and all rights of the Originator (and after Assignment I, the Seller and, after Assignment II, the Issuer) against the Borrower under or in connection with a Mortgage Loan, including any and all claims of the Originator (or the Seller after Assignment I or the Issuer after Assignment II) on the Borrower as a result of the Mortgage Loan being terminated, dissolved or declared null and void;
*	<b>Mortgage Receivables Purchase Agreement</b>	means the mortgage receivables purchase agreement between, the Originator, the Seller, the Issuer and the Security Trustee dated the Signing Date;
	<b>Mortgaged Asset</b>	means (i) a real property ( <i>onroerende zaak</i> ), (ii) an apartment right ( <i>appartementsrecht</i> ) or (iii) a long lease ( <i>erfpachtsrecht</i> ) situated in the Netherlands on which a Mortgage is vested;
*	<b>Most Senior Class</b>	means such Class of Notes which has not been previously redeemed or written off in full and which ranks higher in priority in respect of redemption of principal than any other Class of Notes in the Post-Enforcement Priority of Payments;

+	<b>Mover Mortgage Loan</b>	means a Mortgage Loan in respect of which the Mover Option is exercised;
+	<b>Mover Option</b>	means the option of a Borrower to replace an existing Mortgage Loan with a new mortgage loan pursuant to the <i>meeneemregeling</i> (porting facility) and to which the same Mortgage Conditions apply as the existing Mortgage Loan;
+	<b>NAMS Event of Default</b>	means an Event of Default as defined in the NAMS Rebalancing Agreement;
+	<b>NAMS Rebalancing Agreement</b>	means the 2002 ISDA Master Agreement, together with the schedule and the confirmations relating to the transactions and any amendment agreements thereto dated on or about the Closing Date and entered into by and between the Issuer and the Swap Counterparty to address the risk that the amortisation of the Swap Mortgage Receivables diverges from the expected amortisation scenarios;
+	<b>NAMS Rebalancing Transaction</b>	means any of the transactions entered into under the NAMS Rebalancing Agreement;
	<b>NAMS Termination Event</b>	means a Termination Event as defined in the NAMS Rebalancing Agreement;
+	<b>Negative Carry Amount</b>	means, on the Closing Date and at opening of business of the first Notes Payment Date, an amount equal to EUR 500,000, being the sum of (i) the Construction Deposit Negative Carry Amount, (ii) the Pre-funded Account Negative Carry Amount and (iii) the Swap Negative Carry Amount and, on any subsequent Notes Payment Date, the Construction Deposit Negative Carry Amount;
*	<b>Net Foreclosure Proceeds</b>	means (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 any other 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;
*	<b>New Mortgage Loan</b>	means a mortgage loan granted by the Originator to the relevant Borrower, which may consist of one or more Loan Parts as set forth as such in the list of loans attached to any Deed of Assignment and Pledge executed during the Pre-funded Period other than the initial Deed of Assignment and Pledge to the extent any and all rights under and in connection therewith are not retransferred or otherwise disposed of by the Issuer;
	<b>New Mortgage Receivable</b>	means the Mortgage Receivable resulting from a New Mortgage Loan;
*	<b>Non-Permitted Mortgage Loan</b>	means an amendment by the Originator and the relevant Borrower of the terms of the relevant Mortgage Loan, as a

	<b>Amendment</b>	result of which such relevant Mortgage Loan no longer meets certain criteria (including the Mortgage Loan Criteria) as set forth in the Mortgage Receivables Purchase Agreement, except in case such amendment relates to an agreed (re)payment plan with a Borrower due to the deterioration of the credit quality of the Borrower;
	<b>Noteholders</b>	means the persons who for the time being are the holders of the Notes;
	<b>Notes</b>	means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class S Notes and Class X Notes;
	<b>Notes and Cash Report</b>	means the report which will be published quarterly by the Issuer, or the Issuer Administrator on its behalf, and which report will comply with the standard of the DSA;
	<b>Notes Calculation Date</b>	means, in respect of a Notes Payment Date, the third Business Day prior to such Notes Payment Date;
	<b>Notes Calculation Period</b>	means, in respect of a Notes Calculation Date, the three Mortgage Calculation Periods immediately preceding such Notes Calculation Date, except for the first Notes Calculation Period which will commence on the first Cut-Off Date and end on and include the last day of October 2019;
	<b>Notes Payment Date</b>	means 25 November 2019 and, thereafter, the 25th day of each of February, May, August and November 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;
	<b>Notes Purchase Agreements</b>	means the Senior Subscription Agreement and the Class E-S-X Notes Purchase Agreement;
	<b>Observation Date</b>	has the meaning ascribed thereto in the Swap Agreement;
	<b>Optional Redemption Date</b>	means any Notes Payment Date from (and including) the First Optional Redemption Date up to (and excluding) the Final Maturity Date;
*	<b>Original Foreclosure Value</b>	means the Foreclosure Value as assessed by the Originator at the time of granting the Mortgage Loan;
+	<b>Original Loan to Original Market Value Ratio</b>	means the ratio calculated by dividing the original principal amount of a Mortgage Receivable by the Original Market Value;
	<b>Original Market Value</b>	means the Market Value of the Mortgaged Asset as assessed by the Originator at the time of granting the Mortgage Loan;
	<b>Originator</b>	means Venn Hypotheken;
	<b>Other Claim</b>	means any claim the Originator or the Seller has against the Borrower, other than a Mortgage Receivable, which is secured

