

PROSPECTUS

ARENA 2006-I B.V.

(incorporated with limited liability in the Netherlands with its statutory seat in Amsterdam, the Netherlands)

- euro 925,000,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2064,
issue price 100 per cent.**
- euro 26,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2064,
issue price 100 per cent.**
- euro 23,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2006 due 2064,
issue price 100 per cent.**
- euro 20,000,000 floating rate Mezzanine Class D Mortgage-Backed Notes 2006 due 2064,
issue price 100 per cent.**
- euro 6,000,000 floating rate Junior Class E Mortgage-Backed Notes 2006 due 2064,
issue price 100 per cent.**
- euro 5,000,000 floating rate Subordinated Class F Notes 2006 due 2064,
issue price 100 per cent.**

An application has been made to list the euro 925,000,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2064 (the '**Senior Class A Notes**'), the euro 26,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2064 (the '**Mezzanine Class B Notes**'), the euro 23,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2006 due 2064 (the '**Mezzanine Class C Notes**'), the euro 20,000,000 floating rate Mezzanine Class D Mortgage-Backed Notes 2006 due 2064 (the '**Mezzanine Class D Notes**'), the euro 6,000,000 floating rate Junior Class E Mortgage-Backed Notes 2006 due 2064 (the '**Junior Class E Notes**') and the euro 5,000,000 floating rate Subordinated Class F Notes 2006 due 2064 (the '**Subordinated Class F Notes**') and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes, to be issued by Arena 2006-I B.V. (the '**Issuer**'), on Eurolist by Euronext Amsterdam N.V. ('**Euronext Amsterdam**'). This prospectus ('**Prospectus**') has been approved by the Netherlands Authority for the Financial Markets ('**Stichting Autoriteit Financiële Markten**'). The Notes are expected to be issued on [29] March 2006 (the '**Closing Date**').

The Notes will carry a floating rate of interest, payable quarterly in arrear, which will be three months Euribor plus a margin per annum, which will be for the Subordinated Class F Notes 0.35 per cent. and up to (but excluding) the first Optional Redemption Date for the Senior Class A Notes 0.12 per cent., for the Mezzanine Class B Notes 0.15 per cent., for the Mezzanine Class C Notes 0.24 per cent., for the Mezzanine Class D Notes 0.48 per cent. and for the Junior Class E Notes 0.55 per cent.. If on the first Optional Redemption Date the Notes of any Class (other than the Subordinated Class F Notes) will not be redeemed in full, in accordance with the terms and conditions of the Notes (the '**Conditions**'), the margin applicable to such Class of Notes will be reset. The interest on such Class of Notes from (and including) the first Optional Redemption Date will be equal to three months Euribor, plus a margin per annum which will be for the Senior Class A Notes [0.25] per cent., for the Mezzanine Class B Notes 0.30 per cent., for the Mezzanine Class C Notes 0.48 per cent., for the Mezzanine Class D Notes 0.96 per cent. and for the Junior Class E Notes 1.10 per cent.. The margin applicable to the Subordinated Class F Notes will not be reset.

The Notes are scheduled to mature on the Quarterly Payment Date falling in December 2064 (the '**Final Maturity Date**'). On the Quarterly Payment Date falling in June 2007 and each Quarterly Payment Date thereafter, the Notes (other than the Subordinated Class F Notes) will be subject to mandatory redemption (in whole or in part) in the circumstances set out in, and subject to, and in accordance with the Conditions. On the Quarterly Payment Date falling in March 2013 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer will have the option to redeem all (but not some only) of the Notes then outstanding at their Principal Amount Outstanding, subject to and in accordance with the Conditions. On the Quarterly Payment Date falling in June 2006 and each Quarterly Payment Date thereafter, the Subordinated Class F Notes will be subject to mandatory partial redemption in the circumstances set out in, subject to and in accordance with Condition 6(f) through the application of the amount remaining of the Notes Interest Available Amount after all payments or deposits ranking higher have been made on such date. In addition, in the event of certain tax changes affecting the Notes or in the case the Seller exercises its option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change ('**Regulatory Call Option**'), the Issuer has the option to redeem all of the Notes in whole but not in part subject to and in accordance with the Conditions.

It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned an 'Aaa' rating by Moody's Investors Service Limited ('**Moody's**') and an 'AAA' rating by Fitch Ratings Ltd ('**Fitch**'), the Mezzanine Class B Notes, on issue, be assigned an Aa2 rating by Moody's and an AA rating by Fitch, the Mezzanine Class C Notes, on issue, be assigned at least an A1 rating by Moody's and an A rating by Fitch, the Mezzanine Class D Notes, on issue, be assigned at least a Baa1 rating by Moody's and a BBB rating by Fitch, the Junior Class E Notes, on issue, be assigned at least a Baa3 rating by Moody's and a BBB- rating by Fitch and the Subordinated Class F Notes, on issue, be assigned at least a Baa1 rating by Moody's and an A- rating by Fitch.

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

The Notes will be (indirectly) secured by a right of pledge over the Mortgage Receivables and the Beneficiary Rights vested by the Issuer in favour of Stichting Security Trustee Arena 2006-I (the '**Security Trustee**') and a right of pledge vested by the Issuer in favour of the Security Trustee over all rights of the Issuer under or in connection with most of the Relevant Documents. The right to payment of interest and principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes will be subordinated and may be limited as more fully described herein.

The Notes of each Class will be initially represented by a temporary global note in bearer form (each a '**Temporary Global Note**'), without coupons, which is expected to be deposited with a common depository for Euroclear Bank S.A./N.V., as operator of the Euroclear System ('**Euroclear**') and Clearstream Banking, société anonyme ('**Clearstream, Luxembourg**') on or about the Closing Date. Interests in each Temporary Global Note will be exchangeable for interests in a permanent global note of the relevant Class (each a '**Permanent Global Note**'), without coupons not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for notes in definitive form as described in the Conditions. The expression '**Global Notes**' means the Temporary Global Note of each Class and the Permanent Global Note of each Class and the expression '**Global Note**' means each Temporary Global Note or each Permanent Global Note, as the context may require.

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, ABN AMRO Bank N.V., acting through its London branch (the '**Arranger**'), the Managers, the Floating Rate GIC Provider, the Listing Agent, the Life Insurance Companies and the Secured Parties or any other person, in whatever capacity acting. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by the Arranger, the Managers, the Floating Rate GIC Provider, the Listing Agent, the Life Insurance Companies and the Secured Parties, in whatever capacity acting. None of the Arranger, Managers, the Floating Rate GIC Provider, the Listing Agent, the Life Insurance Companies and the Secured Parties will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances as described herein).

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

The date of this Prospectus is 28 March 2006.

Arranger
ABN AMRO

Joint Lead Managers

ABN AMRO

Delta Lloyd Securities

ING Wholesale Banking

IMPORTANT INFORMATION

The Issuer is responsible for the information contained in this Prospectus, except for the information for which the Seller is responsible, as referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information, except for the information for which the Seller is responsible, as referred to in the following paragraph, 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, except for the information for which the Seller is responsible, as referred to in the following paragraph, 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 responsibility accordingly.

The Seller is responsible solely for the information contained in the following sections of this Prospectus: *The Dutch Residential Mortgage Market, Delta Lloyd, Description of the Mortgage Loans, Summary of the Provisional Pool and Mortgage Loan Underwriting and Mortgage Services*. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in these paragraphs is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in these paragraphs has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Seller accepts responsibility accordingly.

Furthermore, also Stater Nederland B.V. is responsible for the information contained in the section Stater Nederland B.V.. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained and specified as such in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. Stater Nederland B.V. accepts responsibility accordingly.

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

Neither this Prospectus nor any part thereof constitutes an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

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

No one is authorised by the Seller or the Issuer 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. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or any of the Managers to any person to subscribe for or to purchase any Notes. Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Prospectus. Neither the Issuer nor any party have any obligation to update this Prospectus, except when required by the listing and issuing rules of Euronext Amsterdam and/or any applicable rules and regulations of Netherlands securities law.

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 Arranger or any of the Managers.

The Arranger, the Managers and the Seller expressly do not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. 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.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the '**Securities Act**') and include Notes in bearer form that are subject to United States tax law requirements. The Notes may not be offered, sold or delivered within the United States or to persons as defined in Regulation S under the Securities Act except in certain transactions permitted by US tax regulations and Regulation S under the Securities Act (see *Purchase and Sale* below). The Notes have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering on accuracy or adequacy of this Prospectus. Any representation to the contrary is unlawful.

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meanings as set out in this Prospectus.

In connection with the issue of the Notes, ABN AMRO Bank N.V., acting through its London branch, (the '**Stabilising Manager**', or any duly appointed person acting for the Stabilising Manager) may over-allot (provided that the aggregate Principal Amount Outstanding of the Notes allotted does not exceed 105 per cent. of the aggregate Principal Amount Outstanding of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Closing Date and 60 days after the date of the allotment of the Notes. Stabilisation transactions shall be conducted in accordance with all applicable laws and regulations as amended from time to time.

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

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SUMMARY

This summary must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any amendment and supplement thereto and the documents incorporated by reference. Civil liability attaches to the Issuer, being the entity which has prepared the summary, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus. Where a claim relating to the information contained in an Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Capitalised terms used, but not defined, in this section can be found elsewhere in this Prospectus. For the page reference of the definitions of the capitalized terms used herein see Index of Defined Terms.

The transaction

The Issuer will purchase and, on the Closing Date, accept the assignment from the Seller of the Mortgage Receivables (i.e. the rights under or in connection with certain pre-selected Mortgage Loans originated by the Seller) and the Beneficiary Rights relating thereto by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables and the Beneficiary Rights relating thereto is transferred to the Issuer. Furthermore, the Issuer will on the Closing Date issue the Notes and use the net proceeds thereof, other than the proceeds of the Subordinated Class F Notes and the Pre-funded Amount, to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement (see further the section *Mortgage Receivables Purchase Agreement* below). On the Closing Date, the aggregate Construction Amount will be withheld from the Initial Purchase Price. The proceeds of the issue of the Subordinated Class F Notes will be credited to the Reserve Account.

Furthermore, on any Purchase Date the Issuer will apply the Purchase Available Amount to purchase from the Seller any New Mortgage Receivables subject to the fulfilment of certain conditions and to the extent offered by the Seller.

The Issuer will use receipts of principal and interest in respect of the Mortgage Receivables together with amounts it receives under the Liquidity Facility Agreement, drawings from the Reserve Account, the Floating Rate GIC and the Swap Agreement to make payments of, *inter alia*, principal and interest due in respect of the Notes. The obligations of the Issuer in respect of the Notes will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see *Credit Structure*) and (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Mezzanine Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Junior Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Mezzanine Class D Notes, (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes and limited as more fully described herein under *Credit Structure* and *Terms and Conditions of the Notes*.

Pursuant to the Liquidity Facility Agreement the Issuer will be entitled to make drawings if, after application of amounts available on the Reserve Account and without taking into account any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet certain items of the Interest Priority of Payments in full (see *Credit Structure* below).

Pursuant to the Floating Rate GIC, the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to Euribor on the balance standing from time to time to the credit of the Transaction Accounts (see *Credit Structure* below).

Pursuant to the Subordinated Loan Agreement, the Seller will on the Closing Date make available to the Issuer the Subordinated Loan, which will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes.

Pursuant to the Issuer Services Agreement, (i) the MPT Provider will – *inter alia* – provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Loans and (ii) the Defaulted Loan Servicer will agree to provide implementation of arrears procedures including the enforcement of mortgage rights and to provide information on the Participation in the Savings Mortgage Loans and Life Mortgage Loans with a Savings Element and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer (see further *Issuer Services Agreement* and *Mortgage Underwriting and Mortgage Services* below).

To hedge the risk between the rate of interest to be received by the Issuer on the Mortgage Receivables and the rate of interest payable by the Issuer on the Notes, the Issuer will enter into a Swap Agreement (see under *Credit Structure* below).

The Issuer

Arena 2006-I B.V. is incorporated under the laws of the Netherlands as a private company with limited liability (*'besloten vennootschap met beperkte aansprakelijkheid'*) under number B.V. 1359572 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The entire issued share capital of the Issuer is owned by the Shareholder. The Issuer is established to issue the Notes.

Security

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking pledge granted by the Issuer to the Security Trustee over the Mortgage Receivables and the Beneficiary Rights and (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer's rights under or in connection with (most of) the Relevant Documents.

In order to ensure the valid creation of the security rights under Netherlands law in favour of the Security Trustee, the Issuer shall undertake in the Parallel Debt Agreement to pay to the Security Trustee, by way of a parallel debt, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to the Secured Parties pursuant to the Relevant Documents.

The Trust Deed sets out the priority of the secured claims of the Secured Parties. See for a more detailed description *Credit Structure* and *Description of Security* below.

Interest on the Notes

The Notes will carry a floating rate of interest, payable quarterly in arrear on each Quarterly Payment Date. The rate of interest for the Notes will be three months Euribor plus a margin. On the first Optional Redemption Date, the margin of the Notes (other than the Subordinated Class F Notes) will be reset subject to and in accordance with the Conditions. The margin of the Subordinated Class F Notes will not be reset.

Redemption of the Notes

Unless previously redeemed, the Issuer will, subject to Condition 9(b), redeem all of the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in December 2064.

On the Quarterly Payment Date falling in June 2007 and each Quarterly Payment Date thereafter the Issuer will be obliged to apply the Notes Redemption Available Amount, which broadly consists of all amounts of principal received (i) as repayment or pre-payment on the Mortgage Receivables and (ii) in connection with a repurchase or sale of the Mortgage Receivables, to the extent such amount has not been used for the purchase of New Mortgage Receivables, to (partially) redeem the Notes (other than the Subordinated Class

F Notes) sequentially in accordance with the Principal Priority of Payments. The Subordinated Class F Notes will be (partially) redeemed on each Quarterly Payment Date (the first of which will fall in June 2006) in accordance with Condition 6(f).

The Issuer will have the option to redeem all of the Notes (other than the Subordinated Class F Notes) but not some only, on each Optional Redemption Date at their Principal Amount Outstanding subject, in the case of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes, to Condition 9(b). Also, the Issuer will have the option to redeem the Notes for tax reasons in accordance with Condition 6(g). Finally, the Issuer will redeem the Notes if the Seller exercises its Regulatory Call Option and/or the Clean-Up Call Option in accordance with Condition 6(b).

With regard to a sale of Mortgage Receivables to the Seller, it should be noted that according to the solvency regulation (the '**Solvency Regulation**') issued by the Dutch Central Bank, the Seller should, if and when the Solvency Regulation is applicable with respect to the Seller, for the purposes of calculation of its risk-weighted assets, have to set the effective maturity of the transaction envisaged in this Prospectus at the first Optional Redemption Date. See for a more detailed description *Risk Factors* below.

Listing

Application has been made to list the Notes on Eurolist by Euronext Amsterdam.

Rating

It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned an 'Aaa' rating by Moody's and an 'AAA' rating by Fitch, the Mezzanine Class B Notes, on issue, be assigned at least an Aa2 rating by Moody's and an AA rating by Fitch, the Mezzanine Class C Notes, on issue, be assigned at least, an A1 rating by Moody's and an A rating by Fitch, the Mezzanine Class D Notes, on issue, be assigned at least a Baa1 rating by Moody's and a BBB rating by Fitch, the Junior Class E Notes, on issue, be assigned at least a Baa3 rating by Moody's and a BBB- rating by Fitch and the Subordinated Class F Notes, on issue, be assigned at least a Baa1 rating by Moody's and a A- rating by Fitch.

Risk factors

There are certain factors which may affect the Issuer's ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. Some of these factors are described in *Risk Factors* in this Prospectus.

RISK FACTORS

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

Liabilities under the Notes

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 Insurance Companies, the Arranger, the Managers, the Liquidity Facility Provider, the MPT Provider, the Defaulted Loan Servicer, the Subordinated Loan Provider, the Issuer Administrator, the Floating Rate GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Listing Agent or the Security Trustee. Furthermore, none of the Seller, the Insurance Companies, the Arranger, the Managers, the Liquidity Facility Provider, the MPT Provider, the Defaulted Loan Servicer, the Subordinated Loan Provider, the Issuer Administrator, the Floating Rate GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Listing Agent, the Security Trustee or 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 Liquidity Facility Provider, the Insurance Companies, the Arranger, the Swap Counterparty, the MPT Provider, the Issuer Administrator, the Defaulted Loan Servicer, the Subordinated Loan Provider, the Directors, the Paying Agent, the Reference Agent, the Listing Agent, the Managers, the Floating Rate GIC Provider and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

Ability to meet payment obligations

The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, the receipt by it of payments under the Swap Agreement and the Sub-Participation Agreement and the receipt by it of interest in respect of the balances standing to the credit of the Transaction Accounts (excluding the Construction Account). See further *Credit Structure*. In addition, the Issuer will have available to it the balances standing to the credit of the Reserve Account and the amounts available to be drawn under the Liquidity Facility for certain of its payment obligations.

By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, to accept and to be bound by the Conditions. The Issuer and the Paying Agent will not have any responsibility for the proper performance by Euroclear and/or Clearstream, Luxembourg or its participants of their obligations under their respective rules, operating procedures and calculation methods.

Parallel Debt

Under Netherlands 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 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 Parties. The Issuer has been advised that such a 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 Trustee Pledge Agreement I and the Trustee Pledge Agreement II (see also *Description of Security* below).

Transfer of Legal Title to Mortgage Receivables

Under Netherlands law, assignment of the legal title of claims, such as the Mortgage Receivables, can be effectuated by means of a notarial or registered deed of assignment, without notification of the assignment to the debtors being required. The legal title to the Mortgage Receivables will be transferred by the Seller to the Issuer through a registered deed of assignment.

The Mortgage Receivables Purchase Agreement will provide that such transfer of legal title will not be notified by the Seller or, as the case may be, the Issuer, to the Borrowers except if certain events occur. For a description of these notification events reference is made to the section *Mortgage Receivables Purchase Agreement*. Until notification of the transfer of legal title has been made to the Borrowers, the Borrowers under the Mortgage Receivables can only validly pay to the Seller in order to fully discharge their payment obligations (*'bevrijdend betalen'*). The Seller has undertaken in the Mortgage Receivables Purchase Agreement to pay on each Mortgage Payment Date to the Issuer any amounts received in respect of the Mortgage Receivables during the immediately preceding Mortgage Calculation Period. However, receipt of such amounts by the Issuer is subject to the Seller actually making such payments. The Issuer has a non preferred claim (*'concurrente vordering'*) against the estate in respect to any such amounts which have not yet been transferred by the Seller to the Issuer at the moment the bankruptcy or suspension of payments of the Seller becomes effective.

Payments made by Borrowers to the Seller prior to notification but after bankruptcy or suspension of payments in respect of the Seller having been declared will be part of the Seller's bankruptcy estate. In respect of these payments, the Issuer will be a creditor of the estate (*'boedelschuldeiser'*) and will receive payment prior to (unsecured) creditors with ordinary claims, but after preferred creditors of the estate.

Security Rights

All Mortgage Receivables originated prior to 8 September 2005 which are sold to the Issuer by the Seller will be secured by mortgage rights which secure not only the initial Mortgage Loan but also any amounts which the Borrower may be due or become due to the Seller under further loans and/or credits up to a maximum level. It is likely that such Mortgage Loans should be regarded as *'krediethypotheken'* (**'Credit Mortgages'**). All Mortgage Receivables originated after 8 September 2005 which are sold by the Seller will be secured by mortgage rights which not only secure the loan granted to the Borrower for the purpose of acquiring the Mortgaged Assets, but also other liabilities and moneys the Borrower now or in the future may owe to the Seller (**'Bank Mortgages'**).

Under Netherlands 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 commentators has been for a long time that upon the assignment of a receivable secured by a Bank Mortgage, such mortgage right does not pass to the assignee as an accessory and ancillary right in view of its non-accessory or personal nature. This view applies *mutatis mutandis* to a Credit Mortgage. It was assumed that a Bank Mortgage (Credit Mortgage) 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 mortgage right. These commentators claim that this view is supported by case law.

There is a trend in recent legal literature to dispute the view set out in the preceding paragraph. Commentators following such trend argue that in case of assignment of a receivable secured by a Bank Mortgage or a Credit Mortgage, the mortgage 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 a Bank Mortgage or a Credit

Mortgage, 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 Bank Mortgage or the Credit Mortgage will be jointly-held by the assignor and the assignee after the assignment. In this view a Bank Mortgage or a Credit Mortgage only continues to secure exclusively claims of the original mortgagee and will not pass to the assignee, if this has been explicitly stipulated in the mortgage deed.

Although the view prevailing in the past, to the effect that given its nature a Bank Mortgage or a Credit Mortgage will as a general rule not follow as an accessory right upon assignment of a receivable which it secures, is still defended, the Issuer has been advised that the better view is that as a general rule a Bank Mortgage or a Credit Mortgage in view of its nature follows the receivable as an accessory right upon its assignment. Whether in the particular circumstances involved the Bank Mortgage or the Credit Mortgage will remain with the original mortgagee, will be a matter of interpretation of the relevant mortgage deed.

The forms of mortgage deed used by the Seller provide that in case of assignment of the Mortgage Receivable to a third party, the mortgage right will partially follow *pro rata*, the receivable if it is assigned. This provision is a clear indication of the intentions of the parties in this respect. The Issuer has been advised that in the absence of circumstances giving an indication to the contrary, the inclusion of such provision in the mortgage deed makes clear that the Bank Mortgage or a Credit Mortgage follows the Mortgage Receivable as an accessory and ancillary right upon assignment of the Mortgage Receivable, but that there is no case law explicitly supporting this advice.

The form of mortgage deed used in respect of Mortgage Receivables originated prior to 8 September 2005 does not provide that in case of a pledge of the Mortgage Receivable the mortgage right will (partially) follow the Mortgage Receivable. Therefore, there is no clear indication of the intention of the parties and, consequently, the above does not apply to the pledge of the Mortgage Receivables originated prior to 8 September 2005. However, the Issuer has been advised that a good argument can be made that the intention of the parties in case of an assignment of the Mortgage Receivable also include the intention in case of a pledge of such Mortgage Receivable, but that it is less certain that the mortgage right will continue to secure the Mortgage Receivable upon the pledge to the Security Trustee. In addition, the Issuer has been advised that a good argument can be made, based upon legal literature, that the Security Trustee, being as first ranking pledgee entitled to collect the Mortgage Receivable, is entitled to enforce any accessory rights to the Mortgage Receivable, such as the mortgage right. The form of mortgage deed used in respect of Mortgage Receivables originated after 8 September 2005 provides that also in case of a pledge of the Mortgage Receivable the mortgage right will (partially) follow the Mortgage Receivable (see the paragraph above with respect the assignment of a Mortgage Receivable, which applies *mutatis mutandis* to the pledge of a Mortgage Receivable).

In addition, pursuant to the forms of mortgage deeds, the Borrowers have granted certain rights of pledge in favour of the Seller. Such rights of pledge secure the same liabilities as the mortgage rights and therefore qualify in respect of Mortgage Receivables originated prior to 8 September 2005 as a credit pledge (and together with the Credit Mortgage, the '**Credit Security Rights**') and, as the case may be, in respect of Mortgage Receivables originated after 8 September 2005, as a bank pledge (and together with the Bank Mortgage, the '**Bank Security Rights**').

The form of mortgage deed used in respect of Mortgage Receivables originated prior to 8 September 2005 does not provide that in case of assignment or pledge of the Mortgage Receivable the rights of pledge will (partially) follow the Mortgage Receivable. Therefore, there is no clear indication of the intention of the parties. However, the Issuer has been advised that a good argument can be made that the intention of the parties in respect of the mortgage rights also include the intention in respect of the rights of pledge, but that it is less certain that the right of pledge will continue to secure the Mortgage Receivable upon the assignment or pledge to the Issuer and the Security Trustee, respectively. The form of mortgage deed used in respect of Mortgage Receivables originated after 8 September 2005 provides that also in case of assignment or pledge of the Mortgage Receivable the rights of pledge will (partially) follow the receivable if it is assigned or pledged (see the paragraph above with respect to the mortgage rights following the Mortgage Receivable upon assignment or pledge).

If the Bank Security Rights or the Credit Security Rights have (partially) followed the Mortgage Receivables upon its assignment, the Bank Mortgages and the Credit Mortgages would probably be co-held by the Issuer and the Seller and would secure both the Mortgage Receivables held by the Issuer (or the Issuer and/or the Security Trustee, as pledgee) and any claims held by the Seller (the ‘**Other Claims**’).

In case the mortgage rights are co-held by both the Issuer and/or the Security Trustee and the Seller, the rules applicable to co-ownership (‘*gemeenschap*’) apply. The Netherlands Civil Code provides for various mandatory rules applying to such co-owned rights. In the Mortgage Receivables Purchase Agreement 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 co-held rights. It is uncertain whether the foreclosure of the mortgage rights will be considered as day-to-day management, and, consequently the consent of the Seller’s bankruptcy trustee (in case of bankruptcy) or administrator (in case of suspension of payments) may be required for such foreclosure.

On the basis of Netherlands Civil Code the shares of the co-owners in a community are equal, unless their legal relationship provides otherwise. The mortgage deeds used in respect of Mortgage Receivables originated prior to 8 September 2005 did not contain any arrangement in this respect. However, the form of mortgage deed used in respect of Mortgage Receivables originated after 8 September 2005 provides that each holder of a share in the co-owned security rights is entitled to a pro rata share of the proceeds of the security interests. Therefore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the share (‘*aandeel*’) in each co-held security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount in respect of the Mortgage Receivables, increased with interest and costs, if any. It is uncertain whether this arrangement will be enforceable. In this respect it will be agreed that in case of 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) forthwith 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. Receipt of such amount by the Issuer and/or the Security Trustee is subject to the ability of the Seller to actually make such payments.

To further secure the obligations of the Seller under this arrangement, the Seller shall have an obligation to pledge, upon the occurrence of a Notification Event, the Other Claims in favour of the Issuer and the Security Trustee respectively. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller created for this purpose equal to the share of the Seller in the foreclosure proceeds in relation to a defaulted Borrower which claim becomes due and payable upon a default of the relevant Borrower. In addition hereto, the form of mortgage deed used in respect of Mortgage Receivables originated after 8 September 2005 provides that any foreclosure proceeds should be applied in the following order: cost, (accrued) interest, the Mortgage Receivable and, finally, the Other Claims. However, it is not certain whether this arrangement will be enforceable in all circumstances.

Set-off

Under Netherlands law a debtor has a right of set-off if it has a claim which corresponds to its debt to the same counterparty and it is entitled to pay his debt as well as to enforce payment of his claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the Seller to him (if any) with amounts he owes in respect of the Mortgage Receivable prior to notification of the assignment of the Mortgage Receivable to the Issuer having been made. Such amounts due by the Seller to a Borrower could, *inter alia*, result from current account balances or deposits (such as Construction Amounts) made.

The mortgage conditions applicable to the Mortgage Loans provide that payments by the Borrowers should be made without set-off. Although this clause is intended as a waiver by the Borrowers of their set-off rights vis-à-vis the Seller, under Netherlands law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the Borrowers will have the set-off rights described in this paragraph.

After assignment of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met (see above), and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Mortgage Receivable, or (ii) the counterclaim of the Borrower has been originated and become due prior to the assignment of the Mortgage Receivable 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 on the Seller 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 become due (*'opeisbaar'*) prior to notification of the assignment, and, further, provided that all other requirements for set-off have been met (see above). A balance on a current account is due at any time and, therefore, this requirement will be met. In the case of deposits it will depend on the term of the deposit whether the balance thereof will be due at the moment of notification of the assignment. If after the moment the Borrower receives notification of the assignment of the Mortgage Receivable, amounts are debited from or credited to the current account or, as the case may be, the deposit account, the Borrower will only be able to set-off its claim vis-à-vis the Issuer for the amount of its claim at the moment such notification has been received after deduction of amounts which have been debited from the current account or the deposit account after such moment, notwithstanding that amounts may have been credited. In respect of construction amounts, reference is made to *Construction Amounts* below.

In case notification of the assignment of the Mortgage Receivables is made after the bankruptcy or suspension of payments of 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 Netherlands Bankruptcy Code. Under the Netherlands Bankruptcy Code 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 become 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 Seller or in respect of interest and premium deposits (*'rente en premiedepots'*) 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. Furthermore, the Seller will represent and warrant in the Mortgage Receivables Purchase Agreement that no deposits have been accepted from any of its Borrowers (except for certain amounts of interest and premium deposits (*'rente- en premiedepots'*) held by the Savings Insurance Company of which the aggregate amount does not exceed euro 400,000 and Construction Amounts), and it currently does not have any current account relationship with its Borrowers. Furthermore, the Seller will covenant in the Mortgage Receivables Purchase Agreement that it will not accept any deposits from a Borrower and it will not enter into a current account relationship with a Borrower.

For specific set-off issues relating to the Life Insurance Policies or, as the case may be, Savings Insurance Policies connected to the Mortgage Loans, reference is made to the paragraph *Insurance Policies* below.

Insurance Policies

The Life Mortgage Loans and the Savings Mortgage Loans have the benefit of Life Insurance Policies and Savings Insurance Policies respectively (together the **'Insurance Policies'**). The Life Insurance Policies are entered into by the relevant Borrowers and the relevant Life Insurance Company or Savings Insurance Company. The Savings Insurance Policies are entered into by the relevant Borrowers and the Savings Insurance Company. In this paragraph, certain legal issues relating to the effects of the assignment of the Life Mortgage Receivables and Savings Mortgage Receivables on the Insurance Policies are set out. Investors should be aware that (i) the Issuer may not benefit from the Insurance Policies and/or (ii) the Issuer may not be able to recover any amounts from the Borrower in case the relevant Insurance Company defaults in its

obligations as further described in this paragraph. As a consequence thereof the Issuer may not have a claim on the Borrower and may, therefore, not have the benefit of the mortgage right. In such case the rights of the Security Trustee will be similarly affected. Due to the dependency on the performance by in particular the Savings Insurance Company of its obligations under the Insurance Policies, a deterioration of the credit quality of the Savings Insurance Company might have an adverse effect on the ratings of the Notes.

Borrower Insurance Pledge

The Seller has the benefit of a right of pledge on all rights of a Borrower under the Insurance Policies (the '**Borrower Insurance Pledge**'). However, the Issuer has been advised that it is probable that the right to receive payment, including the commutation payment ('*afkoopsom*') under the Insurance Policies will be regarded by a Netherlands court as a future right. The pledge of a future right is under Netherlands law not effective if the pledgor is declared bankrupt or is granted a suspension of payments, prior to the moment such right comes into existence. This means that it is uncertain whether such pledge will be effective. Even if the Borrower Insurance Pledge would be effective, it is uncertain in respect of Mortgage Receivables originated prior to 8 September 2005 whether such right of pledge will pass to the Issuer or, as the case may be, the Security Trustee upon the assignment or pledge of the Mortgage Receivables since the pledge secures the same liabilities as the Credit Mortgages and the mortgage conditions do not provide that in case of assignment or pledge of the Mortgage Receivable to a third party, the Borrower Insurance Pledge will partially follow, *pro rata*, the Mortgage Receivable if it is assigned or pledged. In respect of Mortgage Receivables originated after 8 September 2005, the form of mortgage deed provide that in case of assignment or pledge of the Mortgage Receivable to a third party, which pledge secures the same liabilities as the Bank Mortgages, the Borrower Insurance Pledge will partially follow, *pro rata*, the Mortgage Receivables if it is assigned or pledged (see above under *Mortgage Rights* which apply – *mutatis mutandis* – to the Borrower Insurance Pledge).

Appointment of Beneficiary

Furthermore, the Seller has been appointed or, as the case may be, has appointed itself (if necessary, irrevocably authorised by the relevant Borrower) as beneficiary under the Insurance Policies (i) in respect of mortgage deeds until 8 September 2005 the full amount owed by the Borrower and (ii) in respect of mortgage deeds after 8 September 2005 the full amount of the claim of the Seller at the time the insurance proceeds are due and payable (the '**Beneficiary Rights**'). Contrary to the above mentioned appointment of the Seller, any other appointment of a beneficiary by the Borrower will remain in force to the extent it relates to insurance proceeds which will become payable after the death of the insured but before the final date determined in the policy, provided that the relevant Insurance Company is authorised by such beneficiary to apply towards the Seller the insurance proceeds in satisfaction of the relevant Mortgage Receivable (the '**Borrower Insurance Proceeds Instruction**'). It is uncertain whether the rights of the Seller as beneficiary will follow the Mortgage Receivables upon assignment thereof to the Issuer. Therefore, the Seller will, to the extent necessary, assign and the Issuer will accept the assignment of the Beneficiary Rights. In addition, the Issuer will grant a first-ranking right of pledge over the Beneficiary Rights to the Security Trustee.

For the situation that no Borrower Insurance Proceeds Instruction exists and the assignment of the Beneficiary Rights is not effective, the Issuer and the Security Trustee will enter into a beneficiary waiver agreement (the '**Beneficiary Waiver Agreement**') with the Seller and the Savings Insurance Company, under which the Seller, subject to the condition precedent of the occurrence of a Notification Event (see *Mortgage Receivables Purchase Agreement* below) waives its rights as beneficiary under the Insurance Policies with the Savings Insurance Company and appoints as first beneficiary (i) the Issuer subject to the dissolving condition ('*ontbindende voorwaarde*') of a Trustee I Notification Event (see *Description of Security*) relating to the Issuer and (ii) the Security Trustee under the condition precedent ('*opschortende voorwaarde*') of the occurrence of a Trustee I Notification Event relating to the Issuer in respect of such Insurance Policies. It is, however, uncertain whether such waiver will be effective and unlikely that such appointment will be effective.

In view hereof and for the event the Borrower Insurance Proceeds Instruction exists and in respect of the Life Insurance Policies with any of the Life Insurance Companies, the Seller and the Savings Insurance Company

(but only in respect of Insurance Policies with the Savings Insurance Company) will in the Beneficiary Waiver Agreement undertake, following a Notification Event, to use their best efforts to (a) obtain the co-operation from all parties to waive its rights as beneficiary and appoint as beneficiary under the Insurance Policies (i) to the Issuer subject to the dissolving condition (*'ontbindende voorwaarde'*) of a Trustee I Notification Event relating to the Issuer in respect of such Insurance Policies and (ii) the Security Trustee under the condition precedent (*'opschortende voorwaarde'*) of the occurrence of a Trustee I Notification Event relating to the Issuer and (b) withdraw the Borrower Insurance Proceeds Instruction in favour of the Seller and to issue such instruction in favour of (i) the Issuer subject to the dissolving condition of a Trustee I Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Trustee I Notification Event relating to the Issuer. The termination and appointment of a beneficiary under the Insurance Policies and the withdrawal and the issue of the Borrower Insurance Proceeds Instruction will require the co-operation of all relevant parties (including the Life Insurance Companies) involved. It is uncertain whether such co-operation will be forthcoming.

