

OFFERING CIRCULAR dated 16 June 2004

SAECURE 4 B.V.
(incorporated with limited liability in the Netherlands)

€ 973,000,000 Senior Class A Mortgage-Backed Notes 2004 due 2036, issue price 100 per cent.
€ 13,500,000 Mezzanine Class B Mortgage-Backed Notes 2004 due 2069, issue price 100 per cent.
€ 31,500,000 Mezzanine Class C Mortgage-Backed Notes 2004 due 2069, issue price 100 per cent.
€ 27,000,000 Junior Class D Mortgage-Backed Notes 2004 due 2069, issue price 100 per cent.
€ 13,500,000 Subordinated Class E Notes 2004 due 2069, issue price 100 per cent.

AEGON Levensverzekering N.V. as Seller and Servicer

Application has been made to list the € 973,000,000 Senior Class A Mortgage-Backed Notes 2004 due 2036 the "**Senior Class A Notes**", the € 13,500,000 Mezzanine Class B Mortgage-Backed Notes 2004 due 2069 (the "**Mezzanine Class B Notes**"), the € 31,500,000 Mezzanine Class C Mortgage-Backed Notes 2004 due 2069 (the "**Mezzanine Class C Notes**"), the € 27,000,000 Junior Class D Mortgage-Backed Notes 2004 due 2069 (the "**Junior Class D Notes**") and the € 13,500,000 Subordinated Class E Notes 2004 due 2069 (the "**Subordinated Class E Notes**" and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "**Notes**") on the Official Segment of the stock market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). The Notes are expected to be issued on 18 June 2004. This Offering Circular constitutes a prospectus for the purposes of the listing and issuing rules of Euronext Amsterdam.

The Notes will carry floating rates of interest, payable quarterly in arrear on each Quarterly Payment Date (as defined herein). The rate of interest will be equal to the sum of three-month Euribor (as defined in the terms and conditions of the Notes, the "**Conditions**") plus a margin per annum which will be for the Senior Class A Notes 0.15 per cent., for the Mezzanine Class B Notes 0.27 per cent., for the Mezzanine Class C Notes 0.40 per cent., for the Junior Class D Notes 0.80 per cent. and for the Subordinated Class E Notes 1.90 per cent. If on the First Optional Redemption Date the Notes of any Class have not been redeemed in full, the margin for the Notes (other than the Subordinated Class E Notes) will increase and the interest applicable to such Notes will then be equal to the sum of three-month Euribor, plus a margin per annum which will be for the Senior Class A Notes 1.00 per cent., for the Mezzanine Class B Notes 1.25 per cent., for the Mezzanine Class C Notes 1.50 per cent. and for the Junior Class D Notes 2.75 per cent. payable quarterly in arrear on each Quarterly Payment Date. For the Subordinated Class E Notes such margin will remain at 1.90 per cent. per annum.

Payments of principal on the Notes will be made quarterly in arrear on each Quarterly Payment Date subject to and in accordance with the Conditions. The Senior Class A Notes will mature on the Quarterly Payment Date falling in May 2036 and all remaining Notes of each other Class will mature on the Quarterly Payment Date falling in May 2069. On the Quarterly Payment Date falling in August 2011 and 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 E Notes), in whole but not in part, at their Principal Amount Outstanding, subject to and in accordance with the Conditions. The Subordinated Class E Notes will further be subject to partial redemption in the limited circumstances set out in, and subject to and in accordance with, the Conditions.

It is a condition precedent to issuance 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 'Aa3' rating by Moody's and an 'AA' rating by Fitch, the Mezzanine Class C Notes, on issue, be assigned an 'A1' rating by Moody's and an 'A' rating by Fitch, the Junior Class D Notes, on issue, be assigned a 'Baa2' rating by Moody's and a 'BBB' rating by Fitch and the Subordinated Class E Notes, on issue, be assigned a 'Baa3' rating by Moody's. 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 section Special Considerations herein.

The holders of the Notes (the "**Noteholders**") and the other Security Beneficiaries (as defined in Description of Security) will benefit from the security provided to the Security Trustee in the form of a pledge over the Mortgage Receivables and the Beneficiary Rights (both as defined herein) and a pledge over substantially all of the assets of the Issuer in the manner as more fully described herein under Description of Security. The right to payment of interest and principal on the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes will be subordinated to the Senior Class A Notes and may be limited as more fully described herein under Terms and Conditions of the Notes.

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 will 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 issue date of the Notes. 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 (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) not earlier than forty (40) days after the Closing Date (as defined herein) upon certification as to non-U.S. beneficial ownership. Interests in each Permanent Global Note will, in certain limited circumstances, be exchangeable for Definitive Notes in bearer form as described in the Conditions.

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, acting in whatever capacity, including, without limitation, the Seller, the persons named herein as Managers, the Servicer, the Company Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agent, the Savings Mortgage Participant, the Conversion Participant, the Insurance Company, the Reference Agent (each as defined herein), or, except for certain limited obligations under the Trust Deed (as defined herein) of the Security Trustee to - inter alia - the Noteholders. Furthermore, none of the Seller, the Managers, the Servicer, the Company Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agent, the Savings Mortgage Participant, the Conversion Participant, the Insurance Company, the Reference Agent or any other person, acting in whatever capacity, other than the Security Trustee in respect of limited obligations under the Trust Deed, will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes. None of the Seller, the Managers, the Servicer, the Company Administrator, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agent, the Savings Mortgage Participant, the Conversion Participant, the Insurance Company, the Reference Agent and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

Joint Arrangers

AEGON Nederland N.V.

UBS Investment Bank

ABN AMRO

Joint Lead Managers

UBS Investment Bank

ABN AMRO

Co-Lead Managers

**Barclays Capital
Citigroup
Fortis Bank
JPMorgan
Morgan Stanley
Merrill Lynch International,
The Royal Bank of Scotland**

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

The Seller is responsible solely for the information contained in the following sections of this Offering Circular: *Overview of the Dutch Residential Mortgage Market, AEGON N.V., Description of Mortgage Loans, Mortgage Loan Underwriting and Servicing and Annex I*. 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 Issuer is responsible, contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Seller accepts responsibility accordingly.

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

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular 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 or any of the Managers.

This Offering Circular does not constitute an offer 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.

Persons into whose possession this document (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Offering Circular is set out in *Subscription and Sale* below. No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Offering Circular 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 Offering Circular 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 or any of the Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular 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 Offering Circular.

The Managers expressly do not undertake to review the financial condition 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 any 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 may not be offered, sold or delivered in or into the United States or to or for the account or benefit of US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities law. The Notes are subject to United States tax law requirements.

In connection with the issue of the Notes ABN AMRO or any other appointed person acting for ABN AMRO, may over-allot or effect transactions that stabilise or maintain the market price of the Notes at a level that might not otherwise prevail. However, there is no obligation on ABN AMRO to undertake these actions. Such stabilising, if commenced, may be discontinued at any time but will in any event be discontinued thirty (30) days after the issue date of the Notes. Any stabilisation activity on the stock market of Euronext Amsterdam shall be conducted in compliance with all applicable laws and regulations including those of Euronext Amsterdam and Article 32 of the Further Conduct of Business Regulation (*Nadere Regeling gedragtoezicht effectenverkeer 2002*), as amended.

All references in this Offering Circular 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).

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

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SUMMARY

The following is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Offering Circular.

PARTIES:

Issuer: SAECURE 4 B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), having its corporate seat in Amsterdam, the Netherlands, and registered with the Commercial Register of the Chamber of Commerce for Amsterdam, under number 34206014 (the "**Issuer**"). The entire issued share capital of the Issuer is held by Stichting SAECURE Holding.

Seller: AEGON Levensverzekering N.V., incorporated under the laws of the Netherlands as a public company with limited liability (*naamloze vennootschap*) having its corporate seat in The Hague, the Netherlands and registered with the Commercial Register of the Chamber of Commerce for The Hague under number 27095315 (the "**Seller**").

Company

Administrator: ATC Financial Services B.V. (the "**Company Administrator**").

Servicer: AEGON Levensverzekering N.V. (the "**Servicer**").

Security

Trustee: Stichting Security Trustee SAECURE 4, established under the laws of the Netherlands as a foundation (*stichting*) having its corporate seat in Amsterdam, the Netherlands, and registered with the Commercial Register of the Chamber of Commerce for Amsterdam, under number 34206015 (the "**Security Trustee**").

Stichting

SAECURE Holding: Stichting SAECURE Holding, established under the laws of the Netherlands as a foundation (*stichting*) having its corporate seat in Amsterdam, the Netherlands, and registered with the Commercial Register of the Chamber of Commerce for Amsterdam, under number 34145912.

Directors: ATC Management B.V., the sole director of the Issuer, Amsterdamsch Trustee's Kantoor B.V., the sole director of the Security Trustee and ATC Corporate Services (Netherlands) B.V., the sole director of Stichting SAECURE Holding (collectively the "**Directors**"). The Directors belong to the same group of companies

Swap

Counterparty: ABN AMRO Bank N.V. (London Branch) (the "**Swap Counterparty**")

Floating Rate

GIC Provider: ABN AMRO Bank N.V. (the "**Floating Rate GIC Provider**")

Liquidity Facility

Provider: ABN AMRO Bank N.V. (the "**Liquidity Facility Provider**")

Paying Agent: ABN AMRO Bank N.V. (the "**Paying Agent**")

Reference

Agent: ABN AMRO Bank N.V. (the "**Reference Agent**")

Joint Lead Managers: UBS Limited and ABN AMRO Bank N.V. (London Branch) (the "**Joint Lead Managers**")

Managers

The Joint Lead Managers and Barclays Bank PLC, Citigroup Global Markets Limited, Fortis Bank nv-sa, JP Morgan Securities Ltd., Morgan Stanley & Co International Limited, Merrill Lynch International and The Royal Bank of Scotland Plc (the "**Managers**")

Clearing: Euroclear and Clearstream, Luxembourg. (the "**Clearing Institutions**")

Common Depository: Citibank, N.A. (the "**Common Depository**")

Listing

Agent: ABN AMRO Bank N.V. (the "**Listing Agent**")

Rating Agencies: Moody's Investors Service Limited and Fitch Ratings Ltd. (the "**Rating Agencies**")

Insurance

Company: AEGON Levensverzekering N.V. (the "**Insurance Company**")

Savings Mortgage

Participant: AEGON Levensverzekering N.V. (the "**Savings Mortgage Participant**")

Conversion

Participant: AEGON Levensverzekering N.V. (the "**Conversion Participant**")

NOTES:

Notes: The € 973,000,000 Senior Class A Mortgage-Backed Notes 2004 due 2036 (the "**Senior Class A Notes**"), the € 13,500,000 Mezzanine Class B Mortgage-Backed Notes 2004 due 2069 (the "**Mezzanine Class B Notes**"), the € 31,500,000 Mezzanine Class C Mortgage-Backed Notes 2004 due 2069 (the "**Mezzanine Class C Notes**"), the € 27,000,000 Junior Class D Mortgage-Backed Notes 2004 due 2069 (the "**Junior Class D Notes**") and the € 13,500,000 Subordinated Class E Notes 2004 due 2069 (the "**Subordinated Class E Notes**" and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, the "**Notes**") will be issued by the Issuer on 18 June 2004 (or such later date as may be agreed between the Issuer and the Joint Lead 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 Junior Class D Notes 100 per cent; and
- (v) the Subordinated Class E Notes 100 per cent.

Denomination:

The Notes will be issued in denominations of € 500,000.

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 (as defined below): (i) payments of, respectively, principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest, respectively, on the Senior Class A Notes, (ii) payments of, respectively, principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest, respectively, on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of, respectively, principal and interest on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal and interest, respectively, on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, and (iv) payments of,

respectively, principal and interest on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of principal and interest, respectively, on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, provided that, as long as no Enforcement Notice (as defined below) has been served, payment of principal on the Subordinated Class E Notes will be made subject to and in accordance with the Conditions on each Quarterly Payment Date to the extent Available Revenue Funds are available in accordance with the Pre-Enforcement Revenue Priority of Payments as set forth in the Trust Deed (as defined hereinafter). See further Terms and Conditions of the Notes below.

Interest:

Interest on the Notes will accrue from the Closing Date by reference to successive interest periods (each a "**Quarterly Interest Period**") and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding (as defined in the Conditions) on the 25th day of February, May, August and November, in each year, or, if such day is not a Business Day (as defined below), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 25th day is the relevant Business Day (each such day being a "**Quarterly Payment Date**"). A "**Business Day**" means a day on which banks are open for business in Amsterdam, the Netherlands and London, United Kingdom, 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 Quarterly 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 Quarterly Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in August 2004.

Interest on the Notes for the first Quarterly Interest Period will accrue from (and include) the Closing Date at an annual rate equal to the linear interpolation between the Euro Interbank Offered Rate ("**Euribor**") for two-month deposits in Euros and the Euribor for three-month deposits in Euros (determined in accordance with Condition 4) plus a margin which will be for the Senior Class A Notes 0.15 per cent. per annum, for the Mezzanine Class B Notes 0.27 per cent. per annum, for the Mezzanine Class C Notes 0.40 per cent. per annum, for the Junior Class D Notes 0.80 per cent. per annum and for the Subordinated Class E Notes 1.90 per cent. per annum. Interest on the Notes for each successive Quarterly Interest Period will accrue at an annual rate equal to the sum of the Euribor for three-month deposits in euro (determined in accordance with Condition 4) plus a margin which will, up to (but excluding) 25 August 2011

(the "**First Optional Redemption Date**"), be for the Senior Class A Notes 0.15 per cent. per annum, for the Mezzanine Class B Notes 0.27 per cent. per annum, for the Mezzanine Class C Notes 0.40 per cent. per annum, for the Junior Class D Notes 0.80 per cent. per annum, and for the Subordinated Class E Notes 1.90 per cent. per annum.

Interest Step up: If on the First Optional Redemption Date the Notes of any Class have not been redeemed in full, the margin for each Class of Notes (other than the Subordinated Class E Notes) will increase and the interest applicable to each Class of Notes will then be equal to the sum of Euribor for three-month deposits, payable by reference to Quarterly Interest Periods on each Quarterly Payment Date plus a margin which is for the Senior Class A Notes 1.00 per cent. per annum, for the Mezzanine Class B Notes 1.25 per cent. per annum, for the Mezzanine Class C Notes 1.50 per cent. per annum, and for the Junior Class D Notes 2.75 per cent. per annum. For the Subordinated Class E Notes such margin will remain at 1.90 per cent. per annum.

Final Maturity

Date: Unless previously redeemed as provided below, the Issuer will redeem (i) any remaining Senior Class A Notes outstanding on the Quarterly Payment Date falling in May 2036 and (ii) any remaining Notes of any other Class outstanding on the Quarterly Payment Date falling in May 2069, at their respective Principal Amount Outstanding on such date subject to and in accordance with the Conditions.

Payment of Principal on the Notes:

Prior to the delivery of an Enforcement Notice, the Issuer shall on each Quarterly Payment Date apply the Available Principal Funds (as defined in Condition 6), subject to the possible application thereof up to and including the Quarterly Payment Date falling in August 2011, towards payment of the purchase price for the Further Advance Receivables, if any, and subject to and in accordance with the Conditions and the applicable priority of payments, towards redemption of the Notes in the following order: (i) *firstly*, towards the Senior Class A Notes, until fully redeemed, thereafter (ii) *secondly*, towards the Mezzanine Class B Notes, until fully redeemed, thereafter (iii) *thirdly*, towards the Mezzanine Class C Notes, until fully redeemed, and thereafter (iv) *fourthly*, towards the Junior Class D Notes, until fully redeemed.

Payment of principal on the Subordinated Class E Notes will be made subject to and in accordance with the Conditions on each Quarterly Payment Date to the extent Available Revenue Funds are available in accordance with the Pre-Enforcement Revenue Priority of Payments as set forth in the Trust Deed.

**Optional
Redemption
of the Notes:**

The Issuer will have the option to redeem, subject to the Conditions, including without limitation Condition 9(b), all (but not part only) of the Notes (other than the Subordinated Class E Notes) on the First Optional Redemption Date and on each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**"), at their Principal Amount Outstanding (as defined in Condition 6) plus accrued but unpaid interest thereon after payment of the amounts to be paid in priority to the Notes (other than the Subordinated Class E Notes).

**Clean-up
Call Option:**

At any Quarterly Payment Date on which the Principal Amount Outstanding of the Notes (other than the Subordinated Class E Notes) is less than 10 per cent. of the initial Principal Amount Outstanding of such Notes, the Issuer has the option (the "**Clean-up Call Option**") to redeem, subject to the Conditions, including without limitation Condition 9 (b), all (but not part only) of the Notes (other than the Subordinated Class E Notes), at their Principal Amount Outstanding (as defined in Condition 6) plus accrued but unpaid interest thereon, after payment of the amounts to be paid in priority to the Notes (other than the Subordinated Class E Notes).

**Redemption
for tax
reasons:**

The Issuer may (but is not obliged to) redeem all (but not part only) of the Notes (other than the Subordinated Class E Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, including, without limitation, Condition 9(b), if (a) the Issuer or the Paying Agent has become or would become obligated to make any withholding or deduction from payments in respect of any of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction) and/or (b) the Issuer has become or would become subject to any limitation of the deductibility of interest on any of the Notes, as a result of (i) a change in any laws, rules or regulations or in the interpretation or administration thereof, or (ii) any act taken by any taxing authority on or after the issue date of the Notes. No redemption pursuant to sub-clause (ii) may be made unless the Issuer receives an opinion of independent counsel that there is a probability that the act taken by the taxing authority leads to one of events mentioned at (a) or (b). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) (other than the Subordinated Class E Notes) are also redeemed at their respective

Principal Amount Outstanding at the same time, together with any accrued but unpaid interest.

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.

Withholding

tax:

All payments of, or in respect of, principal and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to such Noteholders.

Use of proceeds:

The Issuer will apply the net proceeds from the issue of the Notes, other than the Subordinated Class E Notes, towards payment of part of the Initial Purchase Price for the Mortgage Receivables (both as described below) and deposit the remaining amount into the Construction Deposits Account for payments relating to Construction Deposits (as described below), pursuant to the provisions of an agreement (the "**Mortgage Receivables Purchase Agreement**") to be entered into on 16 June 2004 (the "**Signing Date**"), and made between the Seller, the Issuer and the Security Trustee. See further *Mortgage Receivables Purchase Agreement* below.

The net proceeds from the issue of the Subordinated Class E Notes will be credited to the Reserve Account.

SECURITY

Security for

the Notes:

The Noteholders will benefit from the security created by the Issuer and the Seller in favour of the Security Trustee pursuant to the trust deed entered into on the Signing Date between the Issuer and the Security Trustee (the "**Trust Deed**") and the Pledge Agreements (as defined in *Description of Security* below) (together with the Trust Deed, the "**Security Documents**").

Under the Trust Deed the Issuer will undertake to pay to the Security Trustee, under the same terms and conditions, an amount equal to the aggregate of all its undertakings, liabilities and obligations to the Managers as initial Noteholders, the Directors, the Servicer, the Company Administrator, the Paying Agent, the Reference Agent, the Savings Mortgage Participant, the Conversion Participant, the Liquidity Facility Provider, the Swap Counterparty, the Noteholders and the Seller (the "**Security Beneficiaries**") pursuant to the relevant Transaction Documents, provided that every payment in respect of such Transaction Documents for the account of or made to the Security Beneficiaries directly shall operate in satisfaction pro tanto of the corresponding covenant in favour of the Security Trustee.

The Notes will be secured indirectly, through the Security Trustee, by (i) a first ranking pledge granted by the Seller to the Security Trustee over the Mortgage Receivables (including any parts thereof which are placed on Construction Deposits (as defined below)), including all rights ancillary thereto in respect of the Portfolio Mortgage Loans (as defined below) and the rights of the Seller as beneficiary under the Savings Investment Policies, the Savings Insurance Policies, the Life Insurance Policies and the Risk Insurance Policies (the "**Beneficiary Rights**"), and (ii) a first ranking pledge granted by the Issuer to the Security Trustee over the Issuer's rights under or in connection with the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Beneficiary Waiver Agreement, the Sub-Participation Agreement, and in respect of the Issuer Accounts (as defined below).

The amounts payable by the Security Trustee to the Security Beneficiaries under the Trust Deed will be limited to the net amounts available for such purpose to the Security Trustee which, for the greater part, will consist of amounts recovered by the Security Trustee on the Mortgage Receivables. Payments to the Security Beneficiaries will be made in accordance with the Priority of Payments upon Enforcement (as defined in *Credit Structure* below). See for a more detailed description *Description of Security* below.

MORTGAGE RECEIVABLES

Mortgage

Receivables:

Under the Mortgage Receivables Purchase Agreement, the Issuer will on the Closing Date purchase and accept the assignment of any and all rights (the "**Mortgage Receivables**", which will include any Further Advance Receivables (as defined below)) of the Seller against certain borrowers (the "**Borrowers**") under or in connection with certain mortgage loans (which may consist of one or

more loan parts (*leningdelen*) originated by the Seller and secured by a right of mortgage (*hypotheekrecht*) (each such loan a "**Mortgage Loan**"). The Mortgage Receivables relating to Life Mortgage Loans, Investment Mortgage Loans and Savings Mortgage Loans (each as defined below), will hereinafter be referred to as the "**Life Mortgage Receivables**", "**Investment Mortgage Receivables**" and "**Savings Mortgage Receivables**", respectively.

Further Advances: A portion of the Mortgage Receivables is secured by mortgage rights that will also secure any further advances granted by the Seller to the relevant Borrower (whereby further advances include (i) further advances made under a Portfolio Mortgage Loan (as defined below) which will be secured by the same mortgage as the loan previously disbursed under such Portfolio Mortgage Loan (*verhoogde inschrijving*), (ii) further advances made under a Portfolio Mortgage Loan which will be secured by a second or sequentially lower ranking mortgage right as the loan previously disbursed under such Portfolio Mortgage Loan (*verhoging*) and (iii) withdrawals of monies which were previously repaid in reduction of the outstanding balance of the Portfolio Mortgage Loan (*heropname*), ((i), (ii) and (iii) hereinafter collectively defined as a "**Further Advance**"). The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the First Optional Redemption Date, if subject to the terms and conditions of the relevant Portfolio Mortgage Loan (the "**Mortgage Conditions**") the Seller has agreed with the Borrower to grant a Further Advance, the Issuer will on the next succeeding Quarterly Payment Date purchase and accept assignment of the mortgage receivables resulting from the granting of such Further Advance (the "**Further Advance Receivables**") provided, however, that the Further Advance Criteria are met (as described under *Mortgage Receivables Purchase Agreement* below) and the Issuer has sufficient funds available to pay the relevant purchase price.

When Further Advances are granted to the relevant Borrower and the Issuer purchases and accepts assignment of the relevant Further Advance Receivable, the Seller will at the same time create a right of pledge on such Further Advance Receivable in favour of the Security Trustee and the Issuer, respectively.

The Issuer will, subject to and in accordance with the Conditions, and subject to the applicable priority of payments apply the Available Principal Funds or part thereof towards payment of the purchase price for the Further Advance Receivables (as described in *Mortgage Receivables Purchase Agreement* below).

If, *inter alia*, (i) the Further Advance Receivables do not meet the Further

Advance Criteria or (ii) the Issuer does not have sufficient funds available to pay the relevant purchase price for the Further Advance Receivables, the Seller shall repurchase and accept the re-assignment of the Mortgage Receivables resulting from the Portfolio Mortgage Loan in respect of which a Further Advance is granted.

Repurchase of Mortgage

Receivables:

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

- (i) within fourteen (14) days immediately following the expiration of the relevant remedy period (if any), if any of the representations and warranties given by the Seller in respect of a Portfolio Mortgage Loan and/or a Mortgage Receivable, including the representation and warranty that the Portfolio Mortgage Loan or, as the case may be, the Mortgage Receivable meets certain mortgage criteria, are untrue or incorrect;
- (ii) on the Quarterly Payment Date immediately following the date on which the Seller agrees with a Borrower to grant a Further Advance under the relevant Portfolio Mortgage Loan if and to the extent that the Further Advance Receivables (i) do not meet the Further Advance Criteria or (ii) are not purchased by the Issuer; and
- (iii) on the Portfolio Payment Date immediately following the date on which the Seller agrees with a Borrower to amend the terms of the Portfolio Mortgage Loan and as a result thereof such Portfolio Mortgage Loan no longer meets certain criteria set forth in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement.

In addition, the Seller may (without the obligation to do so) repurchase and accept re-assignment of all (but not part only) of the Mortgage Receivables on any Quarterly Payment Date on which the principal amount due on the Mortgage Receivables then outstanding is less than 10 per cent. of the principal amount of the Mortgage Receivables on the Closing Date (the "**Seller Clean-up Call Option**").

Portfolio Mortgage

Loans:

The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will relate to Mortgage Loans secured by a first-ranking mortgage right or, in case of Mortgage Loans (for the avoidance of doubt including any Further Advance, if any,) secured on the same mortgaged property, first and second-ranking or first, second and third ranking mortgage rights over residential property situated in the Netherlands and entered into by the Seller and the relevant Borrowers which meet the criteria set forth in the

Mortgage Receivables Purchase Agreement (the "**Portfolio Mortgage Loans**"). The Portfolio Mortgage Loans, in whole or in part, will consist of (i) linear mortgage loans (*lineaire hypotheken*), (ii) interest-only mortgage loans (*aflossingsvrije hypotheken*), (iii) annuity mortgage loans (*annuïteitenhypotheken*), (iv) life mortgage loans (*levenhypotheken*), (v) universal life mortgage loans (*universal life or uvl hypotheken*), (vi) investment mortgage loans (*beleggingshypotheken*), (vii) savings mortgage loans (*spaarhypotheken*), (all as defined below) or (viii) combinations of any of these types of mortgage loans. See further *Description of Portfolio Mortgage Loans* below.

Each Portfolio Mortgage Loan shall have the benefit of a risk insurance policy (which is an insurance policy which pays out upon the death of the insured) (a "**Risk Insurance Policy**") taken out by the Borrower with the Insurance Company in the event and to the extent the relevant Portfolio Mortgage Loan exceeds 75 per cent. of the foreclosure value (*executiewaarde*), other than an Investment Mortgage Loan which may (but need not) have the benefit of a Risk Insurance Policy. In case of Portfolio Mortgage Loans consisting of more than one loan part including a Life Mortgage Loan, Universal Life Mortgage Loan or Savings Mortgage Loan such Risk Insurance Policy will be included in the relevant Life Insurance Policy, Savings Investment Policy or, as the case may be, Savings Insurance Policy (all as defined below).

Linear Mortgage

Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of linear mortgage loans (hereinafter "**Linear Mortgage Loans**"). Under the Linear Mortgage Loans the Borrower pays each month a fixed amount of principal towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

Interest-only

Mortgage Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of interest-only mortgage loans (hereinafter "**Interest-only Mortgage Loans**"). Under the Interest-only Mortgage Loan, the Borrower is not obliged to pay principal towards redemption of the relevant Mortgage Loan (or relevant part thereof) until maturity. Interest is payable monthly and is calculated on the outstanding balance of the Mortgage Loan (or relevant part thereof).

Annuity Mortgage

Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of annuity mortgage loans (hereinafter "**Annuity Mortgage Loans**"). Under the Annuity Mortgage Loan, the Borrower pays a fixed monthly instalment, made up

of an initially high and thereafter decreasing interest portion and an initially low and thereafter increasing principal portion, and calculated in such manner that the relevant Mortgage Loan will be fully redeemed at maturity.

Life Mortgage

Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of life mortgage loans (hereinafter "**Life Mortgage Loans**"), which are mortgage loans benefiting from insurance policies combining risk insurance and capital insurance (which are insurance policies that pay out upon the death of the insured, as well as on an agreed date) taken out by Borrowers with the Insurance Company in connection with a Life Mortgage Loan ("**Life Insurance Policies**"). Under a Life Mortgage Loan, no principal is paid until maturity but instead the Borrower pays on a monthly basis a premium to the Insurance Company. The premiums paid by the Borrowers are invested by the Insurance Company in certain investment funds. It is the intention that the Life Mortgage Loans will be fully or partially repaid by means of the proceeds of the Life Insurance Policies. See for more detail *Special Considerations and Description of Portfolio Mortgage Loans*.

Universal Life

Mortgage Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of universal life mortgage loans (hereinafter "**Universal Life Mortgage Loans**"), which are offered by the Seller under the name of AEGON Levensloophypothek and Universal Life Hypotheek. Under a Universal Life Mortgage Loan the Borrower does not pay principal prior to maturity of the Mortgage Loan, but instead takes out a combined risk and capital insurance policy (an "**Savings Investment Policy**") with the Insurance Company whereby part of the premiums paid is invested in certain investment funds and/or a certain fund under the name of Levensloop Hypotheek Rekening and Hypotheek Rekening (hereinafter referred to as "**LHR**"). The Borrowers may at any time switch (*omzetten*) their investments among the investment funds and to and from the LHR. The parts of any Universal Life Mortgage Loans whereby the premiums (or part thereof) paid by the Borrowers under the Savings Investment Policies are invested in the LHR (the "**Savings Investment Premium**"), are hereinafter referred to as "**Savings Investment Mortgage Loans**". The Insurance Company, as Savings Mortgage Participant, will agree to use the amount of the Savings Investment Premiums (and the interest received on the Savings Participation) to acquire a Savings Participation in the Savings Investment Mortgage Receivables (all as defined below). It is the intention that the Universal Life Mortgage Loans will be fully or partially repaid by means of the proceeds of the Savings Investment Policies. See for more detail *Special Considerations and Description of Mortgage Loans*.

**Investment
Mortgage**

Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of investment mortgage loans (hereinafter "**Investment Mortgage Loans**"), which consist of mortgage loans under which the Borrower does not pay principal prior to the maturity of the mortgage loan, but instead undertakes to invest, on an instalment basis or up front, an agreed amount in certain investment funds. The investments in certain investment funds are effected by the Borrowers paying certain agreed amounts to an investment account held at AEGON Bank N.V., which amounts are subsequently invested by Stichting AEGON Beleggersgiro in certain selected investment funds in accordance with the instructions of the Borrower. The investment funds are managed by AEGON Investment Management B.V. The participations that are purchased are credited to the investment accounts of the relevant Borrowers, such accounts being administered by AEGON Bank N.V. (the "**Investment Accounts**"). It is the intention that the Investment Mortgage Loans will be fully or partially repaid with the proceeds of the investments. See for more detail *Special Considerations and Description of Mortgage Loans*.