		by the Mortgage and/or Borrower Pledge;
*	<b>Outstanding Principal Amount</b>	means, at any moment in time, (i) the outstanding principal amount of a Mortgage Receivable at such time or (ii), after a Realised Loss of the type described in limbs (a) and (b) of the definition of Realised Loss in respect of such Mortgage Receivable, zero;
	<b>Parallel Debt</b>	has the meaning ascribed thereto in Section 4.7 ( <i>Security</i> ) of this Prospectus;
	<b>Parallel Debt Agreement</b>	means the parallel debt agreement between, the Issuer, the Security Trustee and the Secured Creditors (other than the Noteholders) dated the Signing Date;
	<b>Paying Agency Agreement</b>	means the paying agency agreement between the Issuer, the Paying Agent, the Reference Agent and the Security Trustee dated the Signing Date;
	<b>Paying Agent</b>	means Citibank N.A., London Branch;
	<b>PCS</b>	means Prime Collateralised Securities (PCS) UK Limited;
	<b>Permanent Global Note</b>	means a permanent global note in respect of a Class of Notes;
	<b>Pledge Agreements</b>	means the Issuer Account Pledge Agreement, the Issuer Mortgage Receivables Pledge Agreement, the Issuer Rights Pledge Agreement, the Collection Foundation Account Pledge Agreement and any Deed of Assignment and Pledge;
	<b>Pledge Notification Event</b>	means any of the events specified in clause 5.1 of the Issuer Rights Pledge Agreement;
*	<b>Pledged Assets</b>	means the Mortgage Receivables, the Issuer Account Rights and the Issuer Rights;
	<b>Portfolio and Performance Report</b>	means the report which will be published monthly by the Issuer, or the Issuer Administrator on its behalf, and which report will comply with the standard of the DSA;
+	<b>Portfolio Manager</b>	means Venn Hypotheken;
	<b>Post-Enforcement Priority of Payments</b>	means the priority of payments set out as such in Section 5.2 ( <i>Priority of Payments</i> ) of this Prospectus;
+	<b>Pre-funded Account</b>	means the bank account of the Issuer designated as such in the Issuer Account Agreement;
+	<b>Pre-funded Account Negative Carry Amount</b>	means an amount equal to EUR 29,958.10;
+	<b>Pre-funded Amount</b>	means an amount of EUR 44,547,236.90 on the Closing Date and, thereafter, the balance standing to the credit of the Pre-funded Account;
+	<b>Pre-funded Period</b>	means the period commencing on (and including) the Closing Date and ending on (and including) the earlier of (a) the

		Mortgage Collection Payment Date falling in November 2019 and (b) the date on which the Seller informs the Issuer that no additional New Mortgage Receivables will be available for sale and assignment to the Issuer;
	<b>Prepayment Penalties</b>	means any prepayment penalties ( <i>boeterente</i> ) to be paid by a Borrower under a Mortgage Loan as a result of the Mortgage Receivable being repaid (in whole or in part) prior to the maturity date of such Mortgage Loan other than (i) on a date whereon the interest rate is reset or (ii) as otherwise permitted pursuant to the Mortgage Conditions;
+	<b>Previous Transaction Security Trustees</b>	means Stichting Security Trustee Cartesian Residential Mortgages 2, Stichting Security Trustee Cartesian Residential Mortgages 3, Stichting Security Trustee Cartesian Residential Mortgages Blue, Stichting Security Trustee Cartesian Warehouse 3 and security trustees or security agents of other funders;
+	<b>Previous Transaction SPVs</b>	means Cartesian Residential Mortgages 2 S.A., Cartesian Residential Mortgages 3 S.A., Cartesian Residential Mortgages Blue S.A., Cartesian Warehouse 3 S.A. and other funders;
+	<b>PRIIPs Regulation</b>	means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance based investment products (PRIIPs);
	<b>Principal Amount Outstanding</b>	has the meaning ascribed thereto in Condition 6(i) ( <i>Definitions</i> );
	<b>Principal Deficiency</b>	means the debit balance, if any, of the relevant sub-ledger of the Principal Deficiency Ledger;
	<b>Principal Deficiency Ledger</b>	means the principal deficiency ledger relating to the relevant Classes of Notes and comprising sub-ledgers for each such Class of Notes, other than the Class S Notes and the Class X Notes;
+	<b>Principal Reconciliation Ledger</b>	means the ledger created for the purpose of recording any reconciliation payments in relation to principal in accordance with the Administration Agreement;
	<b>Principal Shortfall</b>	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;
	<b>Priority of Payments</b>	means any of the Revenue Priority of Payments, the Redemption Priority of Payments and the Post-Enforcement Priority of Payments;
	<b>Prospectus</b>	means this prospectus dated 12 July 2019 relating to the issue of the Notes;
	<b>Prospectus Directive</b>	means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by the