If the Issuer or the Security Trustee, as the case may be, will not have been validly appointed as beneficiary under the Insurance Policies and the assignment and/or pledge, as the case may be, of the Beneficiary Rights is not effective, any proceeds under the Insurance Policies will be payable to the Seller or to another beneficiary instead of to the Issuer, or the Security Trustee, as the case may be. If the proceeds are paid to the Seller, the Seller will, pursuant to the Mortgage Receivables Purchase Agreement, be under the obligation to pay such amount to the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller and the Seller does not pay the amount involved to the Issuer or the Security Trustee, as the case may be, e.g. in case of bankruptcy of the Seller, or if the proceeds are paid to a beneficiary instead of to the Issuer or the Security Trustee, this may result in the amount paid under the Insurance Policies not being applied in reduction of the relevant Mortgage Receivable. This may lead to the Borrower trying to invoke set-off rights and defences as further discussed under paragraph *Set-off or defences*.

Insolvency of any of the Insurance Companies

If any of the Insurance Companies would no longer be able to meet its obligations under the Insurance Policies (including resultings from any interest or premium deposits), e.g. in case it is declared bankrupt or subject to emergency regulations, this could result in amounts payable under the Insurance Policies not or only partly being available for redemption of the Mortgage Receivables. This may again lead to the Borrower trying to invoke set-off rights and defences as further discussed under paragraph *Set-off or defences*.

Set-off or defences

If the amounts payable under the Insurance Policy are not applied towards redemption of the Mortgage Receivable (see paragraphs *Appointment of Beneficiary* and *Insolvency of any of the Insurance Companies*), the Borrower may try to invoke a right of set-off of the amount due under the Mortgage Receivable with amounts payable under or in connection with the Insurance Policy.

As set out in the paragraph *Set-off* above, the Borrowers have waived their set-off rights, but it is uncertain whether such waiver is effective. If the waiver is not effective the Borrowers will, in order to invoke a right of set-off, need to comply with the applicable legal requirements for set-off. One of these requirements is that the Borrower should have a claim which corresponds to his debt to the same counterparty.

Since the Mortgage Loans are entered into by the Seller and the Borrowers on the one hand and any Insurance Policies connected to such Mortgage Loans are entered into by any of the Insurance Companies and the Borrowers on the other hand, Borrowers, in order to invoke a right of set-off, would have to establish that the Seller and the relevant Insurance Company should be regarded as one legal entity, which is unlikely, or possibly that set-off is allowed, even in the absence of a single legal entity, since, based upon interpretation of case law, the Insurance Policies and Mortgage Loans are to be regarded as one inter-related relationship.

Another requirement is that the Borrowers should have a counterclaim. If any of the Insurance Companies is declared bankrupt or subject to emergency regulations, the Borrower will have the right to unilaterally terminate the Insurance Policy and to receive a commutation payment (*'afkoopsom'*). These rights are subject to the Borrower Insurance Pledge (see above). However, despite this pledge it may be argued that the

Borrower will be entitled to invoke a right of set-off for the commutation payment. Apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to dissolve the Insurance Policies and to claim restitution of premiums paid and/or supplementary damages. It is uncertain whether such claim is subject to the Borrower Insurance Pledge. If not, the Borrower Insurance Pledge would not obstruct a right of set-off with such claim by Borrowers.

Finally, set-off vis-à-vis the Issuer and/or the Security Trustee after notification of the assignment and/or pledge would be subject to the additional requirements for set-off being met (see paragraph *Set-off* above). If the Mortgage Loan and the Insurance Policy will be regarded as one and the same relationship, the fact that the Mortgage Receivable is assigned to the Issuer and/or pledged to the Security Trustee is not likely to interfere with such set-off (see paragraph *Set-off* above).

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the Seller and/or the Issuer and/or the Security Trustee, as the case may be. The Borrowers could, *inter alia*, argue that it was the intention of the parties involved, at least that the Borrowers could rightfully interpret the mortgage documentation and the promotional materials in such manner, that the Mortgage Loan and the relevant Insurance Policy are to be regarded as one inter-related legal relationship and could on this basis claim a right of annulment or dissolution of the Mortgage Loans or that the Mortgage Receivable would be (fully or partially) repaid by means of the proceeds of the Insurance Policy and that, failing such proceeds, the Borrower is not obliged to repay the (corresponding) part of the Mortgage Receivable. On the basis of similar reasoning Borrowers could also argue that the Mortgage Loan and the Insurance Policy were entered into as a result of 'error' ('*dwalig*') or that it would be contrary to principles of reasonableness and fairness ('*redelijkheid en billijkheid*') for the Borrower to be obliged to repay the Mortgage Loan to the extent that he has failed to receive the proceeds of the Insurance Policy.

Life Mortgage Loans, other than Life Mortgage Loans with the possibility of a Savings Element

In respect of Life Mortgage Loans with Life Insurance Policies taken out by a Borrower with a Life Insurance Company, the Issuer has been advised that, taking into account that the Seller will represent and warrant that with respect to such Mortgage Loans (i) there is no connection, whether from a legal or a commercial point of view, between the Mortgage Loans and the relevant Life Insurance Policy other than the relevant Borrower Insurance Pledge and the Life Beneficiary Rights, (ii) the Mortgage Loans and the Life Insurance Policies are not marketed as one product and (iii) the Borrowers are free to choose the relevant Life Insurance Company, it is unlikely that a court would honour set-off defences of the Borrowers.

In respect of Life Mortgage Loans between the Seller and a Borrower with a Life Insurance Policy between the Savings Insurance Company and such Borrower, the Issuer has been advised that the possibility cannot be disregarded ('*kan niet worden uitgesloten*') that the courts will honour set-off or defences of Borrowers.

Savings Mortgage Loans and Life Mortgage Loans with the possibility of a Savings Element

In respect of Savings Mortgage Loans and Life Mortgage Loans with the possibility of a Savings Element between the Seller and a Borrower with a Savings Insurance Policy or Life Insurance Policy with the possibility of the Savings Alternative between the Savings Insurance Company and such Borrower, the Issuer has been advised that in view, *inter alia*, of the close connection between the Savings Mortgage Loan and the Savings Insurance Policy and the Life Mortgage Loan with the possibility of a Savings Element and the Life Insurance Policy with the possibility of the Savings Alternative there is a considerable risk ('*een aanmerkelijk risico*') that such a set off or defence would be successful.

However, in respect of Savings Mortgage Loans and Life Mortgage Loans with a Savings Element the Sub-Participation Agreement will provide that in case a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim in respect of such Savings Mortgage Loan and such Life Mortgage Loan with a Savings Element if, for whatever reason, the Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy and Life Insurance Policy with the Savings Alternative and, as a consequence thereof, the Issuer will not have received any amount outstanding prior to such event, the relevant Participation of the Savings Insurance Company will be reduced by an amount equal to the amount which the Issuer has failed to receive. The

amount of the Participation is equal to the amount of Savings Premium received by the Issuer plus the accrued yield on such amount (see *Sub-Participation Agreement* below), provided that the Savings Insurance Company will have paid all Savings Premia received from the relevant Borrowers to the Issuer. Therefore, normally the Issuer would not suffer any damages if the Borrower would invoke any such right of set-off or defences, if and to the extent that the amount for which the Borrower would invoke set-off or defence does not exceed the amount of the Participation. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Participation. The Sub-Participation Agreement does not apply to Life Mortgage Loans to which a Life Insurance Policy with a Unit-Linked Alternative is connected.

Construction Amounts

Pursuant to the Mortgage Conditions, the Borrowers have the right to request to withhold the Construction Amount to be paid out in case certain conditions are met. The aggregate amount of the Construction Amounts as per 1 March 2006 (the '**Cut-off Date**') is euro 20,520,558.79. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to such aggregate Construction Amount. Such amount will be deposited on the Construction Account. On each Mortgage Payment Date the Issuer will release from the Construction Account such part of the Initial Purchase Price which equals the difference between the aggregate Construction Amount and the balance standing to the credit of the Construction Account and pay such amount to the Seller.

Pursuant to the Mortgage Conditions, Construction Amounts have to be paid out within 12 months after the relevant Mortgage Loan has been granted, but the Seller may agree with a Borrower to extend the period altogether to a maximum of 18 months. Upon the expiry of such period, any remaining Construction Amount will either (i) be paid out by the Seller to the relevant Borrower and consequently the remaining part of the Initial Purchase Price will be paid by the Issuer to the Seller or (ii) if the Construction Amount exceeds EUR 7,500, be set-off against the relevant Mortgage Receivable up to the amount of the Construction Amount, in which case the Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price, and consequently any remaining part of the Construction Amount will be transferred to the Issuer Collection Account and will form part of the Notes Redemption Available Amount. If a Notification Event has occurred, the Issuer will no longer be under the obligation to pay such remaining part of the Initial Purchase Price. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Construction Amount.

Under Netherlands law the distinction between 'existing' (*'bestaande'*) receivables and 'future' (*'toekomstige'*) receivables is relevant. If receivables are to be regarded as future receivables, an assignment and/or pledge thereof will not be effective to the extent the receivable comes into existence after or on the date on which the assignor or, as the case may be, the pledgor has been declared bankrupt or granted a suspension of payments (emergency regulations). If, however, receivables are to be considered as existing receivables, the assignment and/or pledge thereof are not affected by the bankruptcy or suspension of payments (emergency regulations) of the assignor/pledgor. 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 Amount are considered to be existing receivables. It could be argued that such part of the Mortgage Loan concerned comes into existence only when and to the extent the Construction Amount is paid out. If the part of the Mortgage Receivable relating to the Construction Amount is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Amount is paid out on or after the date on which the Seller is declared bankrupt or is granted a suspension of payments. In such situation, the Issuer will have no further obligation to pay out to the Seller the remaining part of the Initial Purchase Price.

Reduced value of investments

The value of investments made by one of the Insurance Companies in connection with the Life Insurance Policies or by the Savings Insurance Company in connection with the Savings Mortgage Loans to which a

Life Insurance Policy with a Unit-linked Alternative is connected, may not be sufficient for the Borrower to fully redeem the related Mortgage Receivables at its maturity.

In addition, if the value of the investments made in respect of any Life Insurance Policy has reduced considerably, a Borrower may, or may try to, invoke a right of set-off or defences against the Issuer in respect of the related Mortgage Loan arguing that he has not been properly informed of the risks involved in the investments. The merits of any such claim will to a large extent, depend on the manner in which the related Mortgage Loans have been marketed and the promotional material provided to the Borrower.

Long lease

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

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in case of lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *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 Seller will take into consideration the conditions, including the term, of the long lease. The acceptance conditions used by the Seller provide that the Mortgage Loan may have a maturity that is shorter than the term of the long lease, provided that certain conditions are met. The general terms and conditions of the Mortgage Loans provide that the Mortgage Loan becomes immediately due and payable in the event that, *inter alia*, (i) the leaseholder has not paid the remuneration, (ii) the conditions of the long lease are changed, (iii) the lease holder breaches any obligation under the long lease or (iv) the long lease is dissolved or terminated.

The Seller and the Decree on Credit Offerings

Although it is the general prevailing view in the market that the provisions laid down in the Decree on Credit Offerings (*'Besluit Kredietaanbiedingen'*, *'Bka'*) issued pursuant to the Act on the Consumer Credit (Wet Consumentenkrediet) obliging a lender to make a prospectus available containing information on several aspects of the loan products offered by such lender - such as the duty to inform a borrower that, if in connection with such loan, he is obliged to enter into another agreement in addition thereto, he is free to choose the counterparty to this other agreement -, is not applicable to mortgage lending and although the Minister of Finance has taken the same view when answering questions in Parliament on this subject, both the legal history of these provisions and the intention of the legislator point in the direction that these duties to inform are also applicable to mortgage lending. If this view were to be followed by the court - which cannot be excluded - the Seller may not have complied with several statutory information requirements, among which the requirement to inform the Borrowers in respect of a Mortgage Loan to which an Insurance Policy is connected that he was free to choose the relevant Insurance Company. The Issuer has been advised that not complying with these requirements as such will not result in the mortgage loan or the insurance policy being void or voidable, but may result in claims based on error (*'dwaling'*) or tort (*'onrechtmatige daad'*).

Claims of the first type could result in a possible voidness and thus unenforceability of the mortgage loan after all and, if the insurance policies would be regarded as being inextricably related to such mortgage loans, of the insurance policy as well; claims of the second type in a possible obligation to pay damages and thus in possible set-off (see *Set-off* above). However, pursuant to the Mortgage Receivables Purchase Agreement the Seller has the obligation to repurchase the Mortgage Receivables in the event that, *inter alia*, a Borrower (i) invokes a defence based upon non-compliance by the Seller with the Decree on Credit Offerings and (ii) refuses to pay any amount due under the relevant Mortgage Loan as a consequence thereof. The repurchase of the relevant Mortgage Receivable will be subject to the ability of the Seller to pay the purchase price due to the Issuer.

European Union Directive on the Taxation of Savings

On 3 June 2003 the Council of the European Union adopted a Council Directive on the taxation of savings income in the form of interest payments (the '**Directive**'). The Directive applies to interest payments (as defined in the Directive) made in one Member State to or for individual beneficial owners (as defined in the Directive) who are resident in another Member State and requires all Member States to adopt an information reporting system with regard to such payments. However, for a transitional period, Austria, Belgium, and Luxembourg are permitted to operate a withholding tax system.

Application of the Directive by Member States was conditional on certain European third countries (Switzerland, Andorra, Liechtenstein, Monaco, and San Marino) and certain dependent or associated territories (Anguilla, Aruba, British Virgin Islands, Cayman Islands, Guernsey, Isle of Man, Jersey, Montserrat, Netherlands Antilles, Turks and Caicos Islands) applying equivalent or, respectively, the same measures from the same date. On 24 June 2005, the Council confirmed in a 'green light note' that all parties (including the EU Member States) will apply the agreed savings tax measures from 1 July 2005. The transitional period commenced on the same date.

Under the information reporting system, a Member State will automatically communicate to the beneficial owner's Member State of residence information regarding interest payments (including the identity and residence of the beneficial owner) made by paying agents (as defined in the Directive) established within the former Member State, without requiring reciprocity. Under the withholding tax system (for Austria, Belgium, and Luxembourg), a Member State will levy a withholding tax in respect of interest payments made by paying agents established within its territory at a rate of 15 per cent. during the first three years of the transitional period, 20 per cent. for the subsequent three years, and 35 per cent. thereafter. The transitional period will end, and those Member States permitted to levy a withholding tax will, instead, be required to implement an information reporting system at the end of the first fiscal year following agreement regarding information exchange by certain non-EU countries with respect to interest payments. Similar provisions apply to interest payments made by paying agents established in the above-mentioned European third countries and dependent or associated territories to beneficial owners resident in an EU Member State (and in some cases vice versa).

Under the Directive, the term 'paying agent' means, generally, the last intermediary in any given chain of intermediaries that pays interest directly to, or secures the payment of interest for the immediate benefit of, the beneficial owner; the term 'interest' is defined broadly and would include interest relating to debt-claims of any kind, including income from bonds; and the term 'beneficial owner' means any individual who receives an interest payment or any individual for whom an interest payment is secured, unless he or she provides evidence that it was not received or secured for his or her own benefit.

The Netherlands has adopted legislation implementing the provisions of the Directive. These provisions came into force in part on 1 January 2004 and the remainder on 1 July 2005. An individual holder of Notes who is resident in an EU Member State other than the Netherlands or, in certain of the above-mentioned European third countries and dependent or associated territories, may become subject to the automatic supply of information to the jurisdiction in which the individual is resident with regard to interest payments made by (or in certain cases, to) paying agents established in the Netherlands. However, although the above-mentioned legislation provides for the possibility of extending the effective application of the Directive to individuals resident in the above-mentioned European third countries and dependent or associated territories, the legislation has only been extended to individuals resident in Aruba, British Virgin Islands, Guernsey, Isle of Man, Jersey, Montserrat, and Netherlands Antilles.

Reliance on Third Parties

Counterparties to the Issuer may not perform their obligations under the Relevant Documents (as defined in the Conditions), which may result in the Issuer not being able to meet its obligations. It should be noted that there is a risk that (a) Delta Lloyd Life in its capacity as Savings Insurance Company will not meet its obligations vis-à-vis the Issuer, (b) ABN AMRO in its capacity as Floating Rate GIC Provider, Paying Agent, Reference Agent, Swap Counterparty and Liquidity Facility Provider will not perform its obligations vis-à-vis the Issuer, (c) Amstelhuys in its capacity as Seller and Subordinated Loan Provider will not meet its

obligations vis-à-vis the Issuer, (d) Delta Lloyd Bank in its capacity as Defaulted Loan Servicer and MPT Provider will not meet its obligations vis-à-vis the Issuer, (e) ATC Financial Services B.V. as Issuer Administrator will not perform its obligations under the Issuer Services Agreement and (f) N.V. Algemeen Nederlands Trustkantoor ANT and ATC Management B.V. will not perform their obligations under the relevant Management Agreements.

Optional Redemption

Although as a result of the increase in the margin payable in respect of the floating rate of interest on the Notes, the Issuer will have an incentive to exercise its right to redeem the Notes (other than the Subordinated Class F Notes) on the first Optional Redemption Date or on any Optional Redemption Date thereafter, no guarantee can be given that the Issuer will actually exercise such right. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes, for example through a sale of Mortgage Receivables still outstanding at that time.

With regard to a sale of Mortgage Receivables to the Seller, it should be noted that according to the Solvency Regulation issued by the Dutch Central Bank, the Seller should, if and when applicable in respect of the Seller, for the purposes of calculation of its risk-weighted assets, have to set the effective maturity of the transaction envisaged in this Prospectus at the first Optional Redemption Date. Pursuant to the Solvency Regulation an originator is required to build up capital as from the date which is five years prior to the effective maturity date of a securitisation. However, under the Solvency Regulation the Seller will have the option to set the effective maturity of this transaction at the Final Maturity Date, provided that it will not repurchase the Mortgage Receivables. For the avoidance of doubt, this option relates solely to the Seller's own regulatory position and does not necessarily relate to the effective maturity of the Notes.

The Seller will consider, from a regulatory perspective, if and when applicable in respect of the Seller, whether it wishes to set the effective maturity of the transaction envisaged in this Prospectus at the Final Maturity Date instead of at the first Optional Redemption Date. Consequently, it may be possible that the Seller is not allowed to repurchase the Mortgage Receivables, other than (i) as set forth in *Repurchase of Mortgage Receivables* in *Mortgage Receivables Purchase Agreement* below or (ii) in connection with the exercise by the Seller of the Clean-Up Call Option or (iii) in connection with the exercise by the Issuer of its option to redeem the Notes for tax reasons (Condition 6(g)) or (iv) in connection with the exercise by the Seller of the Regulatory Call Option.

If the Seller should decide to set the effective maturity as set out above at the first Optional Redemption Date, it will inform the Issuer thereof and the Issuer will sell and assign the Mortgage Receivables to the Seller on the first Optional Redemption Date.

The Seller, should it decide not to repurchase the Mortgage Receivables, has undertaken to inform the Issuer on the first Optional Redemption Date of such fact. In such case the Issuer shall use its best efforts to sell the Mortgage Receivables to a third party or to obtain alternative funding in order to be able to redeem the Notes, other than the Subordinated Class F Notes, on the first Optional Redemption Date or, if the Issuer has not sold the Mortgage Receivables to a third party or obtained alternative funding in order to be able to redeem the Notes, other than the Subordinated Class F Notes on such first Optional Redemption Date, on each Optional Redemption Date thereafter.

Regulatory Call Option and Redemption for Tax Reasons

Should the Seller exercise its Regulatory Call Option, the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes in accordance with Condition 6(b) and subject to Condition 9(b) on any Quarterly Payment Date, whether falling before or after the first Optional Redemption Date. The Issuer will have the option to redeem the Notes for tax reasons in accordance with Condition 6(g).

Prepayment Considerations

The maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the Mortgage Receivables by the Issuer, Net Proceeds upon enforcement of a Mortgage Loan and repurchase by the Seller of Mortgage Receivables) on the Mortgage Loans. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans and the amount of New Mortgage Receivables. The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax law (including, but not limited to, amendments to mortgage interest tax deductibility), local and regional economic conditions and changes in Borrower's behaviour (including, but not limited to, home-owner mobility). No guarantee can be given as to the level of prepayment that the Mortgage 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 Noteholders should make their own assessment thereof.

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

To the extent set forth in Condition 9, (a) the Mezzanine Class B Notes are subordinated in right of payment to the Senior Class A Notes, (b) the Mezzanine Class C Notes are subordinated in right of payment to the Senior Class A Notes and the Mezzanine Class B Notes, (c) the Mezzanine Class D Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (d) the Junior Class E Notes are subordinated in right of payment to the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Mezzanine Class D Notes and (e) the Subordinated Class F Notes are subordinated in right of payment to the interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes. The Subordinated Class F Noteholders have no right to receive any amounts consisting of the Notes Redemption Available Amount. With respect to any Class of Notes, such subordination is designed to provide credit enhancement to any Class of Notes with a higher payment priority pursuant to the relevant Priority of Payments than such Class of Notes.

If, upon default by the Borrowers, the Issuer does not receive the full amount due in respect of such Mortgage Receivables from the Borrowers, Noteholders may receive by way of principal repayment on the Notes an amount less than the Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due on the Notes, to the extent set forth in Condition 9. On any Quarterly Payment Date, any such losses on the Mortgage Loans will be allocated as described in *Credit Structure* below.

Limited Liquidity of the Notes

There is not at present, any active and liquid secondary market for the Notes. There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that such a secondary market will provide Noteholders with liquidity of investment or that it will continue for the life of the Notes. To date, no underwriter has indicated that they intend to establish a secondary market in the Notes.

Payments on the Mortgage Receivables

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors 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.

Risks of Losses Associated with Declining Values of Mortgaged Assets

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

Maturity Risk

The ability of the Issuer to redeem all the Notes on each Optional Redemption Date or, as the case may be, 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, may depend upon whether the value of the Mortgage Receivables is sufficient to redeem the Notes.

No Gross-up for Taxes

As provided in Condition 7, if withholding of, or deduction for, or an account of any present or future taxes, duties or charges of whatsoever nature are imposed by or on behalf of the Netherlands or any other jurisdiction or any political subdivision or any authority therein or thereof having power to tax, the Issuer or the Paying Agent (as applicable) will make the required withholding or deduction of such taxes, duties or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to the Noteholders.

Interest Rate Risk

The risk that the interest received on the Mortgage Receivables is not sufficient for the Issuer to pay the interest on the Notes is mitigated by the Swap Agreement. The Swap Counterparty will be 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. The Swap Agreement will provide, however, that if due to (i) action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a ‘**Tax Event**’), the Swap Counterparty may (with the consent of the Issuer and the Rating Agencies) transfer its rights and obligations to another of its offices, branches, affiliates or any other person to avoid the relevant Tax Event.

The Swap Agreement will be terminable by one party if (i) an event of default (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of default in relation to the Issuer in the Swap Agreement will be limited to (i) non-payment under the Swap Agreement, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer’s obligations under the Swap Agreement and (iii) insolvency events. The Swap Agreement will terminate on the earlier of the Final Maturity Date and the date on which the relevant Classes of Notes have been redeemed or written-off in full in accordance with the Conditions.

Ratings of the Notes

The rating of each Class of the Notes addresses the assessment made by Moody’s and Fitch of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if in its judgement, the circumstances (including a reduction in the credit rating of the Floating Rate GIC Provider, the Swap Counterparty or the Liquidity Facility Provider) in the future so require.

Financial Services Act

Issuer

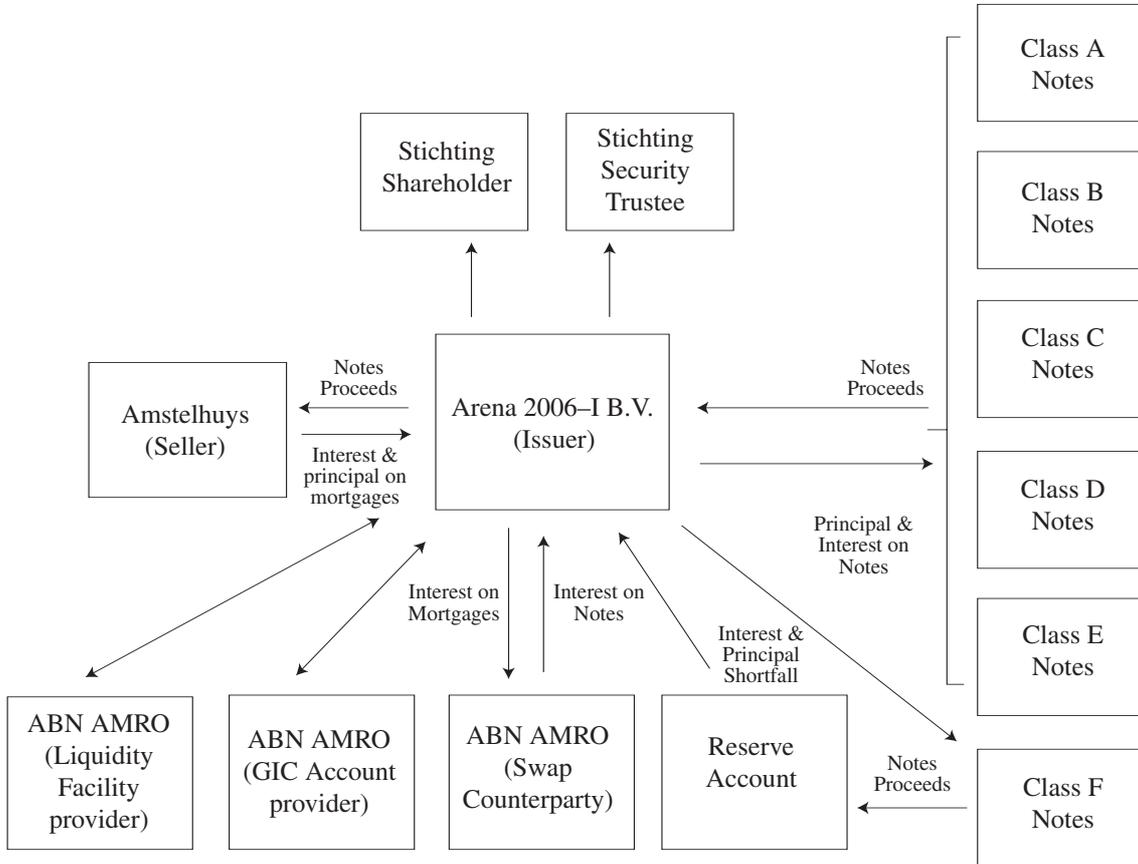
Under the new Financial Services Act (*‘Wet financiële dienstverlening’*), which entered into force on 1 January 2006, a special purpose vehicle which services (*‘beheert’*) and administers (*‘uitvoert’*) loans granted to consumers, such as the Issuer, must have a licence under that Act. An exemption from the licence requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a licence under the Financial Services Act. The Issuer has outsourced the servicing and administration of the Mortgage Loans to the MPT Provider and the implementation of arrears procedures to the Defaulted Loan Servicer, which each as a licensed credit institution holds a licence under the Financial Services Act by operation of law. The MPT Provider and the Defaulted Loan Servicer hold a licence under the Financial Services Act and the Issuer thus benefits from the exemption. However, if the Issuer Services Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Mortgage Loans to another licensed entity or it needs to apply for and hold a licence itself. In the latter case, the Issuer itself will have to comply with the applicable requirements under the Financial Services Act.

Seller

As being engaged in the business of offering mortgage loans to private individuals, the Seller needs to obtain a licence under the new Financial Services Act as well. On 27 January 2006 - and therefore meeting all requirements set forth by the Act applying at present - the Seller filed an application with the AFM to obtain such licence. Although the Seller as a mere finance company does not and cannot comply itself with some of the requirements laid down in the Act which are to become applicable in the near future, especially where it concerns requirements to exercise due care to clients and requirements such as having the necessary expertise (management and employees) as well as a reliable administrative organisation and an adequate system of internal control, the Issuer has been advised that the Seller nevertheless expects to be granted the relevant licence or dispensation, given that the Seller itself has no contact with clients and that the front and back office services of the Seller are outsourced to Delta Lloyd Bank on the basis of a service agreement, so that, albeit indirectly, the requirements of the Act are, via Delta Lloyd Bank, met in a way that should be satisfactory to the AFM. However, certainty in this respect cannot be given. If, which in the view of the Seller must be considered as unlikely, the Seller may not be granted a licence, be exempted or granted a dispensation under the Financial Services Act which, in the case of a dispensation, is satisfactory to the Issuer and the Security Trustee, the Seller would have to terminate its activities and settle (*‘afwickelen’*) its existing agreements. The Seller would in such event no longer have the right to perform its rights and obligations under the Mortgage Receivables Purchase Agreement, such as the sale of New Mortgage Receivables to and the repurchase of Mortgage Receivables from the Issuer. The Seller will undertake immediately upon the receipt from the AFM of an anticipated refusal to grant the licence or a dispensation which, in the case of a dispensation, is satisfactory to the Issuer and the Security Trustee, to take all necessary action to ensure that all Mortgage Loans and all other mortgage loans to which the Seller is a party will be transferred to a group company of Delta Lloyd Group which is licensed, exempted or has been granted a dispensation under the Financial Services Act which, in the case of a dispensation, is satisfactory to the Issuer and the Security Trustee, so that the offering, servicing and performance of the Mortgage Loans and all other mortgage loans to which the Seller was a party no longer violates the Financial Services Act.

STRUCTURE DIAGRAM

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



OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION

THE PARTIES:

Issuer:	Arena 2006-I B.V., incorporated under the laws of the Netherlands as a private company with limited liability (<i>'besloten vennootschap met beperkte aansprakelijkheid'</i>) under number B.V. 1359572 and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The entire issued share capital of the Issuer is owned by the Shareholder.
Seller:	Amstelhuys N.V. ('Amstelhuys'), incorporated under the laws of the Netherlands as a public company (<i>'naamloze vennootschap'</i>).
Savings Insurance Company:	Delta Lloyd Levensverzekering N.V. ('Delta Lloyd Life') incorporated under the laws of the Netherlands as a public company.
MPT Provider:	Delta Lloyd Bank N.V. ('Delta Lloyd Bank'). The MPT Provider will appoint Stater Nederland B.V., incorporated under the laws of the Netherlands as a private company with limited liability as its subagent.
Defaulted Loan Servicer:	Delta Lloyd Bank incorporated under the laws of the Netherlands as a public company.
Issuer Administrator:	ATC Financial Services B.V., incorporated under the laws of the Netherlands as a private company with limited liability.
Subordinated Loan Provider:	Amstelhuys.
Security Trustee:	Stichting Security Trustee Arena 2006-I, established under the laws of the Netherlands as a foundation (<i>'stichting'</i>) and registered with the Commercial Register of the Chamber of Commerce of Amsterdam.
Shareholder:	Stichting Arena Holding 2006-I, established under the laws of the Netherlands as a foundation and registered with the Commercial Register of the Chamber of Commerce of Amsterdam.
Directors:	ATC Management B.V., the sole director of the Issuer and the Shareholder and N.V. Algemeen Nederlands Trustkantoor ANT, the sole director of the Security Trustee.
Liquidity Facility Provider:	ABN AMRO Bank N.V. ('ABN AMRO'), incorporated under the laws of the Netherlands as a public company.
Swap Counterparty:	ABN AMRO, acting through its London Branch.
Floating Rate GIC Provider:	ABN AMRO.
Paying Agent:	ABN AMRO.
Reference Agent:	ABN AMRO.
Listing Agent:	ABN AMRO.

PRINCIPAL FEATURES OF THE TRANSACTION

THE NOTES:

Notes:

The euro 925,000,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2064 (the '**Senior Class A Notes**'), the euro 26,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2064 (the '**Mezzanine Class B Notes**'), the euro 23,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2006 due 2064 (the '**Mezzanine Class C Notes**'), the euro 20,000,000 floating rate Mezzanine Class D Mortgage-Backed Notes 2006 due 2064 (the '**Mezzanine Class D Notes**'), the euro 6,000,000 floating rate Junior Class E Mortgage Backed Notes 2006 due 2064 (the '**Junior Class E Notes**') and the euro 5,000,000 floating rate Subordinated Class F Notes 2006 due 2064 (the '**Subordinated Class F Notes**') and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes, the '**Notes**') will be issued by the Issuer on 29 March 2006 (or such later date as may be agreed between the Issuer and ABN AMRO, acting through its London Branch on behalf of the Managers) (the '**Closing Date**').

Issue Price:

The issue prices of the Notes will be as follows:

- (i) the Senior Class A Notes 100 per cent.;
- (ii) the Mezzanine Class B Notes 100 per cent.;
- (iii) the Mezzanine Class C Notes 100 per cent.;
- (iv) the Mezzanine Class D Notes 100 per cent.;
- (v) the Junior Class E Notes 100 per cent.; and
- (vi) the Subordinated Class F Notes 100 per cent.

Denomination:

The Notes will be issued in denominations of euro 100,000 each.

Status and ranking:

The Notes of each Class (as defined in the Conditions) rank *pari passu* without any preference or priority among Notes of the same Class. In accordance with the Conditions and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Mezzanine Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Junior Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Mezzanine Class D Notes, (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes. See further *Terms and Conditions of the Notes* below. The Subordinated Class F Noteholders do not have the right to receive any amount pursuant to the Principal Priority of Payments.

Interest:

Interest on the Notes is payable by reference to successive quarterly interest periods (each a '**Floating Rate Interest Period**') and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding on the 17th day of June, September, December and March (or, if such day is not a Business Day, the next succeeding Business Day) in each year (each such day being a '**Quarterly Payment Date**'). Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in June 2006. The interest will be calculated on the basis of the actual days elapsed in a Floating Rate Interest Period divided by a year of 360 days.

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

Interest on the Notes for each Floating Rate Interest Period from the Closing Date will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits in euro (determined in accordance with condition 4(f)) (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two and three months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005 being rounded upwards) plus a margin which will for the Subordinated Class F Notes be equal to 0.35 per cent. per annum and up to (but excluding) the first Optional Redemption Date, will for the Senior Class A Notes be equal to 0.12 per cent. per annum, for the Mezzanine Class B Notes be equal to 0.15 per cent. per annum, for the Mezzanine Class C Notes be equal to 0.24 per cent. per annum, for the Mezzanine Class D Notes be equal to 0.48 per cent. per annum and for the Junior Class E Notes be equal to 0.55 per cent. per annum.

Interest Step-up:

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

- (i) for the Senior Class A Notes, a margin of 0.25 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.30 per cent. per annum;
- (iii) for the Mezzanine Class C Notes, a margin of 0.48 per cent. per annum;
- (iv) for the Mezzanine Class D Notes, a margin of 0.96 per cent. per annum; and

- (v) for the Junior Class E Notes, a margin of 1.10 per cent. per annum.