**Savings
Mortgage**

Loans:

A portion of the Portfolio Mortgage Loans or parts thereof will be in the form of savings mortgage loans (hereinafter "**Savings Mortgage Loans**"), which consist of mortgage loans entered into by the Seller and the relevant Borrowers combined with a savings insurance policy (a "**Savings Insurance Policy**"). A Savings Insurance Policy consists of a combined risk and capital insurance policy taken out by the relevant Borrower with the Insurance Company in connection with the relevant Savings Mortgage Loan. Under a Savings Mortgage Loan no principal is paid by the Borrower prior to the maturity of the loan. Instead, the Borrower pays on a monthly basis a premium, which consists of a risk element and a savings element (the "**Savings Premium**"). The Savings Premium is calculated in such a manner that the proceeds of the Savings Insurance Policy due by the Insurance Company to the relevant Borrower will be equal to the amount due by the Borrower to the Seller at maturity of the Savings Mortgage Loan. See for more detail *Special Considerations and Description of the Portfolio Mortgage Loans*. The Insurance Company, as Savings Mortgage Participant, will agree to use the amount of the Savings Premiums (and the interest accrued thereon) to acquire a Savings Participation in the relevant Savings Mortgage Receivable (see *Sub-Participation Agreement* below).

**Sub
Participation
Agreement:**

The Issuer will enter into a sub-participation agreement with the Savings Mortgage Participant and the Conversion Participant (the "**Sub-Participation Agreement**") under which the Savings Mortgage Participant will acquire participations in the relevant Savings Mortgage Receivables and in the Mortgage Receivables under the Universal Life Mortgage Loans if and to the extent the Borrower invests part of the premiums paid on the relevant Savings Investment Policy in the LHR (the "**Savings Investment Mortgage Receivables**" see further *Savings Mortgage Loans and Savings Investment Mortgage Loans* under *Special Considerations* below). In the Sub-Participation Agreement the Savings Mortgage Participant will undertake to pay to the Issuer all amounts received as Savings Premium on the Savings Insurance Policies or as Savings Investment Premium on the Savings Investment Policies. In return, the Savings Mortgage Participant is entitled to receive the Savings Participation Redemption Available Amount (as defined in *Sub-Participation Agreement* below) from the Issuer. The amount of the Savings Participation (as defined in *Sub-Participation Agreement* below) with respect to an Savings Investment Mortgage Receivable and a Savings Mortgage Receivable, consists of (a) the initial participation at the Closing Date (which is equal to the sum of all amounts received up to such date by the Insurance Company as Savings Premium or Savings Investment Premium and accrued interest, being, in case of the initial savings participation at the Closing Date, the amount of € 40,439,471, (b) increased on a monthly basis with the sum of (i) the Savings Premium or the Savings Investment Premium received by the Insurance Company and paid to the Issuer and (ii) a pro rata part, corresponding to the Savings Participation in the relevant Savings Mortgage Receivable or the relevant Savings Investment Mortgage Receivable, of the interest paid by the Borrower in respect of such Savings Mortgage Receivable or Savings Investment Mortgage Receivable. See further *Sub-Participation Agreement* below.

**Conversion
Participation:**

Pursuant to the conditions applicable to the Savings Investment Policies taken out with the Insurance Company in relation to the Universal Life Mortgage Loans, a Borrower may convert, in whole or in part (*switchen*), the premiums invested in the LHR to being invested in certain other investment funds (whereby the premiums paid are no longer Savings Investment Premiums). Pursuant to the Sub-Participation Agreement, upon such switch, the Conversion Participant (as defined in the Sub-Participation Agreement) will thereafter participate in the converted Mortgage Loan, in an amount equal to the converted part of the Savings Participation in the Mortgage Loan (the "**Conversion Participation**"). The Conversion Participation will, unlike the Savings Participation, not increase monthly with the interest received on such

Conversion Participation, as the interest on the Conversion Participation will be paid directly by the Issuer to the Conversion Participant. In addition, the Conversion Participant is entitled to receive the Conversion Participation Redemption Available Amount (as defined in the Master Definitions Agreement). Conversion Participations may be reconverted into Savings Participations.

Construction Deposits

Pursuant to the Mortgage Conditions (as defined below) Borrowers have the right to request that part of the Portfolio Mortgage Loan will be applied towards construction of or improvements to the mortgage property in respect of which the Borrowers have placed part of the monies drawn down under the Portfolio Mortgage Loan on deposit with the Seller and the Seller has committed to pay out such deposits to or on behalf of the Borrowers in order to enable them to pay for construction of or improvements to the mortgaged property, provided certain conditions are met. The aggregate amount of these deposits (the "**Construction Deposits**") as per the Closing Date is € 4,397,355. Of the Initial Purchase Price an amount equal to the aggregate Construction Deposits will be deposited in the Construction Deposit Account (as defined below). On each third Business Day prior to a Portfolio Payment Date, and if such day is not a Business Day, the next succeeding Business Day, unless the next Business Day falls in the next calendar month in which event the Business Day immediately preceding such third Business Day is the relevant Business Day (each a "**Portfolio Calculation Date**"), the Servicer will notify the Issuer of all payments made out of the Construction Deposits to or on behalf of the Borrowers during the immediately preceding Portfolio Calculation Period, and the Issuer shall pay on the next succeeding Portfolio Payment Date an equal amount from the Construction Deposit Account to the Seller in consideration of the assignment and transfer of the relevant Mortgage Receivable to the extent the money drawn under the relevant Portfolio Mortgage Loan was placed on the Construction Deposit. Upon the occurrence of an Assignment Notification Event (as defined in *Mortgage Receivable Purchase Agreement* below), the Issuer shall be entitled to pay out of the Construction Deposit Account monies less than or equal to the Construction Deposits placed with the Seller directly to or on behalf of the Borrowers. Pursuant to the Mortgage Conditions a Construction Deposit has to be paid out within twenty-four (24) months, provided, however, that the Seller and the Borrower may have agreed to another – longer – period. After such period, the remaining Construction Deposit 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 to the Seller, or (ii) will be set-off against the relevant Mortgage Receivable up to the amount of the Construction Deposit in which case the Issuer will have no further obligation towards the Seller to pay the remaining part of the Initial Purchase Price and consequently any balance

standing to the credit of the Construction Deposit Account will be used for redemption of the Notes in accordance with Condition 6.

**Sale of
Mortgage**

Receivables:

The Issuer has on any Optional Redemption Date the right to sell and assign (all but not part of) the Mortgage Receivables to a third party, which may also be the Seller, provided that the sum of (i) the proceeds of such sale and (ii) any payments to be made by the Swap Counterparty to the Issuer in connection with the termination of the Swap Agreement (as defined below), is sufficient to pay all amounts due and payable to the Noteholders (other than the holders of the Subordinated Class E Notes) and any amounts to be paid in priority to the Notes in accordance with and subject to the Conditions.

**Servicing
Agreement:**

Under a servicing agreement to be entered into on the Signing Date between the Issuer, the Servicer and the Security Trustee (the "**Servicing Agreement**"), the Servicer will agree to provide administration and management services in relation to the Portfolio 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 Portfolio Mortgage Loans and the implementation of arrears procedures including, if applicable, the enforcement of mortgages (see further *Mortgage Loan Underwriting and Servicing* and *Servicing Agreement and Company Administration Agreement* below).

**Company
Administration
Agreement:**

Under a company administration agreement to be entered into on the Signing Date between the Issuer, the Company Administrator and the Security Trustee (the "**Company Administration Agreement**"), the Company 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 (see further *Servicing Agreement and Company Administration Agreement* below).

**Management
Agreements:**

The Issuer, Stichting SAECURE Holding and the Security Trustee will each enter into a management agreement or a supplement to the existing management agreement, as the case may be, (together the "**Management Agreements**") with the relevant Director whereunder the relevant Director will undertake to act as director of the Issuer, Stichting SAECURE Holding and the Security Trustee, respectively, and to perform certain services in connection therewith.

CASH FLOW STRUCTURE:

Transaction

Account: The Issuer shall maintain with the Floating Rate GIC Provider an account (the "**Transaction Account**") into which, *inter alia*, all amounts of interest, prepayment penalties and principal received under the Mortgage Receivables, will be transferred by the Servicer in accordance with the Servicing Agreement.

Floating Rate

GIC: On the Signing Date, the Issuer, the Floating Rate GIC Provider and the Security Trustee will enter into a guaranteed investment contract (the "**Floating Rate GIC**"), whereunder the Floating Rate GIC Provider will agree to pay a guaranteed rate of interest determined by reference to three-month Euribor on the balance standing from time to time to the credit of the Transaction Account, the Reserve Account (as defined below) and the Construction Deposit Account (as defined below) (such accounts, collectively to be referred to as the "**Issuer Accounts**").

Liquidity Facility

Agreement: On the Signing Date, the Issuer will enter into a 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 Funds. See under *Credit Structure* below.

Swap

Agreement: On the Signing Date, the Issuer will enter into a swap agreement with the Swap Counterparty (the "**Swap Agreement**") 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. See under *Credit Structure* below.

Reserve

Account: The net proceeds of the Subordinated Class E Notes will be credited to an account (the "**Reserve Account**") 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 (n) of the Pre-Enforcement Revenue Priority of Payments (as defined in *Credit Structure* below) in the event of a shortfall of the Available Revenue Funds (as defined in *Credit Structure* below) on a Quarterly Payment Date. If and to the extent that the Available Revenue Funds calculated on the third Business Day prior to a Quarterly Payment Date (each a "**Notes Calculation Date**") exceed the

amounts required to meet items (a) up to and including (n) of the Pre-Enforcement Revenue Priority of Payments, such excess amount will be deposited in, or, as the case may be, used to replenish the Reserve Account by crediting such amount to the Reserve Account up to the required reserve account target level (the "**Reserve Account Target Level**") on the immediately succeeding Quarterly Payment Date. The Reserve Account Target Level will on any Notes Calculation Date be equal to (i) 1.40 per cent. of the aggregate Principal Amount Outstanding of the Notes (excluding the Subordinated Class E Notes) at the Closing Date, or (ii) in case on such Notes Calculation Date the aggregate outstanding principal amount of the Delinquent Mortgage Receivables (as defined below) at such Notes Calculation Date exceeds 1.00 per cent. of the aggregate outstanding principal amount of the Mortgage Receivables at such Notes Calculation Date, the sum of (x) 1.40 per cent. of the aggregate Principal Amount Outstanding of the Notes (excluding the Subordinated Class E Notes) at the Closing Date, and (y) the aggregate outstanding principal amount of the Delinquent Mortgage Receivables at such Notes Calculation Date.

Construction

Deposit Account:

The Issuer will maintain with the Floating Rate GIC Provider an account into which at the Closing Date an amount equal to the aggregate Construction Deposits will be deposited (the "**Construction Deposit Account**"). The Construction Deposit Account will be debited for (i) payments to the Seller upon Construction Deposits being paid out by the Seller to or on behalf of the Borrowers; and (ii) for transfer to the Transaction Account in case the Issuer has no obligation to pay any further part of the Initial Purchase Price (as described under *Construction Deposits*).

OTHER:

Listing:

Application has been made to list the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes on Euronext Amsterdam. Listing is expected to take place on 18 June 2004.

Rating:

It is a condition precedent to issuance that (i) the Senior Class A Notes, on issue, be assigned an 'Aaa' rating by Moody's and an 'AAA' rating by Fitch, (ii) the Mezzanine Class B Notes, on issue, be assigned an 'Aa3' rating by Moody's and an 'AA' rating by Fitch, (iii) the Mezzanine Class C Notes, on issue, be assigned an 'A1' rating by Moody's and an 'A' rating by Fitch, (iv) the Junior Class D Notes, on issue, be assigned a 'Baa2' rating by Moody's and a 'BBB' rating by Fitch and (v) the Subordinated Class E Notes, on issue, be assigned a 'Baa3' rating by Moody's.

Governing

Law:

The Notes will be governed by and construed in accordance with the laws of the Netherlands.

SPECIAL CONSIDERATIONS

The following is a summary of certain aspects of the issue of the Notes of which prospective Noteholders should be aware. It is not intended to be exhaustive, and prospective Noteholders should read the detailed information set out elsewhere in this document.

Liabilities under the Notes and limited recourse

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, acting in whatever capacity, including, without limitation, the Seller, the Servicer, the Company Administrator, the Managers, the Savings Mortgage Participant, the Conversion Participant, the Insurance Company, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agent, the Reference Agent or, except for certain limited obligations under the Trust Deed as more fully described in *Description of Security*, the Security Trustee. Furthermore, none of the Seller, the Servicer, the Company Administrator, the Managers, the Savings Mortgage Participant, the Conversion Participant, the Insurance Company, the Floating Rate GIC Provider, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agent or the Reference Agent or any other person, acting in whatever capacity, other than the Security Trustee in respect of limited obligations under the Trust Deed, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

The obligations of the Issuer under the Notes are limited recourse obligations and 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, the receipt by it of interest in respect of the balances standing to the credit of the Issuer Accounts, the availability of the Reserve Account and the Liquidity Facility (as defined below). See further under *Credit Structure*.

Payment of principal and interest on the Notes will be secured indirectly by the security granted by the Seller and the Issuer to the Security Trustee pursuant to the Security Documents. If the security granted pursuant to the Security Documents is enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to amounts due under the Notes, to repay in full all principal and to pay in full all interest and other amounts due in respect of the Notes, then, as the Issuer has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. Enforcement of the security by the Security Trustee pursuant to the terms of the Trust Deed, the Pledge Agreements and the Notes is the only remedy available to Noteholders for the purpose of recovering amounts owed in respect of the Notes.

Risks inherent to the Notes

By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by the Conditions. Neither the Issuer nor the Paying Agent will have any responsibility for the proper performance by the Clearing Institutions or their participants of their obligations under their respective rules, operating procedures and calculation methods.

(i) *Credit Risk*

There is a risk of loss on principal and interest on the Notes due to losses on principal and interest on the Mortgage Receivables. This risk is addressed and mitigated by:

- in the case of the Senior Class A Notes, the subordinated ranking of the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes;
- in the case of the Senior Class A Notes and the Mezzanine Class B Notes, the subordinated ranking of the Mezzanine Class C Notes and the Junior Class D Notes;
- in the case of the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, the subordinated ranking of the Junior Class D Notes;
- the Reserve Account; and
- the Swap Credit Margin (as defined below in *Credit Structure*).

The proceeds of the Subordinated Class E Notes will be credited to the Reserve Account, which forms part of the credit enhancement. The Swap Credit Margin has been sized so that the Issuer is expected to have sufficient funds to pay principal and interest on the Subordinated Class E Notes in accordance with the Pre-Enforcement Revenue Priority of Payments.

(ii) *Liquidity Risk*

There is a risk that interest on the underlying Mortgage Receivables is not received on time thus causing temporary liquidity problems to the Issuer. This risk is addressed and mitigated by (i) the Swap Credit Margin, (ii) the Reserve Account (to the extent available for such payments) and (iii) in certain circumstances the Liquidity Facility provided by the Liquidity Facility Provider.

(iii) *Prepayment Risk*

There is a risk that the level of prepayments by the Borrowers can vary and therefore result in an average life of the Notes which is shorter or longer than anticipated. The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that any estimates and assumptions will prove in any way to be realistic. The estimated average lives must therefore be viewed with considerable caution and the Noteholders should make their own assessment thereof.

(iv) *Maturity Risk*

There is a risk that the Issuer will not have received sufficient principal to fully redeem the Notes at maturity. The Final Maturity Date for the Senior Class A Notes is on the Quarterly Payment Date falling in May 2036 and for all remaining Notes of any other Class the Quarterly Payment Date falling in May 2069. The Issuer has on any Optional Redemption Date the right to sell and assign (all but not part of) the Mortgage Receivables to a third party, which may also be the Seller, provided that the sum of (i) the proceeds of such sale and (ii) any payments to be made by the Swap Counterparty to the Issuer in connection with the termination of the Swap Agreement (as defined below), is sufficient to pay all amounts due and payable to the Noteholders (other than the holders of the Subordinated Class E Notes) in accordance with and

subject to the Conditions. The Issuer shall be required to apply the proceeds of such sale, to the extent relating to principal, to redeem the Notes (other than the Subordinated Class E Notes) in accordance with Condition 6. If the Issuer does not exercise this option on the First Optional Redemption Date the interest rate for all the Notes will be a floating rate based on three-month Euribor plus the margin set out above under *Interest Switch/Step-up*. No guarantee can be given that the Issuer will exercise its option or that there will be a third party purchaser and therefore that the Notes will be redeemed on such First Optional Redemption Date.

(v) *Interest Rate Risk*

There is a risk that, due to interest rate movements, the interest received on the Mortgage Receivables and the Issuer Accounts is not sufficient to pay the floating interest on the Notes. This risk is addressed by the Swap Agreement.

Pass Through Structure

Interest

Up to but excluding the First Optional Redemption Date, the Notes will bear a floating rate of interest based on three-month Euribor plus a margin. From the First Optional Redemption Date all the Notes will still bear a floating rate of interest based on three-month Euribor but the margin for each Class of Notes (other than the Subordinated E Notes) will increase. The interest (including the step-up margin) will be paid, *inter alia*, from the amounts received by the Issuer from the Swap Counterparty under the Swap Agreement.

Principal

On each Quarterly Payment Date all amounts received by the Issuer as repayments or prepayments of principal on the Mortgage Receivables, and payments made by the Savings Mortgage Participant for the Savings Participations, including all proceeds from a possible sale of Mortgage Receivables will, subject to certain conditions, first be applied towards payment of the purchase price for Further Advance Receivables, if any (see below under *Mortgage Receivables Purchase Agreement*), and thereafter subject to and in accordance with the Conditions and the applicable priority of payments, towards redemption of the Notes. The Available Principal Funds will be applied towards redemption, at their respective Principal Amount Outstanding plus accrued but unpaid interest thereon, of (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 and (iv) *fourthly*, the Junior Class D Notes, until fully redeemed.

Rating of the Notes

The ratings to be assigned to the Notes by the Rating Agencies are based on the value and cash flow generating ability of the Mortgage Receivables and other relevant structural features of the transaction, including, *inter alia*, the short-term and long-term unsecured and unsubordinated debt rating of the other parties involved in the transaction, such as the providers of ancillary facilities (which are the Floating Rate GIC Provider, the Swap Counterparty and the Liquidity Facility Provider), and reflect only the views of the Rating Agencies.

Upon issue (i) the Senior Class A Notes are expected to be assigned a rating of 'Aaa' by Moody's and 'AAA' by Fitch, (ii) the Mezzanine Class B Notes are expected to be assigned a rating of 'Aa3' by Moody's and 'AA' by Fitch, (iii) the Mezzanine Class C Notes are expected to be assigned a rating of 'A1' by Moody's and 'A' by Fitch, (iv) the Junior Class D Notes are expected to be assigned a rating of 'Baa2' by Moody's and 'BBB' by Fitch and (v) the Subordinated Class E Notes are expected to be assigned a rating of 'Baa3' by Moody's.

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies as a result of changes in or unavailability of information or if, in the Rating Agencies' judgement, circumstances so warrant. Any rating agency other than the Rating Agencies could seek to rate the Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by the Rating Agencies, such unsolicited ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt, any references to "ratings" or "rating" in this Offering Circular are to ratings assigned by the Rating Agencies only. Future events also, including events affecting the Swap Counterparty and/or circumstances relating to the Mortgage Receivables and/or the Dutch residential mortgage market, in general could have an adverse effect on the rating of the Notes.

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.

Value of the Notes and Transferability

Prior to this offering, there has been no public secondary market for the Notes and there can be no assurance that the issue price of the Notes will correspond with the price at which the Notes will be traded after the offering of the Notes. Furthermore, there can be no assurance that active trading in the Notes will commence or continue after the offering. A lack of trading in the Notes could adversely affect the price of the Notes, as well as the Noteholders' ability to sell the Notes.

Loan to Foreclosure Value Ratio

The appraisal foreclosure value (*executiewaarde*) of the property on which a Mortgage is vested is approximately 85 per cent. of the market value (*vrije verkoopwaarde*). There can be no assurance that, on enforcement, all amounts owed by a Borrower under a Portfolio Mortgage Loan can be recovered from the proceeds of the foreclosure on the property which is subject to the Mortgage. The Interest-only Mortgage Loans may not exceed 90 per cent. of the appraisal foreclosure value. There can be no assurance that the proceeds upon foreclosure will at least be equal to the estimated appraisal foreclosure value of the property (see description of *Portfolio Mortgage Loans*).

Trust Deed

The Noteholders will benefit from the security granted in favour of the Security Trustee pursuant to the Security Documents. Under the terms of the Trust Deed, the Issuer will undertake to pay to the Security Trustee, on the same terms and conditions, an amount equal to the aggregate of all amounts from time to time due and payable by the Issuer to the Security Beneficiaries (including, but not limited to, the Noteholders) in accordance with the terms and conditions of the relevant Transaction

Documents (as defined in the Conditions) (such a payment undertaking and the obligations and liabilities resulting from it are to be referred to as the "**Parallel Debt**"). The Parallel Debt represents an independent claim of the Security Trustee to receive payment thereof from the Issuer, provided that (i) the aggregate amount that may become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Issuer's obligations to the Security Beneficiaries, including the Noteholders, pursuant to the Transaction Documents, including, *inter alia*, the Notes, and (ii) every payment in respect of such Transaction Documents for the account of or made to the Security Beneficiaries directly in respect of such undertaking shall operate in satisfaction pro tanto of the relative covenant. The Parallel Debt is secured by the Pledge Agreements. Upon the occurrence of an event of default under the Notes, the Security Trustee may give notice to the Issuer that the amounts outstanding under the Notes (and under the Parallel Debt) are immediately due and payable and that it will enforce the Pledge Agreements. The Security Trustee will apply the amounts recovered upon enforcement of the Pledge Agreements in accordance with the provisions of the Trust Deed. The amounts payable to the Noteholders and other Security Beneficiaries under the Trust Deed will be limited to the amounts available for such purpose to the Security Trustee. Payments under the Trust Deed to the Security Beneficiaries (other than the Savings Mortgage Participant and the Conversion Participant) will be made in accordance with the Post-Enforcement Priority of Payments as set forth in the Trust Deed.

It is generally assumed that under Dutch law a right of pledge cannot be validly created in favour of a person who is not the creditor of the claim that the right of pledge purports to secure. The Parallel Debt is included in the Trust Deed to address this issue. It is noted that there is no statutory law or case law available on the validity and enforceability of a parallel covenant such as the Parallel Debt and the security provided for such debts. However, the Issuer has been advised that there are no reasons why a parallel covenant such as the Parallel Debt will not create a claim of the pledgee (the Security Trustee) thereunder which can be validly secured by a right of pledge such as the rights of pledge created pursuant to the Pledge Agreements.

Transfer of Legal Title to Mortgage Receivables

The Mortgage Receivables Purchase Agreement will provide that the assignment of the Mortgage Receivables by the Seller to the Issuer will not be notified to the Borrowers except if certain notification events occur. For a description of these notification events reference is made to the *Mortgage Receivables Purchase Agreement* below. Under current Dutch law, transfer of title by way of assignment of a receivable is only effective if the assignment has been notified to the Borrower. Consequently, prior to such notification, legal title to the Mortgage Receivables will remain with the Seller. Notification of the assignment to a Borrower after the Seller has been declared bankrupt or has become subject to emergency regulations will not be effective and, consequently, in such event the legal ownership to the Mortgage Receivables will not pass to the Issuer. In respect of the Mortgage Receivables to the extent they correspond to Construction Deposits reference is made to what is stated under *Construction Deposits* below

In order to mitigate the adverse effect on the Issuer and its ability to comply with its obligations under the relevant Transaction Documents in the situation that notification of the assignment of the Mortgage Receivables can no longer be effectively made due to bankruptcy or emergency regulations involving the Seller, the Seller will, *inter alia*, grant a first-ranking undisclosed right of pledge (*stil pandrecht eerste in rang*) (i.e. without notification being required) under Dutch law to the Security Trustee and a second-ranking undisclosed right of pledge (*stil pandrecht tweede in rang*) to the Issuer over the relevant Mortgage Receivables and the Issuer will grant a first-ranking disclosed right of pledge (*openbaar pandrecht eerste in rang*) to the Security Trustee over the rights deriving from, *inter alia*, the Mortgage Receivables Purchase Agreement, as more fully described in *Description of Security* below. Notification of the undisclosed rights of pledge in favour of the Security Trustee and the Issuer can be validly made after bankruptcy or emergency regulations have been declared in respect of the Seller. Under Dutch law the Issuer and the Security Trustee can, in the event of bankruptcy or emergency regulations in respect of the Seller, exercise the rights afforded by law to pledgees as if there were no bankruptcy or emergency regulations. However, bankruptcy or emergency regulations involving the Seller would affect the position of the Security Trustee and the Issuer as pledgees in some respects, the most important of which are: (i) payments made by Borrowers prior to notification but after bankruptcy or emergency regulations involving the Seller having been declared, will be part of the bankrupt estate of the Seller, although the relevant pledgee has the right to receive such amounts by preference after deduction of certain bankruptcy related costs, (ii) a mandatory freezing-period of up to two (2) months may apply in case of bankruptcy or emergency regulations involving the Seller, which, if applicable would delay the exercise of the right of pledge on the Mortgage Receivables and (iii) the relevant pledgee may be obliged to enforce its right of pledge within a reasonable period as determined by the judge-commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of the Seller.

Construction Deposits

Under the Mortgage Conditions the Borrowers are entitled to place part of the monies drawn down under a Portfolio Mortgage Loan on deposit with the Seller and the Seller has committed to pay out such deposits to or on behalf of the Borrowers in order to enable them to pay for construction of or improvements to the mortgaged property, provided that certain conditions are met ("**Construction Deposits**"). Payment by the Issuer to the Seller of the purchase price of the part of the Mortgage Receivable to which such Construction Deposit corresponds, which part of the purchase price shall be equal to such Construction Deposit, is deferred until the first Portfolio Payment Date after the relevant part of the Construction Deposit has been paid out to or on behalf of the Borrower. Such payment will be made from the Construction Deposit Account. However, if an Assignment Notification Event has occurred the Issuer will no longer be under an obligation to pay such amount, unless the relevant Mortgage Receivable including the part thereof that corresponds to the Construction Deposit, has been transferred to the Issuer so that such transfer is fully effective in relation to a possible bankruptcy of the Seller. Furthermore, after an Assignment Notification Event the Issuer has the right to make payments to or on behalf of the Borrower of an amount less than or equal to the Construction Deposit, on terms and conditions to be agreed upon between the Issuer and the Borrower. As between the Seller and the Issuer such payment shall constitute payment of the deferred purchase price with respect to the part of the Mortgage Receivable relating to the Construction Deposit.

Under Dutch law the distinction between 'existing' receivables and 'future' 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 has had a suspension of payments granted to it or has been subject to emergency regulations. If, however, receivables are to be considered as existing receivables, the assignment and pledge thereof are not affected by the bankruptcy or suspension of payments of the assignor/pledgor or the applicability of emergency regulations. Whether such part of a Mortgage Receivable as relates to a Construction Deposit should be considered as an existing or future receivable is difficult to establish on the basis of the applicable terms and conditions and has not been addressed conclusively in case law or legal literature. If the full Mortgage Receivable is considered to be drawn down under the Portfolio Mortgage Loan when the Construction Deposit is created, the part of the Mortgage Receivable relating to the Construction Deposit will be deemed to be existing as from the creation of the Construction Deposit. However, it is also conceivable that such part of the Portfolio Mortgage Loan concerned is considered drawn down only when and to the extent the Construction Deposit is paid out to or on behalf of the Borrower in which case such part of the Mortgage Receivable is deemed to be a future receivable until the Construction Deposit is paid out. If the part of the Mortgage Receivable relating to the Construction Deposit is to be regarded as a future receivable, the assignment and/or pledge of such part will not be effective if the Construction Deposit is paid out on or after the date on which the Seller is declared bankrupt, granted suspension of payments or subjected to emergency regulations. However, prior to an Assignment Notification Event the Issuer will only pay the purchase price to the Seller if and to the extent during the preceding Portfolio Calculation Period amounts have actually been drawn down by and paid out to Borrowers by the Seller. After an Assignment Notification Event the Issuer will be entitled to pay the amounts requested by Borrowers directly to such Borrowers (see paragraph *Payments in relation to Construction Deposits* below).

Proposed Change in Dutch Legislation regarding Assignment

On 14 May 2003 a bill was submitted to the Dutch Parliament in which it was proposed to amend the legal requirements for the assignment of receivables in such a manner that an assignment could also be effected by means of a notarial or registered deed of assignment, without notification of the assignment to the relevant debtors being required. If and when this amendment is to become effective, the Seller could assign the Mortgage Receivables, and transfer legal ownership, to the Issuer by the mere registration of the deed of assignment and would not be restricted to completing the assignment by notification in case of the occurrence of Assignment Notification Events. However, the partial termination structure as set out under *Bank Mortgages* below is only effective if the partial termination is perfected prior to the assignment being completed, whether by means of notification or after the proposed amendment becoming effective, registration or notification. Consequently, registration of the deed of assignment prior to the occurrence of any of the Assignment Notification Events may not be an option, since immediately prior to such registration partial termination of the relevant Bank Mortgages would be required in order to have such Mortgage follow the relevant Mortgage Receivable upon the transfer of title. This would leave the Seller (and, after assignment of any Further Advance Receivable, the Issuer) unsecured if after such registration the Seller is obliged pursuant to the relevant Mortgage

Conditions to grant a Further Advance to a Borrower. For this reason, in addition to certain tax related concerns, the Mortgage Receivables Purchase Agreement provides that, should the proposed amendment become effective, the Issuer may only register the deed of assignment upon the occurrence of any of the Assignment Notification Events

Set-off

Under Dutch law each Borrower will, subject to the legal requirements for set-off being met, be entitled to set off amounts due by the Seller to it (if any) with amounts it owes in respect of the Mortgage Receivables. After assignment and/or pledge of the Mortgage Receivables to the Issuer and notification thereof to a Borrower, the Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met, 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 and/or pledge of the Mortgage Receivables and notification thereof to the relevant Borrower. The Construction Deposits meet these requirements.

The conditions applicable to the Portfolio Mortgage Loans (the "**Mortgage Conditions**") 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 Dutch law it is uncertain whether such waiver will be valid. Should such waiver be invalid, the foregoing applies *mutatis mutandis*.

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

For specific set-off issues relating to Life Mortgage Loans, Universal Life Mortgage Loans, Savings Mortgage Loans, Savings Investment Mortgage Loans and Investment Mortgage Loans reference is made to *Insurance Policies* below.

The Seller will also have the right to set-off any amounts owing to a Borrower against a Mortgage Receivable in respect of such Borrower. The Mortgage Receivables Purchase Agreement will provide that, prior to notification of the assignment and/or pledges, the Seller will pay to the Issuer any amounts not received by the Issuer as a result of such right of set-off being invoked by the Seller. After notification of the assignment and/or pledges to the Borrowers, the Seller will no longer have any set-off right against the relevant Borrowers.