		Directive 2010/73/EC of the European Parliament and of the Council of 24 November 2010, as the same may be further amended;
+	<b>Purchase Date</b>	means (i) in respect of any New Mortgage Receivables, any date during the Pre-funded Period, and (ii) in respect of any Further Advance Receivables, any date up to (but excluding) the earlier of (a) the First Optional Redemption Date and (b) the date on which the Seller informs the Issuer that no additional Further Advance Receivables will be available for sale and assignment to the Issuer;
+	<b>Purchase Price</b>	means the Initial Purchase Price and the Deferred Purchase Price;
+	<b>Purchase Price Applied Amount</b>	means in any Notes Calculation Period and the immediately succeeding Notes Payment Date, any part of the Available Principal Funds, other than item (x) thereof, that has been applied by the Issuer towards payment of the Initial Purchase Prices for the purchase of Further Advance Receivables during such Notes Calculation Period or such Notes Payment Date;
+	<b>Rate Determination Agent</b>	means (A) a major bank or broker-dealer in the Netherlands, the European Union or the United Kingdom as appointed by the Seller; or (B), if it is not reasonably practicable to appoint a party as referred to under (A), the Seller;
+	<b>Rated Notes</b>	means the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes;
	<b>Realised Loss</b>	has the meaning ascribed thereto in Section 5.3 ( <i>Loss Allocation</i> ) of this Prospectus;
+	<b>Recast Insolvency Regulation</b>	means Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, recast;
*	<b>Receivables Proceeds Distribution Agreement</b>	means the receivables proceeds distribution agreement between, amongst others, the Collection Foundation, the Seller and the Originator, dated 18 March 2014, as amended and restated on 24 March 2016, to which the Issuer and the Security Trustee acceded;
+	<b>Reconciliation Ledger</b>	means each of the Principal Reconciliation Ledger and Revenue Reconciliation Ledger;
*	<b>Redemption Amount</b>	means the principal amount redeemable in respect of each integral multiple of a Note, other than a Class S Note, as described in Condition 6(g) ( <i>Redemption Amount and Class S Redemption Amount</i> );
	<b>Redemption Priority of Payments</b>	means the priority of payments set out as such in Section 5.2 ( <i>Priority of Payments</i> ) of this Prospectus;
	<b>Reference Agent</b>	means Citibank N.A., London Branch;

+	<b>Reference Pool</b>	means in respect of a Hedging Transaction, the Swap Mortgage Receivables that are identified in the loan tape as falling within the reference pool relating to that Hedging Transaction;
+	<b>Reference Rate</b>	means Euribor;
	<b>Regulation S</b>	means Regulation S of the Securities Act;
	<b>Relevant Class</b>	has the meaning ascribed thereto in Condition 10 ( <i>Events of Default</i> );
+	<b>Relibi Law</b>	has the meaning ascribed thereto in Section 4.6 ( <i>Taxation</i> );
	<b>Replacement Reference Rate</b>	has the meaning ascribed thereto in Condition 4(j) ( <i>Replacement Reference Rate</i> );
+	<b>Reporting Services Agreement</b>	means the reporting services agreement between the Issuer and BNP Paribas dated the Signing Date;
+	<b>Reporting Services Provider</b>	means BNP Paribas;
+	<b>Required Call Amount</b>	means:  (a) in relation to the Clean-Up Call Option, the Seller Call Option and the Risk Retention Regulatory Change Call Option, an amount equal to the higher of (a) the Outstanding Principal Amount of the relevant Mortgage Receivable together with (i) any unpaid interest accrued (up to but excluding the relevant cut-off date of the sale and assignment of the Mortgage Receivable) and (ii) reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) and (b) an amount that is sufficient for the Issuer to redeem the Notes, other than the Class S Notes and the Class X Notes, at their respective Principal Amount Outstanding in full subject to, in respect of the Class E Notes, Condition 9(b) ( <i>Principal</i> ), and to pay all accrued (but unpaid) interest on the Notes, other than the Class S Notes and the Class X Notes, and the Subordinated Step-up Consideration in respect of any of the Rated Notes and to pay other amounts due ranking higher or equal to the Notes, other than the Class S Notes and the Class X Notes, in accordance with the relevant Priority of Payments and the Trust Agreement; and  (b) in relation to the Tax Call Option, an amount equal to the higher of (a) the Outstanding Principal Amount of the relevant Mortgage Receivable together with (i) any unpaid interest accrued (up to but excluding the relevant cut-off date of the sale and assignment of the Mortgage Receivable) and (ii) reasonable costs (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) and (b) an amount that is sufficient for the Issuer to redeem the Notes, other than the Class S Notes and the Class X Notes, at their respective Principal Amount Outstanding in full and to pay all accrued (but unpaid) interest on the Notes, other than the Class S Notes and the Class X Notes, and the Subordinated Step-up Consideration