Average Life:

The estimated average life of the Notes from Closing Date up to (but excluding) the first Optional Redemption Date based on the assumptions as set out in Annex I hereto will be as follows:

- (i) the Senior Class A Notes 5.7 years;
- (ii) the Mezzanine Class B Notes 7.0 years;
- (iii) the Mezzanine Class C Notes 7.0 years;
- (iv) the Mezzanine Class D Notes 7.0 years;
- (v) the Junior Class E Notes 7.0 years; and
- (vi) the Subordinated Class F Notes 6 months.

The expected weighted average lives of the Notes are set out in Annex 1 hereto.

The average life of the Notes given above should be viewed with caution; reference is made to the section *Risk Factors* above.

Final Maturity Date:

Unless previously redeemed as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in December 2064 (the '**Final Maturity Date**').

Optional Redemption of the Notes:

On the Quarterly Payment Date falling in March 2013 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**'), the Issuer will have the option to redeem all of the Notes (other than the Subordinated Class F Notes), but not some only, at their respective Principal Amount Outstanding or, in case of the Junior Class E Notes, the Mezzanine Class D Notes, the Mezzanine Class C Notes and the Mezzanine Class B Notes, at their respective Principal Amount Outstanding less any relevant Principal Shortfall, on such date, subject to and in accordance with the Conditions.

Mandatory Redemption of the Notes:

The Issuer will be obliged to apply the Notes Redemption Available Amount to (partially) redeem the Notes (other than the Subordinated Class F Notes) on the Quarterly Payment Date falling in June 2007 and each Quarterly Payment Date thereafter and at their respective Principal Amount Outstanding on a *pro rata* and *pari passu* basis in the following order:

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

The Subordinated Class F Notes will be (partially) redeemed on each Quarterly Payment Date (the first of which will fall in June

2006). The amount available for redemption will be the remaining amount, if any, of the Notes Interest Available Amount after payment of item (a) up to and including (q) of the Interest Priority of Payments. In addition thereto, on the earlier of (i) the Optional Redemption Date on which the Notes (other than Subordinated Class F Notes) will be redeemed in full or (ii) the Final Maturity Date, the balances standing to the credit of the Reserve Account and the Issuer Collection Account (if any) after all amounts of interest and principal due in respect of the Notes, (other than principal on the Subordinated Class F Notes), have been paid and all payments of the Interest Priority of Payments ranking higher in priority have been made, will be available for redemption of the Subordinated Class F Notes.

Redemption for tax reasons:

If the Issuer is or will become 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 the Netherlands 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 the option to redeem the Notes, in whole but not in part, on any Quarterly Payment Date at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption. No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (other than the Subordinated Class F Notes) (or such of them as are then outstanding) are also redeemed in full at the same time.

Clean-Up Call Option:

On each Quarterly Payment Date the Seller has the option (but not the obligation) to repurchase the Mortgage Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables is not more than 10 per cent. of the sum of (i) the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Cut-off Date and (ii) the aggregate Outstanding Principal Amount in respect of the New Mortgage Receivables purchased during the Pre-funding Period on the first day of the month wherein the Purchase Date falls on which such New Mortgage Receivables are purchased by and assigned to the Issuer (the '**Clean-Up Call Option**').

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion in case of the exercise of the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Notes in accordance with Condition 6(b). The purchase price will be calculated as described in *Sale of Mortgage Receivables* below.

Regulatory Call Option:

On each Quarterly Payment Date, the Seller has the option but not the obligation to repurchase the Mortgage Receivables upon the

occurrence of a Regulatory Change (the '**Regulatory Call Option**').

The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Regulatory Call Option. The purchase price will be calculated as described in *Sale of Mortgage Receivables in Credit Structure* below. If the Seller exercises its Regulatory Call Option, then the Issuer will redeem the Notes by applying the proceeds of the sale of the Mortgage Receivables towards redemption of the Notes subject to and in accordance with Conditions 6(b) and 9(b).

Withholding Tax:

All payments by the Issuer in respect of the Notes will be made without withholding of or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note presented for payment, where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such Directive. See further paragraph *European Union Directive on the taxation of savings and Taxation in the Netherlands* below.

Method of Payment:

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in euro to a common depository for Euroclear and Clearstream, Luxembourg, for the credit of the respective accounts of the Noteholders (see *The Global Notes* below).

Use of proceeds:

The Issuer will use part of the net proceeds from the issue of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of an agreement dated 28 March 2006 (the '**Mortgage Receivables Purchase Agreement**') and made between the Seller, the Issuer and the Security Trustee. An amount equal to the aggregate Construction Amount will be withheld from the Initial Purchase Price by the Issuer and be deposited on the Construction Account. See further *Mortgage Receivables Purchase Agreement* below.

The Issuer will credit the net proceeds from the issue of the Subordinated Class F Notes to the Reserve Account. See further *Credit Structure* below.

An amount equal to euro 572,766,465.39 will be deposited in the Pre-funded Account and will be available for the purchase of New Mortgage Receivables on any Purchase Date during the Pre-funding Period (see *Purchase of New Mortgage Receivables* below).

THE MORTGAGE RECEIVABLES:

Mortgage Receivables:

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of any and all rights (the '**Mortgage Receivables**', which will include any New Mortgage Receivables upon purchase thereof) of the Seller against certain borrowers (the '**Borrowers**') under or in connection with certain selected Mortgage Loans. The Issuer will be entitled to the proceeds of the Mortgage Receivables as of the Cut-off Date or in the case of any New Mortgage Receivables, the first day of the calendar month wherein the relevant Purchase Date falls. The Mortgage Receivables resulting from Savings Mortgage Loans and Life Mortgage Loans, will hereinafter be referred to as the '**Savings Mortgage Receivables**' and the '**Life Mortgage Receivables**', respectively.

Purchase of New Mortgage Receivables:

The Mortgage Receivables Purchase Agreement will provide that on the 17th day of each month or, in case such day is not a business day, the next succeeding business day during the period starting on the Closing Date and ending on (and including) the Quarterly Payment Date falling in March 2007 (the '**Pre-funding Period**') and thereafter, on each Quarterly Payment Date up to (and including) the Quarterly Payment Date immediately preceding the first Optional Redemption Date (each a '**Purchase Date**'), the Issuer will apply the Purchase Available Amount, towards the purchase from the Seller of any and all rights of the Seller against any Borrower under or in connection with any mortgage loan between the Seller and such Borrower (the '**New Mortgage Receivables**'), subject to the fulfilment of certain conditions which include the criteria set forth in *Mortgage Receivables Purchase Agreement* below and to the extent offered by the Seller. During the Pre-funding Period, the Purchase Available Amount consists of the sum of (i) the Principal Available Amount, (ii) the amount of the Initial Participation relating to the relevant New Mortgage Receivables to be purchased on the relevant Purchase Date and (iii) any drawing from the Pre-funded Account on such Purchase Date in accordance with the Trust Deed. Thereafter, the Purchase Available Amount consists of (i) the amount, calculated as at any Quarterly Calculation Date, as being received during the immediately preceding Quarterly Calculation Period in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and (ii) the amount of the Initial Participation relating to the relevant New Mortgage Receivables to be purchased on the relevant Purchase Date.

Repurchase of Mortgage Receivables:

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

- (i) in case any of the representations and warranties given by the Seller in respect of such Mortgage Receivable or its related

Mortgage Loan, including the representation and warranty that such Mortgage Receivable or its related Mortgage Loan meets certain mortgage loan criteria, are untrue or incorrect; or

- (ii) if the Seller agrees with a Borrower to grant a further advance under the Mortgage Loan, which is to be secured by the mortgage right which also secures the Mortgage Receivable (the '**Further Advance**'); or
- (iii) if the Seller agrees with a Borrower to either (a) amend the terms of the Mortgage Loan to which such Mortgage Receivable relates and as a result thereof such Mortgage Loan or its related Mortgage Receivable no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the Seller shall not repurchase the relevant Mortgage Receivable or (b) grant a further loan with a construction amount, whether or not only to be secured by the same mortgage right as the Mortgage Receivable of such Borrower (the '**Further Construction Loan**'); or
- (iv) if the Seller agrees with a Borrower to switch (a) any of the forms of mortgage loans set forth under a, b and c of (i) of the Mortgage Loan Criteria as set forth in *Mortgage Receivables Purchase Agreement* below into (a part of) a Life Mortgage Loan other than a Life Mortgage Loan with a Savings Element; or (b) a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element into (a part of) a Mortgage Loan as set forth under a, b, c and e of (i) of the Mortgage Loans Criteria as set forth in *Mortgage Receivables Purchase Agreement* below; or
- (v) if a Borrower (i) invokes a defence based upon non-compliance by the Seller with the Decree on Credit Offerings and (ii) refuses to pay any amount due under the relevant Mortgage Loan as a consequence thereof.

Mortgage Loans:

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will result from loans secured by a first-ranking mortgage right or first and sequentially lower ranking mortgage rights, over (i) a real property ('*onroerende zaak*'), (ii) an apartment right ('*appartementsrecht*') or (iii) a long lease ('*erfpacht*'), together with real property and apartment rights (the '**Mortgaged Assets**') situated in the Netherlands and entered into by the Seller or, with the relevant Borrowers which meet or, in case of New Mortgage Receivables, will meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date or, in case of New Mortgage Receivables, the relevant Purchase Date (the '**Mortgage Loans**').

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

- (i) Savings Mortgage Loans ('*spaarhypotheken*');
- (ii) Linear Mortgage Loans ('*lineaire hypotheken*');
- (iii) Annuity Mortgage Loans ('*annuïteiten hypotheken*');
- (iv) Interest-only Mortgage Loans ('*aflossingsvrije hypotheken*');
- (v) Life Mortgage Loans ('*levenhypotheken*') to which a Life Insurance Policy is connected with (a) a guaranteed final payment; (b) the Unit-Linked Alternative; or (c) a combination of the Unit-Linked Alternative and the Savings Alternative; and
- (vi) combinations of any of the abovementioned types of mortgage loans.

These types of Mortgage Loans are offered by the Seller, *inter alia*, under the following product names:

- (i) *Delta Lloyd Life hypotheken* (Life Mortgage Loan);
- (ii) *Financieel Vrijheidsplan* (Life Mortgage Loan);
- (iii) *Meerkeuzeplan* (Life Mortgage Loan with a policy with the Unit-Linked Alternative); and
- (iv) *CombiPlusHypotheek* (Life Mortgage Loan with a policy with a combination of the Unit-Linked Alternative and the Savings Alternative).

If a Mortgage Loan consists of one or more loan parts, the Seller will sell and assign and the Issuer shall purchase and accept the assignment of all rights associated with all, but not some, loan parts of such Mortgage Loan at the Closing Date or, as the case may be, the relevant Purchase Date. See further *Description of Mortgage Loans* and *Risk Factors* above.

Interest-only Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of interest-only mortgage loans ('*aflossingsvrije hypotheken*', hereinafter '**Interest-only Mortgage Loans**') entered into by the Seller with relevant Borrowers. Under an Interest-only Mortgage Loan, the Borrower does not pay principal towards redemption of the Interest-only Mortgage Loan until maturity of such Interest-only Mortgage Loan.

Linear Mortgage Loans:

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

Annuity Mortgage Loans:

A portion of the Mortgage Loans (or parts thereof) will be in the form of annuity mortgage loans (*'annuïteiten hypotheek'*, hereinafter '**Annuity Mortgage Loans**') entered into by the Seller. 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 the Annuity Mortgage Loan will be fully redeemed at the maturity of such Annuity Mortgage Loan.

Savings Mortgage Loans:

A portion of the Mortgage Loans will be in the form of savings mortgage loans, which consist of savings mortgage loans (*'spaarhypotheek'*, hereinafter '**Savings Mortgage Loans**') entered into by the Seller with relevant Borrowers combined with an insurance policy (a '**Savings Insurance Policy**') with the Savings Insurance Company. A Savings Insurance Policy is a combined risk and capital insurance policy taken out by the relevant Borrower with the Savings Insurance Company in connection with the relevant Savings Mortgage Loan. In relation to the Savings Insurance Policies the savings part of the premium (the '**Savings Premium**') is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Insurance Policy due by the Savings Insurance Company to the relevant Borrower is equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan. See further *Risk Factors* above.

Life Mortgage Loans:

A portion of the Mortgage Loans will be in the form of life mortgage loans (**'Life Mortgage Loans'**) entered into by the Seller with relevant Borrowers, i.e. Mortgage Loans which have the benefit of combined risk and capital insurance policies (**'Life Insurance Policies'**) taken out by Borrowers with (a) the Savings Insurance Company or (b) any insurance company established in the Netherlands, other than the Savings Insurance Company (a '**Life Insurance Company**' and together with the Savings Insurance Company, the '**Insurance Companies**'). Under a Life Mortgage Loan, no principal towards redemption is paid until maturity. The Life Insurance Policies connected to such Life Mortgage Loans are offered by a Life Insurance Company in several alternatives. The Borrower has the choice between (i) a guaranteed amount to be received when the Life Insurance Policy pays out, (ii) the Unit-Linked Alternative or (iii), a combination of (i) and (ii), in which case the Borrower has the option to switch between the Unit-Linked Alternative and the Savings Alternative. '**Unit-Linked Alternative**' means the alternative under which the amount to be received upon pay out of the Life Insurance Policy depends on the performance of certain investment funds chosen by the Borrower. '**Savings Alternative**' means the alternative under which a certain pre-agreed amount to be received upon pay out of the Life Insurance Policy with, in such case, the relevant Insurance Company and the Savings Premium thereof is calculated in such a manner that, on an annuity basis, the proceeds of the Savings Alternative is equal to the amount due by the Borrower to the Seller at maturity of the Life Mortgage Loan. Life Mortgage Loans of which the relevant Borrower has opted for a Savings Alternative are referred to as '**Life Mortgage Loans with a Savings Element**', and the Life Insurance Policies

connected to such Life Mortgage Loans are referred to as '**Life Insurance Policies with the Savings Alternative**'. See further *Risk Factors* above and *Description of the Mortgage Loans* below.

Sub-Participation Agreement:

On the Closing Date, the Issuer will enter into a sub-participation agreement (the '**Sub-Participation Agreement**') with the Savings Insurance Company under which the Savings Insurance Company will acquire participations in the relevant Savings Mortgage Receivables and/or Life Mortgage Receivables with a Savings Element in consideration for the undertaking of the Savings Insurance Company to pay to the Issuer (i) at the Closing Date or on the relevant Purchase Date, in case of a purchase and assignment of new savings mortgage receivables (the '**New Savings Mortgage Receivables**') and new life mortgage receivables with a savings element (the '**New Life Mortgage Receivables with a Savings Element**') or (ii) on the relevant Mortgage Payment Date in the case of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element, all amounts received as Savings Premia on the Savings Insurance Policies and/or Life Insurance Policies with the Savings Alternative. In return, the Savings Insurance Company is entitled to receive the Participation Redemption Available Amount (as defined in *Sub-Participation Agreement* below) from the Issuer. The amount of the participation (the '**Participation**') with respect to a Savings Mortgage Receivable and/or a Life Mortgage Receivable with a Savings Element consists of the initial participation at the Closing Date or the relevant Purchase Date (which is equal to the sum of all amounts received as Savings Premia and accrued interest) (a) up to but excluding the Cut-off Date in the case of the Closing Date, being the amount of euro 1,091,060.97, or (b) up to the first day of the month in which the relevant Purchase Date falls, by the Savings Insurance Company increased on a monthly basis with the sum of (i) the Savings Premia received by the Savings Insurance Company and paid to the Issuer and (ii) a *pro rata* part, corresponding to the Participation in the relevant Savings Mortgage Receivable and/or Life Mortgage Receivable with a Savings Element, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable and/or Life Mortgage Receivable with a Savings Element. See further *Sub-Participation Agreement* below.

Construction Amounts:

Pursuant to the Mortgage Conditions, the Borrowers have the right to request that a part of the Mortgage Loan will be withheld and will be applied towards construction of or improvements to the Mortgaged Asset. Such amounts including any interest accrued thereon (the '**Construction Amount**') will only be paid to the Borrower in case certain conditions are met. The aggregate amount of the Construction Amounts on the Cut-off Date is euro 20,520,558.79. The Issuer and the Seller will agree in the Mortgage Receivables Purchase Agreement that the Issuer will be entitled to withhold from the Initial Purchase Price an amount equal to the aggregate Construction Amount on the Cut-off Date or, as the case may be, the first day of the month wherein the relevant Purchase Date falls. Such amount will be deposited in the Construction Account. On each Mortgage Payment Date, the Issuer will release from the Construction Account such part of the Initial Purchase

Price which equals the amount by which the aggregate Construction Amount have been reduced during the preceding Quarterly Calculation Period and pay such amount to the Seller.

Pursuant to the Mortgage Conditions, Construction Amounts have to be paid out within 12 months after the relevant Mortgage Loan has been granted, but the Seller may agree with a Borrower to extend the period altogether to a maximum of 18 months. After such period, any remaining Construction Amounts will (i) if the relevant remaining Construction Amount is less than EUR 7,500 be paid out by the Seller to the relevant Borrower and consequently the remaining part of the Initial Purchase Price will be paid out by the Issuer to the Seller and (ii) if the relevant remaining Construction Amount exceeds EUR 7,500 be set-off against the relevant Mortgage Loan up to the amount of such Construction Amount. The Issuer shall have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price in such case and any balance standing to the credit of the Construction Account will be transferred to the Issuer Collection Account and form part of the Principal Available Amount.

Sale of Mortgage Receivables:

The Issuer will on any Optional Redemption Date have the right to sell and assign the Mortgage Receivables to a third party or in accordance with the Mortgage Receivables Purchase Agreement the Issuer may be obliged to sell all but not some of the Mortgage Receivables to the Seller, provided that in any case the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes, other than the Subordinated Class F Notes. In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Seller has the obligation to repurchase the Mortgage Receivables in certain events (see above under *Repurchase of Mortgage Receivables*) and the right to exercise the Clean-Up Call Option and the Regulatory Call Option. The purchase price of the Mortgage Receivables in the case of a sale and assignment of the Mortgage Receivables to a third party shall be equal to at least the relevant Outstanding Principal Amount in respect of the relevant Mortgage Receivables, together with accrued interest due but unpaid, if any, except that, with respect to Mortgage Loans which are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (a) the sum of the relevant Outstanding Principal Amount in respect of the relevant Mortgage Receivables, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions up to the relevant date of sale or repurchase and (b) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than 12 months old is available, the indexed foreclosure value. See further *Sale of Mortgage Receivables* under *Credit Structure* below.

Security for the Notes:

The Notes will be (indirectly) secured by (i) a first ranking right of pledge by the Issuer to the Security Trustee over (a) the Mortgage Receivables including all rights ancillary thereto and (b) the Beneficiary Rights and (ii) a first ranking right of pledge vested by the Issuer in favour of the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase

Agreement, the Swap Agreement, the Sub-Participation Agreement, the Issuer Services Agreement, the Liquidity Facility Agreement and the Floating Rate GIC and in respect of the Transaction Accounts. The amount payable to the Noteholders and the other Secured Parties 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 on the Mortgage Receivables and the Beneficiary Rights and amounts received by the Security Trustee as creditor under the Mortgage Receivables Purchase Agreement and the Parallel Debt Agreement. Payments to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement. See further *Risk Factors* and for a more detailed description see *Description of Security* below.

Parallel Debt Agreement:

On the Closing Date, the Issuer and the Security Trustee will enter into a parallel debt agreement (the '**Parallel Debt Agreement**') for the benefit of the Secured Parties under which the Issuer shall, by way of parallel debt, undertake to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties, in order to create a claim of the Security Trustee thereunder which can be validly secured by the rights of pledge created by the Trustee Pledge Agreement I and the Trustee Pledge Agreement II.

CASH-FLOW STRUCTURE:

Liquidity Facility:

On the Closing Date, the Issuer will enter into a (up to) 364 day term liquidity facility agreement with the Liquidity Facility Provider (the '**Liquidity Facility Agreement**') whereunder the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. See further *Credit Structure* below.

Seller Collection Account:

The Seller maintains an account (the '**Seller Collection Account**') to which collections of all amounts of interest, prepayment penalties and principal received under the Mortgage Loans will be paid. The Seller Collection Account is administered by Stater Nederland B.V..

Issuer Collection Account:

The Issuer shall maintain with the Floating Rate GIC Provider an account (the '**Issuer Collection Account**') to which, *inter alia*, on a monthly basis all amounts from the Seller Collection Account will be transferred by the Seller or by Stater Nederland B.V. on its behalf.

Pre-funded Account:

The Issuer shall maintain with the Floating Rate GIC Provider an account (the '**Pre-funded Account**') to which on the Closing Date an amount of euro 572,766,465.39 of the net proceeds of the Notes (other than the proceeds of the Subordinated Class F Notes) will be credited.

On each Purchase Date during the Pre-funding Period an amount equal to the positive difference between (a) the Initial Purchase Price of the New Mortgage Receivables to be purchased on such date and (b) the sum of (i) the Principal Available Amount and (ii) the amount of the Initial Participation relating to the New Mortgage Receivables to be purchased on the relevant Purchase Date, will be transferred from the Pre-funded Account to the Issuer Collection Account. The Pre-funded Account will only be debited in

connection with payments to the Seller of the Initial Purchase Price in respect of New Mortgage Receivables. Any balance remaining on the Pre-funded Account upon expiry of the Pre-funding Period will be transferred to the Issuer Collection Account.

Construction Account:

The Issuer will maintain with the Floating Rate GIC Provider an account (the '**Construction Account**') to which on the Closing Date an amount corresponding to the aggregate Construction Amount will be credited. The Construction Account will only be debited for (i) payments to the Seller for the benefit of the Seller upon Construction Amounts being paid out to or on behalf of the Borrowers; and (ii) transfer to the Issuer Collection Account in case the Issuer has no obligation to pay any such part of the Initial Purchase Price (as described in *Construction Amounts* above).

Reserve Account:

The Issuer will pay the proceeds of the Subordinated Class F Notes into an account (the '**Reserve Account**', together with the Issuer Collection Account, the Construction Account and the Pre-funded Account, the '**Transaction Accounts**') held with the Floating Rate GIC Provider. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under items (a) up to and including (p) in the Interest Priority of Payments in the event that the Notes Interest Available Amount is not sufficient to meet such payment obligations on a Quarterly Payment Date. If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the aggregate amounts payable under items (a) to (p) (inclusive) in the Interest Priority of Payments, such excess amount will be used to deposit in or, as the case may be, to replenish the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Required Amount. The '**Reserve Account Required Amount**' shall on any Quarterly Calculation Date be equal to (i) 0.50 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class F Notes, on the Closing Date or (ii) zero, on the Optional Redemption Date whereon the Notes, other than the Subordinated Class F Notes, have been or are to be redeemed in full, subject to the Conditions.

Floating Rate GIC:

The Issuer and the Floating Rate GIC Provider will enter into a guaranteed investment contract (the '**Floating Rate GIC**') on the Closing Date, whereunder the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to one month Euribor minus a margin on the balance standing from time to time to the credit of the Transaction Accounts.

Subordinated Loan:

On the Closing Date, the Issuer will enter into a subordinated loan agreement (the '**Subordinated Loan**') with the Subordinated Loan Provider for an amount of euro 1,275,000. The proceeds of the Subordinated Loan will be used to pay certain start-up costs and expenses incurred by the Issuer in connection with the issue of the Notes.

Swap Agreement:

On the Closing Date, the Issuer will enter into a swap agreement with the Swap Counterparty to hedge the risk between the rates of interest to be received by the Issuer on (a) the Mortgage Receivables and the interest received on the Issuer Collection Account, the

Reserve Account and the Pre-funded Account and (b) the floating rates of interest payable by the Issuer on the relevant Class of Notes (as described in *Credit Structure* under *Interest Rate Hedging* below).

OTHER:

Issuer Services Agreement:

Under a mortgage payment transactions and issuer services agreement to be entered into on the Closing Date (the '**Issuer Services Agreement**') between the Issuer, the MPT Provider, the Defaulted Loan Servicer, the Issuer Administrator and the Security Trustee, (i) the MPT Provider will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Loans 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 Loans and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further the section *Mortgage Loan Underwriting* and *Mortgage Services* below) and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer on a day-to-day basis, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions.

Management Agreements:

Each of the Issuer, the Shareholder and the Security Trustee have entered into a management agreement (together, the '**Management Agreements**') with the relevant Director, whereunder the relevant Director will undertake to act as director of the Issuer, the Shareholder or, as the case may be, the Security Trustee and to perform certain services in connection therewith.

Listing:

Application has been made for the Notes to be listed on Eurolist by Euronext Amsterdam.

Ratings:

It is a condition precedent to issuance that (i) the Senior Class A Notes, on issue, be assigned a rating of 'Aaa' by Moody's and 'AAA' by Fitch, (ii) the Mezzanine Class B Notes, on issue, be assigned a rating of at least Aa2 by Moody's and AA by Fitch, (iii) the Mezzanine Class C Notes, on issue, be assigned a rating of at least A1 by Moody's and A by Fitch, (iv) the Mezzanine Class D Notes, on issue, be assigned a rating of at least Baa1 by Moody's and BBB by Fitch, (iv) the Junior Class E Notes, on issue, be assigned a rating of at least Baa3 by Moody's and BBB- by Fitch and (v) the Subordinated Class F Notes, on issue, be assigned a rating of at least Baa1 by Moody's and A- by Fitch.

CREDIT STRUCTURE

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

Mortgage Loan Interest Rates

The interest rate of each Mortgage Loan is fixed, subject to a reset from time to time, or floating. On the Cut-off Date the weighted average interest rate of the Mortgage Loans is expected to be 4.04 per cent.. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in *Description of the Mortgage Loans*.

Cash Collection Arrangement

Payments by the Borrowers of interest and scheduled principal under the Mortgage Loans are due on the 1st day of each month, interest being payable in arrear. All payments made by Borrowers will be paid into the Seller Collection Account maintained with ABN AMRO Bank N.V. (in such capacity the '**Seller Collection Account Provider**'). This account is not pledged to any party other than to the Seller Collection Account Provider pursuant to the applicable terms and conditions. This account will also be used for the collection of moneys paid in respect of mortgage loans other than Mortgage Loans and in respect of other moneys belonging to the Seller.

If the rating of the short-term, unsecured and unguaranteed debt obligations of the Seller Collection Account Provider falls below Prime-I by Moody's or F1 by Fitch (the '**Short Term Requisite Rating in respect of the Seller Collection Account Provider**'), the Seller will, to maintain the then current rating assigned to the Notes, either: (i) ensure that payments to be made in respect of amounts received on the Seller Collection Account relating to the Mortgage Receivables will be guaranteed by a party having at least the Short Term Requisite Rating in respect of the Seller Collection Account Provider; or (ii) (a) open an escrow account in the name of the Issuer, for its own account, with a party having at least the Short Term Requisite Rating in respect of the Seller Collection Account Provider, and (b) transfer to the escrow account an amount equal to the highest single amount of principal, interest and prepayment penalties received since the Closing on the Floating Rate GIC Account during one Mortgage Calculation Period; or (iii) implement any other actions agreed at that time with Moody's and Fitch.

On each '**Mortgage Payment Date**' (being the 12th day of each calendar month or if this is not a business day the next succeeding business day) the MPT Provider shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received by the Seller in respect of the Mortgage Loans during the immediately preceding Mortgage Calculation Period to the Issuer Collection Account.

For these purposes a '**Mortgage Calculation Period**' is the period commencing on (and including) the first day of a calendar month and ending on (and including) the last day of such calendar month and the first Mortgage Calculation Period will commence on (and include) the Cut-off Date and end on (and include) the last day of March 2006.

Transaction Accounts

Issuer Collection Account

The Issuer will maintain with the Floating Rate GIC Provider the Issuer Collection Account to which all amounts received (i) in respect of the Mortgage Loans, (ii) from the Savings Insurance Company pursuant to the Sub-Participation Agreement and (iii) from the other parties to the Relevant Documents will be paid.

The Issuer Administrator will identify all amounts paid into the Issuer Collection Account by crediting such amounts to ledgers established for such purpose. Payments received on each Mortgage Payment Date in respect of the Mortgage Loans will be identified as principal or revenue receipts and credited to a principal ledger (the '**Principal Ledger**') or a revenue ledger (the '**Revenue Ledger**'), as the case may be.

If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than Prime-1 by Moody's and F1 by Fitch (the '**Short Term Requisite Rating**') the Issuer will be required within 30 days to transfer the balance of the Transaction Accounts to an alternative bank with the Short Term Requisite Rating or to obtain a third party, acceptable to Moody's and/or Fitch, to guarantee the obligations of the Floating Rate GIC Provider.

On each Purchase Date during the Pre-funding Period (excluding the last Purchase Date of the Pre-funding Period), the Issuer has the option to invest any balance standing to the credit of the Issuer Collection Account and the Pre-funded Account in (i) euro denominated securities with a maturity not beyond the next succeeding Purchase Date, provided that such securities have been assigned a rating of Prime-1 by Moody's and F1 by Fitch or, as the case may be, (ii) other securities provided that Moody's and Fitch have given prior confirmation that such investment will not adversely affect the then current ratings assigned to the Notes.

Payments may be made from the Issuer Collection Account other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer's business, (ii) amounts due under the Sub-Participation Agreement, (iii) amounts due to the Seller in connection with the purchase of New Mortgage Receivables in accordance with the Mortgage Receivables Purchase Agreement and (iv) the repayment of any Liquidity Facility Stand-by Drawing in accordance with the Liquidity Facility Agreement.

Pre-funded Account

The Issuer will maintain with the Floating Rate GIC Provider the Pre-funded Account to which on the Closing Date an amount of euro 572,766,465.39 (the '**Pre-funded Amount**') of the net proceeds of the Notes (other than the Subordinated Class F Notes) will be credited. On each Purchase Date during the Pre-funding Period an amount equal to the positive difference between (a) the Initial Purchase Price of the New Mortgage Receivables purchased on such date and (b) the sum of (i) the Principal Available Amount and (ii) the amount of the Initial Participation relating to the New Mortgage Receivables to be purchased on the relevant Purchase Date will be transferred from the Pre-funded Account to the Issuer Collection Account. Payments may be made from the Pre-funded Account only to satisfy the Initial Purchase Price of New Mortgage Receivables during the Pre-funding Period. Any balance remaining on the Pre-funded Account upon the expiry of the Pre-funding Period will be transferred to the Issuer Collection Account and form part of the Notes Redemption Available Amount on the Quarterly Payment Date falling in June 2007.

Construction Account

The Issuer will also maintain with the Floating Rate GIC Provider the Construction Account to which on the Closing Date an amount corresponding to the aggregate Construction Amount relating to the Mortgage Receivables will be credited or in case of the purchase of New Mortgage Receivables, on the relevant Purchase Date, an amount corresponding to the aggregate Construction Amount relating to such New Mortgage Receivables will be credited. Payments may be made from the Construction Account on a Quarterly Payment Date only to satisfy payment by the Issuer to the Seller of (part of) the Initial Purchase Price as a result of the distribution of (part of) the Construction Amount by the Seller to the relevant Borrowers. Besides this, the Construction Account will be debited with the amount Borrowers have set off against the relevant Mortgage Loans to which the Mortgage Receivables relate in connection with the Construction Amounts and as a result of which the Issuer has no further obligation to pay (such part of) the Initial Purchase Price. Such amount will be transferred to the Issuer Collection Account and form part of the Notes Redemption Available Amount.

Reserve Account

The Issuer will also maintain with the Floating Rate GIC Provider the Reserve Account. The net proceeds of the Subordinated Class F Notes will be credited to the Reserve Account.

Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet items (a) to (o) (inclusive) of the Interest Priority of Payments, before application of any funds drawn under the Liquidity Facility.

If and to the extent that the Notes Interest Available Amount on any Quarterly Calculation Date exceeds the amounts required to meet items ranking higher in the Interest Priority of Payments, the excess amount will be applied to replenish and/or build up the Reserve Account as the case may be, until the balance standing to the credit of the Reserve Account equals the Reserve Account Required Amount. The Reserve Account Required Amount shall on any Quarterly Payment Date be equal to (i) 0.50 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class F Notes, on the Closing Date or (ii) zero, on the Optional Redemption Date whereon the Notes, other than the Subordinated Class F Notes, have been or are to be redeemed in full, in accordance with the Conditions.

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

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

Swap Collateral Account

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

'Excess Swap Collateral' means an amount equal to the value of any collateral transferred to the Issuer by the Swap Counterparty under the Swap Agreement that is in excess of the Swap Counterparty's liability to the Issuer thereunder.