Provided certain conditions are met under the Portfolio Mortgage Loans, the Borrowers have the right to have the Construction Deposits paid out by the Seller where there is such Construction Deposit. Under Dutch law a creditor is entitled to dissolve (*ontbinden*) an agreement and/or demand payment of

damages if its debtor defaults in the performance of its obligations under such agreement. A possible bankruptcy or emergency regulations involving the Seller in itself would not be grounds for the Borrowers to dissolve the agreements under which the Portfolio Mortgage Loans arise unless the parties have agreed otherwise. If the Seller in that case performs all of its obligations with respect to the Construction Deposits, the Borrowers will in turn have to perform their obligations to the Seller under the Mortgage Receivables (including the part placed on the Construction Deposit). If both the Borrowers and the Seller do not perform all or part of their respective obligations under the agreements upon bankruptcy or emergency regulations involving the Seller, the Borrower is entitled to summon the Seller and/or its bankruptcy trustee in writing to confirm within a reasonable term that it will perform such obligations. A failure to give such a confirmation will cause the Seller and/or its bankruptcy trustee (and possibly also the Issuer and/or the Security Trustee) to lose its/their right to demand performance by the Borrowers of their obligations.

In addition, the Borrowers could, if the Seller would for any reason fail to fulfil its obligations relating to the Construction Deposits, invoke rights of set-off or other defences vis-à-vis the Issuer, which would reduce the proceeds of the Mortgage Receivables. Under the terms of the Mortgage Receivables Purchase Agreement the Issuer is entitled upon the occurrence of an Assignment Notification Event, to enter into an agreement, satisfactory to the Security Trustee, with the relevant Borrowers pursuant to which the Issuer assumes the obligations of the Seller to pay out the relevant Construction Deposits.

Payments in relation to Construction Deposits

The sale of the Mortgage Receivables to the Issuer includes such parts of the Mortgage Receivables as correspond to the amounts placed in Construction Deposits. If any Construction Deposit is paid out to the relevant Borrower by the Seller the Issuer will pay on the Portfolio Payment Date in the calendar month succeeding such payment the corresponding amount from the Construction Deposit Account to the Seller as deferred purchase price, for the part of the Mortgage Receivable concerned. However, if an Assignment Notification Event has occurred the Issuer will only be under the obligation to pay such amount to the Seller if the relevant Mortgage Receivable including the part thereof corresponding to the Construction Deposit has been transferred to the Issuer so that such transfer is fully effective in a possible bankruptcy of the Seller. Furthermore, after an Assignment Notification Event the Issuer has the right to lend to the Borrower an amount less than or equal to the Construction Deposit, on terms and conditions to be agreed upon between the Issuer and the Borrower, this in order to obstruct any defences of the Borrower with respect to repayment of the Mortgage Receivables based on the statement that he did not receive timely payment of the Construction Deposit. To the extent that part of the Mortgage Receivable corresponding to the Construction Deposit should be considered an existing receivable prior to the possible bankruptcy of the Seller (see above under *Construction Deposits* above), such payment will be deemed to be a payment of the indebtedness of the Seller with respect to the Construction Deposit. To the extent such part of the Mortgage Receivable would not be considered an existing receivable at such time, the payment should be considered as a payment of the Issuer itself under its separate agreement with the Borrower. As between the Seller and the Issuer such payment shall always constitute payment of the deferred purchase price with respect to the part of the Mortgage Loan corresponding to the Construction Deposit. In the event that part of the Mortgage Receivable corresponding to the Construction Deposit is transferred to the Issuer after the Assignment Notification

Event and such part of the Mortgage Receivable would be considered a future receivable at such time, such part of the Mortgage Receivable will not be secured by the mortgage and other security rights. The same applies to a loan made by the Issuer to the Borrower as described above. For that reason the Issuer may negotiate separate security rights with respect to such receivables at the time of the transfer or at the time the loan to the Borrower is made, as the case may be.

Bank Mortgages

Uncertainty whether mortgage rights will follow Mortgage Receivable

The Mortgage Receivables sold to the Issuer will be secured by mortgage rights which not only secure the initial loan granted to the Borrower, but also other liabilities and monies that the Borrower, now or in the future, may owe to the Seller (the so called *bankhypotheek*, hereinafter referred to as "**Bank Mortgages**"). Under Dutch law it is uncertain whether, in the event of assignment or pledge of a receivable secured by a Bank Mortgage, the mortgage will follow such receivable. It is assumed by certain Dutch legal commentators that a Bank Mortgage will only follow the receivable which it secures if the relationship between the bank and a borrower has been terminated in such a manner that following the transfer, the bank cannot create or obtain new receivables against the borrower. Other Dutch legal commentators have, particularly in recent literature, defended the view that Bank Mortgages (partially) follow the receivable to the extent that it has been assigned.

In the Mortgage Receivables Purchase Agreement the Seller represents and warrants that upon creation of the mortgage rights securing the Mortgage Receivables the Mortgage Conditions entered into after 1 March 1995 contained a provision to the effect that upon assignment of the relevant receivable(s), the mortgage right(s) will (pro rata) follow such receivable(s) as an ancillary right. This provision is a clear indication of the intentions of the parties in respect of assignment of the receivable. In the determination of whether a Bank Mortgage follows the receivable to which it is connected, the wording of the Mortgage Conditions in the relevant mortgage deed is an important factor. Whether such wording is the only and thus decisive factor, is not certain. However, the inclusion of this provision in the Mortgage Conditions provides support of the theory that, in this case, the mortgage right follows the Mortgage Receivable pro rata upon assignment or pledge as an ancillary right.

Given the uncertainty with respect to Bank Mortgages, the Seller has undertaken in the Mortgage Receivables Purchase Agreement to partially terminate (*opzeggen*) or partially waive (*afstand doen van*), as the case may be, the relevant mortgage rights securing the Mortgage Receivables to the extent that such mortgage rights secure other debts than the Mortgage Receivables (which, for the avoidance of doubt includes, upon purchase and acceptance by the Issuer, Further Advance Receivables) by giving notice of partial termination to or by entering into a deed of waiver with the relevant Borrowers prior to or at the same time that the Borrowers will be notified of the assignment (see *Transfer of legal title to Mortgage Receivables*). As a consequence of such partial termination or partial waiver the mortgage right would only secure the Mortgage Receivable assigned to the Issuer (which, for the avoidance of doubt includes the Further Advance Receivables sold and assigned to the Issuer) and would, in effect, cease to be a Bank Mortgage. Although there is no case law to directly support this view, the Issuer has been advised that there are no reasons why the mortgage right will not follow the Mortgage Receivable upon its assignment if the bank mortgage character is removed

through partial termination or partial waiver prior to transfer of legal title to the Mortgage Receivables to the Issuer. If a Further Advance has been granted by the Seller, this would imply that the mortgage right would be co-held by the Issuer and the Seller if (i) the further advance receivable was not sold and assigned by the Seller to the Issuer and (ii) the Seller has not repurchased and accept re-assignment of the Mortgage Receivables resulting from the Portfolio Mortgage Loan in respect of which a Further Advance has been granted pursuant to the Mortgage Receivables Purchase Agreement.

Uncertainty regarding effectiveness of partial termination or partial waiver of mortgage rights

The relevant statutory provisions only address termination and waiver in general, and legal commentators, although accepting the right of partial termination and partial waiver, do not specifically discuss partial termination or partial waiver of mortgage rights in the manner described above. It is therefore unclear whether such a partial termination or partial waiver complies with the relevant statutory requirements. Based upon a reasonable interpretation of the statutory provisions and the views expressed by legal commentators, there are strong reasons for arguing that the Seller can effectively terminate or waive the mortgage rights as described above. If the Seller has become subject to emergency regulations or is declared bankrupt after notice of partial termination is given or a deed of waiver is entered into and the courts would come to the conclusion, notwithstanding the arguments against such an interpretation, that a Bank Mortgage cannot be converted by way of partial termination or partial waiver into a mortgage right which only secures the Mortgage Receivables or, following such conversion, does not follow the Mortgage Receivables upon their assignment, the Issuer would not have the benefit of the mortgage rights securing such Mortgage Receivables and would have to rely on the assistance of the Seller's administrator (in case of emergency regulations) or bankruptcy trustee (in case of bankruptcy) to foreclose such mortgage rights. It is not certain whether such assistance would be given by an administrator or bankruptcy trustee.

Under Dutch law a mortgage right can be terminated by the mortgage holder provided that upon creation of the mortgage right the mortgage holder was granted such right by the mortgage deed. The Mortgage Conditions contained in the mortgage deeds relating to the Portfolio Mortgage Loans entered into after 1 January 1992 provide for a partial as well as a general termination right in respect of the mortgage. The mortgage deeds entered into prior to 1 January 1992 do not grant the Seller such right of termination. In order to remove the bank mortgage character of the mortgage rights securing the Portfolio Mortgage Loans granted prior to 1 January 1992, the Seller has to use its right to waive part of the relevant mortgage rights on the basis of Section 3:81 of the Dutch Civil Code. In order for such partial waiver to be effective a notarial deed (*notariële akte*) needs to be executed between the Seller and the relevant Borrowers. It may be expected that the Borrowers will not refuse to co-operate since by entering into such deeds part of the mortgage rights will be released (to the extent that such mortgage rights secure other debts than the Mortgage Receivables) and the costs relating thereto will be for the account of the Seller. However, obtaining their cooperation may cause some delay.

Benefit of pledges or mortgage rights

Should the Seller be declared bankrupt or become subject to emergency regulations, its undertaking to give a notice of partial termination or to enter into a deed of waiver would no longer be enforceable and

a notice of partial termination received after such date by a Borrower would not be effective. In addition, in such a situation the legal transfer of the relevant Mortgage Receivables could no longer be effected, although the Issuer and the Security Trustee would remain pledgees of such Mortgage Receivables (see *Transfer of Legal Title to Mortgage Receivables* above). The fact that notice of partial termination can no longer be given or a deed of waiver can no longer be entered into means that it is uncertain, depending on the specific facts and circumstances involved, (i) whether the Issuer and the Security Trustee as pledgees, will have the benefit of a mortgage right securing such Mortgage Receivables, and (ii) if subsequently a Borrower fails to comply with its obligations under the Portfolio Mortgage Loan, whether the Issuer or the Security Trustee (as the case may be) would be in a position to foreclose the mortgage right as pledgee of the Mortgage Receivables. If not, the assistance of the Seller's administrator (in case of emergency regulations) or bankruptcy trustee (in case of bankruptcy) would be required to effect a foreclosure which would, in whole or in part, be for the benefit of the pledgees. It is uncertain whether such assistance will be forthcoming.

Borrower Pledges

What is stated in the various paragraphs under *Bank Mortgages* above in respect of mortgage rights applies mutatis mutandis in respect of the Borrower Pledges (as defined under *Insurance Policies* below) unless otherwise stipulated below. It is of note that in respect of such Borrower Pledges the Mortgage Conditions applicable to the Portfolio Mortgage Loans entered into prior to 15 October 2001 neither contain a provision providing for a partial or a general termination right in respect of the Borrower Pledge, nor a provision to the effect that upon assignment or pledge in whole or in part of the relevant receivables, the right of pledge will pro rata follow such receivable as an ancillary right.

Insurance Policies

The Portfolio Mortgage Loans which in whole or in part consist of a Life Mortgage Loan, Universal Life Mortgage Loan or Savings Mortgage Loan have the benefit of a Life Insurance Policy, Savings Investment Policy or Savings Insurance Policy, respectively. All other Portfolio Mortgage Loans may have the benefit of a Risk Insurance Policy (the Life Insurance Policies, the Savings Investment Policies, the Savings Insurance Policies and the Risk Insurance Policies together, the "**Insurance Policies**").

In this paragraph, certain legal issues relating to the effects of the assignment of the Mortgage Receivables on the Insurance Policies are set out. Investors should be aware that it is possible that (i) the Issuer will 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 Insurance Company defaults in its obligations as further described in this paragraph. As a consequence thereof the Issuer may not have a claim for such amounts on the Borrower and may, therefore, not have the benefit of the mortgage right securing such claim. In such case the rights of the Security Trustee will be similarly affected. The issues raised with respect to the Savings Mortgage Loans apply mutatis mutandis to the Savings Investment Mortgage Loans (which are the Universal Life Mortgage Loans to the extent the Borrower has invested part of the premiums paid on the relevant Savings Investment Policy in the LHR).

Pledge

Many of the Portfolio Mortgage Loans have the benefit of an Insurance Policy. All rights of the Borrowers under the Insurance Policies have been pledged to the Seller (the "**Borrower Pledge**"). However, the Issuer has been advised that it is possible that the right to receive payment, including the commutation payment (*afkoopsom*), under the Insurance Policies will be regarded by a Dutch court as a future right. The pledge of a future right is, under Dutch law, not effective if the pledgor is declared bankrupt or granted a suspension of payments, prior to the moment such right comes into existence. This means that it is uncertain whether such right of pledge will be effective. Even if the pledge on the rights under the Insurance Policies was effective, it would be uncertain whether such right of pledge would pass to the Issuer or, as the case may be, the Security Trustee upon the assignment or pledge of the Mortgage Receivables, where such pledge secures the same liabilities as the Bank Mortgages. The observations on partial termination made in *Bank Mortgages* above apply equally to a right of pledge in respect of Insurance Policies created after 15 October 2001. With respect to Insurance Policies that were pledged prior to 15 October 2001 no termination right is stipulated by the Seller. This means that in such case no partial termination is possible so that it is uncertain whether the right of pledge will follow in case of assignment and/or pledge of the relevant Portfolio Mortgage Loans, unless, and subject to the above, prior to or at the same time as the notification of the assignment and/or pledge a deed of waiver is entered into between each of the relevant Borrowers and the Seller whereby the Seller will partially waive its right of pledge. Pursuant to the Mortgage Receivables Purchase Agreement the Seller will be obliged to partially waive its right of pledge if the relevant Mortgage Conditions relating to such right of pledge do not grant the Seller a right of termination in respect thereof.

Appointment of Beneficiary

Furthermore, the Seller has been appointed as beneficiary under the Insurance Policies up to the amount owed by the Borrower under the mortgage deed or, in the case of mortgage deeds containing a Bank Mortgage, for all amounts which the Borrower owes under the mortgage deed and/or under any further advances granted to the Borrower (the "**Beneficiary Rights**"), except for many cases where another beneficiary has been appointed who will rank ahead of the Seller. In such cases it is provided that the Insurance Company is irrevocably authorised by such beneficiary to apply the insurance proceeds in satisfaction of the Mortgage Receivables. It is unlikely that the Beneficiary Rights will follow the Mortgage Receivables upon assignment or pledge thereof to the Issuer or the Security Trustee, but on the basis of the wording of the mortgage documentation it can be argued that the Issuer will upon notification of the assignment become beneficiary under the Insurance Policies, provided that the Seller appoints the Issuer as beneficiary. The Beneficiary Rights will be pledged to the Security Trustee and the Issuer (see under *Description of Security* below), but it is uncertain whether this pledge will be effective. The Insurance Company has undertaken that upon the occurrence of an Assignment Notification Event, it will deem itself to have been instructed and authorized to pay the insurance proceeds to the Issuer. However, such a change would require the agreement of all parties involved, including the Borrower and the beneficiary, and such agreement is not obtained in advance. It is therefore not certain that the undertaking of the Insurance Company will have the desired effect. In the event that the Issuer does not become beneficiary of the Insurance Policies, the pledge of the Beneficiary Rights is not effective and for the situation that no irrevocable

payment authorisation exists, the Issuer will enter into a beneficiary waiver agreement at the Signing Date (the "**Beneficiary Waiver Agreement**") with the Seller (acting also in its capacity as Insurance Company) and the Security Trustee, under which the Seller, subject to the condition precedent of the occurrence of an Assignment Notification Event (see *Mortgage Receivables Purchase Agreement* below), waives its rights as beneficiary under the Insurance Policies and appoints as first beneficiary (i) the Issuer subject to the dissolving condition of the occurrence of a pledge notification event (a "**Pledge Notification Event**") as referred to in Clause 7 of the Mortgage Receivables Pledge Agreement I relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event referred to in the Mortgage Receivables Pledge Agreement I relating to the Issuer. It is, however, uncertain whether such waiver and appointment will be effective, mainly because it is unclear whether or not the right to change the appointment can be validly pledged to the Issuer or is included in the rights of the Seller as pledgee or as beneficiary under the Insurance Policies. In view hereof the Seller and the Insurance Company will undertake following an Assignment Notification Event to use their best efforts to obtain the co-operation from all relevant parties to appoint the Issuer or the Security Trustee, as the case may be, as first beneficiary under the Insurance Policies. In the event an irrevocable authorisation as described above exists, the Seller and the Insurance Company will in the Beneficiary Waiver Agreement undertake, following an Assignment Notification Event, to use their best efforts to change the payment instruction in favour of (i) the Issuer subject to the dissolving condition of the occurrence of a Pledge Notification Event relating to the Issuer and (ii) the Security Trustee under the condition precedent of the occurrence of a Pledge Notification Event relating to the Issuer. It is uncertain whether such co-operation will be forthcoming. If the Issuer or the Security Trustee, as the case may be, has not become beneficiary of the Insurance Policies and the pledge and the waiver of the Beneficiary Rights are not effective, any proceeds under the Insurance Policies will be payable to the Seller or to another beneficiary, instead of the Issuer or the Security Trustee, as the case may be. If the proceeds are paid to the Seller, it will be obliged to pay the amount involved 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 the case of bankruptcy of the Seller (see *Insolvency of Insurance Company* below) or if the proceeds are paid to another beneficiary instead of the Issuer or the Security Trustee, as the case may be, this may result in the amount paid under the Insurance Policies not being applied in reduction of the Mortgage Receivable. This may lead to the Borrower invoking defences against the Issuer or the Security Trustee, as the case may be, for the amounts so received by the Seller as further discussed under *Set-off or defences* below.

Insolvency of Insurance Company

If the Insurance Company is no longer able to meet its obligations under the Insurance Policies, e.g. in case it is declared bankrupt or subjected to emergency regulations, this could result in the amounts payable under the Insurance Policies not or only partly being available for application in reduction of the relevant Mortgage Receivables. This may lead to the Borrowers trying to invoke set-off rights and defences as further discussed under *Set-off or defences* below.

Set-off or defences

If the amounts payable under the Insurance Policies do not serve as a reduction of the Mortgage

Receivable (see *Appointment of Beneficiary* and *Insolvency of Insurance Company* above), 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. The fact that the Mortgage Receivable is assigned or pledged to the Issuer or the Security Trustee is not likely to interfere with such a set-off, since it is likely that the Portfolio Mortgage Loans and the Insurance Policies are to be regarded as one legal relationship (see *Set-off* above).

As set out (in *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. One of these requirements is that the Borrower should have a claim, which corresponds to his debt to the same counterparty. The Insurance Policies are contracts between the Insurance Company and the Borrowers on the one hand and the Portfolio Mortgage Loans are contracts between the Seller and the Borrowers on the other hand. As, in respect of the Portfolio Mortgage Loans, the Insurance Company and the Seller are the same legal entity (e.g. AEGON Levensverzekering N.V.) this legal requirement is fulfilled automatically.

Furthermore, the Borrowers should have a counterclaim. If the Insurance Company is declared bankrupt or subjected 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 Pledge (see *Pledge* above) and therefore, if the Borrower Pledge is effective, it is unlikely that the Borrower will be entitled to invoke a right of set-off for the commutation payment. However, apart from the right to terminate the Insurance Policies, the Borrowers are also likely to have the right to rescind 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 Pledge. If not, the Borrower Pledge would not obstruct a right of set-off with such claim by Borrowers.

Even if the Borrowers cannot invoke a right of set-off, they may invoke defences vis-à-vis the Seller, the Issuer and/or the Security Trustee. 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 Receivable 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 rescission of the Portfolio 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 Portfolio Mortgage Loans and the Insurance Policy were entered into as a result of 'error' (*dwaling*) 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 Receivable to the extent that he has failed to receive the proceeds of the Insurance Policy.

Life Mortgage Loans and Universal Life Mortgage Loans (other than Savings Investment Mortgage Loans)

In respect of Life Mortgage Loans and Universal Life Mortgage Loans the Issuer has been advised

that, in view of the factual circumstances involved, *inter alia*, that the relevant Portfolio Mortgage Loans and the Insurance Policies are sold to the Borrower by one legal entity (being both the Seller and the Insurance Company) as one single package, there is definitely the risk that the courts will honour set-off or defences by Borrowers, as described above, if in case of bankruptcy or emergency regulations of the Insurance Company the Borrowers, which are insured will not be able to recover their claims under their Life Insurance Policies or Savings Investment Policies, as the case may be.

Savings Mortgage Loans and Savings Investment Mortgage Loans

In respect of Savings Mortgage Loans the Issuer has been advised that there is definitely a risk that such a set-off or defence would be successful in view, *inter alia*, of the close connection between the Savings Mortgage Loan and the Savings Insurance Policy and the fact that the Savings Mortgage Loans and the relevant Savings Insurance Policies are sold to the Borrower by one legal entity. This risk is mitigated, however, by the fact that the Sub-Participation Agreement will provide that in case of set-off or defences by Borrowers, including but not limited to a right of set-off or defence based upon a default in the performance by the Savings Mortgage Participant (e.g. the Insurance Company) of its obligations under the relevant Savings Insurance Policy, as a consequence whereof the Issuer will not have received any amount due and outstanding, the relevant Savings Participation of the Savings Mortgage Participant will be reduced by an amount equal to the amount which the Issuer has failed to receive. The amount of the Savings Participation is equal to the amount of Savings Premiums received by the Issuer plus any amounts available as a result of a conversion (*switch*) as described under the *Savings Participation and Conversion Participation*, plus the accrued yield on such amount (see under *Sub-Participation Agreement* below), provided that the Savings Mortgage Participant will have paid all amounts due under the Sub-Participation Agreement to the Issuer. Therefore, normally the Issuer would not suffer any damages if the Borrower was to invoke any such right of set-off or defence, if and to the extent that the amount for which the Borrower was to invoke set-off or defences did not exceed the amount of the Savings Participation. The amount for which the Borrower can invoke set-off or defences may, depending on the circumstances, exceed the amount of the Savings Participation. The above applies equally in respect of Savings Investment Mortgage Loans.

Investment Mortgage Loans

Under the Investment Mortgage Loans the Borrower does not pay principal prior to maturity of the Mortgage Loan. Instead the Borrowers undertake to invest agreed amounts in certain investment funds. See further under Description of *Portfolio Mortgage Loans*.

Investment Accounts

Under the Investment Mortgage Loans the investments in certain investment funds are effected by the Borrowers paying certain agreed amounts to an investment account held at AEGON Bank N.V., which amounts are subsequently invested by Stichting AEGON Beleggersgiro in certain selected investment funds in accordance with the instructions of the relevant Borrowers. The investment funds are managed by AEGON Investment Management B.V. The participations that are purchased are credited to the investment accounts of the relevant Borrowers, such accounts being administered by AEGON Bank N.V. (the "**Investment Accounts**"). It is the intention that the Mortgage Receivables will be fully or partially repaid with the proceeds of the investments. In this structure the Borrowers have a claim on

Stichting AEGON Beleggersgiro for the value of the investments. The purpose of Stichting AEGON Beleggersgiro is to hold participations in investment funds for custody purposes and normally its obligations vis-à-vis holders of the Investment Accounts should be equal to the value of the corresponding participations of Stichting AEGON Beleggersgiro in the investment funds. Provided that Stichting AEGON Beleggersgiro is in full compliance with the Further Regulation (*Nadere Regeling*) promulgated under the Act on the Supervision of Securities Transactions 1995 (*Wet Toezicht Effectenverkeer 1995*) with respect to an "effectengiro", and the limitations to the scope of its business as set out in its corporate objective (pursuant to which it will be prohibited from conducting any commercial activities or activity other than its activities as custodian in respect of the securities held for the Borrowers and the keeping of the books in respect of the securities accounts) are observed, the investments made by the Borrower through Stichting AEGON Beleggersgiro will form part of the estate of Stichting AEGON Beleggersgiro and Stichting AEGON Beleggersgiro can be considered a bankruptcy remote entity. Should Stichting AEGON Beleggersgiro not be able to meet its obligations towards the Borrowers, this could lead to set-off or defences by Borrowers similar to those described under *Insurance Policies* above, except for the set-off or defences described in *Appointment of Beneficiary* in respect of the situation of the Seller being insolvent.

Pledge

All rights of a Borrower in connection with the relevant Investment Account have been pledged to the Seller in order to secure the same liabilities as the relevant Mortgage. The observations made above in relation to Bank Mortgages apply equally here.

Reduced Value of Investments

If the value of the investments made under the Investment Mortgage Loans has reduced considerably, a Borrower may try to invoke set-off or other defences against the Seller 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 Investment Mortgage Loans have been marketed by the Seller and/or its intermediaries and the promotional material provided to the Borrower. The above may also apply in case of reduction in value of investments made by the Insurance Company in connection with the Life Insurance Policies.

Long Leases

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

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in case of 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 (2) 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 against 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. Furthermore, on the basis of the general terms and conditions of the Mortgage Loans, the Mortgage Loan becomes immediately due and payable if, *inter alia*, the leaseholder has not paid the remuneration in relation to the long lease, the leaseholder breaches any obligation under the long lease, or the long lease is dissolved or terminated.

Exemption Regulation Act on the Supervision of the Credit System 1992

The Notes will be offered to professional market parties within the meaning of Section 1 paragraph e of the Exemption Regulation of 26 June 2002 in respect of the Act on the Supervision of the Credit System 1992 (*Vrijstellingsregeling Wet toezicht kredietwezen 1992*, the "**Exemption Regulation**"), as amended. Consequently, based on Section 2 of the Exemption Regulation, the Issuer is exempt from the obligation to obtain a licence within the meaning of Section 6 of the Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*), as amended. In addition, the notification requirement of Section 4 of the Exemption Regulation has been and will continue to be complied with.

Proposed European Union Directive on the taxation of savings

On 3 June 2003 the Council of the European Union adopted a Directive on the taxation of savings income under which Member States will generally be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to or for an individual resident in that other Member State. Exceptionally (and for a transitional period only which will end after agreement on exchange of information is reached between the European Union and certain non-European Union states) Belgium, Luxembourg and Austria will instead be required to withhold tax from such payments unless the individual to or for whom the interest is paid authorises the person making the payment to report the payment or presents a certificate from the relevant tax authority establishing exemption therefrom. The Directive will, subject to certain conditions being satisfied, apply from 1 January 2005.

Change of law

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

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) an 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 or affiliates to avoid the relevant Tax Event. If no such transfer can be effected, the Swap Agreement may be terminated by the Swap Counterparty, whereupon the Swap Counterparty will quantify, in accordance with accepted market practice, any loss or gain which would be suffered by or accrued to it by closing out its position and a settlement payment will be made. Any such termination payment could, if interest rates have changed significantly, be substantial.

The Swap Agreement can also be terminated by one party if (i) an event of default occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement, (iii) an Enforcement Notice is served, or (iv) the Notes have been redeemed or repaid in full. Events of default in relation to the Issuer 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.

In the event the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty will be assigned a credit rating below P-1 by Moody's or F1+ by Fitch or the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty will be assigned a credit rating below A1 by Moody's, the Swap Counterparty will either procure a replacement of the Swap Counterparty or that another person becomes a guarantor or post collateral according to the existing mark-to-market collateral agreement in support of its obligations under the Swap Agreement. A suitable mechanism for the replacement of the Swap Counterparty will be set out in the Swap Agreement and more onerous criteria for the Collateral Amount (as defined in the Swap Agreement) will apply should the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty be assigned a credit rating below P-2 by Moody's or F1+ by Fitch or should the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty be assigned a credit rating below A3 by Moody's (see further below under *Interest Rate Hedging*).

CREDIT STRUCTURE

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

Use of Proceeds

The Issuer will use the net proceeds from the issue of the Notes (other than the Subordinated Class E Notes) to pay to the Seller part of the Initial Purchase Price for the Mortgage Receivables purchased by the Issuer on the Closing Date and deposit the remaining amount of € 4,397,355 into the Construction Deposits Account in order to enable the Issuer to either pay for such parts of the Mortgage Receivables as correspond to the Construction Deposits, or, after an Assignment Notification Event has occurred, make such payments to the Borrowers as correspond to their claims with respect to Construction Deposits (see *Construction Deposits* and *Payments in relation to Construction Deposits* above). The net proceeds of the Subordinated Class E Notes will be credited to the Reserve Account.

Mortgage Loan Interest Rates

The Mortgage Loans pay interest on a floating rate basis or a fixed rate basis, subject to a reset from time to time. On 31 March 2004 (the "**Cut-Off Date**") the weighted average interest rate of the mortgage loans forming part of the pool selected as at such date and from which pool the Portfolio Mortgage Loans will be selected (the "**Provisional Portfolio Mortgage Loans**") amounted to 4.40 per cent. Interest rates vary among individual Portfolio Mortgage Loans. The range of interest rates is described further in *Description of Portfolio Mortgage Loans* below.

Cash Collection Arrangements

Payments by the Borrowers under the Portfolio Mortgage Loans are due on the first day of each calendar month, interest being payable in arrear. All payments made by Borrowers will be paid into the relevant bank accounts maintained with the Seller (collectively the "**Collection Accounts**"). On the Closing Date the balances on these accounts are not pledged to any party, other than to the banks at which the accounts are established pursuant to the applicable general terms and conditions. The Collection Accounts will also be used for the collection of monies paid in respect of mortgages other than Portfolio Mortgage Loans and in respect of other monies belonging to the Seller.

On the 25th day of each calendar month, and if such day is not a Business Day, the next succeeding Business Day, unless the next Business Day falls in the next calendar month, then the immediately preceding Business Day (each a "**Portfolio Payment Date**"), the Seller shall transfer (or procure that the Servicer shall transfer on its behalf) all amounts of principal, interest, interest penalties and prepayment penalties received by the Seller in respect of the Portfolio Mortgage Loans and paid to the Seller's Collection Accounts during the immediately preceding Portfolio Calculation Period (being the period commencing on (and including) the second day of each calendar month and ending on (but excluding) the second day of the next succeeding calendar month) to the Transaction Account. Following an Assignment Notification Event as described under *Mortgage Receivables Purchase Agreement* below, the Borrowers will be required to pay all amounts due by them under the relevant

Portfolio Mortgage Loans directly to the Transaction Account.

All amounts of principal, interest, interest penalties and prepayment penalties received by the Seller in respect of the Portfolio Mortgage Loans and paid to the Seller's Collection Accounts shall accrue interest payable by the Seller (or the Servicer on its behalf) to the Issuer, which rate of interest shall be equal to one-month Euribor calculated from (and including) the day of receipt of such amount on the Seller's Collection Accounts to (but excluding) the day such amounts are paid to the Issuer.

Issuer Accounts

Transaction Account

The Issuer will maintain with the Floating Rate GIC Provider the Transaction Account to which all amounts received (i) in respect of the Portfolio Mortgage Loans and (ii) from the Savings Mortgage Participant and Conversion Participant under the Sub-Participation Agreement will be paid. The Company Administrator will identify all amounts paid into the Transaction Account. Payments received by the Issuer on each Portfolio Payment Date in respect of the Portfolio Mortgage Loans will be identified as principal, interest or other revenue receipts.

