The date of this Prospectus is 16 April 2010

Vesteda Residential Funding II B.V. *(incorporated with limited liability in the Netherlands)*

EURO 350,000,000 Class A7 Secured Floating Rate Notes 2010 due 2017, issue price 100 per cent.

Application has been made to list the euro 350,000,000 Class A7 Secured Floating Rate Notes 2010 due 2017 (the '**Class A7 Notes**') of Vesteda Residential Funding II B.V. (the '**Issuer**') on Euronext Amsterdam by NYSE Euronext ('**NYSE Euronext**'). The Notes are expected to be issued on 20 April 2010 (the '**Closing Date**').

On 20 July 2005 (the '**Initial Closing Date**') the Issuer issued the €200,000,000 Class A1 Secured Floating Rate Notes 2005 due 2017 (the '**Class A1 Notes**'), the €400,000,000 Class A2 Secured Floating Rate Notes 2005 due 2017 (the '**Class A2 Notes**'), the €400,000,000 Class A3 Secured Floating Rate Notes 2005 due 2017 (the '**Class A3 Notes**'), and the €300,000,000 Class A4 Secured Floating Rate Notes 2005 due 2017 (the '**Class A4 Notes**'). On 20 April 2007 (the '**2007 Closing Date**') the Issuer issued the €350,000,000 Class A5 Secured Floating Rate Notes 2007 due 2017 (the '**Class A5 Notes**'). On 21 July 2008 (the '**2008 Closing Date**') the Issuer issued the €150,000,000 Class A6 Secured Floating Rate Notes 2008 due 2017 (the '**Class A6 Notes**', and together with the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A4 Notes and the Class A5 Notes, the '**Initial Notes**', and the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes together with the Class A7 Notes are herein referred to as the '**Notes**'). The Class A1 Notes were redeemed on the 2008 Closing Date. The Class A2 Notes are expected to be redeemed on the Closing Date and redemption of the Class A2 Notes is a condition precedent for the issuance of the Class A7 Notes.

The Class A7 Notes will be initially represented by a temporary global note in bearer form (a '**Class A7 Temporary Global Note**'), without coupons, which is expected to be delivered to a common safekeeper (the '**Common Safekeeper**') for Euroclear Bank S.A./N.V., as operator of the Euroclear System ('**Euroclear**') and/or Clearstream Banking, société anonyme ('**Clearstream Luxembourg**'), on or around the issue date thereof. Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (the '**Class A7 Permanent Global Note**'), without coupons (the expression '**Class A7 Global Notes**' means the Class A7 Temporary Global Note and the Class A7 Permanent Global Note and the expression '**Class A7 Global Note**' means the Class A7 Temporary Global Note or the Class A7 Permanent Global Note, as the context may require) not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interests in each Class A7 Permanent Global Note will, in certain limited circumstances, be exchangeable for Class A7 Definitive Notes (as defined herein) in bearer form as described in the terms and conditions of the Notes (the '**Conditions**') set out in the section *Terms and Conditions of the Notes* below. The Class A7 Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the '**Securities Act**') and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ('**Regulation S**'), in absence of registration under or an exemption from the registration requirements of the Securities Act.

Interest on the Class A7 Notes (the '**Interest Amount**') is payable by reference to successive interest periods (each an '**Interest Period**') and will be payable quarterly in arrear on each Interest Payment Date (as defined herein) in respect of the Principal Amount Outstanding (as defined in the Conditions). The first Interest Period will commence on (and include) the Closing Date and, subject to adjustment as specified herein for non-business days, end on (but exclude) 20 July 2010. Interest Amounts on the Class A7 Notes will be payable quarterly in arrear in euros on 20 January, 20 April, 20 July and 20 October in each year subject to adjustment for non-business days (each an '**Interest Payment Date**'). Interest on the Class A7 Notes will accrue on their Principal Amount Outstanding at an annual rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three month deposits in euro (determined in accordance with the Conditions) plus a margin which will be equal to 1.63 per cent. per annum up to (and including) the Interest Period ending in July 2014 and, thereafter, 2.63 per cent. per annum. See the section *Overview – the Class A7 Notes* and the Conditions.

The Class A7 Notes will mature on the Interest Payment Date falling in July 2017, unless previously redeemed.

As security for the Notes, the Issuer has on and around the Initial Closing Date, the 2007 Closing Date and the 2008 Closing Date created security in favour of Stichting Security Trustee Vesteda Residential Funding II (the '**Security Trustee**') over all of its assets at that time in order to secure its obligations under the Notes and its other obligations. On the Closing Date, the Issuer will create further security in favour of the Security Trustee over all of its assets in order to secure its obligations under the Notes and its other obligations, to the extent not already secured as aforementioned.

The Class A7 Notes will be solely the obligations of the Issuer. The Class A7 Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Vesteda Companies or obligations or responsibilities of, or guaranteed by, the Security Trustee, the Borrowers, the ATC Entities, the Arranger, the Lead Manager, the Account Bank, the Liquidity Facility Provider, the Hedging Providers, the Paying Agent, the Reference Agent (each as defined herein) other than the Issuer. Furthermore, none of the Vesteda Companies, the Security Trustee, the Borrowers, the ATC Entities, the Arranger, the Lead Manager, the Account Bank, the Liquidity Facility Provider, the Hedging Providers, the Reference Agent, the Paying Agent, or any other person, in whatever capacity acting, will accept any liability whatsoever to the Class A7 Noteholders (as defined herein) in respect of any failure by the Issuer to pay any amounts due under the Class A7 Notes. None of the Vesteda Companies, the Security Trustee, the Borrowers, the ATC Entities, the Arranger, the Lead Manager, the Account Bank, the Liquidity Facility Provider, the Hedging Providers, the Reference Agent or the Paying Agent will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances described herein).

It is a condition precedent to issuance that the Class A7 Notes, on issue, be assigned an 'Aaa' rating by Moody's Investors Service Limited ('**Moody's**'), an AAA rating by Fitch Ratings Limited ('**Fitch**') and an 'AAA' rating by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. ('**S&P**' and together with Fitch and Moody's, the '**Rating Agencies**'). **The ratings assigned to the Class A7 Notes by Fitch and S&P reflect timely payment of interest and ultimate payment of principal not later than the Final Maturity Date of the Class A7 Notes. The ratings assigned to the Class A7 Notes by Moody's do address the expected loss posed to investors at legal final maturity in relation to the initial principal balance of the Class A7 Notes. However, the ratings assigned to the Class A7 Notes by Fitch and S&P do not address timely payment or ultimate payment of the Step-Up Amounts (as defined herein) and by Moody's do not address the likelihood of and expected loss of payments of such Step-Up Amounts. 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 by the assigning rating organisation and, amongst other things, will depend on the underlying characteristics and the on-going activities of the Vesteda Group (as defined herein).** Each security rating should be evaluated independently of any other rating.

For a discussion of some of the risks associated with an investment in the Notes, see the section *Risk Factors* herein.

Arranger and Lead Manager
ABN AMRO

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RISK FACTORS

The following is a summary of certain aspects of the issue of the Class A7 Notes of which prospective Class A7 Noteholders should be aware and which may affect the Issuer's ability to fulfill its obligations under the Class A7 Notes. It is not intended to be exhaustive, and prospective Class A7 Noteholders should read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

The Issuer and the Borrowers believe that the risks described below are the material risks inherent in the transaction for the Class A7 Noteholders, that the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Class A7 Notes may occur for other reasons and the Issuer and the Borrowers do not represent that the below statements regarding the risk of holding the Class A7 Notes are exhaustive. Although the Issuer and the Borrowers believe that the various structural elements described in this Prospectus lessen some of these risks for the Class A7 Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to the Class A7 Noteholders of interest, principal or any other amounts on or in connection with the Class A7 Notes on a timely basis or at all.

The Class A7 Notes will not be obligations of anyone other than the Issuer and will not be obligations or responsibilities of, or guaranteed by, any other person or entity. No person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Class A7 Notes.

A. ISSUES RELATING TO THE CLASS A7 NOTES

The Issuer's ability to meet its obligations under the Class A7 Notes

The Class A7 Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, acting in whatever capacity, including, without limitation, the Vesteda Companies (including the participants with a stock interest or partnership interest in Vesteda Woningen or Vesteda Woningen II), the Security Trustee, the Borrowers, the ATC Entities, the Arranger, the Lead Manager, the Liquidity Facility Provider, the Hedging Providers, the Account Bank, the Paying Agent or the Reference Agent (other than the Issuer itself). Furthermore, none of the Security Trustee, the Borrowers, the Corporate Administrator, the Liquidity Facility Provider, the Hedging Providers, the Account Bank, the Paying Agent, the Arranger, the Lead Manager, the Reference Agent, the participants with a stock interest or partnership interest in Vesteda Woningen or Vesteda Woningen II or any of the Vesteda Companies or any other person acting in whatever capacity, will accept any liability whatsoever to the Class A7 Noteholders in respect of any failure by the Issuer to pay any amounts due under the Class A7 Notes (other than the Issuer itself).

The ability of the Issuer to meet its obligations under the Class A7 Notes in full will depend upon, *inter alia*:

(a) the receipt by it of funds from the Borrowers under the Secured Loan Agreement in respect of the payment of interest and principal on the Term Advances (as defined below) and of certain other sums thereunder;

(b) the receipt by it of interest on moneys on deposit in the Issuer Account and any other accounts that the Issuer may have or otherwise from euro denominated demand or time deposits, certificates of deposits and other short-term unsecured debt obligations issued by an entity the unsecured, unguaranteed and otherwise unsupported short-term obligations of which are rated at least "F1+" by Fitch Ratings Limited ('***Fitch***'), "P-1" by Moody's Investors Service Limited ('***Moody's***') and "A-1+" by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. ('***S&P***' and together with Fitch and Moody's, the '***Rating Agencies***') (such investments, the '***Eligible Investments***', provided that in all cases such investments have a maturity date falling no later than the next following date on which a payment is required to be made with the monies therein and that amounts due can be paid without reduction or withholding on account of tax) made by it;

(c) the receipt by it of payments from the Liquidity Facility Provider under the Liquidity Facility Agreement; and

(d) the receipt by it of payments from the Hedging Providers under the Hedging Agreements.

Therefore, the Issuer is subject to all risks to which the Borrowers are subject, to the extent that such risks could limit the Borrowers' ability to satisfy in full and on a timely basis their obligations under the Secured Loan Agreement. See Section D *Business Risks* below for a further description of certain of these risks.

With particular regard to paragraph (d) above:

(i) the Issuer will have the benefit of the Forward Swaps in respect of the Class A3 Notes and the Class A4 Notes;

(ii) the Forward Swaps in respect of the Class A3 Notes and the Class A4 Notes will only be available to the Issuer to hedge amounts of floating rate interest, during the period up to (and including) the relevant Forward Swap Expiry Date. After that time, and additionally, if a Forward Swap terminates for any reason and for so long as there is no replacement Original Hedging Provider, the Borrowers will remain obliged to pay interest amounts on the the Term A3 Loan and the Term A4 Loan pursuant to the Secured Loan Agreement, and correspondingly, the Issuer on the Class A3 Notes and the Class A4 Notes, but at an unhedged rate;

(iii) the Class A5 Supplemental Forward Swap will only be available to the Issuer to hedge amounts of floating rate interest in respect of the Class A5 Notes during the period up to (and including) the Class A5 Supplemental Forward Swap Expiry Date. After that time, and additionally, if the Class A5 Supplemental Forward Swap terminates for any reason and for so long as there is no replacement Class A5 Hedging Provider, the Borrowers will remain obliged to pay interest amounts on the Term A5 Loan pursuant to the Secured Loan Agreement, and correspondingly, the Issuer on the Class A5 Notes, but at an unhedged rate;

(iv) the Class A6 Supplemental Forward Swap will only be available to the Issuer to hedge amounts of floating rate interest in respect of the Class A6 Notes during the

period up to (and including) the Class A6 Supplemental Forward Swap Expiry Date. After that time, and additionally, if the Class A6 Supplemental Forward Swap terminates for any reason and for so long as there is no replacement Class A6 Hedging Provider, the Borrowers will remain obliged to pay interest amounts on the Term A6 Loan pursuant to the Secured Loan Agreement, and correspondingly, the Issuer on the Class A6 Notes, but at an unhedged rate; and

(v) in respect of the Class A7 Notes:

a. the Issuer will as of the Closing Date until 20 July 2010 (the Expected Maturity Date of the Class A2 Notes) have the benefit of the Forward Swap in respect of the Class A2 Notes; this Forward Swap will be available until that date to hedge amounts of floating rate interest in respect of the Class A7 Notes;

b. the Issuer will as of the issuance of the Class A7 Notes on the Closing Date have the benefit of the Class A7 Swaption pursuant to which the Issuer, if and when exercised subject to paragraph (c) below, shall be entitled to enter in to an interest rate swap transaction with the Class A7 Swaption Provider to hedge amounts of floating rate interest in respect of the Class A7 Notes as from 20 July 2010 up to (and including) the Expected Maturity Date of the Class A7 Notes;

c. the Issuer will undertake in the Trust Deed to hedge all amounts of floating rate interest in relation to the Class A7 Notes for the period starting on the Interest Payment Date immediately following the Closing Date up to (and including) the Expected Maturity Date of the Class A7 Notes by:

(x) exercising its rights under the Class A7 Swaption on 18 July 2010 (the '***Class A7 Swaption Expiration Date***') pursuant to which the Class A7 Swaption Swap is entered into with the Class A7 Swaption Provider; or

(y) provided that (i) all Alternative Hedging Conditions have been satisfied no later than the Business Day immediately preceding the Class A7 Swaption Expiration Date and written confirmation thereof has been given by the Security Trustee to the Issuer and (ii) the Issuer and the Security Trustee have received a duly completed and executed accession letter agreement (the '***Accession Letter Agreement***') from the Class A7 Alternative Hedging Provider no later than the Business Day immediately preceding the Class A7 Swaption Expiration Date, entering into the 2010 Alternative Supplemental Hedging Agreement with the Class A7 Alternative Hedging Provider on or prior to the Class A7 Swaption Expiration Date.

If the 2010 Supplemental Hedging Agreement terminates for any reason and for so long as there is no replacement Class A7 Hedging Provider, the Borrower will remain obliged to pay interest amounts on the Term A7 Loan pursuant to the Secured Loan Agreement, and correspondingly, the Issuer on the Class A7 Notes, but at an unhedged rate.

The above may result in the Borrowers not being able to fulfil their obligations to pay amounts due under the Secured Loan Agreement and in turn, affect the ability of the Issuer to fulfil its obligations under the Notes and lead to a downgrading of the then applicable ratings assigned to the Notes. A failure to find a suitable replacement Hedging Provider in accordance with the terms of the relevant Hedging Agreement will ultimately constitute a Borrower Event of Default under the Secured Loan Agreement unless the Rating Agencies confirm that no downgrading of the Notes will occur as a result of the Issuer not having entered into replacement interest rate swaps or caps or any other appropriate hedging arrangement. See below under the heading *Hedging Providers* in Section *B. Structural Risks* for a summary of risks relating to the Hedging Agreements.

Prior to the occurrence of an Issuer Event of Default if the Issuer is unable on any Interest Payment Date to pay in full items (a) to (d) (inclusive) of the Issuer Pre-enforcement Priority of Payments, the Issuer will have available to it, subject to the satisfaction of certain conditions precedent as to drawing, moneys available under the Liquidity Facility Agreement. The amount available for drawing under the Liquidity Facility Agreement to meet such items will be a maximum aggregate amount of €108,500,000 (subject to a *pro rata* reduction in connection with a redemption of the Notes). The Liquidity Facility may be applied by the Issuer for other purposes, including payment of costs and expenses in relation to the establishment of any security interests pursuant to the Security Agreement and, in certain circumstances, towards repayment of any third party loans that may impede the enforcement of the security by the Security Trustee on behalf of the Noteholders. The Liquidity Facility will not cover any Step-Up Amounts.

Other than the foregoing, the Issuer will not have any other funds available to it to meet its obligations in respect of the Notes or any other item ranking in priority or *pari passu* thereto.

Payments of the Interest Amount on the Notes will rank *pari passu* among themselves and before payments of principal in respect of the Notes, which will also rank *pari passu* among themselves – see the paragraph below entitled *Prepayment*.

The Liquidity Facility Provider will have the benefit of security provided by the Issuer pursuant to the Security Agreement. Amounts due to the Liquidity Facility Provider, other than any Liquidity Subordinated Amounts, will be paid in priority to the payment of interest and principal on the Notes in accordance with the Issuer Post-enforcement Priority of Payments.

Expected Maturity Date

The ability of the Issuer to pay in full all interest amounts and to repay in full all principal under the Class A7 Notes on the Expected Maturity Date will depend on the sufficiency and availability of amounts repaid by the Borrowers under the Secured Loan Agreement, which will in turn, depend on the performance of Vesteda Woningen's business operations, its ability to

secure refinancing, subject to and in accordance with the terms of the Secured Loan Agreement. The Secured Loan Agreement and the Conditions set out certain consequences which arise when a Non-Payment on the Expected Maturity Date Event occurs – see further the section *Summary of Principal Documents – Secured Loan Agreement* and Condition 6(b) of the Conditions below. No assurance can therefore be given as to whether and, if so, as to how long it will take for the Issuer to pay and repay, respectively, amounts of interest and principal in respect of the Class A7 Notes to the Class A7 Noteholders. However, there is a period of approximately two years between the Loan Maturity Date under the Secured Loan Agreement and the Final Maturity Date to enable the Borrowers to procure funds from other sources to fulfil their obligations under the Secured Loan Agreement and hence, the Issuer in respect of the Class A7 Notes.

Prepayment

The Secured Loan Agreement provides that the Borrowers may prepay, in whole or in part, (i) the Initial Term Loans (other than the Term A6 Loan) on any Interest Payment Date, (ii) the Term A6 Loan on any Interest Payment Date from and including the Interest Payment Date falling in July 2012 and (iii) the Term A7 Loan on any Interest Payment Date from and including the Interest Payment Date falling in July 2014. The prepayment of the Term Loans by the Borrowers should result in a redemption of the relevant Notes. No additional amounts will be payable to the Noteholders as a result of such early redemption. These funds may arise from, *inter alia*, rental proceeds and the disposals of Properties, subject to and in accordance with the terms of the Secured Loan Agreement. The amount of funds arising from such disposals are dependent on, *inter alia*, the factors referred to in Section *D. Business Risks* below.

Fund Unwind Event

The Secured Loan Agreement provides that if a decision is made or a resolution is adopted by the participants with a stock interest or partnership interest in Vesteda Woningen to unwind Vesteda Woningen (a '***Fund Unwind Event***'), (one of) the Borrowers shall open an account into which all proceeds of disposals of Properties shall be paid. This account shall be pledged to the Security Trustee. Following the occurrence of a Fund Unwind Event the proceeds of disposals of Properties shall be applied by the Borrowers (i) to enable Vesteda Woningen to pay dividends or other distributions of any kind to participants in Vesteda Woningen necessary to enable Holding DRF to distribute dividends at such dates and in such amounts as are required to maintain the status of Holding DRF as "*Fiscale Beleggingsinstelling*" under Section 28 of the Netherlands Corporate Income Tax Act, which distributions shall be made to each of the participants in Vesteda Woningen *pro rata parte* to their participation in Vesteda Woningen in accordance with the Participation Agreement and the Limited Partnership Agreement and in respect of capital expenditures of the Vesteda Group and (ii) to repay the Term Advances, and or the New Term Advances, as the case may be. The amount of funds arising from such a disposal are dependent on, *inter alia*, the factors referred to in the Section D *Business Risks*. The occurrence of a Fund Unwind Event should result in a repayment of the Class A7 Notes and no additional amounts will be payable to the Class A7 Noteholders if the Class A7 Notes are redeemed early as a result thereof.

Reliance on representations and warranties made by the Vesteda Woningen Entities

The Issuer will be lending the issue proceeds of the Class A7 Notes to the Borrowers in reliance on representations and warranties made by the Borrowers and Groep under the Secured Loan Agreement and Holding DRF under the Security Agreement. None of the Lead Manager, the Security Trustee or the Issuer has made any independent investigation of any matters. If the relevant Vesteda Woningen Entity fails to remedy any breach of a material representation, warranty, covenant or undertaking, and this has a material adverse effect on the ability of any Borrower to meet its obligations under the Secured Loan Agreement, this will constitute a Borrower Event of Default and the Security Trustee will be entitled to take enforcement action.

Eligible Investments

Prior to the service of an Issuer Enforcement Notice and unless otherwise instructed by the Issuer or the Security Trustee, and subject to certain limitations as to the term and nature of the particular instruments, the Account Bank (on behalf of the Issuer) is entitled to invest amounts standing to the credit of the accounts of the Issuer in Eligible Investments. Such investments, however might, notwithstanding the ratings assigned to them, be irrecoverable due to bankruptcy or insolvency of the debtor under the investment or of a financial institution involved or due to the loss of an investment amount during its transfer.

Limited Resources

If the Security Documents are enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to amounts due under the Class A7 Notes, to repay in full all principal and to pay in full all interest and other amounts due in respect of the Class A7 Notes, then, as the Issuer has no other assets, it may be unable to meet claims in respect of any, such unpaid amounts. Enforcement of the Security Documents by the Security Trustee is the only remedy available to the Class A7 Noteholders for the purpose of recovering amounts owed in respect of the Class A7 Notes.

The Borrowers' ability to meet their obligations under the Secured Loan Agreement

The Borrowers' ability to meet their obligations under the Secured Loan Agreement will depend primarily on receipt by Vesteda Woningen of rental income from the Properties, sale proceeds from disposals of Properties and/or their ability to obtain other refinancing. Changes in economic and political conditions may have an adverse effect on, *inter alia*, the rental income, sale proceeds from disposals and/or the ability of the Borrowers to obtain other refinancing. It should be noted that receipt by the Borrowers of rental income and sale proceeds from the Properties may not result in the aggregate principal amount advanced under the Secured Loan Agreement being repaid in full on or before the Loan Maturity Date. In turn, therefore, the Issuer may not have available to it sufficient funds to redeem in full the aggregate principal amount of the Notes prior to their Final Maturity Date. However, as aforementioned, there is a period of approximately two years between the Loan Maturity Date under the Secured Loan Agreement and the Final Maturity Date to enable the Borrowers to procure funds from other sources to fulfil their obligations under the Secured Loan Agreement and hence, the Issuer in respect of the Class A7 Notes.

Priority of Liquidity Facility Provider

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a 364 day committed facility from which the Issuer may draw in circumstances where, *inter alia*, any of the items specified in (a) to (d) (inclusive) of the Issuer Pre-enforcement Priority of Payments cannot be paid in a timely fashion by the Issuer.

The Liquidity Facility Provider will have the benefit of the security provided by the Issuer pursuant to the Security Documents. Amounts due to the Liquidity Facility Provider, other than any Liquidity Subordinated Amounts, will be paid in priority to the payment of interest and principal on the Notes in accordance with the Issuer Post-enforcement Priority of Payments.

Ratings of the Notes

The ratings assigned to the Class A7 Notes by the Rating Agencies will be based on the value and cash flow generating ability of the Properties and other relevant structural features of the transaction, including, *inter alia*, the short-term unsecured and unsubordinated debt rating of the Liquidity Facility Provider, the Hedging Providers, and reflect only the views of the Rating Agencies.

On issue, the Class A7 Notes are expected to be rated AAA by Fitch, Aaa by Moody's and AAA by S&P. The ratings assigned to the Class A7 Notes by Fitch and S&P reflect timely payment of interest and ultimate payment of principal not later than the Final Maturity Date of the Class A7 Notes. The ratings assigned to the Class A7 Notes by Moody's address the expected loss posed to investors at legal final maturity in relation to the initial principal balance of the Class A7 Notes. **However, the ratings assigned to the Class A7 Notes by Fitch and S&P do not address timely payment or ultimate payment of the Step-Up Amounts and by Moody's do not address the likelihood of and expected loss of payments of such Step-Up Amounts.**

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. Rating agencies, other than the Rating Agencies, could seek to rate the Class A7 Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Class A7 Notes by the Rating Agencies, such unsolicited ratings could have an adverse effect on the value of the Class A7 Notes. For the avoidance of doubt and unless the Relevant Documents otherwise require, any references to "ratings" or "rating" in this Prospectus are to ratings assigned by the Rating Agencies only. Future events also, including events affecting the Liquidity Facility Provider, the Hedging Providers and/or circumstances relating to the Properties and/or the property market generally affecting the Vesteda Companies, could have an adverse effect on the rating of the Class A7 Notes. **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.**

Step-Up Amounts

A failure by the Issuer to pay any Step-Up Amounts does not result in an Issuer Event of Default. However, once an Issuer Event of Default has occurred and an Issuer Enforcement

Notice has been issued, Class A7 Noteholders can claim the Step-Up Amounts, provided that any payment of such amounts shall be subject to the Issuer Post-enforcement Priority of Payments.

Matters relating to the Security Trustee

The Security Agreement will contain provisions requiring the Security Trustee to have regard to the interests of the Noteholders. However, it will also have regard to the interest of the other Beneficiaries, provided that in the event of a conflict of interests between the Beneficiaries, the Issuer Priority of Payments (set out herein) shall determine whose interests will prevail.

The Secured Loan Agreement provides that for certain matters set out in the Secured Loan Agreement, the Borrowers require the consent of the Security Trustee. With respect to certain provisions of the Secured Loan Agreement, the Security Trustee has agreed to give its consent with respect to actions, steps or transactions proposed to be taken or entered into by the Borrowers if the Rating Agencies have confirmed to the Security Trustee in writing that the Notes will not be downgraded as a result of taking such steps or actions or entering into such transactions.

Other Obligations of the Issuer

Following a Non-Payment on the Expected Maturity Date Event, the Issuer shall redeem the Notes in order of priority such that the Notes with the shortest Expected Maturity Date are redeemed first.

Furthermore, in the circumstances described in, and subject to the conditions set out in, the Conditions, the Issuer will be entitled to raise additional finance through the issue of Further Notes or New Notes. Such Further Notes or New Notes will be secured over the same assets that secure the Notes. However, it will be a condition precedent to any issue of Further Notes or New Notes that, *inter alia*, the Rating Agencies confirm that such issue will not result in a downgrade of the rating of the Notes.

If any Further Notes or New Notes were to *rank pari passu* with the Notes, the Security Trustee will be required to have regard to the interests of both the holders of the existing Notes and the Further Notes or New Notes (as the case may be) as if they formed a single class when exercising its rights, powers, trusts, authorities, duties and discretions.

The provisions of the Secured Loan Agreement will permit the Borrowers to create (or agree to create) or permit to subsist security interests over its present or future revenue or assets or undertaking ranking no more than *pari passu* with any security interests created pursuant to the Relevant Documents up to an aggregate amount not exceeding €25,000,000 in respect of financial indebtedness permitted to be created as described in the Secured Loan Agreement (described in the paragraph below) provided that the Borrowers shall be entitled to create (or agree to create) or permit to subsist first ranking mortgages over Properties with an aggregate Book Value of up to €25,000,000 in respect of such financial indebtedness.

In addition, the provisions of the Secured Loan Agreement will permit the Borrowers to, *inter alia*, incur or create financial indebtedness by, *inter alia*, entering into third party loans pursuant to which it may raise additional funds. Such indebtedness may rank *pari passu* with

advances made under the Secured Loan Agreement and share in the security therefor or may be secured by other security rights. However, the Borrowers will need to obtain the prior consent of the Security Trustee before, *inter alia*, creating any financial indebtedness in excess of €25,000,000. Such consent will be given if the Rating Agencies confirm that the Notes will not be downgraded as a result thereof.

Absence of Secondary Markets; Limited Liquidity

There can be no assurance that a secondary market in the Class A7 Notes will develop or, if it does develop, that it will provide the Class A7 Noteholders with liquidity of investment, or that it will continue for the life of the Class A7 Notes. However, application has been made to admit the Class A7 Notes to Euronext Amsterdam by NYSE Euronext. Listing of the Class A7 Notes on Euronext Amsterdam by NYSE Euronext is expected to take place on or around the Closing Date. There can be no assurance that listing of the Class A7 Notes will take place on or around the Closing Date or at all.

In addition, the market value of the Class A7 Notes may fluctuate with changes in prevailing rates of interest. Consequently, any sale of the Class A7 Notes by the Class A7 Noteholders in the secondary market which may develop may be at a discount to the original purchase price of the Class A7 Notes.

Eligibility of Class A7 Notes as central bank collateral

An application may be made to the relevant central bank after issuance of the Class A7 Notes to record them as eligible collateral. The relevant central bank will ultimately assess and confirm whether the Class A7 Notes qualify as eligible collateral for liquidity and/or open market operations: (i) in accordance with its policies, the relevant central bank will not confirm the eligibility of the Class A7 Notes for such purposes prior to the issuance of the Class A7 Notes, (ii) if the Class A7 Notes are accepted for such purposes, the relevant central bank may amend or withdraw any such approval in relation to the Class A7 Notes at anytime, (iii) neither the Issuer, the Security Trustee, the Borrowers, the Lead Manager nor the Arranger gives any representation or warranty as to whether such central bank will ultimately confirm the eligibility of the Class A7 Notes for such purpose, and (iv) neither the Issuer, the Security Trustee, the Vesteda Companies, the Lead Manager nor the Arranger will have any liability or obligation in relation thereto if the Class A7 Notes are at any time deemed ineligible for such purposes.

B. STRUCTURAL RISKS

Distributions by Vesteda Group

The Vesteda Group Companies may apply rental proceeds from the Properties and sale proceeds from disposals of Properties for the payment of dividends or other distributions of any kind in certain circumstances set out in the Secured Loan Agreement, which shall include the payment of dividends or other distributions of any kind necessary to comply with the Participation Agreement, the Limited Partnership Agreement and to enable Holding DRF to distribute dividends at such dates and in such amounts as are required to maintain the status of Holding DRF as 'Fiscal Investment Institution' (*Fiscale Beleggingsinstelling*) ('***FII Status***') under Section 28 of the Netherlands Corporate Income Tax Act.

Such distributions shall be made to each of the participants in Vesteda Woningen *pro rata parte* to their participations in Vesteda Woningen in accordance with the Participation Agreement and the Limited Partnership Agreement. See further the section *Income Tax Aspects of Vesteda Woningen's Structure* in *Vesteda Group – Corporate Profile and Business* below. There can be no assurance that the making of such payments will not adversely affect the ability of the Borrowers to meet all of their obligations under the Secured Loan Agreement, and hence, the Issuer under the Notes. However, upon the occurrence of a Non-Payment on the Expected Maturity Date Event, such distributions, save for those aforementioned to maintain the FII Status of Holding DRF, will not be permitted. Upon the occurrence of a Fund Unwind Event such distributions may not be made from the proceeds of any disposal of a Property, save for those aforementioned to maintain the FII status of Holding DRF. Further, upon or following the occurrence of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event (in each case which is continuing) or a Borrower Event of Default (in each case whichever is earlier), no distributions will be permitted. For the avoidance of doubt, such limitation on distributions does however not apply to any distributions that are made by Vesteda Woningen II.

Tax Status of Holding DRF

If Holding DRF was no longer regarded, together with DRF I, DRF II, DRF III and DRF IV, as a fiscal unity for corporate income tax purposes (a Fiscal Investment Institution) this would result in an annual corporate income tax liability for Holding DRF as from the beginning of the year in which it loses the FII Status and an obligation to release an amount equal to the "rounding-off reserve" (*afrondingsreserve*). The Dutch corporate income tax rate for 2010 is 20% for the first €200,000 of taxable income and 25.5% for taxable income exceeding €200,000. As of 1 January 2011 the Dutch corporate income tax rate is expected to be 20% for the first €40,000 of taxable income, 23% for the taxable income exceeding €40,000 but not exceeding €200,000 and 25.5% for taxable income exceeding €200,000. Holding DRF would, for example, lose its FII Status if it did not properly distribute the annual available profit. See further the section *Income Tax Aspects of Vesteda's Structure in Vesteda Group – Corporate Profile and Business*. Holding DRF is the parent company of the corporate income tax fiscal unity. All members of a corporate income tax fiscal unity are jointly and severally liable for any corporate income tax due by the parent company of the fiscal unity. This would result in an additional cost for the Borrowers which may affect their ability to repay the Term Advances, and hence the Issuer's ability to repay the Notes.

Tax Status of Vesteda Woningen

Vesteda Woningen is not liable to income tax, as a result of which its results are, for Dutch income tax purposes, included in the income of the participants on a pro rata basis. If Vesteda Woningen was to lose its tax transparency, this would make Vesteda Woningen an entity for corporate income tax purposes and liable for Dutch corporate income tax. The Dutch corporate income tax rate for 2010 is 20% for the first €200,000 of taxable income and 25.5% for taxable income exceeding €200,000. As of 1 January 2011 the Dutch corporate income tax rate is expected to be 20% for the first €40,000 of taxable income, 23% for the taxable income exceeding €40,000 but not exceeding €200,000 and 25.5% for taxable income exceeding €200,000. In addition, this would make Vesteda Woningen liable to dividend withholding tax on

distributions. Vesteda Woningen would, for example, lose its tax transparency if the participants were to decide to change the Limited Partnership Agreement such that the approval of all participants for the admittance or replacement of participants in Vesteda Woningen would not longer be required. This would result in extra costs for the Borrowers which may affect their ability to repay the Term Advances, and hence the Issuer's ability to repay the Notes.

Vesteda Woningen is joined in a VAT fiscal unity with Groep, Vesteda Project B.V., Gordiaan Vastgoed B.V., H.O.G. Heerlen Onroerend Goed B.V., DRF I, DRF II, DRF III, Vesteda Woningen II C.V. ('***Vesteda Woningen II***'), Dutch Residential Fund V B.V. ('***DRF V***') and Vesteda Groep II B.V. (the '***VAT Fiscal Unity***'). All members of a VAT fiscal unity are jointly and severally liable for Dutch VAT due by any member of the fiscal unity. Also in their capacity as custodians for Vesteda Woningen, the Borrowers are (and were already at the Initial Closing Date) accountable for VAT liabilities of the VAT Fiscal Unity for which each of them can be held jointly and severally liable.

This risk is mitigated by certain representations given by Groep and Vesteda Project B.V. that as at the Closing Date no outstanding material VAT liability was due and payable and that neither Gordiaan Vastgoed B.V. nor H.O.G. Heerlen Onroerend Goed B.V. have any outstanding VAT liability and will as long as they are members of the VAT Fiscal Unity not have any VAT liabilities due to any relevant tax authority.

To further mitigate the risk that Groep, DRF I, DRF II and Vesteda Woningen are held liable by the Dutch tax authorities in respect of VAT liabilities incurred by Vesteda Woningen II, DRF V and Vesteda Groep II B.V., these entities have entered into an indemnification agreement pursuant to which Vesteda Woningen II, DRF V and Vesteda Groep II B.V. will indemnify Vesteda Woningen, Groep, DRF I and DRF II for all VAT liabilities (including interest, penalties and costs) relating to Vesteda Woningen II, DRF V and Vesteda Groep II B.V. In addition, a blocked account structure was implemented pursuant to which on a monthly basis Vesteda Woningen II and Vesteda Groep II B.V. will deposit amounts so that following such deposit the amount standing to the credit of the blocked account is at least equal to the highest monthly amount of VAT payable in respect of Vesteda Woningen II, DRF V and Vesteda Groep II B.V. calculated over the next six month period. Furthermore, Vesteda Groep II B.V. has created in favour of Groep for the benefit of Vesteda Woningen, Groep, DRF I and DRF II a disclosed first right of pledge over any and all rights, interest and title in and to the blocked account to secure the obligations of Vesteda Woningen II, DRF V and Vesteda Groep II B.V. under the indemnification agreement. See the section *Vesteda Group – Corporate Profile and Business* for a description of the group structure of Vesteda Woningen and Vesteda Woningen II.

Availability of Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a committed 364 day facility for drawings to be made. The Issuer may draw down under the Liquidity Facility Agreement provided it satisfies certain conditions set out therein. The Issuer shall be entitled to apply funds received pursuant to the Liquidity Facility to pay, *inter alia*, items (a) to (d) (inclusive) of the Issuer Pre-enforcement Priority of Payments. It should be noted that the Liquidity Facility may not be sufficient to meet the full amount of interest payable on the Notes on any Interest Payment Date (the amount available for drawing for these items and in addition, to meet costs incurred by the Issuer in relation to the establishment of any security

interests pursuant to the Security Agreement and, in certain circumstances, towards repayment of any third party loans that may impede the enforcement of the security by the Security Trustee on behalf of the Noteholders (being limited to a maximum aggregate amount of €108,500,000, subject to a *pro rata* reduction in connection with a redemption of the Notes)). In the event that a Liquidity Event of Default occurs, the Issuer will not be entitled to draw from the Liquidity Facility. See further the section *Summary of Principal Documents – Liquidity Facility Agreement.*

The Liquidity Facility Provider at the Closing Date will have a rating in respect of its short-term unsecured unsubordinated and unguaranteed debt obligations of at least F1+, P-1 and A-1+, by Fitch, Moody's and S&P, respectively (the '***Required Ratings***'). If the credit rating assigned by a Rating Agency in respect of the short-term debt obligations of the Liquidity Facility Provider at any time after the Closing Date falls below the relevant Required Rating or the Liquidity Facility Provider has declined to renew the Liquidity Facility at the relevant date, the Issuer may request a Liquidity Facility Standby Loan (as described in the section *Summary of Principal Documents – Liquidity Facility Agreement*) or may cancel the Liquidity Facility (provided the Issuer shall have first made arrangements for a replacement Liquidity Facility Provider with a bank that has the Required Ratings on terms which are acceptable to the Security Trustee and the Rating Agencies) or require the Liquidity Facility Provider to novate or transfer its rights and obligations under the Liquidity Facility to a bank which has the Required Ratings. Further, if the Liquidity Facility Provider defaults in respect of its obligations under the Liquidity Facility Agreement, or declines to renew the Liquidity Facility, this may result in a termination of the Liquidity Facility Agreement. In such circumstances, there may be a downgrading of the Notes.

Groep

Groep has a broad function. It acts as general partner (*beherend vennoot*) of Vesteda Woningen as well as managing director of Vesteda Project B.V. Furthermore, it provides certain management services to Vesteda Groep II B.V. against payment of a fee pursuant to a Management Agreement entered into by Groep and Vesteda Groep II B.V. – see further the section *Vesteda Group – Corporate Profile and Business*.

Pursuant to the Limited Partnership Agreement, if Groep failed to fulfil its obligations pursuant thereto, a replacement general partner could be appointed in its place. However, no assurance can be given that such an entity would be found, or if found, would be willing to act. Should Groep default in its obligations as general partner or cease to act as general partner in the event of bankruptcy or otherwise, then a limited partners meeting shall be held within four weeks to appoint a replacement general partner. If a new general partner has not been appointed within ten weeks, Vesteda Woningen will be dissolved and liquidated unless the limited partners unanimously decide to extend the term.

Creation of Security Interests

The Secured Loan Agreement includes a list of events (Borrower Events of Default, a Failure to Pay Interest Event, a Failure to Refinance Event and a Failure to Pay Principal Event as more fully set out in the Secured Loan Agreement (see the section *Summary of Principal*

Documents – Secured Loan Agreement below)), the occurrence of which will entitle the Security Trustee to create (and oblige Groep and the Borrowers to cooperate with the creation of) Mortgages over sufficient Properties representing a Book Value (as defined herein) of 150 per cent. of the Borrower Principal Obligations. Furthermore, on the occurrence of a Non-Payment on Expected Maturity Date Event, Failure to Pay Interest Event, a Failure to Refinance Event or a Failure to Pay Principal Event (which is continuing) or a Borrower Event of Default, whichever is earlier, the Borrowers and Groep shall be obliged to create a disclosed security interest over the Rent Collection Accounts, Master Collection Account, Segregated Account and any similar accounts opened by the Borrowers. Upon the occurrence of a Fund Unwind Event, the Borrowers shall be obliged to open and to create a disclosed right of pledge over the Repayment Account (see further the section *Summary of Principal Documents – Secured Loan Agreement*).

If the relevant security interest shall not have been created prior to a bankruptcy order or suspension of payments order in respect of the party that is obliged to provide security, such security interest can no longer be validly created. Further, if Properties are subject to any attachment prior to the creation of a security interest, the security interest shall not take priority over the attachment. In both cases the Security Trustee will not have the (full) benefit of the security interests, which could affect the Issuer's ability to repay the Class A7 Notes. However, *inter alia*, to mitigate this risk, certain financial covenants have been provided under the Secured Loan Agreement (including an LTV covenant of 45 per cent. loan to value), a breach of which, if not cured within the applicable period shall constitute a Borrower Event of Default and thus require the creation of Mortgages. Further, since the DRFs are made subject to restrictions and provide certain covenants in respect of their activities pursuant to the Secured Loan Agreement, the risk of the DRFs becoming bankrupt or being granted a suspension of payments is reduced.

Share Pledge Agreement

To secure the obligations of the Borrowers and Groep under the Secured Loan Agreement, Holding DRF has granted a pledge over the DRF Shares in favour of the Security Trustee pursuant to the Share Pledge Agreement (see the section *Summary of Principal Documents – Share Pledge Agreement*). The pledge over the DRF Shares does not, by itself, create a security interest over the Properties. However, it will permit the Security Trustee to replace the management boards of the DRFs, in the circumstances described in the paragraph below.

The purpose of the pledge over the DRF Shares is primarily to protect the Issuer against the insolvency of Groep, in which case Groep could no longer act as general partner of Vesteda Woningen. On or following the occurrence of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event (which is continuing) or a Borrower Event of Default, whichever is earlier, the Security Trustee will be able to exercise the voting rights attaching to the pledged shares, provided that, in the case of a Failure to Refinance Event, a Failure to Pay Principal Event, Failure to Pay Interest Event (in each case, which is continuing), the Security Trustee shall agree not to dismiss or suspend the boards of the DRFs unless a Borrower Event of Default occurs. By being able to control the boards of the DRFs (and if necessary appoint its own nominees to these boards), the Security Trustee would be able to procure the creation of Mortgages in accordance with, and pursuant to, the Security Agreement (until a new general partner to replace Groep has been appointed in accordance with the

Participation Agreement and the Limited Partnership Agreement) if Groep became insolvent or defaulted in respect of its obligations under the Limited Partnership Agreement and the boards of the DRFs refused to cooperate with the creation of such Mortgages and liquidate the Properties. However, as stated above, the DRFs can no longer validly create the Mortgages if they themselves become bankrupt or are granted a suspension of payments, in which case such security interest cannot be validly constituted. Further, if Properties are subject to any attachment prior to the creation of a security interest, the security interest shall not take priority over the attachment. However, since the DRFs are made subject to restrictions and provide certain covenants in respect of their activities pursuant to the Secured Loan Agreement, the risk of the DRFs becoming bankrupt or being granted a suspension of payments is reduced.

In addition to being the legal owners of the Properties, the DRFs have liabilities, and will incur liabilities, in their capacity as custodians of Vesteda Woningen. The DRFs are likely to have incurred liabilities or will incur liabilities that will rank *pari passu* with their obligations towards the Issuer as Borrowers under the Secured Loan Agreement which may result in the Borrowers not being able to fulfil their obligations to pay amounts due under the Secured Loan Agreement and, if the Borrowers became insolvent as a result of such liabilities, would limit or terminate the ability of the Security Trustee to exercise its rights under the Share Pledge. Both situations would, in turn, affect the ability of the Issuer to fulfil its obligations under the Class A7 Notes. However, as aforementioned, the DRFs are made subject to restrictions and provide certain covenants in respect of their activities pursuant to the Secured Loan Agreement so that the liabilities which they can incur are limited. Further, subject to the conditions of the Liquidity Facility Agreement, Liquidity Drawings may be made to pay such liabilities in order to reduce the risk of Borrowers becoming the subject of insolvency proceedings.

Account Pledges and Repayment Account Pledge

Pursuant to the Security Agreement, each of the Borrowers and Groep has agreed to create upon the occurrence of certain events (see the section *Summary of Principal Documents – Secured Loan Agreement* below), pledges over the Rent Collection Accounts, the Master Collection Account, the Repayment Account and the Segregated Account establishing a pledge over the credit balances of these accounts relating to payments that are made prior to the bankruptcy or suspension of payments of the relevant holder of the account, being, respectively, Groep in the case of the Rent Collection Accounts, and in respect of the other accounts, the Borrowers. Monies standing to the credit of the Rent Collection Accounts are transferred at least once monthly to the Master Collection Account. Amounts that are paid into these accounts after the bankruptcy or suspension of payments of the relevant account holder will no longer be subject to the right of pledge and will become part of the estate of the account holder (unless the ultimate beneficiary of the payments can successfully claim that from the designation of the accounts it can be derived that any payments received in the accounts do not form part of the account holder's estate and are therefore the property of such beneficiary).

If Groep were to become insolvent and the payments into the relevant accounts are determined to be part of Groep's estate, the Borrowers will have a non-preferred and unsecured claim against Groep for the payments which Groep received on behalf of the Borrowers. It cannot be excluded that the estate of Groep will be insufficient to pay (part of) such claim, in which case the Borrowers may not receive the rental income in full, which could affect their

ability to make payments under the Secured Loan Agreement (and, in turn, the Issuer's ability to make payments under the Class A7 Notes). However, in the event that Groep becomes bankrupt or is made subject to a suspension of payments, the Secured Loan Agreement provides that, *inter alia*, the Borrowers are obliged to open new accounts in their name and arrange for amounts payable by tenants to be redirected to such new accounts so that these amounts are no longer part of Groep's estate.

Impact of Netherlands Insolvency Law

The Security Trustee can, pursuant to the Security Agreement and Netherlands law, in the event of bankruptcy or a suspension of payments in respect of any of the providers of security, exercise the rights afforded by law to a secured party as if there were no bankruptcy or suspension of payments. However, bankruptcy or a suspension of payments involving any of the providers of security would affect the position of the Security Trustee as a secured party in some respects, the most important of which are: (i) a mandatory "cool-off" period (*afkoelingsperiode*) of up to four months may apply in case of bankruptcy or a suspension of payments involving any of the providers of security, which, if applicable would delay the exercise of the right created by the relevant security interest, including any such right created by a mortgage, and (ii) the Security Trustee may be obliged to enforce a security interest, including a security interest such as a mortgage or pledge, within a reasonable period as determined by the judge – commissioner (*rechter-commissaris*) appointed by the court in case of bankruptcy of any of the Borrowers.

Foreclosure of Security Interests

Under Netherlands law, a security interest (mortgage or pledge) is in principle foreclosed through a public auction of the relevant assets. This auction has to be effected in accordance with the applicable provisions of the Netherlands Civil Code (*Burgerlijk Wetboek*) and the Netherlands Civil Procedures Code (*Wetboek van Burgerlijke Rechtsvordering*). The application of certain provisions of Netherlands law could cause delay in the foreclosure process or could limit the discretion of the Security Trustee as to the manner of foreclosure, as further set out below.

The Netherlands Civil Code provides, in the case of mortgage or pledge, that the relevant assets can also be sold by way of private sale. Such sale is subject to court approval, which can only be requested after the security interest has become enforceable. The approval (although discretionary) is likely to be granted if the terms of the sale are better than the terms that would have been received if the assets were sold at a public auction.

With respect to pledges, it is furthermore possible that, once the security interest has become enforceable, the pledgor and pledgee agree to an alternative foreclosure procedure or that, at the request of the pledgee, the pledged asset is kept by the pledgee against a consideration approved by the courts.

As stated above, a mortgage can be foreclosed through a public auction or a private sale. A private sale may in some circumstances be preferable as it might be on better terms than a public sale. However, this could be more time-consuming than a sale by way of public auction. In any case, the Security Agreement provides that the Security Trustee can avail itself of experts

and advisers to assist with a foreclosure of the security interests created by, and pursuant to, the Security Agreement, in order to determine the most appropriate foreclosure procedure at the relevant time.

Holding DRF has granted a pledge, pursuant to the Share Pledge Agreement, over the DRF Shares. Upon or following the occurrence of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event (in each case, which is continuing) or a Borrower Event of Default, whichever is earlier, the Security Trustee shall be entitled to exercise the voting rights attaching to the pledged shares, provided that in the case of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event (in each case, which is continuing), the Security Trustee shall agree not to dismiss or suspend the boards of the DRFs unless a Borrower Event of Default occurs. This will enable the Security Trustee to exercise control over the DRFs, which, as custodians, are the legal owners of the Properties, so that it will be in a position to procure the creation of Mortgages and liquidate the Properties. It is not intended that the Security Trustee will foreclose such pledge for the sole purpose of applying the foreclosure proceeds to satisfy the Borrower Secured Obligations (although it cannot be excluded that the Security Trustee will do so if this is in the interest of the Issuer or the Beneficiaries, as the case may be) since the DRFs do not have an economic interest in the Properties and the DRFs would, following such foreclosure, still be holding the Properties as custodians. If the Security Trustee would foreclose and lose its voting control over the DRFs, the DRFs would still be subject to their obligations under the Relevant Documents to which they are a party. A foreclosure of the pledge could be effected by the Security Trustee through one of the foreclosure alternatives described above.

Groep and the Borrowers have undertaken to create a right of pledge, pursuant to the Account Pledges, over, *inter alia*, amounts standing to the credit of, in the case of Groep, the Rent Collection Accounts, and in the case of the Borrowers, the Master Collection Account and the Segregated Account immediately upon the occurrence of a Non-Payment on the Expected Maturity Date Event, a Failure to Refinance Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event (in each case which is continuing). The Borrowers have, upon the occurrence of a Fund Unwind Event, agreed to create a right of pledge over the Repayment Account. These pledges can in principle be enforced by requiring the bank where the accounts are held to pay these credit balances to a designated account of the Security Trustee. The Security Trustee can apply these amounts by off-setting them against the Borrower Secured Obligations.

The Issuer has pledged and will pledge pursuant to the Issuer Pledge Agreement its assets, consisting of rights under the Relevant Documents to which it is a party and the amounts standing to the credit of its bank accounts, to the Security Trustee. This pledge can be enforced by the Security Trustee through an exercise of the Issuer's rights under such Relevant Documents. The Security Trustee can further foreclose the pledge through one of the foreclosure alternatives described above although this may, in the circumstances, be less appropriate.

The Netherlands Bankruptcy Code provides that the bankruptcy trustee of a pledgor or mortgagor can require the pledgee or the mortgagee to foreclose its security interest within a reasonable period (see above), failing which the bankruptcy trustee can foreclose the pledge or mortgage on behalf of the pledgee or mortgagee (which will then have to share in the bankruptcy

costs). Given the purpose of the Share Pledge, there is an interest not to foreclose the pledge before the relevant Mortgages have been created. Although the expectation is that this can be done reasonably quickly, there could be unexpected delays, which may result in a situation that not all required Mortgages can be vested in time. However, the risk that Holding DRF, as pledgor of the DRF Shares, will become insolvent is remote given the limited scope of its activities and the covenants to which it has agreed in the Security Agreement.

Hedging Providers

Each Hedging Agreement provides, and in respect of the 2010 Supplemental Hedging Agreement will provide, that the Hedging Providers will be obliged to make payments under the relevant Hedging Agreement without any withholding or deduction of taxes unless required by law and that, if any such withholding or deduction is required by law, the relevant Hedging Provider 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. Each Hedging Agreement provides, and in respect of the 2010 Supplemental Hedging Agreement will provide, however, that if due to (i) action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the relevant Hedging Agreement, the relevant Hedging Provider 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***'), such Hedging Provider may with the consent of the Issuer (which consent shall not be unreasonably withheld) subject to the consent of the Rating Agencies transfer (by way of novation or assignment) its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event.

Each of the Forward Swap, the Class A5 Supplemental Forward Swap, the Class A6 Supplemental Forward Swap and the Class A7 Supplemental Swap will be terminable by the Issuer if an Event of Default or Termination Event (each as defined in the relevant Hedging Agreement) occurs in relation to the relevant Hedging Provider.

On the Closing Date, (i) the Original Hedging Provider will comply with the rating requirements under the Original Hedging Agreement, (ii) the Class A5 Hedging Provider does not have the ratings required under the 2007 Supplemental Hedging, however the Class A5 Hedging Provider is in compliance with its obligations under the 2007 Supplemental Hedging Agreement which are applicable in case the Class A5 Hedging Provider is downgraded below the required ratings, and (iii) the Class A6 Hedging Provider will comply with the rating requirements under the 2008 Supplemental Hedging Agreement, each as set out in *Summary of Principal Documents – The Original Hedging Agreement* and *The Supplemental Hedging Agreements*.