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

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

Priority of Payments in respect of interest

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each fourth business day prior to each Quarterly Payment Date (a **'Quarterly Calculation Date'**) and which have been received or deposited during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date (items (i) up to and including (xi) being hereafter referred to as the **'Notes Interest Available Amount'**):

- (i) as interest, including penalty interest, on the Mortgage Receivables, less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, an amount equal to the amount received in respect of each Mortgage Calculation Period falling in such Quarterly Calculation Period, multiplied by the quotient of the relevant Participation on the first day of the relevant Mortgage Calculation Period divided by the Outstanding Principal Amount in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element on the first day of the relevant Mortgage Calculation Period (the **'Participation Fraction'**) and less any amounts paid to the

Swap Counterparty under the Swap Agreement at the two immediately preceding Swap Payment Dates in the relevant Quarterly Calculation Period;

- (ii) as interest accrued on the Issuer Collection Account, the Reserve Account and the Pre-funded Account;
- (iii) as prepayment penalties and interest penalties under the Mortgage Loans;
- (iv) as Net Proceeds on any Mortgage Receivables to the extent such proceeds do not relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, an amount equal to the amount received multiplied by the Participation Fraction;
- (v) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) on the immediately succeeding Quarterly Payment Date;
- (vi) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (vii) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date, if any, excluding, for the avoidance of doubt, any collateral transferred pursuant to the Swap Agreement;
- (viii) as amounts received in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement, or any other amounts received pursuant to the Mortgage Receivables Purchase Agreement, to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, an amount equal to the amount received multiplied by the Participation Fraction;
- (ix) as amounts received in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, an amount equal to the amount received multiplied by the Participation Fraction;
- (x) as amounts received as post-foreclosure proceeds on the Mortgage Receivables; and
- (xi) on the Quarterly Payment Date on which the Notes, other than the Subordinated Class F Notes, will be or have been redeemed in full, any (remaining) amounts standing to the credit of the Issuer Collection Account which are not included in items (i) up to and including (x) on such Quarterly Payment Date;

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

- (a) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of the fees or other remuneration due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof of fees and expenses due and payable to the MPT Provider, the Defaulted Loan Servicer and the Issuer Administrator under the Issuer Services Agreement;
- (c) *third*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax and sums due to Moody's and Fitch and fees and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer and/or the Security Trustee, (ii) fees and expenses due to the Paying Agent and the Reference Agent under

- the Paying Agency Agreement and (iii) the Liquidity Facility Commitment Fee (as defined therein) under the Liquidity Facility Agreement to the Liquidity Facility Provider;
- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility, but excluding any gross-up amounts or additional amounts due under the Liquidity Facility and payable under (t) below, or (ii) following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Ledger;
 - (e) *fifth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement, (except for any termination payment due or payable as a result of the occurrence of an Event of Default (as defined therein) where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined therein) relating to the credit rating of the Swap Counterparty (as such terms are defined in the Swap Agreement), including a Settlement Amount (as defined therein) (a '**Swap Counterparty Default Payment**') payable under (s) below) but excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral;
 - (f) *sixth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A Notes;
 - (g) *seventh*, in or toward making good any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
 - (h) *eighth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Mezzanine Class B Notes;
 - (i) *ninth*, in or toward making good any shortfall reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
 - (j) *tenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Mezzanine Class C Notes;
 - (k) *eleventh*, in or toward making good any shortfall reflected in the Class C Principal Deficiency Ledger until the debit balance, if any, on the Class C Principal Deficiency Ledger is reduced to zero;
 - (l) *twelfth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Mezzanine Class D Notes;
 - (m) *thirteenth*, in or toward making good any shortfall reflected in the Class D Principal Deficiency Ledger until the debit balance, if any, on the Class D Principal Deficiency Ledger is reduced to zero;
 - (n) *fourteenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Junior Class E Notes;
 - (o) *fifteenth*, in or toward making good any shortfall reflected in the Class E Principal Deficiency Ledger until the debit balance, if any, on the Class E Principal Deficiency Ledger is reduced to zero;
 - (p) *sixteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Class F Notes;
 - (q) *seventeenth*, in or towards satisfaction of any sums required to replenish the Reserve Account up to the amount of the Reserve Account Required Amount;
 - (r) *eighteenth*, in or towards satisfaction of principal amounts due under the Subordinated Class F Notes on the relevant Quarterly Payment Date, including the Final Maturity Date;
 - (s) *nineteenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
 - (t) *twentieth*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement;

- (u) *twenty-first*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Loan;
- (v) *twenty-second*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan; and
- (w) *twenty-third*, 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 sum of the following amounts, calculated as at any Quarterly Calculation Date, as being received or deposited during the immediately preceding Quarterly Calculation Period (items (i) up to and including (x) hereinafter referred to as the '**Notes Redemption Available Amount**')

- (i) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (ii) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (iii) in connection with a repurchase of Mortgage Receivables, whether or not as a result of the exercise of the Regulatory Call Option, 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 less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element to the extent not applied to the purchase of New Mortgage Receivables on such Quarterly Payment Date;
- (iv) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
- (v) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
- (vi) as Monthly Participation Increase pursuant to the Sub-Participation Agreement and as consideration for the Initial Participation in case any type of Mortgage Loan switches into a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element;
- (vii) as partial prepayment in respect of Mortgage Receivables;
- (viii) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;
- (ix) as amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement; and
- (x) upon expiry of the Pre-funding Period, the balance standing to the credit of the Pre-funded Account on the last day of the Pre-funding Period;

will be applied by the Issuer on the Quarterly Payment Date falling in June 2007 and each Quarterly Payment Date thereafter (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the '**Principal Priority of Payments**'):

- (a) *first*, in or towards satisfaction of principal amounts due under the Senior Class A Notes on the relevant Quarterly Payment Date including, as the case may be, the Final Maturity Date, until fully redeemed;
- (b) *second*, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed;
- (c) *third*, in or towards satisfaction of principal amounts due under the Mezzanine Class C Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed;
- (d) *fourth*, in or towards satisfaction of principal amounts due under the Mezzanine Class D Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed; and
- (e) *fifth*, in or towards satisfaction of principal amounts due under the Junior Class E Notes on the relevant Quarterly Payment Date, including, as the case may be, the Final Maturity Date, until fully redeemed.

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed, other than in respect of the Participations, will be paid to the Secured Parties (including the Noteholders, but excluding the Savings Insurance Company) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the '**Priority of Payments upon Enforcement**'):

- (a) *first*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing due and payable but unpaid under the Liquidity Facility Agreement;
- (b) *second*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (i) the fees or other remuneration due to the Directors, (ii) any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents, which will include, *inter alia*, the fees and expenses of Moody's and Fitch, any legal advisor, auditor and/or accountant appointed by the Security Trustee, (iii) the fees and expenses of the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement and (iv) the fees and expenses of the MPT Provider, the Issuer Administrator and the Defaulted Loan Servicer under the Issuer Services Agreement;
- (c) *third*, in or towards satisfaction of any sums due and payable but unpaid under the Liquidity Facility Agreement but excluding any Liquidity Facility Stand-by Drawing payable under (a) above and any gross-up amounts or additional amounts due under the Liquidity Facility Agreement payable under (a) above or (q) below;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement including any Settlement Amounts (as defined therein) to be paid by the Issuer upon early termination of the Swap Agreement as determined in accordance with its terms but excluding any Swap Counterparty Default Payment payable under subparagraph (p) below, excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of Excess Swap Collateral;
- (e) *fifth*, in or towards satisfaction of all amounts of (i) interest due or interest accrued but unpaid and (ii) principal and any other amount due but unpaid in respect of the Senior Class A Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class B Notes;

- (g) *seventh*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class B Notes;
- (h) *eighth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class C Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class C Notes;
- (j) *tenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Mezzanine Class D Notes;
- (k) *eleventh*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Mezzanine Class D Notes;
- (l) *twelfth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Junior Class E Notes;
- (m) *thirteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class E Notes;
- (n) *fourteenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class F Notes;
- (o) *fifteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class F Notes;
- (p) *sixteenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (q) *seventeenth*, in or towards satisfaction of gross up amounts or additional amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement,
- (r) *eighteenth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan; and
- (s) *nineteenth*, in and towards satisfaction of any Deferred Purchase Price Instalment to the Seller.

Application of principal amounts towards the purchase of New Mortgage Receivables

The Issuer will purchase on each Purchase Date the New Mortgage Receivables to the extent offered by the Seller by applying the Purchase Available Amount. During the Pre-funding Period, the '**Purchase Available Amount**' consists of the sum of (i) the Principal Available Amount, (ii) the amount of the Initial Participation relating to the relevant New Mortgage Receivables to be purchased on the relevant Purchase Date and (iii) any drawing from the Pre-funded Account on such Purchase Date in accordance with the Trust Deed. On each Purchase Date after the expiry of the Pre-funded Period the Purchase Available Amount consists of the sum of (i) any amount received or deposited during the immediately preceding Quarterly Calculation Period in connection with a repurchase of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and (ii) the amount of the Initial Participation relating to the relevant New Mortgage Receivables to be purchased on the relevant Purchase Date. The '**Principal Available Amount**' is, on any Mortgage Calculation Date, the sum of all amounts received or deposited by the Issuer during the immediately preceding Mortgage Calculation Period which would form part of the Notes Redemption Available Amount increased with any Principal Available Amount calculated on the immediately preceding Mortgage Calculation Date which has not been applied towards the purchase of New Mortgage Receivables on such preceding Purchase Date.

Subordinated Loan

On the Closing Date the Seller will make available to the Issuer the Subordinated Loan. The Subordinated Loan will be in an amount of euro 1,275,000 and will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes.

Liquidity Facility

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will be entitled on any Quarterly Payment Date (other than on (i) an Optional Redemption Date if and to the extent the Notes, other than the Subordinated Class F Notes, are redeemed in full on such Optional Redemption Date or (ii) the Final Maturity Date) to make drawings under the Liquidity Facility up to the Liquidity Facility Maximum Amount (as defined below). The Liquidity Facility Agreement is for a term of (up to) 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the Liquidity Facility by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, after the application of amounts available on the Reserve Account and without taking into account any drawing under the Liquidity Facility, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (n) (inclusive), but not items (g), (i), (k) and (m) in the Interest Priority of Payments in full on that Quarterly Payment Date, provided that no drawing may be made to meet item (h) if there is a debit balance on the Class B Principal Ledger and no drawing may be made to meet item (j) if there is a debit balance on the Class C Principal Deficiency Ledger and no drawing may be made to meet item (l) if there is a debit balance on the Class D Principal Deficiency Ledger and no drawing may be made to meet item (n) if there is a debit balance on the Class E Principal Deficiency Ledger. The Liquidity Facility Provider will rank in priority in point of payments and security to the Notes.

If, at any time, (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are assigned a rating of less than Prime-1 by Moody's and/or F1 by Fitch or any such rating is withdrawn by Moody's or Fitch and (ii) within 30 days of such downgrading the Liquidity Facility is not renewed or replaced by the Issuer with an alternative Liquidity Facility Provider whose short-term unsecured, unsubordinated and unguaranteed debt obligations are assigned at least a rating of Prime-1 by Moody's and/or F1 by Fitch or alternatively the Liquidity Facility Provider has procured that a guarantee for its obligations in favour of the Issuer has been issued, the Issuer will be required forthwith to draw down the entirety of the undrawn portion of the Liquidity Facility (a '**Liquidity Facility Stand-by Drawing**') and credit such amount to the Issuer Collection Account with a corresponding credit to a ledger to be known as the '**Liquidity Facility Stand-by Ledger**'. Amounts so credited to the Issuer Collection Account may be utilised by the Issuer in the same manner as a drawing under the Liquidity Facility. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility Provider does not renew the Liquidity Facility following its commitment termination date. If a Liquidity Facility Stand-by Drawing is to be repaid by the Issuer, such repayment shall be made by the Issuer from the Issuer Collection Account directly to the Liquidity Facility Provider (outside of the Interest Priority of Payments).

For these purposes, '**Liquidity Facility Maximum Amount**' means, on each Quarterly Calculation Date, 2.5 per cent. of the aggregate Principal Amount Outstanding of the Notes, other than the Subordinated Class F Notes, on such date.

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising five sub-ledgers (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) will be established by or on behalf of the Issuer in order to record Realised Losses (a '**Principal Deficiency**'). An amount equal to any Principal Deficiency will be debited to the Class E Principal Deficiency Ledger (such debit items being credited at item (o) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such sub-ledger is less than Principal Amount Outstanding of the Junior Class E Note and thereafter such amount will be debited, to the Class D Principal Deficiency Ledger (such debit items being credited at item (m) of the Interest Priority of Payments, to the

extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than Principal Amount Outstanding of the Mezzanine Class D Notes and thereafter such amount will be debited, to the Class C Principal Deficiency Ledger (such debit items being credited at item (k) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than Principal Amount Outstanding of the Mezzanine Class C Notes and thereafter such amount will be debited to the Class B Principal Deficiency Ledger (such debit items being credited at item (i) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than Principal Amount Outstanding of the Mezzanine Class B Notes and thereafter such amount will be debited to the Class A Principal Deficiency Ledger (such debit items being credited at item (g) of the Interest Priority of Payments, to the extent funds become available for such purpose).

‘Realised Losses’ means, on any Quarterly Calculation Date, the sum of (a) the amount of the difference between (i) the aggregate Outstanding Principal Amount in respect of Mortgage Receivables less, with respect to the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the relevant Participations, on which the Seller or the Defaulted Loan Servicer or the Issuer has foreclosed from the Closing Date up to and including such Quarterly Calculation Date and (ii) the sum of (x) the Net Proceeds on such Mortgage Receivables other than Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element and (y) the Net Proceeds on such Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element up to the amount of the relevant Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element less the Participations and (b) with respect to Mortgage Receivables sold by the Issuer, the amount of the difference, if any, between (x) the aggregate Outstanding Principal Amount, less with respect to such Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the relevant Participations, and (y) the purchase price received in respect of such Mortgage Receivables to the extent relating to the principal less, with respect to Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, the relevant Participations.

Interest Rate Hedging

The Mortgage Loan Criteria require that all Mortgage Loans bear a fixed rate of interest, a rate which is subject to a reset from time to time, or a floating rate of interest. The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. The Issuer will hedge its interest rate exposure by entering into the Swap Agreement with the Swap Counterparty.

Under the Swap Agreement, the Issuer will agree to pay on each Swap Payment Date (being the 15th day of each month or in case of a month in which a Quarterly Payment Date falls, such Quarterly Payment Date) the sum of:

- (a) the aggregate amount of interest on the Mortgage Receivables scheduled to be paid during the immediately preceding Mortgage Calculation Period less, with respect to each Savings Mortgage Receivable and each Life Mortgage Receivable with a Savings Element, an amount equal to the scheduled interest multiplied by the relevant Participation Fraction; and
- (b) the interest accrued on the Issuer Collection Account, the Reserve Account and the Pre-funded Account; and
- (c) the aggregate amount of the penalty interest and any prepayment penalties received during the immediately preceding Mortgage Calculation Period; less
 - (y) an excess margin of 0.50 per cent. per annum applied to the aggregate Principal Amount Outstanding of the Notes (excluding the Subordinated Class F Notes) on the first day of the relevant Floating Rate Interest Period divided by three (the **‘Excess Margin’**); and
 - (z) the operating expenses set out in items (a) up to and including (c) of the Interest Priority of Payments payable during each calendar year divided by twelve.

The Swap Counterparty will agree to pay amounts equal to the scheduled interest due under the Notes, and calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding of the relevant Class of Notes (as reduced by any outstanding debit balances on the respective sub-ledgers of the Principal Deficiency Ledger or in respect of the Subordinated Class F Notes, the full Principal Amount Outstanding of the Subordinated Class F Notes, if there is a balance standing on the Class E Principal Deficiency Ledger) on the first day of the relevant Floating Rate Interest Period.

Adjustment of Swap Amounts

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

Downgrade of Swap Counterparty

Pursuant to the Swap Agreement, if, at any time and for so long as, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as A1 (or its equivalent) by Moody's or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as Prime-1 (or its equivalent) by Moody's (and, at such time, the long-term, unsecured and unsubordinated debt obligations of any co-obligor to the Swap Counterparty are not rated as high as A1 (or its equivalent) by Moody's or the short-term, unsecured and unsubordinated debt obligations of such co-obligor are not rated as high as Prime-1 (or its equivalent) by Moody's (such ratings together the '**Moody's Required Ratings I**')), then the Swap Counterparty will, on a reasonable efforts basis and at its own cost, attempt to:

- (a) transfer all of its rights and obligations with respect to the Swap Agreement to either (x) a replacement third party with the Moody's Required Ratings I domiciled in the same legal jurisdiction as the Swap Counterparty or the Issuer or (y) a replacement third party agreed by Moody's; or
- (b) procure another person to become co-obligor in respect of the obligations of the Swap Counterparty under the Swap Agreement. Such co-obligor may be either (x) a person with the Moody's Required Ratings I domiciled in the same legal jurisdiction as the Swap Counterparty or the Issuer, or (y) a person agreed by Moody's; or
- (c) take such other action as the Swap Counterparty may agree with Moody's; or
- (d) within thirty (30) days of the occurrence of such downgrade, put in place a mark-to-market collateral agreement in a form and substance acceptable to Moody's (which may be based on the credit support documentation published by ISDA, or otherwise, and relates to collateral in the form of cash or securities or both (the 'Collateral Amount')) in support of its obligations under the Swap Agreement which complies with, and complying with, in relation to the Collateral Amount, certain criteria set by Moody's or any other amount which might be agreed with Moody's.

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

Pursuant to the Swap Agreement, if, at any time and for so long as, (i) the long-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high

as A3 (or its equivalent) by Moody's or (ii) the short-term, unsecured and unsubordinated debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as Prime-2 (or its equivalent) by Moody's (such ratings together the '**Moody's Required Ratings II**') (and, at such time, the long-term, unsecured and unsubordinated debt obligations or the short-term, unsecured and unsubordinated debt obligations of any co-obligor to the Swap Counterparty are not rated as high as the Moody's Required Ratings I, then the Swap Counterparty will, on a best efforts basis and at its own cost attempt to take the action described under (a), (b), (c) and (d) above, save that:

- (i) in the event that the Swap Counterparty is unable to comply with (a), (b) or (c) above within such thirty (30) day period it will continue, on a best efforts basis, to attempt to comply with the same; and
- (ii) the action described under (d) above will apply immediately after the Swap Counterparty ceases to be rated at least as high as the Moody's Required Ratings II.

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

Pursuant to the Swap Agreement, if, at any time, (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to be rated at least as high as A by Fitch, or (b) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty cease to be rated at least as high as F1 by Fitch (such ratings together the '**Fitch Required Ratings**' and events (a) or (b) a '**Fitch Downgrade**'), or (c) any such rating is withdrawn by Fitch, then the Swap Counterparty will within thirty (30) days of such reduction or withdrawal of any such rating, (i) obtain a third party, having the Fitch Required Ratings, to guarantee the obligations of the Swap Counterparty under the Swap Agreement, or (ii) provide credit support sufficient to maintain the then current rating of the Notes which would have subsisted but for the Fitch Downgrade, or (iii) transfer and assign its rights and obligations under the Swap Agreement to a third party having the Fitch Required Ratings, or (iv) find any other solution necessary to assist the Issuer or take such other action as the Swap Counterparty may agree with Fitch as will result in the ratings of the Notes then outstanding being restored to or maintained at the level they were at immediately prior to the Fitch Downgrade in each case in accordance with and subject to the provisions of the Swap Agreement and the Trust Deed.

The mark-to-market collateral agreement in relation to the credit support referred to in (ii) above must be in a form and substance acceptable to Fitch (which may be based on the credit support documentation published by ISDA, or otherwise, and relates to collateral in the form of cash or securities or both) in support of the Swap Counterparty's obligations under the Swap Agreement, which complies with, in relation to the Collateral Amount, certain published criteria set by Fitch or any other amount which might be agreed with Fitch.

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

Pursuant to the Swap Agreement, if at any time, (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than BBB+ by Fitch, or (b) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than F2 by Fitch (a '**Fitch F2 Downgrade**') or (c) any such rating is withdrawn by Fitch, then the Swap Counterparty will, at its own cost, within thirty (30) days of such reduction or withdrawal of any such rating, (i) obtain a third party having the Fitch Required Ratings, to guarantee the obligations of the Swap Counterparty under the Swap Agreement, or (ii) transfer and assign its rights and obligations under the Swap Agreement to a third party having the Fitch Required Ratings, or (iii) find any other solution necessary to assist the Issuer or take such other action as the Swap Counterparty may agree with Fitch as will result in the rating of the Notes then outstanding being restored to or maintained at the level they were at immediately prior to the Fitch F2 Downgrade, in each case in accordance with and subject to the provisions of the Swap Agreement and the Trust Deed.

Pending compliance with any one of (i), (ii) or (iii) above, following the occurrence of a Fitch F2 Downgrade, the Swap Counterparty shall put in place or (as the case may be) continue to post collateral to the Issuer pursuant to a mark-to-market collateral arrangement described in (ii) above in support of its obligations under the Swap Agreement. Collateral is only an option if the mark-to-market calculations and the correct and timely posting of collateral are verified by an independent third party.

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

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

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

Sale of Mortgage Receivables

Under the terms of the Trust Deed, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on each Optional Redemption Date to a third party or in accordance with the Mortgage Receivables Purchase Agreement the Issuer may be obliged to sell all but not some of the Mortgage Receivables to the Seller, provided in any case that the Issuer shall apply the proceeds of such sale to redeem the Notes, other than the Subordinated Class F Notes (see Condition 6(e)). In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Issuer has the obligation to sell and assign to the Seller and the Seller (or a third party appointed by it) has the obligation to repurchase upon the exercise of the Clean-Up Call Option by the Seller. The purchase price of the Mortgage Receivables shall be equal to at least the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, except that with respect to Mortgage Receivables which result from Mortgage Loans that are in arrears for a period exceeding 90 days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (a) the sum of the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Conditions up to the relevant date of such sale or repurchase and (b) an amount equal to the foreclosure value of the Mortgaged Assets or, if no valuation report of less than 12 months old is available, the indexed foreclosure value.

In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Seller has the obligation to repurchase certain Mortgage Receivables in certain other events. In these events the purchase price will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivable, together with interest accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and reassignment).

In addition, pursuant to the Mortgage Receivables Purchase Agreement, the Seller has the right to exercise the Regulatory Call Option in certain events. In these events the purchase price will be equal to the Outstanding Principal Amount in respect of the Mortgage Receivable, together with interest accrued up to (but excluding) the date of repurchase and re-assignment of the Mortgage Receivable and reasonable costs, if any (including any costs incurred by the Issuer in effecting and completing such purchase and reassignment).

THE DUTCH RESIDENTIAL MORTGAGE MARKET

The Netherlands

- With 16.33mln inhabitants*, the Netherlands is one of the most densely populated countries in the world.
- Approximately 53% of all properties are owner occupied, which is well below the government target and European average of 65%†.
- During 2005, the average house price increased by 5.4% to EUR 230,000‡, as a result of increased consumer confidence and a recovery of the economy.
- The number of property sales increased by 8% compared to 2004§, reflecting the dynamic market.
- Over 2005, the average mortgage size increased by 11% to EUR 255,000 (compared to EUR 230,689 in Q4 2004)**.
- After reaching 7% in October 2005, unemployment stabilised at 6% at YE 2005††.
- Inflation over 2005 was 1.5%. Well below the expected average of 2.2% for the EU‡‡.
- After a decline in GDP in the first quarter of 2005, both the second and third quarter demonstrated a return to growth with a 1.3% increase in GDP for both quarters§§.

Dutch mortgage market characteristics

- Total mortgage debt outstanding was EUR 448bln as of March 2005***, which represents 92% of GDP.
- Losses as a result of default on mortgage loans in the Dutch mortgage market are very low due to a number of factors specific to the Dutch market:
 - Long term fixed rate mortgages;
 - Strong social support system;
 - Geographical small country as a result of which relocation following job change is limited;
 - Many borrowers obtain a guarantee from NHG for principal and interest;
 - Under the Dutch legal system, lenders have recourse against the borrower including on the borrower's salary up to a certain maximum;
- National Credit Register registers positive and negative credit events on all types of credits. BKR registers mortgage loans only if they are at least 120 days in arrears. Data is kept on record for five years;
- Fiscal advantages - Dutch law allows full deduction of mortgage interest payments for determining income tax (only for first residential property and for a maximum of 30 years).

Dutch mortgage market – mortgage loan characteristics

- Loan to Foreclosure Value ratios (upon origination) of 125% - 130% are common in the Dutch market, which equates to approx. 106%- 110% of fair market value.

1 Source: CBS (December 2005)

2 Source: CBS

3 Source: NVM

4 Source: NVM

5 Source: Kadaster

6 Source: CBS

7 Source: ECB, Monthly bulletin February 2006

8 Source: DNB

9 Source: CBS

10 Source: Kadaster

- Over 2005, the average mortgage size increased to EUR 255,000 (up 11% from Q4 2004)^{†††}.
- Interest on mortgages is fully tax deductible (for a maximum of 30 years and for the first property only).
- During 2004, new tax regulation was introduced that limits the deductibility to the amount of non-equity refinancing only.
- A typical residential mortgage in the Netherlands is a 30-year loan with a fixed interest rate, resettable after 2, 5, 7 or 10 year.
- Borrowers may prepay their mortgages penalty free subject to the following conditions:
 - 10-20% per annum;
 - up to 100% if the borrower sells his property;
 - up to 100% upon death of the borrower; and
 - up to 100% at interest reset dates.
- The prepayment penalty is generally based on neutralising the interest rate advantage for the borrower at refinancing.

Dutch housing market

- Average house price increase by 5.4% during 2005^{‡‡‡}.
- Average house price at 31 December 2005 was EUR 230,000^{§§§}.
- The number of transactions in 2005 was 8% higher than in 2004^{****}.

* Source: CBS (December 2005)

† Source: CBS

‡ Source: NVM

§ Source: NVM

** Source: Kadaster

†† Source: CBS

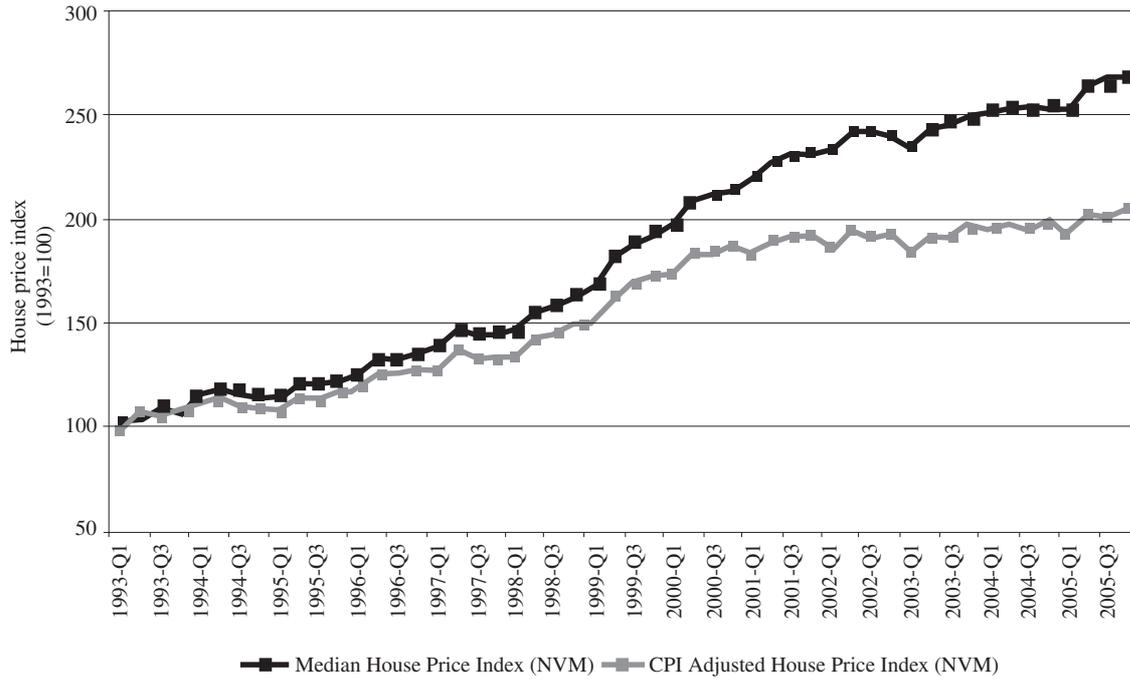
‡‡ Source: ECB, Monthly bulletin February 2006

§§ Source: CBS

*** Source: DNB

††† Source: Kadaster

Median House Price Development in the Netherlands



††† Source: NVM
 §§§ Source: NVM
 **** Source: NVM

Delta Lloyd

Introduction

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

Alongside its Dutch insurance operations, Delta Lloyd Group also operates divisions for Asset Management and banking, together with divisions in Germany and Belgium. Delta Lloyd Group aims to be one of the leading financial service providers in the Netherlands, Belgium and Germany. In addition, Delta Lloyd Group wants to be a socially involved and community-minded financial service provider that makes a clear contribution to the ongoing improvement and prosperity of society. The continuous search for the right balance between entrepreneurial spirit and social responsibility makes Delta Lloyd Group an accessible organisation that wishes to fulfil its duties as a good corporate citizen.

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

History

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

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

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

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

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

Own course

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

To this end, Delta Lloyd Group started to look across the border. The company took over the life insurance company Berlinische Lebensversicherung and Gries & Heissel Bank, which jointly formed Delta Lloyd Germany. In 2001 Delta Lloyd Life was set up in Belgium and, within a few years, managed to attain a top-eight position in the local life insurance market. A large part of this success can be ascribed to the simultaneous creation of a good distribution network: Delta Lloyd Bank. This consists of a medium-sized bank branch network resulting from the merger between Bankunie and Bank van Limburg, plus the addition of the retail window of Banque Nagelmackers 1747 N.V., Belgium's oldest bank. Securing improved access to the customer through a powerful distribution network was, and still is, perceived to be a critical success factor in the insurance market.

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

Shareholder relationship

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

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

Aviva

Aviva is the holding company of the Aviva group of companies, which carries out life assurance and long-term savings business, fund management and all classes of general insurance. It also invests in securities, properties, mortgages and loans, and trades in property. In terms of premium income, Aviva is the world's seventh-largest insurance group and the largest in the United Kingdom.

The Aviva group has subsidiaries, associates and branches in the United Kingdom, continental Europe, North America, Asia, Australia and other countries around the world, employing a total of 60,000 staff. In 2004, Aviva generated premium income and investment sales from continuing operations of GBP 33 billion and holds more than GBP 291 billion of assets under management.

Delta Lloyd Group structure

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

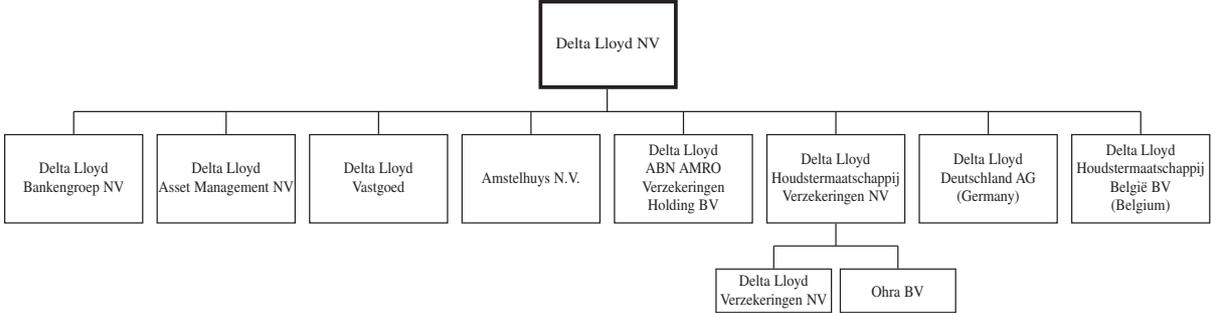


Figure 1 Organisational structure Delta Lloyd N.V.

Delta Lloyd Verzekeringen

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

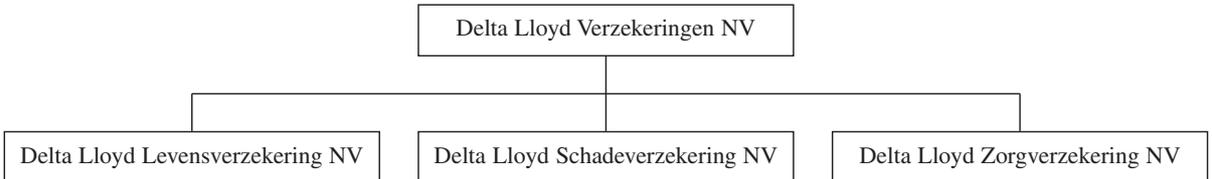


Figure 2 Organisational structure Delta Lloyd Verzekeringen N.V.

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

OHRA B.V.

A further 100 per cent. subsidiary of the Holding Company, is OHRA B.V. (**OHRA Insurance**). OHRA Insurance is the channel through which the Delta Lloyd Group directly offers insurance products to clients in the Netherlands. The division consists of OHRA Levensverzekeringen N.V. (**OHRA Life**), OHRA Schadeverzekeringen N.V. (**OHRA General Insurance**), OHRA Ziektenkostenverzekeringen N.V. (**OHRA Health**), and Nationaal Spaarfonds Holding B.V. (**Nationaal Spaarfonds**). OHRA’s strength lies in meeting consumers’ needs with respect to rapid service, both in terms of underwriting and use of the internet.

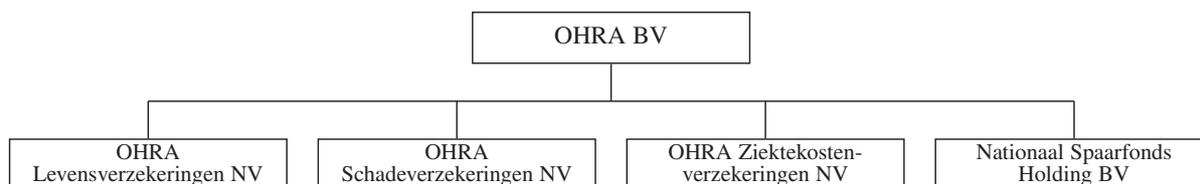


Figure 3 Organisational structure OHRA B.V.

ABN AMRO Insurance

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



Figure 4 Organisational structure joint venture Delta Lloyd Group and ABN AMRO

Delta Lloyd Asset Management N.V.

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

Delta Lloyd Vastgoed

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

Delta Lloyd Bankengroep N.V.

Delta Lloyd Bankengroep N.V. (**‘Delta Lloyd Banking Division’**) includes all banking and mortgage activities of Delta Lloyd Group in the Benelux. The division operates through a number of Belgian entities and one Netherlands entity. The Belgian entities are: Delta Lloyd Bank N.V. (retail bank for individual customers, self-employed, director/shareholders and for wealth management) and Delta Lloyd Securities N.V. (stock brokerage). The Netherlands entity is Delta Lloyd Bank (savings, credit and investment products for individual clients, via independent intermediaries). Individual asset management is offered to wealthy individuals under the label Private Banking. OHRA Bank is a marketing label of Delta Lloyd Bank and renders direct services with flexible banking products.

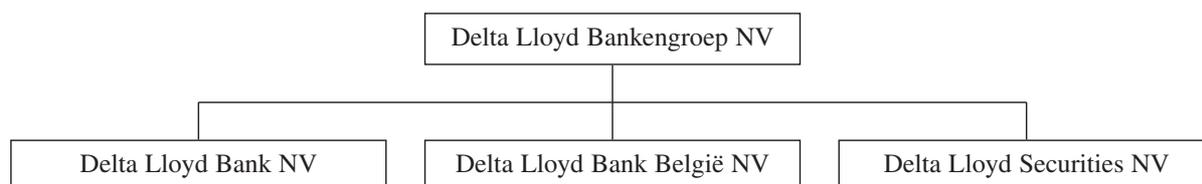


Figure 5 Organisational structure Delta Lloyd Bankengroep N.V.

Delta Lloyd Deutschland AG

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

Delta Lloyd Life N.V. in Belgium

The Belgian entity Delta Lloyd Life N.V. (**‘Delta Lloyd Life Belgium’**) operates in the life insurance market in Belgium. At the end of January 2005 Delta Lloyd Life Belgium N.V. sold and transferred all the shares it owned in the capital of Delta Lloyd Life Belgium to Delta Lloyd Group. Delta Lloyd Group now owns all the shares in the capital of Delta Lloyd Life Belgium. Going forward, Delta Lloyd Belgium N.V. will focus on growth in the market of long-term savings and life insurance.