		<p>in respect of any of the Rated Notes and to pay other amounts due ranking higher or equal to the Notes, other than the Class S Notes and the Class X Notes, in accordance with the relevant Priority of Payments and the Trust Agreement, whereby for the purpose of the calculation of such amount the balance standing to the credit of the Reserve Account shall be ignored; and</p> <p>(c) in relation to the Remarketing Call Option, an amount that is sufficient for the Issuer to redeem the Notes, other than the Class S Notes and the Class X Notes, at their respective Principal Amount Outstanding in full subject to, in respect of the Class E Notes, Condition 9(b) (<i>Principal</i>), and to pay all accrued (but unpaid) interest on the Notes, other than the Class S Notes and the Class X Notes, and the Subordinated Step-up Consideration in respect of any of the Rated Notes and to pay other amounts due ranking higher or equal to the Notes, other than the Class S Notes and the Class X Notes, in accordance with the relevant Priority of Payments and the Trust Agreement;</p>
+	<b>Required Ratings</b>	<p>means in respect of the Collection Foundation Accounts Provider, means (i) in respect of Fitch (only to the extent Fitch assigns a rating to any of the Notes), (x) a long term issuer default rating of at least "A" by Fitch and (y) a short term issuer default rating of at least "F1" by Fitch and (ii) in respect of Moody's (only to the extent Moody's assigns a rating to any of the Notes), a rating of its unsecured, unsubordinated and unguaranteed debt obligations of at least "BBB" by Moody's and (iii) in respect of S&amp;P (only to the extent S&amp;P assigns a rating to any of the Notes), (x) a rating of its long-term unsecured, unsubordinated and unguaranteed debt obligations of at least "BBB" by S&amp;P and (y) a rating of its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least "A-2" by S&amp;P;</p>
	<b>Requisite Credit Rating</b>	<p>means the rating of (i) (a) 'F1' (short-term deposit rating) and 'A' (long-term deposit rating) by Fitch, or (b) if Fitch has not assigned a deposit rating to such party, 'F1' (short-term issuer default rating) and 'A' (long-term issuer default rating) by Fitch; and (ii) (a) a rating of 'A (high)' (long-term critical obligations rating) by DBRS, or (b) if DBRS has not assigned a critical obligations rating to such party, a rating of 'A' (long-term issuer default rating) by DBRS, or (c) if DBRS has not assigned a credit rating to such party, a DBRS Equivalent Rating of 'A' (long-term issuer default rating), or such other rating(s) than as set forth under (i) and (ii) as may be agreed by the relevant parties from time to time as would maintain the then current ratings of the Rated Notes;</p>
	<b>Reserve Account</b>	<p>means the bank account of the Issuer designated as such in the Issuer Account Agreement;</p>
*	<b>Reserve Account First Target Level</b>	<p>means on any Notes Payment Date an amount equal to 1.25 per cent. of the Principal Amount Outstanding of the Class A Notes and the Class B Notes, as calculated at close of business on the immediately preceding Notes Payment Date, provided that at the close of business on the Notes Payment Date on which all amounts of interest and principal due to the Class A Notes and the Class B Notes have been or will be paid</p>