Pursuant to the relevant Hedging Agreements, each Hedging Provider is required to have a minimum rating for their short term and in some cases long term debt obligations. If a Hedging Provider no longer meets the required rating criteria, such Hedging Provider is required to take the actions set out in the relevant Hedging Agreement in order to mitigate the consequences of its failure to meet the required rating criteria. If the relevant Hedging Provider defaults in respect of its obligations, the Borrowers may be obliged to procure a replacement hedging agreement for

the Issuer to enter into at their own cost with another appropriately rated entity or procure credit support. For so long as there is no replacement hedge provider, the Borrowers will remain obliged to fulfil their obligations to pay interest amounts on the Term Loans pursuant to the Secured Loan Agreement but at an unhedged rate. In such circumstances, it cannot be excluded that there may be a downgrading of the Class A7 Notes. See further the sections *Issues relating to the Notes – The Issuer's ability to meet its obligations under the Class A7 Notes* and *Summary of Principal Documents – The Original Hedging Agreement* and *The Supplemental Hedging Agreements*.

Termination Payments under the Forward Swaps and the Supplemental Swaps

If a Forward Swap or a Supplemental Swap is terminated under the relevant Hedging Agreement, the Issuer may be obliged to pay a termination payment to the relevant Hedging Provider. The amount of any termination payment will be based on the market value of the terminated Forward Swap or Supplemental Swap (as the case may be) based on market quotations of the cost of entering into a transaction with the same terms and conditions that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that no market quotation can be obtained).

The funds which the Issuer has available to make payments on the Notes may be reduced if the Issuer is obliged to make a termination payment to one of the Hedging Providers in respect of a Forward Swap or a Supplemental Swap. If, however, (a) a Forward Swap is terminated due to (i) a prepayment of any of the Initial Term Loans under the Secured Loan Agreement; or (ii) any Borrower failing to comply with its payment obligations to the Issuer under the Secured Loan Agreement, or (b) a Supplemental Swap is terminated due to (i) a prepayment of the Term A5 Loan and/or Term A6 Loan and/or Term A7 Loan (as the case may be) under the Secured Loan Agreement; or (ii) any Borrower failing to comply with its payment obligations to the Issuer under the Secured Loan Agreement, then, pursuant to the Secured Loan Agreement, the Borrowers have agreed to pay to the Issuer an amount equal to such termination payments due and payable to the relevant Hedging Provider under the relevant Hedging Agreement in respect of such Forward Swap or Supplemental Swap (as the case may be) (unless such Hedging Provider is in default under its obligations under the relevant Hedging Agreement). In addition, any termination payment due and payable to one of the Hedging Providers which arises owing to a default by such Hedging Provider shall not rank in priority to payments due to any Noteholder. See further the section *Summary of Principal Documents – Secured Loan Agreement.*

Delegation

Except to the limited extent described herein, the Security Trustee nor any Noteholder will participate in the management of the Issuer or the Borrowers. In particular, such parties cannot supervise the functions relating to the management or operation of the Properties. The Issuer has no executive management resources of its own and, as such, the Issuer will rely upon, *inter alia*, its Director and the Corporate Administrator for all its executive and administrative functions. Failure by any such party to perform its obligations could have an adverse effect upon the Issuer's ability to repay the Class A7 Notes. There can be no assurance that, were any such party is to resign or its appointment be terminated, a suitable replacement director or corporate

administrator could be found or would be found in a timely manner and engaged on terms which would not cause a downgrade or withdrawal of the rating of the Class A7 Notes.

Change of Law

The structure of the issue of the Class A7 Notes and the ratings which are to be assigned to them are based on the Netherlands law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change in Netherlands law or administrative practice in the Netherlands after the date of this Prospectus.

C. RISKS RELATING TO THE PROPERTY

Liquidation Value

The liquidation value of the Properties may be adversely affected by risks generally incidental to interests in real property, including, but without limitation, changes in political and economic conditions or in specific industry segments, declines in property values, declines in rental or occupancy rates, increases in interest rates, changes in governmental rules, regulations and fiscal and other policies, terrorism, flooding, and other factors which are beyond the control of the Vesteda Group Companies and the Issuer.

Tenancy Agreements

The Borrowers and Groep will covenant in the Secured Loan Agreement not to amend, vary, supplement or terminate (save for any termination in connection with a Permitted Disposal (as defined in the Master Definitions Agreement)) in any material way any terms of the Tenancy Agreements other than in cases where it would be acceptable to a reasonably prudent buyer/seller and owner of residential property or in cases such that it would not have a material adverse effect. There can therefore be no assurance that market practice in respect of Tenancy Agreements and/or the demands of prospective tenants over the life of the Notes will not subject the Borrowers to more onerous or less favourable covenants on its part or that tenant obligations under such Tenancy Agreements will not significantly diminish which, in any such event, may have an adverse effect on the value of, or income from, the Properties.

Appointment of Independent Advisor

The Secured Loan Agreement provides that in certain circumstances, the Borrowers shall, subject to the approval of the Security Trustee, appoint an external, independent and appropriately qualified advisor to perform certain functions, including, to assume control and management of the process of liquidating the Properties. No assurance can be given that in any such circumstances an individual or entity can be found either on terms acceptable to the Security Trustee or at all.

Insurance

Holding DRF and Groep have obtained insurance cover, in the form of (i) a liability policy in the name of Holding DRF and (ii) a comprehensive insurance policy in the name of Groep, (together the '***Insurance Policies***'), also covering the DRFs as insured companies. The

insured risks comprise, principally, typical property insurance risks for properties of this type. The Insurance Policies are due to expire on 1 January 2011, with tacit renewal for a certain period thereafter. No assurances can be given that the Insurance Policies will be renewed on the same terms or will be renewed at all. The amount of cover provided under the Insurance Policies varies and deductibles apply. The deductible in respect of the comprehensive insurance policy of Groep is approximately 0.035% of the insured amount in respect of the Properties.

The Borrowers and Groep covenant in the Secured Loan Agreement that they will keep all of the Properties of an insurable nature insured in the aggregate to full replacement costs, excluding the relevant deductible, and in accordance with the terms of the Tenancy Agreements, and provide insurance in respect of each Property with reputable insurers against loss or damage resulting from, *inter alia*, fire and explosion and maintain such other insurances as are in accordance with sound and prudent commercial practice.

No assurance can be given that the proceeds of any such insurance will be sufficient to pay, in full, all the amounts due from the Borrowers under the Secured Loan Agreement and, hence, the Notes. Certain types of risks and losses (for example, losses resulting from terrorism) are normally not covered in respect of the Properties. Other types of risks and losses may become either uninsurable or not economically insurable or are not covered by the Insurance Policies. If an uninsured or uninsurable loss were to occur, the Borrowers might not have sufficient funds to repay in full all amounts owing under the Secured Loan Agreement.

Reliance on Valuation

The value of the Properties as at 31 December 2009 was, in aggregate, €4,424,276,130. However, there can be no assurance that the market value of the Properties will continue to be equal to or exceed such value. The valuations of the Properties express the professional opinion of the relevant valuers on the relevant Property and are not guarantees of present or future value in respect of such Property. One valuer may, in respect of any Property, reach a different conclusion than the conclusion in relation to a particular Property that would be reached if a different valuer were appraising such Property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing property owner. As the market value of the Properties fluctuates, there is no assurance that the market value of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Secured Loan Agreement. If the Properties are sold following a Failure to Pay Principal Event or a Borrower Event of Default pursuant to the Secured Loan Agreement, there is no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Secured Loan Agreement.

Disposals/Valuation

As part of Vesteda Woningen's strategy, the Vesteda Group will make disposals of Properties, from time to time. The price at which the Properties will be disposed of will be influenced by general economic conditions and other factors described below under the heading *General* in the section - *Business Risks*.

Environmental Risks

The Borrowers and Groep provide representations and warranties to the Issuer and the Security Trustee in the Secured Loan Agreement in relation to their compliance with environmental laws and approvals. The Borrowers also covenant to continue to comply with such laws and approvals. However, if an environmental liability arises in relation to any Property and it is not remedied, or it is not capable of being remedied, this may adversely affect such Property and the business of the Vesteda Group (either because of the cost implications for Vesteda Woningen or because of disruption to services provided at the relevant Property). It may also result in a reduction of the value of the relevant Property or affect the ability of Vesteda Woningen to dispose of the relevant Property or its ability to service the Term Loans.

State of the Properties

The Borrowers provide representations and warranties to the effect that the Properties are in good and substantial repair and condition and fit for the purpose for which they are presently used and that there is no material defect in their condition or construction. The Borrowers also provide certain covenants in connection with the state and repair of the Properties. However, if a liability in this respect arises in respect of a Property, and it is not remedied, or it is not capable of being remedied, this may adversely affect such Property and the business of the Vesteda Group (either because of the cost implications for Vesteda Woningen or because of disruption to services provided at the relevant Property). It may also result in a reduction of the value of the relevant Property or affect the ability of Vesteda Woningen to dispose of the relevant Property or its ability to service the Term Loans.

D. BUSINESS RISKS

General

Real property investments are subject to varying degrees of risk. Rental revenues, property values and the demands of tenants are affected by changes in the general economic climate and local conditions such as an over supply of space, a reduction in demand for residential property in an area, competition from other available space or increased operating costs. Rental revenues and property values are also affected by such factors as political developments, government regulations and changes in planning laws or policies or tax laws, interest rate levels, inflation, wage rates, levels of employment and the availability of consumer credit. Further, the ability to attract the appropriate types and numbers of tenants paying rent levels sufficient to allow the Borrowers to make payments under the Secured Loan Agreement will be dependent, among other things, on the performance generally of the real property market. Rental revenues and values are sensitive to such factors which can sometimes result in rapid, substantial increases and decreases in rental and valuation levels. Any resulting decline in market value may adversely affect the ability of the Borrowers to meet their obligations under the Secured Loan Agreement.

Competition

Vesteda Woningen is one of the largest private residential funds in the Netherlands, acquiring, developing, managing, letting and selling residential properties currently located in the

Netherlands. In the low-rent sector and the medium-rent sector, the housing associations are the largest landlords in the Netherlands by social and community goals. However, the Properties fall predominantly in the high-rent sector. An increase in competition could, for example, have an impact on the rental income available to Vesteda Woningen and the value of its Properties, which could affect the Borrowers' ability to make payments under the Secured Loan Agreement. However, the number and value of Properties relating to the amounts outstanding from time to time under the Secured Loan Agreement, and the covenants imposed on the Borrowers pursuant to the Secured Loan Agreement, as well as the repayment conditions of the Term Advances under the Secured Loan Agreement, should reduce the risk that increased competition will affect the ability of the Issuer to pay interest and principal on the Class A7 Notes.

Strategy

The strategy of Vesteda Woningen is based on certain assumptions relating to, *inter alia*, economic conditions, market for rental properties, and demographic conditions in the Netherlands. Although Vesteda Woningen has no reason to believe that these assumptions are inappropriate, it cannot be excluded that these assumptions turn out to be incorrect. This could, for example, have an impact on the rental income available to Vesteda Woningen and the value of its Properties, which could affect the Borrowers' ability to make payments under the Secured Loan Agreement. However, the number and value of Properties relating to the amounts outstanding from time to time under the Secured Loan Agreement, and the covenants imposed on the Borrowers pursuant to the Secured Loan Agreement, as well as the repayment conditions of the Term Advances under the Secured Loan Agreement, should reduce the risk that adverse change in conditions or markets that are relevant to the assumptions on which Vesteda Woningen's strategy is based, will affect the ability of the Issuer to pay interest and principal on the Class A7 Notes.

Property Management

The net cash flow realised from the Properties may be affected by management decisions. As described above, the Properties are managed by Groep. Groep and its local management branches are responsible for finding new tenants and for negotiating the terms of leases with such tenants although Groep is ultimately responsible. Whilst Groep is experienced in managing residential property, there can be no assurance that decisions taken in the future by it (or by its representatives at local branches on its behalf) will not adversely affect the value and/or cash flows of the Properties.

E. REGULATORY

Vesteda Woningen is subject to varying degrees of local, regional and national regulation, covering environmental, safety and maintenance standards and tenants' rights, and other factors that affect the property market. There can be no assurance that such laws or regulations or the interpretation or enforcement of or change in any such laws or regulations will not have an adverse effect on the value of the Properties or require Vesteda Woningen to incur additional costs or otherwise adversely affect the management of its Properties, which could adversely affect the results of operations and financial condition of Vesteda Woningen. See

further section *Property Leasing in the Netherlands – Regulatory Framework* below for further details.

F. GENERAL

EU Savings Directive

On 7 June 2005, the last necessary approval for the EU Savings Directive ('***Directive***') was granted by the EU's council of Economic and Finance Ministers. Therefore, the Directive has come into effect on 1 July 2005. The Directive requires the disclosure of information by paying agents in EU member states and certain other countries and territories. These paying agents are required to provide to the tax authorities of other EU member states details of payments of interest and other similar income paid to individual beneficial owners resident in that other EU member state. However, for a transitional period, Austria, Luxembourg and certain other non EU countries and territories will instead of disclosure impose a withholding tax on such payments (unless during that period they elect otherwise). The ending of such transitional period depends upon the conclusion of certain other agreements relating to information exchange with certain other countries. As from 1 July 2008 the transitional withholding tax will amount to 20 per cent. On 1 July 2011 the percentage will be increased to 35 per cent. This would only be an issue where a Paying Agent would make payments from one of the jurisdictions mentioned in this paragraph.

Reports

No new reports have been prepared specifically for the purpose of this Prospectus, or the transaction contemplated herein and none of the Issuer, the Arranger or the Security Trustee has made any independent investigation of any of the matters stated therein, except as disclosed in this Prospectus.

Historical Information

The historical financial and other information set out in the sections *Overview of the Netherlands Residential Property Market, Vesteda Group – Corporate Profile and Business, Property Leasing in the Netherlands – Regulatory Framework* and *Description of the Portfolio* below represents the historical experience of the Vesteda Group. There can be no assurance that the future experience and performance of the property leasing market will be similar to the experience shown in this document.

Information to Noteholders

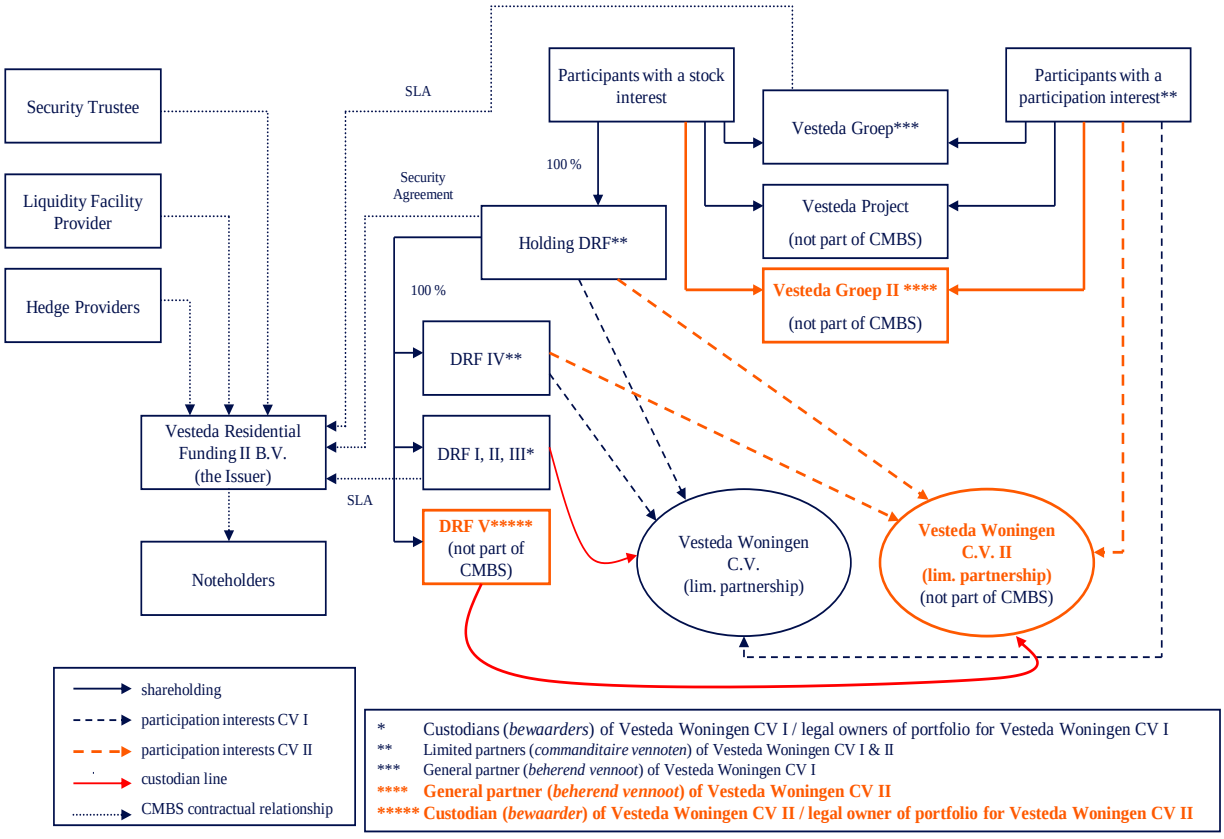
Except for the information to be delivered pursuant to the Secured Loan Agreement which is to be made available to the Class A7 Noteholders at the office of the Paying Agent (see the section *Summary of Principal Documents – Secured Loan Agreement* below), the Issuer will have no obligation to keep the Class A7 Noteholders or any other person informed as to matters arising in relation to the Properties or to disclose to them any financial or other information or the contents of any notice received or given by it in respect of the Properties.

Conflicts of Interest

ATC Management B.V., being the sole director of the Issuer and the Shareholder, belongs to the same group of companies as Amsterdamsch Trustee's Kantoor B.V., being the sole director of the Security Trustee. Therefore, a conflict of interest could arise. In this respect, it is noted that each of ATC Management B.V. and Amsterdamsch Trustee's Kantoor B.V is, with regard to the exercise of its powers and rights as either the sole director of the Issuer, the sole director of the Security Trustee and the sole director of the Shareholder, under the relevant management agreement bound by the restrictions set out in the respective management agreement that are intended to ensure that the powers and rights are exercised in the interest of the Issuer, the Shareholder and the Security Trustee and the other parties involved in this transaction. The Security Trustee is a party to the management agreements with the Issuer and the Shareholder for, inter alia, the better preservation and enforcement of its rights under the Issuer Security Documents.

TRANSACTION DIAGRAM

Prospective investors are advised to read carefully, and should rely on, the entire final Prospectus in making their investment decisions. This diagram does not include all relevant information relating to the Class A7 Notes, particularly with respect to the risks and special considerations associated with an investment in the Class A7 Notes.



OVERVIEW

The following is an overview of the principal features of the Class A7 Notes. This overview should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Prospectus. A list of pages on which certain capitalised terms are defined is found in the section entitled "Index of Defined Terms" below. This description is not a summary as referred to in Section 5:14 of the Netherlands Financial Supervision Act (Wet op het financieel toezicht).

The Parties

Issuer:	Vesteda Residential Funding II B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), under number B.V. 1330079 and registered with the Commercial Register of the Chamber of Commerce, under number 34229747 (herein referred to as the '***Issuer***'). The issued share capital of the Issuer is comprised of 18 shares of €1,000 each currently held by the Shareholder (as defined below).
Shareholder:	Stichting Vesteda Residential Funding II established under the laws of the Netherlands as a foundation (*stichting*) and registered with the Commercial Register of the Chamber of Commerce, under number 34228679 (herein referred to as the '***Shareholder***'). The Shareholder holds the entire issued share capital of the Issuer.
Borrowers:	Dutch Residential Fund I B.V., Dutch Residential Fund II B.V. and Dutch Residential Fund III B.V., each incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) on 23 December 1997, under numbers B.V. 617.839, 617.840 and 617.841 respectively, each registered with the Commercial Register of the Chamber of Commerce, under numbers 14056950, 14056952 and 14056954 respectively and each with its registered office at Plein 1992 1, 6221 JP Maastricht, The Netherlands (telephone +31 (0) 43 329666) (each in their capacity as custodians (*bewaarders*) of Vesteda Woningen and referred to herein as '***DRF I***', '***DRF II***' and '***DRF III***' respectively and collectively as either the '***DRFs***' or the '***Borrowers***') as borrowers under the secured loan agreement dated 18 July 2005 between, *inter alios*, the Borrowers, Groep and the Issuer as amended and/or restated from time to time and as most recently amended on 24 July 2009 pursuant to an

amendment agreement in relation to the formation of Vesteda Woningen II, Dutch Residential Fund V B.V. and Vesteda Groep II B.V. (such agreement the '***2009 Amendment Agreement***') (the '***Original Secured Loan Agreement***'), and which will be amended and restated on the Closing Date (such amended and/or restated agreement, the '***Secured Loan Agreement***'). Where reference is made herein to rights and/or obligations of the Borrowers, these are to rights and/or obligations of the Borrowers in their capacity as custodians (*bewaarders*) of Vesteda Woningen, entered into or incurred, as the case may be, by Groep (as defined below), acting in its capacity as general partner (*beherend vennoot*) of Vesteda Woningen, pursuant to an exclusive mandate (*privatieve last*) granted by the Borrowers. See further the section *Vesteda Group – Corporate Profile and Business – History and Structure* below.

Vesteda Woningen: Vesteda Woningen C.V., a limited partnership (*commanditaire vennootschap*) organised under the laws of the Netherlands and registered with the Commercial Register of the Chamber of Commerce, under number 14103870 (herein referred to as '***Vesteda Woningen***').

Groep: Vesteda Groep B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), under number B.V. 1.186.491 and registered with the Commercial Register of the Chamber of Commerce, under number 14071789, shall, *inter alia*, enter into the Secured Loan Agreement (as defined herein) in its independent capacity and in its capacity as general partner (*beherend vennoot*) of Vesteda Woningen, and pursuant to a mandate (*last*) granted by DRF I, DRF II and DRF III, in their capacity as custodians (*bewaarders*) of Vesteda Woningen (herein referred to as '***Groep***', and together with DRF I, DRF II and DRF III, referred to as the '***Vesteda Woningen Entities***', and the Vesteda Woningen Entities together with Vesteda Woningen and Holding DRF, herein referred to as the '***Vesteda Group***' and any company within the Vesteda Group being referred to as a '***Vesteda Group Company***' and together the '***Vesteda Group Companies***'.

Holding DRF: Holding Dutch Residential Fund B.V., incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), under number B.V. 617.838 and registered with the Commercial Register of the Chamber

	of Commerce, under number 14056947 (herein referred to as '***Holding DRF***"). Holding DRF holds, *inter alia*, the entire issued share capital of DRF I, DRF II and DRF III (the '***DRF Shares***') and is a direct and indirect participant in Vesteda Woningen.
Corporate Administrator:	ATC Financial Services B.V., (herein referred to as the '***Corporate Administrator***') (or another ATC Entity (as defined below)) entered on 18 July 2005 into the corporate services agreements with the Issuer, the Shareholder and the Security Trustee (as defined below) (the '***Corporate Services Agreements***') in order to provide administrative services to the Issuer, the Security Trustee and the Shareholder.
Directors:	ATC Management B.V. is the sole director of the Issuer, Amsterdamsch Trustee's Kantoor B.V. is the sole director of the Security Trustee and ATC Management B.V. is the sole director of the Shareholder (each referred to herein as a '***Director***' and together with ATC Financial Services B.V., the '***ATC Entities***').
Security Trustee:	Stichting Security Trustee Vesteda Residential Funding II, established under the laws of the Netherlands as a foundation (*stichting*) and registered with the Commercial Register of the Chamber of Commerce, under number 34228680 (herein referred to as the '***Security Trustee***') has been appointed pursuant to a trust deed dated 20 July 2005 between the Issuer and the Security Trustee (amended and/or restated from time to time and most recently amended and restated on 21 July 2008) (the '***Original Trust Deed***'), which is to be amended and restated on or around the Closing Date (such amended and restated deed, the '***Trust Deed***') to represent, *inter alia*, the interests of the holders of the Class A7 Notes (the '***Class A7 Noteholders***'). Further, the Security Trustee has been appointed pursuant to a security agreement dated 18 July 2005, (as amended and/or restated from time to time and most recently amended and restated on 21 July 2008) (the '***Original Security Agreement***') between, *inter alios*, the Issuer, the Security Trustee, the Borrowers, Holding DRF, Groep, the ATC Entities and the Account Bank and amended and restated on or around the Closing Date (such amended and restated agreement, the '***Security Agreement***') to hold the security to be granted by the Borrowers, Groep, the Issuer and Holding DRF pursuant to the Security Agreement on behalf of itself, the Paying Agent, the Principal Paying Agent, the Reference Agent,

the Noteholders, the Hedging Providers, the Liquidity Facility Provider, the ATC Entities and the Account Bank (the '***Beneficiaries***').

Liquidity Facility Provider: On 15 July 2008, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. trading as Rabobank International (herein referred to as the '***Liquidity Facility Provider***') and the Issuer, *inter alios*, entered into a liquidity facility agreement (the '***Original Liquidity Facility Agreement***'), which will be amended and restated on or around the Closing Date (such amended and restated agreement, the '***Liquidity Facility Agreement***'). Subject to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider may be replaced by such other bank with a rating assigned for its unsecured, unsubordinated and unguaranteed short term debt obligations of at least F1+, P-1 and A-1+ (or its equivalent) from, respectively, Fitch, Moody's and S&P.

Hedging Providers: On 18 July 2005, the Issuer entered into a deed of novation, amendment and restatement (the '***Novation and Amendment Deed***') between, *inter alios*, the Issuer, Vesteda Residential Funding I B.V. and Deutsche Bank AG, London Branch acting out of its office at Winchester House 1, Great Winchester Street, London EC2N 2DB, United Kingdom (the '***Original Hedging Provider***') in respect of an ISDA Master Agreement (the '***Existing Hedging Agreement***') entered into on 19 July 2002, as amended and restated on 29 April 2004. Pursuant to the Novation and Amendment Deed, (a) the Issuer has assumed the benefit of certain interest rate cap transactions entered pursuant to the Existing Hedging Agreement and certain ISDA confirmations which have all terminated and which were originally entered into pursuant to an ISDA Master Agreement between Groep (acting at that time in its capacity as manager (*beheerder*) of Vesteda Woningen (at that time a mutual fund (*fonds voor gemene rekening*)) pursuant to a mandate (*last*) granted by DRF I, DRF II and DRF III in their capacity as custodians (*bewaarders*) of Vesteda Woningen) and the Original Hedging Provider, and which were subsequently novated to Vesteda Residential Funding I B.V. on 19 July 2002, and in respect of which the final transactions outstanding have all terminated on 20 April 2009; (b) the Existing Hedging Agreement has been amended and restated in the form set out in the Novation and Amendment Deed; and (c) certain forward interest rate swap transactions pursuant to the Original Hedging

Agreement (as defined below) and certain ISDA Confirmations have been entered into (each a '***Forward Swap***' and together, the '***Forward Swaps***', and the Existing Hedging Agreement, in the form of the ISDA Master Agreement and Schedule, as amended and restated pursuant to the Novation and Amendment Deed, and the ISDA Confirmations in respect of the Forward Swaps, together, the '***Original Hedging Agreement***').

On 19 April 2007, the Issuer entered into an ISDA Master Agreement and Schedule with, *inter alios*, The Royal Bank of Scotland N.V., London Branch acting out of its office at 250 Bishopsgate, London EC2M 4AA, United Kingdom (previously named ABN AMRO Bank N.V., London Branch) (the '***Class A5 Hedging Provider***') and a forward interest rate swap transaction in connection with the Class A5 Notes represented by an ISDA Confirmation (the '***Class A5 Supplemental Forward Swap***' and the ISDA Master Agreement and Schedule and the ISDA Confirmation in respect of the Class A5 Supplemental Forward Swap, together, the '***2007 Supplemental Hedging Agreement***').

On 15 July 2008, the Issuer entered into an ISDA Master Agreement and Schedule with, *inter alios*, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. trading as Rabobank International acting out of its office at Croeselaan 18, 3521 CB Utrecht, The Netherlands (the '***Class A6 Hedging Provider***' and together with the Class A5 Hedging Provider, the '***Further Hedging Providers***') and a forward interest rate swap transaction in connection with the Class A6 Notes represented by an ISDA Confirmation (the '***Class A6 Supplemental Forward Swap***' and the ISDA Master Agreement and Schedule entered into between the Issuer and the Class A6 Hedging Provider together with the ISDA Confirmation in respect of the Class A6 Supplemental Forward Swap, together, the '***2008 Supplemental Hedging Agreement'***).

As from the Closing Date, the Issuer will have the benefit of a swaption transaction (the '***Class A7 Swaption'***) entered into pursuant to a long-form confirmation dated on or before 16 April 2010 between Groep and ABN AMRO Bank N.V. acting through its office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands (the '***Class A7 Swaption Provider***') which will be novated to the Issuer by Groep upon the issuance of the Class A7 Notes on the Closing Date pursuant to a deed of novation between the

Issuer, Groep, the Security Trustee and the Class A7 Swaption Provider (the '***Class A7 Swaption Novation Deed***').

On 16 April 2010, the Issuer and the Class A7 Swaption Provider will furthermore enter into an ISDA Master Agreement, a Schedule and a credit support annex which will become effective as from the Closing Date in connection with the novation of the Class A7 Swaption. Following such novation, pursuant to the Class A7 Swaption the Issuer shall be entitled to a physically settled swaption which, when exercised, will result in an interest rate swap transaction between the Issuer and the Class A7 Swaption Provider which will hedge all amounts of floating rate interest in respect of the Class A7 Notes as from 20 July 2010 up to (and including) the Expected Maturity Date of the Class A7 Notes (such interest rate hedging transaction, the '***Class A7 Swaption Swap***' and the ISDA Master Agreement, Schedule, the relevant Confirmation and credit support annex in relation thereto, the '***Class A7 Swaption Swap Agreement***').

If the Alternative Hedging Conditions are met, the Issuer may before the Class A7 Swaption Expiration Date, enter into an ISDA Master Agreement, Schedule and a credit support annex with a financial institution with the required ratings (the '***Class A7 Alternative Hedging Provider***') and either (i) an interest rate swap transaction, or (ii) an interest rate cap transaction, or (iii) a combination of an interest rate swap transaction and an interest rate cap transaction thereunder (such transaction(s) referred to under (i), (ii) or (iii) above, herein referred to as the '***Class A7 Alternative Cap/Swap***') in connection with the hedging (either alone or in aggregate) of all amounts of floating rate interest in relation to the Class A7 Notes for the period starting on the Interest Payment Date immediately following the Closing Date up to (and including) the Expected Maturity Date of the notional amount of all outstanding Class A7 Notes, and represented by one or more ISDA Confirmations. The ISDA Master Agreement, Schedule and the credit support annex entered into between the Issuer and the Class A7 Alternative Hedging Provider together with such ISDA Confirmation or ISDA Confirmations, the '***2010 Alternative Supplemental Hedging Agreement***'.

'***Alternative Hedging Conditions***' means (a) the Issuer and the Security Trustee having received a duly completed and

executed 2010 Alternative Supplemental Hedging Agreement from the Class A7 Alternative Hedging Provider which is capable of becoming legally binding upon acceptance by the Issuer and the Security Trustee, (b) the 2010 Alternative Supplemental Hedging Agreement providing that during the life of the Class A7 Alternative Supplemental Swap the relevant swap rate payable by the Issuer under the Class A7 Alternative Cap/Swap is less than 2.5% and/or the relevant cap rate under the Class A7 Alternative Cap/Swap is less than 2.5%, (c) if more than one Class A7 Alternative Supplemental Swap is entered into under the 2010 Alternative Supplemental Hedging Agreement each such Class A7 Alternative Supplemental Swap is entered into with the same Class A7 Alternative Hedging Provider, and (d) the Issuer and the Security Trustee having received satisfactory evidence that the Class A7 Alternative Hedging Provider has required ratings on the trade dates of the Class A7 Alternative Supplemental Swap.

If a Class A7 Alternative Cap/Swap has been entered into, '***Class A7 Supplemental Swap***' shall refer to the Class A7 Alternative Cap/Swap, the '***2010 Supplemental Hedging Agreement***' shall refer to the 2010 Alternative Supplemental Hedging Agreement and the '***Class A7 Hedging Provider***' shall refer to the Class A7 Alternative Hedging Provider. In the event that the Alternative Hedging Conditions are not met and no Class A7 Alternative Cap/Swap has been entered into on the Class A7 Swaption Expiration Date, the Issuer shall be required to exercise the Class A7 Swaption and '***Class A7 Supplemental Swap***' shall refer to the Class A7 Swaption Swap, '***2010 Supplemental Hedging Agreement***' shall refer to the Class A7 Swaption Swap Agreement and '***Class A7 Hedging Provider***' shall refer to the Class A7 Swaption Provider.

The 2010 Supplemental Hedging Agreement together with the 2007 Supplemental Hedging Agreement and the 2008 Supplemental Hedging Agreement, are referred to as the '***Supplemental Hedging Agreements***', and the Supplemental Hedging Agreements together with the Original Hedging Agreement, are referred to as the '***Hedging Agreements***'.

The Class A7 Hedging Provider, together with the Further Hedging Providers, are referred to as the '***New Hedging Providers***', and the New Hedging Providers together with

the Original Hedging Provider, are referred to as the '***Hedging Providers***'.

The Class A7 Supplemental Swap, together with the Class A5 Supplemental Forward Swap the Class A6 Supplemental Forward Swap, are referred to as the '***Supplemental Swaps***'.

The credit support annex under the 2010 Supplemental Hedging Agreement, is referred to as the '***Class A7 Credit Support Annex***'.

Account Bank: On 18 July 2005, Deutsche Bank Amsterdam Branch acting out of its office at Herengracht 450-454, 1017 CA Amsterdam, the Netherlands (herein referred to as the '***Account Bank***') entered into a bank account and cash management agreement with, *inter alios*, the Issuer (the '***Bank Account and Cash Management Agreement***').

Principal Paying Agent and Reference Agent: On 18 July 2005, Deutsche Bank AG, London Branch acting out of its office at Winchester House 1, Great Winchester Street, London EC2N 2DB, United Kingdom (herein referred to in its capacity as principal paying agent and reference agent as the '***Principal Paying Agent***', and the '***Reference Agent***') and Deutsche Bank Amsterdam Branch acting out of its office at Herengracht 450-454, 1017 CA Amsterdam, the Netherlands (herein referred to as the '***Paying Agent***') entered into a paying agency agreement dated 18 July 2005 with, *inter alios*, the Issuer (as amended and/or restated from time to time and as most recently amended and restated on 15 July 2008) (the '***Original Paying Agency Agreement***'), and which will be amended and restated on or around the Closing Date (such amended and restated agreement, the '***Paying Agency Agreement***'). The Principal Paying Agent will be responsible for, *inter alia*, performing certain tasks in respect of the Notes as described in the Paying Agency Agreement and the Conditions.

The Paying Agent will be appointed by the Issuer in accordance with the listing rules of NYSE Euronext and will be responsible for, *inter alia*, performing certain tasks as described in the Paying Agency Agreement and the Conditions.

Original Securitisation and Issue of Class A7 Notes

Original Securitisation: The Issuer entered on 18 July 2005 into a securitisation transaction (the '***2005 Securitisation***') in connection with

which the Issuer made the Initial Term Loans (other than the Term A5 Loan and the Term A6 Loan) available to the Borrowers pursuant to the terms of the Original Secured Loan Agreement. The Issuer in turn funded the Initial Terms Loans through the issuance of the Initial Notes (other than the Class A5 Notes and the Class A6 Notes). On 20 April 2007, the Issuer issued the Class A5 Notes with which the Issuer made the Term A5 Loan available to the Borrowers (the '***2007 Securitisation***'). On 21 July 2008, the Issuer issued the Class A6 Notes with which the Issuer made the Term A6 Loan available to the Borrowers (the '***2008 Securitisation***' and together with the 2005 Securitisation and the 2007 Securitisation, the '***Original Securitisation***').

The Original Securitisation was subject to the terms of, *inter alia*, the Original Security Agreement, the Original Trust Deed, the Original Hedging Agreement, the 2007 Supplemental Hedging Agreement, the 2008 Supplemental Hedging Agreement, the Original Secured Loan Agreement, the Share Pledge Agreement, the Original Issuer Pledge Agreement, the 2007 Supplemental Issuer Pledge Agreement, the 2008 Supplemental Issuer Pledge Agreement, the Original Liquidity Facility Agreement, the Bank and Cash Management Agreement and the Original Paying Agency Agreement, the Original Corporate Services Agreements (each as defined herein) (the '***Original Relevant Documents***').

Issue of Initial Notes:

The issue of the €200,000,000 Class A1 Secured Floating Rate Notes 2005 due 2017 (the '***Class A1 Notes***'), the €400,000,000 Class A2 Secured Floating Rate Notes 2005 due 2017 (the '***Class A2 Notes***'), the €400,000,000 Class A3 Secured Floating Rate Notes 2005 due 2017 (the '***Class A3 Notes***'), the €300,000,000 Class A4 Secured Floating Rate Notes 2005 due 2017 (the '***Class A4 Notes***') was constituted by a trust deed dated 20 July 2005 (the '***Initial Closing Date***') between the Issuer and the Security Trustee as trustee for the holders of the Class A1 Notes (the '***Class A1 Noteholders***'), the Class A2 Notes (the '***Class A2 Noteholders***'), the Class A3 Notes (the '***Class A3 Noteholders***') and the Class A4 Notes (the '***Class A4 Noteholders***'). The issue of the €350,000,000 Class A5 Secured Floating Rate Notes 2007 due 2017 (the '***Class A5 Notes***') was constituted by an amended and restated trust deed dated 20 April 2007 (the '***2007 Closing Date***') between the Issuer and the Security Trustee as trustee for the Class A1 Noteholders, the Class A2 Noteholders, the

Class A3 Noteholders, the Class A4 Noteholders and the holders of the Class A5 Notes (the '***Class A5 Noteholders***'). The issue of the €150,000,000 Class A6 Secured Floating Rate Notes 2008 due 2017 (the '***Class A6 Notes***' and together with the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A4 Notes and the Class A5 Notes, the '***Initial Notes***') was constituted by an amended and restated trust deed dated 21 July 2008 (the '**2008 Closing Date**') between the Issuer and the Security Trustee as trustee for the Class A2 Noteholders, the Class A3 Noteholders, the Class A4 Noteholders, the Class A5 Noteholders and the holders of the Class A6 Notes (the '***Class A6 Noteholders'***, and together with the Class A1 Noteholders, the Class A2 Noteholders the Class A3 Noteholders, the Class A4 Noteholders and the Class A5 Noteholders, the '***Initial Noteholders***').

The Issuer exercised its right for optional redemption of the Class A1 Notes and the Class A1 Notes were therefore redeemed on the 2008 Closing Date, which was the expected maturity date of the Class A1 Notes.

The Issuer exercised its right for optional redemption of the Class A2 Notes and the Class A2 Notes are therefore expected to be redeemed on the Closing Date in accordance with the Terms and Conditions, being an Interest Payment Date falling prior to the expected maturity date of the Class A2 Notes, and redemption of the Class A2 Notes is a condition precedent for the issuance of the Class A7 Notes.

Issue of Class A7 Notes:

It is expected that the Class A7 Notes will be issued on the Closing Date pursuant to Condition 16 of the Initial Conditions and will constitute New Notes (as defined in Condition 16 of the Initial Conditions). The Class A7 Notes will be governed by terms and conditions in substantially similar form to the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes.

The Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes issued pursuant to the Original Securitisation will be left outstanding (subject to the making of certain modifications to their terms and conditions as more particularly set out in *Changes to the terms and conditions of the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes* below).

In connection with the issue of the Class A7 Notes, the Issuer will on or around the Closing Date, subject to the

terms of a master amendment and restatement agreement to be entered into on or around the Closing Date between the Parties to the New Relevant Documents (as described below) (the '***2010 Master Amendment and Restatement Agreement***'), enter into, *inter alia*, the Security Agreement, the Trust Deed, the Supplemental Issuer Pledge Agreement, the 2010 Supplemental Hedging Agreement, the Class A7 Swaption (and the ISDA Master Agreement, Schedule, Confirmation and credit support annex in relation thereto), the Class A7 Swaption Novation Deed, the Secured Loan Agreement, the Liquidity Facility Agreement, the Class A7 Note Subscription Agreement and the Paying Agency Agreement (each as defined and more fully described herein) (together with the 2010 Master Amendment and Restatement Agreement, the '***New Relevant Documents***').

References in this Prospectus to the '***Relevant Documents***' are to the Original Relevant Documents (to the extent not amended by or pursuant to the New Relevant Documents) and the New Relevant Documents.

The Initial Noteholders will be notified of the proposed transaction and will be given the opportunity to inspect the Relevant Documents to be entered into on or around the Closing Date.

Changes to the terms and conditions of the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes:

Pursuant to the Trust Deed to be entered on the Closing Date certain modifications will be made to the terms and conditions of the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes (the '**Initial Conditions**') with effect from the issuance of the Class A7 Notes on the Closing Date which will be reflected in the terms and conditions of the Notes forming part of the Trust Deed (such modified terms and conditions, the '***Conditions***'), in particular:

(a) the deletion of any reference the Class A2 Notes and the Class A2 Noteholders;

(b) the circumstances in which the Security Trustee shall give an Issuer Enforcement Notice (as defined herein) to the Issuer;

(c) the circumstances in which the Security Trustee shall be bound to take such steps as it may think fit to enforce the Issuer Security Documents (as defined herein); and

(d) meetings of Noteholders,

in each case to provide for the existence of the Class A7 Notes and the Class A7 Noteholders.

The Class A7 Notes

Class A7 Notes:	The €350,000,000 Class A7 Secured Floating Rate Notes 2010 due 2017 (the '***Class A7 Notes***') together with the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes, the '***Notes***' and the holders of such Class A7 Notes, the '***Class A7 Noteholders***', and together with the Class A3 Noteholders, the Class A4 Noteholders, the Class A5 Noteholders and the Class A6 Noteholders, the '***Noteholders***') will be issued by the Issuer on or around 20 April 2010 (or such later date as may be agreed between the Issuer and the Lead Manager) (the '***Closing Date***').
Classes of Notes:	Any reference in this Prospectus to a '***Class***' of Notes or of Noteholders shall be a reference to the Class A3 Notes, the Class A4 Notes, the Class A5 Notes, the Class A6 Notes and the Class A7 Notes, as the case may be, or to the respective holders thereof.
Status, Form and Denomination:	The Class A7 Notes will be constituted by the Trust Deed, to be governed by Netherlands law and will be secured, along with the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes, on the assets comprised in the same security granted by the Issuer to the Security Trustee pursuant to the Security Agreement. The obligation of the Issuer in respect of the Class A7 Notes will rank in point of security and as to payment of interest and principal behind certain obligations of the Issuer in respect of the Liquidity Facility Agreement, the Hedging Agreements and certain other costs and expenses arising out of the transaction. Payments of interest on the Notes will rank *pari passu* and *pro rata* between themselves and before payments of principal thereon. Payments of principal on the Notes will be equal to the amounts received by the Issuer from the Borrowers towards repayment of the principal amount outstanding in respect of the relevant advance made available under the Secured Loan Agreement, subject to Condition 6(b) of the Conditions. See further the section *Summary of Principal Documents – Secured Loan Agreement* below. The Security Trustee acknowledges that in exercising its rights, discretions and powers under or pursuant to the

Relevant Documents (as defined herein) (i) it will consider the interests of the Noteholders (but shall not have regard to the consequences of such exercise for individual Noteholders) and (ii) it will have regard to the interests of the other Beneficiaries, provided that in the event of a conflict of interest between the Beneficiaries, the priority of payments set forth in the Trust Deed (see further the section *Summary of Principal Documents – Issuer Priority of Payments* below) determines whose interests will prevail.

Where there are amounts outstanding under the Liquidity Facility Agreement, the Security Trustee shall in the event of a conflict be required to have regard to the interests of the Liquidity Facility Provider ahead of the interests of the Noteholders.

The Class A7 Notes will be the obligations of the Issuer only. The Class A7 Notes will not be obligations or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Class A7 Notes will not be obligations or the responsibility of, or guaranteed by, without limitation, the Vesteda Companies, the Security Trustee, the Borrowers, the ATC Entities, the Arranger, the Lead Manager, the Account Bank, the Liquidity Facility Provider, the Hedging Providers, the Paying Agent or the Reference Agent and the term 'Vesteda Companies' shall mean the Vesteda Group, Vesteda Project B.V., DRF IV (as defined herein) Vesteda Groep II B.V., DRF V, Vesteda Woningen II and participants with a stock interest or partnership interest in Vesteda Woningen and Vesteda Woningen II. None of the foregoing nor anyone other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Class A7 Notes.

The Class A7 Notes (which will be in the denomination of €100,000 will be subject to *pro rata* redemption save in the circumstances described herein) will initially be represented by a single Class A7 Temporary Global Note. Interests in the Class A7 Temporary Global Note will be exchangeable, subject as provided below under the section *Global Notes*, for interests in the Class A7 Permanent Global Note upon the Exchange Date (as defined herein) not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. The Class A7 Permanent Global Note will not be exchangeable

for the Class A7 Definitive Notes save in certain limited circumstances. See further the section *Class A7 Global Notes* below.

Interest:

The Interest Amount is payable by reference to successive Interest Periods and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding as at the start of the relevant Interest Period (as defined in the Conditions) on the 20th day of January, April, July and October (or, if such day is not a Business Day (as defined below), the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day), in each year (each such day being an '***Interest Payment Date***'). A '***Business Day***' means a day on which banks are open for business in Amsterdam and London provided that such day is also a day on which the TARGET System is operating credit or transfer instructions in respect of payments in euro. Each successive Interest Period will commence on (and include) an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date, except for the first Interest Period of the Class A7 Notes which will commence on (and include) the Closing Date and end on (but exclude) 20 July 2010.

Interest on the Class A7 Notes will accrue on their Principal Amount Outstanding at an annual rate equal to the sum of Euribor for three month deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.63 per cent. per annum up to (and including) the Interest Period ending in July 2014, and thereafter, 2.63 per cent. per annum.

Non-Payment on Expected Maturity Date:

With respect to the Class A7 Notes:

In the event that on the Interest Payment Date falling in July 2014 (the '***Term A7 Expected Maturity Date***'), the Borrowers have not repaid the full amount of principal, fees, commissions and expenses due under the Secured Loan Agreement on the Term A7 Loan (as defined herein), then subject to a grace period for administrative or technical delay, the Interest Amount on the Class A7 Notes for each Interest Period from such date will accrue at an annual rate equal to the sum of Euribor for three month deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 2.63 per cent. per annum.

With respect to the Class A6 Notes:

In the event that on the Interest Payment Date falling in July 2013 (the '***Term A6 Expected Maturity Date***'), the Borrowers have not repaid the full amount of principal, fees, commissions and expenses due under the Secured Loan Agreement on the Term A6 Loan (as defined herein), then subject to a grace period for administrative or technical delay, the Interest Amount on the Class A6 Notes for each Interest Period from such date will accrue at an annual rate equal to the sum of Euribor for three month deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 2.00 per cent. per annum.

With respect to the Class A3 and A5 Notes:

In the event that on the Interest Payment Date falling in July 2012 (the '***Term A3 and A5 Expected Maturity Date***', and together with the Term A7 Expected Maturity Date and the Term A6 Expected Maturity Date, each a '***Term Expected Maturity Date***'), the Borrowers have not repaid the full amount of principal, fees, commissions and expenses due under the Secured Loan Agreement on the Term A3 Loan and the Term A5 Loan (as defined herein), then subject to a grace period for administrative or technical delay, the Interest Amount on the Class A3 Notes and the Class A5 Notes for each Interest Period from such date will accrue at an annual rate equal to the sum of the Euribor (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.20 per cent. per annum in the case of the Class A3 Notes and 1.13 per cent. per annum in the case of the Class A5 Notes. In addition to an increase in the Interest Amount payable by the Issuer on the relevant class of Notes, further consequences will apply as set out in the Secured Loan Agreement. See further the sections *Expected Maturity, Security and Application of Funds, Summary of Principal Documents – Secured Loan Agreement – Non-Payment on Expected Maturity Date* below.

Failure to Pay Principal:

In the event that on the Interest Payment Date falling in July 2015, the Borrowers have not repaid the full amount of principal, fees, commissions and expenses due under the Secured Loan Agreement on the Term A3 Loan and/or the Term A4 Loan and/or the Term A5 Loan and/or the Term A6 Loan and/or the Term A7 Loan (as defined herein), then subject to a grace period for administrative or technical delay, (i) the Interest Amount on the Class A3

Notes for each Interest Period from such date will continue to accrue at an annual rate equal to the sum of Euribor for three months deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.20 per cent. per annum, (ii) the Interest Amount on the Class A4 Notes for each Interest Period from such date will accrue at an annual rate equal to the sum of Euribor for three months deposits in euro (determined in accordance with Condition 4(d)) plus a margin which will be equal to 1.28 per cent. per annum, (iii) the Interest Amount on the Class A5 Notes for each Interest Period from such date will continue to accrue at an annual rate equal to the sum of Euribor for three months plus a margin which will be equal to 1.13 per cent. per annum, (iv) the Interest Amount on the Class A6 Notes for each Interest Period will accrue at an annual rate equal to the sum of Euribor for three months plus a margin which will be equal to 2.00 per cent. per annum and (v) the Interest Amount on the Class A7 Notes for each Interest Period will accrue at an annual rate equal to the sum of Euribor for three months plus a margin which will be equal to 2.63 per cent. per annum. In addition to an increase, or continuation of such increase, in the Interest Amount payable by the Issuer on the relevant class of Notes, further consequences will apply as set out in the Secured Loan Agreement. See further the sections *Security and Application of Funds, Summary of Principal Documents – Secured Loan Agreement – Failure to Pay Principal Event* below.

Failure to Pay Interest: In the event that the Borrowers fail to pay interest due from them with respect to a particular Term Advance on any date upon which payment was due, the Issuer may subject to the terms of the Liquidity Facility Agreement, make a drawing under the Liquidity Facility Agreement to pay amounts due and payable under the Notes. In addition, further consequences will apply as set out in the Secured Loan Agreement. See further the section *Summary of Principal Documents – Secured Loan Agreement – Failure to Pay Interest Event* below.

Mandatory Redemption: On the occurrence of a Failure to Pay Principal Event in respect of any class of Notes or a Borrower Event of Default (each as defined herein), but prior to the enforcement of the security for the Notes (other than on any Interest Payment Date on which the Notes are to be redeemed in full), the Issuer shall apply an amount equal

to:

(a) the Class A3 Note Redemption Available Amount (as defined in Condition 6(c) of the Conditions) (if any) on that Interest Payment Date in redeeming the Class A3 Notes pro rata to the Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) in respect of the Class A3 Notes;

(b) the Class A4 Note Redemption Available Amount (as defined in Condition 6(c) of the Conditions) (if any) on that Interest Payment Date in redeeming the Class A4 Notes pro rata to the Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) in respect of the Class A4 Notes;

(c) the Class A5 Note Redemption Available Amount (as defined in Condition 6(c) of the Conditions) (if any) on that Interest Payment Date in redeeming the Class A5 Notes pro rata to the Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) in respect of the Class A5 Notes;

(d) the Class A6 Note Redemption Available Amount (as defined in Condition 6(c) of the Conditions) (if any) on that Interest Payment Date in redeeming the Class A6 Notes pro rata to the Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) in respect of the Class A6 Notes; and

(e) the Class A7 Note Redemption Available Amount (as defined in Condition 6(c) of the Conditions) (if any) on that Interest Payment Date in redeeming the Class A7 Notes pro rata to the Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) in respect of the Class A7 Notes.