Amstelhuys

Amstelhuys is a 100 per cent. subsidiary of Delta Lloyd Group and has registered itself with the Dutch Central Bank as a finance company within the meaning of Section 2 of the Decree of the Minister of Finance dated 26 June 2002, as amended, issued pursuant to, inter alia, Section 6 paragraph 3 of the Netherlands Act on the Supervision of the Credit System 1992 (*‘Wet toezicht kredietwezen 1992’*, **‘Wtk’**) and is as such exempted from the licence requirement under the Wtk. Amstelhuys is in the process of obtaining a licence under the new Financial Services Act (*‘Wet financiële dienstverlening’*) and considers it likely that it will be granted such licence, although, given the fact that it cannot comply with several requirements of the Act by itself, but that its front and back office services are sourced out to Delta Lloyd Bank on the basis of a service agreement, certainty in this respect cannot be given (reference is made to what is stated under *Risk Factors*). Amstelhuys is fully consolidated in Delta Lloyd Group’s annual accounts and on 7 July 1999 Delta Lloyd Group issued a statement pursuant to Section 2:403 of the Netherlands Civil Code that it assumes joint and several liability for any liabilities arising from legal acts of Amstelhuys. The Articles of Association of Amstelhuys have last been amended by a notarial deed on 22 February 2002. Amstelhuys has its registered office in Amsterdam.

The statutory objectives of Amstelhuys are:

- ‘Obtaining funds, with a term of two years or longer of non public companies or institutions’.
- ‘Granting mortgage loans to private persons and companies’.

Aims and Strategy of Amstelhuys

Within the strategy to optimise Delta Lloyd Group’s mortgage activities, Amstelhuys was established in October 2002. Amstelhuys was set-up as a funding and originating entity that incorporates almost all of Delta Lloyd Group’s residential mortgage business in one single entity. The residential mortgage loans in the Netherlands of Delta Lloyd Group (except employee mortgages and some small labels) are originated and funded through Amstelhuys. All existing commercial labels still remain the same and financing of the mortgage portfolio takes place through Amstelhuys’ balance sheet. Amstelhuys has no staff and its activities are outsourced by means of service level agreements. Delta Lloyd Bank is responsible for the distribution of mortgages for Delta Lloyd in the Netherlands.

With the establishment of Amstelhuys the following objectives are intended to be met:

- Optimum usage of funding within the Delta Lloyd Group;
- Further improvement of risk management and asset liability management;
- A higher transparency of the profitability of the mortgage business;
- Streamlining of the administrative activities
- Delta Lloyd Life granting life insurance policies in connection with almost each new mortgage loan.

The strategy of Amstelhuys is based on growth and funding.

Growth

- Economies of scale.
- Originating residential mortgages.

Funding

- Optimum usage of funding capacity within Delta Lloyd Group entities.
- Access to alternative funding.
- Frequent use of Mortgages Backed Securities.
- Investor Relations.
- Optimum Product Mix.

Business of Amstelhuys

Amstelhuys started its operational activities on October 18, 2002. Due to the start-up costs and the provision structure used in the Netherlands, the result for 2003 did show a loss as had been foreseen. For 2004 also a loss had been foreseen but due to the interest rate management and strong growth of the portfolio 2004 showed a profit. All the objectives that were set out for 2004 have been met.

The capital market for the year 2004 can be characterised as very volatile. Due to its strict asset and liability management Amstelhuys changed its mortgage rates thirteen times during 2004 (in 2003 also thirteen times).

The Amstelhuys portfolio under management has grown significantly in 2004 with euro 1,700,000,000 mortgage loans granted. Due to a transfer of euro 200,000,000 worth of mortgage loans to Delta Lloyd Bank for funding purposes, the balance sheet shows a lower volume at year-end 2004. Despite general economic conditions the mortgage production in 2004 was still strong due to low interest rates. As the balance sheet of Amstelhuys is matured, a consistent development is expected from now.

Amstelhuys mainly invests in residential mortgage loans in the Netherlands and has a credit concentration risk in the Dutch housing market. However due to strict risk management and underwriting criteria, these risks are well spread over a large number of individual loans and variety of mortgage types.

Capital Base

As of December 31, 2004 the capital base of Amstelhuys consists of euro 7,531,000 shareholders equity and subordinated loans for an amount of euro 20,000,000. Delta Lloyd Life and Delta Lloyd Bank provided the subordinated loans. Both entities provided two subordinated loans of euro 5,000,000 each in 2003 and 2004.

In addition to the payment of a fixed coupon, these subordinated loans also have a performance based floating coupon. The floating coupon will only be paid if shareholders receive their dividends and is based

on the participation in the capital of Amstelhuys. The fixed coupon of the two subordinated loans granted in 2003 is 5.375 per cent. and the fixed coupon of the two subordinated loans granted in 2004 is 4.88 per cent.

In December 2004 the average interest rate of Amstelhuys' mortgage portfolio amounted to 4.40 per cent. (2003 4.52 per cent.). In December 2004 for about 65 per cent. of the portfolio of Amstelhuys, external funding was obtained through Residential Mortgages Backed Security (RMBS) transactions. Given the overall funding strategy for Amstelhuys and the attractive pricing levels in the RMBS market, a frequent use of RMBS transactions is anticipated. In the first quarter of 2005 Arena 2005-I BV was successfully launched.

Lines of business

Customers in the Netherlands are now serviced via three distribution channels and three related brands: the Delta Lloyd brand services customers via the independent intermediaries, the OHRA brand operates via the direct channel and the ABN AMRO Insurance brand services the customer via the Dutch branch network of ABN AMRO.

Dutch down-to-earth style

Amidst all this growth and expansion, one thing that hasn't changed is the typically Dutch character of Delta Lloyd Group: down-to-earth, unassuming and, above all, no nonsense. Just do what you have to do, and do it well. There is no real need to talk about it.

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

DOING WHAT YOU DO WELL

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

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

Organisation

Three strong brands, nine divisions with activities in four countries, some 7,500 employees: the Amsterdam-based insurer Delta Lloyd Group has developed into an internationally operating all finance service provider. That growth was essential in order to realise our ambition of 'offering security'.

The group now in place supplies a broad range of products and services in the Netherlands under the brands Delta Lloyd, OHRA and ABN AMRO Insurance. From simple savings products to complex insurance and financial planning. Moreover, all customers – both personal and business – can choose from three different distribution channels. Delta Lloyd Group works in intensive and exclusive partnership with independent insurance intermediaries. OHRA is dedicated to delivering services direct – and increasingly via the internet

– to personal and business consumers. And ABN AMRO Insurance services its customers through the extensive distribution network of ABN AMRO.

Alongside its Dutch insurance business, Delta Lloyd Group also includes an Asset Management Division, a Banking Group and divisions in Germany, Belgium the Netherlands Antilles and Aruba. The various activities complement each other, thereby ensuring that Delta Lloyd Group is much stronger than the sum of its parts.

Delta Lloyd Group strives to be one of the leading financial service providers in the Netherlands, Belgium and Germany. To achieve this aim, the company focuses on profitable markets of sufficient scale.

The following divisions jointly form Delta Lloyd Group:

- Amstelhuys: the funding and originating entity for almost all of Delta Lloyd Group’s residential mortgage business;
- OHRA Insurance: insurances sold direct to consumers in the Netherlands while Nationaal Spaarfonds of OHRA Insurance services consumers directly via its own sales force;
- ABN AMRO Insurance: insurances via the distribution network of ABN AMRO in the Netherlands;
- Delta Lloyd Asset Management: asset management in the Netherlands;
- Delta Lloyd Vastgoed: property investments in the Netherlands;
- Delta Lloyd Bank: retail and private banking in the Benelux, asset management in Belgium; and
- Delta Lloyd Deutschland AG: life insurance, private banking and asset management in Germany;
- Delta Lloyd Life Belgium: life insurance in Belgium.

ABOUT THE MENTALITY OF DELTA LLOYD GROUP

The five strategic pillars of Delta Lloyd Group

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

1. Reputation

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

2. Distribution power

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

3. Efficiency

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

4. *Expertise*

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

5. *Core values*

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

About the mentality of Delta Lloyd Group

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

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

The seven core values of Delta Lloyd Group

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

1. *Integrity*

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

2. *Central focus on the customer*

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

3. *Responsibility and commitment*

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

4. *Team spirit*

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

5. *Open communication*

Trust, honesty and transparency are essential to effective cooperation.

6. *Flexibility*

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

7. *Entrepreneurship*

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

Employees and values

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

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

Integrity and entrepreneurship

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

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

easy answers, we constantly look for the best and fairest solutions. In other words: we simply do what we need to do, and do this to the best of our ability.

Income and result

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

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

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

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

Equity and solvency

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

IFRS

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

Delta Lloyd Group

	2005 IFRS	2004 IFRS	2004 Dutch GAAP	2003 Dutch GAAP	2002 Dutch GAAP	2001 Dutch GAAP	2000 Dutch GAAP
<i>In millions of euros</i>							
Income							
Gross premium income, Life	3,772	3,437	3,648	3,153	2,744	2,686	2,283
Gross premium income, General ..	1,135	1,133	1,133	978	810	752	774
Gross premium income, Health	811	834	834	851	787	708	685
Gross premium income, other	–	–	–	–	–	–	–
Total premium income	5,717	5,405	5,615	4,982	4,341	4,146	3,742
Investment income	3,215	2,407	2,255	2,210	1,021	1,400	1,796
Other operations	417	364	165	177	124	76	130
Result before taxation	9,348	8,176	8,035	7,369	5,486	5,622	5,668
Life	252	286	249	238	152	291	313
General	218	141	135	92	13	19	-9
Health	41	17	16	5	12	23	12
Banking and insurance broking operations	81	46	24	20	2	3	22
Other	-25	-52	-15	-44	-21	31	12
Result before taxation and exceptional income and expenses	568	439	409	311	158	367	350
Exceptional income and expenses ..	–	–	–	-28	–	–	–
Extraordinary result	–	–	–	–	–	–	–
Result before taxation	568	439	409	283	158	367	350
Taxation	-125	-98	-98	-27	-20	-68	-65
Result after taxation	421	327	302	247	138	299	285
Equity at year-end	3,789	2,796	2,649	2,244	1,713	2,354	2,878
Total assets	57,084	49,275	40,730	38,077	32,781	34,239	30,992
Permanent staff at year-end in FTEs	6,184	6,459	6,459	6,514	6,464	6,506	5,639

DESCRIPTION OF MORTGAGE LOANS

The Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date are any and all rights (whether actual or contingent) of the Seller against any Borrower under or in connection with any Mortgage Loan selected by agreement between the Seller and the Issuer. During the Pre-funding Period, on a monthly basis, and thereafter, on each Quarterly Payment Date, up to (and including) the Quarterly Payment Date immediately preceding the first Optional Redemption Date, the Issuer shall apply the Purchase Available Amount to purchase and accept assignment of New Mortgage Receivables from the Seller provided that certain conditions are met (see further *Mortgage Receivables Purchase Agreement* below).

The New Mortgage Receivables to be sold by the Seller to the Issuer on any Purchase Date will be originated by the Seller. The terms of the Mortgage Loans (or any loan parts comprising a Mortgage Loan) from which these New Mortgage Receivables derive will not substantially deviate from the terms of the Mortgage Loans described in this paragraph.

The Mortgage Loans are loans secured by a mortgage right, evidenced by notarial mortgage deeds (*notariële akten van hypotheekstelling*) entered into by the Seller and the relevant Borrowers.

The Mortgage Receivables sold to the Issuer will be secured by mortgage rights which secure not only the initial Mortgage Loan but also any amounts which the Borrower may be or become due to the Seller under further loans and/or credits up to a maximum level. See paragraph *Mortgage Rights* in the section *Risk Factors* above.

The Mortgage Receivables have been selected according to the criteria list set forth in the Mortgage Receivables Purchase Agreement and will be selected in accordance with such agreement, on or before Closing Date or, in respect of any New Mortgage Receivables, the relevant Purchase Date (see *Mortgage Receivables Purchase Agreement* below). All of the Mortgage Loans, to which the Mortgage Receivables to be sold and assigned to the Issuer on the Closing Date relate, were originated by the Seller after 1 October 2002.

The interest rate on each Mortgage Loan has been fixed for an initial time period as of the date of the origination of the relevant Mortgage Loan. After this initial period, the interest for the next interest period will be determined by the Seller in accordance with the then current market rates of interest or, if the Borrower so desires, in accordance with alternatives made available to the Borrower by the Seller.

For a description of the representations and warranties given by the Seller reference is made to *Mortgage Receivables Purchase Agreement* below.

General information on the economic environment and global statistical data referred to the Mortgage Receivables can be obtained at www.arenarmbs.nl.

Mortgaged Assets

The mortgage rights securing the Mortgage Loans are vested on (i) a real property (*‘onroerende zaak’*), (ii) an apartment right (*‘appartementsrecht’*) or (iii) a long lease (*‘erfpacht’*).

For over a century different municipalities and other public bodies in the Netherlands have used long lease (*‘erfpacht’*) as a system to issue land without giving away the ownership of it. There are three types of long lease: temporary (*‘tijdelijk’*), ongoing (*‘voortdurend’*) and perpetual (*‘eeuwigdurend’*). A long lease is a right in rem (*‘zakelijk recht’*) which entitles the leaseholder (*‘erfpachter’*) to hold and use a real property (*‘onroerende zaak’*) owned by another party, usually a municipality. The long lease can be transferred by the leaseholder without permission from the landowner being required, unless the lease conditions provide otherwise and it passes to the heirs of the leaseholder in case of his death. Usually a remuneration (*‘canon’*) will be due for the long lease.

Mortgage Types

Borrowers often give one mortgage as security for a loan consisting of a combination of product types. For instance, a common combination is an interest-only mortgage loan for the first 60 per cent. LTV with a another type of mortgage loan for the remainder.

Annuity Mortgage Loan (*'Annuitaire lening'*)

These mortgages offer a constant total monthly payment, made up of an initially high and decreasing interest portion and an initially low and increasing principal portion. Only the proportions of interest and principal vary every month. The advantage is that the monthly payments are relatively low and constant from the very beginning. Annuity mortgages are offered with interest rates established by reference to the standard Delta Lloyd interest-rate. The loans can have a maximum maturity of 30 years.

Linear Mortgage Loan (*'Lineaire hypotheek'*)

This is the oldest form of a mortgage. They offer a constant monthly payment in principal, which makes the overall amount decrease over time. The interest payment is recalculated every time on the declining outstanding balance. The total monthly payments, partly interest and partly principal, will therefore decrease over time but the initial monthly payments are relatively high. Linear mortgages are offered with interest rates established by reference to the standard interest-rate of Delta Lloyd Bank. The interest rate can be fixed either for an initial period, after which a new rate and period are selected, or also can be fixed for the entire length of the loan. The loans can have a maximum maturity of 30 years.

Interest-only Mortgage Loan (*'Aflossingsvrije hypotheek'*)

These mortgages do not amortise principal and provide for a bullet payment at the end, mostly when the house is eventually sold. The borrowers pay only interest. Due to the higher risk of bullet principal repayment, these mortgages have a maximum loan-to-foreclosure value of 75 per cent.

Savings Mortgage Loan (*'Spaarhypotheek'*)

This type of mortgage combines a loan with a capital/life insurance policy. The payout at the end of the contract (or earlier at the death of the borrower) always corresponds exactly to the amount of the mortgage loan. The constant monthly payments consist of interest on the principal and a savings/risk premium for the capital/life insurance (*'spaar/risico-premie'*). If the rates have gone up at the end of the chosen fixed-rate period, the interest charge on the loan will increase but the savings premium on the life insurance will decrease and vice versa. The reinvestment rate on accumulated mortgage principal is guaranteed at the mortgage rate.

Unit-linked Mortgage Loan (*'Meerkeuzeplan'*)

This is a loan on which no principal repayment is made during the life of the contract. Next to this loan, the borrower signs a life insurance policy providing for an amount if the beneficiary is still alive at the end of the policy or if the beneficiary dies before the end of the policy. The final payout will be determined by the return obtained on the amounts invested in either Delta Lloyd and/or OHRA investment funds and/or Triodos Meerwaarde Mixfonds, which were chosen by the borrower. The final payout will therefore not necessarily be equal to the outstanding balance on the loan.

Universal Life Mortgage Loan (*'Delta Lloyd Life Hypotheek' / 'Financieel Vrijheidsplan'*)

This is a loan on which no principal repayment is made together with a very flexible life insurance policy, effectively an improvement of the Unit Linked policy. The monthly premiums on the insurance policy are being invested in Delta Lloyd investment funds. The final payout will be determined by the return obtained on the amounts invested in either Delta Lloyd and/or OHRA investment funds and/or Triodos Meerwaarde Mixfonds, which were chosen by the borrower. The final payout will therefore not necessarily be equal to the outstanding balance on the loan.

Life Mortgage Loan with the option to choose between the Savings Alternative and the Universal Life Alternative (*‘CombiPlusHypotheek’*)

This is a loan on which no principal repayment is made during the life of the contract. Next to this loan, the borrower signs a life insurance policy providing for an amount if the beneficiary is still alive at the end of the policy or if the beneficiary dies before the end of the policy. Under the CombiPlusHypotheek the borrower can choose the proportion between the Savings Alternative and the Universal Life Alternative. Borrowers may also switch the proportion between the Savings Alternative and the Universal Life Alternative during the lifetime of the mortgage loan. The final payout will be determined by the return obtained on the amounts invested in either Delta Lloyd and/or OHRA investment funds, which were chosen by the borrower. The final payout will therefore not necessarily be equal to the outstanding balance on the loan.

Traditional life mortgage loan and life mortgage loan (with an external insurance policy)

(*‘Hypotheek o.b.v. traditioneel gemengde verzekering’*)

These mortgages provide for a loan with a payment of a mortgage interest as well as for a separate insurance product. The reinvestment rate on the accumulated premium is not guaranteed, although insurance companies are required to maintain a minimum 3 per cent. rate for its provisions (*‘voorzieningen’*) pursuant to supervision rules. The loans can have a maximum maturity of 30 years.

SUMMARY OF THE PROVISIONAL POOL

The numerical information set out below relates to a provisional pool of Mortgage Loans (the ‘**Provisional Pool**’) which was selected as of 1 February 2006. All amounts are in euro.

Under the Mortgage Receivables Purchase Agreement the Issuer shall purchase and on the Closing Date accept the assignment of the Mortgage Receivables relating to the Mortgage Loans selected from the Provisional Pool and any other Mortgage Receivables resulting from Mortgage Loans originated by the Seller. Furthermore, the Issuer shall apply the Purchase Available Amount towards the purchase of New Mortgage Receivables during the Pre-funding Period (see *Mortgage Receivables Purchase Agreement* below).

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

Furthermore, the Rating Agencies shall confirm the ratings assigned to the Notes on the Closing Date. Each purchase of New Mortgage Receivables during the Pre-funding Period shall be subject to the confirmation of the Rating Agencies that such purchase will not result in a downgrade of the Notes.

TABLE A

Key characteristics of the Provisional Pool as of 1 February 2006

outstanding principal balance (EUR)	340,686,020
average balance by borrower (EUR)	250,137
maximum loan value (EUR)	743,500
number of loan parts	3,107
number of borrowers	1,362
weighted average seasoning (months)	4.29
weighted average maturity (months)	346.28
weighted average coupon (%)	4.02
cumulative building deposit (EUR)	18,411,202

TABLE B

Origination date of the mortgage loan parts in the Provisional Pool

Year of origination	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
2003 Q2	1,918,441	0.56	21	0.68	325	4.63
2003 Q3	1,162,642	0.34	11	0.35	328	4.50
2003 Q4	1,205,786	0.35	10	0.32	315	4.82
2004 Q1	2,056,179	0.60	15	0.48	328	4.76
2004 Q2	2,102,050	0.62	18	0.58	334	4.35
2004 Q3	5,158,465	1.51	42	1.35	338	4.66
2004 Q4	8,171,281	2.40	68	2.19	339	4.34
2005 Q1	12,781,945	3.75	102	3.28	339	4.07
2005 Q2	27,403,650	8.04	250	8.05	343	3.92
2005 Q3	34,221,799	10.04	279	8.98	348	3.96
2005 Q4	134,612,568	39.51	1,226	39.46	349	3.97
2006 Q1	109,891,214	32.26	1,065	34.28	346	4.02
Total	340,686,020	100.00	3,107	100.00	346	4.02

TABLE C*Type of mortgage loan parts in the Provisional Pool*

Type of mortgage	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
Interest Only	195,650,376	57.43	1,882	60.57	353	3.97
Universal Life	84,788,271	24.89	741	23.85	332	3.96
Traditional Life	392,750	0.12	7	0.23	252	3.71
Savings	602,949	0.18	8	0.26	318	4.79
Unit Linked	1,207,125	0.35	12	0.39	246	4.11
Hybride*	57,959,852	17.01	455	14.64	346	4.26
Annuity	84,696	0.02	2	0.06	298	4.60
Total	340,686,020	100.00	3,107	100.00	346	4.02

*) Combiplus

TABLE D*Interest rates applicable to the mortgage loan parts in the Provisional Pool*

Range of interest rates	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
2.5% <= r < 3.5%	28,511,441	8.37	356	11.46	344	3.22
3.5% <= r < 4.5%	266,830,461	78.32	2,399	77.21	347	4.00
4.5% <= r < 5.5%	44,800,218	13.15	348	11.20	343	4.65
5.5% <= r < 6.5%	543,900	0.16	4	0.13	339	5.53
Total	340,686,020	100.00	3,107	100.00	346	4.02

TABLE E*Interest rate reset dates applicable to the mortgage loan parts in the Provisional Pool*

Range of years	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
2005	1,938,900	0.57	12	0.39	338	3.22
2006	11,310,134	3.32	152	4.89	346	3.18
2007	4,400,798	1.29	96	3.09	328	3.07
2008	1,846,537	0.54	21	0.68	326	3.93
2009	1,024,110	0.30	12	0.39	340	4.08
2010	13,335,366	3.91	123	3.96	337	3.67
2011	67,609,719	19.85	670	21.56	349	3.66
2012	16,572,477	4.86	167	5.37	349	3.75
2013	3,355,830	0.99	28	0.90	320	4.30
2014	9,013,774	2.65	64	2.06	338	4.54
2015	72,422,503	21.26	643	20.70	347	3.97
2016 < interest reset date <= 2020	29,338,244	8.61	261	8.40	342	4.19
2021 < interest reset date <= 2025	30,368,730	8.91	259	8.34	332	4.42
2026 < interest reset date <= 2030	2,074,238	0.61	18	0.58	354	4.37
2031 < interest reset date <= 2036	76,074,660	22.33	581	18.70	356	4.41
Total	340,686,020	100.00	3,107	100.00	346	4.02

TABLE F*Maturity of the mortgage loan parts in the Provisional Pool*

Range of years	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
2004 <= maturity < 2010	395,044	0.12	11	0.35	18	3.08
2010 <= maturity < 2015	71,729	0.02	3	0.10	74	3.92
2015 <= maturity < 2020	384,028	0.11	6	0.19	135	3.79
2020 <= maturity < 2025	3,735,555	1.10	43	1.38	202	4.07
2025 <= maturity < 2030	11,983,833	3.52	117	3.77	258	4.05
2030 <= maturity < 2035	50,899,749	14.94	435	14.00	325	4.19
2035 <= maturity < 2040	272,940,245	80.11	2,490	80.14	357	3.99
2040 <= maturity < 2045	175,837	0.05	1	0.03	415	4.40
2045 <= maturity < 2055	100,000	0.03	1	0.03	479	3.85
Total	340,686,020	100.00	3,107	100.00	346	4.02

TABLE G*Size of outstanding mortgage loans in the Provisional Pool (on a borrower basis)*

Range of loans sizes (EUR)	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
Loan Size < 50,000	175,603	0.05	4	0.29	358	4.18
50,000 <= loan size < 100,000	2,906,753	0.85	37	2.72	353	4.08
100,000 <= loan size < 150,000	17,784,556	5.22	138	10.13	342	3.94
150,000 <= loan size < 200,000	43,020,806	12.63	247	18.14	347	3.90
200,000 <= loan size < 250,000	62,048,128	18.21	274	20.12	347	4.01
250,000 <= loan size < 300,000	87,176,794	25.59	320	23.49	347	4.07
300,000 <= loan size < 350,000	55,504,003	16.29	173	12.70	347	4.07
350,000 <= loan size < 400,000	27,237,117	7.99	73	5.36	347	4.08
400,000 <= loan size < 450,000	21,346,111	6.27	51	3.74	343	3.99
450,000 <= loan size < 500,000	10,742,960	3.15	23	1.69	341	4.08
500,000 <= loan size < 550,000	4,685,945	1.38	9	0.66	347	4.09
550,000 <= loan size < 600,000	4,024,857	1.18	7	0.51	334	3.93
600,000 <= loan size < 650,000	1,283,886	0.38	2	0.15	317	3.80
650,000 <= loan size < 700,000	2,005,000	0.59	3	0.22	345	3.63
700,000 <= loan size < 750,000	743,500	0.22	1	0.07	315	4.20
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE H*Geographical distribution of the mortgage loans in the Provisional Pool*

Region	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
Drenthe	5,935,042	1.74	27	1.98	352	3.97
Flevoland	10,638,490	3.12	47	3.45	344	3.80
Friesland	10,389,365	3.05	44	3.23	346	4.05
Gelderland	29,485,581	8.65	117	8.59	344	4.04
Groningen	9,832,332	2.89	53	3.89	347	4.04
Limburg	11,424,629	3.35	54	3.96	346	4.10
Noord-Brabant	50,034,815	14.69	204	14.98	345	4.08
Noord-Holland	67,617,711	19.85	255	18.72	348	4.01
Overijssel	19,550,951	5.74	81	5.95	347	3.97
Utrecht	38,039,110	11.17	136	9.99	348	4.05
Zuid-Holland	78,926,513	23.17	307	22.54	346	4.01
Zeeland	8,811,482	2.59	37	2.72	342	3.94
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE I*Income data of borrowers in the Provisional Pool*

Range of income (in EUR)	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
Income < 10,000	722,000	0.21	3	0.22	345	4.17
10,000 <= Income < 20,000	837,870	0.25	10	0.73	356	3.78
20,000 <= Income < 30,000	13,252,963	3.89	99	7.27	350	3.86
30,000 <= Income < 40,000	38,136,266	11.19	222	16.30	349	3.85
40,000 <= Income < 50,000	49,101,653	14.41	230	16.89	349	3.93
50,000 <= Income < 60,000	72,126,800	21.17	284	20.85	348	4.02
60,000 <= Income < 70,000	62,505,690	18.35	220	16.15	345	4.09
70,000 <= Income < 80,000	44,559,222	13.08	137	10.06	343	4.12
80,000 <= Income < 100,000	40,992,942	12.03	117	8.59	346	4.11
100,000 <= Income < 400,000	18,450,614	5.42	40	2.94	338	4.06
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE J*Employment of borrowers of the mortgage loans in the Provisional Pool*

Employment type	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
Flexworker	6,543,585	1.92	27	1.98	348	3.89
Full-time, temporary employment	23,887,646	7.01	96	7.05	353	4.01
Full-time, permanent employment	262,770,337	77.13	1,049	77.02	346	4.03
Part-time, temporary employment	2,446,602	0.72	10	0.73	351	3.98
Part-time, permanent employment	17,004,944	4.99	65	4.77	351	4.13
Pension	2,380,937	0.70	21	1.54	350	3.88
Government Work Incapacity Scheme	611,000	0.18	4	0.29	344	3.93
Government Unemployment Scheme	140,000	0.04	1	0.07	344	4.20
Self employed	22,356,367	6.56	77	5.65	341	3.91
Unemployed	884,395	0.26	5	0.37	350	3.79
No Data	1,660,206	0.49	7	0.51	335	3.91
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE K*Debt-service-to-Income (DTI) data of borrowers in the Provisional Pool*

Range of DTI	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
ND	722,000	0.21	3	0.22	345	4.17
DTI < 10%	663,003	0.19	8	0.59	341	4.15
10% <= DTI < 20%	34,058,554	10.00	195	14.32	341	4.00
20% <= DTI < 30%	203,070,905	59.61	782	57.42	347	4.03
30% <= DTI < 40%	101,692,368	29.85	372	27.31	347	4.00
40% <= DTI < 50%	479,190	0.14	2	0.15	358	4.06
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE L*Property types of the mortgage loans in the Provisional Pool*

Property Types	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
Single family house	268,996,662	78.96	1,059	77.75	346	4.03
Single family house with garage	39,272,542	11.53	149	10.94	345	4.06
Condominium	30,589,302	8.98	147	10.79	347	3.89
Condominium with garage	1,827,513	0.54	7	0.51	348	4.09
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE M*Loan-to-Income (LTI) of borrowers in the Provisional Pool*

Loan-to-income	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
No data	722,000	0.21	3	0.22	345	4.17
LTI < 2	1,836,681	0.54	19	1.40	344	4.12
2 <= LTI < 3	15,112,008	4.44	97	7.12	341	4.04
3 <= LTI < 4	56,060,112	16.46	244	17.91	340	4.14
4 <= LTI < 5	63,352,481	18.60	238	17.47	348	4.07
5 <= LTI < 5	64,858,687	19.04	238	17.47	348	4.09
5 <= LTI < 6	113,944,386	33.45	442	32.45	348	3.94
6 <= LTI < 8	24,687,165	7.25	80	5.87	349	3.81
8 <= LTI < 10	112,500	0.03	1	0.07	357	3.70
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE N*Weighted average coupon of the mortgage loans in the Provisional Pool*

Range of weighted average coupon	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
2.% <= r < 3.5%	23,913,435	7.02	99	7.27	346	3.29
3.5% <= r < 4.5%	284,493,889	83.51	1,138	83.55	347	4.01
4.5% <= r < 5.%	28,707,559	8.43	112	8.22	345	4.61
5.% <= r < 6.%	3,571,137	1.05	13	0.95	327	5.13
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE O*Seasoning of the mortgage loan parts in the Provisional Pool*

Seasoning in months	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
months < 3	184,458,827	54.14	1,755	56.49	348	4.01
3 <= months < 6	81,916,516	24.04	716	23.04	349	3.99
6 <= months < 9	19,323,181	5.67	158	5.09	345	3.72
9 <= months < 12	24,940,030	7.32	233	7.50	341	3.98
12 <= months < 18	18,180,640	5.34	143	4.60	339	4.26
18 <= months < 24	5,743,777	1.69	46	1.48	337	4.57
24 <= months < 36	6,123,048	1.80	56	1.80	324	4.69
Total	340,686,020	100.00	3,107	100.00	346	4.02

TABLE P*Interest rate period of mortgage loan parts in the Provisional Pool*

Interest rate period	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
1 month	7,740,303	2.27	81	2.61	346	3.19
1 year	5,309,104	1.56	82	2.64	341	3.20
2 years	5,195,425	1.52	104	3.35	332	3.08
5 years	11,527,809	3.38	124	3.99	336	3.63
6 years	73,273,798	21.51	725	23.33	349	3.64
7 years	16,560,110	4.86	149	4.80	342	3.93
10 years	90,007,763	26.42	791	25.46	345	4.05
15 years	25,871,198	7.59	222	7.15	338	4.22
20 years	29,125,850	8.55	248	7.98	334	4.43
30 years	76,074,660	22.33	581	18.70	356	4.41
Total	340,686,020	100.00	3,107	100.00	346	4.02

TABLE Q*Original loan term of the mortgage loan parts in the Provisional Pool*

Original loan term in years	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
Months < 120	602,907	0.18	15	0.48	45	3.35
120 <= months < 240	4,373,062	1.28	51	1.64	202	4.07
240 <= months < 270	6,612,469	1.94	67	2.16	245	4.05
270 <= months < 300	6,338,714	1.86	61	1.96	280	4.01
300 <= months < 330	21,061,293	6.18	184	5.92	309	4.02
330 <= months < 360	27,844,961	8.17	240	7.72	343	4.10
360 <= months < 366	263,177,974	77.25	2,381	76.63	356	4.02
366 <= months < 384	10,065,804	2.95	103	3.32	368	3.90
384 <= months < 480	508,837	0.15	4	0.13	397	4.27
480 <= months < 600	100,000	0.03	1	0.03	479	3.85
Total	340,686,020	100.00	3,107	100.00	346	4.02

TABLE R*Months current of borrowers in the Provisional Pool*

Months current	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
current since origination	331,169,368	97.21	1,323	97.14	346	4.02
months current < 2	4,872,168	1.43	18	1.32	351	4.03
2 <= months current < 4	2,316,806	0.68	11	0.81	348	4.02
4 <= months current < 6	837,500	0.25	3	0.22	341	4.50
6 <= months current < 8	259,026	0.08	1	0.07	348	4.07
10 <= months current < 20	972,014	0.29	5	0.37	343	4.80
20 <= months current < 40	259,138	0.08	1	0.07	336	5.10
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE S***Riskscore of borrowers in the Provisional Pool***

Risk score	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loan parts	Proportion of pool (%)	WAM (Months)	WAC (%)
riskscore < 1	195,383,664	57.35	770	56.53	345	4.09
1 <= riskscore < 2	80,794,152	23.72	326	23.94	349	3.90
2 <= riskscore < 3	36,441,106	10.70	154	11.31	349	3.90
3 <= riskscore < 4	15,589,573	4.58	64	4.70	343	3.85
4 <= riskscore < 5	4,582,807	1.35	18	1.32	349	4.07
5 <= riskscore < 6	1,611,000	0.47	6	0.44	356	4.03
6 <= riskscore < 10	628,737	0.18	2	0.15	354	3.43
no data	5,654,981	1.66	22	1.62	329	4.54
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE T***Outstanding construction deposits in the Provisional Pool (on a borrower basis)***

Range of construction deposit amounts	Aggregate Outstanding Construction Deposit Amount (EUR)	proportion of deposit (%)	number of loans	proportion of pool (%)	Aggregate Outstanding Construction Deposit Amount – Renovation (EUR)	proportion of deposit (%)	Aggregate Outstanding Construction Deposit Amount – New Construction (EUR)	proportion of deposit (%)
7,500 <= deposit < 10,000	135,003	0.73	16	4.68	59,491	0.32	75,513	0.41
10,000 <= deposit < 20,000	915,783	4.97	64	18.71	540,019	2.93	375,765	2.04
20,000 <= deposit < 30,000	1,007,488	5.47	42	12.28	533,801	2.90	473,687	2.57
30,000 <= deposit < 40,000	853,900	4.64	25	7.31	528,655	2.87	325,245	1.77
40,000 <= deposit < 50,000	1,089,663	5.92	25	7.31	254,780	1.38	834,883	4.53
50,000 <= deposit < 70,000	2,631,043	14.29	43	12.57	374,702	2.04	2,256,340	12.26
70,000 <= deposit < 90,000	5,370,673	29.17	68	19.88	216,505	1.18	5,154,168	27.99
90,000 <= deposit < 110,000	4,024,233	21.86	40	11.70	400,356	2.17	3,623,877	19.68
110,000 <= deposit < 130,000	1,425,005	7.74	12	3.51	249,329	1.35	1,175,676	6.39
130,000 <= deposit < 150,000	958,411	5.21	7	2.05	0	0.00	958,411	5.21
Total	18,411,202	100.00	342	100.00	3,157,638	17.15	15,253,564	82.85