		and redeemed, zero;
*	<b>Reserve Account Second Target Level</b>	means, (A) on the Closing Date, an amount equal to 2.00 per cent. of the Rated Notes and the Class E Notes, (B) on any Notes Payment Date thereafter, an amount equal to the higher of (a) the sum of (i) 2.00 per cent. of the Principal Amount Outstanding of the Class A Notes and the Class B Notes at close of business on the immediately preceding Notes Payment Date and (ii) 2.00 per cent. of the Principal Amount Outstanding of the Class C Notes, Class D Notes and Class E Notes at close of business on the immediately preceding Notes Payment Date and (b) EUR 100,000 and (C) at close of business on the relevant Notes Payment Date on which all amounts of interest and principal due to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes have been or will be paid and redeemed, zero;
	<b>Revenue Priority of Payments</b>	means the priority of payments set out as such in Section 5.2 ( <i>Priority of Payments</i> ) of this Prospectus;
+	<b>Revenue Reconciliation Ledger</b>	means the revenue reconciliation ledger created for the purpose of recording any reconciliation payments in relation to interest in accordance with the Administration Agreement;
+	<b>Revenue Shortfall Amount</b>	means, on any Notes Payment Date, after the application of amounts available for such purpose from the Reserve Account, the amount by which the Available Revenue Funds falls short for the Issuer to pay item (a) up to and including item (e) of the Revenue Priority of Payments and after redemption in full of the Class A Notes, the item in the Revenue Priority of Payments relating to the payment of interest of the Most Senior Class;
+	<b>Risk Retention Regulatory Change Call Option</b>	means the right of the Seller to purchase and accept assignment from the Issuer of all Mortgage Receivables (or cause a third party to do so) on any Notes Payment Date following a Risk Retention Regulatory Change Event in accordance with and subject to the Mortgage Receivables Purchase Agreement and the Trust Agreement;
+	<b>Risk Retention Regulatory Change Event</b>	means (a) any change in or the adoption of any new law, rule, technical standards or regulation or any determination made by a relevant regulator, which as a matter of law has a binding effect on the Seller after the Closing Date, which would impose a positive obligation on the Seller to subscribe for Notes to comply with a, in its reasonable opinion, materially higher percentage of risk retention than set out in (y) Article 6 of the Securitisation Regulation or (z) Section 15G of the U.S. Securities Exchange Act of 1934 and any applicable implementing regulations or otherwise impose additional material obligations on it (as determined by the Seller, acting reasonably); or (b) the occurrence of a significant regulatory change or event which adversely affects the ability of the Seller to continue to comply with the requirements under the laws and regulations set forth under (y) or (z), respectively;

+	<b>Risk Retention US Person</b>	means any person that is a U.S. person as defined in the U.S. Risk Retention Rules;
	<b>RMBS Standard</b>	means the residential mortgage-backed securities standard created by the DSA, as amended from time to time;
	<b>RTS Homogeneity</b>	means the final version of Commission Delegated Regulation (EU) of 28 May 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitisation;
	<b>S&amp;P</b>	means Standard & Poor's Credit Market Services Europe Limited, and includes any successor to its rating business;
	<b>Secured Creditors</b>	means (i) the Directors, (ii) the Servicer, (iii) the Issuer Administrator, (iv) the Paying Agent, (v) the Reference Agent, (vi) the Issuer Account Bank, (vii) the Issuer Account Agent, (viii) the Noteholders, (ix) the Seller, (x) the Swap Counterparty, (xi) the Portfolio Manager, (xii) the Reporting Services Provider, (xiii) the Domiciliation Agent, (xiv) the Collection Foundation, (xv) the Service Provider and (xvi) to any other party designated by the Security Trustee as a Secured Creditor under or in connection with the Transaction Documents;
	<b>Securities Act</b>	means the United States Securities Act of 1933, as amended;
+	<b>Securitisation Act</b>	means the Luxembourg Act dated 22 March 2004 on securitisation, as amended;
+	<b>Securitisation Regulation</b>	means Regulation (EU) 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, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012;
	<b>Security</b>	means any and all security interest created pursuant to the Pledge Agreements;
	<b>Security Trustee</b>	means Stichting Security Trustee Cartesian Residential Mortgages 4, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
	<b>Security Trustee Director</b>	means Amsterdamsch Trustee's Kantoor B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
	<b>Security Trustee Management Agreement</b>	means the security trustee management agreement between the Security Trustee, the Security Trustee Director and the Issuer dated the Signing Date;
	<b>Seller</b>	means Ember VRM S.à r.l., a private limited liability company ( <i>société à responsabilité limitée</i> ), existing and organised under