The redemption amounts under the Notes will be equal to the amounts received by the Issuer from the Borrowers in repayment of the principal amount outstanding in respect of the Term Advances (as defined herein) corresponding to that class of Notes. Following a Non-Payment on the Expected Maturity Date Event, any principal prepayment by a Borrower must be applied to repay the Term Loan with the shortest expected maturity until repaid in full, the

	then next shortest maturity until, finally, the Term A4 Loan is repaid in full. See further the section *Summary of Principal Documents – Secured Loan Agreement* below. Accordingly, in the event of a Non-Payment on the Expected Maturity Date Event (as defined herein) in respect of the Notes, the Issuer shall redeem the Notes in order of priority such that the class of Notes with the shortest Expected Maturity Date (as defined below) is in each case redeemed first.
Final Redemption:	Unless previously redeemed as provided above and below, the Class A7 Notes will mature on the Interest Payment Date falling in July 2017 (the '***Final Maturity Date***').
Optional Redemption:	The Initial Notes (other than the Class A6 Notes) may be prepaid on any Interest Payment Date, the Class A6 Notes may be prepaid on any Interest Payment Date from and including the Interest Payment Date falling in July 2012 and the Class A7 Notes may be prepaid on any Interest Payment Date from and including the Interest Payment Date falling in July 2014, provided certain conditions are satisfied. Such prepayment is, *inter alia*, subject to (i) the Conditions and (ii) prepayment by the Borrowers of the relevant Advance corresponding to the relevant class of Notes which they may do, in whole or in part, on any Interest Payment Date, and with respect to the Class A6 Advance, on any Interest Payment Date from and including the Interest Payment Date falling in July 2012 and with respect to the Class A7 Advance, on any Interest Payment Date from and including the Interest Payment Date falling in July 2014. Any amounts received by the Issuer under the relevant Advance under the Secured Loan Agreement shall be used to redeem the Notes pursuant to the Issuer Priority of Payments.
Redemption for Taxation:	In the event of (i) certain tax changes affecting the Notes, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of the Notes (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction), (ii) it becoming unlawful for the Issuer to advance monies or keep outstanding any moneys as advanced to the Borrowers under the Secured Loan Agreement, or (iii) certain tax changes affecting the amounts paid or to be paid to the Issuer under the Secured Loan Agreement, including that any of the Borrowers are obliged or will be obliged to make any withholding or deduction from payments of interest and/or principal

	under the Secured Loan Agreement, the Issuer may (but is not obliged to) redeem all, but not some only, of the Notes in whole but not in part, at their Principal Amount Outstanding (as defined in Condition 6(c) of the Conditions) together with accrued interest thereon up to and including the date of redemption, subject to and in accordance with the Conditions, provided that the Security Trustee is satisfied that the Issuer will have on the relevant date of redemption sufficient funds to meet any costs and expenses ranking in priority to or *pari passu* with the Notes and to make such redemption of the Notes in full.
Method of Payment:	For so long as the Class A7 Notes are represented by the Class A7 Global Note, payments of principal and interest will be made in euro to the Common Safekeeper for Euroclear and/or Clearstream Luxembourg, for the credit of the respective accounts of the Class A7 Noteholders.
Use of Proceeds:	The proceeds of the issue of the Class A7 Notes will, on or around the Closing Date, be applied by the Issuer in making the Term A7 Advance (as defined herein) to the Borrowers pursuant to the terms of the Secured Loan Agreement. The Borrowers will use the proceeds, in turn, for the repayment of the Term A2 Loan.
Further Issues:	The Issuer will be entitled (but not obliged) at its option from time to time on any date, without the consent of the Noteholders, to raise further funds by the creation of an issue of (i) Further Class A3 Notes (the '***Further Class A3 Notes***') which will carry the same terms and conditions in all respects (save with respect to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class A3 Notes and/or (ii) Further Class A4 Notes (the '***Further Class A4 Notes***') which will carry the same terms and conditions in all respects (save with respect to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class A4 Notes and/or (iii) Further Class A5 Notes (the '***Further Class A5 Notes***') which will carry the same terms and conditions in all respects (save with respect to the first Interest Period) as, and so that the same shall be consolidated and form a single series with, the Class A5 Notes and/or (iv) Further Class A6 Notes (the '***Further Class A6 Notes***') which will carry the same terms and conditions in all respects (save with respect to the first Interest Period) as, and so that the same shall be consolidated and form a single series with, the Class A6 Notes and/or (v) Further Class A7 Notes (the

'***Further Class A7 Notes***') which will carry the same terms and conditions in all respects (save with respect to the first Interest Period) as, and so that the same shall be consolidated and form a single series with, the Class A7 Notes. It shall be a condition precedent to the issue of any Further Notes (as defined herein), *inter alia*, that:

(a) the aggregate principal amount of all Further Notes to be issued on such date shall not be less than €50,000,000;

(b) such Further Notes shall rank no more than *pari passu* with the Notes then outstanding;

(c) the Further Notes shall have the same benefit of the security granted to the Security Trustee in respect of the Notes under the terms of the Security Agreement;

(d) the Rating Agencies confirm in writing to the Security Trustee that the existing classes of Notes will not be downgraded as a result of the proposed issue of the Further Notes or as a result of the manner of application of the proceeds of such Further Notes by way of further term advances in accordance with the terms of the Secured Loan Agreement; and

(e) no Issuer Event of Default or Potential Issuer Event of Default has occurred and is continuing unremedied or unwaived.

New Issues: The Issuer will be entitled (but not obliged) at its option from time to time on any date, without the consent of the Noteholders, to raise further funds by the creation and issue of further notes of a new class (the '***New Notes***') which will be in bearer form and which may rank *pari passu* with the Notes and which carry terms which differ from the Notes and do not form a single series with either of them. It shall be a condition precedent to the issue of New Notes, *inter alia*, that:

(a) the aggregate principal amount of all New Notes to be issued on such date shall not be less than €50,000,000;

(b) such New Notes shall rank no more than *pari passu* with the Notes then outstanding;

(c) the New Notes shall have the same benefit of the security granted to the Security Trustee in respect of the Notes under the terms of the Security

Agreement;

(d) the Rating Agencies confirm in writing to the Security Trustee that the existing classes of Notes will not be downgraded as a result of the proposed issue of New Notes or as a result of the manner of application of the proceeds of such New Notes by way of new term advances in accordance with the terms of the Secured Loan Agreement; and

(e) no Issuer Event of Default or Potential Issuer Event of Default has occurred and is continuing unremedied or unwaived.

Expected Maturity: Repayment of the Term Advances on the Interest Payment Date falling in July 2015 (the '***Loan Maturity Date***') is expected to be funded through refinancing. Notwithstanding the foregoing, the Borrowers are incentivised, pursuant to the Secured Loan Agreement, to repay the Term A3 Advance, the Term A5 Advance, the Term A6 Advance and the Term A7 Advance prior to the Loan Maturity Date by their respective Term Expected Maturity Date all proceeds of which will be applied by the Issuer to redeem the Class A3 Notes, the Class A5 Notes, the Class A6 Notes and the Class A7 Notes, respectively. The Term A4 Advance will be repaid on the Loan Maturity Date, all proceeds of which will be applied by the Issuer to redeem the Class A4 Notes. The maturity dates of the Notes are therefore expected to be, (i) in the case of the Class A3 Notes and the Class A5 Notes, the Interest Payment Date falling in July 2012, (ii) in the case of the Class A6 Notes, the Interest Payment Date falling in July 2013, (iii) in case of the Class A7 Notes, the Interest Payment Date falling in July 2014 and (iv) in case of the Class A4 Notes, the Interest Payment Date falling in July 2015 (in each case with respect to the relevant Class of Notes referred to as the '***Expected Maturity Date***' of such Class of Notes). See further the sections *Summary of Principal Documents – Secured Loan Agreement – Non-Payment on Expected Maturity Date Event* below and Condition 6(b) of the Conditions.

Withholding Tax: All payments of, or in respect of, principal of and interest on the Class A7 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 Class A7 Noteholders and shall not pay any additional amounts to such Class A7 Noteholders.
Information to Class A7 Noteholders:	The Issuer shall make, *inter alia* (i) the Annual Reports, (ii) the Quarterly Reports and (iii) the Borrower Compliance Certificates available for a inspection by the Class A7 Noteholders as further set out in paragraph 7 of section *General Information*.
Listing:	Application has been made for the Class A7 Notes to be listed on Euronext Amsterdam by NYSE Euronext. Listing of the Class A7 Notes is expected to take place on or around the Closing Date.
Rating:	It is a condition precedent to issuance that the Class A7 Notes, on issue, be assigned a rating of AAA by Fitch, Aaa by Moody's and AAA by S&P.
Governing Law:	The Class A7 Notes and this Prospectus will be governed by and construed in accordance with the laws of the Netherlands.

Security and Application of Funds

Security for the Notes:	The Class A7 Notes will be secured pursuant to the Security Agreement. Under the terms of the Original Security Agreement, the Issuer has entered on 18 July 2005 into an issuer pledge agreement (the '***Original Issuer Pledge Agreement***') with the Security Trustee and created, to the extent possible, a disclosed first priority pledge (*openbaar pandrecht, eerste in rang*), and otherwise a non-disclosed first priority pledge, in favour of the Security Trustee over, *inter alia*, (i) its rights against the Borrowers and Groep under the Original Secured Loan Agreement, and (ii) its rights under the other Original Relevant Documents (as defined herein), including the Issuer's rights to the amounts standing to the credit of its bank accounts (the '***Original Issuer Pledge***'). The Issuer and the Security Trustee entered on 20 April 2007 in connection with the issue of the Class A5 Notes into the supplemental issuer pledge agreement (the '***2007 Supplemental Issuer Pledge Agreement***' and the pledge created thereunder the '***2007 Supplemental Issuer Pledge***'). The Issuer and the Security Trustee entered 21 July 2008 in connection with the issue of the Class A6

Notes into the supplemental issuer pledge agreement (the '***2008 Supplemental Issuer Pledge Agreement***" and the pledge created thereunder the '***2008 Supplemental Issuer Pledge***').

Under the terms of the Security Agreement, the Issuer will enter into a supplemental issuer pledge agreement (the '***2010 Supplemental Issuer Pledge Agreement***' and together with the Original Issuer Pledge Agreement, the 2007 Supplemental Issuer Pledge Agreement and the 2008 Supplemental Issuer Pledge Agreement, the '***Issuer Pledge Agreement***') with the Security Trustee on the Closing Date and will create, to the extent possible and to the extent not already pledged pursuant to the Original Issuer Pledge Agreement, the 2007 Supplemental Issuer Pledge Agreement or the 2008 Supplemental Issuer Pledge Agreement, a disclosed first priority pledge (*openbaar pandrecht, eerste in rang*), and otherwise a non-disclosed first priority pledge, in favour of the Security Trustee over, *inter alia*, its rights under the New Relevant Documents (as defined herein) including the Issuer's rights to the amounts standing to the credit of its bank accounts (the '***2010 Supplemental Issuer Pledge***', and together with the Original Issuer Pledge, the 2007 Supplemental Issuer Pledge and the 2008 Supplemental Issuer Pledge, the '***Issuer Pledge***'). Furthermore, the Issuer will undertake in the Issuer Pledge Agreement to pledge or create any other security from time to time on each and any of its current and future assets to secure, *inter alia*, its obligations under the Class A7 Notes.

In order to create a valid, enforceable security interest in favour of the Security Trustee under the laws of the Netherlands, the undertakings, obligations and liabilities of the Issuer to the Security Trustee are expressed to be separate and independent obligations from the corresponding principal obligations which the Issuer has to the Beneficiaries pursuant to the Relevant Documents (the '***Issuer Principal Obligations***'). This is referred to as the '***Issuer Parallel Debt***' and represents the Security Trustee's own claims to receive payment of an amount not exceeding the total amount of the Issuer Principal Obligations and the term '***Issuer Secured Obligations***' used herein shall mean the obligations of the Issuer to pay the Issuer Parallel Debt in respect of the Issuer Principal Obligations.

The Class A7 Noteholders will indirectly have the benefit

of security created by the DRFs, Holding DRF and Groep in favour of the Security Trustee pursuant to the Security Agreement. Pursuant to the Share Pledge Agreement dated 18 July 2005 (the '***Share Pledge Agreement***'), Holding DRF created a first priority right of pledge (*pandrecht, eerste rang*) in respect of the DRF Shares and related rights (the '***Share Pledge***'). The terms of the Share Pledge provide that the voting rights attached to the DRF Shares will be transferred upon the occurrence of a Failure to Refinance Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event (in each case, which is continuing) or a Borrower Event of Default (provided that upon the occurrence of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event, the Security Trustee shall not be entitled to dismiss or suspend the Borrowers' management unless a Borrower Event of Default has occurred).

Upon the occurrence of a Failure to Pay Interest Event or a Failure to Refinance Event, a Failure to Pay Principal Event (and in each case, which is continuing) or a Borrower Event of Default, as described in the Secured Loan Agreement (see further the section *Summary of Principal Documents – Secured Loan Agreement* below), whichever is earlier and at any time thereafter, each of the Borrowers and Groep has agreed to immediately create in favour of the Security Trustee, in order to secure the Borrower Secured Obligations (defined below) and (therefore indirectly the Issuer Secured Obligations), first ranking mortgage rights (*hypotheek, eerste rang*) over sufficient Properties (as defined herein) having a Book Value (as defined herein) of 150 per cent. of the Borrower Principal Obligations (as defined below).

Upon the occurrence of a Non-Payment on the Expected Maturity Date Event, a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event (in each case, which is continuing) or a Borrower Event of Default, each of the Borrowers and Groep has agreed to create account pledges (the '***Account Pledges***') (see further the section *Summary of Principal Documents – Secured Loan Agreement* below).

Upon the occurrence of a Fund Unwind Event, the Borrowers have agreed to open the Repayment Account (as defined herein) and to create a disclosed right of pledge over the Repayment Account (the '***Repayment Account Pledge***') (See further the section *Summary of*

Principal Documents – Secured Loan Agreement below).

As described above, in order to create a valid, enforceable security interest in favour of the Security Trustee under the laws of the Netherlands, the undertakings, obligations and liabilities of the Borrowers to the Security Trustee are expressed to be separate and independent obligations from the corresponding principal obligations which the Borrowers have to the Issuer pursuant to the Relevant Documents (the '***Borrower Principal Obligations***'). This is referred to as the '***Borrower Parallel Debt***' and represents the Security Trustee's own claims to receive payment of an amount not exceeding the total amount of the Borrower Principal Obligations and the term '***Borrower Secured Obligations***' used herein shall mean the obligations of the Borrowers to pay the Borrower Parallel Debt in respect of the Borrower Principal Obligations.

Certain other obligations of the Issuer (including amounts owing to the Security Trustee, the Liquidity Facility Provider and the other Beneficiaries) shall also be secured (indirectly) by the security interests referred to above.

The Security Agreement, the Issuer Pledge Agreement, the Share Pledge Agreement, the Mortgages, the Repayment Account Pledge Agreement and the Account Pledge Agreements (as defined herein) are or, as the case may be, will be governed by Netherlands law.

Issuer Priority of Payments:

Prior to occurrence of an Issuer Event of Default (as defined herein), the amounts standing to the credit of the Issuer Account on each Interest Payment Date will comprise of:

(a) the payments received by the Issuer on such Interest Payment Date into the Issuer Account pursuant to the terms of the Secured Loan Agreement;

(b) interest received on the Issuer Account and any other account that the Issuer may have or otherwise from Eligible Investments (as defined herein) which it has the option to invest in under the Bank Account and Cash Management Agreement;

(c) the proceeds of any drawing, if any, made under the Liquidity Facility Agreement on or prior to such Interest Payment Date; and

(d) the amounts, if any, paid by the Hedging Providers under the Forward Swaps and the Supplemental Swaps as applicable, on or prior to such Interest Payment Date.

Prior to the security under any or all of the Security Documents (as defined herein) having become enforceable and the Security Trustee having taken steps to enforce such security, amounts standing to the credit of the Issuer Account shall be applied in the following order of priority (the '***Issuer Pre-enforcement Priority of Payments***') set out in the Trust Deed (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full):

(a) *first*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof:

(i) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of the Security Agreement and any of the other Relevant Documents (as defined herein), together with interest thereon as provided for therein;

(ii) the fees and expenses of the Reference Agent and the Paying Agents incurred under the Paying Agency Agreement;

(iii) the fees and expenses of the ATC Entities under the Corporate Services Agreements;

(iv) any amounts due in respect of the Issuer's liability to the tax authorities (insofar as payment cannot be satisfied out of profits);

(v) the fees and expenses of any legal advisers, accountants and auditors appointed by the Issuer; and

(vi) the fees and expenses of the Rating Agencies;

(b) *secondly*, in or towards satisfaction of all amounts of principal, interest (including Mandatory Costs (as defined in the Liquidity Facility Agreement)), commitment fee, costs, expenses and other amounts from time to time due or accrued but unpaid to the Liquidity Facility Provider under the

terms of the Liquidity Facility Agreement, other than any additional amounts in respect of increased costs (including Mandatory Costs (as defined in the Liquidity Facility Agreement)) and tax gross up payments in respect of withholding taxes payable to the Liquidity Facility Provider in excess of 0.20 per cent. per annum on the maximum amount available to be drawn under the Liquidity Facility Agreement from time to time (such additional amounts being referred to as the '***Liquidity Subordinated Amounts***');

(c) *thirdly*, in or towards satisfaction of, the fees, costs, expenses and liabilities of the Account Bank under the Bank Account and Cash Management Agreement;

(d) *fourthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof (i) all amount of interest due or accrued but unpaid under the Notes (other than that proportion of the interest payable on the Notes calculated by applying the Step-Up Margin (as defined in Condition 4(c) of the Conditions (the '***Step-Up Amounts***')) and all accrued but unpaid Step-Up Amounts (if any) and interest thereon); (ii) all amounts due to the Hedging Providers under the Hedging Agreements (other than any Hedging Subordinated Amounts (as defined below)); and (iii) any Early Note Prepayment Compensation Amounts (as defined below) due under the Notes pursuant to an optional redemption referred to under Condition 6(e) of the Conditions (if any);

(e) *fifthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, all amounts of principal due under the Notes which shall correspond to the Advance repaid by the Borrowers pursuant to the Secured Loan Agreement;

(f) *sixthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, the Step-Up Amounts (as defined in (d) above), then due and payable;

(g) *seventhly*, in or towards satisfaction of, *pro rata*, any amounts due or overdue (if any) to third parties under obligations incurred in the course of

the Issuer's business not paid under (a) above including amounts due or accrued but unpaid to any party under the Relevant Documents (other than as referred to in (a) to (f) above and (h) and (i) below);

(h) *eighthly*, in or towards satisfaction of, the Liquidity Subordinated Amounts, due under the Liquidity Facility Agreement to the Liquidity Facility Provider;

(i) *ninthly*, in or towards satisfaction of, *pro rata*, all amounts due and payable to a Hedging Provider under the Hedging Agreements with such Hedging Provider in circumstances where such Hedging Provider is in default under such Hedging Agreement (the '***Hedging Subordinated Amounts***'); and

(j) *tenthly*, any surplus to the Borrowers in consideration for the novation and benefit of the cap and swaption transactions, as the case may be, pursuant to the Novation and Amendment Deed and the Class A7 Swaption Novation Deed.

Payments may only be made out of the Issuer Account other than on any Interest Payment Date to satisfy liabilities set out in paragraphs (a) and (g) above.

To the extent that the Issuer's funds are insufficient to make payments under items (a) to (d) above, on the relevant Interest Payment Date or in the case of (a), on any Business Day, the Issuer may, in certain circumstances, make a drawing under the Liquidity Facility (as defined herein) or, to the extent credited thereto, the Liquidity Standby Reserve Account (as defined herein). See further the section *Summary of Principal Documents – Liquidity Facility Agreement* below.

Following the security under the Security Documents having become enforceable and the Security Trustee having taken steps to enforce such security, amounts standing to the credit of the Issuer Account shall be applied in the following order of priority (the '***Issuer Post-enforcement Priority of Payments***' and together with the Issuer Pre-enforcement Priority of Payments, the '***Issuer Priority of Payments***' as the context may require) set out in the Trust Deed (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full):

(a) *first*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof:

(i) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of the Security Agreement and any of the other Relevant Documents, together with interest thereon as provided for therein;

(ii) the fees and expenses of the Paying Agents and the Reference Agent incurred under Paying Agency Agreement;

(iii) the fees and expenses of the ATC Entities under the Corporate Services Agreements;

(iv) the fees and expenses of any legal advisers, accountants and auditors appointed by the Issuer; and

(v) the fees and expenses of the Rating Agencies;

(b) *secondly*, in or towards satisfaction of, all amounts of principal (including Mandatory Costs, as defined in the Liquidity Facility Agreement), interest, commitment fee, costs, expenses and other amounts from time to time due or accrued but unpaid to the Liquidity Facility Provider under the terms of the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);

(c) *thirdly*, in or towards satisfaction, of the fees, costs, expenses and liabilities of the Account Bank under the Bank Account and Cash Management Agreement;

(d) *fourthly*, in or towards satisfaction of, *pro rata*, all amounts due to the Hedging Providers under the Hedging Agreements (other than any Hedging Subordinated Amounts);

(e) *fifthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof (i) all amounts of interest due or accrued but unpaid under the Notes (other than any and all Step-Up Amounts and interest thereon); and (ii) any Early Note Prepayment Compensation Amounts (as

defined below) due under the Notes pursuant to an optional redemption referred to under Condition 6(e) of the Conditions (if any);

(f) *sixthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, all amounts of principal due under the Notes;

(g) *seventhly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, of Step-Up Amounts (if any) then due and payable;

(h) *eighthly*, in or towards satisfaction of, any Liquidity Subordinated Amounts under the Liquidity Facility Agreement to the Liquidity Facility Provider;

(i) *ninthly*, in or towards satisfaction of, *pro rata*, any Hedging Subordinated Amounts under a Hedging Agreement to the relevant Hedging Provider;

(j) *tenthly*, in or towards satisfaction of, *pro rata*, any amounts due or overdue (if any) to third parties (including any amounts due to the tax authorities) under obligations incurred in the course of the Issuer's business not paid under (a) above including amounts due or accrued but unpaid to any party under the Relevant Documents (other than as referred to in (a) to (i) above); and

(k) *eleventhly*, any surplus to the Borrowers in consideration for the novation and benefit of the cap and swaption transactions, as the case may be, pursuant to the Novation and Amendment Deed and the Class A7 Swaption Novation Deed.

Main Transaction Documents

Secured Loan Agreement: The net issue proceeds of the Class A7 Notes will, on or around the Closing Date, be applied by the Issuer for the purpose of making the Term A7 Advance (as defined herein) to the Borrowers pursuant to the terms of the Secured Loan Agreement in an amount equal to the aggregate principal amount of the Class A7 Notes. See further the section *Summary of Principal Documents – Secured Loan Agreement – The Term Facilities* below.

If the Class A7 Notes are not fully repaid on their Expected Maturity Date, specific provisions will apply to incentivise the Borrowers to repay the Class A7 Term Advance in order to redeem the Notes.

Each of DRF I, DRF II, DRF III and Groep will be required to provide the Issuer and the Security Trustee with the benefit of certain covenants, representations and warranties (including those relating to the disposal of assets and substitute assets). See further the section *Summary of Principal Documents – Secured Loan Agreement* below.

Further Term Advances (as defined herein) and New Term Advances (as defined herein) may be made pursuant to the Secured Loan Agreement as described in the section *Summary of Principal Documents – Secured Loan Agreement – Further Term Facilities and New Term Facilities* below.

Hedging Agreements:

The floating rate interest obligations under the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes will be hedged under a Forward Swap up to (and including) the Expected Maturity Date of the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes (respectively, the '***Forward Swaps Expiry Date***', and with respect to the Class A6 Supplemental Forward Swap, the '***Class A6 Supplemental Forward Swap Expiry Date***').

The terms and amount of hedging provided under a Forward Swap, the Class A5 Supplemental Forward Swap and the Class A6 Supplement Forward Swap correspond with the terms and the amounts of the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes (respectively) to protect the Issuer against any interest rate risk arising in respect of its floating rate interest obligations under the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes during the period up to (and including) the relevant Forward Swaps Expiry Date. Following the expiry of the Forward Swaps, the floating rate interest obligations under the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes will not be hedged by any hedging arrangements and the Borrowers shall be obliged to pay interest due under the Secured Loan Agreement at a floating rate and which the Issuer shall apply to pay interest due on the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes unless and until the Borrowers procure further hedging arrangements. (See further the sections *Overview – Issuer Priority of Payments* and *Summary of Principal Documents – The Original Hedging Agreement* and *The Supplemental*

Hedging Agreements).

The floating rate interest obligations under the Class A7 Notes will be hedged until the first Payment Date after the Closing Date pursuant to the Forward Swap in respect of the Class A2 Notes, and during the period from the Interest Payment Date immediately following the Closing Date (the '***Class A7 Swap Commencement Date***') up to (and including) the Expected Maturity Date of the Class A7 Notes (the '***Class A7 Swap Expiry Date***') under the Class A7 Supplemental Swap. The terms and amount of hedging provided under the Class A7 Supplemental Swap will correspond with the terms and the amounts of the Class A7 Notes to protect the Issuer against any interest rate risk arising in respect of its floating rate interest obligations under the Class A7 Notes. Following the expiry of the Class A7 Supplemental Swap, the floating rate interest obligations under the Class A7 Notes will not be hedged by any hedging arrangements and the Borrowers shall be obliged to pay interest due under the Secured Loan Agreement at a floating rate and which the Issuer shall apply to pay interest due on the Class A7 Notes unless and until the Borrowers procure further hedging arrangements. (See further the sections *Overview – Issuer Priority of Payments* and *Summary of Principal Documents – The Supplemental Hedging Agreements*).

Liquidity Facility Agreement: On 15 July 2008, the Issuer has entered into the Liquidity Facility Agreement (as defined above), which will be amended and restated on the Closing Date. Pursuant to the Liquidity Facility Agreement, the Liquidity Facility Provider will continue to make available to the Issuer, a committed facility of a maximum aggregate amount of €108,500,000 (subject to a *pro rata* reduction in connection with a redemption of the Notes) for a term of 364 days (the '***Liquidity Facility***'). The Liquidity Facility will be available to the Issuer on any Interest Payment Date to meet certain of its payment obligations falling due on such date, including interest payable on the Notes, to the extent that it receives insufficient funds for that purpose from the Borrowers pursuant to the Secured Loan Agreement. See further the section *Summary of Principal Documents – Liquidity Facility Agreement* below.

Corporate Services Agreements: On 18 July 2005 the Issuer, the Shareholder and the Security Trustee entered into the Corporate Services Agreements with the relevant ATC Entity. Pursuant to the Corporate Services Agreements, the relevant ATC Entity

undertakes to act and continue to act as Director of the Issuer, the Shareholder and the Security Trustee, respectively, and to perform certain services in connection therewith. The relevant ATC Entity is, with regard to the exercise of its powers and rights as Director bound by the restrictions set out in the Corporate Services Agreements that are intended to ensure that the powers and rights are exercised in the interest of the Issuer, the Shareholder and the Security Trustee and the parties involved in this transaction. The Security Trustee is a party to the Corporate Services Agreements with the Issuer and the Shareholder for, *inter alia*, the better preservation and enforcement of its rights under the Security Agreement.

Bank Account and Cash Management Agreement:

On 18 July 2005, the Issuer, the Security Trustee and the Account Bank entered into the Bank Account and Cash Management Agreement pursuant to which the Account Bank holds the Issuer Account and will, when appropriate, hold the Liquidity Standby Reserve Account, on behalf of the Issuer. The Account Bank shall further perform certain services in relation to these accounts and, subject to the terms of the Bank Account and Cash Management Agreement, may, from time to time, invest amounts standing to the credit of the accounts in Eligible Investments.

SUMMARY OF PRINCIPAL DOCUMENTS

The following is a summary of certain provisions of the principal documents relating to the transactions described herein and is qualified in its entirety by reference to the detailed provisions of the relevant documents.

Secured Loan Agreement

The Original Secured Loan Agreement was entered into on 18 July 2005 and amended and restated on 20 April 2007, amended on 30 June 2008, amended and restated on 15 July 2008 and most recently amended on 24 July 2009 in connection with the 2009 Amendment Agreement. The Secured Loan Agreement will be entered into on or around the Closing Date between the Issuer, Groep, the Borrowers and the Security Trustee.

***The Term Facilities*:** Under the Original Secured Loan Agreement the following facilities were made available to the Borrowers:

(a) on the Initial Closing Date:

(i) a secured term loan facility in an aggregate principal amount of €200,000,000 (the ***'Term A1 Facility***', the advance thereunder, the '***Term A1 Advance***' and all amounts outstanding under such Term A1 Facility, the '***Term A1 Loan***') (the Term A1 Loan was repaid in full on the 2008 Closing Date and, therefore, any reference to the Term A1 Facility, the Term A1 Advance and the Term A1 Loan has been deleted from the Secured Loan Agreement);

(ii) a secured term loan facility in an aggregate principal amount of €400,000,000 (the '***Term A2 Facility***', the advance thereunder, the '***Term A2 Advance***' and all amounts outstanding under such Term A2 Facility, the '***Term A2 Loan***') (the Term A2 Loan is expected to be repaid in full on the Closing Date and, therefore, any reference to the Term A2 Facility, the Term A2 Advance and the Term A2 Loan has been deleted from the Secured Loan Agreement);

(iii) a secured term loan facility in an aggregate principal amount of €400,000,000 (the '***Term A3 Facility***', the advance thereunder, the '***Term A3 Advance***' and all amounts outstanding under such Term A3 Facility, the '***Term A3 Loan***'); and

(iv) a secured term loan facility in an aggregate principal amount of €300,000,000 (the '***Term A4 Facility***', the advance thereunder, the '***Term A4 Advance***', and all amounts outstanding under such Term A4 Facility the '***Term A4 Loan***'); and

(b) on the 2007 Closing Date a secured term loan facility in an aggregate principal amount of €350,000,000 (the '***Term A5 Facility***', the advance thereunder, the

'***Term A5 Advance*** ' and all amounts outstanding under the Term A5 Facility, the '***Term A5 Loan***', and

(c) on the 2008 Closing Date a secured term loan facility in an aggregate principal amount of €150,000,000 (the '***Term A6 Facility***', the advance thereunder, the '***Term A6 Advance***' and all amounts outstanding under the Term A6 Facility, the '***Term A6 Loan***' and the Term A6 Facility together with the Term A1 Facility (where relevant), the Term A2 Facility (where relevant), the Term A3 Facility, the Term A4 Facility and the Term A5 Facility shall herein be referred to as the '***Initial Term Advances***' and the Term A6 Loan together with the Term A1 Loan (where relevant), the Term A2 Loan (where relevant), the Term A3 Loan, the Term A4 Loan and the Term A5 Loan shall herein be referred to as the '***Initial Term Loans***') and the Term A6 Facility together with the Term A1 Facility (where relevant), the Term A2 Facility (where relevant), the Term A3 Facility, the Term A4 Facility and the Term A5 Facility shall herein be referred to as the '***Initial Term Facilities***'.

The Secured Loan Agreement provides that, in addition to the Initial Term Facilities and subject to the terms and conditions set out therein, the Issuer will make available to the Borrowers on the Closing Date a secured term loan in an aggregate amount of €350,000,000 which will be equal to the aggregate net proceeds from the issue of the Class A7 Notes (the '***Term A7 Facility***' and together with the Initial Term Facilities, the '***Term Facilities***'; the advance thereunder, the '***Term A7 Advance***' and together with the Initial Term Advances, the '***Term Advances***', and all amounts outstanding under such Term A7 Facilities, the '***Term A7 Loan***' and together with the Initial Term Loans, the '***Term Loans***').

Use of Proceeds**:** The Secured Loan Agreement will provide that the Term A7 Advance be applied by the Borrowers at the Closing Date for the repayment of the Term A2 Loan.

Conditions Precedent to Drawdown of the Term A7 Facility**:** It will be a condition precedent on the Closing Date to the Issuer making the Term A7 Facility available to the Borrowers that the Security Trustee is satisfied that, *inter alia*, the Term A2 Loan will be repaid and the Class A2 Notes will be redeemed, the Class A7 Notes have been issued and the subscription proceeds have been received by or on behalf of the Issuer and that certain other documents (such as corporate authorisations, legal opinions and duly executed copies of the New Relevant Documents (as defined herein)) have been received by the Security Trustee.

Further Term Facilities and New Term Facilities**:** The Secured Loan Agreement provides that the Borrowers may also at any time request upon written notice a further term facility (a '***Further Term Facility***' and each advance thereunder a '***Further Term Advance***' and all amounts outstanding under such Further Term Facility, the '***Further Term Loan***') or a new term facility (a '***New Term Facility***' and each advance thereunder a '***New Term Advance***' and all amounts outstanding under such New Term Facility, the '***New Term Loan***'), any such advance to be made on a drawdown date (a '***Drawdown Date***'). A Further Term Facility and a New Term Facility may rank *pari passu* with a Term Facility. Each Further Term Facility and New Term Facility will be financed by the issue of Further Notes or New Notes, as the case may be, by the

Issuer, and will only be permitted if the following conditions precedent, amongst others, are satisfied:

(a) it is for a minimum aggregate principal amount of €50,000,000;

(b) the Security Trustee is satisfied that the Issuer has or will have available to it on the relevant Drawdown Date sufficient proceeds from the issue of Further Notes or New Notes, as the case may be, to permit it to make the relevant Further Term Advance or New Term Advance;

(c) the Rating Agencies confirm to the Security Trustee that the existing classes of Notes will not be downgraded as a result of the proposed issue or as a result of the manner of application of the proceeds of such Further Term Facility and/or New Term Facility; and

(d) no Borrower Event of Default, Potential Borrower Event of Default, Failure to Pay Interest Event, Failure to Pay Principal Event, Non-Payment on Expected Maturity Date and/or breach of certain financial covenants (see below) has occurred and is continuing which has not been waived, or would result from the making of the relevant Further Term Advance or New Term Advance and that certain representations and warranties given under the Secured Loan Agreement are true on the relevant Drawdown Date.

Interest: The Secured Loan Agreement provides that interest under the Term Facilities is payable quarterly in arrear on each Interest Payment Date on the aggregate amount of all advances then drawn and outstanding thereunder in each case at the rates per annum equal to the sum of the applicable interest rate margin of 0.20 per cent. per annum in respect of the Term A3 Advance, 0.28 per cent. per annum in respect of the Term A4 Advance, 0.13 per cent. per annum in respect of the Term A5 Advance, 1.00 per cent. per annum in respect of the Term A6 Advance and 1.63 per cent. per annum in respect of the Term A7 Advance plus, in each case, the Underlying Rate for the relevant period. In certain circumstances, the Term Loans are subject to a step-up margin as further described below in section *Non-Payment on Expected Maturity Date Event*.

The '***Underlying Rate***' shall be for a relevant Term Advance or part of a relevant Term Advance:

(a) if and for so long as the hedging provided pursuant to a Forward Swap in respect of the Term A3 Advance or the Term A4 Advance is in place, and the Original Hedging Provider continues to comply with its payment obligations thereunder, then the Underlying Rate in respect of such Term Advance shall be the applicable Forward Swap Rate;

(b) if and for so long as the hedging provided pursuant to the Class A5 Supplemental Forward Swap in respect of the Term A5 Advance is in place, and the Class A5 Hedging Provider continues to comply with its payment obligations thereunder, then the Underlying Rate in respect of the Term A5 Advance shall be the Class A5 Supplemental Forward Swap Rate;

(c) if and for so long as the hedging provided pursuant to the Class A6 Supplemental Forward Swap in respect of the Term A6 Advance is in place, and the Class A6 Hedging Provider continues to comply with its payment obligations thereunder, then the Underlying Rate in respect of the Term A6 Advance shall be the Class A6 Supplemental Forward Swap Rate; and

(d) (i) with respect to the Interest Period ending on the Interest Payment Date falling in July 2010 and if and for so long as the hedging provided pursuant to a Forward Swap in respect of the Term A2 Advance is in place during such Interest Period, and the Original Hedging Provider continues to comply with its payment obligations thereunder, then the Underlying Rate in respect of the Term A7 Advance shall be the Forward Swap Rate specified in the Forward Swap in respect of the Term A2 Advance, and (ii) thereafter and if and for so long as the hedging provided pursuant to the Class A7 Supplemental Swap in respect of the Term A7 Advance is in place, and the Class A7 Hedging Provider continues to comply with its payment obligations thereunder, then the Underlying Rate in respect of the Term A7 Advance shall be (x) with respect to such portion of the Term A7 Advance which has been hedged pursuant to an interest rate swap transaction under the Class A7 Supplemental Swap, the Class A7 Supplemental Swap Rate, and (y) with respect to such portion of the Term A7 Advance which has been hedged pursuant to an interest rate cap transaction under the Class A7 Supplemental Swap, Euribor provided that it shall never exceed the Class A7 Supplemental Swap Rate;

if (a) is not applicable in relation to any of the Term A3 Advance or the Term A4 Advance (as the case may be), (b) is not applicable in relation to the Term A5 Advance or (c) is not applicable in relation to the Term A6 Advance, or (d) is not applicable in relation to the Term A7 Advance, respectively, then the Underlying Rate of the relevant Term Advance shall be Euribor.

***Fees*:** The Secured Loan Agreement provides that the Borrowers will pay to the Issuer certain fees from time to time which allow the Issuer to pay the fees and expenses incurred in connection with the issue of the Class A7 Notes as well its senior ranking costs and expenses during the course of the transaction.

Repayment*:** The Secured Loan Agreement provides in respect of the Term Advances, Further Term Advances and New Term Advances that no scheduled amortisation shall be applicable in respect of any Term Advances prior to the Interest Payment Date falling in July 2015 (the 'Loan Maturity Date***'). The Borrowers shall be obliged to pay the full outstanding principal amount of such Term Advances together with any outstanding interest, costs, fees or any other amount required to be paid under the Secured Loan Agreement on the Loan Maturity Date.

***Prepayment*:** The Secured Loan Agreement provides in respect of the Term Loans and Further Term Loans, that the Borrowers may prepay moneys advanced and outstanding under the Secured Loan Agreement (subject to a minimum amount of €2,000,000 and integral multiples of €500,000 thereafter in respect of the Term Loans) on any Interest Payment Date, and with

respect to the Term A6 Loan or the Term A7 Loan on any Interest Payment Date from and including the Interest Payment Date falling in July 2012 or July 2014, respectively, by giving not more than 60 and not less than 15 days prior written notice to the Issuer and the Security Trustee.

If the Borrowers elect to make a prepayment under the Term A3 Loan, the Term A4 Loan, the Term A5 Loan or, from and including the Interest Payment Date falling in July 2012, the Term A6 Loan or, from and including the Interest Payment Date falling in July 2014, the Term A7 Loan, any such prepayment shall be applied in the following order of priority (such that the loan relating to the Advance with the shortest Term Expected Maturity Date is in each case repaid first) and to the extent that no payment shall be made in respect of a particular item until all amounts payable under a prior ranking item in such order of priority has been paid in full:

(a) *firstly*, *pro rata* and *pari passu*, to the amounts outstanding thereunder, to prepay all amounts outstanding under the Term A3 Loan and the Term A5 Loan including any accrued but unpaid interest and the relevant Early Loan Prepayment Compensation Amount (if any);

(b) *secondly*, but only from and including the Interest Payment Date falling in July 2012, to prepay all amounts outstanding under the Term A6 Loan including any accrued but unpaid interest and the relevant Early Loan Prepayment Compensation Amount (if any);

(c) *thirdly*, but only from and including the Interest Payment Date falling in July 2014, to prepay all amounts outstanding under the Term A7 Loan including any accrued but unpaid interest; and

(d) *fourthly*, to prepay all amounts outstanding under the Term A4 Loan including any accrued but unpaid interest and the relevant Early Loan Prepayment Compensation Amount (if any).

***Early Loan Prepayment Compensation Amount*:** means with respect to a Term Advance an amount equal to X * Y whereby X is the Term A4 Outstanding, the Term A5 Outstanding and/or the Term A6 Outstanding being prepaid, as the case may be, and Y is the Early Loan Prepayment Percentage applicable to that Term Advance (if any).

The ***Early Loan Prepayment Percentage*** means:

With respect to the Term A4 Advance: if a prepayment occurs during the period from and including 21 July 2009 up to and including 20 July 2010, 0.10 per cent.

With respect to the Term A5 Advance: if a prepayment occurs during the period from and including 21 July 2009 up to and including 20 July 2010, 0.15 per cent.

With respect to the Term A6 Advance: if a prepayment occurs during the period from and including 21 July 2012 up to, but excluding, the Interest Payment Date falling in July 2013, 0.5 per cent.

In respect of the prepayment of any New Term Advance, the terms upon which it may be prepaid shall, unless otherwise agreed in writing between the Issuer, the Security Trustee and the Borrowers, match the terms upon which the relevant issue of New Notes made or to be made by the Issuer to fund such New Term Advance may be prepaid.

If any payments by the Borrowers under the Secured Loan Agreement become subject to any withholding or deduction in respect of tax, or any Term Advance, New Term Advance or a Further Term Advance becomes illegal due to a change of law, the Borrowers may, on giving not more than 60 days and not less than 35 days' (or such shorter period as may be required by any relevant law in the case of any Term Advance, New Term Advance or a Further Term Advance which becomes illegal as aforesaid) prior written notice to the Issuer, the Security Trustee and the Reference Agent (or on or before the latest date permitted by the relevant law) and whilst the relevant circumstances continue, prepay the full amounts outstanding under the Term Loans, any Further Term Loan or any New Term Loan, together with all accrued but unpaid interest on such loans up to (but excluding) the date of prepayment.

The Issuer will apply any amounts received by way of prepayment of the Term A3 Loan, the Term A4 Loan, the Term A5 Loan, the Term A6 Loan, the Term A7 Loan, any Further Term Loan or any New Term Loan (or part thereof) in making prepayments under the corresponding Class A3 Notes, Class A4 Notes, Class A5 Notes, Class A6 Notes, Class A7 Notes, any Further Notes or any New Notes (respectively).

The Borrowers may purchase any Notes, Further Notes or New Notes in the market. Any Notes purchased by any Borrower shall be surrendered to the Issuer by the relevant Borrower and such Borrower shall be entitled to set-off the aggregate amount of principal and any accrued but unpaid interest of such Notes surrendered against amounts then outstanding in respect of the corresponding interest and principal under the Term A3 Loan, the Term A4 Loan, the Term A5 Loan, the Term A6 Loan, the Term A7 Loan, the Further Term Loan or the New Term Loan, as the case may be, so as to reduce the aggregate amount of the principal and/or accrued but unpaid interest on any of the Term Advances, any Further Term Advance or any New Term Advance, as the case may be.

***Withholding*:** All payments of, or in respect of, principal of and interest and fees (if any) on the Secured Loan Agreement 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 the power to tax unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Borrowers will pay such additional amounts as will result in the receipt by the Issuer of such amounts as would have been received by it if no such withholding or deduction had been required.

***Borrower to pay certain costs payable by the Issuer under the Hedging Agreements*:** If:

(a) there is a prepayment of any of the Term Loans under the Secured Loan Agreement; or

(b) any Borrower fails to comply with any of its payment obligations to the Issuer under the Secured Loan Agreement;

and the Issuer is required to pay any Termination Amounts (as defined in each of the Hedging Agreements) to the relevant Hedging Provider as a result of the circumstances described in (a) or (b), then the Borrowers shall pay the Issuer such amounts due and payable by it to the relevant Hedging Provider under the relevant Hedging Agreement (in each case unless the relevant Hedging Provider is in default under its obligations under such Hedging Agreement).

In addition, the Borrowers agree to pay to the Issuer on the Interest Payment Date falling in July 2010, the positive difference between (a) the amount which the Issuer is required to pay under the Class A2 Forward Swap on such Interest Payment Date and (b) the amount which the Issuer would have had to pay on such Interest Payment Date if the notional amount under the Class A2 Forward Swap would have been equal to the notional amount outstanding under the Class A7 Notes.

***Representations*:** No independent investigation with respect to matters represented in the Secured Loan Agreement will be made by the Beneficiaries (including the Issuer and the Security Trustee), other than a search on the Closing Date against the Vesteda Group Companies in the relevant file held by the Commercial Register of the Chamber of Commerce and the competent court in Maastricht in respect of, *inter alia*, bankruptcy or suspension of payments of any such Vesteda Group Companies. In relation to such matters, the Issuer and the Security Trustee will, save as previously disclosed, rely entirely on the representations to be given by Groep and the Borrowers which will be contained in the Secured Loan Agreement. These will include, *inter alia*, representations broadly, as to the following and other matters:

(a) due incorporation of and no dissolution or insolvency proceedings relating to the Vesteda Woningen Entities;

(b) all necessary corporate action taken, and all consents and advice necessary as of the Closing Date having obtained in due time;

(c) that the issued share capital of the Vesteda Woningen Entities is duly authorised and fully paid up and there are no third party rights granting the right to call for the issue or allotment of any share or other instrument that can be converted into shares in the capital of the Vesteda Woningen Entities;

(d) there being no material breach of any material agreement, law, court order, regulation, directive or licence (including, without limitation those relating to environmental matters) that could have a Material Adverse Effect (as defined in the Master Definitions Agreement);

(e) there being no current, pending or, to the best knowledge of the Vesteda Woningen Entities, threatened material claim against any of the Vesteda Woningen Entities with respect to environmental matters;

(f) no material litigation or enforcement, or other material legal, arbitration or governmental proceedings pending, or to the knowledge of the Vesteda Woningen Entities, threatened;

(g) legal validity and power to perform obligations under the Relevant Document to which it is a party and the legal and binding nature of such obligations;

(h) no Borrower Event of Default or Potential Borrower Event of Default having occurred;

(i) all necessary and material licences, approvals and authorisations having been obtained and their terms having been complied with in all material aspects;

(j) enforceability of security rights created in favour of the Security Trustee;

(k) no material additional liabilities other than as disclosed, reserved against or provided for;

(l) any financial statements disclosed to the Issuer presenting a true and fair view of the financial position of Vesteda Woningen in all material respects;

(m) there having been no material adverse change since the Initial Closing Date;

(n) no withholdings on account of tax in connection with the transactions contemplated by the Relevant Documents;

(o) none of the Borrowers having received any written notice claiming that any obligations to pay VAT have not been complied with;

(p) there being no security on assets of the Vesteda Woningen Entities which would rank in priority to or *pari passu* with security for its obligations under the Relevant Documents (save as permitted therein); and

(q) the correctness of all material information disclosed to the Issuer in connection with the proposed financing transaction (including, without limitation, with respect to the assets comprising the Portfolio and their respective values) in all material respects, such information to be specified in an attachment to the Secured Loan Agreement, as well as warranties with respect to the Properties comprising the Portfolio, which property warranties shall relate to:

(i) title;

(ii) easements and other contractual party rights;

(iii) adverse interests in respect of the Properties;

(iv) licenses and consents;

(v) planning matters;

(vi) disputes;

(vii) the state of repair of the Properties;

(viii) lease agreements entered into in relation to the Properties;

(ix) insurances; and

(x) environmental matters.

Certain of the representations to be given on the Closing Date will be repeated as at each Financial Quarter Date, by reference to the facts and circumstances then existing.

***Financial Covenants*:** Under the terms of the Secured Loan Agreement, the Borrowers covenant and undertake that they shall ensure that for so long as any of the Notes are outstanding to ensure that the financial covenants described below are satisfied:

(a) ***Debt Service Cover Ratio*:** from and including the Initial Closing Date, the ratio of EBITDA to Total Net Debt Service in respect of Vesteda Woningen shall not be less than 1.80:1 (the '***DSCR Covenant***');

(b) ***Loan to Value Ratio:*** from and including the Initial Closing Date, the ratio of the total amount of any debt owed by Vesteda Woningen (including any amounts outstanding under the Term Advances) to the then current Book Value of the Properties (excluding the Book Value of the Properties over which an encumbrance has been created, agreed to be created or permitted to subsist (other than pursuant to the Relevant Documents) as permitted under the Secured Loan Agreement) constituting the Portfolio shall not exceed 0.45:1 (the '***LTV Covenant***'), and

(c) ***Cash Flow Ratio*:** from and including the Initial Closing Date, the Cash Flow Ratio of Vesteda Woningen shall be greater than 1.5:1 (the '***Cash Flow Covenant***'),

it being understood that any reference to Vesteda Woningen under the heading Financial Covenants above and Defined Terms below shall not include Groep or Vesteda Project B.V.

The covenants and undertakings contained in clauses (a) and (c) above have been tested regularly since the Initial Closing Date and will be tested for the first time after the Closing Date on 30 June 2010 and thereafter on each Financial Quarter Date by reference to the unaudited combined financial statements required to be delivered pursuant to the Secured Loan Agreement.

The covenant and undertaking contained in (b) above have most recently been tested on 31 December 2009, and will be tested on an annual basis by reference to the audited combined financial statements required to be delivered pursuant to the Secured Loan Agreement.

For these purposes '***Book Value***' shall be calculated in accordance with the method set out at the end of this description of the Secured Loan Agreement.

***Defined Terms*:** The terms used with respect to the above-mentioned financial covenants under the heading Financial Covenants shall be construed in accordance with the Vesteda Accounting Principles as used in the most recent audited combined financial statements of Vesteda Woningen but so that:

(a) '***Cash Flow Ratio***' means the Free Operating Cash Flow for such Relevant Period divided by Total Net Debt Service for such Relevant Period;

(b) '***EBITDA***' means, for any Relevant Period, the combined earnings of Vesteda Woningen before the deduction of Interest Charges and corporation tax on the overall income of Vesteda Woningen payable in respect of the financial period to which the relevant profit and loss accounts relate, after adding back any of those items listed at (i) to (iii) (inclusive) below and after making the required adjustments to exclude items referred to at (iv) to (vi) (inclusive) below:

(i) any amount attributable to amortisation of goodwill, or other intangible assets and any deduction for depreciation;

(ii) the amortisation or the writing off of costs associated with the issue of the Notes (including costs written off as a result of the prepayment of existing indebtedness and the financing costs associated therewith);

(iii) fair value adjustments and other non-cash provisions;

(iv) any losses or gains arising from the sale of any Property;

(v) items treated as extraordinary income/charges under the Vesteda Accounting Principles; and

(vi) any amount attributable to the writing up or writing down of any assets of Vesteda Woningen after the Initial Closing Date;

(c) '***Free Operating Cash Flow***' means, in respect of any Relevant Period, EBITDA for that Relevant Period:

(i) minus all capital expenditures incurred during that Relevant Period;

(ii) minus any amount of corporation or other tax payable during that Relevant Period in respect of income or gains having a cash effect;

(iii) minus the amount of any decrease or plus the amount of any increase in provisions for that Relevant Period having a cash effect;

(d) '***Financial Quarter***' means with respect to the first financial quarter, the period commencing on the Initial Closing Date and ending on 30 September 2005 and thereafter each period beginning on the day after a Financial Quarter Date and ending on the next Financial Quarter Date, with the exception of the last financial

quarter, which will end on the last date upon which any of the Notes are outstanding;

(e) '***Financial Quarter Date***' means 31 December, 31 March, 30 June and 30 September in each year;

(f) '***Interest Charges***' means any interest (including the interest element of any payment made under finance leases or hire purchase agreements), commission, fees, discounts and other finance charges payable, less any interest earned by Vesteda Woningen (excluding, for the avoidance of doubt, (i) any interest earned but not received on loans made by Vesteda Woningen to any entity outside the Vesteda Group and (ii) any interest earned on loans made by Vesteda Woningen to any entity within the Vesteda Group) during such period, but excluding any amount paid or payable by Vesteda Woningen to the Issuer in respect of fees under the Secured Loan Agreement;

(g) '***Loan to Value Ratio***' means, in respect of any Relevant Period, the total amount of any debt owed by Vesteda Woningen at the end of such Relevant Period (including any amounts outstanding under the Term Advances and to the extent applicable Further Term Advances) divided by the then current Book Value of the Properties constituting the Portfolio (excluding the Book Value of the Properties over which an encumbrance has been created, agreed to be created or permitted to subsist (other than pursuant to the Relevant Documents) as permitted under the Secured Loan Agreement) such Book Value to be determined in accordance with the Vesteda Accounting Principles;

(h) '***Relevant Period***' means the period of four Financial Quarters ending on the date on which the relevant calculation falls to be made and the period of one Financial Quarter ending on the date on which the relevant calculation falls to be made, save as the context requires otherwise;

(i) '***Total Net Debt Service***' means the Interest Charges in respect of any Relevant Period and in respect of Vesteda Woningen.