LTV distribution tables**TABLE U*****Weighted average LTV ratio***

	All Loans
Current Loan-to-Value (Recorded Foreclosure Value)	107.53%
Current Loan-to-Value (Indexed ¹ Recorded Foreclosure Value)	106.12%
Current Loan-to-Value (Estimated Fair Market ² Value)	97.43%
Current Loan-to-Value (Indexed ¹ Estimated Fair Market ² Value)	90.20%
Original Loan-to-Value (Recorded Foreclosure Value)	107.83%

1: NVM index, 1/1/1985 to Q4/2005 on a province basis

2: Foreclosure value is 85.0% of market value

TABLE V***Current Loan-to-Value (Recorded Foreclosure Value)***

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	WAM	WAC
LTV < 25%	345,299	0.10	6	0.44	343	4.27
25% ≤ LTV < 50%	5,540,739	1.63	49	3.60	343	4.02
50% ≤ LTV < 60%	6,974,580	2.05	42	3.08	344	4.06
60% ≤ LTV < 70%	12,887,600	3.78	75	5.51	347	4.04
70% ≤ LTV < 80%	18,973,395	5.57	91	6.68	339	4.08
80% ≤ LTV < 90%	19,239,873	5.65	83	6.09	330	4.03
90% ≤ LTV < 100%	19,488,127	5.72	72	5.29	340	4.07
100% ≤ LTV < 105%	19,465,686	5.71	72	5.29	345	3.98
105% ≤ LTV < 110%	23,695,312	6.96	85	6.24	346	4.05
110% ≤ LTV < 115%	37,683,280	11.06	134	9.84	343	3.96
115% ≤ LTV < 120%	53,030,088	15.57	191	14.02	348	4.03
120% ≤ LTV < 125%	100,233,023	29.42	374	27.46	353	4.01
125% ≤ LTV < 130%	23,129,018	6.79	88	6.46	344	4.03
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE W***Current Loan-to-Value (Indexed Recorded Foreclosure Value)***

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	WAM	WAC
LTV < 25%	430,299	0.13	7	0.51	346	4.27
25% ≤ LTV < 50%	6,008,118	1.76	53	3.89	344	4.04
50% ≤ LTV < 60%	9,299,322	2.73	52	3.82	345	4.09
60% ≤ LTV < 70%	12,485,650	3.66	72	5.29	343	4.07
70% ≤ LTV < 80%	19,664,396	5.77	90	6.61	340	4.02
80% ≤ LTV < 90%	19,216,362	5.64	82	6.02	328	4.05
90% ≤ LTV < 100%	21,910,869	6.43	81	5.95	344	4.06
100% ≤ LTV < 105%	19,610,704	5.76	72	5.29	344	3.99
105% ≤ LTV < 110%	32,290,585	9.48	113	8.30	345	4.04
110% ≤ LTV < 115%	41,077,007	12.06	148	10.87	344	4.01
115% ≤ LTV < 120%	55,645,997	16.33	206	15.12	349	4.04
120% ≤ LTV < 125%	86,785,524	25.47	324	23.79	353	3.99
125% ≤ LTV < 130%	16,261,186	4.77	62	4.55	350	3.97
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE X***Current Loan-to-Value (Estimated Fair Market Value)***

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	WAM	WAC
LTV < 25%	668,350	0.20	10	0.73	350	4.17
25% ≤ LTV < 50%	8,845,059	2.60	70	5.14	347	4.01
50% ≤ LTV < 60%	12,063,973	3.54	72	5.29	342	4.03
60% ≤ LTV < 70%	18,473,654	5.42	92	6.75	344	4.07
70% ≤ LTV < 80%	19,686,803	5.78	84	6.17	328	4.06
80% ≤ LTV < 90%	23,514,286	6.90	90	6.61	341	4.02
90% ≤ LTV < 100%	43,701,441	12.83	162	11.89	345	4.02
100% ≤ LTV < 105%	35,061,554	10.29	125	9.18	345	4.00
105% ≤ LTV < 110%	83,432,016	24.49	308	22.61	350	4.00
110% ≤ LTV < 115%	89,408,504	26.24	329	24.16	350	4.02
115% ≤ LTV < 160%	5,830,381	1.71	20	1.47	348	4.04
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE Y***Current Loan-to-Value (Indexed Estimated Fair Market Value)***

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	WAM	WAC
LTV < 25%	881,350	0.26	13	0.95	351	4.15
25% ≤ LTV < 50%	11,580,853	3.40	83	6.09	346	4.03
50% ≤ LTV < 60%	16,806,315	4.93	94	6.90	343	4.11
60% ≤ LTV < 70%	22,153,220	6.50	99	7.27	336	4.00
70% ≤ LTV < 80%	20,550,287	6.03	85	6.24	332	4.11
80% ≤ LTV < 90%	44,248,054	12.99	161	11.82	344	4.00
90% ≤ LTV < 100%	91,182,900	26.76	331	24.30	346	4.01
100% ≤ LTV < 105%	88,588,075	26.00	329	24.16	352	4.06
105% ≤ LTV < 110%	44,694,965	13.12	167	12.26	352	3.92
Total	340,686,020	100.00	1,362	100.00	346	4.02

TABLE Z**Original Loan-to-Value (Recorded Foreclosure Value)**

range of Loan-to-Value	Aggregate Outstanding Principal Amount (EUR)	Proportion of pool (%)	Number of loans	Proportion of pool (%)	WAM	WAC
LTV < 25%	345,299	0.10	6	0.44	343	4.27
25% <= LTV < 50%	5,095,727	1.50	45	3.30	344	4.01
50% <= LTV < 60%	6,858,042	2.01	42	3.08	344	4.03
60% <= LTV < 70%	13,194,142	3.87	77	5.65	346	4.06
70% <= LTV < 80%	18,366,121	5.39	89	6.53	339	4.08
80% <= LTV < 90%	19,418,806	5.70	84	6.17	331	4.03
90% <= LTV < 100%	17,782,357	5.22	66	4.85	339	4.05
100% <= LTV < 105%	19,630,485	5.76	73	5.36	345	3.99
105% <= LTV < 110%	22,475,214	6.60	82	6.02	346	4.01
110% <= LTV < 115%	37,975,061	11.15	134	9.84	344	3.98
115% <= LTV < 120%	53,186,756	15.61	192	14.10	348	4.03
120% <= LTV < 125%	99,310,404	29.15	369	27.09	353	4.01
125% <= LTV < 130%	27,047,605	7.94	103	7.56	345	4.06
Total	340,686,020	100.00	1,362	100.00	346	4.02

MORTGAGE LOAN UNDERWRITING AND MORTGAGE SERVICES

Introduction

The Mortgage Loans are originated by the Seller and are distributed through the channel of intermediaries including insurance brokers, banks, real estate agents and specialised mortgage brokers.

Delta Lloyd has entered into an agreement with a leading provider of activities consisting of mortgage payment transactions and ancillary activities, Stater Nederland B.V. (**'Stater'**), established on 1 January 1997 and devoted to providing origination, mortgage payment transactions and ancillary activities and foreclosure systems and capabilities for owners of residential mortgage loan portfolios. Stater provides the origination systems and it provides activities consisting of mortgage payment transactions and ancillary activities with regard to Delta Lloyd's residential mortgage loan portfolio.

Delta Lloyd's mortgage activities comprise all commercial activities leading to the granting of mortgage loans and the technical administrative control of the portfolio. Payment transactions between the lender and the borrower relating to mortgages, are undertaken by Stater.

Origination

Stater provides an origination system, including automated underwriting, incorporating the specific Delta Lloyd rules for the underwriting process. Stater handles therefore contact with the borrower and provides high-quality financial and portfolio performance reports and information. The process is paperless and is conducted on a computer system developed by Stater specifically to allow underwriting rules and controls to be encoded in an automated underwriting system and provide high-quality performance information. Direct contact with clients, however, is exclusively maintained by Delta Lloyd.

New mortgage loans are accepted on the basis of a fixed underwriting protocol. The application is sent to Delta Lloyd by HOS (*'Hypotheken Offerte Software'*) mail, fax or HDN (the Mortgage Data Network: the *'Hypotheken Data Netwerk'*). The Delta Lloyd underwriter then enters the application data in the iSHS (*'internationaal Stater Hypotheke Systeem'*) system, which inputs the conditions and assesses the application automatically, including a credit check with BKR (*'Bureau Krediet Registratie'*), a credit score with iSHS, a check whether the identity card is stolen or missing with VIS (*'Verificatie Informatie Systeem'*) and a fraud check with SFH (*'Stichting Fraudebestrijding Hypotheke'*) and Sheriff (cooperation on fraud detection between lenders). If the system approves, then a conditional offer is sent out, subject to verification of the application input such as salary, employment and property details.

Description of the Origination department

The principal items in the underwriting protocol are:

(a) *Maximum amounts*

If the loan is guaranteed by the *Stichting Waarborgfonds Eigen Woningen*, the maximum amount of the mortgage loan which will be granted is euro 250,000 for the year 2006. Higher amounts are only possible without NHG and to be approved by the relevant credit approving authorities within Delta Lloyd. The minimum amount at Delta Lloyd is euro 10,000.

(b) *Creditworthiness and Debt-to-income ratio ('Woonquote')*

The process of verifying the creditworthiness is set up to determine whether the prospective borrower has sufficient monthly income available to meet his payments on the requested mortgage loan as well as to support other financial obligations and monthly living expenses. A check on the income is conducted by requesting a recent employer's declaration. In general, the debt service-to-income ratio increases with the borrower's income with the percentage ranging between 33 per cent. for a salary just above euro 27,001 and 39 per cent. with a salary above euro 65,001. For salaries up to euro 27,000 NHG rules are followed.

(c) *Collateral*

With each application, the potential borrower has to send an original appraisal called valuation report (*'taxatie rapport'*), which is drawn up by a sworn-in appraiser called *'taxateur'* or an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property (*'Wet Waardering Onroerende Zaken'*). The latter is only allowed if the LTV is below 60 per cent. on the basis of such assessment. For new builds no valuation is required if the property is built by professional builders, unless the relevant Mortgage Loan to be granted exceeds 107 per cent. of the purchase and construction costs of the property involved.

(d) *Foreclosure Value*

The appraised Foreclosure Value (*'executiewaarde'*) is approximately 85 per cent. of the market value (*'vrije verkoopwaarde'*) at the time of loan origination. Mortgage loans that do not have the benefit of a Municipality Guarantee or an NHG Guarantee are granted up to a maximum of 125 per cent. of the foreclosure value (only mortgages up to 126 per cent. of the foreclosure value at the time of origination are included in the portfolio).

(e) *Other underwriting condition*

Apart from the principal underwriting factors already mentioned, the following rules apply: (i) mortgage loans are granted only to individuals, (ii) joint and several liability for the mortgage loan (all owners are joint and several debtors) and (iii) mortgage loans are only granted on the basis of owner occupancy (no investment mortgaged assets).

Mortgage Processing Procedures

Payment collections ('inningen') Procedures

At origination, the borrower always agrees with the Seller that monthly payments will be automatically withdrawn from his bank account by direct debit. All borrowers of the Seller pay this way. Direct debit will not be successful if the balance of the borrowers' account is not sufficient to cover the full amount of the scheduled monthly payment. If the balance is insufficient for the full drawing on the payment date, then, depending on the borrower's bank, there will be more than one attempt to withdraw the full amount of the scheduled payment. If the balance is insufficient for the full drawing on the payment date, then, in case the borrower has a Postbank account, there will be more than one attempt to withdraw the full amount of the scheduled payment. Other banks do not provide this service.

Payments are due on the first day of each month (*'vervaldag'*). The direct debit has to take place at the latest one day before the last business day of the previous month but, because the borrower has the contractual obligation to make sure that the lender is receiving his payment on time, Stater will in the name of the lender usually withdraw the due amount a few days before that in order to make sure that the funds are in the lenders possession on the 1st.

Stater, on behalf of the Seller, draws the monthly payments from the borrower's bank account and is obliged to transfer these payments directly onto the Seller's accounts. The Stater computer system automatically collects the payments, and the related information is monitored daily by personnel in the arrears department of Stater.

Arrears Procedures

As of 14 December 2003, all arrears are detected and signalled on a daily basis. For each loan in arrears, an Automatic Arrears Processing procedure (*'Automatische Afhandeling Achterstanden'*) is initiated. If the total amount in arrears is more than euro 5, a first reminder letter is automatically generated by the system and sent out to the borrower within fourteen days after the arrear has been signalled. This letter includes a specification of the arrears. Penalty interest is due as of the missing payment date, but the penalties for payments that are late are not incorporated in the letters until the monthly closing has passed.

In case no payment is received within fourteen days after the first reminder letter has been sent, a second, more firm letter is sent. If the borrower does not respond within two weeks the loan of such a borrower is given an active treatment status in the Stater system. A distinction is made between the borrowers, based upon the previous payment-behaviour: (i) normal, (ii) 'sleeper' (technical arrear meaning that due to a misunderstanding the borrower always pay too late) or (iii) 'recidivist' (a borrower who is or has been more than three months in arrears in the last twelve months period or who has previously been in a recovery phase).

Defaults Procedures

Loans in arrears by more than euro 1,500 or for more than two months are treated by a special servicing team ('*Team Bijzonder Beheer*') at Delta Lloyd Group. The members of this team have an average of 10 years' experience in the mortgage business and it currently employs 9 people. In other words, Delta Lloyd Group performs the servicing with respect to defaulted loans that require direct contact with the relevant Borrowers. Delta Lloyd Group will assess whether a solution to the payment problem can be reached. This can range from rescheduling the arrears to a voluntary sale of the property by the borrower. If no solution can be found, the foreclosure process will start.

From decision to foreclose to actual foreclosure and receipt of the foreclosure proceeds has generally not taken more than 3 to 4 months. In total the process from first arrears to receiving foreclosure proceeds may take up to 10 months. For loans with a high LTV Delta Lloyd Group uses a shorter time frame. Delta Lloyd Group continues to exert pressure on the borrower for any losses that remain after foreclosure, ensuring that all obligations are met to the fullest possible extent.

STATER NEDERLAND B.V.

Stater Nederland B.V. (**'Stater'**) is the leading independent, third party provider of mortgage payment transactions with regard to residential mortgages in the Netherlands. The activities are provided in a completely automated and paperless electronic format. Stater has pioneered the use of technology through its E-transactions concept for owners of residential mortgage loan portfolios and features capabilities to enhance, accelerate and facilitate securitisation transactions. Stater's registered office is at De Brand 40, 3823 LL Amersfoort, the Netherlands.

Stater started its activities on 1 January 1997. The combination of technology and experience in originating and providing activities consisting of mortgage payment transactions and ancillary activities with regard to residential mortgage loans in the Netherlands has led to a market share of more than 30 per cent.

Stater provides activities consisting of mortgage payment transactions and ancillary activities with regard to a total of EUR 80.9 billion and approximately 515,000 mortgage loans. Stater is a 100 per cent. subsidiary of Stater N.V., of which the shares are held for 100 per cent. by ABN AMRO Bank N.V..

Stater provides an origination system that includes automated underwriting, allowing loan funders to specify underwriting criteria for each loan pool. A credit-scoring model and a fraud detection system form part of automated underwriting.

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

The Stater computer system, for which Stater also provides back-up facilities, is regularly updated and modified.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will purchase and, on the Closing Date, accept from the Seller the assignment of the Mortgage Receivables by means of a registered deed of assignment as a result of which legal title to the Mortgage Receivables is transferred to the Issuer. It is a condition of the Issuer for the purchase and acceptance of the assignment of the Mortgage Receivables that any Beneficiary Rights which are connected to the Mortgage Receivables and are to be applied towards redemption of the Mortgage Receivables, to the extent legally possible and required, are assigned to the Issuer together with such Mortgage Receivables. The Seller has agreed to assign such Beneficiary Rights to the Issuer and the Issuer has agreed to accept such assignment. The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers, except in special events as further described hereunder ('Notification Events'). Until such notification the Borrowers will only be entitled to validly pay ('bevrijdend betalen') to the Seller. The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables as of the Cut-off Date. The Seller (or a third party on its behalf) will pay to the Issuer on each Mortgage Payment Date all proceeds received during the immediately preceding Mortgage Calculation Period in respect of the Mortgage Receivables.

Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the '**Initial Purchase Price**'), being the aggregate Outstanding Principal Amount (a) at the Cut-off Date, which shall be payable on the Closing Date or (b), in respect of the New Mortgage Receivables, on the first day of the month in which the relevant Purchase Date falls, which shall be payable on the relevant Purchase Date, and a deferred purchase price (the '**Deferred Purchase Price**'). The '**Outstanding Principal Amount**' means, at any moment in time, (a) the principal balance ('*hoofdsom*') of a Mortgage Receivable resulting from a Mortgage Loan at such time and (b) zero, after the occurrence of a Realised Loss in respect of such Mortgage Receivable. A part of the Initial Purchase Price equal to the aggregate Construction Amount will be withheld by the Issuer and will be deposited in the Construction Account. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments and each Deferred Purchase Price Instalment on any Quarterly Payment Date will be equal to (A) prior to delivery of an Enforcement Notice the positive difference, if any, between the Notes Interest Available Amount as calculated on each Quarterly Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (v) or, as the case may be, (B) following delivery of an Enforcement Notice, the amount remaining after all the payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (r) (see *Credit Structure* above) on such date have been made.

Representations and warranties

The Seller will represent and warrant on the Closing Date with respect to the Mortgage Receivables and the Mortgage Loans, that, *inter alia*:

- (a) each of the Mortgage Receivables is duly and validly existing;
- (b) it has full right and title ('*titel*') to the Mortgage Receivables and power ('*is beschikkingsbevoegd*') to assign the Mortgage Receivables and no restrictions on the sale and assignment of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being assigned;
- (c) the Mortgage Receivables are free and clear of any encumbrances and attachments ('*beslagen*') and no option rights to acquire the Mortgage Receivables have been granted in favour of any third party with regard to the Mortgage Receivables;
- (d) each Mortgage Receivable is secured by a first ranking or first and sequentially lower ranking mortgage right ('*hypotheekrecht*') on a Mortgaged Asset located in the Netherlands and is governed by Netherlands law;

- (e) the mortgage deeds in respect of the Mortgage Loans originated by the Seller prior to 8 September 2005, contain the provision that the mortgage right will partially follow, *pro rata*, the receivable upon its assignment;
- (f) the mortgage deeds in respect of the Mortgage Loans originated by the Seller after 8 September 2005, contain the provision that the mortgage right and the rights of pledge will partially follow, *pro rata*, the receivable upon its assignment and pledge;
- (g) each Mortgaged Asset concerned was valued when application for a Mortgage Loan was made (i) by an independent qualified valuer, or (ii) in the case of Mortgage Loans of which the Outstanding Principal Amount did not at the time of application by the Borrower exceed 60 per cent. of the Foreclosure Value of the Mortgaged Asset on the basis of an assessment by the Netherlands tax authorities on the basis of the Act on Valuation of Real Property (*‘Wet Waardering Onroerende Zaken’*); for property to be constructed or in construction at the time of application for a Mortgage Loan no valuation is required, unless the Mortgage Loan to be granted exceeded 107 per cent. of the purchase and construction costs of the property involved;
- (h) each Mortgage Receivable, the mortgage right and the rights of pledge, if any, securing such receivable constitute legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;
- (i) all mortgage rights and all rights of pledge securing the Mortgage Loans (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 rights of pledge and, to the extent relating to the mortgage rights to secure the Mortgage Receivables, have been entered into the appropriate public register (*‘Dienst van het Kadaster en de Openbare Registers’*), (ii) have first priority (*‘eerste in rang’*) or first and sequentially lower ranking priority, and (iii) were vested for a principal sum which is at least equal to the Outstanding Principal Amount when originated, increased with interest, penalties, costs and insurance premium, together up to an amount equal to 140 per cent. of the Outstanding Principal Amount in respect of the Mortgage Receivables upon origination;
- (j) each of the Mortgage Loans has been granted, and each of the mortgage rights and rights of pledge has been vested, subject to the general terms and conditions and materially in the forms of mortgage deeds as attached to the Mortgage Receivables Purchase Agreement;
- (k) each of the Mortgage Loans was originated after 1 October 2002;
- (l) each of the Mortgage Loans has been granted in accordance with all applicable legal requirements prevailing at the time of origination in all material respects, other than the requirements under the Decree on Credit Offerings, and, after the coming into force, the Code of Conduct on Mortgage Loans (*‘Gedragscode Hypothecaire Financieringen’*) and met in all material respects the Seller’s standard underwriting criteria and procedures prevailing at that time, which do not materially differ from the criteria and procedures set forth in the Handbook Delta Lloyd Hypotheken (*‘Handboek Delta Lloyd Hypotheken’*) as attached to the Mortgage Receivables Purchase Agreement as Schedule 8;
- (m) each receivable under a mortgage loan (*‘hypothecaire lening’*) which is secured by the same mortgage right is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
- (n) each Mortgage Loan constitutes the entire mortgage loan granted to the relevant Borrower and not merely one or more loan parts (*‘leningdelen’*);
- (o) the Borrowers are not in any material breach of any provision of their Mortgage Loans, except for any arrears referred to under (q) below;
- (p) each Mortgage Loan was granted by the Seller and to a private individual only;
- (q) as of the Cut-off Date or in respect of the purchase of New Mortgage Receivables, the first day of the month in which the relevant Purchase Date falls, no amounts due and payable under any of the Mortgage Loans, were in arrears for more than one payment;

- (r) each of the Mortgage Loans meets the Mortgage Loan Criteria as set forth below;
- (s) the loan files relating to Mortgage Loans which are in electronic format, contain the same information and details with regard to the Mortgage Loans as the loan files relating to such Mortgage Loans which are kept in paper format;
- (t) with respect to each of the Mortgage Loans secured by a mortgage right on a long lease (*'erfpacht'*), of which the Relevant Mortgage Loan has a maturity that is shorter than the term of the long lease, it is envisaged that the long lease will be extended upon maturity and pursuant to the mortgage deed the relevant Outstanding Principal Amount, and accrued interest, will become immediately due and payable if the long lease is not extended and/or the leaseholder does not create a new mortgage right;
- (u) with respect to each of the Mortgage Receivables secured by a mortgage right on a long lease (*'erfpacht'*) provide that the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates as a result of a breach by the leaseholder, the leaseholder materially breaches or ceases to perform his payment obligation under the long lease (*'canon'*) or if the leaseholder in any other manner breaches the conditions of the long lease;
- (v) other than the aggregate Construction Amount under construction mortgage loans (*'bouwhypotheken'*), all Mortgage Loans have been fully disbursed and no amounts are held in deposit with respect to the Mortgage Loans as premia and interest payments (*'rente- en premiedepot'*) by the Savings Insurance Company in excess of an aggregate amount of EUR 400,000;
- (w) it has not accepted any deposits from the Borrowers, and it currently does not have any current account relationship with the Borrowers.

Repurchase

If at any time after the Closing Date any of the representations and warranties relating to a Mortgage Loan or a Mortgage Receivable proves to have been untrue or incorrect, the Seller shall within 30 days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the said period of 30 days, the Seller shall on the next succeeding Mortgage Payment Date repurchase and accept re-assignment of such Mortgage Receivable.

If the Seller agrees with a Borrower to make a Further Advance, it shall repurchase and accept re-assignment of the Mortgage Receivable on the terms and conditions set forth above on the immediately succeeding Mortgage Payment Date.

The Seller shall also undertake to repurchase and accept re-assignment of a Mortgage Receivable if it agrees with a Borrower to either (a) amend the terms of the Mortgage Loan and such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement, which include the condition that after such amendment the Mortgage Loan continues to meet each of the Mortgage Loan Criteria (as set out below) and the representations and warranties of the Mortgage Receivables Purchase Agreement (as set out above) provided that if such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Mortgage Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Mortgage Loan due to a deterioration of the credit quality of the Borrower of such Mortgage Loan the Seller shall not repurchase the relevant Mortgage Receivable or (b) grant a Further Construction Loan, on the immediately succeeding Mortgage Payment Date.

The Seller shall also undertake to repurchase and accept re-assignment of a Life Mortgage Receivable if it agrees with a Borrower to switch (a) any of the forms of mortgage loans set forth under a, b and c of (i) of the Mortgage Loan Criteria as set forth below into (a part of) a Life Mortgage Loan other than a Life Mortgage Loan with a Savings Element; or (b) a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element into (a part of) a Mortgage Loan as set forth under a, b, c and e of (i) of the Mortgage Loans Criteria as set forth below.

Furthermore, the Seller will be obliged to repurchase a Mortgage Receivable if a Borrower (i) invokes a defence based upon non-compliance by the Seller with the Decree on Credit Offerings and (ii) refuses to pay any amount due under the relevant Mortgage Loan as a consequence thereof.

All Mortgage Receivables to be repurchased by the Seller shall be repurchased for a price equal to the then Outstanding Principal Amount, together with interest accrued up to but excluding such Mortgage Payment Date and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and re-assignment).

Clean-Up Call Option

On each Quarterly Payment Date the Seller may exercise the Clean-Up Call Option. The Issuer has undertaken in the Mortgage Receivables Purchase Agreement to sell and assign the Mortgage Receivables to the Seller or any third party appointed by the Seller in its sole discretion, in case of the exercise of the Clean-Up Call Option.

Regulatory Call Option

On each Quarterly Payment Date the Seller has the option to repurchase the Mortgage Receivables upon the occurrence of a Regulatory Change. A '**Regulatory Change**' will be a change published on or after 29 March 2006 in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the '**Basle Accord**') or in the international, European or Dutch regulations, rules and instructions (which includes the solvency regulation on securitisation of the Dutch Central Bank) (the '**Bank Regulations**') applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord) or a change in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes.

Mortgage Loan Criteria

Each of the Mortgage Loans will meet the following criteria (the '**Mortgage Loan Criteria**')

- (i) the Mortgage Loans are in the form of:
 - (a) Interest-only Mortgage Loans ('*aflossingsvrije hypotheek*');
 - (b) Savings Mortgage Loans ('*spaarhypotheek*');
 - (c) Annuity Mortgage Loans ('*annuïteiten hypotheek*');
 - (d) Linear Mortgage Loans ('*lineaire hypotheek*');
 - (e) Life Mortgage Loans ('*levenhypotheek*') to which a Life Insurance Policy is connected with (a) a guaranteed final payment; (b) the Unit-Linked Alternative; or (c) a combination of the Unit-Linked Alternative and the Savings Alternative; and
 - (f) mortgage loans which combine any of the above mentioned forms of mortgage loans;
- (ii) the Borrower is not an employee of the Seller or of any company belonging to the same group of companies as the Seller and is a resident of the Netherlands;
- (iii) the interest rate of each Mortgage Loan is fixed or floating, subject to a reset from time to time;
- (iv) the Mortgaged Assets are not the subject of residential letting and are occupied by the relevant Borrower;

- (v) interest payments and, to the extent applicable, principal payments with respect to each Mortgage Loan are scheduled to be made monthly or quarterly;
- (vi) the Outstanding Principal Amount of each Mortgage Loan, or of all Mortgage Loans secured on the same Mortgaged Asset together, does not exceed euro 850,000 and in respect of the purchase of New Mortgage Receivables, the Outstanding Principal Amount of each Mortgage Loan, or of all Mortgage Loans secured on the same Mortgaged Asset together, is not higher than the amount of euro 850,000 as such amount is increased on a yearly basis beginning in 2006 by the annual inflation percentage as published by ‘Centraal Bureau voor Statistiek’ in the first month of each calendar year;
- (vii) the legal final maturity of each Mortgage Loan, does not extend beyond December 2062;
- (viii) the Outstanding Principal Amount of each Mortgage Loan did not, upon origination equal to or exceed 126 per cent. of the Foreclosure Value of the Mortgaged Asset upon origination or as per a later valuation report of the Mortgaged Asset (if any);
- (ix) each Mortgage Loan is secured by a first ranking mortgage right or, in case of Mortgage Loans secured on the same Mortgaged Asset, as the case may be, first and sequentially lower ranking mortgage rights;
- (x) the Mortgaged Asset is located in the Netherlands for residential use by the Borrower; and
- (xi) in respect of each Mortgage Loan at least one (interest) payment has been received prior to the Closing Date or, in respect of New Mortgage Receivables, the relevant Purchase Date.

The same criteria apply to the selection of New Mortgage Receivables.

Notification Events

If, *inter alia*:

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by the Seller under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within 10 business days after notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than those relating to the Mortgage Loans and the Mortgage Receivables (which the Seller consequently repurchases), or under any of the Relevant Documents to which the Seller 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, untrue or incorrect in any material respect; or
- (d) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution (*‘ontbinding’*) and liquidation (*‘vereffening’*) or legal demerger (*‘juridische splitsing’*) involving a substantial part of its assets; or
- (e) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for the Seller becoming subject to suspension of payments or for bankruptcy, as referred to in the Bankruptcy Act (*‘Faillissementswet’*) or for any analogous insolvency proceedings under applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or

- (f) Delta Lloyd N.V., at any time, (i) withdraws its statement pursuant to Section 2:403 of the Netherlands Civil Code, filed with the Commercial Register of the Chamber of Commerce in Amsterdam in which it has declared that it is jointly and severally liable for any liabilities arising from legal acts (*'rechtshandelingen'*) of the Seller (the **'403-Statement'**) or (ii) is requested by a creditor of the Seller to make a payment pursuant to the 403-Statement as a result of non-payment by the Seller; or
- (g) if (i) in the reasonable opinion of the Issuer and the Security Trustee, there is a major change in the activities of Delta Lloyd N.V. or any of its subsidiaries, or (ii) Delta Lloyd N.V. sells and transfers (or intends to sell and transfer) all or part of the shares in any of its major subsidiaries (which will include, for the avoidance of doubt, the Seller) or any of such major subsidiaries sells and transfers (or intends to sell and transfer) all (or a major part) of its assets or ceases all (or a major part) of its activities; or
- (h) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under any of the Relevant Documents; or
- (i) Delta Lloyd Bankengroep N.V. (**'Delta Lloyd Bankengroep'**) on a consolidated basis, during a period of any two consecutive months fails to have, on a consolidated basis, a solvency ratio at least 0.25 per cent. above the percentage required by Guideline 4001 issued pursuant to the Wtk as set out in the Dutch Central Bank's Credit System Supervision Manual as amended from time to time (*'Handboek Wtk'*) for tier 1 capital and 0.50 per cent. above the percentage required by Guideline 4101 of the *Handboek Wtk* for tier 1 capital, upper tier 2 capital and lower tier 2 capital together and the actual liquidity is not greater or equal to the required liquidity under the broad liquidity test, as defined in such Guideline 4101 of the *Handboek Wtk* during a period of any two consecutive months; or
- (j) the Dutch Central Bank (*'De Nederlandse Bank'*) has restricted Delta Lloyd Bankengroep or Delta Lloyd Bank's powers in accordance with Clause 28.3 (b) of the Wtk and within two weeks after any such events Delta Lloyd Bankengroep or Delta Lloyd Bank has not taken the necessary steps resulting in such measures being withdrawn; or
- (k) the credit rating, if any, of Delta Lloyd Life's unsecured, unsubordinated and unguaranteed debt obligations falls below Prime-1 by Moody's or F1 by Fitch or any such rating is withdrawn or, as long Delta Lloyd Life's unsecured, unsubordinated and unguaranteed debt obligations are not rated by Moody's and Fitch, at any time (i) the actual solvency ratio of Delta Lloyd Life as calculated in accordance with the guidelines of and reported to the Dutch Central Bank falls below 150 per cent. or (ii) upon the earlier of (a) 30 days and (b) the expiration of a grace period set by the Rating Agencies after the Stressed Solvency Ratio (being the actual solvency ratio taking into account certain stress factors agreed with Moody's and Fitch and which may be amended by Moody's or Fitch from time to time) of Delta Lloyd Life has fallen (y) below 125 per cent. on two consecutive Quarterly Solvency Reporting Dates (being the 16th day of the month following the end of a calendar quarter) or (z) 110 per cent. on a Quarterly Solvency Reporting Date.

then the Seller, unless the Security Trustee, after having received confirmation from Moody's and Fitch that no downgrading of the Notes will occur as a result of not giving notice as described below, instructs it otherwise, shall forthwith notify the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables to the Issuer or, at its option, the Issuer shall be entitled to make such notifications itself.

Purchase of New Mortgage Receivables

The Mortgage Receivables Purchase Agreement provides that the Issuer will apply the Purchase Available Amount on any Purchase Date to purchase any New Mortgage Receivables from the Seller if and to the extent offered by the Seller. The Initial Purchase Price payable by the Issuer as consideration for any New Mortgage Receivables will be equal to the aggregate Outstanding Principal Amount in respect of the relevant New Mortgage Receivables on the first day of the month in which the relevant Purchase Date falls. The Issuer will be entitled to all proceeds in respect of the New Mortgage Receivables following such assignment from (and including) the first day of the month on the relevant Purchase Date.

The purchase by the Issuer of New Mortgage Receivables will be subject to the satisfaction of all of the following conditions (the '**Purchase Conditions**') on the relevant Purchase Date:

- (a) 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 sold (with certain amendments to reflect that the New Mortgage Receivables are sold and may have been originated after the Closing Date);
- (b) no Notification Event has occurred and is continuing on the date of such completion;
- (c) not more than 2 per cent. of the aggregate Outstanding Principal Amount relates to Mortgage Receivables which are in arrears for a period exceeding 60 days;
- (d) there has been no failure by the Seller to repurchase any Mortgage Receivable which it is required to repurchase pursuant to the Mortgage Receivables Purchase Agreement;
- (e) the then current ratings assigned to the Notes by any of Moody's and Fitch are not adversely affected as result of the purchase of the relevant New Mortgage Receivables on any of the following (and only on such) Purchase Dates: (i) the first Purchase Date; (ii) the Purchase Date on which the balance standing to the credit of the Pre-funded Account is equal to or falls below 50 per cent. of the balance that was standing to the credit of the Pre-funded Account on the Closing Date and (iii) the earlier of (x) the Purchase Date on which the balance standing to the credit of the Pre-funded Account is zero and; (y) the Purchase Date falling in March 2007;
- (f) Fitch will not have notified on the relevant Purchase Date the Issuer that the purchase of the relevant New Mortgage Receivables on such Purchase Date will adversely affect the then current ratings assigned to the Notes by Fitch;
- (g) the Purchase Available Amount is sufficient to pay the Initial Purchase Price for the relevant New Mortgage Receivables;
- (h) the weighted average of the LTV-ratio of all Mortgage Loans upon origination, including Mortgage Loans in respect of the New Mortgage Receivables purchased on such date, does not exceed the weighted average of the aggregate LTV-ratio at the Closing Date plus 3 per cent.. The Issuer and the Seller may agree to a higher LTV-ratio, subject to the confirmation of Moody's and Fitch that the ratings assigned to the Notes will not be adversely affected as a result thereof;
- (i) no drawing made by the Issuer under the Liquidity Facility remains outstanding;
- (j) the aggregate Outstanding Principal Amount of all Mortgage Loans with a Construction Amount does not exceed (a) 30 per cent. of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables up to (and including) the Purchase Date falling in September 2008 and (b) 15 per cent. of the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables thereafter;
- (k) the percentage of the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans divided by the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables does not exceed the percentage of the aggregate Outstanding Principal Amount of all Interest-only Mortgage Loans on the Closing Date divided by the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables on the Closing Date plus 5 per cent.;
- (l) the percentage of the aggregate Outstanding Principal Amount of all Life Mortgage Loans (other than the Life Mortgage Loans with the Savings Alternative) divided by the aggregate Outstanding Principal Amount in respect of the Mortgage Receivables does not exceed the percentage of the aggregate Outstanding Principal Amount of all Life Mortgage Loans (other than the Life Mortgage Loans with the Savings Alternative) on the Closing Date divided by the aggregate Outstanding Principal Amount on the Closing Date plus 5 per cent.;

- (m) the cumulative Realised Losses in respect of the Mortgage Receivables do not exceed 0.4 per cent. of the aggregate Outstanding Principal Amount in respect of all Mortgage Receivables on the relevant Purchase Date during the Pre-funding Period;
- (n) the balance standing to the credit of the Reserve Account is at least equal to the Reserve Account Required Amount;
- (o) the Class E Principal Deficiency Ledger has not been debited prior to or on such Purchase Date; and
- (p) in the case of a purchase of New Mortgage Receivables during the Pre-funding Period, an amount equal to the aggregate Outstanding Principal Amount in respect of the New Mortgage Receivables purchased on such Purchase Date less the amount of any debiting of the Pre-funded Account on such date does not, on an annual basis, exceed 20 per cent. of the aggregate Outstanding Principal Amount on the first day of the Quarterly Calculation Period wherein the relevant Purchase Date falls; The Issuer and the Seller may agree to a higher percentage, subject to the confirmation of Moody's and Fitch that the ratings assigned to the Notes will not be adversely affected as a result thereof.