Construction Deposit Account

The Issuer will maintain with the Floating Rate GIC Provider the Construction Deposit Account into which an amount equal to the aggregate Construction Deposits will be credited on the Closing Date. The Issuer will on each Portfolio Payment Date prior to an Assignment Notification Event pay from the Construction Deposit Account to the Seller amounts equal to the amounts paid out by the Seller to the Borrowers from the Construction Deposits in the preceding Portfolio Calculation Period. After the occurrence of an Assignment Notification Event, the Issuer shall only be obliged to draw from the Construction Deposit Account an amount equal to the Construction Deposits or part thereof which have been paid out to the relevant Borrowers pursuant to the Mortgage Conditions, and pay such amount to the Seller as a Deferred Purchase Price Instalment (as defined below), as the case may be, if (i) legal title to the Mortgage Receivables corresponding to the Construction Deposits or part thereof has been acquired by the Issuer or (ii) the Issuer has entered into an agreement, satisfactory to the Security Trustee, with the relevant Borrowers pursuant to which the Issuer has assumed the obligations of the Seller to pay out the relevant Construction Deposits.

If, on the third Portfolio Calculation Date (such date being the third Business Day before a Portfolio Payment Date) after the occurrence of an Assignment Notification Event legal title to the Mortgage Receivables corresponding to the Construction Deposits has not been acquired by the Issuer nor an agreement, satisfactory to the Security Trustee, is entered into between the Issuer and the relevant Borrowers pursuant to which the Issuer has assumed the obligations of the Seller to pay out the relevant Construction Deposits, the Issuer shall on the immediately succeeding Quarterly Payment Date draw the balance standing to the credit of the Construction Deposit Account to form part of the Available Principal Funds on that Quarterly Payment Date.

To the extent Construction Deposits are not requested by the relevant Borrowers within the time agreed between the Borrower and the Seller the corresponding amount in the Construction Deposit Account will form part of the Available Principal Funds on the next Quarterly Payment Date.

Reserve Account

The Issuer will maintain with the Floating Rate GIC Provider the Reserve Account (see under *Reserve Account* above). The net proceeds of the Subordinated Class E Notes will be credited to the Reserve Account on the Closing Date.

Amounts credited to the Reserve Account will be available for drawing on any Quarterly Payment Date to meet items (a) up to and including (n) of the Pre-Enforcement Revenue Priority of Payments (see under *Priority of Payments in respect of interest (prior to Enforcement Notice)* below), in the event the Available Revenue Funds are insufficient to meet such items in full.

If and to the extent that the Available Revenue Funds calculated on any Notes Calculation Date exceed the amounts required to meet item (a) up to and including (n) of the Pre-Enforcement Revenue Priority of Payments, the excess amount will be deposited on the Reserve Account or, as the case may be, used to replenish the Reserve Account, to the extent required until the balance standing to the credit of the Reserve Account equals the Reserve Account Target Level.

The Reserve Account Target Level shall on any Notes Calculation Date be equal to 1.40 per cent. of the aggregate Principal Amount Outstanding of the Notes (excluding the Subordinated Class E Notes) at the Closing Date, or (ii) in case on such Notes Calculation Date the aggregate outstanding principal amount of the Delinquent Mortgage Receivables (as defined below) at such Notes Calculation Date exceeds 1.00 per cent. of the aggregate outstanding principal amount of the Mortgage Receivables, the sum of (x) 1.40 per cent. of the aggregate Principal Amount Outstanding of the Notes (excluding the Subordinated Class E Notes) at the Closing Date, and (y) the aggregate outstanding principal amount of the Delinquent Mortgage Receivables at such Notes Calculation Date. For these purposes, "**Delinquent Mortgage Receivables**" means Mortgage Receivables under which amounts, which are due and payable, have remained unpaid for a consecutive period exceeding ninety (90) days.

To the extent that the balance standing to the credit of the Reserve Account on any Notes Calculation Date exceeds the Reserve Account Target Level, such excess will be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date and be deposited in the Transaction Account to form part of the Available Revenue Funds on such Quarterly Payment Date and be applied in accordance with the Pre-Enforcement Revenue Priority of Payments.

If on any Notes Calculation Date all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class E Notes, have been paid on the Quarterly Payment Date immediately preceding such Notes Calculation Date or will be paid on the Quarterly Payment Date immediately following such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero and any amount standing to the credit of the Reserve Account will thereafter form part of the Available Revenue Funds and will be available to redeem or partially redeem the

Subordinated Class E Notes until fully redeemed and thereafter, towards satisfaction of the Deferred Purchase Price (as defined in *Mortgage Receivables Purchase Agreement*) to the Seller.

Rating of Floating Rate GIC Provider

If at any time (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider, are assigned a rating of less than P-1 by Moody's and/or F1 by Fitch, or if such rating is withdrawn, and/or (ii) the aggregate amount standing to the credit of the Issuer Accounts held with the Floating Rate GIC Provider exceeds € 50,000,000 and at such time the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider, are assigned a rating of less than Aa3 by Moody's, the Issuer will be required within thirty (30) days of any such event (i) to transfer the balance on all such Issuer Accounts to an alternative institution with the required minimum ratings, (ii) to procure that a third party, having at least the required ratings, guarantees the obligations of the Floating Rate GIC Provider, or (iii) to find another solution acceptable to the Rating Agencies- in order to maintain the then current rating of the Notes.

Priority of Payments in respect of interest (prior to Enforcement Notice)

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Notes Calculation Date as being received during the Notes Calculation Period (as defined in the Conditions) immediately preceding such Notes Calculation Date (items (i) up to and including (xi) being hereafter referred to as the "**Available Revenue Funds**"):

- (i) as interest on the Mortgage Receivables, less, with respect to each Savings Investment Mortgage Receivable and each Savings Mortgage Receivable, an amount equal to the interest amount received multiplied by a fraction which is equal to the relevant Savings Participation or Conversion Participation divided by the outstanding principal amount of such Savings Investment Mortgage Receivable or, as the case may be, such Savings Mortgage Receivable (the "**Participation Fraction**"), and – prior to the occurrence of an Assignment Notification Event - less an amount equal to the interest received on the part of the Mortgage Receivables corresponding to any Construction Deposits relating thereto;
- (ii) as interest due and accrued on all amounts paid into the Seller's bank account with respect of the Mortgage Receivables, from the date of receipt of such amounts up to and including the date they are swept to the Transaction Account;
- (iii) as interest credited to the Issuer Accounts;
- (iv) as prepayment penalties and penalty interest (*boeterente*) in respect of the Mortgage Receivables;
- (v) as Net Proceeds (as defined in the Conditions) on any Mortgage Receivables, to the extent such proceeds do not relate to principal, less, with respect to each Savings Investment Mortgage Receivable and each Savings Mortgage Receivable, an amount equal to the amount received multiplied by the Participation Fraction;

- (vi) as amounts to be drawn under the Liquidity Facility (other than Liquidity Facility Stand-by Drawings) (as defined below) 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
- (viii) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (ix) as amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, 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 Investment Mortgage Receivable and each Savings Mortgage Receivable, 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) after all amounts of interest and principal due in respect of the Notes, other than principal in respect of the Subordinated Class E Notes, have been paid or will be paid on the immediately succeeding Quarterly Payment Date, any amount standing to the credit of the Reserve Account,

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

- (a) *First*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of the fees and expenses due and payable to the Company Administrator and the Servicer under the Company Administration Agreement and Servicing Agreement, respectively;
- (b) *Second*, 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 fees or other remuneration and indemnity payments (if any) due and payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by the Security Trustee under and in connection with the relevant Transaction Documents;
- (c) *Third*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the relevant Transaction Documents), including, without limitation, in or towards satisfaction of amounts or provisions for any payment of the Issuer's liability, if any, to tax, (ii) the amounts due and payable to the Rating Agencies, (iii) the fees and expenses due and payable to any legal advisors, accountants and auditors appointed by the Issuer or the

Security Trustee, and (iv) the fees and expenses due and payable to the Paying Agent, the Reference Agent, the Common Depository and any other agent designated under any of the relevant Transaction Documents;

- (d) *Fourth*, 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 (r) below, or following a Liquidity Facility Stand-by Drawing in or satisfaction of sums to be credited to the Liquidity Facility Stand-by Ledger;
- (e) *Fifth*, in or towards satisfaction of amounts, if any, due and payable by the Issuer under the Swap Agreement, other than any termination payment (including a Settlement Amount (as defined therein)) due and payable as a result of the occurrence of an Event of Default (as defined therein) where the Swap Counterparty is the defaulting party and payable under (q) below (the "**Subordinated Swap Amount**");
- (f) *Sixth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Senior Class A Notes;
- (g) *Seventh*, in or towards making good any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *Eighth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class B Notes;
- (i) *Ninth*, in or towards making good any shortfall reflected in the Mezzanine Class B Principal Deficiency Ledger until the debit balance, if any, on the Mezzanine Class B Principal Deficiency Ledger is reduced to zero;
- (j) *Tenth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Mezzanine Class C Notes;
- (k) *Eleventh*, in or towards making good any shortfall reflected in the Mezzanine Class C Principal Deficiency Ledger until the debit balance, if any, on the Mezzanine Class C Principal Deficiency Ledger is reduced to zero;
- (l) *Twelfth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Junior Class D Notes;
- (m) *Thirteenth*, in or towards making good any shortfall reflected in the Junior Class D Principal Deficiency Ledger until the debit balance, if any, on the Junior Class D Principal Deficiency Ledger is reduced to zero;

- (n) *Fourteenth*, in or towards satisfaction of the amounts of interest due or accrued due but unpaid in respect of the Subordinated Class E Notes;
- (o) *Fifteenth*, in or towards satisfaction of any sums required to deposit on the Reserve Account or, as the may be, to replenish the Reserve Account up to the amount of the Reserve Account Target Level;
- (p) *Sixteenth*, in or towards satisfaction of principal due on the Subordinated Class E Notes;
- (q) *Seventeenth*, in or towards satisfaction of any Subordinated Swap Amount payable to the Swap Counterparty under the terms of the Swap Agreement;
- (r) *Eighteenth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of any gross-up amounts and/or additional amounts due under the Liquidity Facility; and
- (s) *Nineteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

Any amount due and payable to third parties (other than pursuant to any of the Transaction Documents), under obligations incurred in the Issuer's business and any amount due and payable to the Participants (being the Savings Mortgage Participant and the Conversion Participant) under the Sub-Participation Agreement at a date which is not a Quarterly Payment Date, may be made on such date by the Issuer from the Transaction Account to the extent that the funds available on the Transaction Account are sufficient to make such payment.

Priority of Payments in respect of principal (prior to Enforcement Notice)

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at each Notes Calculation Date as being received during the Notes Calculation Period (as defined in the Conditions) immediately preceding such Notes Calculation Date (items (i) up to and including (viii) being hereafter referred to as the "**Available Principal Funds**"):

- (i) as repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Investment Mortgage Receivable and each Savings Mortgage Receivable, the Conversion Participation or Savings Participation, as the case may be, in such Savings Investment Mortgage Receivable or Savings Mortgage Receivable;

- (ii) as Net Proceeds (as defined in the Conditions) on any Mortgage Receivables, to the extent such proceeds relate to principal, less, with respect to each Savings Investment Mortgage Receivable and each Savings Mortgage Receivable, the Conversion Participation or Savings Participation, as the case may be, in such Savings Investment Mortgage Receivable or Savings Mortgage Receivable;
- (iii) as amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or 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 Investment Mortgage Receivable and each Savings Mortgage Receivable, the Conversion Participation or Savings Participation, as the case may be, in such Savings Investment Mortgage Receivable or Savings Mortgage Receivable;
- (iv) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Company Administration Agreement;
- (v) as Participation Increase pursuant to the Sub-Participation Agreement;
- (vi) as partial prepayment in respect of Mortgage Receivables;
- (vii) as amounts no longer payable to the Seller or the Borrowers which were standing to the credit of the Construction Deposit Account in accordance with the Mortgage Receivables Purchase Agreement; and
- (viii) any part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date which has not been applied towards satisfaction of the items set forth in the Pre-Enforcement Principal Priority of Payments (as defined below) on the immediately preceding Quarterly Payment Date,

will pursuant to the terms of the Trust Deed be applied by the Issuer on the next succeeding Quarterly Payment Date (and in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Principal Priority of Payments**"):

- (a) *First*, in or towards satisfaction of the purchase price of any Further Advance Receivables;
- (b) *Second*, in or towards satisfaction of principal amounts due under the Senior Class A Notes in accordance with the Conditions;
- (c) *Third*, in or towards satisfaction of principal amounts due under the Mezzanine Class B Notes until fully redeemed in accordance with the Conditions;

- (d) *Fourth*, in or towards satisfaction of principal amounts due under the Mezzanine Class C Notes until fully redeemed in accordance with the Conditions;
- (e) *Fifth*, in or towards satisfaction of principal amounts due under the Junior Class D Notes until fully redeemed in accordance with the Conditions; and
- (f) *Sixth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

Priority of Payments upon Enforcement

Following delivery of an Enforcement Notice any amounts to be distributed by the Security Trustee under the Trust Deed, will be paid to the Security Beneficiaries (including the Noteholders, but excluding the Savings Mortgage Participant and the Conversion Participant) in the following order of priority (and in each case only if and to the extent payments of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**"):

- (a) *First*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of the fees and expenses due and payable to the Company Administrator and the Servicer under the Company Administration Agreement and Servicing Agreement, respectively;
- (b) *Second*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) the fees or other remuneration due and payable to the Directors in connection with the Management Agreements, (ii) the fees or other remuneration and indemnity payments (if any) due and payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by the Security Trustee under and in connection with the relevant Transaction Documents, (iii) amounts due and payable to the Rating Agencies and (iv) the fees and expenses due and payable to the Paying Agent and the Reference Agent under the provisions of the Paying Agent Agreement;
- (c) *Third*, 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 (o) below;
- (d) *Fourth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of (i) all amounts of interest due or accrued but unpaid in respect of the Senior Class A Notes and (ii) amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement other than any Subordinated Swap Amount payable under (n) below;
- (e) *Fifth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Senior Class A Notes;
- (f) *Sixth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Mezzanine Class B Notes;

- (g) *Seventh*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Mezzanine Class B Notes;
- (h) *Eighth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Mezzanine Class C Notes;
- (i) *Ninth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Mezzanine Class C Notes;
- (j) *Tenth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Junior Class D Notes;
- (k) *Eleventh*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Junior Class D Notes
- (l) *Twelfth*, in or towards satisfaction of all amounts of interest due or accrued but unpaid in respect of the Subordinated Class E Notes;
- (m) *Thirteenth*, in or towards satisfaction of all amounts of principal and other amounts due but unpaid in respect of the Subordinated Class E Notes;
- (n) *Fourteenth*, in or towards satisfaction of any Subordinated Swap Amount;
- (o) *Fifteenth*, in or towards satisfaction, pro rata, according to the respective amounts thereof, of any gross-up amounts and/or additional amounts due, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement; and
- (p) *Sixteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller pursuant to the Mortgage Receivables Purchase Agreement.

Liquidity Facility

On the Signing 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 an Optional Redemption Date if and to the extent that on such date the Notes (other than the Subordinated Class E Notes) are redeemed in full) to make drawings under the Liquidity Facility (as defined in the Master Definitions Agreement) up to the Liquidity Facility Maximum Amount (as defined below). The Liquidity Facility Agreement is for a term of 364 days. The Liquidity Facility Provider will rank in priority in point of payments and security to the Notes. 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 any Available Revenue Funds and the amounts

available in the Reserve Account and before any drawing under the Liquidity Facility, there is a shortfall in the Available Revenue Funds to meet items (a) to (l) (inclusive) in the Pre-Enforcement Revenue Priority of Payments in full on that Quarterly Payment Date, provided that no drawings may be made to meet items (g), (i) and (k) of the Pre-Enforcement Revenue Priority of Payments.

If, at any time, the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider are (i) assigned a credit rating of less than P-1 by Moody's and/or F1 by Fitch, and/or such rating is withdrawn and (ii) within thirty (30) days of such downgrading or withdrawal the Liquidity Facility Provider is not replaced by the Issuer with a suitable alternative Liquidity Facility Provider or a third party having the required ratings has not guaranteed the obligations of the Liquidity Facility Provider or another solution acceptable to the Rating Agencies is not found, the Issuer will, unless the Rating Agencies have confirmed that the rating of the Notes will not be adversely affected, 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 Transaction Account with a corresponding credit to a ledger to be known as the "**Liquidity Facility Stand-by Ledger**". Amounts so credited to the Transaction Account may be utilised by the Issuer in the same manner as if the Liquidity Facility Stand-by Drawing had not been made. A Liquidity Facility Stand-by Drawing shall also be made if the Liquidity Facility is not renewed following its commitment termination date, unless the Liquidity Facility Provider has been replaced with a suitable alternative liquidity facility provider in accordance with the Liquidity Facility Agreement.

For these purposes, "**Liquidity Facility Maximum Amount**" means, on each Notes Calculation Date, an amount equal to the greater of (i) 2.00 per cent. of the Principal Amount Outstanding of the Notes on such date, and (ii) € 5,000,000.

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising four sub-ledgers, known as the "**Class A Principal Deficiency Ledger**", the "**Class B Principal Deficiency Ledger**", the "**Class C Principal Deficiency Ledger**" and the "**Class D Principal Deficiency Ledger**" (together the "**Principal Deficiency Ledger**"), respectively, will be established by or on behalf of the Issuer in order to record any Realised Losses on the Mortgage Receivables (each respectively the "**Class A Principal Deficiency**", the "**Class B Principal Deficiency**", the "**Class C Principal Deficiency**" and the "**Class D Principal Deficiency**", together the "**Principal Deficiency**"). Any Realised Losses will on the relevant Notes Calculation Date be debited to the Class D Principal Deficiency Ledger (such debit items being re-credited at item (m) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Junior Class D Notes and thereafter Class C Principal Deficiency Ledger (such debit items being re-credited at item (k) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Mezzanine Class C Notes and thereafter the Class B Principal Deficiency Ledger (such debit items being re-credited at item (i) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is not greater than the Principal Amount Outstanding of the Mezzanine Class B Notes, and thereafter such amounts shall be debited to the Class A Principal Deficiency Ledger (such debit item being re-credited

at item (g) of the Pre-Enforcement Revenue Priority of Payments).

"Realised Losses" means, on any Notes Calculation Date, the amount of the difference between (i) the aggregate outstanding principal amount of all Mortgage Receivables on which the Seller or the Servicer or the Security Trustee has foreclosed from the Closing Date up to and including such Notes Calculation Date and (ii) the Net Proceeds applied to reduce the outstanding principal amount of such Mortgage Receivables excluding the Savings Participations and Conversion Participations, whereby **"Net Proceeds"** means (i) the proceeds of a foreclosure on the mortgage right securing the Mortgage Receivable, (ii) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (iii) the proceeds, if any, of collection of any Insurance Policies in connection with the Mortgage Receivable, including but not limited to fire insurance, (iv) the proceeds of any guarantees or sureties, and (v) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs in respect of such Mortgage Receivable.

Interest Rate Hedging

The Mortgage Loan Criteria (as defined under Mortgage Receivables Purchase Agreement below) require that all Portfolio Mortgage Loans bear a fixed or floating rate of interest subject to a reset from time to time. The interest rate payable by the Issuer with respect to Notes is calculated as the sum of three-month Euribor plus a margin per annum, which margin (other than for the Subordinated Class E Notes) will increase after the First Optional Redemption Date. The Issuer will hedge this interest rate exposure by entering into the Swap Agreement with the Swap Counterparty. Under the Swap Agreement, the Issuer will agree to pay amounts equal to the scheduled interest on the Mortgage Receivables (minus (i) with respect to each Savings Investment Mortgage Receivable and each Savings Mortgage Receivable, an amount equal to the interest amount scheduled to be received multiplied by the relevant Participation Fraction, and (ii) an amount equal to the interest scheduled to be received on the part of the Mortgage Receivables corresponding to any Construction Deposits relating thereto) less certain expenses as described under (a), (b) and (c) of the Pre-Enforcement Revenue Priority of Payments and the Swap Counterparty will in return, agree to pay amounts equal to the scheduled interest due under the Senior Class A Notes, Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Quarterly Interest Period plus an excess margin (the **"Swap Credit Margin"**) of 0.35 per cent. per annum applied to the relevant Principal Amount Outstanding of the relevant Class of Notes on the first day of the relevant Quarterly Interest Period. The notional amount under the Swap Agreement will, however, be reduced to the extent there is a debit balance on any of the sub-ledgers of the Principal Deficiency Ledger.

The Swap Agreement provides that in the event that any payment by the Issuer to the Swap Counterparty is less than the amount which the Issuer would be required to pay to the Swap Counterparty, the corresponding payment obligation of the Swap Counterparty to the Issuer shall be reduced by an amount equal to such shortfall.

Pursuant to the Swap Agreement, if at any time (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than P-1 by Moody's or F1+ by Fitch (the "**Short Term Requisite Rating**"), or (ii) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty are assigned a rating of less than A1 by Moody's (the "**Long Term Requisite Rating**", and together with the Short Term Requisite Rating, the "**Required Ratings I**"), the Swap Counterparty shall, within thirty (30) days of the occurrence of such downgrade at the cost of the Swap Counterparty (a) procure a replacement of the Swap Counterparty with a party having the Required Ratings I; (b) procure another party with the Required Ratings I to become guarantor in respect of its obligations under the Swap Agreement; or (c) take such other action as the Swap Counterparty may agree with the Rating Agencies as will result in the then current rating of the Notes being maintained at, or restored to, the level they would have been immediately prior to such downgrading of the Swap Counterparty, all of the foregoing in accordance with and subject to the provisions of the Swap Agreement. Pending compliance with (a), (b) or (c) above, the Swap Counterparty will, at its own costs put in place an appropriate mark-to-market collateral agreement in support of its obligations under the Swap Agreement, the collateral of which may be re transferred at such time as any of (a), (b) or (c) are, in the opinion of the Rating Agencies satisfied.

If, at any time (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as P-2 by Moody's or F1 by Fitch, or (ii) the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Swap Counterparty (or its successor) cease to be rated at least as high as A3 by Moody's (such ratings together the "**Required Ratings II**"), then certain additional requirements will apply as further defined in the Swap Agreement. In such event the criteria for the Collateral Amount (as defined in the Swap Agreement) will be more strict than in case the Swap Counterparty ceases to be rated at least as high as the Required Ratings I.

OVERVIEW OF THE DUTCH RESIDENTIAL MORTGAGE MARKET

The Dutch housing and mortgage market is relatively stable and differs in many respects from other European Union housing markets.

Market characteristics

Low level of owner occupancy

The Netherlands has a relatively low owner occupancy ratio. In 2002, only 52 per cent. of all houses were owner-occupied, compared to 42 per cent. in 1982 (Source CBS). The average level of house ownership for all EU countries is 60 per cent.

The Netherlands has a relatively high Mortgage-Debt-to-GDP ratio

Compared to other European countries the Dutch market shows a relatively high degree of mortgage indebtedness. The Dutch tax system gives an incentive to homeowners to maximise their mortgage loan in order to take full advantage of the tax system. This leads to a relatively high Mortgage-Debt-to-GDP ratio in the Netherlands, which was 86 per cent. in 2003. Due to rising home-ownership and rising prices, total mortgage debt accumulation increased in the late nineties. Total mortgage debt is € 389 billion (end of 2003) in the Netherlands (Source CBS).

The Dutch market is characterised by relatively high Loan-to-Foreclosure Value ratios (LTFV)

The National Mortgage Guarantee has had an additional upward effect on the average Loan-to-Foreclosure Value ratio. Maximum Loan-to-Foreclosure Value in the Netherlands for existing property is 130 per cent. of foreclosure value, compared to for instance 80 per cent. for Germany. For new construction, financial institutions are prepared to finance up to 110 per cent. of total costs of the house. Foreclosure value is around 85 per cent. of the market value. In 2003 the average issued mortgage amounted to € 177,600 (a 9 per cent. increase in comparison to 2002) and the average house price was € 216,000 at the end of the first quarter 2004 (a 1.2 per cent. increase in comparison to the end of 2003; Source NMV). The increase in the amount of the average issued mortgage is due to a temporary increase in the number of refinanced mortgages because of regulatory changes.

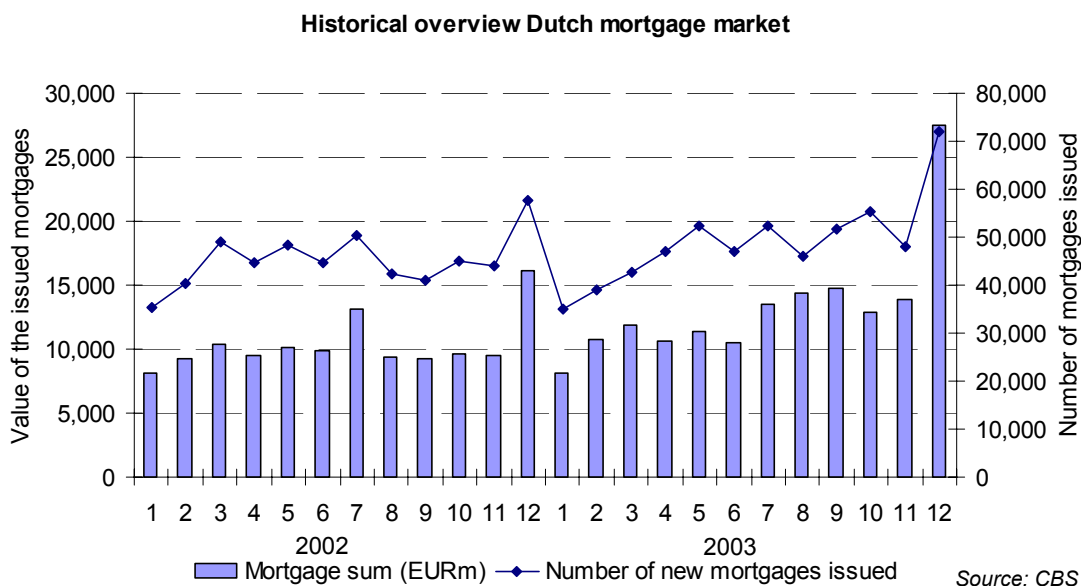
The borrowing capacity of households increased

Dutch commercial banks determine theoretically the maximum borrowing capacity of a household by the percentage of the disposable household income that has to be paid on repayment and interest payments. The borrowing capacity of households used to be based on one household salary. For some time, mortgages can be based on the total household income. For households this resulted in a substantial increase of their borrowing capacity.

Default losses have always been relatively low

Despite relatively high LTFV ratios, default losses have always been relatively low. Causes of the low default losses can be summarised as followed: the small size of the country enables people to change jobs without moving. Conveyance fees and taxes are quite high (10 per cent. of total price) and limit mobility. Extensive knowledge of the customer typically limits the likelihood of default. Under Dutch law the lender is able to seize a portion of the borrower's earnings from his employer in case the borrower

defaults.



The tax system operates as a strong disincentive for prepayment

Legislation in the Netherlands allows a borrower to prepay up to 10 to 15 per cent. a year of the original amount that has been borrowed without being penalised. Full prepayment without penalty is possible in case of moving and in case of decease. A borrower can also prepay his mortgage on an interest-reset date without a penalty if the new rate offered is unacceptable to the borrower. Prepayments in the Netherlands have always been relatively low though. However, due to the falling interest rate many borrowers refinanced their mortgage with a new mortgage with a longer fixed interest term. The most important explanation for low repayments is the deductibility of mortgage interest payments. Prepayment will lead to a loss of the tax advantage offered to borrowers. If prepayment occurs however, prepayment penalties are severe: the borrower has to pay the lender a compensation for his loss of income. This compensation equals the present value of the loss in the net present value of the loan caused by the interest rate decline.

Market players

Commercial banks are the most dominant players on the Dutch mortgage market

Mortgage lenders can be found among commercial banks, specialised mortgage banks, building societies, insurance companies and pension funds. Commercial banks are the dominant players in the Dutch mortgage market. Research of the Dutch Central Bank (De Nederlandsche Bank) shows that the Dutch mortgage market is a highly competitive market. In the 1980's commercial banks lost market share. Since 1993 market share of commercial banks is increasing again. Competition among issuers is based on product innovation, extension of distribution channels, cross-selling and price competition. AEGON's market share is between 2 per cent. and 3 per cent..

A special feature of the mortgage market is the role of intermediaries

The role of intermediaries on the Dutch mortgage market demands special attention. During the last

decade, many large and independent chains of mortgage intermediaries came into existence. Especially refinancing transactions seem to be stimulated by them. Because of the increasing role of intermediaries, the mortgage issuers have lost a part of their advisory role to clients. Since selling mortgages usually involves face-to-face contact with the potential borrowers, internet still is not an important distribution channel for mortgages, although it has improved transparency of pricing. AEGON's sole distribution channel is through these intermediaries.

Government policy and restrictions

Mortgage interest payments are generally tax deductible

In the Netherlands it used to be possible to deduct all mortgage interest payments from taxable income. However, as of January 2001 a new income tax system has been introduced. This new tax system limits tax deductibility to interest payments on mortgage loans that have been applied for the acquisition or improvement of the house that is being used as primary residence and limits the number of years that interest payments can be deducted to thirty years. Homeowners must report an amount of (notional) income as benefit from occupying their residence. This notional income is balanced with the interest deduction and thus effectively reduces the tax benefit of the interest payment deduction. Residential mortgage loans may be linked with a life insurance policy or a savings insurance policy, with the most common term of insurance being 30 years. Generally, such mortgage loans are redeemed in full at maturity. The government encourages this method of redemption by exempting from tax the capital sum received under the policy, up to a certain amount plus annual indexing, provided that certain conditions are met.

On 1 January 2004, new legislation has been enacted, that will further limit the deduction of mortgage interest payments. If a tax payer has sold a house that was occupied by him, deduction of interest on a mortgage loan to acquire a new home will be limited to the interest on a principal amount equal to the purchase price of the new home less the amount of the funds he had available, after having redeemed the mortgage loan on his former residence.

AEGON N.V.

Foundation

AEGON N.V. was formed on 30th November, 1983 as a result of a merger between AGO and ENNIA, both of which were successors to insurance companies founded in the 1800s. AEGON N.V. is a public limited liability stock corporation established under Dutch law and is domiciled in the Netherlands. The headquarters are located at AEGONplein 50, PO Box 202, 2501 CE The Hague, the Netherlands, telephone +31 70 344 3210.

Summary description of the Group

Since its foundation AEGON N.V., through its member companies collectively referred to herein as AEGON, the Company or Group, has emerged as an international insurer with major operations in the USA, the Netherlands and the United Kingdom. AEGON is also present in Canada, Hungary, Spain, France, Taiwan, China and a number of other countries and has a representative office in India.

AEGON's strategy is to offer life insurance, pensions and related savings and investment products in markets that offer scale and growth opportunities. The objective is to have a leading position in each of these markets. Consistent with its strategy, over 85 per cent of AEGON's business consists of life insurance, pensions and related savings and investment products. The Group is also active in accident and health insurance, general insurance and, to a limited extent, banking activities. AEGON focuses on growth in existing operations and selected new markets, through acquisitions, joint ventures and greenfields. AEGON targets profitable growth, i.e. average annual earnings growth of 10 per cent. and a return on investment that exceeds the cost of capital.