(j) '***Vesteda Accounting Principles***' means the accounting principles, standards, conventions and practices, from time to time and at any time generally accepted in the Netherlands, and which implement the requirements of the Netherlands Civil Code, Dutch GAAP and of any other legislation or regulation, compliance with which is required by law in connection with the preparation of accounts of Vesteda Woningen, or compliance with which is generally adopted and practised by companies such as Vesteda Woningen in the Netherlands in effect from time to time and consistently applied by Vesteda Woningen.

Property Disposals and Acquisitions**:** A proposed disposal of any Property or a proposed acquisition of a new property by a Borrower will only be permitted if:

(a) in the case of disposals of Properties, no Borrower Event of Default or Potential Borrower Event of Default has occurred and is subsisting at the time of the

relevant disposal or acquisition and unless a Fund Unwind Event has occurred the number of units (*eenheden*) in the Portfolio (as defined herein) disposed of during each Financial Year does not exceed 15% (fifteen per cent.) of the number of units (*eenheden*) in the Portfolio owned at the beginning of the Financial Year concerned and that on average from the Initial Closing Date[1], the number of units (*eenheden*) in the Portfolio disposed of does not exceed 5% (five per cent.) per annum; and

(b) in the case of acquisitions of new properties, no Borrower Event of Default, Potential Borrower Event of Default, Failure to Pay Interest Event, Failure to Pay Principal Event or Non-Payment on Expected Maturity Date Event has occurred and is subsisting.

Compliance Certificate. The Borrowers shall be obliged to certify to the Security Trustee as soon as such has been prepared and in any event within 45 days after the end of each Financial Quarter, as part of a compliance certificate addressed to the Security Trustee and signed by an authorised signatory/signatories of Groep (acting in its capacity as general partner (*beherend vennoot*) of Vesteda Woningen) or its successor (the '***Compliance Certificate***'), that:

(a) the LTV Covenant, the DSCR Covenant and the Cash Flow Covenant, that will have been calculated in accordance with (a)(i) through to (iii) below, shall have been complied with:

(i) the LTV Ratio shall be calculated as the ratio between the total amount of any debt owed by Vesteda Woningen at the end of such Financial Quarter (including any amounts outstanding under the Term Advances) divided by an amount equal to the sum of:

(A) the aggregate Book Value of the Properties and/or units (*eenheden*) at the time when the LTV Ratio was previously tested;

(B) plus the Book Value of the Properties and/or units (*eenheden*) acquired since the last LTV Ratio was calculated; and

(C) less the Book Value of the Properties and/or units (*eenheden*) disposed of since the last LTV Ratio was calculated;

(ii) the DSCR shall be calculated as the ratio of Adjusted EBITDA to Total Net Debt Service in respect of Vesteda Woningen; and

(iii) the Cash Flow Ratio shall be calculated as the ratio of the Free Operating Cash Flow, calculated on the basis of the Adjusted EBITDA, for the

[1] The original Secured Loan Agreement dated 18 July 2005 made a distinction between "Core Portfolio" and "Divestment Portfolio" and referred in this paragraph to "Core Portfolio" instead of "Portfolio" and until 20 April 2007 the calculation was made in respect of the Core Portfolio. Since most Properties included in the Divestment Portfolio have been disposed of, the Secured Loan Agreement does no longer make a distinction between a Core Portfolio and a Divestment Portfolio.

previous Financial Quarter divided by Total Net Debt Service for the previous Financial Quarter,

it being understood that (x) for the purposes hereof, '***Adjusted EBITDA***' means EBITDA taking into account net rent from the Properties as at the date of such Compliance Certificate annualised and for a Financial Quarter, for the avoidance of doubt including rent on Properties acquired during the immediately preceding Financial Quarter and excluding rent on Properties disposed of during the immediately preceding Financial Quarter, and (y) if any of the Borrowers fails to satisfy any of the tests in this (a) above or fails to comply with any of the provisions of (a), the same consequences as if a Financial Condition Event (as defined herein) has occurred (see below under Occurrence of a Financial Condition Event);

(b) if the results of any of the tests of the financial covenants performed pursuant to (a) above are:

(i) in the case of the LTV Ratio, higher than 40%; or

(ii) in the case of the DSCR, lower than 2.1:1; or

(iii) in the case of the Cash Flow Ratio, lower than 1.65:1,

then the Borrowers shall, in addition to what they have certified pursuant to (a) above, certify that the DSCR Covenant and the Cash Flow Covenant and the LTV Covenant, that will have been calculated in accordance with this (b)(A) and (B) and (C) below, shall have been complied with:

(A) the DSCR shall be calculated as the ratio of Further Adjusted EBITDA to Total Net Debt Service in respect of Vesteda Woningen;

(B) the Cash Flow Ratio shall be calculated as the ratio of the Free Operating Cash Flow, calculated on the basis of the Further Adjusted EBITDA, for the previous Financial Quarter divided by Total Net Debt Service for the previous Financial Quarter; and

(C) the LTV Ratio shall be calculated in accordance with (a)(i) above save that it shall exclude the Book Value of Properties in respect of which, in the good faith opinion of the management of Groep or its successor (acting in its capacity as general partner (*beherend vennoot*) of Vesteda Woningen), there is a high degree of certainty that such Property will be disposed of during the immediately following Financial Quarter,

it being understood that (x) for the purposes hereof, '***Further Adjusted EBITDA'*** means the Adjusted EBITDA, excluding rent on Properties in respect of which the management of Groep or its successor (acting in its capacity as general partner (*beherend vennoot*) of Vesteda Woningen) in good faith believes that, there is a high degree of certainty that such Property will be disposed of during the

immediately following Financial Quarter and (y) if any of the Borrowers fails to satisfy any of the tests in this (b) or fails to comply with any of the provisions of this (b), the Borrowers shall not be permitted to make any anticipated disposal as referred to in this (b); and

(c) with respect to any acquisitions of Property made by the Borrowers during the preceding Financial Quarter that:

(i) each such acquisition was made on arm's length terms; and

(ii) the acquired Property satisfied the standard environmental, health and safety and title checks as would normally be expected to be conducted by Vesteda Woningen (or any other institutional investors investing in Dutch residential real estate).

Payments from a Fixed Account*:** The Secured Loan Agreement provides that the moneys standing to the credit of certain of the bank accounts of the Borrowers (the 'Fixed Accounts***') may only be withdrawn with the prior written consent of the Security Trustee, provided that with respect to the moneys standing to the credit of the Rent Collection Accounts and the Master Collection Account (as described below) such consent shall only be required upon the occurrence of a Failure to Pay Principal Event, a Failure to Pay Interest Event or a Non-Payment on the Expected Maturity Date Event (each defined below). The Borrowers may not dispose of the moneys standing to the credit of each Fixed Account upon the occurrence of a Borrower Event of Default. The following terms will apply to payments from the Fixed Accounts:

(a) ***Rent Collection Accounts*** and the ***Master Collection Account*:** All rental income from the Properties (net of costs) will be paid into the Rent Collection Accounts in the name of Groep (the '***Rent Collection Accounts***') and transferred at least monthly to the Master Collection Account in the name of one of the Borrowers (the '***Master Collection Account***') and in the event of:

(i) a Non-Payment on the Expected Maturity Date Event, the credit balance of these accounts may only be withdrawn with the prior written consent of the Security Trustee, such consent not to be unreasonably withheld or delayed if the Borrowers satisfy the Security Trustee that such moneys will be applied:

(A) for the payment of dividends or other distributions of any kind to participants with a stock interest or partnership interest in Vesteda Woningen that are required in order to maintain the FII Status of Holding DRF (which distributions shall be made to each of the participants in Vesteda Woningen *pro rata parte* to their participations in Vesteda Woningen in accordance with the Participation Agreement and the Limited Partnership Agreement) (see further the section *Vesteda Group – Corporate Profile and*

Business below) and expansionary capital expenditure of the Vesteda Group; or

(B) for the repayment of any outstanding amount of principal, fees, commissions or expenses on the Term A3 Advance, the Term A5 Advance, the Term A6 Advance, the Term A7 Advance, the Further Term Advances and/or the New Term Advances, as the case may be,

(ii) a Failure to Pay Principal Event, the credit balance of these accounts may only be withdrawn with the prior written consent of the Security Trustee, such consent not to be unreasonably withheld or delayed if the Borrowers satisfy the Security Trustee that such moneys will be applied for the repayment of any outstanding amount of principal, fees, commissions or expenses on the Term Advances, the Further Term Advances and/or the New Term Advances, as the case may be;

(b) ***Segregated Account*****:** upon the occurrence of a Failure to Pay Interest Event, a Failure to Pay Principal Event or Non-Payment on the Expected Maturity Date Event whichever is earlier, the net proceeds of all disposals of Property shall promptly be deposited into a separate bank account in the name of one of the Borrowers (the '***Segregated Account***') and the credit balance of the Segregated Account may thereafter only be withdrawn with the prior written consent of the Security Trustee, which consent will not be unreasonably withheld or delayed if such moneys will be applied:

(i) in the case of a Failure to Pay Principal Event, *pro rata* for the repayment of any outstanding amount of principal, fees, commissions or expenses on the Term Advances, the Further Term Advances and/or the New Term Advances; and

(ii) and in the case of a Non-Payment on the Expected Maturity Date Event, for the repayment of any outstanding amount of principal, fees, commissions or expenses on the Term Advances or the New Term Advances in order of priority such that the relevant advance with the shortest Term Expected Maturity Date is, in each case, repaid first.

(c) ***Repayment Account*****:** other than upon the occurrence of a Failure to Pay Interest Event, a Failure to Pay Principal Event or a Non-Payment on the Expected Maturity Date Event, the net proceeds from any disposal of Property following a Fund Unwind Event will immediately or as soon as reasonably practicable be paid into the Repayment Account (the '***Repayment Account***') (provided that upon the occurrence of a Failure to Pay Interest Event, a Failure to Pay Principal Event or a Non-Payment on the Expected Maturity Date Event, amounts standing to the credit of the Repayment Account shall promptly be paid into the Segregated Account – see (b) above). The credit balance of the Repayment Account shall be applied as follows:

(i) *first*, for the payment of dividends or other distributions of any kind to participants with a stock interest or partnership interest in Vesteda Woningen necessary to enable Holding DRF to distribute dividends at such dates and in such amounts as are required to maintain the FII Status of Holding DRF, which distributions shall be made to each of the participants with a stock interest or partnership interest in Vesteda Woningen *pro rata parte* to their participation in Vesteda Woningen in accordance with the Participation Agreement and the Limited Partnership Agreement and for capital expenditures of the Vesteda Group; and/or

(ii) *second*, for the repayment of any outstanding amount of principal, interest, fees, commissions or expenses on the Term Advances, the Further Term Advances and/ or the New Term Advances, as the case may be.

***Covenants – General*:** Each Borrower provides the Issuer and the Security Trustee with the benefit of certain other covenants including, but not limited to, the following negative covenants:

(a) no financial indebtedness, save for an aggregate amount not exceeding €25,000,000 ranking no more than *pari passu* (other than as a result of any security rights created in accordance with (c) below) with any financial indebtedness created pursuant to the Relevant Documents, without the prior written consent of the Security Trustee;

(b) no leasing, hire purchase, conditional sale or other agreements for the acquisition of any asset upon deferred payment terms save where the purchase price of such assets does not exceed an aggregate amount of €500,000;

(c) save for an aggregate amount not exceeding €25,000,000 ranking no more than *pari passu* with any security right created pursuant to the Relevant Documents provided that first ranking security rights may be created by the Borrowers on Properties with an aggregate Book Value of up to €25,000,000, no security will be granted or other encumbrances to be created other than in favour of the Security Trustee as contemplated under the Relevant Documents, without prior written consent of the Security Trustee;

and, for the avoidance of doubt, (a) and (c) above shall not be cumulative it being noted that the Borrowers may create security rights under (c) above to secure debt permitted to be created under (a) above,

(d) save for an aggregate amount not exceeding €25,000,000, grant any loans, guarantees or indemnities in respect of any person other than with respect to the loan in the amount of €25,000,000 made available by the Borrowers to Vesteda Project B.V. before the Initial Closing Date;

(e) no redemption, repurchase or cancellation of any share capital;

(f) no dividends or distributions of any kind by Vesteda Woningen to its participants other than a Permitted Distribution (as defined below) out of Excess Cash (as defined in the Master Definitions Agreement) or in the form of issuances of shares or partnership rights without prior written consent of the Security Trustee, which consent shall, other than in the case of a Non-Payment on Expected Maturity Date Event, a Failure to Refinance Event, a Failure to Pay Principal Event, a Failure to Pay Interest or a Borrower Event of Default (as described below), not be unreasonably withheld ('***Permitted Distribution***' shall mean a distribution that is required to preserve the current FII Status of Holding DRF (which distributions shall be made to each of the participants with a stock interest or partnership interest in Vesteda Woningen *pro rata parte* to their participations in Vesteda Woningen in accordance with the Participation Agreement and the Limited Partnership Agreement), a distribution in accordance with the provisions of the Participation Agreement and the Limited Partnership Agreement or a distribution of the amount equal to the positive difference between (i) the proceeds from the sale of Properties and (ii) the most recent Book Value of the Properties sold);

(g) no material changes to the general nature of the business as carried on at the Closing Date, or start of any other business which results in any material change to the nature of that business (other than following a Fund Unwind Event);

(h) no mergers, demergers, amalgamations, acquisitions with respect to legal entities, restructuring, and joint ventures, without prior written consent of the Security Trustee, which consent shall not be unreasonably withheld, it being understood that the conversion from a limited partnership to a limited partnership with legal personality shall not be considered as one of these events;

(i) other than as permitted under the Secured Loan Agreement, no material change in tax and accounting policies and external reporting practices, except in accordance with Dutch accounting rules and applicable law; and

(j) no change in auditors without prior written consent of the Security Trustee, which consent shall not be unreasonably withheld.

With respect to (a), (c) and (h) above, the consent of the Security Trustee will be granted if the Rating Agencies confirm that entering into the relevant transaction would not result in a downgrade of the Notes.

Each Borrower will also provide the Issuer and the Security Trustee with the benefit of certain positive covenants, including, without limitation, covenants relating to the maintenance of insurances, conduct of business, notification of events of default, notification of material legal proceedings and compliance with material regulatory requirements.

***Provision of Financial Information*:** Each Borrower will deliver to the Security Trustee and the Rating Agencies the following:

(a) by no later than 120 days after the end of its financial year the audited combined financial statements (including balance sheet, profit and loss and cash flow statements) and related auditor's reports of Vesteda Woningen for such financial year (the '***Annual Report***'), such Annual Report and the Quarterly Report (defined below) showing the assets and liabilities of Vesteda Woningen (which are economically owned by the participants with a stock interest or partnership interest in Vesteda Woningen) and therefore exclude those of Groep, Vesteda Project B.V. and the participants with a stock interest or partnership interest in Vesteda Woningen);

(b) by no later than 45 days after the end of each Financial Quarter, commencing with the first Financial Quarter ending after the Initial Closing Date:

(i) the unaudited combined financial statements (in a form reasonably acceptable to the Security Trustee) of Vesteda Woningen in respect of the then current financial year on a year to date basis from the commencement of the then current financial year to the end of such Financial Quarter (the '***Quarterly Report***'), including:

(A) combined balance sheet and combined profit and loss accounts;

(B) combined cash flows of Vesteda Woningen together with, in respect of the then current financial year on a year to date basis, a comparison with the performance in the corresponding period of the previous financial year;

(C) operating statistics with respect to the Portfolio, including with respect to occupancy rates and total rental / revenue growth of the Properties;

(D) the number and details of Properties disposed of by way of Permitted Disposals or acquired by way of Permitted Acquisitions, and the number of Properties; and

(E) a management commentary on the unaudited financial statements for the then current financial year on a year to date basis commencing with the Financial Quarter ending on the previous anniversary of the Initial Closing Date as to, *inter alia*, Vesteda Woningen's performance during such period and any material developments or proposals affecting Vesteda Woningen or its business, together with, when applicable, a comparison of actual performance by Vesteda Woningen with the performance in the corresponding period of the previous financial year;

(ii) a Borrower Compliance Certificate (the '***Borrower Compliance Certificate***') for the relevant period:

(A) certifying whether or not the financial covenants and undertakings have been observed, supported by detailed calculations;

(B) certifying that, so far as it is aware as of the date thereof, no Borrower Event of Default or Potential Borrower Event of Default (which, in either case, has not been previously notified in writing to the Security Trustee) has occurred or, if it has occurred a description thereof and the action taken or proposed to be taken to remedy it; and

(C) certifying that, certain representations contained in the Secured Loan Agreement are true and it is in compliance with the covenants contained in the Secured Loan Agreement;

(c) from time to time and at the request of the Security Trustee or the Rating Agencies, furnish to each of them such information about the business, operations, performance, prospects and financial condition of Vesteda Woningen as any of them may reasonably require.

The above-mentioned information will be made available in English and the information to be delivered pursuant to (b) above will be made available to the required party in hard copy. See further *General Information.*

***Independent Audit and Valuation*:** In addition to the information to be provided as described above:

(a) in the case of a Borrower Event of Default or a Potential Borrower Event of Default, the Security Trustee may require a full independent audit and investigation into the business and affairs of the Vesteda Group Companies;

(b) each of the Borrowers shall promptly deliver to the Security Trustee and the Rating Agencies, at their request, copies of any updated valuations of Properties in accordance with the Secured Loan Agreement;

(c) the Security Trustee may require that, at the expense of the Borrowers, an actual independent, external valuation of all Properties be conducted at least annually on Properties constituting at least 50 per cent. of the value of the Portfolio and at least once every two years (on a per Property basis) provided the Properties that have been owned by Vesteda Woningen for more than two years and have been made completely available for letting for more than two years; and

(d) other than for Properties where an up-to-date valuation is available, the Security Trustee may require an actual independent, external valuation of (certain of) the Properties in the case of either a downgrade by the Rating Agencies of the Notes, a Borrower Event of Default, a Potential Borrower Event of Default, a Failure to Pay Principal Event, a Failure to Pay Interest Event or a Non-Payment on Expected Maturity Date Event.

Events of Default. The Secured Loan Agreement contains certain standard events that may lead to a default and acceleration of amounts outstanding for a full recourse facility of its nature (each, a '***Borrower Event of Default***' and any event which with the giving of notice, any relevant certificate, the lapse of time or fulfilment of any other condition would become a Borrower Event of Default, a '***Potential Borrower Event of Default***'). These include an event for non-payment. However, the mere occurrence of non-payment may not in itself entitle the Security Trustee to accelerate the repayment obligations of any Borrower. In certain prescribed circumstances, non-payment shall constitute a Non-Payment on the Expected Maturity Date Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event and specific consequences shall apply as more fully set out below. If the Borrowers fail to comply with the relevant provisions which are applicable on the occurrence of one of these events, a Borrower Event of Default shall have occurred. Other events include breach of financial covenant, misrepresentation, and insolvency of any Vesteda Group Company.

Failure to Pay Interest Event: If any of the Borrowers has failed to pay any amount of interest due from it under the Secured Loan Agreement on any date upon which payment therefore was due and in the manner specified in the Secured Loan Agreement and such amount was not either paid at such time on such Borrower's behalf by any of the other Borrowers, then the Borrowers shall one week after the relevant Interest Payment Date and each subsequent week thereafter (each a '***Cash Collateralisation Payment Date***') pay to the Issuer Account on each Cash Collateralisation Payment Date, for same day value, an amount of at least one-twelfth of the aggregate amount drawn by the Issuer under the Liquidity Facility Agreement or from the Liquidity Standby Reserve Account, as appropriate, on the preceding Interest Payment Date to pay amounts due and payable under the Notes, together with interest and costs that will accrue on such amount up to but excluding the next succeeding Interest Payment Date.

If any of the Borrowers continues to fail to pay the full amount of interest that was due from it on the relevant Interest Payment Date under the Secured Loan Agreement on the tenth Business Day after the relevant Interest Payment Date upon which it was due and in the manner specified therein and such is not either paid at such time on such Borrower's behalf by any of the other Borrowers (a '***Failure to Pay Interest Event***'), then the consequences set out in (b), (c), (e) and (f) under the heading Failure to Pay Principal Event below shall apply to the Borrowers.

Further, the Borrowers shall, subject to obtaining the prior written consent of the Security Trustee, also appoint an external, independent and appropriately qualified advisor to advise on the steps and actions needed to remedy or cure the failure or the cause of the failure to pay interest on the relevant Interest Payment Date.

If any of the Borrowers fails at any time to comply in full with its or their obligations described above, a Borrower Event of Default shall have occurred.

Non-Payment on Expected Maturity Date Event*:** In the event that and for so long as any Borrower has failed to repay the full amount of principal, fees, commissions or expenses or other amounts (other than interest) on the Term A3 Advance, the Term A5 Advance, the Term A6 Advance or the Term A7 Advance, in each case, on the relevant Term Expected Maturity Date thereof, and such failure has not been remedied within a period of three (3) Business Days allowed for administrative or technical delay, a 'Non-Payment on Expected Maturity Date***

Event' shall have occurred and the following shall apply with respect to each of the Borrowers for as long as any of the above-mentioned amounts remain outstanding:

(a) the interest margin applicable with respect to that part of the unpaid principal, fees, commissions, expenses or other sums due (excluding interest) on the Term A3 Advance, the Term A5 Advance, the Term A6 Advance and the Term A7 Advance, as the case may be, will be increased by 100 basis points;

(b) no payments to parties outside of the Vesteda Group will be permitted where such payments relate (A) to dividends or distributions of any kind (other than such distributions necessary to preserve the FII Status of Holding DRF under Netherlands tax law (which distributions shall be made to each of the participants with a stock interest or partnership interest in Vesteda Woningen, *pro rata parte* to their participations in Vesteda Woningen in accordance with the Participation Agreement and the Limited Partnership Agreement), or (B) to expansionary capital expenditure of the Vesteda Group;

(c) a disclosed security interest shall be created over the Rent Collection Accounts, the Master Collection Account and the Segregated Account although payments from such accounts shall be permitted where such relate to (i) distributions that are necessary to preserve the FII Status of Holding DRF under Netherlands tax law (which distributions shall be made to each of the participants with a stock interest or partnership interest in Vesteda Woningen *pro rata parte* to their participations in Vesteda Woningen in accordance with the Participation Agreement and the Limited Partnership Agreement) or (ii) expansionary capital expenditure of the Vesteda Group;

(d) parties shall enter into good faith discussions with respect to increasing the amount covered by the Forward Swaps, and/or the Supplemental Swaps, as applicable or entering into another appropriate hedging arrangement, unless the Rating Agencies confirm that not entering into replacement hedging arrangements would not result in a downgrade of the Notes; and

(f) the net proceeds of all disposals of Property by the Borrowers promptly be paid into the Segregated Account and then applied as referred to above – see the Section *Payments from a Fixed Account* above.

Failure to Pay Principal Event: In the event that and for so long as any Borrower has failed to repay the full amount of principal, fees, commissions or expenses or other amounts (other than interest) on the Term A3 Advance, the Term A4 Advance, the Term A5 Advance, the Term A6 Advance and/or the Term A7 Advance, and in each case, on the Loan Maturity Date and such failure has not been remedied within a period of three (3) Business Days allowed for administrative or technical delay, a '***Failure to Pay Principal Event***' shall have occurred the following shall apply for as long as any of the abovementioned amounts remain outstanding:

(a) the interest rate margin applicable to the outstanding amounts shall be increased by 100 basis points, (provided that if the applicable interest rate margin has

already been increased in respect of the Term A3 Advance and/or the Term A5 Advance and/or the Term A6 Advance and/or the Term A7 Advance the provisions applicable upon Non-Payment on Expected Maturity Date (as described above), such applicable interest rate margin shall not be increased a second time);

(b) no payments to parties outside of the Vesteda Group (which will include Holding DRF only for as long as it holds the DRF Shares) shall be permitted where such payments relate (A) to dividends or other distributions of any kind to any shareholders or participants in any members of the Vesteda Group or (B) to expansionary capital expenditure of the Vesteda Group;

(c) a disclosed security interest shall be created over the Rent Collection Accounts, the Master Collection Account and the Segregated Account;

(d) parties shall enter into good faith discussions with respect to increasing the amount covered by the Forward Swaps and/or the Supplemental Forward Swaps, as applicable or entering into another appropriate hedging arrangement, unless the Rating Agencies confirm that not entering into replacement hedging arrangements would not result in a downgrade of the Notes;

(e) the voting rights in respect of the DRF Shares shall transfer to the Security Trustee (however, the Security Trustee shall agree not to dismiss or suspend the boards of the DRFs unless a Borrower Event of Default occurs);

(f) the Vesteda Woningen Entities are obliged to create Mortgages over such of the Properties so that the aggregate Book Value of the mortgaged Properties is equal to 150 per cent. of all amounts outstanding by the Borrowers to the Issuer at such time under the Secured Loan Agreement; and

(g) the Vesteda Woningen Entities are obliged to liquidate in an orderly manner and as soon as reasonably practicable, but in any event before the twelfth anniversary of the Initial Closing Date, the Properties constituting the Portfolio, with the net proceeds of all disposals of Property being paid immediately or as soon as reasonably practicable thereafter into the Segregated Account and then applied as referred to above – see *Payments from a Fixed Account* above.

With respect to (g) above, the Borrowers shall as soon as practicably possible following the occurrence of a Failure to Pay Principal Event (subject to obtaining the prior written consent of the Security Trustee), appoint an external, independent and appropriately qualified advisor to monitor compliance by the Borrowers with their obligations under (g) above. If at any time following its appointment such advisor is of the reasonable opinion that the Borrowers are not in compliance in all material respects with their obligations under (g) and in particular if such advisor is of the reasonable opinion that the Borrowers will not be able to liquidate before 20 July 2017 a sufficient number of the Properties in order to allow the repayment in full of any and all amounts of principal, fees, commissions, expenses or other sums due from the Borrowers under the Relevant Documents, then the Security Trustee shall be entitled to require that such

advisor assumes control and management of the process of liquidating the Properties as referred to in (g).

Failure to Refinance Event*:** The Borrowers must demonstrate 90 days prior to the Loan Maturity Date (the 'Refinance Commitment Date***'), to the satisfaction of the Security Trustee, that there is a firm commitment to refinance the Term Advance, the Further Term Advance and the New Term Advance (as the case may be) on the Loan Maturity Date. An engagement letter with a bank is deemed to be a firm commitment. Failure to provide this three Business Days after the Refinance Commitment Date will be deemed a '***Failure to Refinance Event***' and the following shall apply with respect to each of the Borrowers:

(a) a disclosed security interest shall be created over the Rent Collection Accounts, the Master Collection Account and the Segregated Account;

(b) the voting rights in respect of the DRF Shares shall transfer to the Security Trustee (however the Security Trustee shall agree not to dismiss or suspend the boards of the DRFs unless a Borrower Event of Default occurs);

(c) the Vesteda Woningen Entities are obliged to create Mortgages over such of the Properties so that the aggregate Book Value of the mortgaged Properties is equal to 150 per cent. of all amounts outstanding by the Borrowers to the Issuer at such time under the Secured Loan Agreement;

(d) no payments to parties outside of the Vesteda Group (which will include Holding DRF only for as long as it holds the DRF Shares) shall be permitted where such payments relate (A) to dividends or other distributions of any kind to any shareholders or participants in any members of the Vesteda Group or (B) to expansionary capital expenditure of the Vesteda Group.

Occurrence of a Financial Condition Event*:** If at the end of any Financial Quarter the Borrowers have not complied with the relevant financial covenants – see above Financial Covenants – (a 'Financial Condition Event***'), the Borrowers will have the period until the end of the following Financial Quarter in which to remedy such breach through appropriate remedial action. In such a case, the Borrowers must, subject to the prior written consent of the Security Trustee, appoint an independent advisor to advise on actions needed to remedy the relevant breach by the end of the following Financial Quarter. If:

(a) the adviser is of the view that the relevant breach cannot be remedied or cured by the end of the following Financial Quarter or that it remains unremedied or uncured by the end of the following Financial Quarter; or

(b) a second Financial Condition Event occurs within a period of twelve (12) months following a previous occurrence,

then a Borrower Event of Default will have occurred.

***Consequences of Borrower Event of Default*:** Upon the occurrence of a Borrower Event of Default (which in certain cases will be subject to a material adverse effect qualification), the Security Trustee may by written notice to the Rating Agencies and the Borrowers:

(a) suspend or cancel the commitment of the Issuer to make any Further Term Advances or New Advances (as the case may be); and/or

(b) declare the aggregate principal amount of all advances made pursuant to the Secured Loan Agreement together with any accrued and unpaid interest thereon and any other sums then owed by the Borrowers to be immediately due and payable; or

(c) declare the aggregate principal amount of all advances made pursuant to the Secured Loan Agreement together with any accrued and unpaid interest thereon and any other sums then owed by the Borrowers to be due and payable on demand of the Security Trustee; and/or

(d) without prejudice to the provisions of the Security Agreement which permit the Security Trustee to enforce the security created thereunder in any other circumstances, exercise all rights and remedies available to it including declaring that the Security Agreement and the security created thereunder shall have become enforceable.

Further, in the case of the insolvency of Groep, the Borrowers shall be required to, *inter alia*, open new accounts in their name with the Account Bank, procure that amounts deposited on the Rent Collection Accounts are transferred to such new accounts and give notice to tenants and other parties that are obliged to make payments to pay into the relevant new account.

***Book Value*:** Where in the Secured Loan Agreement the term Book Value will be used, a distinction will be made between assets that, as at the relevant date, have been made completely available for letting by Vesteda Woningen for more than two years and those that have not been made completely available for letting by Vesteda Woningen for more than two years. The methodology applicable in each case is reflected below. Any proposed changes to this methodology will require confirmation by an independent financial advisor that the changes will not negatively affect the Noteholders.

Properties made completely available for letting by Vesteda Woningen for more than two years*:** With respect to assets which have been made completely available for letting by Vesteda Woningen for more than two years 'Book Value***' will be the higher of the Sale Value and the Investment Value. The Sale Value and the Investment Value are calculated according to the methodology below. To the extent that the Investment Value for any Property exceeds by more than 10 per cent. the Sale Value, then the Book Value for that Property will be an amount equal to 110 per cent. of the Sale Value.

Sale Value and Investment Value are based on the assumption that the assets are completely sold including its current tenants. Both valuations are determined by a discounted cash flow method. In respect of at least 50 per cent. of the Portfolio, both the Sale Value and the Investment Value are a result of external full appraisal. For the remaining part of the Portfolio

(as defined herein) the Sale Value and the Investment Value are actualised by external valuers at year-end.

The Sale Value is determined on the assumption that the asset is completely sold including its current tenants to an entity specialised in the selling of individual units. The Investment Value is determined on the assumption that the asset is completely sold including its current tenants to an investor that intends to hold the units comprising the asset for letting purposes.

The auditors of Vesteda Woningen will on an annual basis audit the consistency of the then current Investment Values as compared to historical Investment Values and comment on any material changes. If the auditors of Vesteda Woningen are not able to confirm such consistency, such fact will be included as a qualification in the audit letter of the auditors of Vesteda Woningen, which qualification could result in a breach of covenant under the Secured Loan Agreement. Such breach can be cured by calculating book value using external Open Market Value valuations and for these purposes, '***Open Market Value***' shall mean an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

(a) a willing seller;

(b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;

(c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

(d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

***Properties not made completely available for letting by Vesteda Woningen for more than two years*:** With respect to assets that have not been made completely available for letting by Vesteda Woningen for more than two years as at the relevant date, Book Value will be equal to the purchase price paid by Vesteda Woningen for the relevant asset. In case that there is market evidence that market value is lower than the purchase price, Book Value will be equal to market value. To the extent that there are any additional investments with respect to such assets, such will be added to the Book Value at cost. Properties owned by Vesteda Woningen that are under construction are valuated at cost.

***Governing law*:** The Secured Loan Agreement is governed by Netherlands law.

Security Agreement

The Original Security Agreement was entered into on 18 July 2005, amended and restated on 20 April 2007, amended on 30 June 2008 and as most recently amended and restated on 15 July 2008, and the Security Agreement will be entered into on or around the Closing Date between, *inter alios*, the Issuer, Groep, the Borrowers and the Beneficiaries. Pursuant to the terms of the Security Agreement, each of the Borrowers, Groep, Holding DRF and the Issuer undertakes to grant in favour of the Security Trustee certain security rights thereunder and pursuant thereto. A summary of the terms of the Security Agreement, the security created pursuant thereto and the security created at a future date on the occurrence of specified events set out in the Secured Loan Agreement and the Trust Deed are described below. Further, the Security Agreement contains common standard provisions which apply to the Security Documents (as defined below).

In order to create a valid, enforceable security interest in favour of the Security Trustee under the laws of the Netherlands, the undertakings, obligations and liabilities of the Borrowers and the Issuer to the Security Trustee are expressed to be separate and independent obligations from the corresponding principal obligations which the Borrowers and the Issuer have, respectively, to the Issuer and the Beneficiaries pursuant to the Relevant Documents, being, respectively the Borrower Principal Obligations and the Issuer Principal Obligations. This is referred to as the Borrower Parallel Debt and the Issuer Parallel Debt and represents the Security Trustee's own claims to receive payment of an amount not exceeding the total amount of the Borrower Principal Obligations and the Issuer Principal Obligations. The Borrower Secured Obligations and the Issuer Secured Obligations are therefore the obligations of the Borrowers to pay the Borrower Parallel Debt in respect of the Borrower Principal Obligations and the obligations of the Issuer to pay the Issuer Parallel Debt in respect of the Issuer Principal Obligations.

The Security Agreement provides that the Relevant Documents (including the Conditions) may be amended in writing, and any rights thereunder may be waived in writing after reasonable notification of the details of amendment or waiver has been given to the Beneficiaries from time to time by the Security Trustee, provided, however, that any amendment or waiver which in the opinion of the Security Trustee has the effect in respect of any Relevant Documents (including the Conditions) of (i) a dilution of security or the rights of the Beneficiaries under the Relevant Documents (including the Conditions), (ii) a change in the Issuer Priority of Payments or the Borrower Priority of Payments, or (iii) a change in the timing of any payment, shall not be made unless each Rating Agency, after having been notified by the Security Trustee, shall have confirmed that such action will not result in a downgrade of the rating of the Notes and the Security Trustee shall have confirmed that it is satisfied the amendment or waiver is not prejudicial to the interests of the Noteholders.

The Security Agreement contains certain standard warranties and covenants given by Holding DRF to the Security Trustee. Should it cease to be the holder of the DRF Shares, then the transferee shall, as a condition of such transfer, be required to give substantially similar warranties and covenants.

The Security Agreement is governed by Netherlands law.

Borrower Security

Pursuant to the Original Security Agreement, Holding DRF and the Borrowers entered on 18 July 2005 into a Netherlands law governed Share Pledge Agreement by which Holding DRF created a pledge in respect of its shares in the capital of the Borrowers (as further set out below) in favour of the Security Trustee to secure the Borrower Secured Obligations (which, for the avoidance of doubt, includes the payment obligations in respect of the Term A7 Loan).

On or following the occurrence of a Non-Payment on the Expected Maturity Date Event, a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event, (in each case which is continuing), or a Borrower Event of Default, whichever is earlier, or at any time thereafter, the Borrowers will enter into the following:

(a) save in the event of a Non-Payment on the Expected Maturity Date Event, one or more Netherlands law governed Mortgage Deeds (defined below); and

(b) Netherlands law governed Account Pledges over the Rent Collection Accounts, the Master Collection Account and the Segregated Account.

Following the occurrence of a Fund Unwind Event, the Borrowers will open the Repayment Account and will create a right of pledge over the Repayment Account Pledge in favour of the Security Trustee pursuant to the Repayment Account Pledge Agreement.

Each of the Security Agreement, the Share Pledge Agreement, the Mortgage Deeds, the Repayment Account Pledge and the Account Pledges shall be in favour of the Security Trustee to secure the Borrower Secured Obligations and shall be referred to together as the '***Borrower Security Documents***' described below.

Issuer Security

The Issuer and the Security Trustee entered on 18 July 2005, 20 April 2007 and 15 July 2008 into the Netherlands law governed Original Issuer Pledge Agreement, 2007 Supplemental Issuer Pledge Agreement and 2008 Supplemental Issuer Pledge Agreement, respectively, in favour of the Security Trustee to secure the Issuer Secured Obligations.

On or around the Closing Date, the Issuer will enter into the Netherlands law governed 2010 Supplemental Issuer Pledge Agreement in favour of the Security Trustee to further secure the Issuer Secured Obligations.

The Security Agreement and the Issuer Pledge Agreement shall be referred to together as the '***Issuer Security Documents***' and together with the Borrower Security Documents, the '***Security Documents***'.

Enforcement of Security

The Security Agreement provides that neither the Beneficiaries nor the Issuer shall exercise any independent power that they may have to enforce or to exercise any rights, discretions or powers or to grant any consents, waivers or releases under or pursuant to the Security Documents or otherwise exercise direct recourse to the assets secured pursuant to the

Security Documents except through the Security Trustee. Subject to the Security Trustee being indemnified to its satisfaction in relation to the performance and enforcement of the Security Documents, the Security Trustee shall take such action or, as the case may be, refrain from taking such action under or pursuant to the Security Documents:

(a) in the case of enforcement of any Borrower Security Document, as the Issuer shall direct or, if an Issuer Event of Default has occurred and an Issuer Enforcement Notice has been given pursuant to Condition 10 of the Conditions, as the Security Trustee shall deem to be in the interest of the Beneficiaries; and

(b) in the case of enforcement of any Issuer Security Document, if an Issuer Event of Default has occurred and an Issuer Enforcement Notice has been given pursuant to Condition 10 of the Conditions, the Security Trustee may, at its discretion and without further notice, take such steps as it may think fit to enforce the Issuer Security Documents but it shall not be bound to take any such steps unless it is directed by an Extraordinary Resolution of the Noteholders or if so requested in writing by the holders of the Notes holding at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes, provided that it shall enforce an Issuer Security Document without such Extraordinary Resolution or directions, as the case may be, if a failure to take immediate enforcement action would or may jeopardise the value or availability of the security created pursuant to any or all of the Issuer Security Documents for the benefit of the Noteholders, but will have no regard for the interests of any other Beneficiary under the Security Documents or the Trust Deed (for the avoidance of doubt as defined in the section *Overview – The Parties – Security Trustee* above).

Application of Security Proceeds

After one or more of the security interests constituted by a Security Document have become enforceable, the Security Trustee shall seek recourse to (*zich verhalen op*) any and all proceeds received under or pursuant to the relevant Security Documents or pursuant to a foreclosure on (*uitwinnen*) the relevant secured assets, but subject to the payment of any claims having priority to the relevant security interests, to pay the respective secured obligations secured thereby. The Security Agreement and the Trust Deed contain provisions regulating the priority of application of amounts forming part of such security among the Beneficiaries.

In the event of a Borrower Event of Default, as set out in the Secured Loan Agreement (see further the section *Summary of Principal Documents – Secured Loan Agreement* above) the Security Trustee shall apply the proceeds received under the Borrower Security Documents in accordance with the Borrower Priority of Payments (contained in the Security Agreement and set out below) and the Issuer Pre-enforcement Priority of Payments (contained in the Trust Deed but incorporated by reference in the Security Agreement and set out below). In the event that the Security Trustee has given an Issuer Enforcement Notice, the Security Trustee shall apply the proceeds received under the Issuer Security Documents in accordance with the Issuer Post-enforcement Priority of Payments (contained in the Trust Deed and set out below).

Borrower Priority of Payments

Upon the occurrence of a Borrower Event of Default which is then subsisting and notification thereof to the Security Trustee by the Issuer, the Security Trustee shall collect and foreclose on the assets securing the Borrower Secured Obligations secured by the Borrower Security Documents and apply the proceeds arising therefrom in the following order (the '***Borrower Priority of Payments***'):

(a) *first, pro rata*, in or towards satisfaction of the respective amounts due (i) to the Security Trustee in respect of its fees, costs and expenses and (ii) the fees, costs and expenses of a mortgage advisor to be appointed by the Security Trustee pursuant to the Secured Loan Agreement to assist with, *inter alia*, the creation of Mortgages (the '***Mortgage Advisor***');

(b) *second*, to the Issuer in discharge of the amounts due to the Issuer under the Secured Loan Agreement required to satisfy in full the Issuer's obligations set out in paragraphs (a), (b) and (c) under the Issuer Priority of Payments;

(c) *third, pro rata*, in or towards satisfaction of the amounts due to the Issuer in respect of the Term Advances, an amount equal to the aggregate amount required by the Issuer to satisfy in full its obligations to pay (i) interest on the Notes (other than the Step-Up Amounts) (ii) all amounts due to the Hedging Providers under the Hedging Agreements (other than Hedging Subordinated Amounts) and (iii) any Early Note Prepayment Compensation Amounts due under the Notes pursuant to an optional redemption referred to under Condition 6(e) of the Conditions (if any);

(d) *fourth, pro rata*, in or towards satisfaction of the amounts due to the Issuer in respect of the Term Advances, an amount required by the Issuer to satisfy in full its obligation to pay principal under the Notes;

(e) *fifth, pro rata*, in or towards satisfaction of the amounts due to the Issuer in respect of the Term Advances, an amount equal to the aggregate amount required by the Issuer to satisfy in full its obligation to pay Step-Up Amounts;

(f) *sixth*, to the Issuer in discharge of the amounts due to the Issuer under the Secured Loan Agreement required to satisfy in full the Issuer's obligations set out in paragraph (g) under the Issuer Pre-enforcement Priority of Payments; and

(g) *seventh*, to the Issuer in discharge of the amounts due to the Issuer under the Secured Loan Agreement required to satisfy in full the Issuer's obligations set out in paragraphs (h) and (i) under the Issuer Pre-enforcement Priority of Payments.

Issuer Pre-enforcement Priority of Payments

The Security Agreement incorporates, by reference, certain provisions of the Trust Deed including provisions relating to the Issuer Priority of Payments. Prior to the occurrence of an Issuer Event of Default, the amounts standing to the credit of the Issuer Account on each Interest Payment Date will comprise of:

(a) the payments received by the Issuer on such Interest Payment Date into the Issuer Account pursuant to the terms of the Secured Loan Agreement;

(b) interest received on the Issuer Account and any other account that the Issuer may have or otherwise from Eligible Investments which it has the option to invest in under the Bank Account and Cash Management Agreement;

(c) the proceeds of any drawing, if any, made under the Liquidity Facility Agreement on or prior to such Interest Payment Date; and

(d) the amounts, if any, paid by the Hedging Providers under the Hedging Agreements, as applicable, on or prior to such Interest Payment Date.

Prior to the security under any or all of the Security Documents having become enforceable and the Security Trustee having taken steps to enforce such security, amounts standing to the credit of the Issuer Account shall be applied in accordance with the Issuer Pre-enforcement Priority of Payments set out in the Trust Deed (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full):

(a) *firstly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof:

(i) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of the Security Agreement and any of the other Relevant Documents (as defined herein), together with interest thereon as provided for therein;

(ii) the fees and expenses of the Reference Agent and the Paying Agent incurred under the Paying Agency Agreement;

(iii) the fees and expenses of the ATC Entities under the Corporate Services Agreements;

(iv) any amounts due in respect of the Issuer's liability to the tax authorities (insofar as payment cannot be satisfied out of profits);

(v) the fees and expenses of any legal advisers, accountants and auditors appointed by the Issuer; and

(vi) the fees and expenses of the Rating Agencies;

(b) *secondly*, in or towards satisfaction of all amounts of principal, interest (including Mandatory Costs (as defined in the Liquidity Facility Agreement)), commitment fee, costs, expenses and other amounts from time to time due or accrued but unpaid to the Liquidity Facility Provider under the terms of the Liquidity Facility Agreement, other than any additional amounts in respect of increased costs (including Mandatory Costs (as defined in the Liquidity Facility Agreement)) and

tax gross up payments in respect of withholding taxes payable to the Liquidity Facility Provider in excess of 0.20 per cent. per annum on the maximum amount available to be drawn under the Liquidity Facility Agreement from time to time (such additional amounts being referred to as the '***Liquidity Subordinated Amounts***');

(c) *thirdly,* in or towards satisfaction of, the fees, costs, expenses and liabilities of the Account Bank under the Bank Account and Cash Management Agreement;

(d) *fourthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof (i) all amount of interest due or accrued but unpaid under the Notes (other than that proportion of the interest payable on the Notes calculated by applying the Step-Up Margin (as defined in Condition 4(c) of the Conditions (the '***Step-Up Amounts***')) and all accrued but unpaid Step-Up Amounts (if any) and interest thereon); (ii) all amounts due to the Hedging Providers under the Hedging Agreements (other than any Hedging Subordinated Amounts (as defined below)); and (iii) any Early Note Prepayment Compensation Amounts due under the Notes pursuant to an optional redemption referred to under Condition 6(e) of the Conditions (if any);

(e) *fifthly,* in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, all amount of principal due under the Notes which shall correspond to the relevant advance repaid by the Borrowers pursuant to the Secured Loan Agreement;

(f) *sixthly,* in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, Step-Up Amounts, then due and payable;

(g) *seventhly*, in or towards satisfaction of, *pro rata*, any amounts due or overdue (if any) to third parties under obligations incurred in the course of the Issuer's business not paid under (a) above, including amounts due or accrued but unpaid to any party under the Relevant Documents (other than referred to in (a) to (f) above and (h) and (i) below);

(h) *eighthly*, in or towards satisfaction of, any Liquidity Subordinated Amounts due under the Liquidity Facility Agreement to the Liquidity Facility Provider;

(i) *ninthly*, in or towards satisfaction of, *pro rata,* all amounts due and payable to a Hedging Provider under the Hedging Agreements with such Hedging Provider in circumstances where such Hedging Provider is in default under such Hedging Agreement (the '***Hedging Subordinated Amounts***'); and

(j) *tenthly*, any surplus to the Borrowers in consideration for the novation and benefit of the cap and swaption transactions, as the case may be, pursuant to the Novation and Amendment Deed and the Class A7 Swaption Novation Deed.

Payments may only be made out of the Issuer Account other than on any Interest Payment Date to satisfy liabilities set out in paragraphs (a) and (g) above.

To the extent that the Issuer's funds are insufficient to make payments under items (a) to (d) above on the relevant Interest Payment Date, or in the case of (a) only, on any Business Day, the Issuer may, in certain circumstances, make a drawing under the Liquidity Facility or, to the extent credited thereto, the Liquidity Standby Reserve Account (as defined herein). See further section *Summary of Principal Documents – Liquidity Facility Agreement* below.

Issuer Post-enforcement Priority of Payments

Following the security under the Security Documents having become enforceable and the Security Trustee having taken steps to enforce such security, amounts standing to the credit of the Issuer Account shall be applied in the following order of priority in accordance with the Issuer Post-enforcement Priority of Payments set out in the Trust Deed (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full):

(a) *firstly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof:

(i) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of the Security Agreement and any of the other Relevant Documents, together with interest thereon as provided for therein;

(ii) the fees and expenses of the Paying Agents and the Reference Agent incurred under the Paying Agency Agreement;

(iii) the fees and expenses of the ATC Entities under the Corporate Services Agreements;

(iv) the fees and expenses of any legal advisors, accountants and auditors appointed by the Issuer; and

(v) the fees and expenses of the Rating Agencies;

(b) *secondly*, in or towards satisfaction of, all amounts of principal, interest, (including Mandatory Costs, (as defined in the Liquidity Facility Agreement), commitment fee, costs, expenses and other amounts from time to time due or accrued but unpaid to the Liquidity Facility Provider under the terms of the Liquidity Facility Agreement (other than Liquidity Subordinated Amounts);

(c) *thirdly*, in or towards satisfaction, of the fees, costs, expenses and liabilities of the Account Bank under the Bank Account and Cash Management Agreement;

(d) *fourthly*, in or towards satisfaction of, *pro rata*, all amounts due to the Hedging Providers under the Hedging Agreements (other than Hedging Subordinated Amounts);

(e) *fifthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof (i) all amount of interest due or accrued but unpaid under the Notes and the (other than any and all Step-Up Amounts (if any) and interest thereon) and (ii) any Early Note Prepayment Compensation Amounts due under the Notes pursuant to an optional redemption referred to under Condition 6(e) of the Conditions (if any);

(f) *sixthly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, all amount of principal due under the Notes;

(g) *seventhly*, in or towards satisfaction of, *pro rata*, according to the respective amounts thereof, Step-Up Amounts, then due and payable;

(h) *eighthly*, in or towards satisfaction of, Liquidity Subordinated Amounts due under the Liquidity Facility Agreement to the Liquidity Facility Provider;

(i) *ninthly*, in or towards satisfaction of, *pro rata*, Hedging Subordinated Amounts due to a Hedging Provider under the relevant Hedging Agreement;

(j) *tenthly*, in or towards satisfaction of, *pro rata*, any amounts due or overdue (if any) to third parties (including any amounts due to the tax authorities) under obligations incurred in the course of the Issuer's business not paid under (a) above, including amounts due or accrued but unpaid to any party under the Relevant Documents (other than as referred to in (a) to (i) above; and

(k) *eleventhly*, any surplus to the Borrowers in consideration for the novation and benefit of the cap and swaption transactions, as the case may be, pursuant to the Novation and Amendment Deed and the Class A7 Swaption Novation Deed.

Borrower Security: Share Pledge Agreement

Holding DRF granted on 18 July 2005 pursuant to the Share Pledge Agreement a third party pledge (*derdenpand*) over the DRF Shares in order to create a first priority right of pledge (*pandrecht, eerste in rang*) in favour of the Security Trustee for the benefit of the Issuer to secure and provide for the payment of the Borrower Secured Obligations.

Pursuant to the Share Pledge Agreement, in order to secure the payment and discharge of all Borrower Secured Obligations, Holding DRF has pledged (*verpand*) to the Security Trustee by way of a first ranking pledge all of the issued shares in the capital of DRF I, DRF II and DRF III (together, the '***Present Shares***'). Further, Holding DRF has pledged (*verpand*) to the Security Trustee by way of a first ranking right of possessory pledge or disclosed pledge (*vuistpandrecht of openbaar pandrecht*) and, in so far as no possessory or disclosed pledge is effectively created, will pledge to the Security Trustee by way of a first ranking right of non-possessory pledge or non-disclosed pledge (*bezitloos pandrecht of stil pandrecht*), all cash dividends and assets that may be issued or distributed in connection with the Present Shares.

Further, if a Failure to Refinance Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event occurs (in each case, which is continuing), or a Borrower Event of Default

occurs, whichever is earlier, and notice thereof is given by the Security Trustee to the DRFs, the voting rights (the '***Voting Rights***') attaching to the Present Shares and any shares issued in the future (the '***Shares***'), as the case may be, will transfer to the Security Trustee and the Security Trustee shall, *inter alia*, have the sole and exclusive right and authority to exercise such Voting Rights in its absolute discretion, provided that in the case of a Failure to Refinance Event, a Failure to Pay Principal Event or a Failure to Pay Interest Event, the Security Trustee will agree not to dismiss or suspend the boards of the DRFs unless a Borrower Event of Default occurs.

Without prejudice to any restrictions with respect to the payment of dividends referred to in the Relevant Documents, Holding DRF may receive, retain and utilise the dividends as long as no Borrower Event of Default has occurred. However, upon the occurrence of a Borrower Event of Default, DRF I, DRF II and/or DRF III, as the case may be, shall cease to pay dividends to Holding DRF.

The Share Pledge Agreement contains certain representations given by Holding DRF and each of the DRFs that, *inter alia*, other than the security interest created pursuant to thereto, the Present Shares and Related Assets (as defined in the Share Pledge Agreement) are not encumbered and that the Present Shares have been duly authorised, validly issued and fully paid.

The Share Pledge Agreement is governed by Netherlands law.