ISSUER SERVICES AGREEMENT

Services

In the Issuer Services Agreement (i) the MPT Provider will agree to provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Loans and (ii) the Defaulted Loan Servicer will agree to provide the implementation of arrears procedures including the enforcement of mortgage rights (see further *Mortgage Loan Underwriting and Mortgage Services* above) and to provide information on the Participation in the Savings Mortgage Loans and Life Mortgage Loans with a Savings Element and (iii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) the direction of amounts received by the Seller to the Issuer Collection Account and the production of monthly reports in relation thereto, (b) drawings (if any) to be made by the Issuer under the Liquidity Facility and from the Reserve Account, (c) all payments to be made by the Issuer under the Swap Agreement and under the other Relevant Documents, (d) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (e) all payments to be made by the Issuer under the Sub-Participation Agreement, (f) the maintaining of all required ledgers in connection with the above and (g) all calculations to be made pursuant to the Conditions under the Notes. The Issuer Administrator will also provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement.

The MPT Provider and the Defaulted Loan Servicer, which each as a licensed credit institution holds a licence under the Financial Services Act by operation of law, will be obliged to administer the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as it administers mortgage loans in its own portfolio.

The MPT Provider will, in accordance with the Issuer Services Agreement, appoint Stater as its subagent to carry out the activities described above upon the terms and provisions of and in accordance with the Issuer Services Agreement. Stater will accept this appointment and will commit itself, in favour of the Issuer, to carry out the activities subject to and on the terms provided in the Issuer Services Agreement. The Issuer and the Security Trustee have consented to the appointment of Stater as subagent.

Termination

The appointment of the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator under the Issuer Services 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 MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator in the payment on the due date of any payment due and payable by it under the Issuer Services Agreement, (b) a default by the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Issuer Services Agreement or (c) the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations ('noodregeling') as referred to in Chapter X of the Act on the Supervision of the Credit System 1992 ('*Wet toezicht kredietwezen 1992*') 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.

After termination of the appointment of the MPT Provider and/or the Defaulted Loan Servicer and/or the Issuer Administrator under the Issuer Services Agreement, the Security Trustee and the Issuer shall use their best effort to appoint a substitute mpt provider and/or defaulted loan servicer and/or issuer administrator and such substitute mpt provider and/or defaulted loan servicer and/or issuer administrator shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Issuer Services Agreement, provided that such substitute mpt provider and/or defaulted loan servicer and/or issuer administrator shall have the benefit of a fee at a level to be then determined. Any such substitute mpt provider and/or defaulted loan servicer and/or issuer administrator is obliged to (i) have experience of administering

mortgage loans and mortgages of residential property in the Netherlands and (ii) hold a licence under the Act of the Financial Services (*Wet Financiële Dienstverlening*). The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on the terms of the Trustee Pledge Agreement II, *mutatis mutandis*, to the satisfaction of the Security Trustee.

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

SUB-PARTICIPATION AGREEMENT

Under the Sub-Participation Agreement the Issuer will grant to the Savings Insurance Company and the Savings Insurance Company will acquire a sub-participation in each of the Savings Mortgage Receivables and, as the case may be, the Life Mortgage Receivables with a Savings Element.

Participation

In the Sub-Participation Agreement the Savings Insurance Company will undertake to pay in respect of each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element:

- (i) at the Closing Date or on the relevant Purchase Date in case of a purchase and assignment of new savings mortgage receivables (the '**New Savings Mortgage Receivables**') and new life mortgage receivables with a savings element (the '**New Life Mortgage Receivables with a Savings Element**') or on the relevant Mortgage Payment Date in the case of a switch from any type of Mortgage Loan into a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element, to the Issuer an amount equal to the sum of the savings premia received by the Savings Insurance Company with accrued interest up to the first day of the month of the Closing Date or the relevant Purchase Date or the relevant Mortgage Payment Date (the '**Initial Participation**') in relation to each of the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element;
- (ii) on each Mortgage Payment Date an amount equal to the amount received by the Savings Insurance Company as Savings Premium during the Mortgage Calculation Period then ended in respect of the relevant Savings Insurance Policies and Life Insurance Policies with the Savings Alternative,

provided that in respect of each relevant Savings Mortgage Receivable and relevant Life Mortgage Receivable with a Savings Element no amounts will be paid to the extent that, as a result thereof, the Participation in such relevant Savings Mortgage Receivable and relevant Life Mortgage Receivable with a Savings Element would exceed the relevant Outstanding Principal Amount.

In consideration of such payments, the Savings Insurance Company will acquire a participation (the '**Participation**') in each of the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element, which is equal to the Initial Participation in respect of the relevant Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element increased during each Mortgage Calculation Period on the basis of the following formula (the '**Monthly Participation Increase**'):

Participation Fraction $\times i + S$, whereby

$S =$ the amount received by the Issuer from the Savings Insurance Company in such Mortgage Calculation Period in respect of the relevant Savings Mortgage Receivable or the relevant Life Mortgage Receivable with a Savings Element pursuant to the Sub-Participation Agreement;

$i =$ the amount of interest, due by the Borrower on the Savings Mortgage Receivable or the Life Mortgage Receivable with a Savings Element and actually received by the Issuer in such Mortgage Calculation Period;

In consideration for the undertaking of the Savings Insurance Company described above, the Issuer will undertake to pay to the Savings Insurance Company on each Mortgage Payment Date an amount equal to the Participation in each of the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element in respect of which amounts have been received during the relevant Mortgage Calculation Period (i) by means of repayment and prepayment under the relevant Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding any prepayment penalties and interest penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element, (ii) in connection with a repurchase of Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale of Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element pursuant to the Trust Deed to the extent

such amounts relate to principal and all amounts received as Net Proceeds on any Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element to the extent such amounts relate to principal (the '**Participation Redemption Available Amount**').

Reduction of Participation

If (i) a Borrower invokes a defence, including but not limited to a right of set-off or counterclaim against any person in respect of the relevant Savings Mortgage Receivables or the Life Mortgage Receivables with a Savings Element or if, for whatever reason, the Savings Insurance Company does not pay the insurance proceeds when due and payable, whether in full or in part, under the relevant Savings Insurance Policy or Life Insurance Policy with the Savings Alternative, or (ii) the Seller fails to pay any amount due by it to the Issuer pursuant to the Mortgage Receivables Purchase Agreement in respect of a Savings Mortgage Receivable or a Life Mortgage Receivable with a Savings Element, and, as a consequence thereof, the Issuer will not have received any amount which was outstanding prior to such event in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element, the Participation of the Savings Insurance Company in respect of such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element, will be reduced by an amount equal to the amount which the Issuer has failed to receive as a result of such default to pay.

Enforcement Notice

If an Enforcement Notice is given by the Security Trustee to the Issuer, then and at any time thereafter the Security Trustee on behalf of the Savings Insurance Company may, and if so directed by the Savings Insurance Company shall, by notice to the Issuer:

- (i) declare that the obligations of the Savings Insurance Company under the Sub-Participation Agreement are terminated; and
- (ii) declare the Participation in respect of each and all Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Participation Redemption Available Amount received or collected by the Issuer or, in case of enforcement, the Security Trustee under the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element.

Termination

If one or more of the Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element are (i) repurchased by the Seller from the Issuer pursuant to the Mortgage Receivables Purchase Agreement or (ii) sold by the Issuer to a third party pursuant to the Trust Deed, the Participation in such Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element will terminate and the Participation Redemption Available Amount in respect of the Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element will be paid by the Issuer to the Savings Insurance Company. If so requested by the Savings Insurance Company, the Issuer will use its best efforts to ensure that the acquirer of the Savings Mortgage Receivables or Life Mortgage Receivables with a Savings Element will enter into a Sub-Participation Agreement with the Savings Insurance Company in a form similar to the Sub-Participation Agreement. Furthermore, the Participation shall terminate if at the close of business of any Mortgage Payment Date the Savings Insurance Company has received the Participation in respect of the relevant Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element.

THE ISSUER

Arena 2006-I B.V., a private company with limited liability (*'besloten vennootschap met beperkte aansprakelijkheid'*) was incorporated under the laws of the Netherlands on 21 February 2006 under number B.V. 1359572. The corporate seat (*'statutaire zetel'*) of the Issuer is in Amsterdam, the Netherlands and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam and its telephone number is +31 20 5771 177. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34243083.

The Issuer is a special purpose vehicle, which objectives are (a) to acquire, purchase, conduct the management of, dispose of and encumber assets and to exercise any rights connected to such assets, (b) to take up loans by way of issue of securities or by entering into loan agreements to acquire the assets, (c) to invest and on-lend any funds held by the Issuer, (d) to hedge interest rate and other financial risks amongst others by entering into derivative agreements, such as swaps and options, (e) if incidental to the foregoing, to take up loans by issuing securities or by entering into loan agreements amongst others to repay the principal sum of the securities mentioned under (b) and to grant security rights and (f) to perform all activities which are incidental to or which may be conducive to any of the foregoing.

The Issuer has an authorised share capital of euro 90,000, of which euro 18,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting Arena Holding 2006-I.

Stichting Arena Holding 2006-I is a foundation (*'stichting'*) incorporated under the laws of the Netherlands on 1 February 2006. The objects of Stichting Arena Holding 2006-I are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Arena is ATC Management B.V.

Since its incorporation the Issuer operates under the laws of the Netherlands and there has been no material adverse change in its financial or trading position and it 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, (ii) been involved in any 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 and (iii) prepared any financial statements.

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 Relevant Documents.

The sole managing director of the Issuer is ATC Management B.V.. The managing directors of ATC Management B.V. are J.H. Scholts, G.F.X.M. Nieuwenhuizen, A.G.M. Nagelmaker and J. Lont. The managing directors of ATC Management B.V. have chosen domicile at the office address of ATC Management B.V., being Frederik Roeskestraat 123, 1076 EE Amsterdam.

ATC Management B.V. belongs to the same group of companies as ATC Financial Services B.V., being the Issuer Administrator. The sole shareholder of ATC Management B.V. and ATC Financial Services is Amsterdam Trust Corporation B.V.

The objectives of ATC Management B.V. are (a) advising of and mediation by financial and related transactions, (b) finance company, and (c) management of legal entities.

Each of the managing directors of Stichting Holding Arena Holding 2006-I and the Issuer has entered into a management agreement with the entity of which it acts as managing director. In these management agreements each of the managing directors agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do or should refrain from doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Relevant Documents or the then current ratings assigned to the Notes. In addition each of the managing directors agrees in the relevant management agreement that it will not enter into any agreement in relation to the Issuer other than the Relevant Documents to which it is a party, without

the prior written consent of the Security Trustee and after having received written confirmation by the Rating Agencies that there will be no adverse effect on the ratings assigned to the Notes.

There are no potential conflicts of interest between any duties to the Issuer of its managing director and private interests or other duties of the managing director.

The financial year of the Issuer coincides with the calendar year, except for the first financial year which started on 21 February 2006 and ends on 31 December 2006.

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 and the Initial Participation:

Share Capital

Authorised Share Capital	euro 90,000
Issued Share Capital	euro 18,000

Borrowings

Senior Class A Notes	euro 925,000,000
Mezzanine Class B Notes	euro 26,000,000
Mezzanine Class C Notes	euro 23,000,000
Mezzanine Class D Notes	euro 20,000,000
Junior Class E Notes	euro 6,000,000
Subordinated Class F Notes	euro 5,000,000
Initial Participation	euro 1,091,060.97
Subordinated Loan	euro 1,275,000

AUDITOR'S REPORT

The following is the text of a report received by the director of the Issuer from PricewaterhouseCoopers Accountants N.V., the auditors to the Issuer:

'To the Directors of Arena 2006-I B.V.

Fred. Roeskestraat 123
1076 EE AMSTERDAM
the Netherlands

Amsterdam, 28 March 2006.

Dear Sirs:

Following your request, we advise you as follows:

- As per the deed of incorporation, Arena 2006-I B.V. (the '**Issuer**') was incorporated on 21 February 2006 under number B.V. 1359572 in the Netherlands with an issued share capital of euro 18,000.
- Based on representations from yourselves and our assessment of the internal and external documentation made available to us by yourselves, we confirm that the Issuer has not yet prepared any financial statements.
- Based on representation from yourselves and our assessment of the internal and external documentation made available to us by yourselves we confirm that:
 - Since its incorporation, the Issuer has not traded;
 - It has not declared or paid any dividends nor made any distributions;
 - It has not been engaged in any activity, other than the activities related to its establishment and the transaction included in the Prospectus; and
 - No income or expensed have been incurred by the Issuer, other than related to these activities and disclosed in the aforementioned Prospectus.

Yours faithfully,

PricewaterhouseCoopers Accountants N.V.'

USE OF PROCEEDS

The net proceeds of the issue of the Notes (excluding the Subordinated Class F Notes), will be applied as follows:

- (a) an amount of euro 572,766,465.39 will be deposited in the Pre-funded Account and will be available for the purchase of New Mortgage Receivables on any Purchase Date up to (and including) the Quarterly Payment Date falling in March 2007; and
- (b) the remainder will be applied on the Closing Date to pay (part of) the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement.

The net proceeds of the Subordinated Class F Notes will be credited to the Reserve Account.

An amount of euro 20,520,558.79 of the Initial Purchase Price will be withheld by the Issuer and deposited in the Construction Account. Furthermore, an amount of euro 1,091,060.97 will be received by the Issuer as consideration for the Participation granted to the Savings Insurance Company in the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element. The Issuer will apply this amount towards payment of part of the Initial Purchase Price.

The proceeds of the Subordinated Loan, in the amount of euro 1,275,000 will be used by the Issuer to pay certain initial costs and expenses in connection with the issue of the Notes.

DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount equal to the aggregate amount due (*'verschuldigd'*) by the Issuer (a) to the Noteholders under the Notes, (b) as fees or other remuneration to the Directors under the Management Agreements, (c) as fees and expenses to the MPT Provider, the Defaulted Loan Servicer and the Issuer Administrator under the Issuer Services Agreement, (d) as fees and expenses to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (e) to the Liquidity Facility Provider under the Liquidity Facility Agreement, (f) to the Swap Counterparty under the Swap Agreement, (g) to the Seller under the Mortgage Receivables Purchase Agreement, (h) to the Subordinated Loan Provider under the Subordinated Loan Agreement and (i) to the Savings Insurance Company under the Sub-Participation Agreement (together the **'Secured Parties'**) (the **'Parallel Debt'**).

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 Parties shall be reduced by an amount equal to the amount so received.

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 Parties in accordance with the Priority of Payments upon Enforcement, save for amounts due to the Savings Insurance Company in connection with the Participations. The amounts due to the Secured Parties, other than the Savings Insurance Company, will be the sum of (a) amounts recovered (*'verhaald'*) by it (i) on the Mortgage Receivables, other than the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element and the Beneficiary Rights relating thereto, and (ii) on each of the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element and the Beneficiary Rights relating thereto to the extent the amount exceeds the relevant Participation in the relevant Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, and (iii) other assets pledged pursuant to the Pledge Agreements (b) the *pro rata* part of amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the sum of the Participations bear to the aggregate Mortgage Receivables); less (y) any amounts already paid by the Security Trustee to the Secured Parties (other than the Savings Insurance Company) pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, Moody's and Fitch and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion the sum of the Participations bear to the aggregate Mortgage Receivables).

The amounts due to the Savings Insurance Company consist of, *inter alia*, (i) amounts recovered by it on the Savings Mortgage Receivables and the Life Mortgage Receivables with a Savings Element and the Beneficiary Rights provided that such amounts relate to the relevant Participation in the Savings Mortgage Receivables and Life Mortgage Receivables with a Savings Element and (ii) the *pro rata* part of the amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement (by reference to the proportion the sum of the Participations bear to the aggregate Mortgage Receivables); less (y) any amounts already paid to the Savings Insurance Company by the Security Trustee pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, the Rating Agencies and any legal advisor, auditor or accountant appointed by the Security Trustee) (by reference to the proportion of the sum of the Participations bear to the Mortgage Receivables).

On the Closing Date the Issuer will vest a right of pledge (the **'Trustee Pledge Agreement I'**) in favour of the Security Trustee on the Mortgage Receivables and the Beneficiary Rights and in respect of any New Mortgage Receivables undertakes to grant a first ranking right of pledge on such New Mortgage Receivables and, if applicable, the Beneficiary Rights on the Purchase Date on which they are acquired. The pledge on the Mortgage Receivables will not be notified to the Borrowers, except in case certain notification events occur, which include the Notification Events and similar events relating to the Issuer (the **'Trustee I**

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 section 3:239 of the Netherlands Civil Code. The pledge on the Beneficiary Rights vis-à-vis the Savings Insurance Company will be notified to the Savings Insurance Company and will, therefore, be a disclosed right of pledge (*‘openbaar pandrecht’*) and the pledges on the Beneficiary Rights vis-à-vis a Life Insurance Company will be an undisclosed right of pledge (*‘stil pandrecht’*).

In addition, on the Closing Date a right of pledge (the **‘Trustee Pledge Agreement II’** and together with the Trustee Pledge Agreement I, the **‘Pledge Agreements’**) will be vested by the Issuer in favour of the Security Trustee over all rights of the Issuer under or in connection with (i) the Mortgage Receivables Purchase Agreement, (ii) the Issuer Services Agreement, (iii) the Floating Rate GIC, (iv) the Liquidity Facility Agreement, (v) the Swap Agreement, (vi) the Sub-Participation Agreement and (vii) in respect of the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge (*‘openbaar pandrecht’*).

The rights of pledge created in the Pledge Agreements 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 Relevant Documents.

The security rights described above shall serve as security for the benefit of the Secured Parties, including each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Mezzanine Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders, but, *inter alia*, amounts owing to the Mezzanine Class B Noteholders will rank in priority of payment after amounts owing to Senior Class A Noteholders, amounts owing to Mezzanine Class B Noteholders and amounts owing to the Mezzanine Class D Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and amounts owing to the Junior Class E Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and the Mezzanine Class D Noteholders and amounts owing to the Subordinated Class F Noteholders will rank in priority of payment after amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Mezzanine Class D Noteholders and the Junior Class E Noteholders (see *Credit Structure* above).

THE SECURITY TRUSTEE

Stichting Security Trustee Arena 2006-I (the '**Security Trustee**') is a foundation ('*stichting*') incorporated under the laws of the Netherlands on 1 February 2006. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Herengracht 420, 1017 BZ Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee of the Noteholders and any other creditor of the Issuer under the Relevant Document; (b) to acquire, keep 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, *inter alia*, the Issuer, which are conducive to the holding of the abovementioned security rights; (c) to borrow money; and (d) to perform any and all acts which are related, incidental or which may be conducive to the above. The Security Trustee will only act as trustee in connection with the Mortgage Receivables.

The sole director of the Security Trustee is N.V. Algemeen Nederlands Trustkantoor ANT, having its registered office at Herengracht 420, 1017 BZ Amsterdam, the Netherlands.

TERMS AND CONDITIONS OF THE NOTES

If Notes are issued in definitive form, the terms and conditions (the '**Conditions**') will be as set out below. The Conditions will be endorsed on each Note if they are issued in definitive form. While the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form. See *The Global Notes* below.

The issue of the euro 925,000,000 floating rate Senior Class A Mortgage-Backed Notes 2006 due 2064 (the 'Senior Class A Notes'), the euro 26,000,000 floating rate Mezzanine Class B Mortgage-Backed Notes 2006 due 2064 (the 'Mezzanine Class B Notes'), the euro 23,000,000 floating rate Mezzanine Class C Mortgage-Backed Notes 2006 due 2064 (the 'Mezzanine Class C Notes'), the euro 20,000,000 floating rate Mezzanine Class D Mortgage-Backed Notes 2006 due 2064 (the '**Mezzanine Class D Notes**'), the euro 6,000,000 floating rate Junior Class E Mortgage-Backed Notes 2006 due 2064 (the 'Junior Class E Notes') and the euro 5,000,000 floating rate Subordinated Class F Notes 2006 due 2064 (the 'Subordinated Class F Notes', and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes, the '**Notes**') was authorised by a resolution of the managing director of Arena 2006-I B.V. (the '**Issuer**') passed on 23 March 2006. The Notes are issued under a trust deed dated 29 March 2006 (the '**Trust Deed**') between the Issuer, Stichting Arena Holding 2006-I and Stichting Security Trustee Arena 2006-I (the '**Security Trustee**').

The statements in these terms and conditions of the Notes (the '**Conditions**') include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the '**Coupons**') and the forms of the Temporary Global Notes and the Permanent Global Notes, (ii) a paying agency agreement (the '**Paying Agency Agreement**') dated 28 March 2006 between the Issuer, the Security Trustee and ABN AMRO Bank N.V. as paying agent (the '**Paying Agent**') and as reference agent (the '**Reference Agent**'), (iii) an issuer services agreement (the '**Issuer Services Agreement**') dated 29 March 2006 between, the Issuer, Delta Lloyd Bank N.V. as the MPT Provider and the Defaulted Loan Servicer, ATC Financial Services B.V. as the Issuer Administrator and the Security Trustee, (iv) a parallel debt agreement (the '**Parallel Debt Agreement**') dated [29] March 2006 between the Issuer, the Security Trustee and the Secured Parties, (v) a pledge agreement (the '**Trustee Pledge Agreement I**') dated 29 March 2006 between, *inter alia*, the Issuer and the Security Trustee, (vi) a pledge agreement dated 29 March 2006 between the Issuer, the Security Trustee and others (the '**Trustee Pledge Agreement II**') and together with the Trustee Pledge Agreement I, the '**Pledge Agreements**').

Certain words and expressions used in these Conditions are defined in a master definitions agreement (the '**Master Definitions Agreement**') dated 28 March 2006 and signed by the Issuer, the Security Trustee, the Paying Agent and certain other parties. 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 terms or definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, '**Class**' means either the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes or the Subordinated Class F Notes, as the case may be.

Copies of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement are available for inspection free of charge by holders of the Notes (the '**Noteholders**') at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Herengracht 420, 1017 BZ Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement.

1. Form, Denomination and Title

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of euro 100,000 each. Under Netherlands law, the valid transfer of Notes 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) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

2. Status, Relationship between the Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class;
- (b) In accordance with the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, (ii) payments of principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of principal and interest on the Mezzanine Class D Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, (iv) payments of principal and interest on the Junior Class E Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Mezzanine Class D Notes and (v) payments of principal and interest on the Subordinated Class F Notes are subordinated to, *inter alia*, payments of interest on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes;
- (c) The security for the obligations of the Issuer towards the Noteholders (the ‘**Security**’) will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:
 - (i) a first ranking pledge by the Issuer to the Security Trustee on the Mortgage Receivables and the Beneficiary Rights;
 - (ii) a first ranking pledge by the Issuer to the Security Trustee on the Issuer’s rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the MPT Provider, the Defaulted Loan Servicer and the Issuer Administrator under or in connection with the Issuer Services Agreement; (c) against the Swap Counterparty under or in connection with the Swap Agreement; (d) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement; (e) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC; (f) against the Savings Insurance Company under or in connection with the Sub-Participation Agreement and (g) against the Floating Rate GIC Provider under or in connection with the Transaction Accounts;
- (d) The Notes will be secured (directly and/or indirectly) by the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes; the Mezzanine Class B Notes will rank in priority to the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes; the Mezzanine Class C Notes will rank in priority to the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes, the Mezzanine Class D Notes will rank in priority to the Junior Class E Notes and the Subordinated Class F Notes and the Junior Class E Notes rank in priority to the Subordinated Class F Notes. The ‘**Most Senior Class of Notes**’ means the Senior Class A Notes or if there are no Senior Class A Notes outstanding, the Mezzanine Class B Notes, or if there are no Mezzanine Class B Notes outstanding, the Mezzanine Class C Notes, or if there are no Mezzanine Class C Notes outstanding, the Mezzanine Class D Notes, or if there are no Mezzanine Class D Notes outstanding, the Junior Class E Notes, or if there are no Junior Class E Notes outstanding, the Subordinated Class F Notes.

The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the holders of the Senior Class A Notes (the '**Senior Class A Noteholders**'), the holders of the Mezzanine Class B Notes (the '**Mezzanine Class B Noteholders**'), the holders of the Mezzanine Class C Notes (the '**Mezzanine Class C Noteholders**'), the holders of the Mezzanine Class D Notes (the '**Mezzanine Class D Noteholders**'), the holders of the Junior Class E Notes (the '**Junior Class E Noteholders**') and the holders of the Subordinated Class F Notes (the '**Subordinated Class F Noteholders**'), as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise). If there is a conflict of interest between any Classes of Noteholders, the Security Trustee shall have regard only to the interest of the Most Senior Class of Noteholders. In this respect the order of priority is as follows: firstly, the Senior Class A Noteholders, secondly, the Mezzanine Class B Noteholders, thirdly, the Mezzanine Class C Noteholders, fourthly, the Mezzanine Class D Noteholders, fifthly, the Junior Class E Noteholders and finally, the Subordinated Class F Noteholders. In addition, the Security Trustee shall have regard to the interests of the other Secured Parties, provided that in case of a conflict interest between the Secured Parties the priority of payments upon enforcement set forth in the Trust Deed determines which interest of which Secured Party prevails.

3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and accounting practice and shall not, except (i) to the extent permitted by the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Pledge Agreements, the Parallel Debt Agreement, the Swap Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Sub-Participation Agreement, the Notes Purchase Agreement, the Notes, the Paying Agency Agreement, the Beneficiary Waiver Agreement, the Management Agreements, the Subordinated Loan Agreement, the Deed of Assignment, any Purchase Deed of Assignment and the Trust Deed (and together with the Master Definitions Agreement, the '**Relevant Documents**') or (ii) with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Prospectus dated 28 March 2006 relating to the issue of the Notes and as contemplated in the Relevant 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 Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over 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 in the Relevant Documents;
- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Deed, the Parallel Debt Agreement, the Pledge Agreements 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 except as contemplated in the Relevant Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking; or
- (g) have an interest in any bank account other than (i) the Transaction Accounts or (ii) an account in which collateral under the Swap Agreement is transferred, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii).

4. Interest

(a) *Period of Accrual*

Each Note shall bear interest on its Principal Amount Outstanding (as defined in Condition 6(c)) from and including the Closing Date. Each Note (or in the case of the redemption of part only of a Note that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgement) 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 thereof being duly made, payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated on the basis of the actual days elapsed in such period and a 360 day year.

(b) *Interest Periods and Payment Dates*

Interest on the Notes is payable by reference to successive quarterly interest periods (each a '**Floating Rate Interest Period**') and will be payable quarterly in arrear in euro on the 17th day of June, September, December and March (or, if such day is not a Business Day, the next succeeding Business Day) in each year (each such day being a '**Quarterly Payment Date**'). A '**Business Day**' means a day on which banks are open for business in Amsterdam, provided that such day is also a day on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer System ('**TARGET System**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and will end on (but exclude) the Quarterly Payment Date falling in June 2006.

(c) *Interest on the Notes up to the first Optional Redemption Date*

Interest on the Notes for each Floating Rate Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two and three months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus, up to (but excluding) the first Optional Redemption Date:

- (i) for the Senior Class A Notes a margin of 0.12 per cent. per annum;
- (ii) for the Mezzanine Class B Notes a margin of 0.15 per cent. per annum;
- (iii) for the Mezzanine Class C Notes a margin of 0.24 per cent. per annum;
- (iv) for the Mezzanine Class D Notes a margin of 0.48 per cent. per annum;
- (v) for the Junior Class E Notes a margin of 0.55 per cent. per annum; and
- (vi) for the Subordinated Class F Notes a margin of 0.35 per cent. per annum.

(d) *Interest following the first Optional Redemption Date*

If on the first Optional Redemption Date any Class of Notes have not been redeemed in full, a floating rate of interest will be applicable to each Class of Notes equal to the sum of Euribor for three months deposits, payable by reference to Floating Rate Interest Periods on each succeeding Quarterly Payment Date, plus:

- (i) for the Senior Class A Notes, a margin of 0.25 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.30 per cent. per annum;
- (iii) for the Mezzanine Class C Notes, a margin of 0.48 per cent. per annum;
- (iv) for the Mezzanine Class D Notes, a margin of 0.96 per cent. per annum;
- (v) for the Junior Class E Notes, a margin of 1.10 per cent. per annum; and
- (vi) for the Subordinated Class F Notes, a margin of 0.35 per cent. per annum.

The rates of interest set forth in Conditions 4(c) and 4(d) are hereinafter referred to as the '**Rates of Interest**'.

(e) *Euribor*

For the purpose of Conditions 4(c) and (d) Euribor will be determined as follows:

- (i) The Reference Agent will obtain for each Floating Rate Interest Period the rate equal to the amount of Euribor for three months deposits in euros. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Telerate Page 248 (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuter Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the Euribor rate selected by the Reference Agent) as at or about 11.00 a.m. (Central European time) on the day that is two Business Days preceding the first day of each Floating Interest Period (each an '**Interest Determination Date**');
 - (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
 - (A) request the principal euro-zone office of each of four major banks in the euro-zone interbank market (the '**Reference Banks**') to provide a quotation for the rate at which three months euro deposits are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and
 - (B) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for three months deposits to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Floating Rate Interest Period shall be the rate per annum equal to the euro interbank offered rate for euro deposits as determined in accordance with this paragraph (e), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Floating Rate Interest Period, Euribor applicable to the relevant Class of Notes during such Floating Rate Interest Period will be Euribor last determined in relation thereto.

(f) *Determination of Rates of Interest and Calculation of Interest Amounts*

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Interest Determination Date, determine the Rates of Interest for each Class of Notes and calculate the amount of interest payable on each relevant Class of Notes for the following Floating Rate Interest Period (the '**Interest Amount**') by applying the relevant Rates of Interest to the Principal Amount Outstanding of each Class of Notes respectively on the first day of such Floating Rate Interest Period. The determination of the relevant Floating Rates of Interest and each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

(g) *Notification of Floating Rates of Interest and Interest Amounts*

The Reference Agent will cause the relevant Quarterly Payment Date, the relevant Floating Rates of Interest and the relevant Interest Amounts to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator and to the holders of such Class of Notes by an advertisement in the English language in the Euronext Daily Official List ('*Officiële Prijscourant*') of Euronext Amsterdam N.V. for as long as the Notes are listed on Eurolist by Euronext Amsterdam, as soon as possible after the determination. The Interest Amount, the Rate of Interest and the Quarterly Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period.

(h) *Determination or Calculation by Security Trustee*

If the Reference Agent at any time for any reason does not determine the relevant Rates of Interest or fails to calculate the relevant Interest Amounts in accordance with paragraph (f) above, the Security Trustee shall determine the relevant Rates of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Interest Amounts in accordance with paragraph (f) above, and each such determination or calculation shall (in the absence of a manifest error) be final and binding on all parties.

(i) *Reference Banks and Reference Agent*

The Issuer will procure that, as long as any of the Notes remains outstanding, there will at all times be four Reference Banks and a Reference Agent. The Issuer has, subject to prior written consent of the Security Trustee, the right to terminate the appointment of the Reference Agent or of any Reference Bank 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 relevant Class of Notes in accordance with Condition 13. If any person shall be unable or unwilling to continue to act as a Reference Bank or the Reference Agent (as the case may be) or if the appointment of any Reference Bank or the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Trustee, appoint a successor Reference Bank or Reference Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Reference Agent shall take effect until a successor approved in writing by the Security Trustee has been appointed.

5. Payment

- (a) Payment of principal and interest in respect of Notes will be made upon presentation of the Note in and against surrender of the relevant Coupon appertaining thereto, at any specified office of the Paying Agent in cash or by transfer to an euro account maintained by the payee with a bank in the Netherlands, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.
- (b) At the Final Maturity Date (as defined in Condition 6), or such earlier date 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 Quarterly Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next Business Day following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and of its offices are set out below.
- (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 agent located in the United States of America will be appointed and for as long as the Notes are listed on Eurolist by Euronext Amsterdam the Issuer will at all times maintain a paying agent in the Netherlands. 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.

6. Redemption

(a) Final redemption

Unless previously redeemed as provided below, on the Quarterly Payment Date falling in December 2064 (the '**Final Maturity Date**') the Issuer will redeem the Notes at their Principal Amount Outstanding, but in respect of the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes subject to Condition 9(b).

(b) Mandatory Redemption of the Notes (other than the Subordinated Class F Notes)

Provided that no Enforcement Notice has been served in accordance with Condition 10, on the Quarterly Payment Date falling in June 2007 and each Quarterly Payment Date thereafter the Issuer shall be obliged to apply the Notes Redemption Available Amount (as defined below) to redeem (or partially redeem) the Notes (other than the Subordinated Class F Notes) at their Principal Amount Outstanding on a *pro rata* basis in the following order:

- (i) *firstly*, the Senior Class A Notes until fully redeemed,
- (ii) *secondly*, the Mezzanine Class B Notes until fully redeemed,
- (iii) *thirdly*, the Mezzanine Class C Notes until fully redeemed,
- (iv) *fourthly*, the Mezzanine Class D Notes until fully redeemed and
- (v) *finally*, the Junior Class E Notes until fully redeemed.