AEGON emphasises a decentralised organizational structure while key control functions are aided by central coordination and support at group level. The operating companies, with knowledgeable and experienced local management and employees, market their own, unique products using multi-channel distribution strategies.

AEGON *Americas* (AEGON USA) operates through business units, organised by distribution channel. AEGON USA offers a broad portfolio of products nationwide to consumers, corporate and institutional clients. The products range varies from term life insurance to variable universal life, fixed and variable annuities, pensions plans, institutional products like GICs, other related financial products, supplemental health insurance and reinsurance. Products are offered using a multi-channel distribution system through agents, financial institutions, brokers, direct selling, business partners and other channels.

The acquisition of the Providian life insurance business in 1997 added the country's leading traditional and synthetic guaranteed investment contract (GIC) provider, and expanded market size in home service life insurance sales and direct-marketed life and supplemental health insurance product sales. The acquisition of Transamerica in July of 1999 made AEGON one of the largest life insurance companies in the USA and expanded the product portfolio by adding a life reinsurance business and a Canadian life insurance company. In 2001 AEGON acquired JC Penney's direct marketing insurance

operations. This has made AEGON USA the largest direct marketer of life and supplemental insurance in the United States.

In 2003 and 2004 AEGON's subsidiary Transamerica Finance Corporation sold two non-core activities: in October 2003 the real estate tax service and flood certification businesses, in January 2004 the commercial lending business.

AEGON *The Netherlands* is a leading life insurer in The Netherlands in both the individual and group life and pension businesses. AEGON The Netherlands offers a broad portfolio of products which range from traditional life insurance to universal life, group pension plans and institutional asset management products to accident and health and general insurance products. Distribution is equally broad using a large variety of channels. In January 2003 AEGON The Netherlands acquired TKP, a provider of pension administration services for pension funds.

AEGON *The Netherlands* has reorganised its business unit structure in order to better align the organization to customer needs. Effective January 2004 the twelve business units have been replaced with five service centres and four marketing-and-sales units, each with their own competences.

AEGON *UK*, through its subsidiary Scottish Equitable plc, is a leading provider of group and individual pensions in the United Kingdom. AEGON UK also markets protection products and provides asset management services and institutional and retail asset management products. AEGON UK operates through business units using independent financial agents (IFA's) as the main distribution channel.

The acquisition of The Guardian in 1999 broadened AEGON UK's product range and distribution channels, generated economies of scale and brought protection product skills to the UK Group. With the acquisition of HS Administrative Services in 2000, AEGON UK acquired a leading provider of third-party pension administration services for large blue chip corporate clients. In the course of 2002, AEGON UK Distribution Holdings was created and has acquired four UK based IFAs and holds a small number of minority interests in other IFAs.

AB-AEGON in Hungary offers an expanded line of life, pension and non-life products under both the AB brand and AEGON brand. Distribution is conducted through professional intermediaries, its own sales force and joint ventures with other financial institutions.

AEGON *Spain* markets life insurance, general insurance and health-insurance products to individuals and corporate clients. The products are sold through a network of tied and career agents and through financial institutions. In January 2004, AEGON created a joint venture with Caja de Ahorros del Mediterráneo (CAM), providing AEGON with exclusive use of CAM's banking network of over 850 branches to sell life insurance.

AEGON announced the entry into the French life and pension market through the acquisition of a 20% stake in La Mondiale, a leading pension provider, in September 2002.

AEGON *Taiwan* was started as a greenfield activity in 1994 and has experienced strong growth in 2003 by adopting a multi-channel distribution strategy. AEGON Taiwan served as a stepping stone for China, where AEGON opened a representative office in Beijing in 1998 and runs a joint venture for life insurance activities with CNOOC since May 2002. AEGON opened a representative office in New Delhi, India in 1997. Transamerica has operated a branch in Hong Kong for more than 50 years, focusing on universal life products and selling its products through independent brokers.

AEGON's common shares are quoted on the stock exchanges in Amsterdam, Frankfurt, London, New York (NYSE), Tokyo and Zurich. In addition, AEGON stock options are quoted on Euronext in Amsterdam, the Chicago Board Options Exchange and the Philadelphia Stock Exchange. AEGON recognizes that a modern company's license to operate is defined both by its ability to create value for its shareholders and policyholders and its respect for wider corporate, social and environmental responsibilities.

Ratings

AEGON is committed to a strategy which assures continuing financial strength. This is reflected in the AA financial strength ratings assigned by Standard & Poor's to the operating units in the USA, The Netherlands and the UK.

Credit ratings AEGON N.V.

(April 2004)

	S&P's	Moody's
Commercial Paper	A-1	P1*
Senior Debt	A+	A2*

Insurance Financial Strength Ratings

	S&P's	Moody's
AEGON Levensverzekering N.V.	AA	NR

* negative outlook

Key figures AEGON N.V. (in € million, as of 31 December)

	2003	2002	2001
Income before tax	2,147	1,849	3,243
Corporate tax	-572	-353	-918
Net income unconsolidated group companies	218	51	72
Net income	1,793	1,547	2,397
Production			
Premiums Income	19,468	21,356	21,578
Gross Deposits	21,467	31,805	30,643
Off balance sheet production	23,218	22.006	21.597
Total investments*	284,135	277,374	305,321

* includes investments for the account of policyholders and off-balance positions

Management

The Company is managed by an Executive Board, the members of which are employed by AEGON N.V.. The Executive Board is appointed by the general meeting of shareholders upon nomination by the Supervisory Board. The activities of the Executive Board are subject to the general supervision by the Supervisory Board. Members of the Executive Board are appointed for an indefinite period.

Certain transactions affecting AEGON as a whole, such as the issuance or cancellation of shares, application for listing on a stock exchange, major acquisitions, major capital expenditures and all matters concerning substantial changes in employee relations require the approval of the Supervisory Board.

The members of the Supervisory Board are appointed and dismissed by the general meeting of shareholders. If appointment or dismissal is proposed other than upon nomination from the Supervisory Board, a resolution of the general meeting to that effect requires a 2/3 majority in a general shareholder's meeting representing more than half of AEGON's issued share capital. Members of the Supervisory Board are appointed for a maximum term of four years and may be re-appointed. However, members are no longer eligible for re-appointment if they reach the age of 70.

Set forth below is certain information concerning the members of the Executive and Supervisory Boards of the Company. The business address of each member of the Executive and Supervisory Boards is AEGONplein 50, 2591 TV, The Hague, The Netherlands.

Executive Board

Donald J. Shepard (1946), American nationality, started his career with Life Investors in 1970. Serving in various management and executive functions with Life Investors, he became Executive Vice-President and Chief Operating Officer in 1985, a position he held until AEGON consolidated its other US operations with Life Investors to form AEGON USA in 1989. He became a member of the Executive Board in 1992. In 2002 he became Chairman of the Executive Board of AEGON N.V..

Joseph B.M. Streppel (1949), Dutch nationality, started his career in 1973 at one of AEGON's predecessors in several treasury and investment positions. In 1986 he became CFO of FGH Bank and in 1987 he joined the Executive Board of FGH Bank. In 1991 he became CEO and Chairman of Labouchere and in 1995 also of FGH Bank. In 1998 he became CFO of AEGON N.V. Since May 2000 he has been a member of the Executive Board of AEGON N.V..

Johan G. van der Werf, (1952), Dutch nationality, started his career in 1973 as a First Officer in the Merchant Marine. In 1981 he joined one of the predecessors of AEGON as a district sales manager. From 1987 until 1992 he was chairman of the management board of Spaarbeleg and in 1992 he became a member of the management board of AEGON The Netherlands. In 2002 he became a member of the Executive Board of AEGON N.V. and CEO of AEGON The Netherlands.

Alexander R. Wynaendts (1960), Dutch nationality, started his career with AEGON in 1997 and was appointed Executive Vice-President Group Business Development in 1998. In the Executive Board he is responsible for business development and Asia. He is also member of the Boards of AEGON UK and La Mondiale Participations and of the Supervisory Boards of AEGON Hungary and AEGON Spain. Mr. Wynaendts has worked in the finance industry since 1984. In April 2003 he became member of the Executive Board of AEGON N.V..

Supervisory Board Members

M. Tabaksblat (1937), Chairman and Dutch nationality, is Chairman of Reed Elsevier plc and a retired Chairman and CEO of Unilever. He was appointed in 1990; his current term will end in 2005 after which he will not be available for re-election in order to comply with the Dutch Corporate Governance Code. He is also Chairman of the Supervisory Board of TNT Post Group and a member of the International Advisory Boards of Salomon Smith Barney (USA) and Renault Nissan (France). He is also a member of the Executive Committee of Vereniging AEGON. He is the Chairman of the Compensation, Nominating and the Strategy Committees.

D.G. Eustace (1936), British nationality, is Chairman of Smith & Nephew plc (London, UK) and former Vice-Chairman of Royal Philips Electronics. He was appointed in 1997. He is also a member of the Supervisory Boards of a number of Dutch companies, among which Royal KLM, Royal KPN and Board Member of Royal Ahold. He is the Chairman of the Audit Committee.

O.J. Olcay (1936), American nationality, is Vice-Chairman and Managing Director of Fischer, Francis, Trees and Watts, Inc. (New York, USA). He was appointed in 1993; his current term of office will end in 2004. He is Chairman of FFTW Funds Inc. in New York (USA), FFTW Funds Selection in Luxembourg

and FFTW Funds in Dublin (Ireland). He is a member of the Nominating and Strategy Committees.

T. Rembe (1936), American nationality, is a partner of Pillsbury Winthrop LLP (San Francisco, USA). She was appointed in 2000; her current term will end in 2004. She is a member of the Board of Directors of Potlatch Corporation (USA) and SBC Communications (USA). She is a member of the Audit Committee.

W.F.C. Stevens (1938), Dutch nationality, is a senator in the Dutch Parliament and a retired partner/senior counsel of Baker & McKenzie. He was appointed in 1997; his current term will end in 2005. He is a member of the Supervisory Boards of a number of Dutch companies, among which NIB Capital, Schiphol Groep and TBI Holdings. He is a member of the Compensation Committee.

K.J. Storm (1942), Dutch nationality, is a former Chairman of the Executive Board of AEGON. He was appointed in 2002; his current term will end in 2006. He is a Chairman of the Supervisory Boards of Royal Wessanen and Laurus and a member of the Supervisory Boards of Interbrew (Leuven, Belgium), Royal KLM and Pon Holdings.

L.M. van Wijk (1946), Dutch nationality, has held the position of Chief Executive Officer (CEO) at KLM Royal Dutch Airlines since 1997. He was appointed in 2003; his current term will end in 2007. Mr. Van Wijk is also a member of the Board of Directors of Northwest Airlines and of the Supervisory Boards of Randstad Holding, Martinair, TUI Nederland and 'Nederlands Bureau voor Tourisme'.

R. Dahan (1942), Dutch nationality, was Executive Vice-President and Director of Exxon Corporation. He was appointed in 2004, his current term will end in 2008. He is also member of the Supervisory Board of VNU and TPG.

W. Bailey (1941), American nationality, has held the position of non-executive Chairman of the Board of AEGON USA Inc. He was President and Chief Executive Officer of Providian Corporation until 1997, the year in which AEGON acquired Providian. Mr. Bailey is currently managing director of Chrysalis Ventures, established in Louisville, USA, a venture capital company.

P. Voser (1958), Dutch nationality, is Group Chief Financial Officer and member of the Group Executive Committee of ABB Asea Brown Boveri Ltd, Switzerland.

DESCRIPTION OF PORTFOLIO MORTGAGE LOANS

Products

AEGON The Netherlands markets seven basic types of mortgages:

- Annuity mortgage
- Linear mortgage
- Interest-only mortgage
- Savings mortgage (or "*spaarhypotheek*")
- Life insurance mortgage
- Universal life mortgage (or "*levensloophypotheek*")
- Investment mortgage (or "*beleggingshypotheek*")

The first three categories are rather "plain-vanilla" mortgages which have been marketed for many years. Savings and life insurance mortgages have been in existence for more than ten (10) years. Universal life mortgages were introduced by AEGON The Netherlands in 1997 and Investment Mortgages in 2002.

Annuity mortgages

The borrower pays a fixed amount every month representing both interest and principal: an annuity. The cash amount paid monthly remains the same as long as the interest rate is not reset. At a rate reset date, the monthly payments will change to reflect the new finance cost of the mortgage. Annuity mortgages run for a fixed term, usually 30 years. By the time the term of the mortgage is reached, principal will have been fully repaid. Hence, the LTFV of the mortgage decreases as maturity approaches.

Linear mortgages

With a linear mortgage, the borrower pays a fixed ratio of the principal during the life of the mortgage. The mortgage costs, consequently, are higher in the beginning but decrease as the remaining term decreases. Linear mortgages do not have a large share of the mortgage market (typically less than 1 per cent.). This type of mortgages also typically has a decreasing LTFV over the life of the mortgage.

Interest-Only mortgages

Repayment-free mortgage or interest-only mortgages have a low monthly payment since the borrower only pays interest expense. Redemptions are postponed until the maturity of the mortgage in a bullet format. The mortgage is usually redeemed by either selling the property or by taking a new mortgage. The underwriting criteria for this type of loan are stricter than for the other mortgage types. There is a limit of 75 per cent. LTFV that can be borrowed. Consequently, the property owner has a significant equity portion in the property increasing the incentive to maintain payments. A borrower has to take another mortgage type in order to obtain financing over 75 per cent. LTFV.

As no redemption is required under the current tax regime, the maximum amount of interest is deductible from income to lower the tax bill during the entire life of the mortgage. As the interest-only

mortgage has no redemption payments, the LTFV is not decreasing during the life of the mortgage, contrary to other types.

Savings mortgages

Under savings mortgages no principal is repaid during the term of the contract. Instead, the borrower makes payments on a monthly basis to the lender and the insurance company which comprise of interest on the mortgage loan, an insurance premium and a savings element. Upon maturity, the loan is repaid with the money saved in the savings account. Thus savings mortgages combine the advantages of traditional life insurance mortgages and the safety of annuity mortgages. As the interest paid on the mortgage is tax deductible and the capital built up in the savings account is, under certain conditions, tax free, this product takes optimal advantage of the current tax system. The net LTFV typically decreases during the life of the loan, whereas the other LTV figures presented in the stratification tables do not take the building up of the savings account into consideration.

Life insurance mortgages

Like savings mortgages, life insurance mortgages do not repay principal before the end of the term of the mortgage. Instead, they build up capital in a life insurance account, which will be used upon maturity to repay the loan. The amount of interest paid is maximized to take advantage of the tax deductibility of interest payments.

Universal life mortgages

In the case of universal life mortgages the borrower makes monthly payments to the lender which comprise of interest on the loan, an insurance premium and an investment element. This last element can be invested in a variety of investment funds offered by AEGON. The majority of the investment goes to either AEGON Mix fund (25 per cent. equity, 55 per cent. bonds, 20 per cent. commodities / real estate / cash) with a guaranteed return if used for a minimum of 10 years or a fund that provides exactly the same return as the client is paying on the mortgage loan itself. This last investment provides a synthetic savings mortgage. Upon maturity, the loan is repaid with the money invested in the funds, which may or may not be sufficient to meet repayment of the loan in fully, depending on the performance of the fund. The borrower must make whole any shortfall. The net LTFV typically decreases during the life of the loan, whereas the other LTV figures presented in the stratification tables do not take the building up of the savings account into consideration

Investment Mortgages

The borrower makes payments on a monthly basis to the lender, which comprise interest on the loan and an investment element. The latter element can be invested in a variety of banking funds offered by AEGON Bank N.V.. Once again, upon maturity the loan will be repaid with the money invested in the funds, which may or may not be sufficient to meet repayment of the loan in fully, depending on the performance of the fund. The borrower must make whole any shortfall. During the lifetime of the mortgage, the client can switch his so far gained capital between the funds offered based on his risk/return preferences. A customer can invest extra funds in the investment account that acts as either an extra source of income to increase the loan to income ratio or as extra collateral to reduce the risk profile of the customer. Lowering the risk profile leads to a lower interest rate for the customer.

The Provisional Portfolio (all amounts are stated in Euro)

The key characteristics of the Provisional Portfolio Mortgage Loans as of the Cut-Off Date are set out below. Each mortgage loan can consist of one or more mortgage loans parts. E.g. an interest only part and a savings mortgage part or parts with different interest reset dates and/or different final maturities.

The Portfolio Mortgage Loans will be selected from the Provisional Portfolio Mortgage Loans that have been selected in accordance with the Mortgage Loan Criteria set forth in the Mortgage Receivables Purchase Agreement and will be selected in accordance with such criteria on the Closing Date (see *Mortgage Receivables Purchase Agreement*).

The numerical information set out below relates to the Provisional Portfolio Mortgage Loans which were selected on the Cut-Off Date. Therefore, the information set out below in relation to the Provisional Portfolio Mortgage Loans may not necessarily correspond to that of the Portfolio Mortgage Loans actually sold on the Closing Date. After the Closing Date, the portfolio of Portfolio Mortgage Loans will change from time to time as a result of repayment, prepayment, further advances, amendments and repurchase of Mortgage Receivables

Key characteristics

In Table 1 the key characteristics of the Provisional Portfolio Mortgage Loans as of the Cut-Off Date have been provided.

Table 1 Key characteristics
Summary (as of Cut Off Date: 31st of March 2004)

Total outstanding current gross principal	1,150,528,586
Savings account on savings mortgages	40,635,769
Savings account on universal life mortgages	1,253,012
Net Principal outstanding	1,108,639,804
Construction deposits	5,564,421
Principal drawn	1,103,075,383
Additional collateral invested funds	76,125,165
Number of loan contracts	7,186
Number of loan parts	8,183
Number of borrowers	7,171
Average gross principal balance per loan	160,107
Weighted average interest rate	4.4%
Weighted average seasoning (months)	44 months
Weighted average seasoning (years)	3.7 years
Weighted Average Net Loan to Original Foreclosure Value	98.0%
Weighted Average Loan to Original Foreclosure Value	108.3%
Weighted Average Loan to Indexed Foreclosure Value	92.8%
Weighted Average Loan to Original Market Value	92.1%
Weighted Average Loan to Indexed Market Value	78.9%

Universal Life Mortgages are building up capital in investment funds. These funds form additional collateral to the mortgage loan. As for set off risk this additional collateral is not used in the calculation of the Loan To Foreclosure Value ratios.

Type of mortgage loan

The distribution of the Provisional Portfolio Mortgage Loans (both by gross principal balance and by number of mortgage loan parts) by reference to redemption type is set out in Table 2. As part of the mortgage loan parts have already been redeemed but form part of a selected legal contract, these parts are also included in the selection.

Table 2 Type of mortgage loan

Mortgage Loan Type	No. of Loan Parts	%	Gross Principal Balance	%
Interest only	525	6.4%	30,874,543	2.7%
Life insurance	1,847	22.6%	154,465,729	13.4%
Savings	1,294	15.8%	115,858,370	10.1%
Linear	68	0.8%	1,141,081	0.1%
Annuity	71	0.9%	1,155,831	0.1%
Investment mortgage	3,190	39.0%	671,022,460	58.3%
Universal life	1,188	14.5%	176,010,567	15.3%
Total	8,183	100.0%	1,150,528,586	100.0%

Interest reset dates

The distribution of the Provisional Portfolio Mortgage Loans (both by gross principal balance and by number of mortgage loan parts) by reference to interest reset dates is set out in Table 3.

Table 3 Interest reset dates

Min	max	No. of Loan parts	%	Gross Principal Balance	%
1-Jan-83	31-Dec-03	64	0.8%	-	0.0%
1-Jan-04	31-Dec-04	3,009	36.8%	546,302,401	47.5%
1-Jan-05	31-Dec-05	708	8.7%	71,928,161	6.3%
1-Jan-06	31-Dec-06	715	8.7%	71,457,956	6.2%
1-Jan-07	31-Dec-07	888	10.9%	113,956,491	9.9%
1-Jan-08	31-Dec-08	941	11.5%	141,662,723	12.3%
1-Jan-09	31-Dec-09	503	6.1%	51,202,968	4.5%
1-Jan-10	31-Dec-10	146	1.8%	15,739,941	1.4%
1-Jan-11	31-Dec-11	163	2.0%	14,794,724	1.3%
1-Jan-12	31-Dec-12	167	2.0%	17,598,134	1.5%
1-Jan-13	31-Dec-13	337	4.1%	46,170,719	4.0%
1-Jan-14	31-Dec-14	117	1.4%	13,982,271	1.2%
1-Jan-15	31-Dec-15	36	0.4%	3,285,043	0.3%
1-Jan-16	31-Dec-16	38	0.5%	4,543,212	0.4%
1-Jan-17	31-Dec-17	55	0.7%	5,873,759	0.5%
1-Jan-18	31-Dec-18	99	1.2%	11,682,086	1.0%
1-Jan-19	31-Dec-19	87	1.1%	10,076,699	0.9%
1-Jan-20	31-Dec-20	32	0.4%	3,415,484	0.3%
1-Jan-21	31-Dec-21	22	0.3%	2,217,465	0.2%
1-Jan-22	31-Dec-22	13	0.2%	802,319	0.1%
1-Jan-23	31-Dec-23	28	0.3%	3,384,937	0.3%
1-Jan-24	31-Dec-24	6	0.1%	451,093	0.0%
1-Jan-34	31-Dec-34	1	0.0%	0	-
1-Jan-35	31-Dec-35	1	0.0%	0	-
1-Jan-36	31-Dec-36	1	0.0%	0	-
1-Jan-37	31-Dec-37	6	0.1%	0	-
		8,183	100.0%	1,150,528,586	100.0%

Weighted average remaining interest fixed term: 2.7 years

Geographical distribution

The distribution of the Provisional Portfolio Mortgage Loans (both by gross principal balance and by number of mortgage loan parts) by reference to geographical distribution is set out in Table 4. The City of Amsterdam is situated in Noord-Holland. The Hague and Rotterdam are situated in Zuid-Holland. In Noord-Brabant big cities as Eindhoven and Den Bosch are situated.

Table 4 Geographical distribution

Region	No. of Loan		%	Gross Principal Balance	
	Parts				%
Groningen	348		4.3%	44,251,368	3.8%
Friesland	544		6.6%	79,459,737	6.9%
Drente	208		2.5%	28,133,211	2.4%
Overijssel	452		5.5%	65,071,525	5.7%
Gelderland	574		7.0%	84,162,505	7.3%
Noord-Holland	1,250		15.3%	184,446,707	16.0%
Zuid-Holland	2,112		25.8%	282,045,048	24.5%
Zeeland	260		3.2%	24,021,348	2.1%
Noord-Brabant	1,385		16.9%	203,828,170	17.7%
Utrecht	540		6.6%	88,423,225	7.7%
Limburg	344		4.2%	38,464,451	3.3%
Flevoland	166		2.0%	28,221,285	2.5%
Total	8,183		100.0%	1,150,528,586	100.0%

Interest rates

The distribution of the Provisional Portfolio Mortgage Loans (both by gross principal balance and by number of mortgage loan parts) by reference to interest rates set out in Table 5.

Table 5 Interest rates

Interest Rate		No. of Loan parts	%	Gross Principal Balance	
min	max				%
0.00%	4.00%	2,944	36.0%	538,372,481	46.8%
4.00%	4.25%	245	3.0%	26,590,370	2.3%
4.25%	4.50%	397	4.9%	54,071,487	4.7%
4.50%	4.75%	495	6.0%	82,208,374	7.1%
4.75%	5.00%	351	4.3%	47,751,084	4.2%
5.00%	5.25%	505	6.2%	67,420,543	5.9%
5.25%	5.50%	363	4.4%	42,745,113	3.7%
5.50%	5.75%	560	6.8%	69,045,385	6.0%
5.75%	6.00%	315	3.8%	37,627,585	3.3%
6.00%	6.25%	274	3.3%	26,277,081	2.3%
6.25%	6.50%	171	2.1%	16,771,625	1.5%
6.50%	6.75%	357	4.4%	35,293,756	3.1%
6.75%	7.00%	188	2.3%	17,527,486	1.5%
7.00%	7.25%	234	2.9%	18,360,511	1.6%
7.25%	7.50%	127	1.6%	10,935,803	1.0%
7.50%		657	8.0%	59,529,888	5.2%
Total		8,183	100.0%	1,150,528,586	100.0%

Weighted average 4.4%

Loan to original foreclosure value (LT original FV)

The distribution of the Provisional Portfolio Mortgage Loans (both by gross principal balance and by number of mortgage loan contracts) by reference to loan to original foreclosure value is set out in Table 6.

Table 6 Loan to original foreclosure value (LT original FV)

	No. of Loan Contracts	%	Gross Principal Balance	%
0.0% =< x < 30.0%	402	5.6%	12,729,565	1.1%
30.0% =< x < 40.0%	260	3.6%	17,210,107	1.5%
40.0% =< x < 50.0%	301	4.2%	25,556,669	2.2%
50.0% =< x < 60.0%	351	4.9%	35,371,746	3.1%
60.0% =< x < 70.0%	398	5.5%	47,801,947	4.2%
70.0% =< x < 80.0%	470	6.5%	68,105,374	5.9%
80.0% =< x < 90.0%	529	7.4%	87,279,705	7.6%
90.0% =< x < 100.0%	359	5.0%	59,494,605	5.2%
100.0% =< x < 110.0%	402	5.6%	72,506,549	6.3%
110.0% =< x < 120.0%	401	5.6%	81,800,867	7.1%
120.0% =< x < 125.0%	305	4.2%	66,085,291	5.7%
125.0% =< x < 130.0%	3,008	41.9%	576,586,161	50.1%
Total	7,186	100.0%	1,150,528,586	100.0%

Weighted average: 108.3%

Loan to indexed foreclosure value (LT indexed FV)

The distribution of the Provisional Portfolio Mortgage Loans (both by gross principal balance and by number of mortgage loan contracts) by reference to loan to indexed foreclosure value is set out in Table 7.

Table 7 Loan to indexed foreclosure value (LT indexed FV)

	No. of Loan Contracts	%	Gross Principal Balance	%
0.0% =< x < 30.0%	1,534	21.3%	99,346,934	8.6%
30.0% =< x < 40.0%	489	6.8%	59,477,666	5.2%
40.0% =< x < 50.0%	357	5.0%	48,059,210	4.2%
50.0% =< x < 60.0%	358	5.0%	52,586,481	4.6%
60.0% =< x < 70.0%	361	5.0%	54,407,421	4.7%
70.0% =< x < 80.0%	439	6.1%	70,331,306	6.1%
80.0% =< x < 90.0%	427	5.9%	76,958,762	6.7%
90.0% =< x < 100.0%	277	3.9%	50,417,831	4.4%
100.0% =< x < 110.0%	365	5.1%	75,790,885	6.6%
110.0% =< x < 120.0%	659	9.2%	134,964,059	11.7%
120.0% =< x < 125.0%	924	12.9%	195,452,971	17.0%
125.0% =< x < 130.0%	747	10.4%	176,056,818	15.3%
130.0% =< x < 135.0%	249	3.5%	56,678,244	4.9%
Total	7,186	100.0%	1,150,528,586	100.0%

Weighted average: 92.8%

Loan to indexed Market Value (LT indexed MV)

The distribution of the Provisional Portfolio Mortgage Loans (both by gross principal balance and by number of mortgage loan contracts) by reference to loan to indexed market value is set out in Table 8.

Table 8 Loan to indexed Market Value (LT indexed MV)

	No. of Loan Contracts	%	Gross Principal Balance	%
0.0% =< x < 30.0%	1,815	25.3%	131,834,637	11.5%
30.0% =< x < 40.0%	449	6.2%	60,914,969	5.3%
40.0% =< x < 50.0%	434	6.0%	61,127,366	5.3%
50.0% =< x < 60.0%	426	5.9%	63,952,400	5.6%
60.0% =< x < 70.0%	503	7.0%	81,150,412	7.1%
70.0% =< x < 80.0%	444	6.2%	81,783,860	7.1%
80.0% =< x < 90.0%	371	5.2%	71,084,676	6.2%
90.0% =< x < 100.0%	606	8.4%	125,785,466	10.9%
100.0% =< x < 110.0%	1,789	24.9%	392,625,300	34.1%
110.0% =< x < 120.0%	349	4.9%	80,269,500	7.0%
120.0% =< x < 125.0%	-	0.0%	-	0.0%
125.0% =< x < 130.0%	-	0.0%	-	0.0%
Total	7,186	100.0%	1,150,528,586	100.0%

Weighted average: 78.9%

Loan to original Market Value (LT original MV)

The distribution of the Provisional Portfolio Mortgage Loans (both by gross principal balance and by number of mortgage loan contracts) by reference to loan to original market value is set out in Table 9.

Table 9 Loan to original Market Value (LT original MV)

	No. of Loan Contracts	%	Gross Principal Balance	%
0.0% =< x < 30.0%	541	7.5%	21,600,556	1.9%
30.0% =< x < 40.0%	348	4.8%	27,676,988	2.4%
40.0% =< x < 50.0%	386	5.4%	38,048,534	3.3%
50.0% =< x < 60.0%	465	6.5%	55,526,685	4.8%
60.0% =< x < 70.0%	545	7.6%	81,306,264	7.1%
70.0% =< x < 80.0%	586	8.2%	96,957,904	8.4%
80.0% =< x < 90.0%	426	5.9%	71,063,878	6.2%
90.0% =< x < 100.0%	493	6.9%	98,465,021	8.6%
100.0% =< x < 110.0%	1,991	27.7%	371,209,969	32.3%
110.0% =< x < 120.0%	1,405	19.6%	288,672,787	25.1%
120.0% =< x < 125.0%	0	0.0%	0	0.0%
125.0% =< x < 130.0%	0	0.0%	0	0.0%
Total	7,186	100.0%	1,150,528,586	100.0%

Weighted average: 92.1%

Seasoning

The distribution of the Provisional Portfolio Mortgage Loans (both by gross principal balance and by number of mortgage loan contracts) by reference to the number of years seasoning is set out in Table 10.