Borrower Security: Mortgage Deeds

Pursuant to the Security Agreement, each of the DRFs and Groep have undertaken to the Security Trustee for the benefit of the Issuer that immediately upon the occurrence of a Failure to Refinance Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event (and in each case, which is continuing) or a Borrower Event of Default, whichever is the earlier, and at any time thereafter, it shall create first ranking mortgage rights (*hypotheek, eerste in rang*) over sufficient Properties representing a Book Value of 150 per cent. of the Borrower Principal Obligations (a '***Mortgage***') as well as a first right of pledge over any related rights. The Security Trustee has sole discretion as regards over which of the Properties Mortgages shall be created. Each DRF (as '***Mortgagor***') together with the Security Trustee (in its capacity as '***Mortgagee***') shall, on the occurrence of such a Failure to Refinance Event, a Failure to Pay Interest Event or a Failure to Pay Principal Event (in each case, which is continuing) or Borrower Event of Default, whichever is earlier, enter into a notarial mortgage deed (a '***Mortgage Deed***') in the form prescribed by the Security Agreement and shall thereby grant to the Security Trustee:

(i) a first mortgage right on the relevant Property; and

(ii) a first right of pledge in respect of, *inter alia*, all movable property relating to the Property (together with the Property referred to as the '***Security Assets***').

The Mortgage Deed will contain certain declarations that, *inter alia*, the Security Assets are not encumbered with, *inter alia*, mortgage registrations, rights of pledge or other limited rights or attachments and that it is the owner of the Property.

The Mortgage Deed will be governed by Netherlands law.

Borrower Security: Account Pledges and Repayment Account Pledge

Pursuant to the Security Agreement, each of the DRFs and Groep have undertaken to the Security Trustee that immediately upon the occurrence of a Non-Payment on the Expected Maturity Date Event, a Failure to Refinance Event, a Failure to Pay Principal Event, a Failure to Pay Interest Event (in each case, which is continuing) or a Borrower Event of Default, whichever is the earlier, and at any time thereafter, to create a disclosed right of pledge over any and all of its rights, interest and title in and to the Rent Collection Accounts held by Groep and the Master Collection Account and the Segregated Account which are held by the Borrowers (as described in the section *Summary of Principal Documents – Secured Loan Agreement*) by executing an account pledge in the form prescribed by the Security Agreement. The pledge will be in respect of the pledged claims, being the claims of the relevant pledgor from time to time against the bank where the accounts are held (to the extent that they constitute registered claims (*vorderingen op naam*) of the pledgor against the bank) resulting from any and all amounts standing from time to time to the credit of the relevant accounts (the '***Pledged Claims***'). Further, the terms of the Account Pledges shall provide that the relevant pledgor shall not be permitted to dispose of the pledged claims (in whole or in part) or apply the proceeds of the pledged claims, except in accordance with the terms of the Security Agreement and the Secured Loan Agreement.

In the event that Groep is unable to create valid pledges over the accounts in accordance with the terms of the Account Pledges, the Borrowers shall be obliged to open new accounts, transfer monies to those accounts and notify, *inter alia*, tenants that payments must be made to such new accounts forthwith. These new accounts will be pledged to the Security Trustee.

Furthermore, pursuant to the Security Agreement, the Borrowers have undertaken to the Security Trustee that immediately upon the occurrence of a Fund Unwind Event (i) they will open the Repayment Account, (ii) transfer all proceeds from disposals of Property to the Repayment Account and (iii) create a disclosed right of pledge over any and all of their rights, interest and title in and to the Repayment Account held by the Borrowers (as described in *Summary of Principal Documents – Secured Loan Agreement*) by executing an account pledge in the form prescribed by the Security Agreement. The pledge will be in respect of the Pledged Claims. Further, the terms of the Repayment Account Pledge shall provide that the relevant pledgor shall not be permitted to dispose of the pledged claims (in whole or in part) or apply the proceeds of the pledged claims, except in accordance with the terms of the Security Agreement and the Secured Loan Agreement.

The Account Pledges and the Repayment Account Pledge will be governed by Netherlands law.

Issuer Pledge Agreement

On or around the Closing Date, the Issuer will, pursuant to the 2010 Supplemental Issuer Pledge Agreement, create, to the extent possible (and to the extent not already created pursuant to the Original Issuer Pledge Agreement, the 2007 Supplemental Issuer Pledge Agreement or the 2008 Supplement Issuer Pledge Agreement), a disclosed first ranking right of pledge (*openbaar pandrecht eerste in rang*), and to the extent that any Issuer Debtors (as defined below) have not been notified of the pledge of the Pledged Claims, an undisclosed first priority right of pledge

(*stil pandrecht eerste in rang*) over the Pledged Claims. The Issuer further agrees to grant such right of pledge insofar as the same cannot be fully granted on or around the Closing Date. Such pledge shall be in the form prescribed by the Security Agreement and created pursuant to the issuer pledge agreement between the Issuer and the Security Trustee in order to secure and provide for the payment of the Issuer Secured Obligations.

For these purposes, '***Issuer Debtors***' shall mean any obligor in respect of the rights that the Issuer can exercise pursuant to or in connection with the Relevant Documents.

The Security Trustee may serve notice of the pledge (*mededeling van pandrecht*) of the Pledged Claims upon the Issuer Debtors and notify such Issuer Debtors that payment must be made in a designated bank account. Alternatively, the Security Trustee may require the Issuer to do so at the Issuer's expense.

The Issuer Pledge Agreement contains certain representations and warranties given by the Issuer to the Security Trustee (which representations shall be deemed repeated each time a Pledged Claim arises and in respect of such Pledged Claim) in respect of, *inter alia*, its entitlement to pledge its rights, title and interest in and to the Pledged Claims.

Further, the Issuer Pledge Agreement provides, that no Pledged Claims will be released or settled (except by payment in full) without the Security Trustee's prior written approval unless permitted by the Relevant Documents.

The Issuer Pledge Agreement will be governed by Netherlands law.

Liquidity Facility Agreement

Under the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will continue to provide a 364 day commitment to permit a drawing under the liquidity facility (the '***Liquidity Facility***') to be made available up to a maximum aggregate principal amount of €108,500,000 (subject to a *pro rata* reduction in connection with a redemption of the Notes). In circumstances where the Issuer has insufficient funds available on an Interest Payment Date falling within such 364 day period to pay in full any of the items specified in (a) to (d) (inclusive) of the Issuer Pre-enforcement Priority of Payments (a '***Liquidity Shortfall***'), the Issuer may make a drawing under the Liquidity Facility. The Liquidity Facility will also be available to meet costs and expenses in relation to the establishment of any security interests pursuant to the Security Agreement and to repay any third party loans in circumstances where they may impede the enforcement of the security by the Security Trustee on behalf of the Noteholders. If any of the Notes are redeemed, there shall be a corresponding reduction in the aggregate principal amount of the Liquidity Facility available for drawdown. The revised amount available for drawing under the Liquidity Facility will be re-calculated on each yearly renewal date of the Liquidity Facility Agreement on the terms provided therein. The Liquidity Facility Provider will be under no obligation to increase the maximum aggregate principal amount of the Liquidity Facility should the Issuer issue Further Notes or New Notes.

The Liquidity Facility Agreement provides that if, *inter alia*, at any time there is a downgrade of the short-term, unsecured, unsubordinated and unguaranteed debt of the Liquidity Facility Provider to lower than F1+, P-1 and A-1+ (or its equivalent) by Fitch, Moody's and S&P

respectively (or such other short-term rating as is commensurate with the rating assigned to the Notes, from time to time), or the Liquidity Facility Provider declines to renew the term of the Liquidity Facility, the Issuer may require the Liquidity Facility Provider to pay into a designated bank account of the Issuer (the '***Liquidity Standby Reserve Account***') maintained with an appropriately rated bank an amount equal to its undrawn commitment under the Liquidity Facility Agreement. Amounts standing to the credit of such account, subject to no Liquidity Event of Default having occurred, will be available to the Issuer for drawing in the event of there being a Liquidity Shortfall, unless doing so would not be sufficient to cover the full amount of such shortfall, in which case no drawing under the Liquidity Facility Agreement can be made. After the occurrence of a Liquidity Event of Default, all amounts standing to the credit of the Liquidity Standby Reserve Account will be held for the benefit of the Liquidity Facility Provider and can only be applied in or towards repayment of all amounts then due but unpaid to the Liquidity Facility Provider under the Liquidity Facility Agreement. The Issuer may also, in certain circumstances, replace the Liquidity Facility Provider provided that such Liquidity Facility Provider is replaced by an appropriately rated bank and all amounts outstanding to such Liquidity Facility Provider are repaid in full.

The Liquidity Facility Provider will have as at the Closing Date a rating assigned for its unsecured, unsubordinated and unguaranteed short-term debt obligations of F1+, P-1 and A-1 + from Fitch, Moody's and S&P, respectively.

For the purpose of the Fitch rating criteria set out above, the Master Definitions Agreement provides that if at any time the Liquidity Facility Provider is on 'Rating Watch Negative' by Fitch, it shall be treated as one notch below its actual rating at that moment.

The Liquidity Facility Agreement is governed by Netherlands law.

The Original Hedging Agreement

The Issuer has the benefit of the Forward Swaps provided by the Original Hedging Provider under the Original Hedging Agreement.

Under the terms of a Forward Swap, up to (and including) the Forwards Swaps Expiry Date, the Issuer shall pay the Original Hedging Provider an amount calculated by reference to the interest rate specified in the relevant Forward Swap (such rate, a '***Forward Swap Rate***') calculated on the notional principal amount specified under the Forward Swap for the relevant period and the Original Hedging Provider shall pay the Issuer Euribor calculated on the notional principal amount outstanding under the Class A3 Notes and the Class A4 Notes, respectively, for the relevant period specified in such Forward Swap.

Under the Original Hedging Agreement, the Issuer may in certain circumstances reduce the level of hedging provided to the Issuer under the Forward Swaps and/or novate the Forward Swaps to a third party subject to, amongst other things, the prior consent of the Original Hedging Provider. The Original Hedging Agreement provides that if in connection with a redemption of the relevant Notes the level of hedging under the relevant transaction is not reduced (by way of reduction of the amount of the transaction or novation of (part of) the transaction) or the approval of the Original Hedging Counterparty not to reduce the level of hedging has not been obtained,

this could in certain circumstances result in an early termination of the relevant transaction, in which case a swap termination payment may become due.

Original Hedging Provider Ratings

On the Closing Date, the Original Hedging Provider will comply with the rating requirements under the Original Hedging Agreement as set out below.

The Original Hedging Provider is required to have a minimum rating of (i) F1 and A-1 by, respectively, Fitch or S&P (or any successor thereto) for its short-term, unguaranteed and unsubordinated and unsecured debt obligations, (ii) Prime-1 by Moody's for its unguaranteed, unsecured and unsubordinated short-term debt obligations, and (iii) A1 by Moody's for its unguaranteed, unsecured and unsubordinated long-term debt obligations.

Original Hedging Agreement Rating Criteria

S&P and Fitch: If any rating assigned to the Original Hedging Provider's short-term, unguaranteed and unsubordinated and unsecured debt obligations is reduced below F1 or A-1 by, respectively, Fitch or S&P (or any successor thereto) (the '***S&P and Fitch Required Ratings***' and together with the Moody's Required Ratings, as defined below, the '***Required Ratings***') or is withdrawn by Fitch or S&P, then the Original Hedging Provider shall, within thirty days of such reduction or withdrawal of any such rating, at the cost of the Original Hedging Provider, either (i) find a third party, acceptable to Fitch and S&P to guarantee the obligations of the Original Hedging Provider under the Original Hedging Agreement subject to prior written confirmation from each of Fitch and S&P that the identity of such third party and the terms of the guarantee will not adversely affect the rating of the Notes or (ii) provide credit support sufficient to maintain the rating of the Notes at the level which would have subsisted but for the then current rating of the Original Hedging Provider subject to prior written confirmation from each of Fitch and S&P that the reduction or withdrawal of the rating of the Original Hedging Provider will not adversely affect the rating of the Notes, or (iii) transfer and assign its rights and obligations under the Original Hedging Agreement to a replacement hedge provider subject to the prior written consent of the Issuer (which consent shall not be unreasonably withheld) and each of Fitch and S&P, provided that in the case of Fitch, if the short-term, unsecured and unsubordinated debt obligations of the Original Hedging Provider cease to be rated F2 or the long-term, unsecured and unsubordinated debt obligations of the Original Hedging Provider cease to be rated BBB+, or where the initial downgrade reduced the relevant rating to a level below F2 or BBB+ then only (i) and (iii) above, are the recommended actions of choice, and (ii) is acceptable only if the mark-to-market calculations and the correct and timely posting of collateral are verified by an independent third party, and if there is a further downgrade below a short-term unsecured and unsubordinated rating below F3 or a long-term unsecured and unsubordinated rating of BBB- only actions (i) and (iii) are acceptable. Any failure by the Original Hedging Provider to comply with its obligations under this paragraph shall constitute an Additional Termination Event (as defined in the Original Hedging Agreement) with respect to the Original Hedging Provider under the Original Hedging Agreement with the Original Hedging Provider as the sole Affected Party and may lead to a downgrading of the then applicable ratings assigned to the Notes.

Moody's: In the event (such event, a '***Moody's Level 1 Downgrade***') that, because of a withdrawal or downgrading of rating, the unguaranteed, unsecured and unsubordinated short-term debt obligations of the Original Hedging Provider fail to be rated at least Prime-1 by Moody's or the unguaranteed, unsecured and unsubordinated long-term debt obligations of the Original Hedging Provider fail to be rated at least A1 by Moody's, or Moody's ceases to assign a long-term or short-term senior unsecured debt rating to the Original Hedging Provider (the '***Moody's Required Ratings***') then unless Moody's confirms in writing that the then current rating of the Notes will not be downgraded or placed under review for possible downgrade as a result of the Moody's Level 1 Downgrade, the Original Hedging Provider must, if the Moody's Level 1 Downgrade is then continuing, within 30 days of the occurrence of such Moody's Level 1 Downgrade take any one of the following four measures:

(i) put in place a mark-to-market collateral agreement in form and substance acceptable to Moody's (which may be based on credit support documentation published by the International Swaps and Derivatives Association, Inc. ('***ISDA***') or otherwise) which establishes a level of collateral (in the form of cash or securities or both) in accordance with its published criteria (the '***Moody's Criteria***') (or such less restrictive criteria as may be agreed with Moody's); or

(ii) procure the transfer of all rights and obligations of the Original Hedging Provider with respect to the Original Hedging Agreement to a replacement third party with the Required Ratings which is located in the same legal jurisdiction as the Original Hedging Provider or the Issuer (or such other jurisdiction that Moody's shall agree); or

(iii) procure a guarantor in respect of the obligations of the Original Hedging Provider under the Original Hedging Agreement, such guarantor may be a financial institution with the Required Ratings which is located in the same legal jurisdiction as the Original Hedging Provider or the Issuer (or such other jurisdiction that Moody's shall agree); or

(iv) take such other action as the Original Hedging Provider may agree with Moody's to remedy such downgrade and which such action results in the rating of all the Notes then outstanding being not rated lower than the rating of such Notes by Moody's immediately before the downgrade.

If the Original Hedging Provider does not take one of the four measures described above within such 30 day period, such failure shall constitute an Additional Termination Event with respect to the Original Hedging Provider on the 30th day following such Moody's Level 1 Downgrade with the Original Hedging Provider as the sole Affected Party and may lead to a downgrading of the then applicable ratings assigned to the Notes. The cost of putting in place each of the arrangements described in items (i), (ii), (iii) and (iv) shall be borne by the Original Hedging Provider in each case.

If the Original Hedging Provider elects to transfer all of its rights and obligations pursuant to provision (ii) above, the Original Hedging Provider shall procure that any such

replacement third party agrees to accede to the terms of the Trust Deed and agrees to be bound by its terms.

In the event that the rating of the unguaranteed, unsecured, unsubordinated short-term debt of the Original Hedging Provider fails to be rated at least Prime-2 by Moody's, or the unguaranteed unsecured and unsubordinated long-term debt obligations of the Original Hedging Provider fail to be rated at least A3 by Moody's or Moody's ceases to assign a long-term or short-term senior unsecured debt rating to the Original Hedging Provider (the '***Moody's Level 2 Downgrade***'), the Original Hedging Provider will, at its own cost and expense, on a reasonable efforts basis take one of the actions set out in (ii), (iii) or (iv) (the choice of action being the Original Hedging Provider's sole discretion) above within 30 days of this event. Pending compliance with the above, the Original Hedging Provider will take the actions set out in (i) above, within the later of (x) 10 days of the occurrence of a Moody's Level 2 Downgrade; and (y) 30 days of the occurrence of a Moody's Level 1 Downgrade, immediately, at its own cost, post such collateral or additional collateral, as applicable, (in the form of cash and securities or both) as is required in compliance with the Moody's Criteria (or such less restrictive criteria as may be agreed with Moody's). In the event that the Original Hedging Provider is unable to take one of the measures above described, this failure shall constitute an Additional Termination Event with respect to the Original Hedging Provider on the 30th day following the Moody's Level 2 Downgrade of the Original Hedging Provider with the Original Hedging Provider as the sole Affected Party and may lead to a downgrading of the then applicable ratings assigned to the Notes.

Issuer and Security Trustee to Co-operate

The Issuer and the Security Trustee shall use their reasonable endeavours to co-operate with the Original Hedging Provider in connection with such transfer of the rights and obligations of the Original Hedging Provider under the Original Hedging Agreement or (as the case may be) in putting in place such credit support documentation published by ISDA, or otherwise, including agreeing to such arrangements in such documentation as may satisfy Moody's, Fitch and S&P with respect to the operation and management of the collateral and entering into such documents as may be reasonably requested by the Original Hedging Provider in connection with the provision of such collateral.

Default by Original Hedging Provider

Similarly, if the Original Hedging Provider defaults in its obligations under the Original Hedging Agreement resulting in a termination of the Original Hedging Agreement, the Borrowers will be obliged to procure a replacement Original Hedging Provider for the Issuer to enter into with an appropriately rated entity within 60 days of such default unless the Rating Agencies confirm that there will be no downgrading of the Notes. For so long as there is no replacement Original Hedging Provider, the Borrowers will remain obliged to pay unhedged interest amounts on the Initial Term Loans pursuant to the Secured Loan Agreement.

If the Original Hedging Provider defaults in its obligations under the Original Hedging Agreement, any possible shortfall in the amount required by the Issuer to meet its obligations

under item (d)(ii) in the Issuer Pre-enforcement Priority of Payments will be met through a drawing (subject to funds being available) under the Liquidity Facility Agreement.

Failure by the Borrowers to procure a Forward Swap or other hedging arrangement

Any failure by the Borrowers to procure a Forward Swap or other hedging arrangement when required to do so can lead to an event of default under the Secured Loan Agreement unless the Rating Agencies confirm that no downgrading of the Notes will occur as a result of the Issuer not having entered into a new interest rate hedging agreement.

Governing Law: The Original Hedging Agreement is governed by English law.

The Supplemental Hedging Agreements

2007 Supplemental Hedging Agreement and 2008 Supplemental Hedging Agreement

On 19 April 2007, the Issuer and the Class A5 Hedging Provider entered into the 2007 Supplemental Hedging Agreement as a result of which it has the benefit of the Class A5 Supplemental Forward Swap and on 15 July 2008 the Issuer and the Class A6 Hedging Provider entered into the 2008 Supplemental Hedging Agreement as a result of which it has the benefit of the Class A6 Supplemental Forward Swap.

Class A7 Swaption and Class A7 Swaption Novation Deed

On 16 April 2010 the Issuer will enter into the Class A7 Swaption Novation Deed with the Class A7 Swaption Provider and Groep pursuant to which the Class A7 Swaption will be novated to the Issuer upon the issuance of the Class A7 Notes on the Closing Date. Under the Class A7 Swaption, the Issuer is entitled to a physically settled swaption which, if and when exercised, will result in an interest rate swap transaction between the Issuer and the Class A7 Swaption Provider which will hedge all amounts of floating rate interest in respect of the Class A7 Notes as from 20 July 2010 up to (and including) the Expected Maturity Date of the Class A7 Notes. Unless the Alternative Hedging Conditions have been met before the Class A7 Swaption Expiration Date and the Issuer has entered into a Class A7 Alternative Supplemental Swap, the Issuer will, pursuant to the Trust Deed, be required to exercise the Class A7 Swaption on the Class A7 Swaption Expiration Date and will thereby enter into and shall have the benefit of the Class A7 Swaption Swap as Class A7 Supplemental Swap with the Class A7 Swaption Provider as Class A7 Hedging Provider.

Class A7 Alternative Supplemental Swap

Pursuant to the Trust Deed, if the Alternative Hedging Conditions are met, the Issuer may hedge all amounts of floating rate interest in relation to the Class A7 Notes for the period starting on the Interest Payment Date immediately following the Closing Date up to (and including) the Expected Maturity Date of the Class A7 Notes by entering into the 2010 Alternative Supplemental Hedging Agreement with the Class A7 Alternative Hedging Provider. In case the 2010 Alternative Supplemental Hedging Agreement has been entered into, the Issuer shall have the benefit of the Class A7 Alternative Cap/Swap as Class A7 Supplemental Swap with the Class A7 Alternative Hedging Provider as Class A7 Hedging Provider.

Terms of the Supplemental Hedging Agreements

Under the terms of the Supplemental Swaps, during the period (with respect to the Class A7 Supplemental Swap, starting on the Class A7 Swap Commencement Date) up to (and including) the relevant Forward Swap Expiry Date or, in relation to the Class A7 Notes, the Class A7 Swap Expiry Date, the Issuer shall pay the relevant New Hedging Provider an amount calculated by reference to the interest rate specified in the relevant Supplemental Swap (such rates respectively, the '***Class A5 Supplemental Forward Swap Rate***', the '***Class A6 Supplemental Forward Swap Rate***' and the '***Class A7 Supplemental Swap Rate***') calculated on the notional principal amount specified under the relevant Supplemental Swap for the relevant period and (i) the Class A5 Hedging Provider shall pay the Issuer Euribor calculated on the notional principal amount outstanding under the Class A5 Notes, (ii) the Class A6 Hedging Provider shall pay the Issuer Euribor calculated on the notional principal amount outstanding under the Class A6 Notes and (iii) the Class A7 Hedging Provider shall pay the Issuer Euribor calculated on the basis of the notional amount of such portion of the Class A7 Supplemental Swap which is an interest rate swap transaction, each for the relevant period specified in the relevant Supplemental Swaps.

In case the Class A7 Supplemental Swap consists in part or in whole of a cap transaction, in the event that Euribor for three month euro deposits (as determined in accordance with Condition 4(d) of the Conditions) exceeds the Class A7 Supplemental Swap Rate, the Class A7 Hedging Provider will be required to make a payment equal to the difference between Euribor (as so determined) and the Class A7 Supplemental Swap Rate calculated on the notional principal amount specified and for the relevant period specified in the relevant cap confirmation.

Under the terms of the Supplemental Swaps, the Issuer may in certain circumstances reduce the level of hedging provided to the Issuer under the relevant Supplemental Swap and/or novate such Supplemental Swap to a third party subject to, amongst other things, the prior consent of the relevant New Hedging Provider. Each Supplemental Hedging Agreement provides that if in connection with a redemption of the Notes the level of hedging under such Supplemental Swap is not reduced (by way of reduction of the amount of the transaction or novation of (part of) the transaction) or the approval of the relevant New Hedging Provider not to reduce the level of hedging has not been obtained, this could in certain circumstances result in an early termination of the relevant Supplemental Swap, in which case a swap termination payment may become due.

Class A5 Hedging Provider and Class A6 Hedging Provider Ratings

On the Closing Date, (i) the Class A5 Hedging Provider does not have the ratings required under the 2007 Supplemental Hedging Agreement as set out below, however the Class A5 Hedging Provider is in compliance with its obligations under the 2007 Supplemental Hedging Agreement which are applicable in case the Class A5 Hedging Provider is downgraded below the required ratings, and (ii) the Class A6 Hedging Provider will comply with the rating requirements under the 2008 Supplemental Hedging Agreement as set out below. The Issuer has been informed by the Class A5 Hedging Provider that it intends to novate its position under the 2007 Supplemental Hedging Agreement to The Royal Bank of Scotland plc.

Each Further Hedging Provider is required to have (i) a minimum rating assigned to its short-term, unguaranteed, unsubordinated and unsecured debt obligations equal to the S&P and Fitch Required Ratings, and (ii) minimum ratings assigned to its short-term, unguaranteed, unsubordinated and unsecured debt obligations and its long-term unguaranteed, unsecured and unsubordinated debt obligations equal to the Moody's Required Ratings, and (iii) (with respect to the Class A6 Hedging Provider only) a minimum rating assigned to its unguaranteed, unsecured and unsubordinated long-term debt obligations equal to or above A by Fitch.

Class A7 Hedging Provider Ratings

The Class A7 Hedging Provider is required to have (i) minimum ratings of F1 by Fitch for its short-term, unguaranteed, unsubordinated and unsecured debt obligations and A by Fitch for its long-term unguaranteed, unsecured and unsubordinated debt obligations, (ii) a minimum rating of A-1 by S&P for its short-term, unguaranteed, unsubordinated and unsecured debt obligations, and (iii) minimum ratings of either (x) A1 by Moody's for its unguaranteed, unsecured and unsubordinated long-term debt obligations when it is not subject to a rating by Moody's for its unguaranteed, unsecured and unsubordinated short-term debt obligations, or (y) Prime-1 by Moody's for its unguaranteed, unsecured and unsubordinated short-term debt obligations and A2 by Moody's for its unguaranteed, unsecured and unsubordinated long-term debt obligations.

2007 Supplemental Hedging Agreement and 2008 Supplemental Hedging Agreement Rating Criteria

S&P and Fitch: If any rating assigned to a Further Hedging Provider's short-term, unguaranteed and unsubordinated and unsecured debt obligations is reduced below the S&P and Fitch Required Ratings, or, in relation to the Class A6 Hedging Provider only, the unguaranteed, unsecured and unsubordinated long-term debt obligations of the Class A6 Hedging Provider fail to be rated at least A by Fitch, or any such rating is withdrawn by Fitch or S&P, then the relevant Further Hedging Provider shall, within thirty days of such reduction or withdrawal of any such rating, at the cost of such Further Hedging Provider, either (i) find a third party, acceptable to Fitch and S&P to guarantee the obligations of such Further Hedging Provider under the relevant Supplemental Hedging Agreement subject to prior written confirmation from each of Fitch and S&P that the identity of such third party and the terms of the guarantee will not adversely affect the rating of the Notes or (ii) provide credit support sufficient to maintain the rating of the Notes at the level which would have subsisted but for the then current rating of such New Hedging Provider subject to prior written confirmation from each of Fitch and S&P that the reduction or withdrawal of the rating of such Further Hedging Provider will not adversely affect the rating of the Notes, or (iii) transfer and assign its rights and obligations under the relevant Supplemental Hedging Agreement to a replacement hedge provider subject to the prior written consent of the Issuer (which consent shall not be unreasonably withheld) and each of Fitch and S&P, provided that in the case of Fitch, if the short-term, unsecured and unsubordinated debt obligations of such Further Hedging Provider cease to be rated F2 or the long-term, unsecured and unsubordinated debt obligations of such Further Hedging Provider cease to be rated BBB+, or where the initial downgrade reduced the relevant rating to a level below F2 or BBB+ then only (i) and (iii) above, are the recommended actions of choice, and (ii) is acceptable only if the mark-to-market

calculations and the correct and timely posting of collateral are verified by an independent third party, and if there is a further downgrade below a short-term unsecured and unsubordinated rating below F3 or a long-term unsecured and unsubordinated rating of BBB- only actions (i) and (iii) are acceptable. Any failure by such Further Hedging Provider to comply with its obligations under this paragraph shall constitute an Additional Termination Event (as defined in each Supplemental Hedging Agreements) with respect to such Further Hedging Provider under such Supplemental Hedging Agreement with the relevant Further Hedging Provider as the sole Affected Party (as defined in the relevant Supplemental Hedging Agreement) and may lead to a downgrading of the then applicable ratings assigned to the Notes.

Moody's: In the event of a Moody's Level 1 Downgrade in respect of a Further Hedging Provider, then unless Moody's confirms in writing that the then current rating of the Notes will not be downgraded or placed under review for possible downgrade as a result of the Moody's Level 1 Downgrade, such Further Hedging Provider must, if the Moody's Level 1 Downgrade is then continuing, within 30 days of the occurrence of such Moody's Level 1 Downgrade take any one of the following four measures:

(i) put in place a mark-to-market collateral agreement in form and substance acceptable to Moody's (which may be based on credit support documentation published by ISDA or otherwise) which establishes a level of collateral (in the form of cash or securities or both) in accordance with the Moody's Criteria (or such less restrictive criteria as may be agreed with Moody's); or

(ii) procure the transfer of all rights and obligations of such Further Hedging Provider with respect to the relevant Supplemental Hedging Agreement to a replacement third party with the Required Ratings which is located in the same legal jurisdiction as such Further Hedging Provider or the Issuer (or such other jurisdiction that Moody's shall agree); or

(iii) procure a guarantor in respect of the obligations of such Further Hedging Provider under the relevant Supplemental Hedging Agreement, such guarantor may be a financial institution with the Required Ratings which is located in the same legal jurisdiction as such Further Hedging Provider or the Issuer (or such other jurisdiction that Moody's shall agree); or

(iv) take such other action as such Further Hedging Provider may agree with Moody's to remedy such downgrade and which such action results in the rating of all the Notes then outstanding being not rated lower than the rating of such Notes by Moody's immediately before the downgrade.

If the relevant Further Hedging Provider does not take one of the four measures described above within such 30 day period, such failure shall constitute an Additional Termination Event (as defined in each Supplemental Hedging Agreement) with respect to such Further Hedging Provider on the 30th day following such Moody's Level 1 Downgrade with such Further Hedging Provider as the sole Affected Party and may lead to a downgrading of the then applicable ratings assigned to the Notes. The cost of putting in place each of the arrangements

described in items (i), (ii), (iii) and (iv) shall in each case be borne by the relevant Further Hedging Provider.

If the relevant Further Hedging Provider elects to transfer all of its rights and obligations pursuant to provision (ii) above, such Further Hedging Provider shall procure that any such replacement third party agrees to accede to the terms of the Trust Deed and agrees to be bound by its terms.

In the event of a Moody's Level 2 Downgrade in respect of a Further Hedging Provider, such Further Hedging Provider will, at its own cost and expense, on a reasonable efforts basis take one of the actions set out in (ii), (iii) or (iv) (the choice of action being such Further Hedging Provider's sole discretion) above within 30 days of this event. Pending compliance with the above, such Further Hedging Provider will take the actions set out in (i) above, within the later of (x) 10 days of the occurrence of a Moody's Level 2 Downgrade; and (y) 30 days of the occurrence of a Moody's Level 1 Downgrade, immediately, at its own cost, post such collateral or additional collateral, as applicable, (in the form of cash and securities or both) as is required in compliance with the Moody's Criteria (or such less restrictive criteria as may be agreed with Moody's). In the event that the relevant Further Hedging Provider is unable to take one of the measures above described, this failure shall constitute an Additional Termination Event (as defined in each Supplemental Hedging Agreement) with respect to such Further Hedging Provider on the 30th day following the Moody's Level 2 Downgrade of such Further Hedging Provider with such Further Hedging Provider as the sole Affected Party (as defined in each Supplemental Hedging Agreement) and may lead to a downgrading of the then applicable ratings assigned to the Notes.

2010 Supplemental Hedging Agreement Rating Criteria

S&P: If any rating assigned to the Class A7 Hedging Provider's short-term, unguaranteed and unsubordinated and unsecured debt obligations is reduced below A-1 by S&P (or any successor thereto, or such rating is withdrawn by S&P, then the Class A7 Hedging Provider shall, within thirty days of such reduction or withdrawal of any such rating, at the cost of the Class A7 Hedging Provider, either (i) find a third party, acceptable to S&P to guarantee the obligations of the Class A7 Hedging Provider under the 2010 Supplemental Hedging Agreement subject to prior written confirmation from S&P that the identity of such third party and the terms of the guarantee will not adversely affect the rating of the Notes or (ii) provide credit support sufficient to maintain the rating of the Notes at the level which would have subsisted but for the then current rating of the Class A7 Hedging Provider subject to prior written confirmation from S&P that the reduction or withdrawal of the rating of the Class A7 Hedging Provider will not adversely affect the rating of the Notes, or (iii) transfer and assign its rights and obligations under the 2010 Supplemental Hedging Agreement to a replacement hedge provider subject to the prior written consent of the Issuer (which consent shall not be unreasonably withheld) and S&P. Any failure by the Class A7 Hedging Provider to comply with its obligations under this paragraph shall constitute an Additional Termination Event (as defined in the 2010 Supplemental Hedging Agreement) with respect to the Class A7 Hedging Provider under the 2010 Supplemental Hedging Agreement with the Class A7 Hedging Provider as the sole Affected Party (as defined in the 2010 Supplemental Hedging Agreement) and may lead to a downgrading of the then applicable ratings assigned to the Notes.

Fitch: In the event that the short-term, unsecured and unsubordinated debt obligations of both (i) the Class A7 Hedging Provider and (ii) any Credit Support Provider (as defined in the 2010 Supplemental Hedging Agreement) from time to time in respect of the Class A7 Hedging Provider (a '***Class A7 Credit Support Provider***'), cease to be rated at least as high as F1 or the long-term, unsecured and unsubordinated debt obligations of both (i) the Class A7 Hedging Provider and (ii) any Class A7 Credit Support Provider, cease to be rated at least as high as A (the '***Fitch Class A7 Required Ratings***') by Fitch (an '***Initial Fitch Class A7 Rating Event***') then the Class A7 Hedging Provider will, on a reasonable efforts basis, at its own cost, within 14 days of occurrence of such Initital Fitch Rating Event:

(i) transfer collateral in accordance with the provisions of the Class A7 Credit Support Annex;

(ii) transfer all of its rights and obligations with respect to the 2010 Supplemental Hedging Agreement to either (x) a replacement third party with the Fitch Class A7 Required Ratings, or (y) a replacement third party agreed by Fitch;

(iii) procure another person to become co-obligor or guarantor in respect of the obligations of the Class A7 Hedging Provider under the 2010 Supplemental Hedging Agreement Agreement. Such co-obligor or guarantor may be either (x) a person with the Fitch Class A7 Required Ratings, or (y) a person agreed by Fitch; or

(iv) take such other action as the Class A7 Hedging Provider may agree with Fitch, including, without limitation, obtaining written confirmation from Fitch that the rating of the Notes will be maintained at, or restored to, the level it would have been at immediately prior to such Initial Fitch Class A7 Rating Event.

In the event that the short-term, unsecured and unsubordinated debt obligations of both (i) the Class A7 Hedging Provider and (ii) any Class A7 Credit Support Provider, cease to be rated at least as high as F2 or the long-term, unsecured and unsubordinated debt obligations of both (i) the Class A7 Hedging Provider and (ii) any Class A7 Credit Support, cease to be rated at least as high as BBB+ by Fitch (a '***First Subsequent Fitch Class A7 Rating Event***') then the Class A7 Hedging Provider will:

(A) on a reasonable efforts basis within 30 days of the occurrence of such First Subsequent Fitch Class A7 Rating Event, at its own cost, attempt either to:

(i) transfer all of its rights and obligations with respect to the 2010 Supplemental Hedging Agreement to either (x) a replacement third party with the Fitch Class A7 Required Ratings, or (y) a replacement third party agreed by Fitch;

(ii) procure another person to become co-obligor or guarantor in respect of the obligations of the Class A7 Hedging Provider under the 2010 Supplemental Hedging Agreement. Such co-obligor or guarantor may be either (x) a person with the Fitch Class A7 Required Ratings, or (y) a person agreed by Fitch; or

(iii) take such other action as the Class A7 Hedging Provider may agree with Fitch including, without limitation, obtaining written confirmation with Fitch that the rating of the Notes following the taking of such action will be maintained at, or restored to, the level it would have been at immediately prior to such First Subsequent Fitch Class A7 Rating Event; and

(B) within 14 days of the occurrence of such First Subsequent Fitch Class A7 Rating Event, pending compliance with paragraph (A)(i), (A)(ii) or (A)(iii) above, transfer collateral in accordance with the provisions of the Class A7 Credit Support Annex, provided that, if, at the time a First Subsequent Fitch Class A7 Rating Event occurs, the Class A7 Hedging Provider has already provided collateral following an Initial Fitch Class A7 Rating Event, it will continue to post collateral notwithstanding the occurrence of a First Subsequent Fitch Class A7 Rating Event.

In the event that the long-term, unsecured and unsubordinated debt obligations of both (i) the Class A7 Hedging Provider and (ii) any Class A7 Credit Support Provider, cease to be rated at least as high as BBB- by Fitch or the rating of the short-term, unsecured and unsubordinated debt obligations of the Class A7 Hedging Provider or any Class A7 Credit Support Provider, cease to be rated at least as high as F3 by Fitch and as a result of such cessation, the then current rating of the Notes is downgraded or placed on credit watch for possible downgrade by Fitch (a '***Second Subsequent Fitch Class A7 Rating Event***'), the Class A7 Hedging Provider will

(X) on a reasonable efforts basis within 30 days of the occurrence of such Second Subsequent Fitch Class A7 Rating Event, at its own cost, attempt either to:

(i) transfer all of its rights and obligations under the 2010 Supplemental Hedging Agreement to a replacement third party whose long-term, unsecured and unsubordinated debt obligations are rated at least A by Fitch and whose short-term, unsecured and unsubordinated debt obligations are rated at least F1 by Fitch or, in either case, such lower rating as is commensurate with the rating assigned to the Notes by Fitch from time to time;

(ii) procure another person to become a co-obligor or guarantor in respect of the obligations of the Class A7 Hedging Provider with respect to the 2010 Supplemental Hedging Agreement, whose long-term, unsecured and unsubordinated debt obligations are rated at least A by Fitch and whose short-term, unsecured and unsubordinated debt obligations are rated at least F1 by Fitch or, in either case, such lower rating as is commensurate with the rating assigned to the Notes by Fitch from time to time; or

(iii) take such other action as the Class A7 Hedging Provider may agree with Fitch as will result in the rating of the Notes following the taking of such action being maintained at, or restored to, the level it was at immediately prior to such Second Subsequent Fitch Class A7 Rating Event.

(Y) within 14 days of the occurrence of the Second Subsequent Fitch Class A7 Rating Event, pending compliance with paragraph (X)(i), (X)(ii) or (X)(iii) above, provide collateral in the form of cash or securities or both in support of its obligations under the 2010 Supplemental Hedging Agreement in accordance with the provisions of the Class A7 Credit Support Annex.

If, following the occurrence of an Initial Fitch Class A7 Rating Event, First Subsequent Fitch Class A7 Rating Event or a Second Subsequent Fitch Class A7 Rating Event, the Class A7 Hedging Provider does not take the relevant measures described in the 2010 Supplemental Hedging Agreement, such failure will not be or give rise to an Event of Default (as defined in the 2010 Supplemental Hedging Agreement) but will constitute an Additional Termination Event (as defined in the 2010 Supplemental Hedging Agreement) with respect to the Class A7 Hedging Provider which will be deemed to have occurred on (i) the fourteenth day following the Initial Fitch Class A7 Rating Event, otherwise (ii) the thirtieth day following the Initial Fitch Class A7 Rating Event, First Subsequent Fitch Class A7 Rating Event or Second Subsequent Class A7 Fitch Rating, as applicable, with the Class A7 Hedging Provider as the sole Affected Party (as defined in the 2010 Supplemental Hedging Agreement) and all Transactions (as defined in the 2010 Supplemental Hedging Agreement) as Affected Transactions (as defined in the 2010 Supplemental Hedging Agreement).

For the purpose of the Fitch rating criteria set out above, the 2010 Supplemental Hedging Agreement provides that if at any time the Class A7 Hedging Provider is on 'Rating Watch Negative' by Fitch, it shall be treated as one notch below its actual rating at that moment.

Moodys: Pursuant to the 2010 Supplemental Hedging Agreement, so long as the Moody's First Rating Trigger Requirements apply, the Class A7 Hedging Provider must within 30 business days post sufficient collateral (in the form of cash or securities or both) in accordance with the requirements of the Class A7 Credit Support Annex.

So long as the Moody's Second Rating Trigger Requirements apply, the Class A7 Hedging Provider will, at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable, procure either (A) a Moody's Eligible Guarantee in respect of all of Class A7 Hedging Provider's present and future obligations under the 2010 Supplemental Hedging Agreement by a guarantor with the Moody's Second Trigger Required Ratings or (B) a transfer (at its own costs) of its rights and obligations with respect to the 2010 Supplemental Hedging Agreement to any other entity that is a Moody's Eligible Replacement.

Issuer and Security Trustee to Co-operate

The Issuer and the Security Trustee shall use their reasonable endeavours to co-operate with the relevant New Hedging Provider in connection with the transfer of the rights and obligations of such New Hedging Provider under the relevant Supplemental Hedging Agreement or (as the case may be) in putting in place such credit support documentation published by ISDA and/or posting of collateral accordance with the relevant credit support documentation, as described above, or otherwise, including agreeing to such arrangements in such documentation as may satisfy Moody's, Fitch and S&P with respect to the operation and management of the

collateral and entering into such documents as may be reasonably requested by such New Hedging Provider in connection with the provision of such collateral.

2010 Supplemental Hedging Agreement Defined Terms

With respect to the above-mentioned rating criteria under the 2010 Supplemental Hedging Agreement, the following expressions have the following meanings:

'***Moody's Eligible Guarantee***' means an unconditional and irrevocable guarantee that is provided by a guarantor as principal debtor rather than surety and is directly enforceable by the Issuer, where (i) such guarantee provides that if a guaranteed obligation cannot be performed without an action being taken by the Class A7 Hedging Provider, the guarantor shall use its best endeavours to procure that the Class A7 Hedging Provider takes such action, (ii)(a) a reputable law firm has given a legal opinion confirming that none of the guarantor's payments to the Issuer under such guarantee will be subject to deduction or withholding for tax and such opinion has been disclosed to Moody's, (b) such guarantee provides that, in the event that any of such guarantor's payments to the Issuer are subject to deduction or withholding for tax, such guarantor is required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer (free and clear of any tax) will equal the full amount the Issuer would have received had no such deduction or withholding been required or (c) in the event that any payment (the '***Primary Payment***') under such guarantee is made net of deduction or withholding for tax, the Class A7 Hedging Provider is required, under the 2010 Supplemental Hedging Agreement, to make such additional payment (the '***Additional Payment***') as is necessary to ensure that the net amount actually received by the Issuer from the guarantor (free and clear of any tax) in respect of the Primary Payment and the Additional Payment will equal the full amount the Issuer would have received had no such deduction or withholding been required (assuming that the guarantor will be required to make a payment under such guarantee in respect of the Additional Payment) and (iii) the guarantor waives any right of set-off in respect of payments under such guarantee.

'***Moody's Eligible Replacement***' means an entity that could lawfully perform the obligations owing to the Issuer under the 2010 Supplemental Hedging Agreement or its replacement (as applicable) (i) with the Moody's Second Trigger Required Ratings or (ii) whose present and future obligations owing to the Issuer under the 2010 Supplemental Hedging Agreement or its replacement (as applicable) are guaranteed pursuant to a Moody's Eligible Guarantee provided by a guarantor with the Moody's Second Trigger Required Ratings.

'***Moody's Relevant Entities***' means the Class A7 Hedging Provider and any guarantor under a Moody's Eligible Guarantee in respect of all of Class A7 Hedging Provider 's present and future obligations under this Agreement and '***Moody's Relevant Entity***' means any one of them .

The '***Moody's First Rating Trigger Requirements***' shall apply so long as no Moody's Relevant Entity has the Moody's First Trigger Required Ratings.

An entity shall have the '***Moody's First Trigger Required Ratings***' (i) where such entity is the subject of a Moody's Short-term Rating, if such rating is "Prime-1" and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A2" or above by Moody's and (ii) where such entity is not the subject of a Moody's Short-term Rating, if its long-

term, unsecured and unsubordinated debt or counterparty obligations are rated "A1" or above by Moody's.

'***Moody's Short-term Rating***' means a rating assigned by Moody's under its short-term rating scale in respect of an entity's short-term, unsecured and unsubordinated debt obligations.

The '***Moody's Second Rating Trigger Requirements***' shall apply so long as no Moody's Relevant Entity has the Moody's Second Trigger Required Ratings.

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

Default by New Hedging Provider

Similarly, if a New Hedging Provider defaults in its obligations under a Supplemental Hedging Agreement resulting in a termination of such Supplemental Hedging Agreement, the Borrowers will be obliged to procure a replacement New Hedging Provider for the Issuer to enter into with an appropriately rated entity within 60 days of such default unless the Rating Agencies confirm that there will be no downgrading of the Notes. For so long as there is no replacement New Hedging Provider, the Borrowers will remain obliged to pay unhedged interest amounts on the Term A5 Loan, the Term A6 Loan or the Term A7 Loan (as the case may be) pursuant to the Secured Loan Agreement.

If a New Hedging Provider defaults in its obligations under the relevant Supplemental Hedging Agreement, any possible shortfall in the amount required by the Issuer to meet its obligations under item (d)(ii) in the Issuer Pre-enforcement Priority of Payments will be met through a drawing (subject to funds being available) under the Liquidity Facility Agreement.

Failure by the Borrowers to procure a replacement Supplemental Swap or other hedging arrangement

Any failure by the Borrowers to procure a replacement Supplemental Swap or other hedging arrangements when required to do so can lead to an event of default under the Secured Loan Agreement unless the Rating Agencies confirm that no downgrading of the Notes will occur as a result of the Issuer not having entered into a new interest rate hedging agreement.

Governing Law: The Supplemental Hedging Agreements are governed by English law.

Bank Account and Cash Management Agreement

The Bank Account and Cash Management Agreement provides that the Account Bank maintains certain bank accounts and performs certain cash management functions for the Issuer. The Account Bank agrees, among other things, not to exercise any rights of set-off or consolidation in respect of the accounts of the Issuer. The Account Bank may, on behalf of the

Issuer, make payments out of sums standing to the credit of the accounts of the Issuer for the purpose of investing moneys from time to time standing to the credit of the accounts of the Issuer in Eligible Investments that are capable of being realised either on demand or on such other basis as is appropriate, having regard to the Issuer's requirement for funds.

The accounts of the Issuer shall at all times be maintained with the Account Bank. If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are rated less than F1+, P-1, A-1+ (or its long-term term equivalent) from Fitch, Moody's and S&P respectively or such other short-term rating as is appropriate for the ratings assigned to the Notes from time to time or which is otherwise acceptable to the Rating Agencies (the '***Rating Criteria***') or ceases to be authorised to conduct business in the Netherlands, then as soon as reasonably practicable, the Account Bank and the Issuer will procure the transfer of all the accounts of the Issuer to another bank or banks approved in writing by the Security Trustee in respect of which the rating criteria are satisfied and which are credit institutions authorised to conduct business in the Netherlands. If at the time when a transfer of the accounts there is no other bank which is authorised to conduct business in the Netherlands which meets the rating criteria and which is willing to be the Account Bank on behalf of the Issuer, then:

(a) if the Security Trustee so agrees, the accounts need not then be transferred but shall, as soon as practicable following the identification of a bank or banks which meet(s) the rating criteria and is or are authorised to conduct business in the Netherlands, be transferred to that bank or banks as the case may be; or

(b) the accounts may be transferred to such other bank or banks as the Security Trustee may approve in writing, such approval not to be unreasonably withheld or delayed.

Upon the transfer of the accounts of the Issuer to another bank or banks, the Issuer will procure to the satisfaction of the Security Trustee that the Security Agreement and the Issuer Pledge Agreement will apply to the new account bank and the accounts of the Issuer opened at such bank and that the Issuer will grant security over the new accounts.

For the purpose of the Fitch rating criteria set out above, the Master Definitions Agreement provides that if at any time the Account Bank is on 'Rating Watch Negative' by Fitch, it shall be treated as one notch below its actual rating at that moment.

The Issuer will pay the Account Bank such fees as may be agreed from time to time between them in respect of the services to be provided under the Bank Account and Cash Management Agreement.

The Bank Account and Cash Management Agreement is governed by Netherlands law.

Paying Agency Agreement

The Paying Agency Agreement provides that the Principal Paying Agent and the Reference Agent will be responsible for, *inter alia,* performing certain tasks in respect of the Notes as described in the Conditions.

The Paying Agent will be appointed by the Issuer in accordance with the Listing Rules of NYSE Euronext and will be responsible for, *inter alia*, performing certain tasks as described in the Conditions.

The Issuer has the right to terminate the appointment of the Paying Agents and the Reference Agent by giving at least 90 days' notice in writing to that effect. Notice of any such termination will be given to the holders of the Notes in accordance with Condition 13 of these Conditions. If any person shall be unable or unwilling to continue to act as Paying Agent or Reference Agent or if the appointment of the Paying Agent or Reference Agent shall be terminated, the Issuer will appoint a successor Paying Agent or Reference Agent (as the case may be) to act in its place, provided that neither the resignation nor removal of the Paying Agent or Reference Agent (as the case may be) shall take effect until a successor has been appointed.

The Paying Agency Agreement is governed by Netherlands law.

OVERVIEW OF THE NETHERLANDS RESIDENTIAL PROPERTY MARKET

Introduction

The Dutch residential market can broadly be grouped into three main categories based on the definitions assigned by 'VROM', the Dutch Ministry of Housing, Spatial Planning and Environment (*Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieu*).[2] These categories are based on rent levels in each of the sectors, as follows:

- High-rent sector – defined as rents exceeding €548 per month
- Medium-rent sector – defined as rents from €358-548 per month
- Low-rent sector – defined as rents not exceeding €357 per month

Vesteda Woningen's Portfolio (as defined herein) as at 31 December 2009 comprises approximately 82% of units in the high-rent sector and 18% in the medium-rent sector.

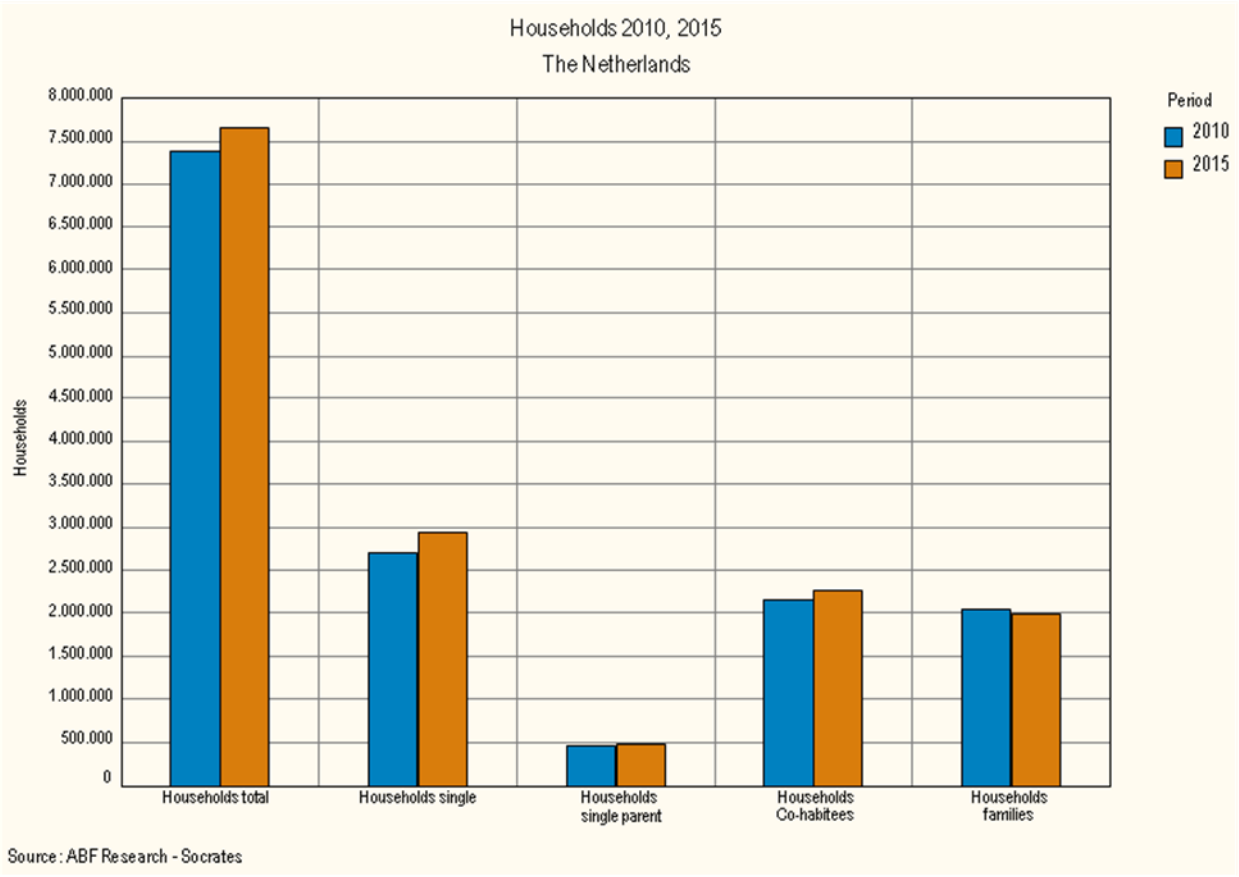
Vesteda Woningen's strategy is to focus on increasing the proportion of units in the high-rent sector based on the roll-over principle.