		the laws of the Grand Duchy of Luxembourg, with registered office at 36-38 Grand-Rue, L-1660 Luxembourg, and registered with the Luxembourg Register of Commerce and Companies under number B176.837;
	<b>Seller Call Option</b>	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;
+	<b>Senior Subscription Agreement</b>	means the senior notes subscription agreement between the Seller, the Joint Lead Managers, the Arrangers and the Issuer relating to the Rated Notes dated the Signing Date;
+	<b>Service Provider</b>	means Intertrust (Luxembourg) S.à r.l., a private limited liability company ( <i>société à responsabilité limitée</i> ), existing and organised under the laws of the Grand Duchy of Luxembourg with registered office at 6, rue Eugène Ruppert L-2453 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B103123;
	<b>Servicer</b>	means the Seller in its capacity as Servicer under the Servicing Agreement;
*	<b>Servicing Agreement</b>	means the servicing agreement between the Servicer, the Issuer, the Portfolio Manager and the Security Trustee dated the Signing Date;
	<b>Shareholder</b>	means Stichting Holding Cartesian, a foundation ( <i>stichting</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
	<b>Shareholder Director</b>	means Intertrust Management B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) organised under Dutch law and established in Amsterdam, the Netherlands;
*	<b>Shareholder Management Agreement</b>	means the shareholder management agreement between the Shareholder and the Shareholder Director lastly amended on 17 March 2015, in respect of which the Security Trustee has the benefit of certain provisions set forth therein pursuant to a letter dated the Signing Date;
	<b>Signing Date</b>	means 11 July 2019 or such later date as may be agreed between the Issuer, the Seller, the Arrangers and the Joint Lead Managers;
+	<b>Solvency II Regulation</b>	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;
+	<b>Spread</b>	means, as of each Swap Mortgage Receivable Reset Date, the percentage determined by the Swap Counterparty reflecting (A) the pricing of hedging the prepayment risk associated with the relevant Swap Mortgage Receivable from the current Swap Mortgage Receivable Reset Date to the earlier of (i) the date on which the reset fixed rate payable under such Swap

		Mortgage Receivable will next reset and (ii) its maturity date plus (B) any credit, liquidity, regulatory capital charges and other charges incurred by the Swap Counterparty in entering into such hedge, subject to a maximum percentage specified in the Swap Agreement determined by reference to the fixed rate tenor for the Swap Mortgage Receivable;
+	<b>SRM Regulation</b>	means 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, and the rules and regulations related thereto;
+	<b>SSPE</b>	means securitisation special purpose entity within the meaning of article 2(2) of the Securitisation Regulation;
+	<b>STS securitisation</b>	means a simple, transparent and standardised securitisation established and structured in accordance with the requirements of the Securitisation Regulation;
+	<b>STS Verification</b>	means a report from PCS which verifies compliance of the securitisation transaction described in this Prospectus with the criteria stemming from articles 18, 19, 20, 21 and 22 of the Securitisation Regulation;
+	<b>Subordinated Notes</b>	means the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class S Notes and the Class X Notes;
+	<b>Subordinated Step-up Consideration</b>	means, on each Notes Payment Date following the First Optional Redemption Date, in respect of each of the Rated Notes, an amount equal to (i) the relevant Principal Amount Outstanding of such Class of Rated Notes multiplied by (ii) the relevant Subordinated Step-up Margin applicable to such Class of Rated Notes (iii) calculated on the basis of the actual days elapsed in such period and a 360 day year;
+	<b>Subordinated Step-up Consideration Deficiency Ledger</b>	means the Subordinated Step-up Consideration deficiency ledger relating to the Rated Notes and comprising of four sub-ledgers for each such Class of Rated Notes;
+	<b>Subordinated Step-up Margin</b>	means (i) in respect of the Class A Notes, 1.02 per cent. per annum, (ii) in respect of the Class B Notes, 1.50 per cent. per annum, (iii) in respect of the Class C Notes, 2.025 per cent. per annum and (iv) in respect of the Class D Notes, 2.625 per cent. per annum;
	<b>Sub-servicers</b>	means (i) (a) Stater Nederland B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated under Dutch law and (b) in respect of special servicing, HypoCasso B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) incorporated under Dutch law and (ii) any subsequent sub-agent of the Servicer;

+	<b>Sub-Servicing Letters</b>	means the sub-servicing letters between, among others, the Servicer, the Sub-servicers, the Originator, the Issuer and the Security Trustee dated the Signing Date;
	<b>Swap Agreement</b>	means the swap agreement (documented under a 2002 ISDA master agreement, including the schedule thereto, a credit support annex and one or more confirmations relating to transactions thereunder) between the Issuer, the Swap Counterparty and the Security Trustee dated the Closing Date;
+	<b>Swap Calculation Period</b>	means the "Calculation Period" as such term is defined in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.;
	<b>Swap Cash Collateral Account</b>	means the bank account of the Issuer designated as such in the Issuer Account Agreement and any further account opened in accordance with the Transaction Documents to hold Swap Collateral in the form of cash;
	<b>Swap Collateral</b>	means, at any time, any asset (including cash and/or securities) which is delivered 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;
*	<b>Swap Collateral Accounts</b>	means the Swap Cash Collateral Account and the Swap Securities Collateral Account;
+	<b>Swap Confirmation</b>	means the swap confirmation in respect of each Swap Transaction;
	<b>Swap Counterparty</b>	means BNP Paribas, a public limited liability company ( <i>société anonyme</i> ) organised under the laws of France;
	<b>Swap Counterparty Subordinated Payment</b>	means any termination payment due and payable as a result of the occurrence of (i) a Swap Event of Default where the Swap Counterparty is the Defaulting Party or (ii) an Additional Termination Event arising pursuant to the occurrence of a Rating Event (all as defined in the Swap Agreement);
+	<b>Swap Event of Default</b>	means an Event of Default as defined in the Swap Agreement;
+	<b>Swap Fixed Rate</b>	has the meaning ascribed to Fixed Rate in the Swap Agreement;
+	<b>Swap Mortgage Receivable</b>	means a Mortgage Receivable in respect of a Mortgage Loan or Loan Part which is not in arrears for more than 90 days;
+	<b>Swap Mortgage Receivable Reset Date</b>	has the meaning ascribed thereto in the Swap Agreement;
+	<b>Swap Negative Carry Amount</b>	means an amount equal to EUR 169,080.22;