Table 10 Seasoning

min	Max	No. of Loan Contracts	%	Gross Principal Balance	%
1-Jan-83	31-Dec-83	167	2.3%	10,503,527	0.9%
1-Jan-84	31-Dec-84	129	1.8%	8,706,429	0.8%
1-Jan-85	31-Dec-85	174	2.4%	11,513,211	1.0%
1-Jan-86	31-Dec-86	144	2.0%	10,640,830	0.9%
1-Jan-87	31-Dec-87	134	1.9%	12,049,922	1.0%
1-Jan-88	31-Dec-88	140	1.9%	11,913,645	1.0%
1-Jan-89	31-Dec-89	195	2.7%	15,929,036	1.4%
1-Jan-90	31-Dec-90	179	2.5%	17,019,995	1.5%
1-Jan-91	31-Dec-91	265	3.7%	23,676,994	2.1%
1-Jan-92	31-Dec-92	195	2.7%	19,863,120	1.7%
1-Jan-93	31-Dec-93	158	2.2%	18,825,035	1.6%
1-Jan-94	31-Dec-94	245	3.4%	31,196,384	2.7%
1-Jan-95	31-Dec-95	121	1.7%	14,927,286	1.3%
1-Jan-96	31-Dec-96	145	2.0%	16,899,491	1.5%
1-Jan-97	31-Dec-97	233	3.2%	24,762,900	2.2%
1-Jan-98	31-Dec-98	170	2.4%	21,846,462	1.9%
1-Jan-99	31-Dec-99	224	3.1%	31,434,671	2.7%
1-Jan-00	31-Dec-00	180	2.5%	29,513,345	2.6%
1-Jan-01	31-Dec-01	272	3.8%	47,223,958	4.1%
1-Jan-02	31-Dec-02	1,035	14.4%	221,890,921	19.3%
1-Jan-03	31-Dec-03	1,953	27.2%	409,669,677	35.6%
1-Jan-04		728	10.1%	140,521,746	12.2%
Total		7,186	100.0%	1,150,528,586	100.0%

Weighted average seasoning: 3.7 years

MORTGAGE LOAN UNDERWRITING AND SERVICING

AEGON Service Center Life

AEGON Service Center Life is the largest unit within AEGON Netherlands (total assets 2003 € 52,834 million. Net income 2003 € 592 million). AEGON Service Center Life is a top three player in the life insurance market in the Netherlands and focuses on adding value through excellent products and excellent service.

With respect to the mortgage activities, AEGON Service Center Life is engaged in mortgage distribution, origination, servicing and funding. AEGON Service Center Life focuses on streamlining the origination, servicing and funding process of mortgages, in a highly automated and paperless electronic format and features capabilities to enhance, accelerate and facilitate the securitisation process. The AEGON Service Center Life computer systems are very important in these processes and are regularly updated and modified.

As an originator, AEGON Service Center Life aims to increase its market share in the coming years through increasing its marketing efforts, focusing on profitability & quality and responding quickly to market changes. The underwriting is centralized in AEGON Service Center Life Leeuwarden, where a highly automated underwriting process and 40 experienced underwriters, handle more than 14,000 application forms every year. Part of the underwriting process is the special affairs department, where fraud protection procedures are developed and implemented.

As a servicer, AEGON Service Center Life services a total portfolio of more than € 10 billion and approximately 100,000 mortgages loans. This portfolio is owned by several AEGON units and 7 external parties. AEGON Service Center Life acts as a servicer for all these parties. The collections and foreclosures processes are highly integrated to the servicing process. Through a conservative exhortation cycle and careful auction procedures, losses on the mortgage portfolio are limited.

AEGON Service Center Life will agree as the Servicer of the transaction to provide administration and management services to the Issuer in relation to the Mortgage Loans and the Mortgage Receivables, including the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables and the implementation of arrears procedures including, ultimately, the enforcement of mortgage rights. The Servicer will be obliged to administer the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as mortgage loans in its own or the Sellers' portfolio.

In the securitisation process, AEGON Service Center Life is able to identify specific loan pools based on underwriting criteria and provide rating agencies access to pool performance and information. Finally, AEGON Service Center Life provides detailed investor reports regarding pool status on a consistent basis.

Approval, Underwriting, Collections and Foreclosures

The above mentioned activities are divided between two different departments: the approval and underwriting department and the collection and foreclosure department.

Approval Process and Underwriting

The mortgage loan underwriting and approval department is separated into two divisions: underwriting (18 people) and document management of approved loans (22 people). In 2003 the underwriting department received approximately 14,000 applications for mortgage loans, from which approximately 48 per cent. were checked by the automated FHS (Fast Mortgage System) and accepted by an underwriter, 32 per cent. were checked by the FHS (Fast Mortgage System) and approved by a senior underwriter, the remaining 20 per cent. being rejected.

In the underwriting process, three major aspects will be reviewed in aggregate: applicant (credit history, employment, etc), income and property. The credit history of all applicants will be checked with the National Credit Register (*Bureau voor Kredietregistratie*). Applicants will be required to provide proof of employment and salary information. In addition, any self-employed applicants will be required to provide 3 years of historic accounting statements.

The ratio of the loan balance to the income of the applicant is an important measure to determine affordability of the loan. AEGON Levensverzekering N.V. will generally not provide a loan where the ratio of the loan balance to the income exceeds the number of 5. In case of an investment mortgage whereby a client deposits equity on an AEGON account (*AEGON vermogensrekening* or *AVR*), the ratio of the loan balance to the income may be increased. The money or investment funds in the account serves as extra collateral and AEGON Levensverzekering N.V. can then consider whether it can provide a loan that exceeds 5 times the income of the client. Another possibility is that the client deposits equity on an AEGON Levensverzekering N.V. account and receives an interest rate discount on the mortgage in return. The discount on the mortgage interest leads to lower monthly interest costs and AEGON Levensverzekering N.V. can then consider whether it can provide a loan that exceeds 5 times the income of the client. The AVR account is always pledged to AEGON and is part of the collateral for the mortgage loan. This principle is also applicable to Universal Life mortgages, although these cases are very rare. AEGON Levensverzekering N.V. will not generally grant a loan to an applicant with a loan-to-foreclosure value that exceeds 130 per cent.. All property must have a recent valuation report from an approved external appraisal agency, insurance, and a proof of ownership. Properties constructed prior to 1940 will also require an architect's certificate which confirms the structural integrity of the building.

Collection and Foreclosures

The Collections and Foreclosures Department (C&F) manages the payments from both performing and non-performing loans. Due to regional differences, the C&F is organised into different divisions for each of the geographic areas within the Netherlands. The employees at the C&F have an average of approximately ten (10) years relevant work experience and utilise the C&F's standard operating procedures for loan management. Resources available to the C&F include: HAS System (Mortgage Administration System), Land Registry, Chamber of Commerce and an internal legal department.

Arrears Procedures

Payments are scheduled to be collected on the first day of each month, largely by direct debit. If there

are amounts unpaid fifteen (15) days after the due date, the HAS System automatically generates a reminder notice that is mailed to the borrower. After forty-five (45) days a formal warning is sent to the borrower. After sixty (60) days the borrower is placed on the "telephone collections list". After ninety (90) days the borrower is placed on the "urgent arrears list". Once on this list the borrower will be regularly contacted through phone and/or mail. After four (4) missed payments (one hundred twenty (120) days), the entire loan (including accrued but unpaid interest) will be declared immediately due and payable. The purpose of this declaration is the following:

- (i) Induce a final attempt for voluntary payment
- (ii) Allow the necessary legal documents to be drafted
- (iii) Begin the foreclosure process through the notary

Foreclosure Procedures

The foreclosure procedure will differ depending on the likelihood of the Seller realising a loss on the mortgage loan. If there is limited risk for loss, the debt collection department will manage the enforcement. If there is a substantial risk of loss, the C&F will proceed with a private sale (for approximately 85 per cent. of occasions) or begin an auction process (for approximately 15 per cent. of occasions). The C&F has the right to select their preferred enforcement method. In the case of a private sale, a real estate agent will be contacted by the C&F who will manage the sale on behalf of the C&F. In the case of an auction the C&F will attend every auction and will bid for the property to the extent a minimum price is not achieved at the auction.

To the extent there is a loss following foreclosure, a representative of C&F will discuss the various payment options available with the borrower. This situation will be reviewed by the C&F every two years, where the mortgage loan may be eventually written-off. All loan write-offs must be approved by the senior management of C&F.

MORTGAGE RECEIVABLES PURCHASE AGREEMENT

Under the Mortgage Receivables Purchase Agreement the Issuer will, on the Closing Date, purchase and accept from the Seller the assignment of the Mortgage Receivables. 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 (the "**Assignment Notification Events**"). The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables following such assignment as of the Closing Date.

Purchase Price

The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the "**Initial Purchase Price**"), payable on the Closing Date, which will be equal to € 1,091,311,375, and a deferred purchase price (the "**Deferred Purchase Price**"). The Initial Purchase Price will be paid by the Issuer by applying (i) part of the net proceeds received from the issue of the Notes (other than the Subordinated Class E Notes) and (ii) the up-front payment made by the Swap Counterparty to the Issuer under the Swap Agreement. The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments and each such instalment (the "**Deferred Purchase Price Instalment**") will be equal to (i) the amount remaining after payments made by the Seller to a Borrower out of the Construction Deposit, to the extent the money drawn by the Borrower under the relevant Portfolio Mortgage Loan was placed on such Construction Deposit, (ii) the positive difference, if any, between the Available Revenue Funds as calculated on each Notes Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Pre-Enforcement Revenue Priority of Payments under (a) up to and including (r), (iii) the positive difference, if any, between the Available Principal Funds as calculated on each Notes Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Pre-Enforcement Principal Priority of Payments under (a) up to and including (e) and (iv), after an Enforcement Notice, the amount remaining after payments as set forth in the Post-Enforcement Priority of Payments under (a) up to and including (o) have been made on the relevant Quarterly Payment Date (see *Credit Structure* above).

Representations and warranties

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

- (a) the Mortgage Receivables are duly and validly existing;
- (b) it has full right and title to the Mortgage Receivables and no restrictions on the sale and transfer of the Mortgage Receivables are in effect and the Mortgage Receivables are capable of being transferred;
- (c) it has power to sell and assign the Mortgage Receivables;
- (d) the Mortgage Receivables are free and clear of any rights of pledge or other similar rights (*beperkte rechten*), encumbrances and attachments (*beslagen*) and no option rights have been granted in favour of any third party with regard to the Mortgage Receivables, other than pursuant to the Transaction Documents;
- (e) each Mortgage Receivable is (i) secured by a first ranking mortgage right, or as the case may

- be, first and second, or first, second and third ranking mortgage right on a residential property in the Netherlands and (ii) governed by Dutch law;
- (f) upon creation of each mortgage right (other than mortgage rights created prior to 1 January 1992) and, as from 15 October 2001, of each right of pledge securing the Portfolio Mortgage Loans, the Seller was granted power by the mortgage deed to unilaterally terminate such mortgage right or right of pledge, in whole or in part, and such power to terminate has not been revoked, terminated or amended;
 - (g) each residential property concerned was valued when application for the relevant Portfolio Mortgage Loan was made by a qualified valuer or surveyor, which is independent from the Borrower, except that in case of Portfolio Mortgage Loans secured by newly built properties, no valuation is required; valuations are not older than twelve (12) months prior to the date of mortgage application by the Borrower;
 - (h) each Mortgage Receivable and each Mortgage and Borrower Pledge, if any, securing such Mortgage Receivable constitutes legal, valid, binding and enforceable obligations of the relevant Borrower;
 - (i) each Portfolio Mortgage Loan was originated by the Seller;
 - (j) all mortgage rights and rights of pledge granted to secure the Mortgage Receivables (i) constitute valid mortgage rights (*hypothekrechten*) and rights of pledge (*pandrechten*), respectively, on the assets which are the subject of the mortgage rights and rights of pledge and, to the extent relating to the mortgage rights, entered into the appropriate public register, (ii) have first priority or, as the case may be, first and second priority, or first, second and third priority, and (iii) were vested for a principal sum which is at least equal to the principal sum of the Portfolio Mortgage Loan when originated, increased with an amount customary for a prudent lender of Dutch mortgage loans from time to time in respect of interest, penalties and costs;
 - (k) the particulars of each Portfolio Mortgage Loan (or parts thereof), as set forth in the list of Mortgage Receivables attached to the Mortgage Receivables Purchase Agreement as Schedule 3 and as Annex 1 to the Deed of Assignment to be signed at the Closing Date, are correct and complete in all material respects;
 - (l) each of the Portfolio Mortgage Loans meets the Mortgage Loans Criteria as set forth below;
 - (m) the Seller only pays out monies under a construction deposit to a Borrower after having received relevant receipt by the relevant Borrower relating to the construction;
 - (n) the Portfolio Mortgage Loans are fully dispersed other than the amounts placed under a construction deposit (and, for the avoidance of doubt, any further advances which may be granted by the Seller to the Borrower);
 - (o) each of the Portfolio Mortgage Loans has been granted in accordance with all applicable legal requirements and the Code of Conduct on Mortgage Loans (*Gedragcode Hypothecaire Financieringen*) and materially met the Seller's standard underwriting criteria and procedures and procedures prevailing at that time which terms and conditions were customary in the Dutch mortgage market at the time of origination and did not materially differ from the terms and conditions applied by a prudent lender of Dutch residential mortgage loans;
 - (p) each of the Savings Mortgage Receivables, has the benefit of a Savings Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Savings Insurance Policies, upon the terms of the relevant Savings Mortgage Loans and the relevant

- Savings Insurance Policies, which has been notified to the Insurance Company, or (ii) the Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Savings Mortgage Receivable;
- (q) each of the Life Mortgage Receivables has the benefit of a Life Insurance Policy and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Life Insurance Policies upon the terms of the relevant Life Mortgage Loans and the relevant Life Insurance Policies, which has been notified to the Insurance Company, or (ii) the Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Life Mortgage Receivable;
 - (r) each of the Universal Life Mortgage Receivables has the benefit of an Savings Investment Policy and either (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Savings Investment Policies upon the terms of the relevant Universal Life Mortgage Loans and the relevant Savings Investment Policies, which has been notified to the Insurance Company, or (ii) the Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Universal Life Mortgage Receivable;
 - (s) in respect of the Investment Mortgage Receivables having the benefit of a Risk Insurance Policy, (i) the Seller has been validly appointed as beneficiary (*begunstigde*) under such Risk Insurance Policies upon the terms of the relevant Investment Mortgage Loans and the relevant Risk Insurance Policies, which have been notified to the Insurance Company, or (ii) the Insurance Company is irrevocably authorised to apply the insurance proceeds in satisfaction of the relevant Investment Mortgage Receivable;
 - (t) the Seller has not been notified and is not aware of anything affecting the Seller's title to the Mortgage Receivables;
 - (u) the notarial mortgage deeds (*minuut*) relating to the Portfolio Mortgages Loans are kept by a civil law notary in the Netherlands, while the loan files, which include a scanned version of authentic copies of the notarial mortgage deeds, are kept by the Seller in its capacity of Servicer and/or its sub-contractor;
 - (v) to the best knowledge of the Seller, the Borrowers are not in any material breach of any provision of the Portfolio Mortgage Loans;
 - (w) each Portfolio Mortgage Loan constitutes the entire loan granted to the relevant Borrower that is secured by the same Mortgage and not merely one or more loan parts (*leningdelen*);
 - (x) each receivable under a Portfolio Mortgage Loan which is secured by the same mortgage right is sold and assigned to the Issuer pursuant to the Mortgage Receivables Purchase Agreement;
 - (y) with respect to each of the Mortgage Receivables resulting from an Universal Life Mortgage Loan, a Life Mortgage Loan or, as the case may be, a Savings Mortgage Loan, to which an Insurance Policy is connected, a valid right of pledge has been entered into by the Seller and the relevant Borrower and such right of pledge has been notified to the Insurance Company;
 - (z) with respect to each of the Mortgage Receivables resulting from an Investment Mortgage Loan, a valid right of pledge has been entered into by the Seller and the relevant Borrower with respect to the relevant Investment Accounts and such right of pledge has been notified to AEGON Bank N.V.;
 - (aa) pursuant to the Mortgage Conditions each of the properties on which a Mortgage has been vested to secure the Mortgage Receivable had at the time the Portfolio Mortgage Loan was

advanced, the benefit of buildings insurance (*opstalverzekering*) for the full reinstatement value (*herbouwwaarde*);

- (bb) all Mortgage Receivables secured by a Mortgage on a long lease (*erfpacht*) provide that the principal sum of the Mortgage Receivable, including interest, will become immediately due and payable if, *inter alia*, the long lease terminates, if the lease holder materially breaches or ceases to perform his payment obligation under the long lease (*canon*) or if the lease holder in any other manner breaches the conditions of the long lease;
- (cc) the current mortgage conditions provide that all payments by the Borrower should be made without any deduction or set-off; and
- (dd) the aggregate principal sum outstanding of all Mortgage Receivables is equal to € 1,085,439,477.

Repurchase

If at any time after the Closing Date any of the representations and warranties relating to the Portfolio Mortgage Loans and the Mortgage Receivables proves to have been untrue or incorrect, the Seller shall within fourteen (14) days after receipt of written notice thereof from the Issuer remedy the matter giving rise thereto and if such matter is not capable of remedy or is not remedied within the said period of fourteen (14) days, the Seller shall, at the Seller's expense, repurchase and accept re-assignment of the relevant Mortgage Receivable for a price equal to the outstanding principal amount of such Mortgage Receivable together with interest and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such purchase and assignment) accrued but unpaid up to but excluding the date of repurchase and re-assignment of the Mortgage Receivable.

If the Seller agrees with a Borrower to make a Further Advance prior to the occurrence of an Assignment Notification Event and partial termination of the relevant mortgage right (see under *Assignment Notification Events* below), the Seller shall repurchase and accept re-assignment of the Mortgage Receivable resulting from the Portfolio Mortgage Loan in respect of which a Further Advance has been granted unless such Further Advance Receivables shall be purchased by and assigned to the Issuer, subject to the terms and conditions set forth above on the immediately following Quarterly Payment Date (see also paragraph *Further Advance* below).

The Seller shall also undertake to repurchase and accept re-assignment of a Mortgage Receivable on the Portfolio Payment Date immediately following the date on which it agrees with a Borrower to amend the terms of the relevant Portfolio Mortgage Loan in the event that such amendment is not in accordance with the conditions set out in the Mortgage Receivables Purchase Agreement and/or the Servicing Agreement, which include the condition that such amendment does not adversely affect the position of the Issuer or the Security Trustee and that after such amendment the relevant 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).

Furthermore, the Seller shall repurchase and accept re-assignment of all, but not part, of the Mortgage Receivables, if it has accepted the offer made by the Issuer pursuant to the Trust Deed on any Optional Redemption Date to purchase and accept assignment of all, but not part, of the Mortgage

Receivables then outstanding against payment of the then current Portfolio Market Value (as defined in the Master Definitions Agreement) of such Mortgage Receivables, provided that such amount, together with any final payment to be received by the Issuer under the Swap Agreement upon termination thereof, is at least sufficient to pay, subject to Condition 9(b), all amounts due and payable to the Noteholders (other than the holders of the Subordinated Class E Notes) and any amounts to be paid in priority to the Notes in accordance with and subject to the Conditions.

Finally, the Seller may, without the obligation to do so, repurchase and accept re-assignment of all, but not part, of the Mortgage Receivables then outstanding at each Quarterly Payment Date on which the aggregate outstanding principal amounts under the Portfolio Mortgage Loans is less than 10 per cent. of the aggregate outstanding principal amounts under the Portfolio Mortgage Loans on the Closing Date.

Mortgage Loan Criteria

Each of the Portfolio Mortgage Loans will meet the following criteria (the "**Mortgage Loans Criteria**"):

- (a) the Portfolio Mortgage Loan includes solely one or more of the following loan types:
 - (i) a Life Mortgage Loan (*levenhypotheek*);
 - (ii) a Savings Mortgage Loan (*spaarhypotheek*);
 - (iii) an Universal Life Loan (*uvl*);
 - (iv) an Investment Mortgage Loan (*beleggingshypotheek*);
 - (v) an Annuity Mortgage Loan (*annuïteiten hypotheek*);
 - (vi) an Interest-only Mortgage Loan (*aflossingsvrije hypotheek*);
 - (vii) a Linear Mortgage Loan (*lineaire hypotheek*); or
 - (viii) a combination of any of the above mentioned types of mortgage loans;
- (b) the Borrower was at the time of origination, a resident of the Netherlands and not employed by the Seller or any of its group companies;
- (c) the Portfolio Mortgage Loan is secured by a first ranking right of mortgage, or in case of multiple Portfolio Mortgage Loans secured on the same mortgaged property, first and second-ranking mortgage rights or first, second and third-ranking mortgage rights, on real estate property situated in the Netherlands;

- (d) at least one (interest) payment has been made in respect of the Portfolio Mortgage Loan prior to the Closing Date;
- (e) the Portfolio Mortgage Loan or any part thereof does not qualify as a bridge loan (*overbruggingshypotheek*);
- (f) the mortgaged property (i) was not the subject of residential letting and (ii) had to be occupied by the Borrower at and after the time of origination and no consent for residential letting of the mortgaged property has been given by the Seller;
- (g) the interest rate on the Portfolio Mortgage Loan (or in case the Portfolio Mortgage Loan consists of more than one loan part, on each loan part) is a floating rate or a fixed rate, subject to an interest reset from time to time;
- (h) interest payments on the Portfolio Mortgage Loan are scheduled to be made monthly in arrear by direct debit;
- (i) the principal sum outstanding of each Portfolio Mortgage Loan, or of all Portfolio Mortgage Loans secured on the same mortgaged property together, did not exceed 130 per cent. of the foreclosure value of the mortgaged property upon origination of the Portfolio Mortgage Loan or Portfolio Mortgage Loans, as the case may be;
- (j) the Portfolio Mortgage Loan has, or all Portfolio Mortgage Loans secured on the same mortgaged property as the case may be, have an aggregate principal sum outstanding of not more than € 650,000;
- (k) on 1 April 2004 and on 1 May 2004 no amounts due under any of the Mortgage Receivables were overdue and unpaid;
- (l) where compulsory under the applicable Mortgage Conditions, the Portfolio Mortgage Loan has a compulsory Life Insurance Policy or Risk Insurance Policy attached to it;
- (m) the Portfolio Mortgage Loan will not have a legal maturity beyond May 2067; and
- (n) in respect of a Portfolio Mortgage Loan which consists of one loan part that qualifies as an Interest-only Mortgage Loan, or in case of a Portfolio Mortgage Loan which is made up of a combination of types of loan types, the interest-only loan part thereof, does not exceed 75 per cent. of the loan-to-foreclosure-value of the mortgaged property upon creation of the Portfolio Mortgage Loan.

The same criteria apply to the selection of Further Advance Receivables, unless stated otherwise.

Assignment Notification Events

If, *inter alia*:

- (a) the Seller fails to duly perform or comply with any of its obligations under the Mortgage Receivables Purchase Agreement or under any of the other Transaction Documents to which it is a party and such failure, if capable of being remedied, is not remedied within ten (10) Business Days after notice thereof; or
- (b) any representation, warranty or statement made or deemed to be made by the Seller in the Mortgage Receivables Purchase Agreement, other than the representations and warranties made in relation to the Portfolio Mortgage Loans and the Mortgage Receivables, or under any of the Transaction 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
- (c) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its dissolution (*ontbinding*) and liquidation (*vereffening*) or the Seller is subject to emergency regulations (*noodregeling*) or emergency measures (*opvangregeling*) as referred to in the Act on the Supervision of Insurance Companies 1993 (*Wet toezicht verzekeringsbedrijf 1993*) or applies for or is granted bankruptcy (*faillissement*) or for the appointment of a receiver or a similar officer of it or of any or all of its assets; or
- (d) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under the Transaction Documents; or
- (e) (i) the credit rating of AEGON N.V.'s long term unsecured, unsubordinated and unguaranteed debt obligations set or falls below Baa1 by Moody's or is withdrawn and (ii) the solvency ratio of AEGON Levensverzekering N.V. as calculated in accordance with the guidelines as in force on the date hereof of and reported to the Pension and Insurance Chamber (*Pensioen en Verzekeringskamer*) - which calculation commences immediately if the credit rating of AEGON N.V.'s long term unsecured, unsubordinated and unguaranteed debt obligations falls below A3 by Moody's or is withdrawn - falls below 150 per cent., or
- (f) the financial strength rating of the Seller is down-graded by S&P to below A-, or, in case of the Seller having a rating from Fitch, is downgraded by Fitch to below A-,

then, unless (i) in the event of the occurrence of an Assignment Notification Event referred to under (a) such failure, if capable of being remedied is so remedied to the satisfaction of the Issuer and the Security Trustee within a period of ten (10) Business Days, or (ii) in the event of the occurrence of an Assignment Notification Event referred to under (e) or (f) the Issuer and the Security Trustee having received confirmation from the Rating Agencies that no downgrading of

the Notes will occur as a result of not giving notice as described below, the Seller undertakes forthwith (i) to the extent required, to terminate (*opzeggen*) or waive (*afstand doen van*) the relevant Mortgage and the relevant Borrower Pledge, if any, granted by the relevant Borrowers to the effect that such mortgage right or right of pledge, if any, no longer secures other debts (if any) than the Mortgage Receivables (including, for the avoidance of doubt, any Further Advance Receivables) and (ii) to notify the relevant Borrower and any other related party indicated by the Issuer and/or the Security Trustee of the assignment of the Mortgage Receivables, all this substantially in accordance with the form of the notification letter attached to the Mortgage Receivables Purchase Agreement. The Issuer or the Security Trustee, on behalf of the Issuer, shall be entitled to effect such notification itself for which the Seller, to the extent required, has granted an irrevocable power of attorney to the Issuer and the Security Trustee.

Furthermore, as from the date the proposed change in the Dutch legislation regarding assignment (see under *Special Considerations*) becomes effective, the Issuer may, at its option, but only after the occurrence of an Assignment Notification Event register the Mortgage Receivables Purchase Agreement (and the attachments thereto, including the Deed of Assignment) with any governmental authority or authority indicated for that purpose under applicable law, in order to effect the transfer of the legal ownership of the Mortgage Receivables.

Further Advance

The Mortgage Receivables Purchase Agreement provides that as from the Closing Date up to and including the Quarterly Payment Date immediately preceding the Quarterly Payment Date falling in August 2011, subject to the Pre-Enforcement Principal Priority of Payments, the Issuer shall use the Available Principal Funds, to purchase and accept assignment of any Further Advance Receivables granted by the Seller to a Borrower in accordance with the underwriting criteria and procedures prevailing at that time and which may be expected from a reasonably prudent mortgage lender in the Netherlands. The purchase price payable by the Issuer in respect of the purchase and assignment of any Further Advance Receivables shall be equal to the aggregate principal amount outstanding in respect of such Further Advance Receivables at the date of completion of the sale and purchase thereof on the next succeeding Quarterly Payment Date.

The Issuer shall only purchase any Further Advance Receivables if sufficient funds are available for payment of the purchase price and each such Further Advance Receivable complies with certain conditions, including, *inter alia*, the conditions that at the relevant date of completion of the sale and purchase of the Further Advance Receivables:

- (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 Portfolio Mortgage Loans, the Mortgage Receivables and the Seller in the Mortgage Receivables Purchase Agreement with respect to the Further Advance Receivables sold and relating to the Seller;
- (b) no Assignment Notification Event has occurred and is continuing; and

- (c) the Portfolio Mortgage Loan (thus including the Further Advance) meets the Mortgage Loan Criteria; and
- (d) each of the Further Advance Criteria (as described below) are met.

Further Advance Criteria

Each of the following criteria (collectively the "**Further Advance Criteria**") applies in respect of an intended purchase of Further Advance Receivables:

- (a) the weighted average loan to foreclosure value ("**LTFV**") of all the Portfolio Mortgage Loans, including the Further Advance Receivables, does not exceed the LTFV of the Portfolio Mortgage Loans as at the Closing Date by more than 1.50 per cent.. The Issuer and the Seller may agree to a higher LTFV, subject to confirmation of the Rating Agencies that no downgrading of the Notes will occur as a result thereof;
- (b) the aggregate outstanding principal amount of the Further Advance Receivables to be purchased by the Issuer may (i) annually not exceed 5.00 per cent., and (ii) in aggregate not exceed 20 per cent. of the aggregate outstanding principal amount of the Portfolio Mortgage Loans as at the Closing Date;
- (c) the aggregate of the Realised Losses incurred as from the Closing Date up to the relevant Quarterly Payment Date does not exceed more than 1.00 per cent. of initial aggregate outstanding principal amount of the Portfolio Mortgage Loans at the Closing Date;
- (d) the Further Advance Receivables will not have a legal maturity beyond May 2067;
- (e) the aggregate outstanding principal of all Portfolio Mortgage Loans (including the relevant Further Advance) on the relevant Quarterly Payment Date does not exceed the aggregate outstanding principal amount of the Portfolio Mortgage Loans as at the Closing Date;
- (f) not more than 1.50 per cent. of the aggregate outstanding principal amount of the Mortgage Receivables are Delinquent Mortgage Receivables;
- (g) 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; and
- (h) the purchase of the Further Advance does not adversely affect the then current rating of the Notes by the Rating Agencies.

If either (i) any of the representations and warranties as set out in the Mortgage Receivables Purchase Agreement in respect of the Portfolio Mortgage Loan and the Mortgage Receivables is not true or correct with respect to the Further Advance Receivables, or (ii) the Further Advance Receivables do not meet the Mortgage Loan Criteria and the Further Advance Criteria, or (iii) the Issuer does not have

sufficient funds available for payment of the purchase price for the Further Advance Receivables, or (iv) the Further Advance is granted following the First Optional Redemption Date, the Seller shall repurchase and accept the re-assignment of the Mortgage Receivables resulting from the Portfolio Mortgage Loan in respect of which a Further Advance is granted.

When Further Advances are granted to the relevant Borrower and the Issuer purchases and accepts assignment of the relevant Further Advance Receivable, the Seller will at the same time create a right of pledge on such Further Advance Receivable in favour of the Security Trustee and the Issuer, respectively.

SERVICING AGREEMENT AND COMPANY ADMINISTRATION AGREEMENT

Services

In the Servicing Agreement the Servicer will agree to provide administration and management services to the Issuer on a day-to-day basis in relation to the Portfolio Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection of payments of principal, interest and other amounts in respect of the Mortgage Receivables, all administrative actions in relation thereto, and the implementation of arrears procedures including the enforcement of mortgage rights (see further *Mortgage Loan Underwriting* and *Servicing* above). The Servicer will be obliged to manage the Portfolio Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as mortgage loans in its own or, as the case may be, the Seller's portfolio.

Company Administration

The Company Administrator will in the Company Administration Agreement agree to provide certain administration, calculation and cash management services to the Issuer, including, *inter alia*, (a) the application of amounts received by the Issuer to the Issuer Accounts and the production of monthly reports in relation thereto, (b) procure that all drawings (if any) to be made by the Issuer from the Reserve Account are made, (c) procure that all payments to be made by the Issuer under the Swap Agreement are made, (d) procure that all payments to be made by the Issuer under the Notes are made in accordance with the Paying Agency Agreement and the Conditions, (e) the maintaining of all required ledgers in connection with the above, (f) all administrative actions in relation thereto, and (g) all calculations to be made pursuant to the Conditions under the Notes are made.

SUB-PARTICIPATION AGREEMENT

Under the Sub-Participation Agreement the Issuer will grant to (i) the Savings Mortgage Participant a Savings Participation in the relevant Savings Mortgage Receivables and Savings Investment Mortgage Receivables and (ii) the Conversion Participant a Conversion Participation in any converted Savings Investment Mortgage Receivables.