The market for residential properties in the Netherlands

The Netherlands residential market has in the past experienced and continues to experience an excess of demand over supply. This pattern is expected to persist in the future.[3]

Demand in the residential market is affected by a number of contributing factors: slowing population growth, dwindling household size and low supply. On the basis of the latest long-term projections of the Statistics Bureau of the Netherlands (*Centraal Bureau voor de Statistiek,* '***CBS***'), the number of inhabitants in the Netherlands is expected to increase by 1.0% during the period from 2010 to 2016 from 16.57 million to 16.86 million.[4] CBS also projects that the total number of households will grow during the same period by about 315,000, from 7.354 million to 7.669 million and that the average household size will decrease from 2.22 to 2.17 people. 36% of current households are now single person households[5]. This group is responsible for generating 70% of the growth in the number of households (36,700 per year), whilst two-person households (co-habitees and single parents) generate the remainder.[6]

[2] Source: Circulaire Huurgerelateerde parameters huurtoeslag as of 1 July 2009
[3] Source: RIGO. Wonen op een rijtje, de resultaten van het woononderzoek Nederland 2006 – February 2007
[4] Source: CBS (the Dutch Statistics Bureau) Population and Household Projections 2009-2016
[5] Source: CBS (the Dutch Statistics Bureau) Population and Household Projections 2009-2050
[6] Source: CBS (the Dutch Statistics Bureau) Population and Household Projections 2009-2050



At the beginning of 2009, the Dutch market for residential properties consisted of approximately 7.106 million residential properties, of which 3.034 million were rental units[7]. Of these rental properties, approximately 2.25 million were owned by housing associations, while institutional investors (such as Vesteda Woningen) owned approximately 196,000 units[8]. It is forecast that while total housing stock will increase to 7.38 million by 2015, the level of rented residential stock by 2015 will decrease to 3.07 million according to ABF Housing Market Scan 2009 forecasts.[9]

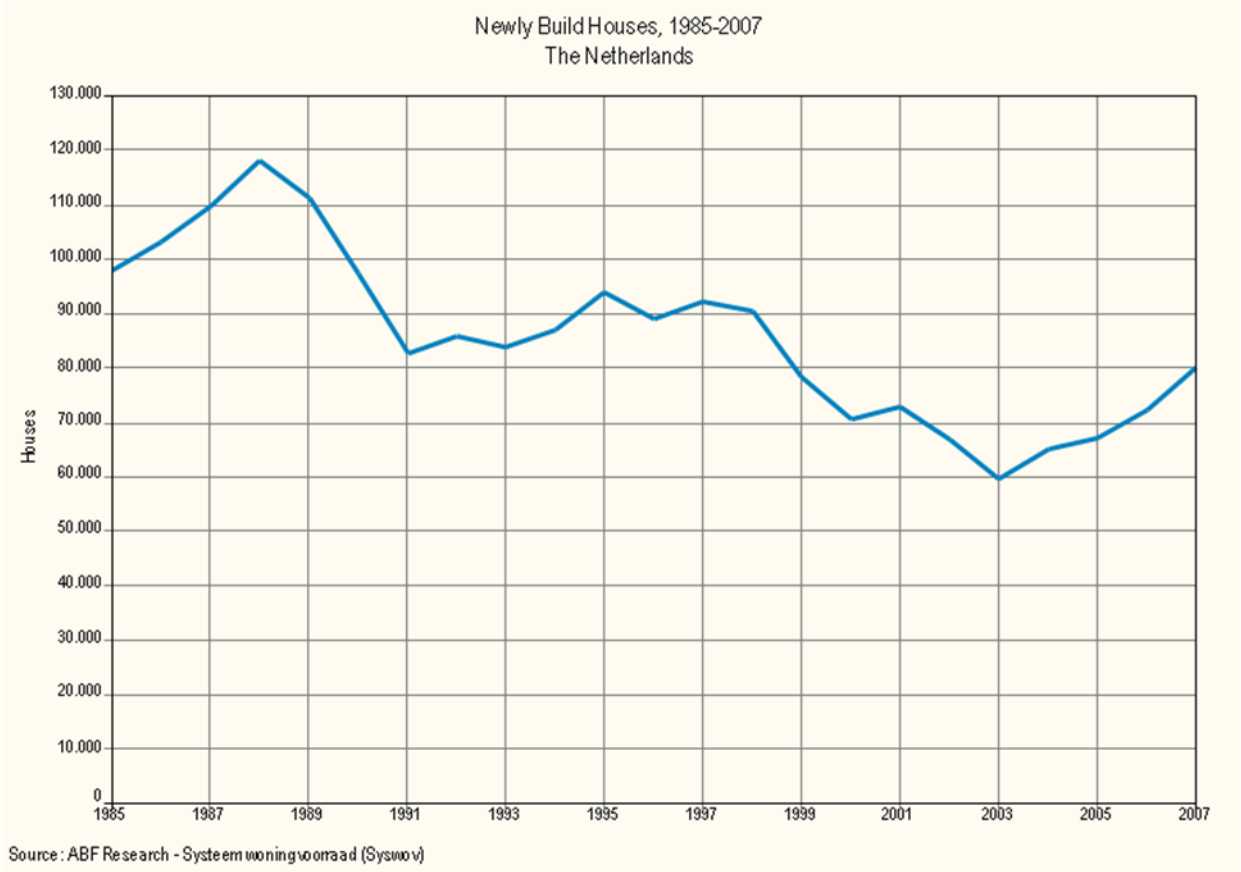
The Dutch Government is aiming to increase owner occupation to the EU average of 65% by 2010. This is estimated to require the transfer of about 529,500 existing rental units into home ownership, approximately 500,000 supplied from the housing associations, with the remainder sourced from local authorities and the private sector[10]. This would result in a significant increase in the annual sales volume by housing associations, and a decrease in the supply of rental residential properties.[11]

[7] Source: ABF Research, Real Estate Monitor 2009
[8] Source: ABF Research, Real Estate Monitor 2009
[9] Source: ABF Research, Real Estate Monitor 2009
[10] Source: Netherlands European Housing review 2004 (RICS)
[11] Source: Netherlands European Housing review 2004 (RICS)

The growing market for high-rent accommodation

Looking at the development of high-rent housing in the Netherlands, two indicators are distinguished: the annual demand and supply (transaction-based), and developments in the housing stock (stock-based).

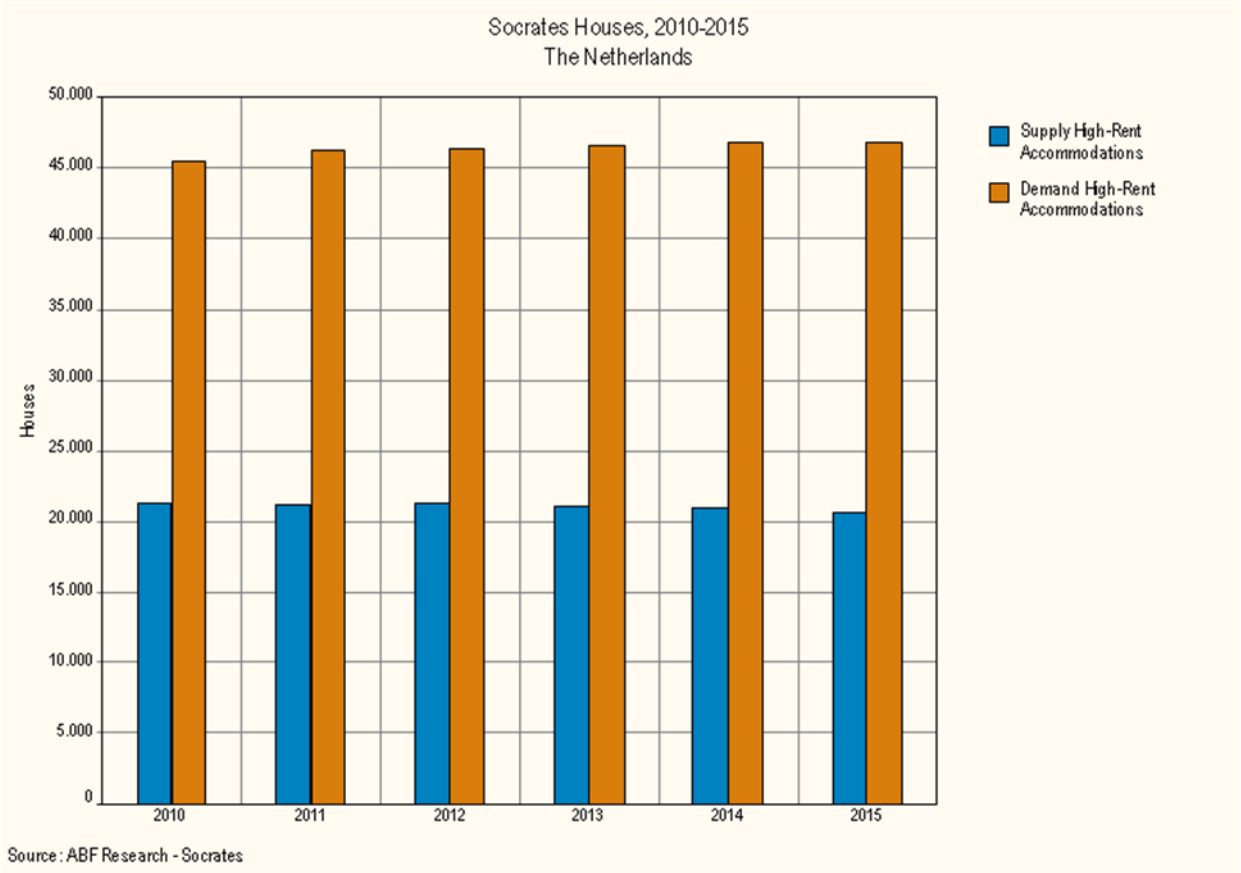
Within the higher-rent sector demand is more than supply. According to the ABF, the annual demand for single units (houses) is 18,600, whilst only 8,600 are available (an excess factor of 2.14). For multiple residency properties the excess demand is even greater at 2.24; supply is only 12,400 against an annual demand for apartments of 27,800[12].



[12] Source: ABF Research Real Estate Monitor 2009

Construction is at a very low level (see figure above). The number of new homes built in 2009 was approximately 65,000 units, down from approximately 79,000 in 2008[13].

Total national demand for rental housing in the high-rent sector in the 5-year period from the end of 2009 to the beginning of 2015 is projected to be approximately 231,500[14] (year average 46,000) while supply is projected to total only 106,000 (year average 21,200)[15]. The forecast suggests that only 20,600 high-rent units will become available in 2015 while there will be demand for 46,800 units[16], resulting in a demand that will be 2.27 times as high as supply.



The most important target groups for the high-rent accommodation sector and for Vesteda Woningen are independent persons, young double-earning couples and elderly people. Their income levels are rising and their share in the total population is expected to increase slightly (due to economic crisis) from approximately 31% in 2010 to approximately 32% in 2015[17]. Vesteda Woningen's strategy is underpinned by an expectation that the demand for

[13] Source: CBS statline, 2010
[14] Source: ABF Research Real Estate Monitor 2009
[15] Source: ABF Research Real Estate Monitor 2009
[16] Source: ABF Research Real Estate Monitor 2009
[17] Source: ABF Housing Market Scan 2009; Household with net income > EUR 21,000 p.a.

quality, flexibility, luxury and customised products for residential properties and the living environment will increase.

The Netherlands faces an ageing population[18]. The percentage of the population over 65 is expected to increase from 18% in 2015 to around 25% in 2050[19]. Since elderly people typically like to remain in their own home environments for as long as possible and are generally keen to take advantage of additional care services, the Dutch Government is seeking to improve and increase the supply of suitable residential properties, although it emphasises that it is primarily the responsibility of market parties to provide such 'life course durable' accommodations (*levensloopbestendige huizen*). In the period from 2000 to 2003, the Dutch Government provided a financial impetus to the development of new products, services and forms of collaboration through so-called "Residential Care Stimulation Regulations".

It is expected that growth of the high-rent market segment will be highest in urban areas. In addition, the Dutch Government also wants to increase the attractiveness of the city centre as a place to live and plans to construct around 500,000[20] new units in urban areas by 2020. Based on current plans and regulations, it is expected that there will be insufficient space available in the city centres by 2020 to achieve this level of supply.[21]

The policy of the Dutch Government, which was formerly largely oriented towards quantitative demand for housing accommodation, is now oriented toward an improvement in the quality of living[22]. Accordingly, in the rental residential properties sector, the Dutch Government is increasingly encouraging the construction of high quality residential buildings that are fully adapted to the requirements of tenants in an attempt to fill the shortage of supply. In order to achieve these levels of construction, the Dutch Government is co-operating with companies such as Vesteda Woningen.

Rent levels in the Netherlands

In the past the Dutch Government controlled the pattern of rents below the rent liberalisation limit (*liberalisatiegrens*, the '***Rent Liberalisation Limit***') through the Residential Tenancies Act (*Huurprijzenwet Woonruimte*) regime. On 1 August 2003 the provisions of this Act were incorporated in the Dutch Civil Code (sections 7:245 to 7:265 (inclusive)) and the Residential Tenancies Implementation Act (*Uitvoeringswet huurprijzen woonruimte*).

The Rent Liberalisation Limit set by the Dutch Government used to be determined each year on 1 July[23] and is €647.53 as at 1 July 2009. The level will remain unaltered in 2010 and will therefore remain €647.53 as at 1 July 2010. As from 1 January 2011 the Rent Liberalisation Limit shall be annually determined on 1 January[24]. The regulations stipulate that with respect to independent residential units subject to a rent below the Rent Liberalisation Limit, annual

[18] Source: CBS
[19] Source: Population Projections for the period 2008-2050
[20] Source: VROM 'Verstedelijkingsafspraken, bestuurlijk overleg MIRT, najaar 2009
[21] Source: VROM 'Mensen, Wensen, Wonen'. Central Planning Bureau (CPB) Wonen en Ruimte, VROM Nota Ruimte
[22] Source: VROM Nota Ruimte
[23] The next detemination of the Rent Liberalisation Limit will be on 1 January 2011
[24] Ministerial Circular 25 January 2010, MG 2010-01

unilateral increases are permitted up to a maximum percentage determined on an annual basis by governmental decree. This is set to be in line with inflation for the year before (1.2% in 2009) and is maximum 1.2% for the period 1 July 2010 to 1 July 2011. This is also subject to the proviso that the rent increase may not result in a rent exceeding the maximum reasonable rent for such unit (see section *Property Leasing in the Netherlands – Regulatory Framework*).

These restrictions do not apply to the residential units owned by Vesteda Woningen where the amount of the rent of the units exceeds the Rent Liberalisation Limit at the commencement date of the relevant lease contract. Accordingly, the lease agreements relating to those units contain a special provision on rent increases (see section *Property Leasing in the Netherlands – Regulatory Framework*).

As at 31 December 2009, around 57% of units by number and 68% by rental income comprising the Portfolio achieved rents in excess of the Rent Liberalisation Limit.

Energy Performance Certificate

On 1 January 2008 Directive 2002/91/EG was implemented in the Netherlands.[25] This Directive was amended with effect as of 11 January 2010[26]. The Directive provides, inter alia, that a lessor must provide a lessee with an energy performance certificate. The energy performance certificate contains information on the energy performance of the property being leased. The certificate also includes an environmental CO2 rating that indicates the property's impact on the environment in terms of carbon dioxide emissions as well as the potential for improvement.

Housing corporations had until 1 January 2009 to certify their properties.

The purpose of the Directive is to stimulate a better energy performance of real estate in Europe taking into account climate and local influences as well as the demands for inside climate and costs efficiency and to stimulate the owner / lessor to improve the energy performance and quality of its property.

Dutch law does not yet provide for specific sanctions if the owner / lessor does not provide the energy performance certificate. However, the lessee may request the court to instruct the lessor to provide the certificate. The Ministry of Housing, Spatial Planning and the Environment announced to start trial periods concerning enforcement and sanctions if the energy performance certificate is not provided in 2010.[27]

Consultation Act (*Wet op het overleg huurders verhuurder***)**

The Consultation Act came into effect on 1 December 1998 and was amended with effect from 1 January 2009. Pursuant to the Act housing corporations and private lessors with at least 25 rented houses must consult with lessee associations (*huurdersorganisaties*) which comply with the requirements of the Consultation Act on policies applied by such lessors in respect of,

[25] Decree of 24 november 2006 regarding the implementation of the directive regarding the energy performance of real estate; Staatsblad 2006, 608 and the following Regulations; published in Staatscourant 2006, 253; Staatscourant 2007, 108; Staatsblad 2007, 216.
[26] Staatscourant 2009, 31 December 2009, 20284
[27] Ministerial letter of 5 October 2009

inter alia, residential accommodation, housing conditions, renovation intention, mergers, service charges and the surroundings of the lessees. Lessee associations have a right to be informed, to be consulted and to provide advice to such lessors. Disputes between the lessor and the lessee association are brought before the sub district court.

Price trend in the housing market

Since 1995 housing prices have increased every year, with larger increases having taken place in the period from 1999 to 2000 [28]. The average increase in housing prices during the period 1995 to 2008 was 11.3%, while the average increase in the period 1995 to 2001 was 12.1%[29].

As of 2003, the housing prices became more stable with an average growth of 4.2%. The average price of a residential property in the first quarter of 2008 was €244,000, an increase of 3.2% compared with a year earlier. The increase was 1.0% above inflation, which was 2.2%.

Between the fourth quarter of 2008 and the fourth quarter of 2009, price decreases ranged from -3.4% to -0.50% depending on the type of property. Detached houses decreased the most in price and apartments the least.

[28] Source: NVM
[29] Source: NVM

VESTEDA GROUP – CORPORATE PROFILE AND BUSINESS

Introduction

Vesteda Woningen, is one of the largest private residential property funds in the Netherlands. Its primary business consists of acquisition, management, letting and sale of residential properties currently located within the Netherlands. Vesteda Woningen will continue to focus on the Netherlands with a view in the future to expanding its operations into other European countries. Vesteda Woningen targets residential units in the high-rent segment mainly for one and two person households with above-average income. The management and development activities of Vesteda Woningen are concentrated in the Randstad region (western part of the Netherlands) as well as the central and southern regions of the Netherlands.

The total real estate portfolio of Vesteda Woningen had a value as at 31 December 2009 of €4,424,276,130. As at 31 December 2009, the Portfolio (as defined below) consisted of 309 properties made up of 27,008 residential units located in the Netherlands. Approximately 59% of the Portfolio (as defined below) are multiple-residency properties and approximately 41% are single-unit residential properties.

In addition, Vesteda Woningen has a total of 52.292 m2 of commercial space as at 31 December 2009 used as offices, for retail and other purposes. In some buildings in the higher-rent segment, Vesteda Woningen also offers additional services for providing comfort, care and service.

History and Structure

Vesteda Woningen was created following a reorganisation of the real estate portfolio of ABP (currently APG), the pension fund for employers and employees in service of the Dutch Government and the educational sector. In 1997, the investments of the former ABP Woningfonds were transferred into limited partnerships (C.V. Vesteda I, II and III). The limited partners of the limited partnerships were ABP (99%) and the DRFs (1%). The management of the limited partnerships was vested in Vesteda Beheer I B.V., Vesteda Beheer II B.V. and Vesteda Beheer III B.V., who acted as general partners. Vesteda Management B.V. was incorporated on 24 December 1997 and was responsible for managing the Properties and fulfilling the responsibilities of the managing partners. From the end of 1999, DRF II (but not DRF I or DRF III), together with the limited partnerships, became owners of the real estate. Vesteda Management B.V. was responsible for managing the real estate of DRF II.

To further simplify the structure, Vesteda Management B.V. was merged into Groep effective as of 21 December 2002.

Prior to a restructuring, Vesteda Woningen was fully owned by ABP (currently APG). However, having decided to demerge all of its property funds, including Vesteda Woningen, from under its corporate umbrella and to divest a portion of its equity position in Vesteda Woningen, ABP, as part of this process, repatriated approximately € 1 billion of its equity capital via a short-term bridge loan to Vesteda Woningen. Further, as part of ABP's divestment process, ING Real Estate through various subsidiaries acquired a 25% stake in Vesteda Woningen on 9

January 2002. Furthermore, on 31 January 2002, six other institutional investors acquired in aggregate a 13% stake in Vesteda Woningen.

As at 1 April 2010, the following investors held a stake in Vesteda:

APG (formerly ABP)
Bouwfonds Nationale Nederlanden B.V.
Delta Lloyd Levensverzekering N.V.
Delta Lloyd Real Estate Management Company SarL
Delta Lloyd Vastgoed Participaties B.V.
Loyalis Leven N.V.
Loyalis Schade N.V.
Stichting Depository PGGM Private Real Estate Fund
Stichting Achmea Dutch Residential Fund
Stichting Bedrijfstakpensioenfonds voor de Media PNO
Stichting Pensioenfonds Openbaar Vervoer
Stichting Pensioenfonds Schuitema
Stichting Pensioenfonds voor de Grafische Bedrijven
Stichting Pensioenfonds voor Fysiotherapeuten
Stichting Pensioenfonds Xerox
Stichting Spoorwegpensioenfonds
Stichting TKP Pensioen Real Estate Fonds

Existing participants may reduce their interest in Vesteda Woningen and new investors may acquire interests in Vesteda Woningen at any time, provided the provisions of the Limited Partnership Agreement and Participation Agreement are taken into account.

The structure of Vesteda Group

On 28 December 2001 the mutual fund (*fonds voor gemene rekening*) Vesteda Woningen was formed. The organisation, structure and governance of the fund was subject to the participation agreement (*participatie overeenkomst*, the '***Participation Agreement***') and the fund conditions (*voorwaarden van beheer en bewaring Vesteda Woningen*). On 30 June 2008 Vesteda Woningen converted from a mutual fund to a limited partnership (*commanditaire vennootschap*), Vesteda Woningen C.V. The terms and conditions relating to Vesteda Woningen C.V. are set forth in the limited partnership agreement (replacing the fund conditions, the '***Limited Partnership Agreement***'). Groep acts as general partner (*beherend vennoot*) of Vesteda Woningen C.V. and the investors with a partnership interest (i.e. direct investors (see paragraph below)) are the limited partners (*commanditaire vennoten*). The DRFs remain custodians (*bewaarders*) and legal owners of the Portfolio. Similar to the mutual fund structure the DRFs have granted an exclusive mandate (*privatieve last*) to Groep to manage the Properties in accordance with the Participation Agreement and the Limited Partnership Agreement (as amended from time to time). This mandate will terminate upon Groep failing to comply with its obligations, the insolvency of Groep or upon the termination of Groep's appointment as general partner of Vesteda Woningen.

Pursuant to the Limited Partnership Agreement, rights and obligations of Vesteda Woningen are entered into or incurred, as the case may be, by Groep in its capacity as general partner (*beherend vennoot*) of Vesteda Woningen and pursuant to the exclusive mandate granted by the DRFs referred to above.

It is expected that after enactment of Title 13 of book 7 of the Dutch Civil Code on partnerships Vesteda Woningen C.V. will convert from a limited partnership to a limited partnership with legal personality (*rechtpersoonlijkheid*).

When making an investment in Vesteda Woningen, a participant may invest either in Holding DRF or directly in Vesteda Woningen. It is anticipated that tax exempt participants generally will have a preference for investing in Holding DRF, while taxable investors will generally have a preference for investing in Vesteda Woningen directly. Once the preference has been established, the participant will in addition acquire a proportionate share in Groep and Vesteda Groep II B.V. (see the section *Vesteda Woningen II* below) and Vesteda Project B.V. Participants with a stock interest (including APG (formerly ABP)) indirectly own an interest in Vesteda Woningen via a stake in Holding DRF which in turn owns all of the shares of Dutch Residential Fund IV B.V. ('***DRF IV***'). Vesteda Woningen's participants under the Limited Partnership Agreement (as defined below) are those participants with a partnership interest (including Bouwfonds Nationale Nederlanden B.V. (part of ING Real Estate), Holding DRF (1%) and DRF IV (70.4%)).

Groep

Groep is general partner (*beherend vennoot*) Vesteda Woningen and is responsible for the management of Vesteda Woningen and managing director of Vesteda Project B.V. and provides certain management services to Vesteda Groep II B.V. against payment of a fee (see the section *Vesteda Woningen II* below). Groep has a two tier board structure consisting of a Board of

Directors and a Supervisory Board. Further information about the management structure of Groep is set out in the section *Management of Vesteda Groep*. Management costs will be reimbursed by Vesteda Woningen and Vesteda Project B.V. respectively. Groep is owned by all participants *pro rata* to their overall investments in Vesteda Woningen (stock interest or partnership interest). On 31 December 2009 Vesteda group employed 393 employees in a flat structure.

Holding DRF

Holding DRF is the shareholder of DRF I, DRF II, DRF III, DRF IV and DRF V. DRF I, DRF II and DRF III act as custodians (*bewaarders*) of Vesteda Woningen.

Holding DRF is solely a holding company and does not undertake any other activities. It does not have any employees.

Vesteda Woningen II

On 28 August 2009 Vesteda has set up Vesteda Woningen II, a parallel fund to Vesteda Woningen. The structure and governance of Vesteda Woningen II is, generally, parallel to that of Vesteda Woningen. Vesteda Woningen II is also organised as a limited partnership (*commanditaire vennootschap*) and the limited partners of Vesteda Woningen (including Holding DRF and DRF IV) are limited partners in Vesteda Woningen II. Vesteda Groep II B.V., whose shares are held by the same shareholders as Groep, is the general partner (*beherend vennoot*) of Vesteda Woningen II. The managing directors and the supervisory directors of Vesteda Groep B.V. have also been appointed as the managing directors and the supervisory directors of Vesteda Groep II B.V. DRF V, a wholly owned subsidiary of Holding DRF, is the custodian (*bewaarder*, i.e. the legal owner of the properties) of Vesteda Woningen II (similar to the position of the DRFs in respect of Vesteda Woningen).

Vesteda Woningen II is governed by a limited partnership agreement (the '***Vesteda Woningen II Limited Partnership Agreement***' and together with the Limited Partnership Agreement, the '***Limited Partnership Agreements***') which is substantially in the same form as the Limited Partnership Agreement. In addition, the investors in Vesteda Woningen II (being the same investors as those of Vesteda Woningen) have entered into a participation agreement (the '***Vesteda Woningen II Participation Agreement'*** and together with the Participation Agreement, the '***Participation Agreements***') which is also substantially in the same form as the Participation Agreement.

Each of the Participation Agreements provides, *inter alia*, that each investor in Vesteda Woningen or Vesteda Woningen II, as the case may be, has an indirect or direct proportional stake in Vesteda Woningen or Vesteda Woningen II, respectively. The investors in Vesteda Woningen II can invest in the same way (i.e. indirectly through Holding DRF or directly by participating in Vesteda Woningen II) as is provided for Vesteda Woningen.

Vesteda Woningen II will invest in residential rental properties. Initially, it will acquire (newly built) properties from Vesteda Project B.V. but it may also buy properties from third parties or Vesteda Woningen (or *vice versa*).

Vesteda Groep II B.V. has entered into a management agreement with Groep pursuant to which Groep will provide certain management services against payment of a fee.

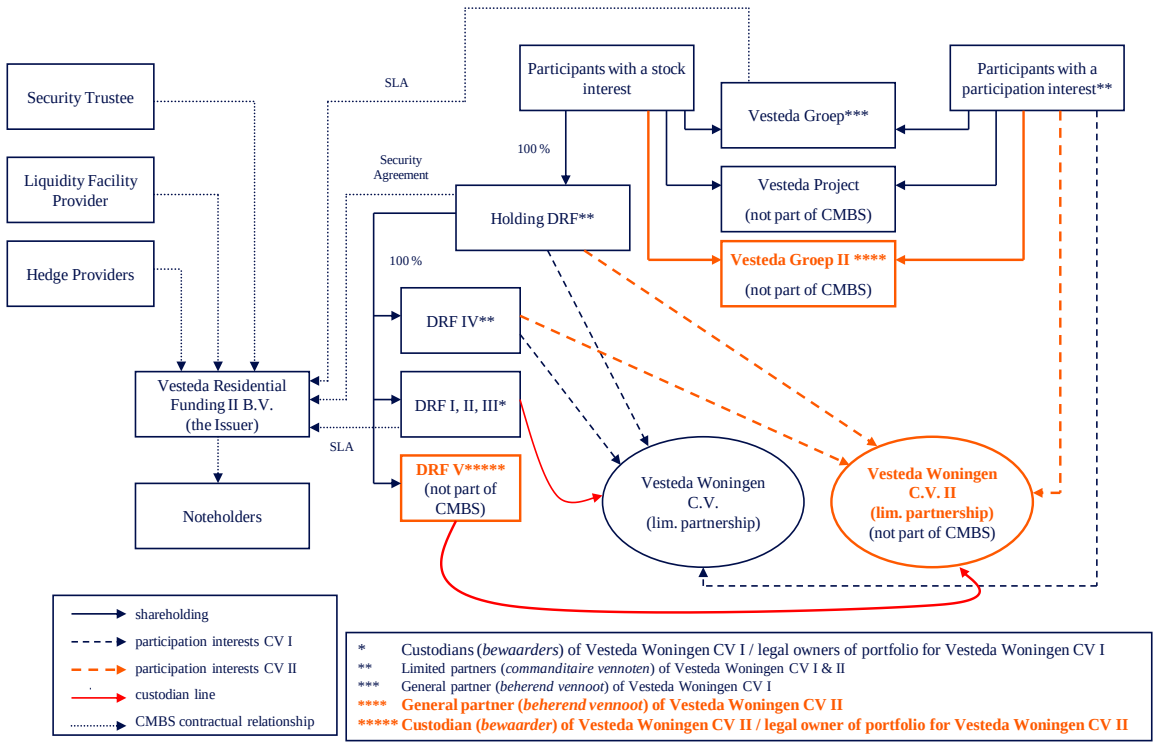
Groep, DRF I, DRF II, DRF III, Vesteda Woningen, Vesteda Project B.V., Gordiaan Vastgoed B.V., H.O.G. Heerlen Onroerend Goed B.V., Vesteda Woningen II, DRF V and Vesteda Groep II B.V. are joined in a VAT Fiscal Unity. All members of a VAT fiscal unity are jointly and severally liable for Dutch VAT due by any member of the fiscal unity. See the section *Risk Factors - Tax Status of Vesteda Woningen* for a further description of the tax structure of Vesteda Woningen and Vesteda Woningen II and the mitigators that have been put in place in respect of the joint and several liability of members of the VAT Fiscal Unity.

Vesteda Woningen II forms a separate fund from Vesteda Woningen. It nor Vesteda Groep II B.V. nor DRF V is a borrower under the Secured Loan Agreement and is not involved in the transaction described herein. The Portfolio is held in Vesteda Woningen.

Vesteda Project B.V.

Vesteda Project B.V. carries out development activities as the preferred supplier for Vesteda Woningen. Vesteda Project B.V. has been created as a separate real estate developer as such activities may not be undertaken by a Fiscal Investment Institution (see description of tax issues relating to Vesteda Woningen below). Vesteda Project is owned by all participants *pro rata* to their overall investments in Vesteda Woningen (stock interest or partnership interest).

Vesteda Project B.V. is a separate legal entity that is not part of Vesteda Woningen. It is not a Borrower under the Secured Loan Agreement and is not involved in the transaction described herein. It is only described in this section for the sake of completeness.



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Income Tax Aspects of Vesteda Woningen's Structure

Holding DRF together with its subsidiaries DRF I, DRF II, DRF III and DRF IV, form a fiscal unity for Netherlands corporate income tax purposes and are taxed as a Fiscal Investment Institution ('***FII***') to which a zero rate of income tax applies.

In order to qualify as a FII, the conditions that have to be met include the following:

- The purpose and activities should consist of the passive investment of capital as opposed to carrying on of a business activity.
- The maximum debt level is the sum of 60% of the total fiscal book value of the property and 20% of the fiscal book value of other investments.
- The income available for distribution should be made available to the shareholders as a dividend within eight months after the end of the financial year.
- Since the shares of Holding DRF are not quoted on the stock exchange and Holding DRF does not have a permit under the Dutch Financial Supervision Act, at least 75% of the shares should be owned by non-corporate bodies, by entities that are not subject to, or are exempted from, income tax or – either directly or indirectly – by FII's, the shares of which are officially quoted on NYSE Euronext.

Vesteda Woningen is not liable to income tax, as a result of which its results are, for Dutch income tax purposes, included in the income of the participants on a pro rata basis. If Vesteda Woningen was to lose its tax transparency, this would make Vesteda Woningen an entity for corporate income tax purposes and liable for Dutch corporate income tax. The Dutch corporate income tax rate for 2010 is 20% for the first €200,000 of taxable income and 25.5% for taxable income exceeding €200,000. As of 1 January 2011 the Dutch corporate income tax rate is expected to be 20% for the first €40,000 of taxable income, 23% for the taxable income exceeding €40,000 but not exceeding €200,000 and 25.5% for taxable income exceeding €200,000.

Vesteda Woningen is (under current legislation) not an entity (*rechtspersoon*) for Netherlands corporate income tax purposes and all income, expenses and capital gains and losses of Vesteda Woningen are attributed to the participants in Vesteda Woningen for Netherlands income tax purposes.

Strategy

Vesteda Woningen invests in rental residential properties in the high-rent sector in the Netherlands. The basic motivation behind Vesteda Woningen's strategy is to achieve a steady increase in rental income and long-term value appreciation of the Portfolio. Within this strategy, Vesteda Woningen targets rent increases in excess of inflation and total returns above the industry benchmark.

This strategy has the following elements:

I. Dynamic Investment Portfolio

An important element of the strategy is to create opportunities to flexibly refresh the portfolio, if so desired because of market conditions and investment policy: the roll-over principle. On average over a longer period of time, a small portion of about 2 to 5 percent of the portfolio is sold each year. The value of the in- and outflow of properties over the years and the change in debt can therefore be balanced well. These in- and outflows keep the portfolio fresh and crystallise the increase in value.

II. Comprehensive Portfolio Management aligned to Target Portfolio

The target portfolio outlines the ultimately desired portfolio composition. All acquisitions and disposals are tested against the framework of the target portfolio. Annually the target portfolio is evaluated and adjusted if required. Most of the invested capital will eventually be invested in properties with a monthly rent of euro 600 to euro 1200. The core geographical areas experience sustained demand pressures in the high-rent segment. The focus in the coming years is the Randstad, Utrecht and Noord-Brabant.

III. Development Activities

Vesteda acquires properties through own development as well. This is the objective of Vesteda Project B.V., who also plays the role of principal towards third parties when constructing new properties. Projects that Vesteda desires, at the preferred locations, hardly exist and therefore must usually be developed. New building sites are scarce and can be created by urban redevelopment. In that, Vesteda takes into account the public space, infrastructure and proximity to the city centre and amenities. Experience has shown that in several municipalities Vesteda's specific knowledge of tenants and their needs can contribute to the development of an area or district. For a municipality, Vesteda's early participation is attractive, because it can work with the same party during the phases of area planning and development, realisation and exploitation and the municipality can rely on a market participant for part of its task. Vesteda Project B.V. can influence the basic assumptions of the new development because it participates early in the (re)development of areas.

Vesteda Project B.V. strives to achieve maximum flexibility in the inflow of new projects. Even until late stage of development, depending on the sale of properties from the investment portfolio and the expected level of market interest for properties in the project, Vesteda can decide whether it wants to develop the projects further and whether to rent and/or sell. In addition, Vesteda can choose to have projects flow into Vesteda Woningen or Vesteda Woningen II.

IV. Letting and Property Management

For letting and for commercial, administrative and technical property management, Vesteda has its own local property management branches. A Vesteda operated call centre manages maintenance requirements of tenants and ensures a high level of service.

As a result of Vesteda's choice of market segment the service needs are increasing. In 2002 Vesteda decided to conduct its property management in-house, so that customer focus and adequate services can be better ensured. Vesteda is able to do this in-house in all major regions due to its scale and the concentration of its portfolio in and around cities. For instance, closer management leads to an increased grip on performance and accurate service leads to a higher customer satisfaction and greater living pleasure. Furthermore, the Vesteda branches support Vesteda's branding as a quality name in the local housing markets. Direct customer contacts also provide for market and project knowledge that is used in strategic asset management and project development.

V. Disposals

The aim of the disposal activities is to crystallise the value appreciation and improve the composition, age, quality and risk mitigation of the portfolio.

Disposals allow Vesteda to quickly adjust the portfolio composition towards the target porfolio. Taking into account the market trends and peer analysis, the inflow of new projects in the Vesteda portfolio, multi-year portfolio management forecasts and liquidity projections, the asset management department prepares hold/sell analyses and advises the Board on disposals. After the Board decision, objects count towards the rental/selling phase of the Exploitation Portfolio. The asset management department determines the disposal strategy, amongst others by deciding on the phasing and pricing.

The divestiture of projects is done preferably by "*uitponden*": direct sale of individual units to the sitting tenant or - if vacant - to third parties. Selling to the new owner provides an optimal sales price.

Sale by complex takes place when unit sales does not provide financial benefits, for example when tenant turnover is low. Other reasons to sell on a complex basis are to create liquidity or to turnover portfolio more quickly.

It is intended that this strategy will be pursued in the future by Vesteda Woningen, subject to the covenants and provisions contained in the Secured Loan Agreement (including, but not limited, those relating to permitted disposals and permitted acquisitions).

Operations

The Vesteda Group derives most of its revenue from lease agreements entered into with respect to the Properties.

As at 31 December 2009, residential revenue accounted for 94.7% of total gross revenue, with the remainder derived from car parks and garages, commercial rentals, and other ancillary income.

The residential units are primarily let on the basis of standard lease agreements that are entered into directly by Groep (as agent of the (undisclosed) owner of such units). The most

important terms and conditions of these lease agreements are set out under the heading '*Vesteda Woningen's residential lease agreements*' below.

Real estate management

Vesteda has its own in-house property management for the administrative, technical and commercial management of its Properties. About 203 employees in locations throughout the country handle letting and maintain personal contact with customers during tenancy. Vesteda has so-called *Woongaleries* (local management branches) throughout the Netherlands. The local representatives are supported by a centralised call centre and a back office.

Vesteda Woningen's residential lease agreements

The residential units are primarily let on the basis of standard lease agreements that are entered into by Groep (as agent of the (undisclosed) owner of such units). The most important terms and conditions of these lease agreements are that:

(a) the premises may be used exclusively for residential purposes;

(b) the lease agreements have a minimum period of one year, following which the lease does not automatically terminate, but is extended for an unlimited period. During the first year, the lease agreement may not be terminated by either party;

(c) rent is to be paid monthly in advance (without any set-off or other deduction) on the first day of each month and in the manner agreed;

(d) in addition to the monthly rental, the tenant also pays a monthly amount pertaining to services charges. The amount payable is an estimation of the charges that will actually be incurred. Accordingly, an adjustment payment will be made at the end of each year, based on which either the excess will be refunded, or the shortage will be charged, to the tenant;

(e) in the case of a non-liberalised unit, the rent may be increased on the basis of an annual proposal by the landlord. The increase may not exceed the maximum percentage determined by the Dutch Government pursuant to the Dutch Civil Code and the Residential Tenancies Implementation Act (*Uitvoeringswet huurprijzen woonruimte*) subject to the maximum reasonable rent for the relevant unit. In the case of a liberalised unit, the rent increase is determined on the basis of an inflation index plus a percentage not higher than 2% (refer to section *Property Leasing in the Netherlands – Regulatory Framework* for further details);

(f) where a lease agreement relating to a liberalised unit has existed for at least five years and the rent has not been adjusted other than on the basis of the principles referred to in (e) above, the landlord will have the right to propose an adjustment of the rent in order to bring it in line with the then applicable market rental level. (If the tenant does not accept, section 7:274 subsection 1(d) of the Dutch Civil Code applies (see the section *Property Leasing in the Netherlands – Regulatory Framework* for further details);

(g) the tenant is prohibited from sub-leasing or in any other way surrendering control of the premises;

(h) at the end of the lease, the tenant is required to return the premises to the landlord in its original state and to bear all costs of bringing the premises to such original condition to the extent permitted under Dutch law;

(i) the landlord is responsible to bear the costs for all major renovations and repairs to the premises, while the tenant will bear the costs for the remaining, day-to-day repairs that are required in respect of the premises;

(j) notice of termination must take place by writ or by registered mail, having effect on the date of the start of the next payment period and taking into account any required notice period, the latter which will be a minimum of one month and a maximum of three months for the tenant and a minimum of three months for the landlord; and

(k) the grounds upon which the landlord may terminate the lease agreement are those provided by law (no others would in any event be permitted) including failure by the tenant to pay.

Rental collection

According to the provisions of the lease agreements entered into with respect to the Properties, the tenant is obliged, on a monthly basis, to pay in advance the rental and any other amounts owing under such lease agreement, without deduction or set-off, either by way of a direct deposit into a bank account designated by the landlord or by a manual bank transfer payment. Moneys received in the various Groep rental collection accounts are received on behalf of Vesteda Woningen and are transferred to a Master Collection Account in the name of one of the Borrowers at least once monthly.

In the event that a payment is not received on the due date, the following procedure applies for the collection of the relevant amount:

Steps by Vesteda's property management:

- if the moneys have not been received by the 10th day of the first following month, a reminder is sent to the tenant;

- if the moneys have not been received by the 20th day of the first following month, a second reminder is sent to the tenant;

- if the moneys have not been received by the 10th day of the second following month, an urgent request for payment is sent to the tenant wherein it is also stated that if the tenant fails to pay by the 20th day of the second following month the matter will be handed over to the bailiff who shall be instructed to collect the outstanding amount; and

- if the moneys have not been received by the 25th day of the second following month, the matter will be handed over to the bailiff who shall be instructed to collect the outstanding amount.

Steps by the bailiff (deurwaarder):

- within 3 days of receipt of the referral from Vesteda's Property Management, a demand letter will be sent to the tenant giving the tenant the opportunity to pay the outstanding amount, as increased by the interest accrued and the costs incurred, within a further 5 days;

- if it is the first time that the tenant has been in default, parties may decide to agree upon a payment arrangement, such arrangement only to be agreed upon if future rental amounts can be paid timely in advance;

- otherwise, if the tenant does not respond to the above-mentioned demand letter, such tenant will within a further 20 days be sued for payment, the summons also to demand evacuation of the premises if deemed appropriate; and

- if the tenant has been in default for more than 3 months, such tenant can also be sued for termination of the lease agreement, evacuation of the premises and payment of the outstanding amounts.

In the case of bankruptcy of a tenant, the Netherlands Bankruptcy Act (*Faillissementswet*) grants both the landlord and the bankruptcy receiver (*curator*) of the bankrupt estate (the latter with the courts' approval) the right to terminate the lease agreement. Outstanding rental amounts that arose before the bankruptcy, must be filed with the bankruptcy receiver for verification. The bankruptcy receiver may grant preference for the payment of such amounts, since a landlord is sometimes seen as a so-called 'forced creditor' (*dwangcrediteur*). Rental payable in respect of the period after bankruptcy does not need to be filed for verification, but becomes a preferred debt of the bankrupt estate. Local representatives are advised by Groep to require the bankruptcy receiver to pay any rental amounts in advance.

However, the aforementioned does not apply if a tenant is subject to the Debt Rescheduling Natural Persons Act (*Wet schuldsanering natuurlijke personen*). If a tenant is subject to debt rescheduling in accordance with the Debt Rescheduling Natural Persons Act only an administrator (*bewindvoerder*) or the tenant with permission of the administrator, has the right to terminate the lease agreement. Non-payment of rent by a tenant in respect of rent payable for the period preceding application of the Debt Rescheduling Natural Persons Act, can not result in termination or dissolution of the lease agreement (section 305 of the Dutch Bankruptcy Act).

PROPERTY LEASING IN THE NETHERLANDS – REGULATORY FRAMEWORK

Determining the original rent amount

In the Netherlands the rent amount under residential lease agreement is in principle freely negotiable between the landlord and the tenant. However, a points system exists on the basis of which the quality of a property is measured and a maximum rent amount is determined. The calculation is made by adding points for certain positive features (size, location, number of bathrooms, heating system, insulation, etc.) and subtracting points for certain negative features (serious defects, overdue maintenance, etc.). In this manner it is possible to determine whether the rent charged by the landlord is reasonable in relation to the quality of the property. Accordingly, if the tenant believes that the rent is too high, the tenant has six months from the commencement date of the lease to request the competent Rental Commission (*Huurcommissie*) to test the amount of the rent. The Rental Commission will then investigate the matter and if it is determined that the rent is too high, the landlord will be required to lower the amount of the rent.

The regulations concerning the determination of rent are laid down in the Dutch Civil Code (section 7:245 to 7:265 (inclusive)) and the Residential Tenancies Implementation Act (*Uitvoeringswet huurprijzen woonruimte*). Material criteria, such as the specific criteria used by the Rental Commission to assess the reasonableness of the rent amount, are to be found in a governmental decree.

Liberalisation of the rental market

If a lease agreement has been entered into after 1 July 1994 or the lease agreement relates to a house that is built on or after 1 July 1989 and the amount of the rent is at the commencement date of the lease agreement in excess of the maximum applicable at that time under the Housing Rent Allowance Act (*Wet op de huurtoeslag*), which as of 1 July 2009 is € 647.53, the provisions concerning the determination of the rent, subject to certain exceptions, are not applicable to such lease agreement. As a result, such lease agreement is said to be '*liberalised*'. This in principle means that most rules regarding the determination of the rent amount are not applicable. However, there are exceptions, most importantly that the tenant of a liberalised unit has the right to ask the Rental Commission to evaluate the price/quality ratio of the rented property on the basis of the above-mentioned points system within 6 months after the commencement of the lease agreement.

In addition, certain other provisions of the Dutch Civil Code apply to liberalised units (sections 7:249, 251, 259, 261 subsection 1 and 264 of the Dutch Civil Code). Pursuant to these provisions (i) rental agreements may not provide for more than one rent increase per year, (ii) provisions in rental agreements, (other than those relating to the rent amount), are invalid if they provide the landlord, the tenant or a third party with an unreasonable benefit (*onredelijk voordeel*), (iii) certain restrictions apply to additional costs, such as service costs, and (iv) the tenant and the landlord may request the competent district court to determine the tenant's payment obligations relating to the additional costs.

Rules applicable to increasing the rental amount

The landlord of a non-liberalised unit is allowed to raise the rent unilaterally on the basis of a stipulation in the lease agreement (section 7:248 subsection 1 of the Dutch Civil Code) or in the way prescribed in sections 7:252 and 7:253 of the Dutch Civil Code pursuant to which provisions the landlord is allowed to raise the rent in line with a maximum percentage determined annually by the Minister of Housing, Regional Development and Environment. The minister has determined that the maximum percentage for a rent increase for the period 1 July 2010 – 1 July 2011 is 1.2% (which equals the inflation rate for 2009)[30].

In contrast, the landlord of a liberalised unit is not allowed to raise the rent unilaterally, unless provided otherwise in the rental agreement (e.g. an annual rent increase on basis of an inflation index). However, even if an annual increase of the rent was not agreed, it might still be possible for the landlord of a liberalised unit to force the tenant to agree to an increase of the rent based on section 7:274 subsection 1(d) of the Dutch Civil Code. This subsection provides that if the tenant refuses to enter into a new rental agreement that holds a reasonable offer, which offer may in the case of a liberalised unit include a reasonable increase of the rent, the landlord may give a notice of termination of the lease (refer below for further details on termination of leases).

The standard lease agreement of Vesteda Woningen contains a special provision for liberalised units that provides that the rent is adjusted annually on the basis of an inflation index plus 2%. Based on this standard lease agreement, the extra 2% will not be imbursed if the landlord fails to inform the tenant of the adjustment of the rent.

Termination of lease agreement

Other than in the case of a breach of agreement by the tenant, it is always necessary to give notice of the termination of the agreement. This applies to both the landlord and the tenant. Such notice must always be sent by registered mail or be delivered by a bailiff. While the tenant may terminate the agreement without reason, the landlord may only terminate the agreement on the basis of one of the five grounds indicated below. The lease agreement is only terminated if the tenant agrees in writing with such termination within six weeks after the notification is sent. If the tenant does not so agree, the lease agreement can only be terminated pursuant to a court order.

The following five grounds for termination are:

1. *Breach of contract*: If the tenant does not comply with his obligations under the lease agreement or if the tenant does not behave as befits a good tenant.

2. *Fixed term agreement*: If a landlord wants to let a particular property for a limited period of time, it is possible to terminate a lease agreement following the expiry of such period. However, this is only possible if it is explicitly stipulated in the lease agreement that the property will have to be evicted at the expiry of the relevant period and the landlord has an interest in the eviction of the premises, for example, if after the eviction the landlord will occupy the premises himself.

[30] Ministerial Circular 25 January 2010, MG 2010-01

3. *Urgent inherent usage of the landlord*: If the landlord urgently requires the premises for his own purpose (sale of the premises is not an urgent usage), he can ask the court to terminate the lease on such basis. The following conditions have to be fulfilled: (a) the landlord must demonstrate that his need is so urgent that he cannot be expected to continue the lease, the interests of tenants and possible subtenants are also to be considered and (b) it has to appear that the tenant can find alternative suitable accommodation. The stipulation relating to 'urgent inherent usage' includes any renovation of the property which is impossible without termination of the lease. If the court orders that the lease agreement may be terminated, it may also stipulate that the landlord must pay a contribution to the tenant relating to removal and refurbishment expenses.

4. *Reasonable offer*: If the tenant refuses to accept a reasonable offer of the landlord concerning a new lease, the landlord can demand termination of the lease before the court. If the court considers the offer reasonable, it can allow the tenant a maximum period of not more than one month to accept the new agreement or it can terminate the lease. Such is, however, not possible if the offer relates to a non-liberalised unit and it concerns the rent amount or service charges.

5. *Applicable zoning plan*: It could be that the property upon which the premises are situated, has been designated for certain building works according to an applicable zoning plan. In such case, the landlord can give notice of termination and request the court to terminate the lease agreement. If the court grants such an order, it may also order that the landlord must pay the tenant a contribution towards moving and furnishing costs.

Furthermore, the following points should be considered in connection with a termination of a lease agreement:

- *Fixed period*: A lease agreement for a fixed period of time cannot, in principle, be terminated by either the landlord or the tenant before the expiration of the agreed period. Accordingly, if the tenant wishes to leave the premises before the end of such period, he would be liable to comply with this obligation. However, if both parties agree, the lease agreement may be terminated prematurely. Furthermore, a lease agreement for a fixed period of time can be set aside by a court order in case of a breach of contract by one of the parties (see below).

- *Notice period*: In order to terminate the lease, the landlord must allow a notice period of at least three months. For each year that the tenant has had undisturbed occupation of the premises, an extra month's notice period is required, however, subject to a maximum of six months. If the tenant wishes to terminate the agreement, the notice period is equal to the payment period under such lease agreement, with a minimum of one month and a maximum of three months. These periods apply even if there are prior oral or written agreements to the contrary.

- *Notice of termination/eviction*: As mentioned above, the landlord must give notice of termination of the lease, by registered mail or by a bailiffs notification

(*deurwaardersexploit*). The reasons for the termination should be pointed out thoroughly and the landlord must ask the tenant to inform him in writing within six weeks after the date of the notification whether he agrees with the termination or not. If the tenant does not agree, the lease agreement continues. In such case the only way the lease can be terminated is on the basis of a court order.