+	<b>Swap Notional Amount</b>	means in respect of a Swap Transaction, for each Swap Calculation Period, an amount equal to the aggregate Outstanding Principal Amount of all Swap Mortgage Receivables in the Reference Pool as set out on a Swap Mortgage Receivable basis in the loan tape as at the Swap Notional Observation Date for such Swap Calculation Period, provided that in respect of the first Swap Calculation Period, the Swap Notional Amount shall be such as shall be agreed between the Issuer and the Swap Counterparty;
+	<b>Swap Notional Observation Date</b>	means in respect of a Swap Transaction and a Swap Calculation Period, the first calendar day of the month in which such Swap Calculation Period commences;
+	<b>Swap Reference Rate</b>	<p>means in respect of a Swap Mortgage Receivable on a Swap Mortgage Receivable Reset Date, the swap rate for euro swap transactions (which may be negative) corresponding to the mortgage interest period of the relevant Swap Mortgage Receivable, expressed as a percentage:</p> <ul style="list-style-type: none"> <li>(i) for which the fixed rate is paid quarterly with a 30/360 day count fraction;</li> <li>(ii) the floating rate is Euribor 3 months (or, following a Benchmark Trigger Event, such other rate as determined in accordance with the terms of the Swap Agreement), paid quarterly with an Actual/360 day count fraction; and</li> <li>(iii) the swap notional amount amortises quarterly based on the actual loan mandatory amortisation and decreased by a constant prepayment rate of either 3% or 15% depending on which results in the higher Swap Reference Rate on the Swap Mortgage Receivable Reset Date;</li> </ul>
+	<b>Swap Replacement Premium</b>	means an amount (if any) received by the Issuer from a replacement swap counterparty, or an amount paid by the Issuer to a replacement swap counterparty, upon entry by the Issuer into a replacement swap agreement to replace the relevant Hedging Agreement;
	<b>Swap Securities Collateral Account</b>	means any bank account or securities account opened by the Issuer with the Issuer Account Bank or custodian in accordance with the Transaction Documents to hold Swap Collateral in the form of securities;
+	<b>Swap Termination Event</b>	means a Termination Event as defined in the Swap Agreement;
	<b>Swap Transaction</b>	means any of the swap transactions entered into under the Swap Agreement;
	<b>TARGET 2</b>	means the Trans-European Automated Real-Time Gross Settlement Express Transfer 2 System;

	<b>TARGET 2 Settlement Day</b>	means any day on which TARGET 2 is open for the settlement of payments in euro;
	<b>Tax Call Option</b>	means the option of the Issuer, to redeem all (but not some only) of the Notes (other than the Class S Notes and the Class X Notes) in accordance with Condition 6(f) ( <i>Redemption for tax reasons</i> );
	<b>Tax Credit</b>	means any tax credit obtained by the Issuer as further described in the Swap Agreement and the NAMS Rebalancing Agreement, respectively;
	<b>Temporary Global Note</b>	means a temporary global note in respect of a Class of Notes;
	<b>Transaction Documents</b>	means the Master Definitions Agreement, the Mortgage Receivables Purchase Agreement, any Deed of Assignment and Pledge, the Administration Agreement, the Issuer Account Agreement, the Servicing Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Notes, the Paying Agency Agreement, the Management Agreements, the Domiciliation Agreement, the Reporting Services Agreement, the Sub-Servicing Letters, the Hedging Agreements, the Collection Foundation Agreements and the Trust Agreement;
	<b>Trust Agreement</b>	means the trust agreement between the Issuer, the Security Trustee and the Shareholder dated the Signing Date;
+	<b>U.S. Risk Retention Rules</b>	means Regulation RR (17 C.F.R. Part 246) implementing the credit risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the requirements of Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act;
+	<b>Unpaid Amount</b>	means an Unpaid Amount as defined in the 2002 ISDA Master Agreement;
+	<b>Venn Hypotheken</b>	means Venn Hypotheken B.V.;
	<b>Wft</b>	means the Dutch Financial Supervision Act ( <i>Wet op het financieel toezicht</i> ) and its subordinate and implementing decrees and regulations as amended from time to time;
*	<b>WOZ</b>	means the Valuation of Immovable Property Act ( <i>Wet waardering onroerende zaken</i> ) as amended from time to time.