Savings Participation

In the Sub-Participation Agreement the Savings Mortgage Participant undertakes to pay to the Issuer:

- (a) at the Closing Date, the sum of the amounts paid up to (but excluding) such date by the relevant Borrowers to the Savings Mortgage Participant as Savings Premium or Savings Investment Premiums and accrued interest thereon under the respective Savings Mortgage Loans and Savings Investment Mortgage Loans (the "**Initial Savings Participation**");
- (b) on each Portfolio Payment Date an amount equal to the amounts switched (as described below under *Conversion Participation*) under Savings Investment Policies from investments in certain investment funds to the LHR during the Portfolio Calculation Period immediately preceding such Portfolio Payment Date (the "**Switched Savings Participation**"); and
- (c) on each Portfolio Payment Date an amount equal to the amount received by the Savings Mortgage Participant during the Portfolio Calculation Period immediately preceding such Portfolio Payment Date, as Savings Premium or Savings Investment Premium in respect of the relevant Savings Insurance Policies and Savings Investment Policies, respectively,

provided that in respect of each relevant Savings Mortgage Receivable and Savings Investment Mortgage Receivable no amounts will be paid to the extent as a result thereof the Savings Participation in such relevant Savings Mortgage Receivable or Savings Investment Mortgage Receivable would exceed the outstanding principal amount of such Savings Mortgage Receivable or Savings Investment Mortgage Receivable at such time (the "**Maximum Savings Participation Amount**").

As a consequence of such payments the Savings Mortgage Participant will acquire a savings mortgage participation (the "**Savings Participation**") in each of the relevant Savings Mortgage Receivables and Savings Investment Mortgage Receivables, which is equal to the Initial Savings Participation and the Switched Savings Participation in respect of the relevant Savings Mortgage Receivables and Savings Investment Mortgage Receivables, increased during each Portfolio Calculation Period with the amount calculated on the basis of the following formula (the "**Participation Increase**"):

$(P) \times R + S$, whereby

H

P = the Savings Participation on the first day of the relevant Portfolio Calculation Period in the Savings Mortgage Receivable or Savings Investment Mortgage Receivable, as the case may be;

S = the amount of the Savings Investment Premium or Savings Premium received in the relevant Portfolio Calculation Period in respect of the relevant Savings Mortgage Receivable or Savings Investment Mortgage Receivable, as the case may be, and paid to the Issuer by the Savings Mortgage Participant;

R = in respect of the relevant Savings Mortgage Receivable or Savings Investment Mortgage Receivable, as the case may be, the amount (i) of interest due, but not overdue, received from the relevant Borrower in the relevant Portfolio Calculation Period and/or (ii) of interest due, but unpaid, by the Borrower, but received from the Savings Mortgage Participant under the Sub-Participation Agreement;

H = the principal sum outstanding on the Savings Mortgage Receivable or, as the case may be, Savings Investment Mortgage Receivable on the first day of the relevant Portfolio Calculation Period.

In consideration for the undertaking of the Savings Mortgage Participant described above, the Issuer will undertake to pay to the Savings Mortgage Participant on each Portfolio Payment Date an amount equal to the Savings Participation in each of the Savings Mortgage Receivables and Savings Investment Mortgage Receivables in respect of which amounts have been received during the relevant Portfolio Calculation Period (i) by means of repayment and prepayment under the relevant Mortgage Receivables from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, and, furthermore, excluding amounts paid as partial prepayments on the Savings Mortgage Receivables and Savings Investment Mortgage Receivables, (ii) in connection with a repurchase of Savings Mortgage Receivables and Savings Investment Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement and any other amounts received pursuant to the Mortgage Receivables Purchase Agreement to the extent such amounts relate to principal, (iii) in connection with a sale of Savings Mortgage Receivables and Savings Investment Mortgage Receivable pursuant to the Trust Deed to the extent such amounts relate to principal, unless the Savings Participation is assigned to the purchaser of the relevant Savings Mortgage Receivable and Savings Investment Mortgage Receivable and (iv) as Net Proceeds on any Savings Mortgage Receivable or Savings Investment Mortgage Receivable to the extent such amounts relate to principal (the "**Savings Participation Redemption Available Amount**").

Reduction of Participation

If:

- (i) a Borrower invokes a right of set-off or a defence against any person in respect of the relevant Savings Mortgage Receivables or the Savings Investment Mortgage Receivables, as the case may be, based upon a default in the performance, whether in whole or in part and for any reason, by the Savings Mortgage Participant of its obligations under the relevant Savings Insurance Policy or Savings Investment Policy, as the case may be; or

- (ii) the Savings Mortgage Participant fails to pay any amount due by it to the Seller or the Issuer, as the case may be, under or in connection with any of the Savings Insurance Policies and/or the Seller fails to pay any amount due by it to the Issuer in accordance with the Mortgage Receivables Purchase Agreement in respect of a Savings Mortgage Receivable or an Savings Investment Mortgage Receivable;

and, as a consequence thereof, the Issuer will not have received any amount which it would have received if such defence or failure to pay would not have been made in respect of such Savings Mortgage Receivable or Savings Investment Mortgage Receivable, the Savings Participation of the Savings Mortgage Participant in respect of such Investment Savings Mortgage Receivables or Savings Mortgage Receivables, will be reduced by an amount equal to the amount which the Issuer has failed to so receive and the calculation of the Savings Participation Redemption Available Amount shall be adjusted accordingly.

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 Mortgage Participant may, and if so directed by the Savings Mortgage Participant shall, by notice to the Issuer:

- (i) declare that the obligations of the Savings Mortgage Participant under the Sub-Participation Agreement are terminated;
- (ii) declare the Savings Participation to be immediately due and payable, whereupon it shall become so due and payable, but such payment obligations shall be limited to the Savings 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 Savings Investment Mortgage Receivables.

Conversion Participation

Pursuant to the conditions applicable to the Savings Investment Policies taken out by the Borrower with the Insurance Company in relation to a Universal Life Mortgage Loan, a Borrower may convert, in whole or in part (*switchen*) amounts invested in the LHR into investments in certain other investment funds. Pursuant to the Sub-Participation Agreement, upon such switch, the Seller, in its capacity of Conversion Participant will thereafter participate in the converted Mortgage Loan, in an amount pro rata to the converted part of the Savings Participation in the Mortgage Loan (the "**Conversion Participation**"). The Conversion Participation will, unlike the Savings Participation, not increase monthly with the interest received on such Conversion Participation, as the interest on the Conversion Participation will be paid directly to the Conversion Participant. In addition, the Conversion Participant is entitled to receive the Conversion Participation Redemption Available Amount (as defined in the Master Definitions Agreement). Conversion Participations may be reconverted into Savings Participations.

Termination

If one or more of the Savings Mortgage Receivables and/or Savings Investment Mortgage Receivables 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 Conversion Participation or Savings Participation in such Savings Mortgage Receivables and Savings Investment Mortgage Receivables will terminate and the Savings Participation Redemption Available Amount and the Conversion Participation Redemption Available Amount, respectively, in respect of the Savings Mortgage Receivables and, as the case may be, Savings Investment Mortgage Receivables will be paid by the Issuer to the Savings Mortgage Participant or Conversion Participant. If so requested by the Conversion Participant or Savings Mortgage Participant, the Issuer will undertake its best efforts to ensure that the acquirer of the Savings Mortgage Receivables and Savings Investment Mortgage Receivables will enter into a sub-participation agreement with the Savings Mortgage Participant or Conversion Participant in a form similar to the Sub-Participation Agreement. Furthermore, the Savings Participation and Conversion Participation envisaged in the Sub-Participation Agreement shall terminate if at the close of business of any Portfolio Calculation Date each of the Savings Mortgage Participant and Conversion Participant has received each Savings Participation and Conversion Participation in respect of the Savings Mortgage Receivables and Savings Investment Mortgage Receivables respectively.

SAECURE 4 B.V.

The Issuer was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands on 22 April 2004 under number B.V. 1275365. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands and its registered office is at 1076 EE Amsterdam, Frederik Roeskestraat 123, the Netherlands. The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34206014.

The objectives of the Issuer are (a) to acquire, purchase, conduct the management of, dispose of and encumber receivables and to exercise any rights connected to such receivables, (b) to take up loans by way of issue of securities or by entering into loan agreements to acquire the receivables mentioned under (a), (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, (i) to take up loans by issuing securities or by entering into loan agreements amongst others to perform the obligations under the securities mentioned under (b), and (ii) 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 € 20,000, of which € 20,000 has been issued and is fully paid. All shares of the Issuer are held by Stichting SAECURE Holding.

Stichting SAECURE Holding is a foundation (*stichting*) incorporated under the laws of the Netherlands on 4 December 2000. The objects of Stichting SAECURE Holding are to, inter alia, acquire and 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 SAECURE Holding is ATC Corporate Services (Netherlands) B.V. The managing directors of ATC Corporate Services (Netherlands) B.V. are J.H. Scholts, R.F. Govaerts, G.F.X.M. Nieuwenhuizen, A.G.M. Nagelmaker, D.P. Stolp and J. Lont.

The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform the Transaction 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, J. Lont and A.G.M. Nagelmaker.

The financial year of the Issuer coincides with the calendar year. The first financial year shall end on 31 December 2004.

Capitalisation

The following table shows the capitalisation of the Issuer as of 22 April 2004 as adjusted to give effect to the issue of the Notes. Copies of the Deed of Incorporation and the Articles of Association of the Issuer may be obtained at the specified offices of the Issuer and at the specified offices of the Paying Agent during normal business hours.

Share Capital

Authorised Share Capital	€ 20,000
Issued Share Capital	€ 20,000

Borrowings

Senior Class A Notes	€ 973,000,000
Mezzanine Class B Notes	€ 13,500,000
Mezzanine Class C Notes	€ 31,500,000
Junior Class D Notes	€ 27,000,000
Subordinated Class E Notes	€ 13,500,000
Initial Savings Participation	€ 40,439,471

Exempted Credit Institution

The Issuer is not subject to any licence requirement under Section 6 of the Act on the Supervision of Credit Institutions 1992 (*Wet toezicht kredietwezen 1992*), due to the fact that the Notes will be offered solely to professional market parties within the meaning of Section 2 of the Exemption Regulation of 26 June 2002 in respect of the Act on the Supervision of Credit Institutions 1992 (*Vrijstellingsregeling Wet toezicht kredietwezen 1992*), as amended from time to time (the "**Exemption Regulation**") and Section 2 of the policy rules of the Dutch Central Bank (*de Nederlandsche Bank N.V.*) on key concepts of market access and enforcement of the Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*) published on 10 July 2002 (*Beleidsregel kernbegrippen markttoetreding en handhaving Wtk 1992*) ("**PMP's**"), and all other repayable funds (*opvorderbare gelden*) obtained by the Issuer are obtained from PMP's.

Auditors' Report

The following is the text of a report received by the Board of Managing Directors of the Issuer from Ernst & Young Accountants, the auditors to the Issuer:

To the Director of SAECURE 4 B.V.

The Hague, 16 June 2004

Dear Sirs,

SAECURE 4 B.V. (the "**Issuer**") was incorporated on 22 April 2004 under number B.V. 1275365 with an issued share capital of € 20,000. The Issuer has not yet prepared any financial statements. Since its

incorporation, the Issuer has not traded, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in the Offering Circular dated 16 June 2004.

Yours faithfully,
Ernst & Young Accountants

USE OF PROCEEDS

The aggregate proceeds of the Notes to be issued on the Closing Date amount to € 1,058,500,000. The net proceeds of the issue of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes will be applied on the Closing Date to pay part of the Initial Purchase Price for the Mortgage Receivables purchased under the Mortgage Receivables Purchase Agreement. The remaining amount will be deposited to the Construction Deposit Account for payments relating to Construction Deposits. The net proceeds of the issue of the Subordinated Class E Notes will be used to fund the Reserve Account.

DESCRIPTION OF SECURITY

The Notes will be secured indirectly, through the Security Trustee, by the Trust Deed to be entered into by the Issuer and the Security Trustee, acting as security trustee for (i) the Managers as initial Noteholders, (ii) the Directors, (iii) the Company Administrator, (iv) the Servicer, (v) the Paying Agent, (vi) the Reference Agent, (vii) the Liquidity Facility Provider, (viii) the Swap Counterparty, (ix) the Savings Mortgage Participant, (x) the Conversion Participant, (xi) the Seller and (xii) the Noteholders (together the "**Security Beneficiaries**"). The Issuer will agree in the Trust Deed, to the extent necessary in advance, to pay to the Security Trustee any amounts equal to any and all amounts of all its obligations to all Security Beneficiaries from time to time due in accordance with the terms and conditions of the relevant Transaction Documents, including, without limitation, the Notes (the "**Principal Obligations**"), which payment undertaking and the obligations and liabilities resulting therefrom is herein referred to as the "**Parallel Debt**".

The Parallel Debt of the Issuer to the Security Trustee will be secured by (i) a first ranking pledge by the Seller to the Security Trustee over the Mortgage Receivables (including any parts thereof which are balanced by Construction Deposits) pursuant to the Mortgage Receivables Pledge Agreement I (as defined below), including all rights ancillary thereto in respect of the Portfolio Mortgage Loans and the rights of the Seller as beneficiary under the Savings Insurance Policies, the Life Insurance Policies, the Savings Investment Policies and the Risk Insurance Policies (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 the Mortgage Receivables Purchase Agreement, the Swap Agreement, the Servicing Agreement, the Floating Rate GIC, the Liquidity Facility Agreement, the Beneficiary Waiver Agreement, the Sub-Participation Agreement, and in respect of the Issuer Accounts (as referred to below).

The Seller, the Issuer and the Security Trustee will enter into a pledge agreement (the "**Mortgage Receivables Pledge Agreement I**") pursuant to which a first ranking undisclosed right of pledge (*stil pandrecht eerste in rang*) will be granted by the Seller to the Security Trustee over the Mortgage Receivables and a first ranking disclosed right of pledge (*openbaar pandrecht eerste in rang*) will be granted by the Seller to the Security Trustee over the Beneficiary Rights in order to create security for all liabilities of (i) the Issuer to the Security Trustee in connection with the Trust Deed, including the Parallel Debt, and (ii) the Seller to the Security Trustee under or in connection with the Transaction Documents, amongst others the Mortgage Receivables Purchase Agreement including but not limited to the Security Trustee Penalty provided in Clause 11 thereof, and the Servicing Agreement. Pursuant to the Mortgage Receivables Pledge Agreement I, the Seller further undertakes, in respect of any Further Advance Receivables, to grant a first ranking right of pledge on the relevant Further Advance Receivables (unless the Mortgage Receivables resulting from a Portfolio Mortgage Loan in respect of which a Further Advance is granted is being repurchased and reassigned by the Seller) on the relevant purchase date. In this respect, the Issuer and the Security Trustee acknowledge that (i) the Parallel Debt constitutes undertakings, obligations and liabilities of the Issuer to the Security Trustee which are separate and independent from and without prejudice to the Principal Obligations of the Issuer to any Security Beneficiary, and (ii) the Parallel Debt represents the Security Trustee's own claim (*vordering*) to receive payment of the Parallel Debt from the Issuer, provided that the aggregate amount that may

become due under the Parallel Debt will never exceed the aggregate amount that may become due under all of the Principal Obligations to the Security Beneficiaries. The same applies *mutatis mutandis* for the Security Trustee Penalty.

The pledge of the Mortgage Receivables provided in the Mortgage Receivables Pledge Agreement I will not be notified to the Borrowers except in case of certain Pledge Notification Events. These Pledge Notification Events will, to a large extent, be similar to the Assignment Notification Events defined in the Mortgage Receivables Purchase Agreement. Prior to notification of the pledge to the Borrowers, the pledge will be an undisclosed right of pledge (*stil pandrecht*) within the meaning of section 3:239 of the Dutch Civil Code. The pledge of the Beneficiary Rights will be disclosed to the Insurance Company and will, therefore, be a disclosed right of pledge (*openbaar pandrecht*) within the meaning of section 3:236 of the Dutch Civil Code.

In addition, the Seller, the Issuer and the Security Trustee will enter into a second pledge agreement (the "**Mortgage Receivables Pledge Agreement II**") pursuant to which a second ranking undisclosed right of pledge (*stil pandrecht tweede in rang*) over the Mortgage Receivables and a second ranking disclosed right of pledge (*openbaar pandrecht tweede in rang*) over the Beneficiary Rights will be granted by the Seller to the Issuer and pursuant to which the Seller in respect of any Further Advance Receivables, if any, undertakes to grant a second ranking right of pledge on the relevant Further Advance Receivables (unless the Mortgage Receivables resulting from a Portfolio Mortgage Loan in respect of which a Further Advance is granted is being repurchased and reassigned by the Seller) on the relevant purchase date. This right of pledge will secure all liabilities of the Seller under the Mortgage Receivables Purchase Agreement, including the obligation to pay a penalty if, for whatever reason, the transfer of legal ownership of Mortgage Receivables to the Issuer is not completed. The penalty will be due to the Issuer or, if a Pledge Notification Event (as defined in the Issuer Rights Pledge Agreement) has occurred, to the Security Trustee. The penalty is drafted in such manner that any detrimental effects resulting from the failure to transfer legal ownership of the Mortgage Receivables to the Issuer will, to the extent possible, be eliminated. Any amount due to the Security Trustee will be reduced by any amount paid in respect of the penalty to the Issuer and any amount due to the Issuer in respect of the penalty will be reduced by any amount paid to the Security Trustee. This right of pledge on the Mortgage Receivables will also be an undisclosed pledge as described above and the right of pledge on the Beneficiary Rights will also be a disclosed right of pledge, all as described above.

Finally, the Issuer will vest a right of pledge on any and all existing and future rights and claims that are owed and will be owed to the Issuer (the "**Issuer Rights**") under (i) the Mortgage Receivables Purchase Agreement (including the right to receive payment of the penalty as described above), (ii) the Servicing Agreement, (iii) the Swap Agreement (iv) the Liquidity Facility Agreement, (v) the Sub-Participation Agreement and (vi) the Beneficiary Waiver Agreement (the "**Issuer Rights Pledge Agreement**") in favour of the Security Trustee. This right of pledge secures any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt. Furthermore, on the Closing Date, the Issuer will vest, in favour of the Security Trustee, a right of pledge in respect of any and all current and future monetary claims of the Issuer vis-à-vis the Floating Rate GIC Provider in

respect of the Floating Rate GIC and the Issuer Accounts (the "**Issuer Accounts Pledge Agreement**"). The pledge pursuant to each of the Issuer Rights Pledge Agreement and the Issuer Accounts Pledge Agreement will be notified to the relevant obligors and will, therefore be a disclosed right of pledge (*openbaar pandrecht*).

Upon enforcement of the pledges created pursuant to the Security Documents (which is after delivery of an Enforcement Notice), the Security Trustee shall apply the net proceeds received or recovered towards satisfaction of the Parallel Debt. The Security Trustee shall subsequently distribute such net proceeds (after deduction of the amounts due and payable to the Savings Mortgage Participant and the Conversion Participant under the Sub Participation Agreement) to the Security Beneficiaries (other than the Savings Mortgage Participant and the Conversion Participant). All amounts to be so distributed by the Security Trustee will be paid in accordance with the Post-Enforcement Priority of Payments, as the case may be (as set forth in *Credit Structure* above).

The security provided pursuant to the provisions of the Trust Deed and the Pledge Agreements shall indirectly, through the Security Trustee, serve as security for the benefit of the Security Beneficiaries, including, without limitation, each of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders, but amounts owing to the Mezzanine Class B Noteholders will rank junior to amounts owing to the Senior Class A Noteholders and amounts owing to the Mezzanine Class C Noteholders will rank junior to the amounts owing to the Senior Class A Noteholders and the Mezzanine Class B Noteholders and the amounts owing to the Junior Class D Noteholders will rank junior to the amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders and the Mezzanine Class C Noteholders and amounts owing to the Subordinated Class E Noteholders will rank junior to the amounts owing to the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders and the Junior Class D Noteholders (see *Credit Structure* above).

THE SECURITY TRUSTEE

Stichting Security Trustee SAECURE 4 (the "**Security Trustee**") is a foundation (*stichting*) incorporated under the laws of the Netherlands on 22 April 2004. It has its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands and its office at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Security Trustee is registered with the Commercial Register of the Chamber of Commerce for Amsterdam under number 3420615.

The objects of the Security Trustee are (a) to act as agent and/or trustee; (b) to acquire security rights as agent and/or trustee and/or for itself; (c) to hold, administer and to enforce the security rights mentioned under (b); (d) to borrow money and (e) to perform any and all acts which are related, incidental or which may be conducive to the above.

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V. incorporated under the laws of the Netherlands and having its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands.

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the € 973,000,000 Senior Class A Mortgage-Backed Notes 2004 due 2036 the "**Senior Class A Notes**", the € 13,500,000 Mezzanine Class B Mortgage-Backed Notes 2004 due 2069 (the "**Mezzanine Class B Notes**"), the € 31,500,000 Mezzanine Class C Mortgage-Backed Notes 2004 due 2069 (the "**Mezzanine Class C Notes**"), the € 27,000,000 Junior Class D Mortgage-Backed Notes 2004 due 2069 (the "**Junior Class D Notes**") and the € 13,500,000 Subordinated Class E Notes 2004 due 2069 (the "**Subordinated Class E Notes**" and together with the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes the "**Notes**") was authorised by a resolution of the managing director of SAECURE 4 B.V. (the "**Issuer**") passed on 21 May 2004. The Notes are issued under a trust deed (the "**Trust Deed**") dated 16 June 2004 (or such later date as may be agreed between the Managers and the Issuer) (the "**Signing Date**") between the Issuer and Stichting Security Trustee SAECURE 4 (the "**Security Trustee**").

Under a paying agency agreement dated 16 June 2004 (the "**Paying Agency Agreement**") by and between the Issuer and ABN AMRO Bank N.V. as paying agent (the "**Paying Agent**") and as reference agent (the "**Reference Agent**", and together with the Paying Agent, the "**Agents**") provision is made for, among other things, the payment of principal and interest in respect of the Notes.

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 Paying Agency Agreement, (ii) the Trust Deed, which will include the form of the Notes and the interest coupons appertaining to the Notes (the "**Coupons**"), the forms of the Temporary Global Notes and the Permanent Global Notes, (iii) a mortgage receivables purchase agreement (the "**Mortgage Receivables Purchase Agreement**") dated the Signing Date between AEGON Levensverzekering N.V., as seller (the "**Seller**"), the Issuer and the Security Trustee, (iv) a servicing agreement (the "**Servicing Agreement**") dated the Signing Date between the Issuer, AEGON Levensverzekering N.V., as servicer (the "**Servicer**") and the Security Trustee, (v) a company administration agreement (the "**Company Administration Agreement**") dated the Signing Date between Issuer, ATC Financial Services B.V., as administrator (the "**Company Administrator**") and the Security Trustee, (vi) a mortgage receivables pledge agreement (the "**Mortgage Receivables Pledge Agreement I**") dated the Signing Date between the Seller, the Issuer and the Security Trustee, (vii) a mortgage receivables pledge agreement (the "**Mortgage Receivables Pledge Agreement II**") dated the Signing Date between the Seller, the Security Trustee and the Issuer (viii) an issuer rights pledge agreement (the "**Issuer Rights Pledge Agreement**") dated the Signing Date between, *inter alia*, the Issuer and the Security Trustee and (ix) an issuer accounts pledge agreement (the "**Issuer Accounts Pledge Agreement**") dated the Signing Date between, *inter alia*, the Issuer and the Security Trustee (jointly with the three pledge agreements referred to under (v), (vi) and (vii) above, the "**Pledge Agreements**" and the Pledge Agreements

together with the Trust Deed, the "**Security Documents**") and together with certain other agreements, including all aforementioned agreements and the Notes, the "**Transaction Documents**").

Certain words and expressions used below are defined in a master definitions agreement (the "**Master Definitions Agreement**") dated the Signing Date and signed by the Issuer, the Security Trustee, the Seller and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. As used herein, "**Class**" means the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes or the Subordinated Class E Notes, as the case may be.

Copies of the Mortgage Receivables Purchase Agreement, the Trust Deed, the Paying Agency Agreement, the Servicing Agreement, the Pledge Agreements, the Master Definitions Agreement and certain other agreements are available for inspection free of charge by holders of the Notes at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Fred. Roeskestraat 123, 1076 EE 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 Pledge Agreements and the Master Definitions Agreement.

1. Form, Denomination and Title

(a) Definitive Notes

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of € 500,000 each. Under Dutch law, the valid transfer of Notes requires, *inter alia*, delivery (*levering*) thereof. The Issuer, the Security Trustee and the Paying Agents 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.

(b) Legend on Definitive Notes

The Definitive Notes and the Coupons will bear the following legend: "Any United States Person (as defined in the Internal Revenue Code), who holds this obligation will be subject to the limitations under the United States income tax laws, including limitations provided in section 165(j) and 1287(a) of the Internal Revenue Code". The sections referred to in the legend provide that such a United States Person will not, with certain exceptions, be permitted to deduct any loss, and will not be eligible for favourable capital gains treatment with respect to any gain, realised on a sale, exchange or redemption of a Definitive Note or Coupon.

2. Status, Relationship between the Notes and Security

(a) Status

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.

In accordance with the provisions of Conditions 4, 6 and 9, and the Trust Deed (i) payments of, respectively, principal and interest on the Mezzanine Class B Notes are subordinated to, *inter alia*, payments of principal and interest, respectively, on the Senior Class A Notes, (ii) payments of, respectively, principal and interest on the Mezzanine Class C Notes are subordinated to, *inter alia*, payments of principal and interest, respectively, on the Senior Class A Notes and the Mezzanine Class B Notes, (iii) payments of, respectively, principal and interest on the Junior Class D Notes are subordinated to, *inter alia*, payments of principal and interest, respectively, on the Senior Class A Notes, the Mezzanine Class B Notes and the Mezzanine Class C Notes, and (iv) payments of, respectively, principal and interest on the Subordinated Class E Notes are subordinated to, *inter alia*, payments of principal and interest, respectively, on the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes, provided that payment of principal on the Subordinated Class E Notes will be made on each Quarterly Payment Date in accordance with Condition 6(g).

(b) Security

The Security Beneficiaries, including, *inter alia*, the Noteholders, benefit from the security for the obligations of the Issuer towards the Security Trustee (the "**Security**"), which will be created pursuant to, and on the terms set out in, the Trust Deed, the Security Beneficiaries Agreement and the Pledge Agreements, which will create, *inter alia*, the following security rights:

- (i) a first ranking pledge by the Seller to the Security Trustee over the Mortgage Receivables and the rights of the Seller as beneficiary under the Insurance Policies (the "**Beneficiary Rights**") and all ancillary rights;
- (ii) a first ranking pledge by the Issuer to the Security Trustee over the Issuer's rights (a) against the Seller under or in connection with the Mortgage Receivables Purchase Agreement; (b) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC; (c) against the Servicer under or in connection with the Servicing Agreement; (d) against the Swap Counterparty under or in connection with the Swap Agreement; (e) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement; (f) against the Savings Mortgage Participant and Conversion Participant under the Sub-Participation Agreement; and (g) against the Seller under or in connection with the Beneficiary Waiver Agreement;

- (iii) a first ranking pledge by the Issuer to the Security Trustee on the Issuer's claims in respect of the Issuer Accounts.

The holders of the Notes will benefit from the Security. The Senior Class A Notes will rank in priority to the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, the Mezzanine Class B Notes will rank in priority to the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes, the Mezzanine Class C Notes will rank in priority to the Junior Class D Notes and the Subordinated Class E Notes, and the Junior Class D Notes will rank in priority to the Subordinated Class E Notes. The Trust Deed contains provisions requiring the Security Trustee to have regard to the interests of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders, as regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) each as a Class, and need not to have regard to the consequences of such exercise for individual Noteholders but requiring the Security Trustee in any such case to have regard only to the interests of the Senior Class A Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Senior Class A Noteholders on one hand and the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders on the other hand and, if no Senior Class A Notes are outstanding, to have regard only to the interests of the Mezzanine Class B Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Mezzanine Class B Noteholders on the one hand and the Mezzanine Class C Noteholders, the Junior Class D Noteholders and the Subordinated Class E Noteholders on the other hand and, if no Mezzanine Class B Notes are outstanding, to have regard only to the interests of the Mezzanine Class C Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Mezzanine Class C Noteholders on the one hand and the Junior Class D Noteholders and the Subordinated Class E Noteholders on the other hand and, if no Mezzanine Class C Notes are outstanding, to have regard only to the interests of the Junior Class D Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Junior Class D Noteholders on the one hand and the Subordinated Class E Noteholders on the other hand. In addition, the Security Trustee shall have regard to the interests of the other Security Beneficiaries, provided that in case of a conflict of interest between the Security Beneficiaries the priority of payments set forth in the Trust Deed determines which interest of which Security Beneficiary 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 Dutch business practice and in accordance with the requirements of Dutch law and accounting practice and shall not, except to the extent permitted by the Transaction Documents, or with the prior written consent of the Security Trustee:

- (a) carry out any business other than as described in the Offering Circular dated 16 June 2004 relating to the issue of the Notes and as contemplated in the Transaction Documents;
- (b) incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Transaction Documents;
- (c) create, promise to create or permit to subsist any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Transaction Documents;
- (d) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Deed and the Pledge Agreements, or the priority of the security created thereby or pursuant thereto to be amended, terminated, 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 Transaction Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account other than the Transaction Account, the Reserve Account and the Construction Deposit Account, unless all rights in relation to such account will have been pledged to the Security Trustee as provided in Condition 2(b)(iii);
- (h) amend, supplement or otherwise modify its articles of association or other constitutive documents;
- (i) pay any dividend or make any other distribution to its shareholder(s) or issue any further shares; or
- (j) engage in any activity whatsoever which is not incidental to or necessary in connection with, any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in.

4. Interest

(a) Period of Accrual

The Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6) 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 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 actual days elapsed in the Quarterly Interest Period divided by 360 days.

(b) Interest Periods and Payment Dates

Interest on the Notes shall be payable by reference to successive interest periods (each a "**Quarterly Interest Period**") and will be payable in arrear in euro in respect of the Principal Amount Outstanding (as defined in Condition 6) of the Notes, respectively, on the 25th day of February, May, August and November, in each year, or if such day is not a Business Day (as defined below), the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 25th day is the relevant Business Day (each such day being a "**Quarterly Payment Date**"). A "**Business Day**" means a day on which banks are open for business in Amsterdam, the Netherlands and London, United Kingdom, 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 Quarterly 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 Quarterly Interest Period, which will commence on the Closing Date and end (but exclude) the Quarterly Payment Date falling in August 2004.

(c) Interest on the Notes

Except for the first Quarterly Interest Period whereby interest will accrue from the Closing Date at an annual rate equal to the linear interpolation between the Euro Interbank Offered Rate ("**Euribor**") for two-month deposits in Euros and the Euribor for three-month deposits in Euros, interest on the Notes for each Quarterly Interest Period will from the Closing Date up to (but excluding) the First Optional Redemption Date accrue at an annual rate equal to the sum of the Euribor for three-month deposits in euros, plus:

- (i) for the Senior Class A Notes, a margin of 0.15 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 0.27 per cent. per annum;
- (iii) for the Mezzanine Class C Notes, a margin of 0.40 per cent. per annum;
- (iv) for the Junior Class D Notes, a margin of 0.80 per cent. per annum; and
- (v) for the Subordinated Class E Notes a margin of 1.90 per cent. per annum.