- *Application to court*: If the tenant does not agree to the termination of the lease within six weeks after the notification, the landlord can institute an action against the tenant before the court. The landlord can apply to the court to request that the court determines the expiry date of the lease. In making its decision, the court will only take into account the reasons mentioned by the landlord in its notice of termination. If the court rejects the application, the lease continues. If the application is granted, the court will determine a date upon which the lease is terminated and when the premises must be evicted. It is possible for the tenant to appeal the decision of the court. The time frame for such court proceedings will differ from case to case and could be prolonged if the tenant decides to appeal the decision of the court in the first instance. However, a judgment may be declared provisionally enforceable, which means that the premises can be evicted before the landlord has received an irrevocable judgment. If the higher court decides in favour of the tenant the landlord may be liable for the damages suffered by the tenant as a result of the (unlawful) eviction.

- *Breach of contract*: If the tenant does not comply with his obligations, the landlord can request the court to terminate the agreement on the basis of malperformance (thus without having sent notice of termination first). Before deciding to order the termination of this agreement due to malperformance, the court can, if it is deemed reasonable, allow the tenant a maximum period of one month to remedy the breach. The court will then set a date by which time the tenant must evacuate the premises. Any provision in a lease agreement stating that, in the case of malperformance by the tenant, the agreement may be terminated without the intervention of the court, is invalid.

- *Failure to agree*: The Dutch Civil Code provides that with respect to non-liberalised units, the landlord may not terminate the lease agreement if the tenant is not in agreement with an increase of the rental amount or due to a dispute over service charges.

DESCRIPTION OF THE PORTFOLIO

General

As mentioned in the section *Vesteda Group – Corporate Profile and Business*, 309 properties owned by Vesteda Woningen (the '***Properties***', each a '***Property***' and together, as the context may require, the '***Portfolio***') as at 31 December 2009 were valued at € 4,424,276,130. No revaluation of the Properties for the purposes of the issue of the Class A7 Notes has taken place.

The following table shows the key indicators for the Properties of Vesteda Woningen.

Properties as at 31 December 2009	
Number of residential units	27,008
Number of m^2 of commercial space	52,292
Number of parking places/garages	9,422
Value in € million approximately	4,424
Gross annual rent* in 2009 in € million	240
Net annual rent** in 2009 in € million	177

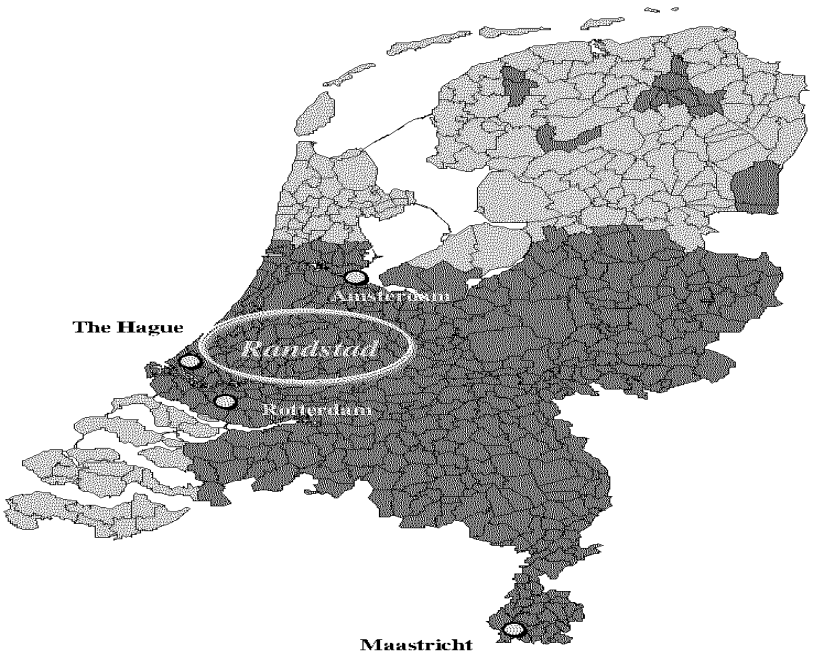
* Annualised passing rent as at 31 December 2009 less financial vacancy plus other income.

** Gross annual rent less 'letting expenses' (26.4% for the whole Portfolio). Letting expenses do not include head office management expenses or capital expenditure.

The Portfolio consists of apartments and single-family attached houses, (including parking places/garages) amounting to 97.4% of the rental value. The value of the Portfolio has been determined on the basis that a Property should be valued at the obtainable market value.

In the above mentioned properties are 2 properties which are partly held under construction and not currently income producing. The value € 3,288,994 attributable to these properties reflects the costs paid to date for these properties whilst under construction. It is anticipated that these properties will be completed in 2010 and will be valued on completion at about €100,000,000. The 309 Properties mentioned above do include the 2 properties under construction. The properties under construction count for 205 units which are not comprised in the number of residential units in the table above.

The Portfolio is concentrated in the urban areas in the Randstad and in the central and southern Netherlands, as depicted below.



Composition by value of the so-called Woongaleries, central locations in major urban areas from which Vesteda handles the letting, personal customer contacts and promotion of the brand, is as follows: 31% Woongalerie Amsterdam, 17% Woongalerie The Hague, 13% Woongalerie Arnhem, 13% Woongalerie Rotterdam, 12% Woongalerie Eindhoven, 10% Woongalerie Maastricht and 4% externally managed.

The average age of the properties that were fully operational as at 31 December 2009 was 18.7 years.

The figure below shows the age spread of the Portfolio based on 307 Properties (i.e. excluding the Properties under construction).

Age of portfolio by number of units and values as at 31st December 2009

	Units	***Value***
<6	11.04%	19.51%
6-10	7.13%	7.90%
11-15	6.07%	6.26%
16-20	19.97%	19.30%
21-25	19.40%	16.44%
26-30	11.79%	9.11%
31-35	14.60%	12.68%
36-40	9.74%	8.62%
41-45	0.00%	0.00%
>45	0.27%	0.18%

Age is calculated as the difference between 2009 and the first full calendar year that the property was available for letting.

Some 75.4% by number and 78.5% by value of the Properties are less than 30 years old.

As at 31 December 2009, the level of occupancy of the residential Properties in the Portfolio was 95.9% by units.

Vesteda Woningen plans to maintain the Portfolio at the present level.

Development portfolio

The development portfolio is held by Vesteda Project B.V. It does not form part of the assets of the DRFs but the description below provides further insight into Vesteda Woningen's strategy, in particular with respect to future properties that may be sourced for the churn of the Properties.

Changes to the Portfolio since December 2007

The Portfolio size has increased in units and in Properties. In addition, the average capital and rental value per unit has increased. This results in an increase of the overall value of the Portfolio.

Letting portfolio by rent per unit per month

	2008	***2009***
<400	2.81%	0.81%
401-500	8.93%	9.26%
501-600	25.24%	22.21%
601-700	22.66%	20.68%
701-800	18.45%	19.22%
801-900	9.40%	11.16%
901-1000	4.00%	5.93%
1001-1100	1.79%	2.37%
>1100	6.72%	8.35%

In 2009:

- A total of 10 completed properties have been acquired, generating rental income from 496 units; all were added through in-house project development.
- 1,112 units have been sold:
    - 66% of the total of units sold, have been sold as part of the bulk sale of 3 complete Properties.

- 34% of units have been sold individually from Properties belonging to the Portfolio.

Due to the market conditions the majority of units sold was the result of bulk sale.

Sales strategy is however to maximise unit-by-unit sale.

	31 December 2007	31 December 2008	31 December 2009
Properties	325	339	309
Residential units	28,334	27,624	27,008
Total value portfolio in €	4,810,778,626	4,717,934,071	4,424,276,130
Properties under construction in €	11,670,021	18,439,837	3,288,994
Value portfolio generating rent in €	4,799,108,605	4,699,494,234	4,420,987,136
Average rent per residential unit per month in €	688	721	752
Annual passing rent in €	245,125,001	252,418,371	257,604,981
Annual passing rent less vacancies and other income	234,066,906	237,086,610	238,872,007
Letting expenses in € (calculated as a sustainable rate rate of 28% of annualised rent less vacancies and other income)	-65,538,734	-66,384,251	-66,884,162
Management fees in € (calculated as a sustainable rate of 0.38% of the value)	-18,236,613	-17,858,078	-16,799,751
NOI in €	150,291,560	152,844,281	155,188,094
Capex in € (calculated as a sustainable rate of 12% PGOF Gross Annualised Rent)	-29,415,000	-30,290,205	-30,912,598
NFC in €	120,876,560	122,554,077	124,275,496
Loan size in €	1,650,000,000	1,600,000,000	1,600,000,000
LTV	34.3%	33.9%	36.2%
ISCR (based on NOI and floating rate + spread: (3,81% in 2007; 4.33% in 2008; 4,16% in 2009))	2.33%	2.21%	2.33%
Debt yield (NOI/Debt Amount)	9.11%	9.55%	9.70%

	2007	2008	2009
Units sold	-1,263	-1,052	-1,112
Units completed	561	344	496
Units changed in layout	0	-2	0
Units purchased	1,046	0	0
Net change	344	-710	-616

MANAGEMENT OF VESTEDA GROEP

The Board of Directors and the Supervisory Board

Central to the management organisation is Groep, which is the general partner (*beherend vennoot*) of Vesteda Woningen, and the director of Vesteda Project B.V. Groep has a two tier board structure consisting of a Board of Directors and a Supervisory Board. The members of the Board of Directors of Groep have also been appointed as the managing directors of Holding DRF, as is required under the provisions of the Participation Agreement (as defined above). Holding DRF is the managing director of DRF I, DRF II, DRF III and DRF IV. The appointment of the members of the Board of Directors of Groep took place in accordance with a resolution passed by the General Meeting of Shareholders of Groep on a non-binding nomination made by the Supervisory Board.

The Board of Directors of Groep consists of the following members:

- *Mr. H.C.F Smeets (62)*: Mr. Smeets has been a member of the Managing Board of Groep since 1 January 2000. Mr. Smeets was appointed as Chairman of the Managing Board on 20 November 2003 and is responsible for Strategy, Project- and Intra-City Development, Personnel and Organisation, Corporate Communications, Legal Affairs and Investor Relations. After graduating in Dutch law of the University of Utrecht, he actively participated in the urban renewal initiative in Maastricht in the late 70s, and also in the Regional and Economic Development of Meerssen. In 1988, he was nominated as Director of Urban Planning and Land-Related Issues in Maastricht. In this capacity, he was the official in charge of, amongst others, large-scale projects such as Céramique and Markt/Maasproject. Other positions held by him include member of the VROM Council and member of the board of NEPROM.

- *F.H. van der Togt RA (57)*: Mr. van der Togt has been the Finance Director of Groep since February 2000, initially on an interim basis. As of 1 January 2002, he was appointed as Director of the Groep and is responsible for Finance, ICT, Tax, Business Development, Control, Accounting, International Activities and Investor Relations. After obtaining his HBS-B diploma, Mr. van der Togt became a certified public accountant and worked in the field of accountancy until 1990. After this, he gained four years of experience in the field of international business. Before 2000, Mr. van der Togt was an independent interim manager and independent operator in various functions in a wide variety of organisations.

- *O. Breur (59)*: Mr. Breur was appointed as a Managing Director of Group on 1 July 2004. He is responsible for Property Management, Product Development, Market Research, Sales, Asset Management, Innovation, International Activities and Facility Management. Mr. Breur joined in 1978, the institutional real estate brokerage department of Zadelhoff Makelaars in Amsterdam. After his transfer to the United States in 1980, he joined Dutch Institutional Holding Company (DIHC) in Atlanta, Georgia, the US real estate investment office of PGGM

(Dutch pension fund) as vice-president acquisition and business development in 1984. In 1990, Mr. Breur joined what is currently named ING Real Estate (the Netherlands). His responsibilities included the asset and fund management of Winkelfonds Nederland, ING's first non-listed real estate fund. From 1996 until July 2004, Mr. Breur was head of Real Estate within pension and asset manager PVF and became general manager of real estate and real estate finance of Achmea, after the merger between Achmea and PVF in 1998.

On 31 March 2010 it was announced that Mr. Smeets will step down as Chairman of the Managing Board as of early 2011 after which he will become advisor to the Managing Board for another year (until his pensionable age). At the same time it was announced that Mr. van der Togt will step down as Finance Director as of 1 July 2010. Until mid 2011 Mr. van der Togt will be advisor to the Managing Board so as to ensure a smooth transition to the new Finance Director to be appointed. It was also announced that as per 1 April 2010 Mr. N. Mol was appointed as Managing Director of Groep. Mr. Mol is responsible for Sales and Acquisitions. He has been working for Vesteda as a director of Vesteda Project B.V. for eight years. Prior to that Mr. Mol was a director of, among others, Blauwhoed Vastgoed and Eurowoningen. Mr. Mol is appointed until the end of 2013 after which it will be determined whether the position of Sales and Acquisitions will become permanent.

The Supervisory Board of Groep comprises the following members:

- *Mr. W.F.Th. Corpeleijn (61)*: Mr. Corpeleijn is a lawyer holding supervisory directorships in a number of international companies – some of which are listed companies – in the Netherlands and in Belgium.

- *P.S. van den Berg (64)*: Mr Van den Berg started his career as an accountant and management consultant at, among others, Ernst & Young and PGGM. He is currently on the supervisory board or management board at a number of real estate investment funds, including ING Dutch Retail Fund, ING Dutch Office Fund and ING Dutch Residential Fund.

- *Drs. D.J. de Beus (63)*: started his career at GAK. He joined PGGM in 1979 and has recently retired as chairman of the board of managing directors of PGGM.

- *Drs. Ir. C.A.M. de Boo (65)*: Mr. De Boo started his career as consultant with Twynstra Gudde. He joined Amvest as chairman of the board in 1996. In 2000 Mr. De Boo joined NS Vastgoed as chairman of the board. He retired in 2006.

- *Mr. C.M. Insinger* (44): Ms. Insinger was appointed to the Supervisory Board in January 2010. Ms. Insinger is a member of the board of Erasmus MC and a member of the supervisory board of SNS Reaal N.V.

The Board of Directors and the Supervisory Board of Groep have their domicile at Plein 1992 1, 6221 JP Maastricht, The Netherlands.

In order to participate in Vesteda Woningen, the potential participants must become a party to and subscribe to a Participation Agreement, as amended from time to time, between the participants in Vesteda Woningen. The Participation Agreement governs certain relationships among the participants and vis-à-vis Vesteda Woningen.

In order to secure the transparency for tax purposes of Vesteda Woningen, the admittance of a participant in Vesteda Woningen and the sale or transfer of a participation in Vesteda Woningen is subject to the approval of all participants in Vesteda Woningen.

At the date of the Prospectus, none of the members of the Board of Directors of Groep or the Supervisory Board of Groep have any potential conflict of interest between their duties to Groep and their other principal activities as listed above except that under Netherlands law special rules apply in situations where directors of a company are also director of a related party which is involved in the same transaction, which as a matter of Netherlands law is deemed to constitute a conflict of interest per se.

FINANCIAL INFORMATION

Set out below is the financial information of Vesteda Woningen C.V. for 31 December 2009 and 31 December 2008.

The information set out on pages 143 to 151 herein is extracted from the Financial Statements of Vesteda Woningen C.V. for 2009.

INTRODUCTION

The Vesteda Group is divided into three organisationally-associated units: one responsible for ownership, one for property management and one for property development. The legal owners of the property are Dutch Residential Fund I B.V., Dutch Residential Fund II B.V., Dutch Residential Fund III B.V. and Dutch Residential Fund V B.V.. Dutch Residential Fund IV B.V. has embodied the beneficial ownership of the property portfolio in investments in Vesteda Woningen C.V. and Vesteda Woningen II C.V.

During 2009, a parallel fund, Vesteda Woningen II C.V., was incorporated along with Vesteda Groep II B.V. and Dutch Residential Fund V B.V.

In their capacity as custodians, Dutch Residential Fund I B.V., Dutch Residential Fund II B.V. and Dutch Residential Fund III B.V. are legally entitled to all the property belonging to Vesteda Woningen C.V. on behalf of the investors. In its capacity as custodian, Dutch Residential Fund V B.V. is legally entitled to all the property belonging to Vesteda Woningen II C.V. on behalf of the investors. The limited partners have beneficial entitlement to these assets.

Investments can be made in Vesteda Woningen C.V. and Vesteda Woningen II C.V. either directly or through Holding Dutch Residential Fund B.V., but investment also involves an obligation to invest to an equal percentage in Vesteda Groep B.V. and Vesteda Groep II B.V. (management) and Vesteda Project B.V. Vesteda Groep B.V. has a mandate to enter into rights and obligations with respect to the properties, and that mandate extends to Vesteda Groep II B.V. with respect to Vesteda Woningen II C.V.

The rights and obligations of the limited partners in Vesteda Woningen C.V. and Vesteda Woningen II C.V. are set out in two Investor Agreements. Vesteda Groep B.V. has been appointed manager of Vesteda Woningen C.V. Vesteda Groep II B.V. has been appointed manager of Vesteda Woningen II C.V.

ACCOUNTING POLICIES

As Vesteda Woningen C.V. has similarities to a company, the financial information below use terminology customarily used in financial statements. The financial information was drawn up in compliance with generally accepted reporting standards in the Netherlands.

Accounting policies for valuing assets and liabilities

General

Preparation of the financial statements requires estimates and judgements to be made which may affect the amounts reported for assets and liabilities, income and expenditure and the related reporting of assets and liabilities not recognised in the balance sheet at the date of the financial statements. The accounting policies which, in the opinion of the Managing Board, are the most significant to the financial position and the results of activities are addressed in the relevant notes as are matters which are intrinsically uncertain and where the Managing Board has to make estimates and judgements. The Managing Board notes that future events often differ from the forecasts and that estimates have to be updated regularly.

Property

The Development Portfolio is stated at the lower of cost and market value. On completion of a project, the complex is included in the Letting Portfolio or disposed of.

The Letting Portfolio is stated at fair value. Pursuant to Guideline 213 'Investment properties', the complexes in this portfolio are stated at fair value, being the higher of market value with sitting tenants and net realisable value on disposal of complete complexes to organisations specialising in the selling of individual units.

A condition when establishing the fair value is that if the market value with sitting tenants is higher, the fair value will be no more than 110% of the net realisable value in the case of disposals of complete complexes to organisations specialising in the selling of individual units.

The market value with sitting tenants and the appraised net realisable value in the case of disposals of complete complexes as a whole to organisations specialising in the selling of individual units are determined using the discounted cash flow method. Almost the entire portfolio is appraised during the year by external valuers. Complexes handed over during the fourth quarter are appraised externally the following year. Complexes are appraised internally, externally or by desktop analysis each quarter. The aim is to achieve sufficient coverage each quarter for a representative reflection of the total portfolio by age, location, type, region and capital investment. Conveyancing charges and other selling costs are taken into account in determining both the net realisable value in the case of disposals of complete complexes to organisations specialising in the selling of individual units and the market value with sitting tenants.

Tangible fixed assets

The company's office building is stated at fair value, reappraised annually by an external valuer. The revaluation is taken direct to equity, and recognised through the revaluation reserve. Straight-line depreciation is provided, based on the estimated useful economic life of 30 years.

An asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement.

Financial fixed assets

If controlling or significant influence is exercised on the commercial and financial policy of participating interests, those interests are accounted for using the equity method based on net asset value. Other participating interests are stated at the lower of historical cost and market value. Loans receivable are stated at face value. Where necessary, there is a write-down for doubtful debts.

Receivables

Receivables are carried at amortised cost, which is generally in line with face value, less a provision for doubtful debts.

Cash and cash equivalents

Cash is cash in hand and at bank. Cash is stated at face value.

Long-term liabilities

Loans are initially recognised at cost, which is the fair value of the consideration received, less transaction costs. After initial recognition, loans are subsequently measured at amortised cost using the effective interest method. In calculating amortised cost, allowance is made for all costs, premiums or discounts in relation to the issue of the loan. Interest expense is attributed to the period to which it relates and recognised through the income statement.

Derivatives

The group uses derivatives (interest swaps) to hedge changes in interest rates. Derivatives are used as cash flow cover to hedge the risk of uncertain future cash flows. In the financial statements, these relate to the variable-rate bonds. Derivatives are initially recognised at fair value including transaction costs and then at fair value at each reporting date. If positive, changes in the fair value of derivatives concerning the bonds are recognised through the derivatives revaluation reserve in equity.

Provisions

Provisions are recognised if it is probable that the obligation will have to be settled and a reliable estimate can be made of the amount of the obligation. The amount of a provision is set using the best estimate of the amount that will be required to settle the obligations and losses at the reporting date.

Current liabilities

Trade creditors and other current liabilities are carried at amortised cost, which is generally in line with face value.

Distinction between current and fixed assets and between current and non-current liabilities.

Assets and liabilities are classified as current (short-term) if it is expected that they will be realised or settled within 12 months of the reporting date.

Other

Unless otherwise mentioned, valuation is according to the historical cost convention. Amounts are shown at face value.

Accounting policies for the determination of results

General

Operating expenses are stated at historical cost. Income is recognised when realised, expenses are recognised as soon as they become known. Income and expenses are allocated to the year to which they relate.

Rental income

Rental income is the total rent invoiced to tenants in respect of the financial year. The amount shown, therefore, takes account of rent lost due to vacancies and discounts. Rental income does not include service charges paid in advance by tenants.

Letting expenses

Letting expenses comprise costs directly attributable to a specific complex. These costs are mainly maintenance costs, property tax and other levies, insurance premiums, management and letting fees and service costs not chargeable to tenants. There is no equalisation provision for major maintenance.

Other income

This includes the other income generated by short-stay lets.

Property management expenses

Any operating expenses that cannot be allocated directly to the various properties are regarded as property management expenses.

Interest income and expense

Interest income and expense are stated at face value. Changes in the current value of derivatives concerning the credit facility still available are recognised in interest expense.

Realised result

The realised result is the sum of the net letting income and other income less operating expenses and net interest charges, plus the results realised on property disposals. The result on disposals is the proceeds from sales (less any facilitation costs) less the most recent value of the properties sold, established each quarter.

Unrealised result

The unrealised result is made up of the total of unrealised revaluations as a consequence of external and internal appraisals and updates and the addition to the provision for downward revaluation of the pipeline.

Tax

Tax on the result is calculated by applying the standard rate of tax to the taxable amount.

Tax status

The Holding Dutch Residential Fund B.V. fiscal group has been regarded as a fiscal investment institution since 2002. On this basis, providing a number of conditions are met, a corporation tax rate of 0% applies. The most important condition to be met is that the profit, calculated in accordance with fiscal principles, is distributed in the form of dividend within eight months of the end of the financial year.

Vesteda Woningen C.V. is transparent for corporation tax purposes. Vesteda Groep B.V., Vesteda Groep II B.V., Vesteda Project B.V., Vesteda Woningen C.V. and Vesteda Woningen II C.V. form a VAT group. Consequently, VAT is not levied on supplies between these entities.

Balance sheet as at 31 December 2009

(after appropriation of profit)

Amounts in millions of euros	31 December 2009	31 December 2008
ASSETS		
Fixed assets		
Property	4,424	4,718
Tangible fixed assets	8	8
Financial fixed assets	21	19
	4,453	4,745
Current assets		
Receivables	10	11
Tax and social security contributions	-	2
Cash	16	49
	26	62
Total assets	**4,479**	**4,807**
EQUITY AND LIABILITIES		
Fund capital	2,698	3,118
Provisions	52	-
Long-term liabilities		
Amounts owed to group companies	1,600	1,600
Other long-term liabilities	85	48
	1,685	1,648
Current liabilities		
Tax and social security contributions	1	-
Other current liabilities	10	8
Accruals and deferred income	33	33
	44	41
Total equity and liabilities	**4,479**	**4,807**

Income statement for 2009

Amounts in millions of euros	2009	2008	
Income			
Rental income	245	239	*
Less: Letting expenses	65	65	
Net letting income	180	174	
Subsidies and other income	2	2	*
Total operating income	**182**	**176**	
Expenses			
Property management expenses	18	19	
Interest income	2	3	
Interest expense	66	71	
Operating result	100	89	
Result on disposals	9	20	
Realised result	109	109	
Unrealised result	345-	119-	
Result	**236-**	**10-**	

* Reclassified for comparison purposes.

Cash flow statement for 2009

Amounts in millions of euros	**2009**	**2008**
Realised result	109	109
Amortisation of financial fixed assets	1	1
Movement in receivables	3	–
Movement in current liabilities	6	10-
Cash flow from operating activities	**119**	**100**
Investments in property	167-	179-
Investments/disposals of financial fixed assets	3-	1-
Disposals of property	164	156
Cash flow from investment activities	**6-**	**24-**
Loan drawings	–	150
Loan repayments	–	200-
Distributions to unit-holders	146-	-
Cash flow from financing activities	146-	50-
Total cash flow	**33-**	**26**
Cash at end of year	16	49
Cash at beginning of year	49	23
	33-	**26**

Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The funds in the cash flow statement consist exclusively of cash and cash equivalents. Receipts and expenditure in connection with interest and tax on profit are included in the cash flow from operating activities. Dividends paid are included in the cash flow from financing activities.

NOTES TO THE BALANCE SHEET

Property

		Letting portfolio		
	Development portfolio	**Letting phase**	**Letting/sale phase**	**Total**
Amounts in millions of euros				
Value as at 1 January 2009	19	2,974	1,725	4,718
Investments	152	7	8	167
Disposals	–	–	164-	164-
Internal transfers	168-	160	8	–
Subtotal	3	3,141	1,577	4,721
Revaluations during the year	–	208-	89-	297-
Value as at 31 December 2009	**3**	**2,933**	**1,488**	**4,424**

Fund capital

		Revaluation reserve			
Amounts in millions of euros	**Share premium**	**Property**	**Office building**	**Other reserve**	**Total**
Value as at 1 January 2009 *	2,140	1,001	1	24-	3,118
Dividend	146-	–	–	–	146-
Result	–	171-	–	66-	237-
Revaluation of derivatives	–	–	–	37-	37-
Realised from sales	–	23-	–	23	–
Value as at 31 December 2009	**1,994**	**807**	**1**	**104-**	**2,698**

* Reclassified for comparison purposes. The reclassifications relate to the conversion of negative revaluations from the property investments revaluation reserve and the derivatives revaluation reserve to the other reserve. There have also been transfers within the freely distributable reserves.

In 2009, a €121 million dividend for 2008 and a €25 million interim dividend for 2009 were distributed to unit-holders in Vesteda Woningen C.V.

AUDITOR'S REPORT

To the board of directors of Vesteda Woningen C.V.

AUDITOR'S REPORT

Introduction

We have audited whether the accompanying abbreviated financial statements of Vesteda Woningen C.V., Maastricht, for the year 2009 (as set out on pages 143 to 151) have been derived consistently from the audited financial statements of Vesteda Woningen C.V., for the year 2009. In our auditor's report dated 24 February 2010 we expressed an unqualified opinion on these financial statements. The board of directors is responsible for the preparation of the abbreviated financial statements in accordance with the accounting policies as applied in the 2009 financial statements of Vesteda Woningen C.V. Our responsibility is to express an opinion on these abbreviated financial statements.

Scope

We conducted our audit in accordance with Dutch law. This law requires that we plan and perform the audit to obtain reasonable assurance that the abbreviated financial statements have been derived consistently from the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these abbreviated financial statements have been derived consistently, in all material respects, from the financial statements.

Emphasis of matter

For a better understanding of the company's financial position and results and the scope of our audit, we emphasize that the abbreviated financial statements should be read in conjunction with the unabridged financial statements, from which the abbreviated financial statements were derived and our unqualified auditor's report thereon dated 24 February 2010. Our opinion is not qualified in respect of this matter.

Maastricht, 13 April 2010

Ernst & Young Accountants LLP

Signed by J.M. Heijster

VESTEDA RESIDENTIAL FUNDING II B.V.

Vesteda Residential Funding II B.V. was incorporated with limited liability under the laws of the Netherlands on 8 July 2005 under number B.V. 1330079 as a special purpose vehicle. The corporate seat (*statutaire zetel*) of the Issuer is in Amsterdam, the Netherlands. The Issuer is registered with the Commercial Register of the Chamber of Commerce under number 34229747.

Sole Director and Corporate Administrator

The sole managing director of the Issuer is ATC Management B.V. The directors of ATC Management B.V. are J.H. Scholts, R. Posthumus, R. Rosenboom, R. Langelaar and A.R. van der Veen, with telephone number +31 20 577 11 77 and its business address at Frederik Roeskestraat 123, 1076 EE, Amsterdam, The Netherlands.

The Corporate Administrator and ATC Management B.V. entered into the Corporate Services Agreements in order to provide administrative services to the Issuer and the Shareholder. These Corporate Services Agreements may be terminated, *inter alia*, by the Security Trustee upon the occurrence of certain termination events (which include certain failures by Corporate Administrator or ATC Management B.V. (as the case may be) to comply with its obligations under such Corporate Services Agreement and certain insolvency events).

Purpose

The objectives of the Issuer are, amongst other things:

(a) to raise funds by issuing notes from time to time and to invest the funds raised by the company in connection with such issue in advances made from time to time to the Borrowers pursuant to a secured loan agreement between the Issuer, Groep, DRF I, DRF II and DRF III and the Security Trustee (as amended from time to time);

(b) to grant security in connection with the foregoing; and

(c) to enter into agreements and documents in connection with the foregoing (including one or more secured loan agreements, liquidity facility agreements, interest rate cap agreements and bank account and cash management agreements) and to exercise rights and to comply with its obligations under these agreements and documents.

The Issuer may do all such further acts that are related to the above or that are conducive thereto. The Issuer shall not engage in any transactions that are not related or conducive to the above-described objects.

The Issuer will enter into the Relevant Documents to which it is expressed to be a party, and exercise all related rights, powers and activities incidental thereto.

There is no intention to accumulate surpluses in the Issuer.

Share Capital

The Issuer has an authorised share capital of € 18,000, all of which have been issued and are fully paid. All shares of the Issuer are held by Stichting Vesteda Residential Funding II.

Stichting Vesteda Residential Funding II is a foundation (*stichting*) incorporated under the laws of the Netherlands on 21 June 2005. The objects of Stichting Vesteda Residential Funding II are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Issuer and to exercise all rights attached to such shares and to dispose of and encumber such shares. The sole managing director of Stichting Vesteda Residential Funding II is ATC Management B.V.

The financial year of the Issuer coincides with the calendar year.

Capitalisation

The following table shows the capitalisation of the Issuer as of 16 April 2010 as adjusted to take account of the Class A7 Notes expected to be issued on or around the Closing Date:

Share Capital

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

Borrowings

Class A2 Notes	euro 400,000,000[31]
Class A3 Notes	euro 400,000,000
Class A4 Notes	euro 300,000,000
Class A5 Notes	euro 350,000,000
Class A6 Notes	euro 150,000,000
Class A7 Notes	euro 350,000,000[32]

[31] Class A2 Notes to be redeemed on the Closing Date.
[32] Class A7 Notes to be issued on the Closing Date.

BALANCE SHEET AS OF DECEMBER 31, 2009
(BEFORE APPROPRIATION OF RESULT)

		December 31, 2009		December 31, 2008	
		EUR	EUR	EUR	EUR
ASSETS					
Financial fixed assets	*2.5.1*				
Secured loan			1,600,000,000		1,600,000,000
Current assets	*2.5.2*				
Accounts receivable		127.267		128.182	
Interest receivable borrowers		13,138,088		14,026,272	
Interest Rate Swap receivable		0		3,338,533	
			13,265,355		17,492,987
Cash and cash equivalents	*2.5.3*		15.500		17.620
			1,613,280,855		1,617,510,607
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	*2.5.4*		18.000		18.000
Long-term liabilities	*2.5.5*				
Class A-Notes			1,600,000,000		1,600,000,000
Current liabilities	*2.5.6*				
Interest payable		3,248,210		17,364,805	
Interest Rate Swap payable		9,889,878		0	
Corporate income tax payable		511		923	
Accrued expenses		124.256		126.879	
			13,262,855		17,492,607
			1,613,280,855		1,617,510,607

STATEMENT OF CASH FLOWS FOR THE YEAR 2009

		2009		2008
	EUR	EUR	EUR	EUR
Cash flow from operating activities				
Net result		0		0
Changes in working capital:				
Decrease (increase) accounts receivable	915		-86.007	
Decrease (increase) interest receivable	888.184		-1,124,798	
Decrease (increase) Interest Rate Swap receivable	13,228,411		-741.047	
Decrease (increase) interest payable	-14,116,595		1,865,845	
Decrease (increase) accrued expenses and other liabilities	-3.035		85.414	
		-2.120		-593
		-2.120		-593
Cash flow from investing activities				
Decrease Secured loan		0		50,000,000
Cash flow from financing activities				
Class A-Notes issued	0		150,000,000	
Class A-Notes redeemed	0		-200,000,000	
		0		-50,000,000
Net decrease in cash and cash equivalents		-2.120		-593
Cash and cash equivalents at beginning of year		17.620		18.213
Cash and cash equivalents at end of year		15.500		17.620

STATEMENT OF INCOME FOR THE YEAR 2009

		2009		2008
	EUR	EUR	EUR	EUR
Interest income				
Interest income Secured Loan	63,946,296		68,888,425	
Interest Rate Swap income	-33,520,611		14,219,285	
		30,425,685		83,107,710
Interest expense				
Interest expense Class A-Notes		30,425,685		83,107,710
Interest margin		0		0
Operating expenses	-705.990		-649.452	
Allocated to Borrowers	705.990		649.452	
Income before taxation		0		0
Corporate income tax	738		548	
Allocated to Borrowers	738		548	
		0		0
Net result		0		0

AUDITOR'S REPORT

To the board of directors of Vesteda Residential Funding II B.V.

AUDITOR'S REPORT

Introduction

We have audited whether the accompanying abbreviated financial statements of Vesteda Residential Funding II B.V., Amsterdam, for the year 2009 (as set out on pages 155 to 157) have been derived consistently from the audited financial statements of Vesteda Residential Funding II B.V., for the year 2009. In our auditor's report dated 5 February 2010 we expressed an unqualified opinion on these financial statements. The board of directors is responsible for the preparation of the abbreviated financial statements in accordance with the accounting policies as applied in the 2009 financial statements of Vesteda Residential Funding II B.V. Our responsibility is to express an opinion on these abbreviated financial statements.

Scope

We conducted our audit in accordance with Dutch law. This law requires that we plan and perform the audit to obtain reasonable assurance that the abbreviated financial statements have been derived consistently from the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these abbreviated financial statements have been derived consistently, in all material respects, from the financial statements.

Emphasis of matter

For a better understanding of the company's financial position and results and the scope of our audit, we emphasize that the abbreviated financial statements should be read in conjunction with the unabridged financial statements, from which the abbreviated financial statements were derived and our unqualified auditor's report thereon dated 5 February 2010. Our opinion is not qualified in respect of this matter.

Eindhoven, 13 April 2010

Ernst & Young Accountants LLP

Signed by N.A.J. Silverentand

USE OF PROCEEDS

The net proceeds from the issue of the Class A7 Notes are expected to amount to approximately €350,000,000, and, subject to the satisfaction of certain conditions precedent, will be applied by the Issuer on the Closing Date to make the Term A7 Advance (as defined herein) to the Borrowers subject to and in accordance with the Secured Loan Agreement. Certain fees and expenses which will be incurred by the Issuer in connection with the issue and listing of the Class A7 Notes will be paid for by Groep.

On or around the Closing Date the Borrowers will apply the Term A7 Advance for the repayment of the Term A2 Loan.

THE SECURITY TRUSTEE

Stichting Security Trustee Vesteda Residential Funding II (the '***Security Trustee***') is a foundation (*stichting*) incorporated under the laws of the Netherlands on 21 June 2005. The corporate seat (*statutaire zetel*) of the Security Trustee is in Amsterdam, the Netherlands, and its registered office is at Frederik Roeskestraat 123, 1076 EE Amsterdam, the Netherlands. The Security Trustee is registered with the commercial register of the Chamber of Commerce, under number 34228680.

The objects of the foundation are:

(a) to act as trustee in respect of a securitisation transaction involving the Issuer and Vesteda Woningen, a limited partnership (*commanditaire vennootschap*) organised under the laws of the Netherlands;

(b) to act as trustee on behalf of the holders of notes issued from time to time by the Issuer;

(c) to be the beneficiary of payment undertakings in connection with its role as security trustee;

(d) to acquire, manage, exercise and enforce security interests granted or to be granted in connection with the transaction described in paragraph (a) above;

(e) to invest funds obtained as proceeds of security interests for the benefit of parties to such securitisation on a temporary basis; and

(f) to enter into agreements and/or undertake activities, in connection with the objects described above, provided always that such activities are necessary or useful for the entering into and performance of its position of security trustee and trustee for noteholders in relation to the transaction referred to in paragraph (a) above.

The sole director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V., having its registered office at Frederik Roeskestraat 123, 1076 EE Amsterdam, The Netherlands.

Amsterdamsch Trustee's Kantoor B.V. entered into a Corporate Services Agreement in order to provide administrative services to the Security Trustee. This Corporate Services Agreement may be terminated, inter alia, by the Security Trustee upon the occurrence of certain termination events (which include certain failures by Amsterdamsch Trustee's Kantoor B.V. to comply with its obligations under such Corporate Services Agreement and certain insolvency events).

TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes (the '**Conditions**') in the form in which they will be set out in the Trust Deed (as defined below). They will apply to the Notes whether they are in definitive form or global form.*

The issue of the €200,000,000 Class A1 Secured Floating Rate Notes 2005 due 2017 (the '***Class A1 Notes***'), the €400,000,000 Class A2 Secured Floating Rate Notes 2005 due 2017 (the '***Class A2 Notes***'), the €400,000,000 Class A3 Secured Floating Rate Notes 2005 due 2017 (the '***Class A3 Notes***') and the €300,000,000 Class A4 Secured Floating Rate Notes 2005 due 2017 (the '***Class A4 Notes***'), was authorised by a resolution of the managing director of Vesteda Residential Funding II B.V. (the '***Issuer***') passed on 14 July 2005. The issue of the €350,000,000 Class A5 Secured Floating Rate Notes 2007 due 2017 (the '***Class A5 Notes***') was authorised by a resolution of the managing directors of the Issuer on 17 April 2007. The issue of the €150,000,000 Class A6 Secured Floating Rate Notes 2008 due 2017 (the '***Class A6 Notes***' and together with the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A4 Notes, the Class A5 Notes, the '***Initial Notes***') was authorised by a resolution of the managing directors of the Issuer on 11 July 2008. The Initial Notes were issued under a trust deed (as amended and/or restated from time to time, the '***Original Trust Deed***') dated 20 July 2005 (the '***Initial Closing Date***'), as amended and restated on 20 April 2007 (the '***2007 Closing Date***') and as amended on 30 June 2008 and as amended and restated on 21 July 2008 (the '***2008 Closing Date***'), between the Issuer and Stichting Security Trustee Vesteda Residential Funding II (the '***Security Trustee***') as trustee for the holders for the time being of the Class A1 Notes (the '***Class A1 Noteholders***'), the Class A2 Notes (the '***Class A2 Noteholders***'), the Class A3 Notes (the '***Class A3 Noteholders***'), the Class A4 Notes (the '***Class A4 Noteholders***'), the Class A5 Noteholders (the '***Class A5 Noteholders***') and the Class A6 Noteholder (the '***Class A6 Noteholders***' and together with the Class A1 Noteholders, the Class A2 Noteholders, the Class A3 Noteholders, the Class A4 Noteholders and the Class A5 Noteholders, the '***Initial Noteholders***'), and the holders for the time being of the Coupons (as defined below) appertaining to the Initial Notes (the '***Initial Couponholders***'). The Initial Notes are until the issuance of the Class A7 Notes on the Closing Date subject to the terms and conditions contained in the Original Trust Deed (the '***Initial Conditions***'). The Class A1 Notes were redeemed on 21 July 2008 and therefore any reference to Class A1 Notes and Class A1 Noteholders in the Initial Conditions has been deleted in the Conditions. The Class A2 Notes will be redeemed on the Closing Date and therefore any reference to the Class A2 Notes and Class A2 Noteholders in the Initial Conditions has been deleted in the Conditions.

The issue of the € 350,000,000 Class A7 Secured Floating Rate Notes 2010 due 2017 (the '***Class A7 Notes***', and together with the Class A3 Notes, the Class A4 Notes, the Class A5 Notes, the Class A6 Notes, the '***Notes*** ') is expected to take place on 20 April 2010 (the '***Closing Date***') and was authorised by a resolution of the managing director of the Issuer passed on 14 April 2010.

The Class A7 Notes are issued under the Original Trust Deed as amended and restated on the Closing Date (the '***Trust Deed***') between the Issuer and the Security Trustee as trustee for the holders for the time being of the Class A3 Notes, the Class A4 Notes and the Class A5 Notes and

the Class A6 Noteholders and the holders for the time being of the Class A7 Notes (the '***Class A7 Noteholders***' and, together with the Class A3 Noteholders, the Class A4 Noteholders, the Class A5 Noteholders and the Class A6 Noteholders, the '***Noteholders***'), and the holders for the time being of the Coupons (as defined below) appertaining to the Class A3 Notes, the Class A4 Notes, the Class A5 Notes, Class A6 Notes and to the Class A7 Notes (the '***Class A7 Couponholders***' and, together with the holders for the time being of the Coupons (as defined below) appertaining to the Class A3 Notes, the Class A4 Notes, the Class A5 Notes and the Class A6 Notes, the '***Couponholders***'). Upon the issuance of the Class A7 Notes on the Closing Date, the Notes shall be subject to the terms and conditions set out in the Trust Deed (the '***Conditions***').

The expression the '***Notes***' shall in the Conditions, unless the context otherwise requires, include any Further Notes (as defined below) issued pursuant to Condition 15 of the Conditions and forming a single class with the Notes. The expression '***Class***' means either the Class A3 Notes, the Class A4 Notes, the Class A5 Notes, the Class A6 Notes or the Class A7 Notes, as the case may be.

Security for the Notes and the other secured creditors of the Issuer (the '***Beneficiaries***') was created pursuant to, and on the terms set out in, a security agreement dated 18 July 2005 as amended and/or restated from time to time and as most recently amended and restated on 15 July 2008 and as further amended and restated on or around the Closing Date (the '***Security Agreement***'), and a pledge agreement dated 18 July 2005 (the '***Original Issuer Pledge Agreement***'), a pledge agreement dated on or around the Closing Date (the '***2010 Supplemental Issuer Pledge Agreement***' and together with the Initial Pledge Agreement, the 2007 Supplemental Issuer Pledge Agreement, the 2008 Supplemental Issuer Pledge Agreement, the '***Issuer Pledge Agreement***' and the Issuer Pledge Agreement together with the Security Agreement being the '***Issuer Security Documents***'), and made between, *inter alios*, the Issuer and the Security Trustee.

Under the paying agency agreement dated 18 July 2005 as amended and/or restated from time to time and as most recently amended and restated on 15 July 2008 and as further amended and restated on or around the Closing Date (the '***Paying Agency Agreement***') between, *inter alios*, the Issuer, Deutsche Bank AG, London Branch as principal paying agent (the '***Principal Paying Agent***'), Deutsche Bank Amsterdam Branch as paying agent (the '***Paying Agent***' and together with the Principal Paying Agent, the '***Paying Agents***') and Deutsche Bank AG London as reference agent (the '***Reference Agent***' and, together with the Paying Agents, the '***Agents***') provision is made for, among other things, the payment of principal and interest in respect of the Notes.

Any reference to the Trust Deed, the Issuer Security Documents, the Paying Agency Agreement or any other Relevant Document (as defined below) is to such document as from time to time modified in accordance with its provisions and any deed or other document expressed to be supplemental to it, as from time to time so modified. References to the Security Trustee or any of the Agents include references to its successors, transferees and assigns and, in the case of the Security Trustee, to any additional trustee appointed under the Trust Deed, or, as the case may be, pursuant to the Security Agreement.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Issuer Security Documents, the Paying Agency Agreement and the other Relevant Documents.

Copies of the master definitions and framework agreement dated 18 July 2005, as amended and/or restated from time to time and as most recently amended on 24 July 2009 pursuant to the 2009 Amendment Agreement and as further amended and restated on or around the Closing Date and signed by all parties to the Relevant Documents (the '***Master Definitions Agreement***'), the Trust Deed, the 2010 Master Amendment and Restatement Agreement, the Paying Agency Agreement, the Issuer Security Documents, the Secured Loan Agreement, the Liquidity Facility Agreement, the Corporate Services Agreements, the Bank Account and Cash Management Agreement, the Hedging Agreements and the Share Pledge Agreement (all as defined herein or otherwise in the Master Definitions Agreement) (hereafter referred to as the '***Relevant Documents***') are available for inspection by the Noteholders during normal business hours at the specified offices for the time being of the Paying Agents and the present office of the Security Trustee, being at the date hereof Frederik Roeskestraat 123,1076 EE, Amsterdam, the Netherlands. The Noteholders and Couponholders are bound by, and are deemed to have notice of, all the provisions of the Relevant Documents.

Capitalised terms not otherwise defined in these Conditions shall, unless the context otherwise requires, have the meanings given to them in the Master Definitions Agreement available for inspection as described above.

1. Form, Denomination and Title

(a) Each class of Notes shall be initially represented by (i) in the case of the Class A3 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of €400,000,000, (ii) in the case of the Class A4 Notes a Temporary Global Note in bearer form, without coupons, in the principal amount of €300,000,000, (iii) in the case of the Class A5 Notes a Temporary Global Note in bearer form in the principal amount of € 350,000,000, (iv) in the case of the Class A6 Notes a Temporary Global Note in bearer form in the principal amount of €150,000,000 and (v) in the case of the Class A7 Notes a Temporary Global Note in the principal amount of € 350,000,000 (each a '***Temporary Global Note***'). The Temporary Global Notes in respect of the Class A3 Notes and the Class A4 Notes were deposited on 20 July 2005, and the Temporary Global Note in respect of the Class A5 Notes was deposited on 20 April 2007, with Deutsche Bank AG, London Branch as common depository (the '***Common Depositary***') for Euroclear Bank S.A./ N.V., as operator of the Euroclear System ('***Euroclear***') and Clearstream Banking, société anonyme ('***Clearstream Luxembourg***'). Upon deposit of each such Temporary Global Note, Euroclear or Clearstream Luxembourg, as the case may be, will credit each purchaser of the Notes represented by such Temporary Global Note with the principal amount of the relevant class of Notes equal to the principal amount thereof for which it has purchased and paid. The Temporary Global Note in respect of the Class A6 Notes was delivered to a common safekeeper (the '***Common Safekeeper***') for Euroclear and/or Clearstream Luxembourg on 21 July 2008 and the Temporary Global Note in respect of the Class A7 Notes will be delivered to the Common Safekeeper for Euroclear and/or Clearstream Luxembourg. Interests in each Temporary Global Note will be exchangeable

(provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date (or the "restricted period" within the meaning of U.S. Treasury Regulation, Section 1.163-5(c)(2)(i)(D)(7)) of the relevant Notes (the '***Exchange Date***') for interests in a permanent global note (each a '***Permanent Global Note***'), in bearer form, without coupons, in the principal amount of the Notes of the relevant class (the expression '***Global Notes***' meaning the Temporary Global Notes and the Permanent Global Notes and the expression '***Global Note***' means either or both 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 with, in respect of the Class A3 Notes, the Class A4 Notes and the Class A5 Notes, the Common Depositary and, in respect of the Class A6 Notes and the Class A7 Notes, the Common Safekeeper. Title to the Global Notes will pass by delivery. The Permanent Global Note will be exchangeable for Definitive Notes (as defined below) only in the limited circumstances described below.

For so long as the Notes are represented by a Global Note, the Notes will be transferable in accordance with the rules and procedures of Clearstream Luxembourg or Euroclear, as appropriate.

(b) If after the Exchange Date (i) the Notes become immediately due and payable by reason of accelerated maturity following an Issuer Event of Default, or (ii) either Euroclear or Clearstream Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or the Principal 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) Class A3 Notes in definitive form (the '***Class A3 Definitive Notes***') in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A3 Notes;

(ii) Class A4 Notes in definitive form (the '***Class A4 Definitive Notes***') in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A4 Notes;

(iii) Class A5 Notes in definitive form (the '***Class A5 Definitive Notes***') in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A5 Notes; and

(iv) Class A6 Notes in definitive form (the '***Class A6 Definitive Notes***') in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A6 Notes,

(v) Class A7 Notes in definitive form (the '***Class A7 Definitive Notes***' and together with the Class A3 Definitive Notes, the Class A4 Definitive Notes, the Class A5 Definitive Notes and the Class A6 Definitive Notes, the '***Definitive Notes'***) in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A7 Notes,

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

(c) Definitive Notes, if issued, will be in the denomination of €100,000 each, serially numbered and in bearer form with (at the date of issue) interest coupons ('***Coupons***'). Title to the Definitive Notes and Coupons will pass by delivery.

(d) The holder of any Definitive Note or Coupon may, to the fullest extent permitted by applicable law, be treated at all times, by all persons and for all purposes, including the making of any payments in respect of the Notes, as the absolute owner of that Definitive Note or Coupon regardless of any notice of ownership, destruction, theft or loss or of any trust or other interest in it or any writing on it. The holder of any Coupon (whether or not such Coupon is attached to the relevant Note) in his capacity as such shall be subject to and bound by all the provisions contained in the Note.

(e) Notes will bear the following legend:

"This Note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the '***Securities Act***') and may not be offered or sold within the United States or to any U.S. person, except in an offshore transaction and in accordance with Regulation S under the Securities Act, unless an exemption from the registration requirements of the Securities Act is available. Terms used above have the meanings given to them by Regulation S.

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

Coupons (as defined herein) will bear the following legend:

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

(f) '***Noteholders***' means (i) in relation to any Notes represented by a Global Note, each person (other than Clearstream Luxembourg or Euroclear) who is for the time being shown in the records of Clearstream Luxembourg or Euroclear as the holder of a particular Principal Amount Outstanding (as defined in Condition 6(c), for which purpose

any certificate or other document issued by Clearstream Luxembourg or Euroclear as to the Principal Amount Outstanding of the Notes standing to the account of any person will be conclusive and binding on the basis that that person shall be treated by the Issuer, the Security Trustee and all other persons as the holder of that Principal Amount Outstanding of those Notes for all purposes other than for the purpose of payments in respect of those Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the relevant Global Note, who shall be regarded as the Noteholder for that purpose; and (ii) in relation to any Definitive Notes issued under Condition 1(b) of these Conditions, the bearers of those Definitive Notes; and related expressions shall be construed accordingly.

Any reference to the Notes shall include the Global Notes and where applicable, the Definitive Notes.

2. Status, Relationship between the Notes and the Security relating thereto

(a) The Notes and Coupons relating thereto constitute direct, secured and unconditional obligations of the Issuer and rank *pari passu* without any preference or priority among themselves. The rights of the Notes in respect of priority of payment of interest and principal are set out in Conditions 4 and 5 of these Conditions. The Notes are secured over the assets of the Issuer pursuant to and as more fully set out in, the Security Agreement.

(b) The Security Agreement contains provisions requiring the Security Trustee to have regard to the interests of the Class A3 Noteholders, the Class A4 Noteholders, the Class A5 Noteholders, the Class A6 Noteholders and the Class A7 Noteholders. As regards all powers, trust, authorities, duties and discretions of the Security Trustee (except where expressly provided otherwise) as a single class, and the Beneficiaries provided that where there is, in the Security Trustee's opinion, a conflict of interest between the Beneficiaries, the Security Agreement requires the Security Trustee to refer to the Issuer Priority of Payment as set out in the Trust Deed which will determine whose interests will prevail.

(c) The Security Trustee shall assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Relevant Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders, the Liquidity Facility Provider and the other Beneficiaries if the Rating Agencies have confirmed that the then current ratings of the Notes would not be adversely affected by such exercise.

(d) In exercising its rights, powers, trusts, authorities, duties and discretions in accordance with Condition 2(c) of these Conditions above, the Security Trustee shall disregard any Step-Up Amount (defined below) for the purposes of determining whether there are any Notes of a particular class outstanding.