## 9.2 INTERPRETATION

9.2.1 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.

9.2.2 Any reference in this Prospectus to:

an "**Act**" or a "**statute**" or "**treaty**" or otherwise to any legislation or regulation, shall be construed as a reference to such Act, statute or treaty as the same may have been, or may from time to time be, amended or, in the case of an Act or a statute, re-enacted;

"**Agreement**" or "**Deed**" or a "**Deed**" or a "**Transaction Document**" or any of the Transaction Documents (however referred to or defined) shall be construed as a reference to such document or agreement as the same may be amended, supplemented, restated, novated or otherwise modified from time to time;

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 S Notes or the Class X Notes, as applicable;

a "**Class A**", "**Class B**", "**Class C**", "**Class D**", "**Class E**", "**Class S**" or "**Class X**" Noteholder, Principal Deficiency, Principal Deficiency Ledger, Interest Deficiency Ledger, Subordinated Step-up Margin, Subordinated Step-up Consideration, Subordinated Step-up Consideration Deficiency Ledger, Principal Shortfall, Redemption Amount, Temporary Global Note or Permanent Global Note shall be construed as a reference to a Noteholder of, or a Principal Deficiency, the Principal Deficiency Ledger, Interest Deficiency Ledger, Subordinated Step-up Margin, Subordinated Step-up Consideration, Subordinated Step-up Consideration Deficiency Ledger, Principal Shortfall, Redemption Amount, Temporary Global Note or Permanent Global Note 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;

"**creditors process**" means an executory attachment (*saisie exécutoire*) or conservatory attachment (*saisie conservatoire*);

"**encumbrance**" includes any mortgage, charge or pledge or other limited right (*beperkt recht*) securing any obligation of any person, or any other arrangement having a similar effect;

"**Euroclear**" and/or "**Clearstream, Luxembourg**" includes any additional or alternative clearing system approved by the Issuer, the Security Trustee and the Paying Agent and permitted to hold the Temporary Global Notes and the Permanent Global Notes, provided that such alternative clearing system must be authorised to hold the Temporary Global Notes and the Permanent Global Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations;

the "**records of Euroclear and Clearstream, Luxembourg**" are to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interests in the Notes;

"**foreclosure**" includes any lawful manner of generating proceeds from collateral whether by public auction, by private sale or otherwise;

a "**guarantee**" includes any guarantee which is independent from the debt to which it relates and excludes any suretyship (*cautionnement*) within the meaning of articles 2011 and seq. of the Luxembourg Civil Code;

"**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, judgment, 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, judgment, 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 "**lien**" or "**security interest**" includes any *hypothèque, nantissement, gage, privilege, sûreté réelle, droit de rétention*, and any type of security in rem or agreement or arrangement having a similar effect and any transfer of title by way of security;

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 "**person being unable to pay its debts**" includes that person being in a state of *cessation de paiements*;

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*); 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;

a "**receiver**", "**administrative receiver**", "**administrator**", "**trustee**", "**custodian**", "**sequestrator**", "**conservator**" or similar officer includes, without limitation, a *juge délégué, commissaire, juge-commissaire, mandataire ad hoc, administrateur provisoire, liquidateur or curateur*;

"**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 "**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;

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 transferees and any subsequent successors and transferees in accordance with their respective interests;

"**tax**" includes any present or future tax, levy, impost, duty, repayment of state aid concerning taxes or other charge of a similar nature (including, without limitation, any penalty payable in connection with any failure to pay or any delay in paying any of the same); and

a "**winding-up**", "**administration**" or "**dissolution**" includes, without limitation, bankruptcy (*faillite*), insolvency, liquidation, composition with creditors (*concordat préventif de la faillite*), moratorium or reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*action paulienne*), general settlement with creditors, reorganization or similar laws affecting the rights of creditors generally.

9.2.3 In this Prospectus, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

9.2.4 Headings used in this Prospectus are for ease of reference only and do not affect the interpretation of this Prospectus.

## **REGISTERED OFFICES**

### **ISSUER**

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6, rue Eugène Ruppert  
L-2453 Luxembourg  
Grand Duchy of Luxembourg

### **SELLER AND SERVICER**

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### **ORIGINATOR AND PORTFOLIO MANAGER**

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Claudius Prinsenlaan 111  
4817 HC Breda  
The Netherlands

### **SECURITY TRUSTEE**

Stichting Security Trustee Cartesian Residential Mortgages 4  
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### **ISSUER ADMINISTRATOR**

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### **ISSUER ACCOUNT BANK**

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### **ISSUER ACCOUNT AGENT**

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