(d) Interest following the First Optional Redemption Date

If on the First Optional Redemption Date (as defined in Condition 6) the Notes of any Class have not been redeemed in full, the margin of each Class of Notes (other than the Subordinated Class E Notes) will increase, and the rate of interest applicable to the Notes will then be equal to the sum of Euribor for three-month deposits, payable by reference to Quarterly Interest Periods on each Quarterly Payment Date, plus:

- (i) for the Senior Class A Notes, a margin of 1.00 per cent. per annum;
- (ii) for the Mezzanine Class B Notes, a margin of 1.25 per cent. per annum;
- (iii) for the Mezzanine Class C Notes, a margin of 1.50 per cent. per annum;
- (iv) for the Junior Class D Notes, a margin of 2.75 per cent. per annum; and
- (v) for the Subordinated Class E Notes, a margin of 1.90 per cent. per annum.

(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 Quarterly Interest Period the rate equal to the sum of the Euribor for three-month deposits in euro. 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 (2) Business Days preceding the first day of each Quarterly 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 (4) major banks in the euro-zone interbank market (the "**Reference Banks**") to provide a quotation for the rate at which three-month euro deposits are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and
 - (B) determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and

- (iii) if fewer than two (2) such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for three-month deposits to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and Euribor for such Quarterly 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 Quarterly Interest Period, Euribor applicable during such Quarterly Interest Period will be Euribor last determined in relation thereto.

- (f) *Determination of Floating Rate of Interest and Calculation of the Floating Interest Amount*
The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each relevant Interest Determination Date, determine the floating rates of interest referred to in paragraphs (c) and (d) above for each relevant Class of Notes (the "**Floating Rate of Interest**") and calculate the amount of interest payable on this Class of Notes for the following Quarterly Interest Period (the "**Floating Interest Amount**") by applying the relevant Floating Rate of Interest to the Principal Amount Outstanding of the relevant Class of Notes. The determination of the relevant Floating Rate of Interest and the Floating Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.
- (g) *Notification of the Floating Rate of Interest and the Floating Interest Amount*
The Reference Agent will cause the relevant Floating Rate of Interest and the relevant Floating Interest Amount and the Quarterly Payment Date applicable to each relevant Class of Notes to be notified to the Issuer, the Security Trustee, the Paying Agent, the Company Administrator, Euronext Amsterdam N.V. ("**Euronext Amsterdam**") and to the holders of such Class of Notes by an advertisement in the English language in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam. The Floating Interest Amount and 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 Quarterly Interest Period.
- (h) *Determination or Calculation by Security Trustee*
If the Reference Agent at any time for any reason does not determine the relevant Floating Rate of Interest or fails to calculate the relevant Floating Interest Amount in accordance with paragraph (f) above, the Security Trustee shall determine the relevant Floating Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (f) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Floating

Interest Amount in accordance with paragraph (f) above, and each such determination or calculation shall 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 ninety (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) *Global Notes*

For so long as the Notes are represented by a Global Note, payments of principal and interest will be made in Euro to Euroclear and Clearstream, Luxembourg, as the case may be, for the credit of the respective accounts of the Noteholders.

(b) *Definitive Notes*

(i) Payment of principal and interest in respect of Definitive Notes will be made upon presentation of the Definitive Note and against surrender of the relevant Coupon appertaining thereto, at any specified office of the Paying Agent in cash or by transfer to a 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.

(ii) At the Final Maturity Date (as defined in Condition 6), or such earlier date the Notes become due and payable, the Definitive Notes should be presented for payment together with all unmatured Coupons appertaining thereto, failing which the full amount of any such missing unmatured Coupons (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupons which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of five years following the due date for payment of such principal (whether or not such Coupons would have become unenforceable pursuant to Condition 8).

- (iii) 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 ("**Local Business Day**"), the holder thereof shall not be entitled to payment until the next following Local Business Day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the Local Business Day immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and of its office is set out below.
- (iv) 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 that the Issuer will at all times maintain a paying agent having a specified office in the European Union which, for as long as the Notes are listed on the Official Segment of the stock market of Euronext Amsterdam shall be located in the Netherlands. Notice of any termination or appointment of a Principal Paying Agent or a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Noteholders in accordance with Condition 13.

6. Redemption

(a) Definitions

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

The "**Principal Amount Outstanding**" on any Notes Calculation Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts (as defined in Condition 6 (c) and 6 (g) below) in respect of that Note that have become due and payable prior to such Notes Calculation Date.

"**Available Principal Funds**" shall mean, on any Notes Calculation Date, the sum of the following amounts received by the Issuer during the Notes Calculation Period immediately preceding such Notes Calculation Date:

- (i) as repayment and prepayment in full of principal under the Mortgage Receivables, from any person, whether by set-off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any, less, with respect to each Savings Investment Mortgage Receivable and each Savings Mortgage Receivable, the Conversion Participation or Savings Participation as the case may be, in such Savings Investment Mortgage Receivable or Savings Mortgage Receivable;
- (ii) as Net Proceeds on any Mortgage Receivables, to the extent such proceeds relate to principal, less, with respect to each Savings Investment Mortgage Receivable and

each Savings Mortgage Receivable, the Conversion Participation or Savings Participation, as the case may be, in such Savings Investment Mortgage Receivable or Savings Mortgage Receivable;

- (iii) as amounts received in connection with a repurchase or sale of Mortgage Receivables pursuant to the Mortgage Receivables Purchase Agreement or the Trust Deed, as the case may be, or 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 Investment Mortgage Receivable and each Savings Mortgage Receivable, the Conversion Participation or Savings Participation, as the case may be, in such Savings Investment Mortgage Receivable or Savings Mortgage Receivable;
- (iv) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Company Administration Agreement;
- (v) as Participation Increase pursuant to the Sub-Participation Agreement;
- (vi) as partial prepayment in respect of Mortgage Receivables;
- (vii) as amounts no longer payable to the Seller or the Borrowers which were standing to the credit of the Construction Deposit Account in accordance with the Mortgage Receivables Purchase Agreement; and
- (viii) any part of the Available Principal Funds calculated on the immediately preceding Notes Calculation Date which has not been applied towards satisfaction of the items set forth in the Pre-Enforcement Principal Priority of Payments on the immediately preceding Quarterly Payment Date.

"Net Proceeds", shall mean (i) the proceeds of a foreclosure on the Mortgage, (ii) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (iii) the proceeds, if any, of collection of any Insurance Policies or other insurance policies in connection with the Mortgage Receivable, including but not limited to fire insurance, (iv) the proceeds of any guarantees or sureties, and (v) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs in respect of such Mortgage Receivable. The term "foreclosure" shall include any lawful manner of generating proceeds from collateral, whether by public auction, by private sale or otherwise.

"Notes Calculation Date" means, in relation to a Quarterly Payment Date, the third Business Day prior to such Quarterly Payment Date.

"Notes Calculation Period" means, in relation to a Notes Calculation Date, the three (3) successive Portfolio Calculation Periods immediately preceding such Notes Calculation Date;

"Portfolio Calculation Period" means the period commencing on (and including) the second day of each calendar month and ending on (but excluding) the second day of the next succeeding calendar month.

"Realised Losses" means, on any Notes Calculation Date, the amount of the difference between (i) the aggregate outstanding principal amount of all Mortgage Receivables on which the Seller, the Servicer or the Security Trustee has foreclosed from the Closing Date up to and including such Notes Calculation Date and (ii) the Net Proceeds applied to reduce the outstanding principal amount of such Mortgage Receivables excluding the Savings Participations and/or, as the case may be, Conversion Participations.

(b) Final Redemption

Unless previously redeemed as provided below, the Issuer will, subject to Condition 9(b), redeem (i) the Senior Class A Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in May 2036 and (ii) the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes and the Subordinated Class E Notes at their respective Principal Amount Outstanding on the Quarterly Payment Date falling in May 2069 (such date in respect of the relevant Note, the **"Final Maturity Date"**).

(c) Redemption prior to delivery of an Enforcement Notice

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall on each Quarterly Payment Date apply the Available Principal Funds (as defined below), subject to the possible application thereof up to and including the Quarterly Payment Date falling in August 2011, for payment of the purchase price for Further Advance Receivables, if any, and subject to and in accordance with the applicable priority of payments towards redemption of the Notes in the following order: (i) *firstly*, the Senior Class A Notes, until fully redeemed, and (ii) *secondly*, the Mezzanine Class B Notes, until fully redeemed, (iii) *thirdly*, the Mezzanine Class C Notes, until fully redeemed, and (iv) *fourthly*, the Junior Class D Notes, until fully redeemed.

The principal amount so redeemable in respect of each Note (each a **"Principal Redemption Amount"**), on the relevant Quarterly Payment Date, shall be the Available Principal Funds on the Notes Calculation Date (defined below) relating to that Quarterly Payment Date divided by the number of Notes of the relevant Class subject to such redemption (rounded down to the nearest euro), provided always that the Available Principal Funds may never exceed the Principal Amount Outstanding of the relevant Note of the relevant Class. Following application of the Principal Redemption Amount to redeem a Note, the Principal Amount Outstanding of such Note shall be reduced accordingly.

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

- (i) On each Notes Calculation Date, the Issuer shall determine (or cause the Company Administrator to determine) (a) the Principal Redemption Amount and, as the case may be, the Available Principal Funds and (b) the Principal Amount Outstanding of the relevant Note on the first day following the relevant Quarterly Payment Date. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.
- (ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of 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 Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam N.V. 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 Company 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 paragraph (c) above and this paragraph (d) (but based upon the information in its possession as to the Available Principal Funds each such determination or calculation shall be deemed to have been made by the Issuer.

(e) *Optional redemption*

Unless previously redeemed in full, the Issuer may, at its option, on giving not more than sixty (60) nor less than thirty (30) days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, on the Quarterly Payment Date falling in August 2011 (the "**First Optional Redemption Date**") and on each Quarterly Payment Date thereafter (each an "**Optional Redemption Date**") redeem, subject to the Conditions, including without limitation Condition 9 (b), all (but not part only) of the Notes (other than the Subordinated Class E Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon on such date, provided that the Issuer will only redeem the Notes (other than the Subordinated Class E Notes) to the extent it has sufficient funds to discharge its liabilities in respect of the Notes (other than the Subordinated Class E Notes) and any amounts to be paid in priority to the Notes (other than the Subordinated Class E Notes).

(f) *Clean up call*

On each Quarterly Payment Date on which the Principal Amount Outstanding of the Notes (other than the Subordinated Class E Notes) is less than 10 per cent. of the Principal

Amount Outstanding of the Notes (other than the Subordinated Class E Notes) on the Closing Date, the Issuer has the option (the "**Clean-up Call Option**") to redeem, subject to the Conditions, including without limitation Condition 9(b), all (but not part only) of the Notes (other than the Subordinated Class E Notes), in whole but not in part, at their Principal Amount Outstanding plus accrued but unpaid interest thereon on such date, provided that the Issuer will only redeem the Notes (other than the Subordinated Class E Notes) to the extent it has sufficient funds to discharge its liabilities in respect of the Notes (other than the Subordinated Class E Notes) and any amounts to be paid in priority to the Notes (other than the Subordinated Class E Notes).

(g) Redemption of Subordinated Class E Notes

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Available Revenue Funds, if and to the extent that all payments ranking above item (p) in the Pre-Enforcement Revenue Priority of Payments as set forth in the Trust Deed have been made in full, to redeem (or partially redeem) on a pro rata basis the Subordinated Class E Notes on each Quarterly Payment Date until fully redeemed. Any amount so redeemed will be deemed to be a Principal Redemption Amount for the purpose of calculating the Principal Amount Outstanding of each of the Subordinated Class E Notes. Unless previously redeemed in full, the Issuer will, subject to Condition 9(b), redeem the Subordinated Class E Notes at their Principal Amount Outstanding on the Quarterly Payment Date falling in May 2069.

(h) Redemption for tax reasons

The Issuer may (but is not obliged to) redeem all (but not part only of) the Notes (other than the Subordinated Class E Notes) at their Principal Amount Outstanding plus accrued but unpaid interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, including, without limitation, Condition 9(b), if (a) the Issuer or the Paying Agent has become or would become obligated to make any withholding or deduction from payments in respect of any of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction) and/or (b) the Issuer has become or would become subject to any limitation of the deductibility of interest on any of the Notes, as a result of (i) a change in any laws, rules or regulations or in the interpretation or administration thereof, or (ii) any act taken by any taxing authority on or after the issue date of the Notes. No redemption pursuant to sub-clause (ii) may be made unless the Issuer receives an opinion of independent counsel that there is a probability that the act taken by the taxing authority leads to one of the events mentioned at (a) or (b). No Class of Notes may be redeemed under such circumstances unless the other Classes of Notes (or such of them as are then outstanding) (other than the Subordinated Class E Notes) are also redeemed at their respective Principal Amount Outstanding at the same time, together with any accrued but unpaid interest.

7. Taxation

All payments of, or in respect of, principal and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or charges is 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 be obliged to pay any additional amounts to such Noteholders.

8. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons shall become prescribed unless made within five (5) 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 Junior Class D Notes and the Subordinated Class E Notes shall be payable in accordance with the provisions of Conditions 4 and 5, subject to the terms of this Condition and subject to the provisions of the Trust Deed.

In the event that on any Notes Calculation Date the Issuer has insufficient funds available to it to satisfy in full its obligations in respect of amounts of interest due on the Notes on the next Quarterly Payment Date the amount available (if any) shall firstly be applied to pay amounts of interest and costs ranking in higher in priority in accordance with applicable priority of payments as set forth in the Trust Deed, including the amount of the interest due on such Quarterly Payment Date to the holders of the Senior Class A Notes. Any remaining amounts shall firstly be used to pay, or pay pro rata, the interest due on the applicable Quarterly Payment Date to the holders of the Mezzanine Class B Notes and thereafter to pay, or pay pro rata, the interest due on such date to the holders of the Mezzanine Class C Notes and thereafter to pay, or pay pro rata, the interest due on such date to the holders of the Junior Class D Notes. Any further remaining amounts shall be used to pay, or pay pro rata, the interest due on such Quarterly Payment Date to the holders of the Subordinated Class E Notes.

(b) Principal

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes is reduced to zero, the holders of the Mezzanine Class B Notes will not be entitled to any

repayment of principal in respect of the Mezzanine Class B Notes. As from that date the Principal Amount Outstanding of the Mezzanine Class B Notes will be redeemed in accordance with the provisions of Condition 6, provided that, 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 Notes on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Class B Principal Deficiency on such 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 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 Issuer Accounts.

Until the date on which the Principal Amount Outstanding of all 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. As from that date the Principal Amount Outstanding of the Mezzanine Class C Notes will be redeemed in accordance with the provisions of Condition 6, provided that, 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 Notes on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Class C Principal Deficiency on such 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 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 Issuer Accounts.

Until the date on which the Principal Amount Outstanding of all Senior Class A Notes is reduced to zero, 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 Junior Class D Noteholders will not be entitled to any repayment of principal in respect of the Junior Class D Notes. As from that date the Principal Amount Outstanding of the Junior Class D Notes will be redeemed in accordance with the provisions of Condition 6, provided that, 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 Notes on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the Class D Principal Deficiency 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 Issuer Accounts.

If on any Notes Calculation Date all amounts of interest and principal due in respect of the Notes, except for principal in respect of the Subordinated Class E Notes, have been paid on the Quarterly Payment Date immediately preceding the Notes Calculation Date or will be paid on the Quarterly Payment Date immediately following such Notes Calculation Date, the Reserve Account Target Level will be reduced to zero. If on the Quarterly Payment Date falling in May 2069 (i) no balance is standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, then notwithstanding any other provisions of these Conditions the Subordinated Class E Noteholders will not be entitled to any repayment of principal in respect of the Subordinated Class E Notes, or (ii) a balance is standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Subordinated Class E Note on such date shall not exceed the balance standing to the credit of the Reserve Account in excess of the Reserve Account Target Level, divided by the number of Subordinated Class E Notes then outstanding. The Subordinated Class E Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Subordinated 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 Issuer 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 Subordinated Class E Notes or, as the case may be, the Junior Class D Notes or, as the case may be, the Mezzanine Class C Notes or, as the case may be, the Mezzanine Class B Notes, are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Subordinated Class E Notes or, as the case may be, the Junior Class D Notes or, as the case may be, the Mezzanine Class C Notes or, as the case may be, the Mezzanine Class B Notes, the Subordinated Class E Noteholders or, as the case may be, the Junior Class D Noteholders or, as the case may be, the Mezzanine Class C Noteholders or, as the case may be, the Mezzanine Class B Noteholders shall have no further claim against the Issuer or the Security Trustee in respect of any such unpaid amounts.

10. Events of Default

The Security Trustee 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 Junior Class D Noteholders, or if no Senior Class A Notes, Mezzanine Class B Notes, Mezzanine Class C Notes and Junior Class D Notes are outstanding, by an Extraordinary Resolution of the Subordinated Class E 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 subparagraph (a) up to and including (f) 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 but unpaid interest, if any of the following shall occur:

- (a) the Issuer is in default 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 (30) days after written notice by the Security Trustee to the Issuer requiring the same to be remedied; or
- (c) if a conservatory attachment (*conservatoir beslag*) or an executory attachment (*executoriaal beslag*) on any 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 winding-up 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 is declared bankrupt or becomes subject to any other regulation having a similar effect,

provided, however, 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, the Mezzanine Class C Notes, the Junior Class D Notes or the Subordinated Class E Notes, irrespective of whether an Extraordinary Resolution is passed by the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders, the Junior Class D Noteholders or the Subordinated Class E 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 Senior Class A Notes, the Security Trustee shall not be required to have regard to the interests of the Mezzanine Class B Noteholders or the Mezzanine Class C Noteholders or the Junior Class D Noteholders or the Subordinated Class E Noteholders.

11. Enforcement

(a) Enforcement

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

(b) No Action against Issuer by Noteholders

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) Undertaking Noteholders and Security Trustee

The Noteholders and the Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the last maturing Note is paid in full.

(d) Limitation of Recourse

The Noteholders accept and agree that the only remedy of the Security Trustee 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 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 Transactions 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, or, if all such newspapers shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Notes are listed on the Official Segment of the Stock Market of Euronext Amsterdam, in the English language in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam. 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) Meeting of Noteholders

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 Junior Class D Noteholders and the Subordinated Class E 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 Transaction 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 except that, if the Security Trustee is of the opinion that such a Basic Terms Change is being proposed by the Issuer as a result of, or in order to avoid, an Event of Default, such Basic Terms Change may be sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below.

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-thirds 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-third majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution including the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes 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-thirds 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 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 at such second meeting.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes or the Subordinated Class E Notes, as the case may be, 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, the Mezzanine Class B Notes, the Mezzanine Class C Notes, the Junior Class D Notes or the Subordinated Class E Notes, as the case may be, 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 B Noteholders and/or the Mezzanine Class C Noteholders and/or the Junior Class D Noteholders and/or the Subordinated Class E Noteholders.

An Extraordinary Resolution of the Mezzanine Class B Noteholders and/or the Mezzanine Class C Noteholders and/or Junior Class D Noteholders and/or the Subordinated Class E 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 Junior Class D Noteholders or it is sanctioned by an Extraordinary Resolution of the Senior Class A Noteholders, the Mezzanine Class B Noteholders, the Mezzanine Class C Noteholders or the Junior Class D Noteholders, as the case may be. 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 Junior Class D Noteholders and the Subordinated Class E 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) Modification, authorisation and waiver without consent of Noteholders

The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Transaction 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 Transaction Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Transactions

which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified the Rating Agencies and (ii) the Rating Agencies have confirmed that the then current rating of the Notes will not be adversely affected by any such modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

(c) *Indemnification for Individual Noteholders*

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 Junior Class D Noteholders and the Subordinated Class E 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 Court of first instance (*rechtbank*) 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.

17. Additional obligations

For as long as the Notes are listed on the Official Segment of the Stock Market of Euronext Amsterdam, the Issuer will comply with the provisions set forth in Article 2.1.20 Section a-g of Schedule B of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam or any amended term of the said provisions as in force at the date of the issue of the Notes.

THE GLOBAL NOTES

Each Class of the Notes shall be initially represented by (i) in the case of the Senior Class A Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of € 973,000,000, (ii) in the case of the Mezzanine Class B Notes a Temporary Global Note in bearer form, without coupons, in the amount of € 13,500,000, (iii) in the case of the Mezzanine Class C Notes a Temporary Global Note in bearer form, without coupons, in the amount of € 31,500,000, (iv) in the case of the Junior Class D Notes a Temporary Global Note in bearer form, without coupons, in the amount of € 27,000,000 and (v) in the case of the Subordinated Class E Notes a Temporary Global Note in bearer form without coupons, in the amount of € 13,500,000. Each Temporary Global Note will be deposited with Citibank, N.A. as common depository for Euroclear Bank S.A./N.V., as operator of Euroclear and Clearstream, Luxembourg on or about 18 June 2004. 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 amount of the relevant Class of Notes equal to the 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 forty (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 amount of the Notes of the relevant Class (the expression "**Global Notes**" meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class 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, the Permanent Global Note will remain deposited with the common depository.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for definitive notes to bearer ("**Definitive Notes**") only in the circumstances described below. 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 requirement 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 amount of that Class of Notes and the expression 'Noteholder' shall be construed accordingly, but without prejudice to the entitlement of the bearer of relevant Global Note to be paid 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 fourteen (14) days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or the 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) Junior Class D Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Junior Class D Notes; and
- (v) Subordinated Class E Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Subordinated Class E Notes;

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

DUTCH TAXATION

This taxation summary solely addresses the principal Dutch tax consequences of the acquisition, the ownership and disposition of Notes. It does not consider every aspect of taxation that may be relevant to a particular holder of Notes under special circumstances or who is subject to special treatment under applicable law.

The laws upon which this summary is based are subject to change, possibly with retroactive effect. A change to such laws may invalidate the contents of this summary, which will not be updated to reflect any such change. This summary is based on the tax laws of the Netherlands as they are in force and in effect on the date of this Offering Circular. It assumes that each transaction with respect to Notes is at arm's length and that the full beneficial interest in all shares in the capital of the Issuer that are, at any time and from time to time, issued and outstanding will be held by Stichting SAECURE Holding.

This is a general summary and the tax consequences as described here may not apply to a holder of Notes. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in his particular circumstances.

Withholding tax

All payments under the Notes may be made free from withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on income and capital gains

The summary set out in this section "Taxes on income and capital gains" only applies to a holder of Notes who is a "Non-Resident holder of Notes."

A holder of Notes will be considered a "Non-Resident holder of Notes" if he is neither resident, nor deemed to be resident, in the Netherlands for purposes of Dutch income tax or corporation tax, as the case may be, and, in the case of an individual, has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes.

General

A Non-Resident holder of Notes will not be subject to income taxation in the Netherlands by reason only of the execution (*ondertekening*), delivery (*overhandiging*) and/or enforcement of the documents relating to the issue of the Notes or the performance by the Issuer of its obligations there under or under the Notes.

Individuals

A Non-Resident holder of Notes who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefit derived or deemed to be derived from Notes, including any payment under the Notes and any gain realised on the disposal of Notes, provided that both of the

following conditions are satisfied.

1. If he derives profits from an enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise, other than as an entrepreneur or a shareholder, which enterprise is either managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, as the case may be, his Notes are not attributable to such enterprise.
2. He does not derive benefits from Notes that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*).

A Non-Resident holder of Notes who is an individual and who satisfies condition 1. above may, inter alia, derive benefits from Notes that are taxable as benefits from miscellaneous activities in the following circumstances, if such activities are performed or deemed to be performed in the Netherlands:

- a. if his investment activities go beyond the activities of an active portfolio investor, for instance in case of the use of insider knowledge (*voorkennis*) or comparable forms of special knowledge; or
- b. if he makes Notes available or is deemed to make Notes available, legally or in fact, directly or indirectly, to certain parties as meant in articles 3.91 and 3.92 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) under circumstances described there.

Entities

A Non-Resident holder of Notes other than an individual will not be subject to any Dutch taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal of Notes, provided that if such Non-Resident holder of Notes derives profits from an enterprise that is either managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise (other than as an entrepreneur or as a holder of securities), its Notes are not attributable to such enterprise.

Gift and inheritance taxes

A person who acquires Notes as a gift, in form or in substance, or who acquires or is deemed to acquire Notes on the death of an individual, will not be subject to Dutch gift tax or to Dutch inheritance tax, as the case may be, unless:

- (i) the donor is, or the deceased was resident or deemed to be resident in the Netherlands for purposes of gift or inheritance tax, as the case may be; or
- (ii) the Notes are or were attributable to an enterprise or part of an enterprise that the donor or the deceased carried on through a permanent establishment or a permanent representative in the Netherlands at the time of the gift or of the death of the deceased; or
- (iii) the donor made a gift of Notes, then became a resident or deemed resident of the Netherlands, and died as a resident or deemed resident of the Netherlands within 180 days

after the date of the gift.

Other taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by a holder of Notes in the Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of the Notes or the performance by the Issuer of its obligations there under or under the Notes.

SUBSCRIPTION AND SALE

The Managers have, pursuant to a subscription agreement dated 16 June 2004 by and between the Managers, the Issuer and the Seller (the "**Subscription Agreement**"), severally agreed with the Issuer, subject to certain conditions, to subscribe for the Notes at their issue price. The Issuer has agreed to indemnify and reimburse the Managers against certain liabilities and expenses in connection with the issue of the Notes.

United Kingdom

Each of the Managers has agreed that (i) it has not offered or sold and, prior to the expiry of the period of six (6) months from the Closing Date, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in: acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (ii) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom and (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, United States persons.

Each of the Managers has agreed that it will not offer, sell or deliver the Notes within the United States or to United States persons except as permitted by applicable law and the Subscription Agreement. In addition, until forty (40) days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the purchase) may violate the registration requirements of the Securities Act. Terms used in these paragraphs have the meanings given to them by Regulation S, under the Securities Act, the US internal Revenue Code and regulations thereunder.

The Netherlands

Each of the Managers represents and agrees that (a) it is a professional market party ("**PMP**" as defined in the Master Definitions Agreement) and (b) it has offered or sold and will offer or sell, directly or indirectly, as part of the initial distribution or at any time thereafter, the Notes exclusively (i) to PMPs as reasonably identified by the Issuer on the Closing Date or (ii) to persons which cannot reasonably be identified as PMP by the Issuer on the Closing Date, provided that the Notes have a denomination of € 500,000 (or the equivalent in any other currency) and shall upon their issuance be included in a

clearing institution that is established in a EU Member State, the United States of America, Japan, Australia, Canada or Switzerland; so that it can reasonably be expected that the Managers will transfer the Notes exclusively to other PMPs.

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

General

The distribution of this Offering Circular and the offering and sale of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. This Offering Circular does not constitute an offer, or an invitation to subscribe for or purchase, any Notes.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 21 May 2004.
2. The Senior Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 019277151 and ISIN XS0192771516 and Fondscodex 14752.
3. The Mezzanine Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 019277208 and ISIN XS0192772084 and Fondscodex 14753.
4. The Mezzanine Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 019277321 and ISIN XS0192773215 and Fondscodex 14754.
5. The Junior Class D Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 019277372 and ISIN XS0192773728 and Fondscodex 14755.
6. The Subordinated Class E Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Clearnet S.A. Amsterdam Branch Stock Clearing and will bear common code 019277429 and ISIN XS0192774296 and Fondscodex 14764.
7. There has been no material adverse change in the financial position or prospects of the Issuer since 22 April 2004.
8. Ernst & Young Accountants has given and have not withdrawn its written consent to the issue of this offering circular with their report regarding the Issuer included herein in the form and context in which it appears.
9. Since its incorporation, the Issuer is not involved in any legal or arbitration proceedings which may have a significant effect on the Issuer's financial position nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.
10. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent during normal business hours:
 - (i) the Deed of Incorporation of the Issuer;
 - (ii) the Mortgage Receivables Purchase Agreement;

- (iii) the Paying Agency Agreement;
 - (iv) the Trust Deed;
 - (v) the Security Beneficiaries Agreement;
 - (vi) the Mortgage Receivables Pledge Agreement I;
 - (vii) the Mortgage Receivables Pledge Agreement II;
 - (viii) the Issuer Rights Pledge Agreement;
 - (ix) the Issuer Accounts Pledge Agreement;
 - (x) the Servicing Agreement;
 - (xi) the Company Administration Agreement;
 - (xii) the Sub-Participation Agreement;
 - (xiii) the Floating Rate GIC;
 - (xiv) Liquidity Facility Agreement;
 - (xv) the Swap Agreement;
 - (xvi) the Beneficiary Waiver Agreement;
 - (xvii) the Master Definitions Agreement;
 - (xviii) the Subscription Agreement; and
 - (xix) the articles of association of the Security Trustee.
11. All the historic audited annual financial statements of the Issuer will be made available, free of charge, at the specified offices of the Security Trustee.
 12. The articles of association of the Issuer are incorporated herein by reference. A free copy of the Issuer's articles of association is available at the office of the Issuer.
 13. This Offering Circular constitutes a prospectus for the purpose of the Listing and Issuing Rules of Euronext Amsterdam.

ANNEX I

EXPECTED WEIGHTED AVERAGE LIFE OF THE SENIOR CLASS A NOTES, THE MEZZANINE CLASS B NOTES, THE MEZZANINE CLASS C NOTES AND THE JUNIOR CLASS D NOTES AND ASSUMPTIONS

The weighted average life of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes cannot be predicted as the actual rate and timing at which amounts will be collected in respect of the Portfolio Mortgage Loans and a number of other relevant facts are unknown. Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses).

The following table shows the weighted average life of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes and was prepared based on the characteristics of the Mortgage Receivables to be included in the Provisional Portfolio and on the following additional assumptions:

- (i) no Event of Default occurs in respect of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes;
- (ii) the repayment of principal of the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes commences on the Quarterly Payment Date falling in August 2004;
- (iii) the Issuer will exercise its option to redeem the Senior Class A Notes, the Mezzanine Class B Notes, the Mezzanine Class C Notes and the Junior Class D Notes on the First Optional Redemption Date;
- (iv) no defaults have occurred under the Portfolio Mortgage Loans; and
- (v) the Portfolio Mortgage Loans are subject to a constant annual prepayment at the rates set out in the table below:

Constant annual prepayment rate	Expected weighted average life (years)			
	Senior Class A Notes	Mezzanine Class B Notes	Mezzanine Class C Notes	Junior Class D Notes
0%	6.58	7.20	7.20	7.20
4%	5.69	7.20	7.20	7.20
8%	4.92	7.20	7.20	7.20
12%	4.26	7.20	7.20	7.20

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COMPANY ADMINISTRATOR

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