The principal amount so redeemable in respect of each relevant Note on the relevant Quarterly Payment Date shall each be the Principal Redemption Amount (as defined in Condition 6(c)). Following application of the Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

(c) Definitions

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

- (i) The **'Principal Amount Outstanding'** on any Quarterly Payment Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that Note that have become due and payable prior to such Quarterly Payment Date provided that for the purpose of Conditions 4, 6 and 10 all Principal Redemption Amounts that have become due and not been paid, notwithstanding duly presentation of the relevant Note, shall not be so deducted;
- (ii) The term **'Notes Redemption Available Amount'** shall mean on any Quarterly Calculation Date the aggregate amount received or held by the Issuer during the immediately preceding Quarterly Calculation Period:
 - (a) by means of repayment and prepayment in full of principal under the Mortgage Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the relevant Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
 - (b) as Net Proceeds on any Mortgage Receivable to the extent such proceeds relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
 - (c) in connection with a repurchase of Mortgage Receivables, whether or not as a result of the exercise of the Regulatory Call Option, 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 less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element to the extent not applied to the purchase of New Mortgage Receivables on such Quarterly Payment Date;
 - (d) in connection with a sale of Mortgage Receivables pursuant to the Trust Deed to the extent such amounts relate to principal less, with respect to each Savings Mortgage Receivable and Life Mortgage Receivable with a Savings Element, the Participation in such Savings Mortgage Receivable or Life Mortgage Receivable with a Savings Element;
 - (e) as amount to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Issuer Services Agreement;
 - (f) as Monthly Participation Increase pursuant to the Sub-Participation Agreement and as consideration for the Initial Participation in case any type of Mortgage Loan switches into a Savings Mortgage Loan or a Life Mortgage Loan with a Savings Element;
 - (g) as partial prepayment in respect of Mortgage Receivables;
 - (h) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;
 - (i) any amounts received on the Issuer Collection Account from the credit balance of the Construction Account in accordance with the Mortgage Receivables Purchase Agreement; and
 - (j) upon expiry of the Pre-funding Period, the balance standing to the credit of the Pre-funded Account.
- (iii) The term **'Net Proceeds'** shall mean (a) the proceeds of a foreclosure on the mortgage right, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c)

the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to any Insurance Policy and fire insurance, (d) the proceeds of any guarantees or sureties, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs;

- (iv) The term '**Quarterly Calculation Date**' means, in relation to a Quarterly Payment Date, the fourth business day prior to such Quarterly Payment Date;
- (v) The term '**Quarterly Calculation Period**' means a period of three consecutive months commencing on (and including) the first day of each of June, September, December and March of each year, except for the first Quarterly Calculation Period which will commence on the Cut-off Date and end on and include the last day of May 2006;
- (vi) The term '**Principal Redemption Amount**' shall mean on the relevant Quarterly Payment Date (i) the amount (if any) (rounded down to the nearest euro) of the Notes Redemption Available Amount (as applicable to each Class of Notes, other than the Subordinated Class F Notes) on the Quarterly Calculation Date relating to that Quarterly Payment Date divided by the number of Notes subject to such redemption and (ii) in respect of the Subordinated Class F Notes, the remaining amount (if any) (rounded down to the nearest euro) of the Notes Interest Available Amount on the Quarterly Calculation Date relating to that Quarterly Payment Date subject to such redemption after payment of item (a) up to and including (g) of the Interest Priority of Payments, divided by the number of Subordinated Class F Notes, provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note.

(d) *Determination of Principal Redemption Amount and Principal Amount Outstanding*

- (i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (x) the Principal Redemption Amount and (y) the Principal Amount Outstanding of the relevant Note on the first day of the next following Floating Rate Interest Period. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons;
- (ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear, Clearstream, Luxembourg, Euronext Amsterdam N.V. and to the holders of Notes by an advertisement in the English language in the Euronext Daily Official List ('*Officiële Prijscourant*') of Euronext Amsterdam N.V., but in any event no later than three business days prior to the relevant Quarterly Payment Date. If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date a notice to this effect will be given to the Noteholders in accordance with Condition 13;
- (iii) If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) the Principal Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with this paragraph (d) and paragraph (a) above (but based upon the information in its possession as to the Notes Redemption Available Amount) and each such determination or calculation shall be deemed to have been made by the Issuer.

(e) *Optional Redemption*

Unless previously redeemed in full, on the Quarterly Payment Date falling in March 2013 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer may, at its option, redeem all (but not some only) of the Notes (other than the Subordinated Class F Notes) at their Principal Amount Outstanding on such date. The Issuer shall notify the exercise of such option

by giving not more than 60 nor less than 30 days written notice to the Security Trustee and the Noteholders in accordance with Conditions 13, prior to the relevant Optional Redemption Date. In the event that on such Optional Redemption Date there is a Principal Shortfall in respect of the Junior Class E Notes or the Mezzanine Class D Notes or the Mezzanine Class C Notes or the Mezzanine Class B Notes, the Issuer may, at its option, subject to Condition 9(b), partially redeem all (but not some only) Junior Class E Notes or Mezzanine Class D Notes or Mezzanine Class C Notes or Mezzanine Class B Notes respectively at their Principal Amount Outstanding less the relevant Principal Shortfall.

(f) *Redemption of Subordinated Class F Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall be obliged to apply the Notes Interest Available Amount (as defined in the Master Definitions Agreement), if and to the extent that all payments ranking above item (p) in the interest priority of payments as set forth in Clause 5.3 of the Trust Deed have been made in full, to redeem (or partially) redeem on a *pro rata* basis the Subordinated Class F Notes on each Quarterly Payment Date (the first of which will fall in June 2006) until fully redeemed.

(g) *Redemption for tax reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Quarterly Payment Date, at their Principal Amount Outstanding, together with interest accrued up to and including the date of redemption, if 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 application of the laws or regulations (including any guidelines issued by the tax authorities) of the Netherlands 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 Quarterly Calculation Date immediately preceding such Quarterly Payment Date to discharge all amounts of principal and interest due in respect of each Class of the Notes and any amounts required to be paid in priority to or *pari passu* with each Class of Notes in accordance with the Trust Deed. No Class of Notes may be redeemed under such circumstances unless all Classes of Notes (other than the Subordinated Class F Notes) (or such of them as are then outstanding) are also redeemed in full at the same time.

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

7. Taxation

All payments in respect of 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, unless the Issuer or the Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer or the Paying Agent (as the case may be) shall make such payment after the required withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Paying Agent nor the Issuer will be obliged to make any additional payments to the Noteholders in respect of 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

(a) Interest

Interest on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes, the Junior Class E Notes and the Subordinated Class F Notes 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 Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class B Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Mezzanine Class B Notes. In the event of a shortfall, the Issuer shall credit the Mezzanine Class B Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class B Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Mezzanine Class B Notes on that date pursuant to Condition 4. 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 Mezzanine Class B Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Mezzanine Class B Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class C Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Mezzanine Class C Notes. In the event of a shortfall, the Issuer shall credit the Mezzanine Class C Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class C Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Mezzanine Class C Notes on that date pursuant to Condition 4. 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 Mezzanine Class C Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Mezzanine Class C Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Mezzanine Class D Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Mezzanine Class D Notes. In the event of a shortfall, the Issuer shall credit the Mezzanine Class D Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Mezzanine Class D Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Mezzanine 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 Mezzanine 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 Mezzanine Class D Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Junior Class E Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Junior Class E Notes. In the event of a shortfall, the Issuer shall credit the Junior Class E Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Junior Class E Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Junior Class E Notes on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Junior Class E Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Junior Class E Note on the next succeeding Quarterly Payment Date.

In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to it to satisfy its obligations in respect of amounts of interest due on the Subordinated Class F Notes on such Quarterly Payment Date, the amount available (if any) shall be applied *pro rata* to the amount of the interest due on such Quarterly Payment Date to the holders of the Subordinated Class F Notes. In the event of a shortfall, the Issuer shall credit the Subordinated Class F Interest Deficiency Ledger with an amount equal to the amount by which the aggregate amount of interest paid on the Subordinated Class F Notes on any Quarterly Payment Date in accordance with this Condition falls short of the aggregate amount of interest payable on the Subordinated Class F Notes on that date for the purposes of Condition 4, but shall accrue interest as long as it remains outstanding at the rate of interest applicable to the Subordinated Class F Notes for such period, and a *pro rata* share of such shortfall and accrued interest thereon shall be aggregated with the amount of, and treated for the purpose of these Conditions as if it were interest due, subject to this Condition, on each Subordinated Class F Note on the next succeeding Quarterly Payment Date.

(b) *Principal*

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero, the Mezzanine Class B Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class B Notes. If, on any Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such Quarterly Payment Date. The Mezzanine Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class B Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero, the Mezzanine Class C Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class C Notes. If, on any Quarterly Payment Date, there is a balance on the Class C Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class C Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such Quarterly Payment Date. The Mezzanine Class C Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class C Notes after the earlier of (i) the Final Maturity Date and (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class C Notes is reduced to zero, the Mezzanine

Class D Noteholders will not be entitled to any repayment of principal in respect of the Mezzanine Class D Notes. If, on any Quarterly 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 Mezzanine Class D Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Mezzanine Class D Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Mezzanine Class D Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class B Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class C Notes is reduced to zero and the Principal Amount Outstanding of the Mezzanine Class D Notes is reduced to zero, the Junior Class E Noteholders will not be entitled to any repayment of principal in respect of the Junior Class E Notes. If, on any Quarterly Payment Date, there is a balance on the Class E Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Mezzanine Class E Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the relevant Principal Shortfall on such date. The Junior Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class E Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

'Principal Shortfall' shall mean an amount equal to the quotient of the balance on the relevant sub-ledger of the Principal Deficiency Ledger on a Quarterly Payment Date divided by the number of the Notes of the relevant Class on such Quarterly Payment Date.

The Subordinated Class F Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated Class F Notes after the earlier of (i) the Final Maturity Date or (ii) the date on which the Issuer no longer holds any Mortgage Receivables and there are no balances standing to the credit of the Transaction Accounts.

(c) *General*

In the event that the Security in respect of the Notes and the Coupons appertaining thereto has been fully enforced and the proceeds of such enforcement, after payment of all other claims ranking under the Trust Deed in priority to the relevant Class of Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of such Class of Notes, the Noteholders of such Class shall have no further claim against the Issuer or the Security 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 Senior Class A Noteholders or if no Senior Class A Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class B Noteholders, or if no Senior Class A Notes and Mezzanine Class B Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class C Noteholders or if no Senior Class A Notes, Mezzanine Class B Notes and Mezzanine Class C Notes are outstanding, by an Extraordinary Resolution of the Mezzanine Class D Noteholders or if no Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Mezzanine Class D Notes are outstanding by an Extraordinary Resolution of the Junior Class E Noteholders or if no Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes, Mezzanine Class D Notes and Junior Class E Notes are outstanding by an Extraordinary Resolution of the Subordinated Class F Noteholders (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 notice (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:

- (a) default is made for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes of the Relevant Class; or
- (b) the Issuer fails to perform any of its other obligations binding on it under the Notes of the Relevant Class, the Trust Deed, 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 thirty days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*‘conservatoir beslag’*) or an executory attachment (*‘executoriaal beslag’*) on any major part of the Issuer’s assets is made and not discharged or released within a period of thirty (30) days; or
- (d) if any order shall be made by any competent court or other authority or a resolution passed for the dissolution or liquidation of the Issuer or for the appointment of a liquidator or receiver of the Issuer or of all or substantially all of its assets; or
- (e) the Issuer makes an assignment for the benefit of, or enters into any general assignment (*‘akkoord’*) with, its creditors; or
- (f) the Issuer files a petition for a suspension of payments (*‘surseance van betaling’*) or for bankruptcy (*‘faillissement’*) or has been declared bankrupt; or
- (g) 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 Deed and the Security;

provided that, if Senior Class A Notes are outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of the Mezzanine Class B Notes or the Mezzanine Class C Notes or the Mezzanine Class D Notes or the Junior Class E Notes or the Subordinated Class F Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders or the Mezzanine Class C Noteholders or the Mezzanine Class D Noteholders or the Junior Class E Noteholders or the Subordinated Class F Noteholders unless an Enforcement Notice in respect of the Senior Class A Notes 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 of Notes, 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 of Notes.

11. Enforcement

- (a) At any time after 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 (including the making of a demand of payment thereunder), the Trust Deed, 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 Senior Class A Noteholders or, if all amounts due in respect of the Senior Class A Notes have been fully paid, the Mezzanine Class B Noteholders or, if all amounts due in respect of the Senior Class A Notes and the Mezzanine Class B Notes have been fully paid, the Mezzanine Class C Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes have been fully paid, the Mezzanine Class D Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Mezzanine Class D Notes have been fully paid, the Junior Class E Noteholders or, if all amounts due in respect of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes have been fully paid, the Subordinated Class F Noteholders and (ii) it shall have been indemnified to its satisfaction;

- (b) No Noteholder may 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) The Noteholders may not 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 is 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 Deed contains provisions for the indemnification of the Security Trustee in the circumstances set out herein 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 Relevant 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 in at least one daily newspaper of wide circulation in the Netherlands, in the Financial Times (London) or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Notes are listed on Eurolist by Euronext Amsterdam, in the English language in the Euronext Daily Official List (*'Officiële Prijscourant'*) of Euronext Amsterdam N.V. Any such notice shall be deemed to have been given on the first date of such publication.

14. Meetings of Noteholders; Modification; Consents; Waiver

- (a) The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Mezzanine Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders 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 Relevant Documents, provided that no change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such class of Notes referred to below as a **'Basic Terms Change'**) shall be effective, unless such Basic Terms Change is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below, except that, if the Security Trustee is of the opinion that such a Basic Terms Change is (a) being proposed by the Issuer as a result of, or in order to avoid an Event of Default and (b) (i) the Security Trustee has notified Moody's and Fitch and (ii) Moody's and Fitch have confirmed that the current ratings assigned to the Notes will not be adversely affected by such Basic Terms Change, then no such Extraordinary Resolution is required.

A meeting as referred to above may be convened by the Issuer or by Noteholders of any Class holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class. The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-third of the Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such a meeting an Extraordinary Resolution is adopted with not less than a two-thirds majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the validly cast votes at that Extraordinary Resolution. If at such meeting the aforesaid

quorum is not represented, a second meeting of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-third majority of the validly cast votes, except that for an Extraordinary Resolution including a sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the amount of validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented, except if the Extraordinary Resolution relates to the removal and replacement of any or all of the managing directors of the Security Trustee, in which case at least 30 per cent. of the Notes of the relevant Class should be represented.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Senior Class A Notes, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Senior Class A Notes shall take effect unless it shall have been sanctioned with respect to the Senior Class A Notes by an Extraordinary Resolution of the Mezzanine Class C Noteholders and/or the Mezzanine Class D Noteholders and/or the Junior Class E Noteholders and/or the Subordinated Class F Noteholders.

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Mezzanine Class C Noteholders and/or the Mezzanine Class D Noteholders and/or the Junior Class E Noteholders and/or the Subordinated Class F Noteholders shall only be effective when the Security Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Mezzanine Class C Noteholders and/or, as the case may be, the Mezzanine Class D Noteholders and/or, as the case may be, the Junior Class E Noteholders or it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders and/or, as the case may be, the Mezzanine Class B Noteholders and/or, as the case may be, the Mezzanine Class C Noteholders and/or, as the case may be, the Mezzanine Class D Noteholders and/or, as the case may be, the Junior Class E Noteholders. The Trust Deed imposes no such limitations on the powers of the Senior Class A Noteholders, the exercise of which will be binding on the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Mezzanine Class D Noteholders, the Junior Class E Noteholders and the Subordinated Class F Noteholders, irrespective of the effect on their interests.

Any Extraordinary Resolution duly passed shall be binding on all Noteholders of the relevant Class (whether or not they were present at the meeting at which such resolution was passed).

- (b) The Security Trustee may agree, without the consent of the Noteholders (nor of the other Secured Parties), to (i) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified Moody's and Fitch and (ii) Moody's and Fitch have confirmed that the then current ratings of the Notes will not be adversely affected by any such modification, authorisation or waiver. For the avoidance of doubt, any such confirmation from Fitch or Moody's does not address whether such modification, authorisation or waiver is in the best interest of, or prejudicial to, some or all of the Noteholders. 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.
- (c) In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders and the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and the Mezzanine Class D Noteholders and the Junior Class E Noteholders and the Subordinated Class F Noteholders each as a Class and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be

entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15. Replacements 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

The Notes and Coupons are governed by, and will be construed in accordance with, the laws of the Netherlands. In relation to any legal action or proceedings arising out of or in connection with the Notes and Coupons the Issuer irrevocably submits to the jurisdiction of the District Court in Amsterdam, the Netherlands. This submission is made for the exclusive benefit of the holders of the Notes and the Security Trustee and shall not affect their right to take such action or bring such proceedings in any other courts of competent jurisdiction.

THE GLOBAL NOTES

Each Class of Notes shall be initially represented by a temporary global note in bearer form, without coupons (the ‘**Temporary Global Note**’) (i) in the case of the Senior Class A Notes, in the principal amount of euro 925,000,000, (ii) in the case of the Mezzanine Class B Notes a Temporary Global Note, in the principal amount of euro 26,000,000, (iii) in the case of the Mezzanine Class C Notes a Temporary Global Note, in the principal amount of euro 23,000,000, (iv) in the case of the Mezzanine Class D Notes a Temporary Global Note, in the principal amount of euro 20,000,000, (v) in the case of the Junior Class E Notes a Temporary Global Note, in the principal amount of euro 6,000,000 and (vi) in the case of the Subordinated Class F Notes a Temporary Global Note, in the principal amount of euro 5,000,000. Each Temporary Global Note will be deposited with Société Générale Bank S.A., as common depositary on behalf of Euroclear Bank S.A./N.V., as operator of Euroclear and for Clearstream, Luxembourg on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg 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 40 days after the issue date of the Notes (the ‘**Exchange Date**’) for interests in a permanent global note (each a ‘**Permanent Global Note**’), in bearer form, without coupons, in the principal amount of the Notes of the relevant Class (the expression ‘**Global Notes**’ meaning the Temporary Global Notes of each Class of Notes and the Permanent Global Notes of each Class of Notes and the expression ‘**Global Note**’ means any of them, as the context may require). 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 depositary.

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 denominations of euro 100,000 or, as the case may be, in the Principal Amount Outstanding of the Notes of such Class on such issue 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.

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 requirements of such stock exchange will be met). Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

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

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

in each case within 30 days of the occurrence of the relevant event, subject in each case to certification as to non-U.S. beneficial ownership.

TAXATION IN THE NETHERLANDS

This section provides a general description of the main Netherlands tax issues and consequences of acquiring, holding, redeeming and/or disposing of the Notes. This summary provides general information only and is restricted to the matters of Netherlands taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Netherlands tax issues and consequences associated with or resulting from any of the above-mentioned transactions. Prospective acquirers are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Notes.

The summary provided below is based on the information provided in this Prospectus and on the Netherlands tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Prospectus and with the exception of subsequent amendments with retroactive effect.

Subject to the foregoing:

1. No registration, stamp, transfer or turnover taxes or other similar duties or taxes will be payable in the Netherlands in respect of the offering and the Issue of the Notes by the Issuer or in respect of the signing and delivery of the Documents.
2. No Netherlands withholding tax will be due on payments of principal and/or interest.
3. A holder of Notes (a '**Holder**') will not be subject to Netherlands taxes on income or capital gains in respect of the acquisition or holding of Notes or any payment under the Notes or in respect of any gain realised on the disposal or redemption of the Notes, provided that:

- (i) such Holder is neither a resident nor deemed to be a resident nor has opted to be treated as a resident in the Netherlands; and
- (ii) such Holder does not have an enterprise or an interest in an enterprise that, in whole or in part, is carried on through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Notes are attributable;

and, if the Holder is a legal person,

- (iii) such Holder does not have a substantial interest* in the share capital of the Issuer and/or Seller or in the event that such Holder does have such an interest, such interest forms part of the assets of an enterprise; and
- (iv) such Holder does not have a deemed Netherlands enterprise to which enterprise the Notes are attributable;

and, if the Holder is a natural person,

- (v) such Holder does not derive income and/or capital gains from activities in the Netherlands other than business income (as described under 3.(ii)) to which activities the Notes are attributable; and
- (vi) such Holder or a person related to the Holder by law, contract, consanguinity or affinity to the degree specified in the tax laws of the Netherlands does not have, or is not deemed to have, a substantial interest* in the share capital of the Issuer and/or Seller.

*Generally speaking, an interest in the share capital of the Issuer and/or Seller should not be considered as a substantial interest if the Holder of such interest, and if the Holder is a natural person his spouse, registered partner, certain other relatives or certain persons sharing the Holder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five percent or more of the total issued and

outstanding capital, or the issued and outstanding capital of any class of shares, of the Issuer and/or Seller.

4. There will be no Dutch gift, estate or inheritance tax levied on the acquisition of a Note by way of gift by, or on the death of a Holder, if the Holder at the time of the gift or the death is neither a resident nor a deemed resident of the Netherlands, unless:
 - (i) at the time of the gift or death, the Notes are attributable to an enterprise or part thereof, which is carried on through a permanent establishment or a permanent representative in the Netherlands; or
 - (ii) the Holder dies within 180 days of making the gift, and at the time of death is a resident or deemed resident of the Netherlands.

PURCHASE AND SALE

ABN AMRO Bank N.V., acting through its London branch, ING Bank N.V. ('**ING Bank**') and Delta Lloyd Securities N.V./S.A. (the '**Managers**') have pursuant to a notes purchase agreement dated 28 March 2006, among the Managers, the Issuer and the Seller (the '**Notes Purchase Agreement**'), jointly and severally agreed with the Issuer, subject to certain conditions, to purchase the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the Notes.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a '**Relevant Member State**'), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the '**Relevant Implementation Date**') it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a Prospectus in relation to the Notes, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances which do not require the publication by the Issuer of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an 'offer of the Notes to the public' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

United Kingdom

Each Manager has represented and agreed that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

France

The Notes may only be offered or sold to qualified investors ('*investisseurs qualifiés*') and/or to a restricted circle of investors ('*cercle restreint d'investisseurs*'), provided such investors act for their own account, and/or to persons providing portfolio management financial services ('*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*'), in the Republic of France, within the meaning of Article L.411-2 of the French *Code Monétaire et Financier* ('Monetary and Financial Code') and the Decree 98-880 dated 1st October 1998; neither this Prospectus, which has not been submitted to the *Autorité des Marchés Financiers*, nor any information contained therein or any offering material relating to the Notes, may be distributed or caused to be distributed to the public in France.

Italy

The offering of the Notes in Italy has not been registered with the Commissione Nazionale per la Società e la Borsa ('CONSOB') pursuant to Italian securities legislation and, accordingly, the Notes cannot be offered, sold or delivered in the Republic of Italy ('Italy') nor may any copy of this Prospectus or any other document relating to the Notes be distributed in Italy other than to professional investors ('*operatori qualificati*') as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1 July, 1998 as subsequently amended. Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy must be made (a) by an investment firm, bank or intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 58 of 24 February 1998 (the '*Financial Services Act*') and Legislative Decree No. 385 of 1 September 1993 (the '*Banking Act*'); (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy and (c) in compliance with any other applicable laws and regulations and other possible requirements or limitations which may be imposed by Italian authorities. The Notes cannot be offered, sold or delivered on a retail basis, either in the primary or in the secondary market, to any individuals residing in Italy.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons, except in certain transactions exempt from the registration requirements of the US Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are in bearer form and are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that it will not offer, sell or deliver the Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering on the Closing Date within the United States or to, or for the account or benefit of, US 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 Securities within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meaning given to them by Regulations under the US Securities Act.

In addition, until 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 requirement of the Securities Act, if such offer or sale is made otherwise than in accordance with available exemption from registration under the US Securities Act.

General

The distribution of this Prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are required by the Issuer and the Manager to inform themselves about and to observe any such restrictions. 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 Manager has undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish this Prospectus or any other material relating to the Notes in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 23 March 2006.
2. Application has been made to list the Notes on Eurolist by Euronext Amsterdam. The estimated total costs involved with such admission amount to euro 25,000.
3. The Senior Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 024667235, ISINCODE XS0246672355 and Fondscode 15684.
4. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 024667308, ISINCODE XS0246673080 and Fondscode 15685.
5. The Mezzanine Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 024667383, ISINCODE XS0246673833 and Fondscode 15686.
6. The Mezzanine Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 024667499, ISINCODE XS0246674997 and Fondscode 15687.
7. The Junior Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 024667553, ISINCODE XS0246675531 and Fondscode 15688.
8. The Subordinated Class F Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam N.V. and will bear common code 024667642, ISINCODE XS0246676422 and Fondscode 15689.
9. The addresses of the clearing systems are: Euroclear, 1 Boulevard de Roi Albert II, 1210 Brussels, Belgium and Clearstream Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
10. PricewaterhouseCoopers Accountants N.V. has given and has not withdrawn its written consent to the issue of this Prospectus with their report included herein in the form and context in which it appears. PricewaterhouseCoopers Accountants N.V. is a member of the Royal NIVRA (*'Nederlands Instituut voor registeraccountants'*), the Dutch accountants board.
11. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent free of charge during normal business hours during the life of this Prospectus:
 - (i) the Deed of Incorporation including the Articles of Association of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;
 - (iii) the Notes Purchase Agreement;
 - (iv) the Paying Agency Agreement;
 - (v) the Trust Deed;
 - (vi) the Parallel Debt Agreement;
 - (vii) the Trustee Pledge Agreement I;
 - (viii) the Trustee Pledge Agreement II;
 - (ix) the Issuer Services Agreement;
 - (x) the Sub-Participation Agreement;

- (xi) the Liquidity Facility Agreement;
 - (xii) the Floating Rate GIC;
 - (xiii) the Swap Agreement;
 - (xvi) the Master Definitions Agreement;
 - (xv) the Beneficiary Waiver Agreement;
 - (xvi) the Subordinated Loan Agreement;
 - (xvii) the Management Agreement I;
 - (xiii) the Management Agreement II; and
 - (xix) the Management Agreement III.
12. The articles of association of the Issuer are incorporated herein by reference. The Issuer's articles of association may be obtained free of charge at the registered office of the Issuer.
13. US taxes:
- The Notes will bear a legend to the following effect: 'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code'.
- 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.
14. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Paying Agent.
15. A quarterly report on the performance, including the arrears and the losses, of the transaction and the investor presentation provided by the Managers to potential investors before the date of this Prospectus can be obtained at: www.arenarmbs.nl.

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ANNEX I
WEIGHTED AVERAGE LIVES OF THE NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a note to the date of distribution to the investor of amounts distributed in net reduction of principal of such note (assuming no losses). The weighted average lives of the Notes will be influenced by, among other things, the actual rate of redemption of the Mortgage Loans and the extent to which the Notes Interest Available Amount is sufficient to cover any Principal Deficiencies.

The model used in this Prospectus for the Mortgage Loans represents an assumed constant per annum rate of prepayment (“CPR”) each month relative to the then outstanding principal balance of a pool of mortgages. CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of any mortgage loans, including the Mortgage Loans.

The following tables were prepared based on the characteristics of the Mortgage Loans included in the Provisional Pool and the following additional assumptions:

- a. no Mortgage Loan is in default or arrears;
- b. no Mortgage Loan is sold by the Issuer;
- c. no Principal Deficiency arises;
- d. the portfolio mix of loan characteristics remains the same throughout the life of the Notes;
- e. the interest rate applicable to each Mortgage Loan will not change on an interest rate reset date of such Mortgage Loan;
- f. the Notes are issued on 29 March 2006 and all payments on the Notes are received on the 17th day of every third calendar month commencing from June 2006;
- g. interest on the Mortgage Loans is always calculated on the basis of actual days elapsed in a 365 year (without adjustment);
- h. the Purchase Available Amount during the Pre-funding Period shall be applied towards the purchase of New Mortgage Receivables on the Quarterly Payment Date falling in March 2007;
- i. all Construction Amounts will be fully paid out to the Borrowers;
- j. the Notes will be redeemed in accordance with the Conditions; and
- k. the Mortgage Receivables will be purchased by and, on the Closing Date, assigned to the Issuer and have the characteristics defined below.

The numerical information set out below has been calculated using the pool data from the Cut-off Date. The Mortgage Loans have been grouped by repayment type, remaining term and remaining interest rate term. For the purposes of the remaining term and the remaining interest term, all Mortgage Loans have been grouped at five year intervals. For the purposes of the repayment type, the Annuity, Linear and Savings Mortgage Loans have been grouped as annuity and all other loans have been grouped as interest only. A weighted average has been calculated for interest rate, months to reset and remaining term.

<u>Collateral Line</u>	<u>Balance</u>	<u>Mortgage Rate %</u>	<u>Remaining Term to Maturity</u>	<u>Repayment Type</u>
1	103,594,168.88	4.07	345	Interest Only
2	13,129,313.94	4.04	272	Interest Only
3	217,061,117.36	4.00	365	Interest Only
4	4,635,110.34	4.14	217	Interest Only
5	600,698.55	4.77	341	Annuity
6	25,000.00	5.10	244	Annuity
7	16,728.69	4.70	86	Annuity
8	435,044.05	3.13	23	Interest Only
9	668,818.65	3.76	171	Interest Only
10	198,963.47	3.91	112	Interest Only
11	45,218.70	4.60	177	Annuity
12	175,837.00	4.40	422	Interest Only
13	100,000.00	3.85	486	Interest Only

The table above shows the anticipated pool of Mortgage Loans on the Closing Date. It is assumed that the pool of Mortgage Loans relating to New Mortgage Receivables purchased during the Pre-funding Period will have the same characteristics as the anticipated pool of Mortgage Loans on the Closing Date with the exception of the current principal balance.

Structuring the actual characteristics and performance of the Mortgage Loans are likely to differ from the assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under the varying prepayment scenarios. See further paragraph *Prepayment Considerations* in the section *Risk Factors*.

The weighted average lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of each Class of Notes by the number of years from the date of issuance of the Notes to the related Quarterly Payment Date, (ii) adding the results and dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (i) above.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Senior Class A Notes and the Subordinated Class F Notes. These average lives have been calculated on a 30/360 basis.

Percentage of the original Principal Amount Outstanding of the Senior Class A Notes at the specified CPR's

(Until the first Optional Redemption Date)

Date	0%	6%	8%	10%	12%	14%
29 Mar 06.....	100.0	100.0	100.0	100.0	100.0	100.0
17 Jun 06	100.0	100.0	100.0	100.0	100.0	100.0
17 Sep 06	100.0	100.0	100.0	100.0	100.0	100.0
17 Dec 06.....	100.0	100.0	100.0	100.0	100.0	100.0
17 Mar 07.....	100.0	100.0	100.0	100.0	100.0	100.0
17 Jun 07	100.0	98.7	98.3	97.8	97.4	97.0
17 Sep 07	100.0	97.0	96.1	95.1	94.1	93.1
17 Dec 07.....	100.0	95.4	93.9	92.4	90.9	89.5
17 Mar 08.....	99.9	93.8	91.8	89.8	87.8	85.9
17 Jun 08	99.9	92.2	89.7	87.2	84.8	82.5
17 Sep 08	99.9	90.6	87.7	84.8	81.9	79.2
17 Dec 08.....	99.9	89.1	85.7	82.4	79.2	76.0
17 Mar 09.....	99.8	87.5	83.7	80.0	76.4	72.9
17 Jun 09	99.8	86.0	81.8	77.7	73.7	70.0
17 Sep 09	99.8	84.6	79.9	75.5	71.2	67.2
17 Dec 09.....	99.8	83.1	78.1	73.3	68.7	64.4
17 Mar 10.....	99.8	81.7	76.3	71.2	66.4	61.8
17 Jun 10	99.8	80.3	74.6	69.1	64.1	59.3
17 Sep 10	99.8	79.0	72.8	67.1	61.8	56.9
17 Dec 10.....	99.8	77.6	71.2	65.2	59.7	54.5
17 Mar 11.....	99.8	76.3	69.5	63.3	57.6	52.3
17 Jun 11	99.8	75.0	67.9	61.5	55.5	50.1
17 Sep 11	99.8	73.7	66.3	59.7	53.6	48.0
17 Dec 11.....	99.8	72.4	64.8	57.9	51.7	46.0
17 Mar 12.....	99.8	71.1	63.3	56.2	49.8	44.1
17 Jun 12	99.8	69.9	61.8	54.5	48.0	42.2
17 Sep 12	99.8	68.7	60.4	52.9	46.3	40.4
17 Dec 12.....	99.8	67.5	58.9	51.3	44.6	38.7
17 Mar 13.....	0.0	0.0	0.0	0.0	0.0	0.0
WAL (yrs)	7.0	5.9	5.7	5.4	5.1	4.9

Note: The Mezzanine Class B Notes, the Mezzanine Class C Notes, the Mezzanine Class D Notes and the Junior Class E Notes remain outstanding at their original principal amount until the Optional Redemption Date at the illustrated prepayment speeds.

Percentage of the original Principal Amount Outstanding of the Subordinated Class F Notes at the specified CPR's

(Until the first Optional Redemption Date)

Date	0%	6%	8%	10%	12%	14%
29 Mar 06.....	100.0	100.0	100.0	100.0	100.0	100.0
17 Jun 06	77.5	77.5	77.5	77.5	77.5	77.5
17 Sept 06	51.9	51.9	51.9	51.9	51.9	51.9
17 Dec 06.....	26.7	26.7	26.7	26.7	26.7	26.7
17 Mar 07.....	1.7	1.7	1.7	1.7	1.7	1.7
17 Jun 07	0.0	0.0	0.0	0.0	0.0	0.0
17 Sep 07	0.0	0.0	0.0	0.0	0.0	0.0
17 Dec 07.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Mar 08.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Jun 08	0.0	0.0	0.0	0.0	0.0	0.0
17 Sep 08	0.0	0.0	0.0	0.0	0.0	0.0
17 Dec 08.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Mar 09.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Jun 09	0.0	0.0	0.0	0.0	0.0	0.0
17 Sep 09	0.0	0.0	0.0	0.0	0.0	0.0
17 Dec 09.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Mar 10.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Jun 10	0.0	0.0	0.0	0.0	0.0	0.0
17 Sep 10	0.0	0.0	0.0	0.0	0.0	0.0
17 Dec 10.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Mar 11.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Jun 11	0.0	0.0	0.0	0.0	0.0	0.0
17 Sep 11	0.0	0.0	0.0	0.0	0.0	0.0
17 Dec 11.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Mar 12.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Jun 12	0.0	0.0	0.0	0.0	0.0	0.0
17 Sep 12	0.0	0.0	0.0	0.0	0.0	0.0
17 Dec 12.....	0.0	0.0	0.0	0.0	0.0	0.0
17 Mar 13.....	0.0	0.0	0.0	0.0	0.0	0.0
WAL (yrs)	0.6	0.6	0.6	0.6	0.6	0.6

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