(e) The Notes are subject to the provisions of the Trust Deed, the Security Agreement, the Paying Agency Agreement and the other Relevant Documents (each as defined above).

3. Covenants of the Issuer

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with proper and prudent Netherlands business practice and in accordance with the requirements of Netherlands law and accounting practice and shall not, except to the extent permitted by the Relevant Documents or with the prior written consent of the Security Trustee:

(a) create, incur or suffer to exist any indebtedness other than pursuant to or contemplated by the Relevant Documents;

(b) form, or cause to be formed any subsidiaries;

(c) redeem any of its shares;

(d) create, incur or suffer to exist, or agree to create, incur or suffer to exist, or consent to cause or permit in the future (upon happening of a contingency or otherwise) the creation, incurrence or existence of any security interest or lien on or over any of its assets except for security interests or liens created by or pursuant to the Security Agreement in favour of the Security Trustee;

(e) issue any shares or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares, except for the shares issued to Stichting Vesteda Residential Funding II on or prior to the date hereof;

(f) take any action, or fail to take any action, if such action or failure to take action may interfere with the enforcement of any rights under the Relevant Documents with respect to the rights, benefits or obligations of the Security Trustee;

(g) waive or alter any rights it may have with respect to the Relevant Documents unless specifically contemplated by the Relevant Documents;

(h) take any action, or fail to take any action, if such action or failure to take action may interfere with the enforcement of any rights with respect to the Relevant Documents unless specifically contemplated by the Relevant Documents;

(i) fail to pay any tax which it is required to pay, or fail to defend any action, if such failure to pay or defend may adversely affect the priority or enforceability of the security created by or pursuant to the Security Agreement;

(j) merge with or into any person, effect a demerger, or transfer any of its assets to any person or liquidate or dissolve or otherwise terminate its existence;

(k) take or (if within its control) permit to be taken any action which would have the effect directly or indirectly of causing any amount to be deducted or withheld from interest payments on any of the Notes for or on account of tax;

(l) take or (if within its control) permit to be taken any action which would have the effect directly or indirectly of causing any amount to be deducted or withheld from any payment in relation to the Relevant Documents to which it is a party for or on account of tax;

(m) sell, transfer, exchange or otherwise dispose of any of its assets except as permitted under, and contemplated by the Relevant Documents;

(n) engage in any business or activity other than in connection with the transaction contemplated by the Relevant Documents; or

(o) have any employees.

4. Interest

(a) Period of Accrual

The Class A3 Notes and the Class A4 Note shall bear interest on their Principal Amount Outstanding (as defined in Condition 6 of these Conditions) from (and including) the Initial Closing Date. The Class A5 Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6 of these Conditions) from (and including) the 2007 Closing Date. The Class A6 Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6 of these Conditions) from (and including) the 2008 Closing Date. The Class A7 Notes shall bear interest on their Principal Amount Outstanding (as defined in Condition 6 of these Conditions) 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 judgment) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agents to the holder thereof (in accordance with Condition 13 of these Conditions) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made.

(b) Floating Interest Periods and Interest Payment Dates

Interest on the Notes shall be payable by reference to successive interest periods (each an '***Interest Period***') and will be payable in arrear in euro in respect of the Principal Amount Outstanding of the Notes (as defined in Condition 6 of these Conditions), as at the start of the relevant Interest Period, of the Notes on the 20th day of October, January, April and July or, if such day is not a Business Day (as defined below), the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day (each such day being an '***Interest Payment Date***'). A '***Business Day***' means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the TARGET System is operating credit or transfer instructions in respect of payments in euro. Each successive Interest Period will commence on (and include), an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date, except for the first Interest Period, which commenced in respect of the Class A3 and the Class A4 Notes on the Initial Closing Date and ended (but excluded) 20 October 2005, which commenced in respect of the Class A5 Notes on the 2007 Closing Date and ended on (but excluded) 20 July 2007, which commenced in respect of the Class A6 Notes on the 2008 Closing

Date and ended on (but exclude) 20 October 2008 and which will commence in respect of the Class A7 Notes on the Closing Date and end on (but exclude) 20 July 2010.

(c) Rate of Interest on the Notes

The rate of interest on the Notes respectively (the '***Rate of Interest***'), for each Interest Period from (and including) the Closing Date, will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate ('***Euribor***') for three months deposits increased with the relevant margin (the '***Relevant Margin***') which shall be the aggregate of:

(i) in respect of the Class A3 Notes, the aggregate of:

(A) 0.20 per cent. per annum; and

(B) for the period from (and including) the Interest Payment Date falling in July 2012 to the date when the Class A3 Notes have been redeemed in full, 1.00 per cent. per annum (the '***Class A3 Step-Up Margin***');

(ii) in respect of the Class A4 Notes, the aggregate of:

(A) 0.28 per cent. per annum; and

(B) for the period from (and including) the Interest Payment Date falling in July 2015 to the date when the Class A4 Notes have been redeemed in full, 1.00 per cent. per annum (the '***Class A4 Step-Up Margin***');

(iii) in respect of the Class A5 Notes, the aggregate of:

(A) 0.13 per cent. per annum; and

(B) for the period from (and including) the Interest Payment Date falling in July 2012 to the date when the Class A5 Notes have been redeemed in full, 1.00 per cent. per annum (the '***Class A5 Step-Up Margin***');

(iv) in respect of the Class A6 Notes, the aggregate of:

(A) 1.00 per cent. per annum; and

(B) for the period from (and including) the Interest Payment Date falling in July 2013 to the date when the Class A6 Notes have been redeemed in full, 1.00 per cent. per annum (the '***Class A6 Step-Up Margin***');

(v) in respect of the Class A7 Notes, the aggregate of:

(A) 1.63 per cent. per annum; and

(B) for the period from (and including) the Interest Payment Date falling in July 2014 to the date when the Class A7 Notes have been redeemed in full, 1.00 per cent. per annum (the '***Class A7 Step-Up Margin***' and

together with the Class A3 Step-Up Margin, the Class A4 Step-Up Margin, the Class A5 Step-Up Margin and the Class A6 Step-Up Margin, the '***Step-Up Margins***').

The term '***Step-Up Amount***' shall mean the euro amounts payable resulting from the application of the Step-Up Margin in respect of a Note in accordance with the method described in Condition 4(e) of these Conditions below.

(d) Euribor

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

(i) The Reference Agent will obtain for each Interest Period the rate equal to the sum of Euribor for three months deposits in euro. The Reference Agent shall use the Euribor rate which appears on the Telerate Page 248 (or following its replacement by Reuters Screen EURIBOR 01, the Euribor rate which appears on such Reuters Screen) as at or about 11:00 a.m. (Central European time) on the day that is two TARGET Settlement Days preceding the first day of each Interest Period (each an '***Interest Determination Date***'). A '***TARGET Settlement Day***' means (a) until such time as TARGET is permanently closed down and ceases operations, any day on which both TARGET and TARGET2 are, and (b) following such time as TARGET is permanently closed down and ceases operations, any day on which TARGET2 is, open for the settlement of payments in euro. '***TARGET System***' means (a) until such time as TARGET is permanently closed down and ceases operations, TARGET and TARGET2, and (b) following such time as TARGET is permanently closed down and ceases operations, TARGET2. '***TARGET***' means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises interlinked national real time gross settlement systems and the European Central Bank's payment mechanism and which began operations on 4 January 1999, and '***TARGET2***' means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

(ii) If, on the relevant Interest Determination Date, such Euribor rate does not appear on the Telerate Page 248 (or its replacement Reuters Screen), or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:

(A) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the '***Reference Banks***') to provide a quotation for the rate at which three months Euro deposits are offered by it in the Euro-zone interbank mark 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 such quotations are provided as requested, the rates of Interest for the Interest Period in question shall be the Reserve Interest Rate plus the Relevant Margin. The '***Reserve Interest Rate***' shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates quoted to the Reference Agent by two major banks in the Euro-zone, selected by the Reference Agent, at or about 11:00 a.m. (Central European time) on the relevant Interest Determination Date for 3 months loans in euros to leading European banks in an amount that is representative for a single transaction in the relevant market at the relevant time, and the Euribor for such 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 (d), provided that if the Reference Agent is unable to determine Euribor in accordance with the above provisions in relation to any Interest Period, Euribor applicable to the Notes during such Interest Period will be Euribor last determined in relation thereto.

(e) Determination of the Rate of Interest and Calculation of the Interest Amounts and Step-Up Amount

The Reference Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Interest Determination Date, determine (i) the Rate of Interest applicable to the Interest Period beginning on (and including) such Interest Determination Date in respect of each class of Notes, (ii) the euro amount (the '***Interest Amount***') payable in respect of such Interest Period in respect of a Note and (iii) the Step-Up Amounts (if any) payable in respect of such Interest Period in respect of a Note.

The Interest Amounts in respect of the Notes on a date shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes as at such date, multiplying such sum by the actual number of days in the Interest Period divided by 360 and rounding the resultant figure downward to the nearest euro cent.

The Step-Up Amounts in respect of the Notes on a date shall be calculated by applying the Step-Up Margin to the Principal Amount Outstanding of the Notes as at such date, multiplying such sum by the actual number of days in the Interest Period divided by 360 and rounding the resultant figure downward to the nearest euro cent.

(f) Notification of the Rate of Interest and the Interest Amount

Without prejudice to Condition 13 of these Conditions, the Reference Agent will cause the relevant Rate of Interest and the relevant Interest Amount and the Interest Payment Date applicable to the Notes to be notified to the Issuer, the Security Trustee, the Paying Agents, the ATC Entities, NYSE Euronext and to the holders of the Notes by an advertisement in the English language in the NYSE Euronext Daily Official List (*Officiële Prijscourant*). The Interest Amount and Interest 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 Interest Period.

(g) Determination or Calculation by Security Trustee

If the Reference Agent at any time for any reason does not determine the relevant Rate of Interest or fails to calculate the relevant Interest Amount in accordance with paragraph (e) above, the Security Trustee shall determine the 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 (e) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Security Trustee shall calculate the Interest Amount or Step-Up Amount in accordance with paragraph (e) above, and each such determination or calculation shall be final and binding on all parties.

(h) Reference Banks and Reference Agent

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

5. Payment

(a) Payments of principal and interest in respect of the Global Notes will be made in euros against presentation, and (in the case of any payment which will result in all amounts of principal and interest having been paid on the relevant Global Note) surrender, of the relevant Global Note at the specified office of the Paying Agents.

(b) Payment of principal in respect of Definitive Notes will be made upon presentation and surrender of such Definitive Note at the specified office of the Paying Agents. Payments of interest in respect of the Definitive Notes will (subject as provided in this Condition 6(b) of these Conditions) be made only against presentation and surrender of the relevant Coupons at the specified office of the Paying Agents. Such payment will be made in euros in cash or by transfer to a euro account maintained by the payee with a bank in the Euro zone, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment. All payments of interest shall be made outside the United States.

(c) On the date upon which any Definitive Note becomes due and payable in full, unmatured Coupons (if any) of that class appertaining thereto (whether or not attached to such Note) shall become void and no payment shall be made in respect thereof. If the due date for

redemption of any Definitive Note of a particular class is not an Interest Payment Date, accrued interest will be paid only against presentation and surrender of such Definitive Note.

(d) If any amount of principal is improperly withheld or refused on or in respect of any Note, the interest which continues to accrue in respect of such Note will be calculated in accordance with Condition 4 of these Conditions and will be paid against presentation of such Note at the specified office of the Paying Agents.

(e) At the Final Maturity Date (as defined in Condition 6 of these Conditions), 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 of these Conditions).

(f) If the relevant Interest Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an Euro account as referred to above, the Principal Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such account are open for business immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agents and their initial specified offices are set out below.

(g) The Issuer reserves the right subject to the prior written approval of the Security Trustee to vary or terminate at any time the appointment of the Paying Agents and to appoint additional or other paying agents provided that no paying agent located in the United States 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 Euronext Amsterdam by NYSE Euronext shall be located in the Netherlands. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Noteholders at least 30 days prior to such event taking effect, in accordance with Condition 13 of these Conditions.

6. Redemption and purchase

(a) Final redemption

Unless previously redeemed as provided below, the Issuer shall redeem the Notes at their Principal Amount Outstanding on the Interest Payment Date falling in July 2017 (the '***Final***

Maturity Date'). The date on which the Notes are redeemed in full could be substantially earlier than the Final Maturity Date.

(b) Mandatory redemption from Available Redemption Funds

Following the occurrence of a Non-Payment on the Expected Maturity Date Event (as defined in the Master Definitions Agreement), but prior to the earlier of the occurrence of a Failure to Pay Principal Event or a Borrower Event of Default (each as defined in the Master Definitions Agreement) or the service of an Issuer Enforcement Notice (as defined in Condition 10 of these Conditions), on each Interest Payment Date (other than the Interest Payment Date on which the Notes are to be redeemed under Condition 6(a) of these Conditions above), the Issuer shall be obliged to apply firstly, *pro rata* and *pari passu*, the Class A3 Note Available Redemption Amount to redeem the Class A3 Notes at their Principal Amount Outstanding, and the Class A5 Note Available Redemption Amount to redeem the Class A5 Notes at their Principal Amount Outstanding, secondly, *pro rata* and *pari passu*, the Class A6 Note Available Redemption Amount to redeem the Class A6 Notes at their Principal Amount Outstanding, and thirdly, *pro rata* and *pari passu*, the Class A7 Note Available Redemption at their Principal Amount Outstanding and fourthly, *pro rata* and *pari passu*, the Class A4 Note Available Redemption Amount to redeem the Class A4 Notes at their Principal Amount Outstanding.

Following the occurrence of the earlier of a Failure to Pay Principal Event or a Borrower Event of Default (as defined in the Master Definitions Agreement), but, prior to the service of an Issuer Enforcement Notice (as defined in Condition 10 of these Conditions), on each Interest Payment Date (other than the Interest Payment Date on which the Notes are to be redeemed under Condition 6(a) of these Conditions above), the Issuer shall be obliged to apply the Class A3 Note Redemption Available Amount, the Class A4 Note Redemption Available Amount, the Class A5 Note Redemption Available Amount, the Class A6 Note Available Redemption Amount and the Class A7 Note Redemption Available Amount (as defined below) to redeem (or partly redeem) (i) the Class A3 Notes at their Principal Amount Outstanding, (ii) the Class A4 Notes at their Principal Amount Outstanding, (iii) the Class A5 Notes at their Principal Amount Outstanding, (iv) the Class A6 Notes at their Principal Amount Outstanding, and (v) the Class A7 Notes at their Principal Amount Outstanding, *pro rata* and *pari passu*, until fully redeemed.

The principal amount so redeemable in respect of each Note (each a '***Principal Redemption Amount***') on the relevant Interest Payment Date shall be the Note Redemption Available Amount relating to the relevant class of Notes on the Calculation Date relating to that Interest 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 Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note or 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.

(c) Definitions

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

'***Calculation Date***' means, in relation to an Interest Payment Date, the date falling five Business Days prior to such Interest Payment Date.

'***Class A3 Note Redemption Available Amount***' shall mean the aggregate amount received by the Issuer as repayment of principal under the Term A3 Loan (as defined in the Master Definitions Agreement), including any amounts received by the Issuer in respect of an optional prepayment of the Term A3 Loan, on the relevant Interest Payment Date pursuant to the Secured Loan Agreement.

'***Class A4 Note Redemption Available Amount***' shall mean the aggregate amount received by the Issuer as repayment of principal under the Term A4 Loan (as defined in the Master Definitions Agreement), including any amounts received by the Issuer in respect of an optional prepayment of the Term A4 Loan, on the relevant Interest Payment Date pursuant to the Secured Loan Agreement.

'***Class A5 Note Redemption Available Amount***' shall mean the aggregate amount received by the Issuer as repayment of principal under the Term A5 Loan (as defined in the Master Definitions Agreement), including any amounts received by the Issuer in respect of an optional prepayment of the Term A5 Loan, on the relevant Interest Payment Date pursuant to the Secured Loan Agreement.

'***Class A6 Note Redemption Available Amount***' shall mean the aggregate amount received by the Issuer as repayment of principal under the Term A6 Loan (as defined in the Master Definitions Agreement), including any amounts received by the Issuer in respect of the optional prepayment of the Term A6 Loan, on the relevant Interest Payment Date pursuant to the Secured Loan Agreement.

'***Class A7 Note Redemption Available Amount***' shall mean the aggregate amount received by the Issuer as repayment of principal under the Term A7 Loan (as defined in the Master Definitions Agreement), including any amounts received by the Issuer in respect of the optional prepayment of the Term A7 Loan, on the relevant Interest Payment Date pursuant to the Secured Loan Agreement.

'***Early Note Prepayment Percentage***' means:

With respect to the Class A4 Notes: if an optional redemption occurs during the period from and including 21 July 2009 up to and including 20 July 2010, 0.10 per cent.

With respect to the Class A5 Notes: if an optional redemption occurs during the period from and including 21 July 2009 up to and including 20 July 2010, 0.15 per cent.

With respect to the Class A6 Notes: if an optional redemption occurs during the period from and including 21 July 2012 up to, but excluding, the Interest Payment Date falling in July 2013, 0.5 per cent.

'***Early Note Prepayment Compensation Amount***' means with respect to a Note of a certain class an amount equal to X*Y whereby X is the relevant Redemption Amount (as defined

below) in respect of that Note and Y is the Early Note Prepayment Percentage applicable to that Note (if any).

The '***Principal Amount Outstanding***' on any Calculation Date of any Note shall be the principal amount of that Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that Note, that have been paid prior to such date.

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

(i) On each Calculation Date in circumstances where this Condition 6 of these Conditions requires, the Issuer shall determine (or cause the Reference Agent to determine) (a) the Principal Redemption Amount and (b) the Principal Amount Outstanding of the relevant Note on the first day following the Interest 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 the Principal Amount Outstanding of Notes to be notified forthwith to the Reference Bank which will then forthwith notify the Security Trustee, the Paying Agents, Euroclear, Clearstream Luxembourg, NYSE Euronext and to the holders of Notes by an advertisement in the English language in the NYSE Euronext Daily Official List (*Officiële Prijscourant*). If no Principal Redemption Amount is due to be made on the Notes on any applicable Interest Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 13 of these Conditions.

(e) Optional redemption

(i) On giving not more than 60 nor less than 15 days' notice to the Security Trustee, the Paying Agents, the Reference Agent and the Noteholders in accordance with Condition 13 of these Conditions and provided that (A) on the Interest Payment Date on which such notice expires, no Issuer Enforcement Notice has been served by the Security Trustee and (B) the Issuer has, prior to giving such notice, certified to the Security Trustee, and provided evidence acceptable to the Security Trustee (by no later than five Business Days prior to the relevant Interest Payment Date) that it will have the necessary funds to pay all principal and interest and Step-Up Amounts (if any) due in respect of the Notes on such Interest Payment Date and to discharge any amounts required under the Security Agreement to be paid in priority to, or *pari passu* with the Notes to be redeemed on such Interest Payment Date (provided that (i) the Class A4 Notes can only be redeemed simultaneously with or after the redemption of the Class A6 Notes, and (ii) the Class A6 Notes can only be redeemed simultaneously with or after the redemption of the Class A3 Notes and the Class A5 Notes) and that those funds will on the redemption date be subject to the security constituted by the Security Agreement and not subject to the interests of any other person, the Issuer may redeem (i) on

any Interest Payment Date, in whole or in part, any classes or class of Initial Notes (other than the Class A6 Notes), and (ii) on any Interest Payment Date from and including the Interest Payment Date falling in July 2012, in whole or in part, the Class A6 Notes, and (iii) on any Interest Payment Date from and including the Interest Payment Date falling in July 2014, in whole or in part, the Class A7 Notes, provided that the minimum amount of any such redemption will be €2,000,000 in aggregate principal amount of the Notes and thereafter in multiples of €500,000 in aggregate principal amount or, if less, the aggregate Principal Amount Outstanding of the Notes to be redeemed on the relevant Interest Payment Date.

(ii) Any note redeemed pursuant to Condition 6(e)(i) of these Conditions will be redeemed at 100 per cent. of the then Principal Amount Outstanding of the relevant Note to be redeemed on the relevant Interest Payment Date (the '***Redemption Amount***') together with accrued but unpaid interest on the Principal Amount Outstanding of such Note and the relevant Early Note Prepayment Compensation Amounts, if required.

(f) Optional redemption for tax or other reasons

If the Issuer at any time satisfies the Security Trustee immediately prior to the giving of the notice referred to below that:

(i) by reason of a change in tax law (or the application or official interpretation thereof), on the next Interest Payment Date, the Issuer would be required to deduct or withhold from any payment of principal or interest on the Notes are to be made subject to withholding or deduction of any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Netherlands or any political sub-division thereof or any authority thereof or therein; or

(ii) due to a change in law, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any advances made or to be made by it under the Secured Loan Agreement; or

(iii) by reason of a change in tax law (or the application or official interpretation thereof), on the next Interest Payment Date the Borrowers under the Secured Loan Agreement would be required to deduct or withhold from any payment of principal, interest or other sum due and payable under the Secured Loan Agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Netherlands or any political sub- division thereof or any authority thereof or therein,

then the Issuer may, on any date and having given not more than 60 nor less than 35 days' notice in writing (or, in the case of an event described in (ii) above, such shorter period

expiring on or before the latest date permitted by relevant law) to the Security Trustee, the Paying Agents, the Reference Agent and the Noteholders in accordance with Condition 13 of these Conditions, redeem all, but not some only, of the Notes at their Principal Amount Outstanding together with accrued but unpaid interest and Step-Up Amount(s) (if any) on their Principal Amount Outstanding up to but excluding the date of repayment provided that any Note which is redeemed in accordance with this Condition 6(f) of these Conditions otherwise than on an Interest Payment Date (the '***Redemption Date***') shall be redeemed at its Principal Amount Outstanding on the Redemption Date together with (i) accrued but unpaid interest and Step-Up Amount(s) (if any) up to (and including) the Redemption Date and (ii) an additional amount equal to:

PAO x [(A-B) x C/360]

where:

'***PAO***' is the Principal Amount Outstanding of such Note to be redeemed on the Redemption Date:

'***A***' is the prevailing Rate of Interest for the Notes for the Interest Period during which the Redemption Date falls;

'***B***' is Euribor determined on the Relevant Date (as defined below) for a period equal to the period from (and including) the Business Day following the Redemption Date to (and excluding) the next succeeding Interest Payment Date ('***Note Relevant Period***'); and

'***C***' is the number of days in the Note Relevant Period.

For the purposes of this Condition 6(f), Euribor shall be calculated in accordance with the method prescribed in Condition 4(d) of these Conditions, but for a period equal to the Note Relevant Period.

(g) Failure to determine Principal Redemption Amount and Principal Amount Outstanding

If the Issuer (or the Reference Agent on its behalf) does not at any time for any reason determine a Principal Redemption Amount and the Principal Amount Outstanding of the Notes in accordance with Condition 6 of these Conditions such Principal Redemption Amount and Principal Amount Outstanding of the Notes shall be determined by the Security Trustee in accordance with Condition 6 of these Conditions and each such determination or calculation shall be deemed to have been made by the Issuer and shall, in the absence of manifest error, be binding upon the Issuer and the Noteholders.

(h) Notice of redemption

Any notice as is referred to in Condition 6(e) and 6(f) of these Conditions shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at the amounts specified in these Conditions.

(i) No purchase by Issuer

The Issuer will not be permitted to purchase any of the Notes, other than in accordance with the Relevant Documents.

(j) Cancellation

All Notes redeemed in full will be cancelled upon redemption, together with any unmatured Coupons appertaining thereto and attached thereto or surrendered therewith, and may not be resold or re-issued.

7. Taxation

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

8. Prescription

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

9. No recourse

In the event that the Issuer 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 clause 8 of the Trust Deed in priority to, or *pari passu* with, the Notes are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes, the 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, if so requested in writing by the holders of the Notes holding at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes, or, if so directed by an Extraordinary Resolution of the Noteholders (subject, in each case, to being indemnified to its satisfaction) shall (but in the case of the occurrence of any of the events mentioned in (b) below, only if the Security Trustee shall have certified in writing to the Issuer that such an event is, in its opinion, materially prejudicial to the Noteholders) give notice (an '***Issuer Enforcement Notice***') to the Issuer that the Notes are, and each Note shall become, immediately due and payable at their or its Principal Amount Outstanding, together with accrued interest, if any of the following shall occur (each an '***Issuer Event of Default***'):

(a) default is made for a period of fifteen (15) days or more in the payment on the due date of any amount due in respect of the Notes of the relevant class other than Step-Up Amounts; or

(b) the Issuer fails to perform any of its other material obligations binding on it under the Notes and the Relevant Documents 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 material 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 an administrator (*bewindvoerder*) of the Issuer; 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 provisional or definite suspension of payments (*surseance van betaling*) or for bankruptcy (*faillissement*) or is declared bankrupt.

11. Enforcement

(a) At any time if an Issuer Event of Default has occurred and an Issuer Enforcement Notice has been issued pursuant to Condition 10 of these Conditions, the Security Trustee may, at its discretion and without further notice, take such steps as it may think fit to enforce the Issuer Security Documents but it shall not be bound to take any such steps unless:

(i) it is directed by an Extraordinary Resolution of the Noteholders; or

(ii) it is so requested in writing by the holders of the Notes holding at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes; and, in each case

(iii) it shall have been indemnified to its satisfaction,

provided that it shall enforce an Issuer Security Document without such Extraordinary Resolution or directions referred to in (i) or (ii) above, as the case may be, if a failure to take immediate enforcement action would or may jeopardise the value or availability of the security created pursuant to any or all of the Issuer Security Documents for the benefit of the Noteholders.

(b) Enforcement of the Issuer Security Documents shall be the only remedy available to the Security Trustee, the Noteholders and the Couponholders for the recovery of amounts owing in respect of the Notes and the Coupons. If and to the extent that the net proceeds

of realising the Issuer Security (after discharging prior ranking liabilities in accordance with the Security Agreement) are insufficient to pay in full principal and/or interest in respect of the Notes, then the obligations of the Issuer in respect of such unpaid amounts shall thereupon be extinguished.

(c) Neither the Security Trustee nor the Noteholders may institute against, or join any person in instituting against, the Issuer any bankruptcy, suspension of payment, winding up, insolvency or liquidation proceeding until one year after the payment in full of all obligations of the Issuer (secured pursuant to the Issuer Security Documents).

(d) No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

12. The Security Trustee

(a) The Trust Deed and the Security Agreement contain provisions governing the responsibility (and relief from responsibility) of the Security Trustee and providing for its indemnification in certain circumstances including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security Documents unless indemnified to its satisfaction.

(b) The Security Trustee, the Reference Agent and the Paying Agents and their related companies are entitled to enter into business transactions with the Issuer, the Hedging Provider, any Vesteda Group Company and/or related companies of any of them without accounting for any profit resulting therefrom.

(c) The Security Trustee will not be responsible for, *inter alia*, any loss occasioned thereby from monies received or held by or on behalf of the Security Trustee which may, in accordance with the Security Agreement, be invested in its name by placing it on deposit in the name of the Security Trustee at any bank or institution as the Security Trustee may determine nor for any loss occasioned by the placing of any documents representing its interest in any of the secured assets in any receptacle, *inter alia*, selected by it or with notaries or attorneys.

13. Notices

With the exception of the publications of the Reference Agent in Condition 4 of these Conditions and of the Issuer in Condition 6 of these Conditions, 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 Euronext Amsterdam by NYSE Euronext, in the English language in the NYSE Euronext's Daily Official List (*Officiële Prijscourant*). Any such notice shall be deemed to have been given on the first date of such publication.

14. Meetings of Noteholders; Modification; Consents; Waiver

(a) The Trust Deed contains provisions for convening meetings of the Noteholders, to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of a change of any of the Conditions or any provisions of the Relevant Documents, provided that no change of certain terms by the Noteholders including the date of maturity of any class of the Notes, 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 the Notes referred to below as a '***Basic Terms Change***') shall be effective except, subject to the provisions of the Security Agreement, 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 Issuer Event of Default, such Basic Terms Change may, subject to the provisions of the Security Agreement, be sanctioned by an Extraordinary Resolution of the Noteholders as described below.

A meeting of the Noteholders as referred to above may be convened by the Issuer or by the Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes. The quorum for any meeting convened to consider an Extraordinary Resolution will be two-thirds of the Principal Amount Outstanding of the Notes 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 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 (i) for an Extraordinary Resolution relating to the 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 and (ii) if the Extraordinary Resolution relates to the removal and replacement of any or all of the managing directors of the Security Trustee at least 30 per cent. of the Notes should be represented.

No Extraordinary Resolution to sanction a change which would have the effect of accelerating or increasing the maturity of the Notes, or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Notes, as the case may be, shall take effect unless it shall have been sanctioned with respect to the Noteholders.

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

(b) The Security Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Relevant Documents which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except if prohibited in the Relevant Documents), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents, or the Notes 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 of these Conditions as soon as practicable thereafter.

(c) In connection with the exercise of its functions (including but not limited to those referred to in this Condition 14) the Security Trustee shall have regard to the interests of the Noteholders as a whole 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. Further Issues

(a) The Issuer may, without the consent of the Noteholders, but subject always to the provisions of these Conditions and the Trust Deed and provided it does not adversely affect the then current rating of the Notes, raise further funds, from time to time, on any date (subject to certain conditions being met), by the creation and issue of further Notes (the '***Further Notes***') in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, one of the classes of the Notes provided that:

(i) the aggregate principal amount of all Further Notes to be issued on such date is not less than €50,000,000;

(ii) such Further Notes shall rank no more than *pari passu* with the Notes then outstanding;

(iii) the Further Notes shall have the same benefit of the security granted to the Security Trustee in respect of the Notes and the Notes under the terms of the Security Agreement;

(iv) the Rating Agencies confirm in writing to the Security Trustee that the existing classes of the Notes and the Notes will not be downgraded as a result of the proposed issue of Further Notes or as a result of the manner of application of the

proceeds of such Further Notes by way of further advances in accordance with the terms of the Secured Loan Agreement ('***Further Term Advances***'); and

(v) no Issuer Event of Default or Potential Issuer Event of Default has occurred or is continuing unremedied or unwaived.

(b) Any issue of Notes pursuant to Condition 15 shall be notified to the Noteholders in accordance with Condition 13.

16. New Notes

The Issuer may, without the consent of the Noteholders and the Couponholders but subject always to the provisions of these Conditions and the Trust Deed, raise further funds from time to time by the creation and issue of new notes (the '***New Notes***') in bearer form which may rank *pari passu* with the Notes or after the Notes carrying terms which differ from the Notes and which do not form a single series with the Notes provided that the conditions to the issue of Further Notes as set out in Condition 15 of these Conditions are met, *mutatis mutandis*, in respect of the issue of such New Notes.

17. Supplemental Trust Deeds and Security

Any such Further Notes or New Notes will be constituted by a further deed or deeds supplemental to the Trust Deed and have the benefit of security pursuant to the Security Agreement as described above in Condition 2 of these Conditions.

18. 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, each of the Issuer, the holder of any Notes and the holder of any Coupons irrevocably submits to the jurisdiction of the competent court in Amsterdam, the Netherlands.

19. Additional obligations

For as long as the Notes are listed on Euronext Amsterdam by NYSE Euronext, the Issuer will comply with the provisions set forth in Rule 6.10 of NYSE Euronext - Rule Book, Book 1: Harmonised Market Rules, as amended from time to time.

THE CLASS A7 GLOBAL NOTES

The Class A7 Notes shall be initially represented by a Temporary Global Note in bearer form, without coupons, in the principal amount of €350,000,000 (the '***Class A7 Temporary Global Note***'). The Class A7 Temporary Global Note will on or around the Closing Date be deposited with a common safekeeper (the '***Common Safekeeper***') for Euroclear Bank S.A./N.V., as operator of the Euroclear System ('***Euroclear***') and/or Clearstream Banking, société anonyme ('***Clearstream Luxembourg***').

The Class A7 Notes are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Class A7 Notes are intended upon issue to be deposited with one of Euroclear or Clearstream Luxembourg as Common Safekeeper and does not necessarily mean that the Class A7 Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Upon deposit of the Class A7 Temporary Global Note, Euroclear or Clearstream Luxembourg, as the case may be, will credit each purchaser of the Notes represented by the Class A7 Temporary Global Note with the principal amount of the Class A7 Notes equal to the principal amount thereof for which it has purchased and paid. Interests in the Class A7 Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Class A7 Notes (the '***Exchange Date***') for interests in a permanent global note (the '***Class A7 Permanent Global Note***'), in bearer form, without coupons, in the principal amount of the Notes of the relevant class (the expression '***Class A7 Global Notes***' meaning the Class A7 Temporary Global Note and the Class A7 Permanent Global Note and the expression '***Class A7 Global Note***' means either or both of them, as the context may require). On the exchange of the Class A7 Temporary Global Note for the Class A7 Permanent Global Note, the Class A7 Permanent Global Note will remain deposited with the Common Safekeeper.

The Class A7 Global Notes will be transferable by delivery. The Class A7 Permanent Global Note will be exchangeable for Class A7 Definitive Notes (defined below) only in the circumstances described below. Each of the persons shown in the records of Euroclear or Clearstream Luxembourg as the holder of a Class A7 Note will be entitled to receive any payment made in respect of that Class A7 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 Class A7 Notes, which must be made by the holder of the Class A7 Global Note, for so long as the Class A7 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 the Class A7 Temporary Global Note for the Class A7 Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Class A7 Notes.

For so long as any Class A7 Notes are represented by the Class A7 Global Note, such Class A7 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 Class A7 Notes are represented by the Class A7 Global Notes and such Class A7 Global Notes are held on behalf of Euroclear and/or Clearstream Luxembourg, notices to the 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 of these Conditions. Any such notice shall be deemed to have been given to the Class A7 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 Class A7 Notes are represented by a Class A7 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 Class A7 Notes will be treated by the Issuer and the Security Trustee as a holder of such principal amount of such Class A7 Notes and the expression Class A7 Noteholder shall be construed accordingly, but without prejudice to the entitlement of the bearer of relevant Class A7 Global Note to be paid principal thereon and interest with respect thereto in accordance with and subject to its terms. Any statement in writing issued by Euroclear or Clearstream Luxembourg as to the persons shown in its records as being entitled to such Class A7 Notes and the respective principal amount of such Class A7 Notes held by them shall be conclusive for all purposes.

If after the Exchange Date (i) the Class A7 Notes become immediately due and payable by reason of accelerated maturity following an Issuer Event of Default, or (ii) either Euroclear or Clearstream Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearance system satisfactory to the Security Trustee is available, or (iii) as a result of any amendment to, or change in the laws or regulations of the Netherlands (or of any political subdivision 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 Principal Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Class A7 Notes which would not be required were the Notes in definitive form, then the Issuer will at its sole cost and expense, issue Class A7 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A7 Notes.

Such note in definitive form being referred to herein as '***Class A7 Definitive Notes***'.

The Issuer will issue Class A7 Definitive Notes in each case within 30 days of the occurrence of the relevant event, subject in each case to certification as to non-U.S. beneficial ownership.

MODELLING ASSUMPTIONS

Weighted Average Life of the Notes

The weighted average life of a Note refers to the average amount of time that will elapse from the date of its issuance until each euro allocable to principal of such Note is distributed to the investor. For purposes of this Prospectus, the weighted average life of a Note is determined by (i) multiplying the amount of each principal distribution thereon by the number of years from the Closing Date to the related Interest Payment Date, (ii) summing the results and (iii) dividing the sum by the aggregate amount of the reductions in the Principal Amount Outstanding of such Note.

Accordingly, the weighted average life of any such Note will be influenced by, among other things, the rate at which principal of the Term Loans is paid or otherwise collected or advanced and the extent to which such payments, collections or advances of principal are in turn applied in reduction of the Principal Amount Outstanding of the class of Notes to which such Note belongs.

The following tables indicate the resulting weighted average lives of the Notes and sets forth the percentage of the initial Principal Amount Outstanding of each such class of Notes that would be outstanding after the Closing Date and on each Distribution Date, after repayment or prepayment, as applicable, of principal paid in that period, occurring in July of each year until July 2017.

	Class A7
Interest Payment Date	**Principal Amount Outstanding**
Initial Percentage	100%
July 2010	100%
July 2011	100%
July 2012	100%
July 2013	100%
July 2014	100%
July 2015	0%
July 2016	0%
July 2017	0%

Note: Notes are assumed to be redeemed at their expected maturity dates. For purposes of calculating the numbers in this table, the Interest Payment Date are assumed to fall on the 20th day of the month in which the relevant Interest Payment Date falls whether a Business Day or not.

TAXATION IN THE NETHERLANDS

The Information given below is neither intended as a tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the Class A7 Notes. Prospective purchasers are advised to acquaint themselves with the overall tax consequences of purchasing, holding and/or selling the Class A7 Notes or the Class A7 Coupons.

The Issuer has been informed that under the current tax law and jurisprudence of the Netherlands:

(A) All payments by the Issuer in respect of the Class A7 Notes or Class A7 Coupons can be made without withholding or deduction for or because of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Netherlands tax authorities or any political subdivision thereof or therein.

(B) A corporation being a holder of a Class A7 Note or a Class A7 Coupon, that derives income from such Class A7 Note or Class A7 Coupon or that realises a gain on the disposal, deemed disposal, exchange or redemption of a Class A7 Note or a Class A7 Coupon, will not be subject to any Netherlands taxes on income or capital gains, unless:

(i) the holder is, or is deemed to be a resident of the Netherlands; or

(ii) the holder has an enterprise or deemed enterprise or an interest in an enterprise or deemed enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands, to which enterprise or part of an enterprise, as the case may be, the Class A7 Note or Class A7 Coupon is attributable or deemed attributable; or

(iii) the holder has a substantial interest or deemed substantial interest, as defined in Dutch tax law, in the share capital of the Issuer and the substantial interest does not form part of the business assets of the holder. For the purposes of this clause (iii), a substantial interest is generally present if a corporation directly or indirectly, owns or has certain other rights over, shares constituting five per cent. or more of the Issuer's aggregate issued share capital or, if the Issuer has several classes of shares, of the issued share capital of any class of shares or, if the Issuer has issued profit certificates, of profit certificates entitling him to at least five per cent. of the annual profit or to at least five per cent. of the liquidation proceeds. If a holder does not have a substantial interest, a deemed substantial interest will be present if (part of) a substantial interest has been disposed of, or is deemed to have been disposed of, without recognising taxable gain.

An individual being a holder of a Class A7 Note or a Class A7 Coupon, who derives income from such Class A7 Note or Class A7 Coupon or who realises a

gain on the disposal, deemed disposal, exchange or redemption of a Class A7 Note or Class A7 Coupon, will not be subject to any Netherlands taxes on income or capital gains in respect of such income or gain unless the conditions as mentioned under (i) or (ii) above are met, or unless:

(iv) the individual holder of a Class A7 Note or a Class A7 Coupon has elected to be taxed as a resident of the Netherlands; or

(v) the individual holder has an interest in an enterprise that has its place of effective management in the Netherlands and to which enterprise the Class A7 Note or Class A7 Coupon is attributable, unless such interest arises out of securities; or

(vi) such income or gain form 'results from other activities performed in the Netherlands' (*resultaat uit overige werkzaamheden*) as defined in the Personal Income Tax Act 2001, which would for instance be the case if the activities in the Netherlands with respect to the Class A7 Notes exceed '*normal active asset management*' (*normaal, actief vermogensbeheer*). Such definition includes but is not limited to the case where the individual Class A7 Noteholder or any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, or certain other of such person's relatives has a substantial interest in the Issuer, the Borrowers, any of the participants in Vesteda Woningen or any other corporate entity that legally or de facto, directly or indirectly, has the disposition of the proceeds of the Class A7 Notes. For the purposes of this clause (vi), a substantial interest is generally present if such individual alone or together with his spouse or partner, as the case may be, directly or indirectly, owns, or has certain other rights over, shares constituting five per cent. or more of a company's aggregate issued share capital or, if a company has several classes of shares, of the issued share capital of any class of shares or, if a company has issued profit certificates, of profit certificates entitling him to at least five per cent. of the annual profit or to at least five per cent. of the liquidation proceeds.

A holder of a Class A7 Note or Class A7 Coupon will not become or be deemed to become a resident of the Netherlands solely by reason of the execution, delivery and/or enforcement of the documents relating to the issue of the Class A7 Notes, the issue of the Class A7 Notes or the performance by the Issuer of its obligations under the Class A7 Notes.

(C) No gift, estate or inheritance taxes will arise in the Netherlands in respect of the transfer or deemed transfer of a Class A7 Note by way of a gift by, or on the death of, a Class A7 Noteholder who is not a resident or deemed resident of the Netherlands for the purpose of the relevant provisions, provided that (i) the transfer is not construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of the Netherlands for the purpose of the relevant provisions, and (ii) in

the case of a gift of Class A7 Notes by an individual holder who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual holder does not die within 180 days after the date of the gift, while being resident or deemed to be resident of the Netherlands. In case a gift of Class A7 Notes only takes place if certain conditions are met, no gift tax will arise if the Class A7 Noteholder is neither (i) a resident or deemed resident of the Netherlands nor (ii) a resident or deemed resident within 180 days after the date on which the conditions are fulfilled. For purposes of Dutch gift, estate and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of the Netherlands if he has been a resident in the Netherlands at any time during the 10 years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual will, irrespective of his nationality, be deemed to be resident of the Netherlands if he has been a resident in the Netherlands at any time during the 12 months preceding the date of the gift.

(D) There will be no registration tax, capital transfer tax, customs duty, stamp duty, property transfer tax or any other similar tax or duty due in the Netherlands in respect of or in connection with the issue, transfer and/or delivery of the Class A7 Notes or Class A7 Coupons or the execution, delivery and/or enforcement by legal proceedings of the Relevant Documents or the performance of the Issuer's obligations thereunder or under the Class A7 Notes.

(E) No value added tax will be due in the Netherlands in respect of payments in consideration of the issue of the Class A7 Notes, and/or in respect of payments of interest and principal on a Class A7 Note or Class A7 Coupon, and/or in respect of the transfer of a Class A7 Note or a Class A7 Coupon, and/or in connection with the Relevant Documents or in connection with the arrangements contemplated thereby, other than value added tax on the fees payable for services which are not expressly exempt from VAT, such as management, administrative, notarial and similar activities, safekeeping of the Class A7 Notes and the handling and verifying of documents.

PURCHASE AND SALE

ABN AMRO Bank N.V. (the '***Lead Manager***') has, pursuant to a subscription agreement dated on or around the Closing Date, between the Lead Manager, the Issuer, Groep and the Borrowers (the '***Class A7 Note Subscription Agreement***'), agreed with the Issuer, subject to certain conditions, to purchase the Class A7 Notes at their issue price. The Issuer has agreed to indemnify and reimburse the Lead Manager against certain liabilities and expenses in connection with the issue of the Class A7 Notes.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a '***Relevant Member State***'), the Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the '***Relevant Implementation Date***') it has not made and will not make an offer of Class A7 Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Class A7 Notes shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression '***Prospectus Directive***' means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United States

The Class A7 Notes have not been and will not be registered under the Securities Act or the securities laws of any state within the United States and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Class A7 Notes are in bearer form and are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

The Lead Manager has agreed that it will not offer or sell the Class A7 Notes, (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering or the Closing Date, except in offshore transactions and in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that:

(a) neither it nor any of its affiliates (including any person acting on its behalf or on behalf of any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Class A7 Notes; and

(b) it and its affiliates have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act.

The Lead Manager has also undertaken that, at or prior to confirmation of sale, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration which purchases the Class A7 Notes from it during the restricted period a confirmation or notice in substantially the following form:

"The Securities covered hereby have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, (a) as part of their distribution at any time; or (b) otherwise until forty (40) days after the later of the commencement of the offering and the Closing Date, except in either case in offshore transactions and in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In addition, the Lead Manager has represented to and agreed with the Issuer that:

(a) except to the extent permitted under United States Treasury Regulation, Section 1.163-5(c)(2)(i)(D) (the '***D Rules***'), (i) it has not offered or sold, and during the restricted period that it will not offer or sell, any Class A7 Notes to a person who is within the United States or its possessions or to a U.S. person; and (ii) it has not delivered and will not deliver in definitive form within the United States or its possessions any Class A7 Notes that are sold during the restricted period;

(b) it has, and throughout the restricted period it will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Class A7 Notes are aware that the Class A7 Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person, except as permitted by the D Rules;

(c) if it is a United States person, it is acquiring the Class A7 Notes for purposes of resale in connection with their original issuance and, if it retains Class A7 Notes for its own account, it will only do so in accordance with the requirements of United States Treasury Regulation, Section 1.163-5(c)(2)(i)(D)(6);

(d) with respect to each affiliate which acquires Class A7 Notes from it for the purpose of offering or selling such Class A7 Notes during the restricted period, it has either: (i) repeated and confirmed the representations and agreements contained in paragraphs (a), (b) and (c) on its own behalf; or (ii) agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraphs (a), (b) and (c); and

(e) it shall obtain for the benefit of the Issuer the representations, undertakings and agreements contained in paragraphs (a), (b) and (c) from any person other than its affiliate with whom it enters into a written contract, (a "**distributor**" as defined in United States Treasury Regulation, Section 1.163-5(c)(2)(i)(D)(4)), for the offer or sale during the restricted period of the Class A7 Notes.

Terms used in this section have the meanings given to them by Regulation S under the Securities Act and by the United States Internal Revenue Code 1986, as amended, and regulations thereunder, including the D Rules.

United Kingdom

The Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ('***FSMA***')) received by it in connection with the issue or sale of the Class A7 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Class A7 Notes in, from or otherwise involving the United Kingdom.

General

The distribution of this Prospectus and the offering of the Class A7 Notes in certain jurisdictions may be restricted by law; persons into whose possession this Prospectus comes are

required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer, or an invitation to subscribe for or purchase, any Class A7 Notes.

GENERAL INFORMATION

1. The issue of the Class A7 Notes has been authorised by a resolution of the managing director of the Issuer adopted on 14 April 2010.

2. The Class A7 Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of NYSE Euronext and will bear common code 050109496 and ISIN XS0501094964.

3. There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2009.

4. Ernst & Young, auditors of the Issuer has given and not withdrawn its written consent to the inclusion herein of its report in the form and context in which it appears on page 158.

5. Ernst & Young, auditors of the Vesteda Group, has given and not withdrawn its written consent to the inclusion herein of its report in the form and context in which it appears on page 152.

6. Since its incorporation, the Issuer has not been aware of or involved in any governmental, legal or arbitration proceedings (including, as far as the Issuer is aware, any such proceedings which are pending or threatened against the Issuer), which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability. In the last 12 months, Vesteda Woningen has not been aware of or involved in any governmental, legal or arbitration proceedings (including, as far as Vesteda Woningen is aware, any such proceedings which are pending or threatened against Vesteda Woningen), which may have, or have had in the recent past, significant effects on Vesteda Woningen's financial position or profitability.

7. Copies of the following documents may be inspected (and, in the case of the documents listed in (d), (e) and (f) below, will be made available on the website of Vesteda Woningen (www.vesteda.com) or a secured part thereof and, in the case of the documents listed in (a), (b), (c), (d), (e) and (f) below, may be obtained in hard copy form) during normal business hours at the specified offices of the Security Trustee and the Paying Agents at any time after the date of this document for the life of this document:

   (a) copies of:

      (i) the Deed of Incorporation of the Issuer;

      (ii) the Bank Account and Cash Management Agreement;

      (iii) the Corporate Services Agreements;

(iv) the CV Conversion Agreement;

(v) the 2009 Amendment Agreement; and

(vi) indemnification agreement and blocked account pledge referred to in 2009 Amendment Agreement;

(b) prior to the Closing Date, drafts (subject to modification) and after the Closing Date, copies of the following documents:

(i) the Secured Loan Agreement;

(ii) the Paying Agency Agreement;

(iii) the Trust Deed;

(iv) the Security Agreement;

(v) the 2010 Supplemental Issuer Pledge Agreement;

(vi) the Share Pledge Agreement;

(vii) the Original Hedging Agreement;

(viii) the Liquidity Facility Agreement;

(ix) the Master Definitions Agreement;

(x) the 2010 Supplemental Hedging Agreement;

(xi) the 2010 Master Amendment and Restatement Agreement;

(xii) the Class A7 Swaption;

(xiii) the Class A7 Swaption Novation Deed; and

(xiv) the Accession Letter Agreement (if executed);

(c) the most recent audited financial statements of the Issuer;

(d) the most recent Annual Report;

(e) the most recent Quarterly Report; and

(f) the most recent Borrower Compliance Certificate.

8. The audited financial statements of the Issuer prepared annually shall be made available, free of charge, at the specified offices of the Paying Agents.

9. The following documents are incorporated herein by reference and shall be made available, free of charge, at the office of the Issuer during normal business hours:

   (a) the articles of association of the Issuer;

   (b) the financial statements of Vesteda Woningen for the year 2008;

   (c) the financial statements of Vesteda Woningen for the year 2009;

   (d) the financial statements of the Issuer for the year 2008; and

   (e) the financial statements of the Issuer for the year 2009.

10. This Prospectus is to be read in conjunction with documents that are deemed to be incorporated herein by reference. This Prospectus shall be read and construed on the basis that such document is incorporated in and forms part of this Prospectus.

11. This Prospectus constitutes a prospectus for the purpose of the Rules set forth in Euronext Rule Book, Book 1 (Harmonised Market Rules) NYSE Euronext and for the purposes of Directive 2003/71/EC of 4 November 2003.

12. Each individual auditor to the Issuer and Vesteda Group is a member of the Royal NIVRA (*Koninklijk Nederlands Instituut van Registeraccountants*).

13. There has been no significant change in the financial or trading position of Vesteda Group since the end of the last financial period and the last financial statement published.

14. There has been no material adverse change in the prospects of Vesteda Group since the date of its last published audited financial statements.

15. The estimated aggregate costs of the transaction described in this Prospectus amount to 2.5 per cent. of the proceeds of the Class A7 Notes.

16. This Prospectus has been approved by the Netherlands Authority for Financial Markets (*Autoriteit Financiële Markten*) in compliance with Directive 2003/71/EC of 4 November 2003.

17. The Issuer is responsible for the information contained in this Prospectus 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 Vesteda Groep B.V. is responsible contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

18. Vesteda Groep B.V., acting in its capacity as general partner (*beherend vennoot*) of Vesteda Woningen C.V., a limited partnership (*commanditaire vennootschap*)

organised under the laws of the Netherlands, and pursuant to a mandate (last) granted by DRF I, DRF II and DRF III (each as defined herein), in their capacity as custodians (*bewaarders*) of Vesteda Woningen, is responsible solely for the information contained in the following sections of this Prospectus: *Overview of the Netherlands Residential Property Market*, *Vesteda Group – Corporate Profile and Business*, *Property Leasing in the Netherlands – Regulatory Framework*, *Description of the Portfolio*, *Management of Vesteda Groep* and *Financial Information*. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information, provided by Vesteda Groep B.V. contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Vesteda Groep B.V. accepts responsibility accordingly.

19. Information that has been sourced from a third party, has been accurately reproduced and as far as the Issuer and Vesteda Groep B.V. are aware and are able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

20. No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Class A7 Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, Vesteda Groep B.V. or the Lead Manager.

21. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy Class A7 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 Class A7 Notes in certain jurisdictions may be restricted by law.

22. 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 Class A7 Notes and on the distribution of this Prospectus is set out in the section *Purchase and Sale*. No one is authorised to give any information or to make any representation concerning the issue or the offering of the Class A7 Notes other than those contained in this Prospectus in accordance with applicable laws and regulations.

23. Each investor contemplating purchasing any Class A7 Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Class A7 Notes constitutes an offer or invitation by or on behalf of the Issuer or the Lead Manager to any person to subscribe for or to purchase any Class A7 Notes.

24 Neither the delivery of this Prospectus at any time nor any sale made in connection with the offering of the Class A7 Notes shall imply that the information contained herein is correct at any time subsequent to the date of this Prospectus.

25. The Lead Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Class A7 Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Class A7 Notes.

26 The Class A7 Notes have not been and will not be registered under the Securities Act, and include Class A7 Notes in bearer form that are subject to US tax law requirements. The Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S) except in certain transactions permitted by U.S. tax regulations and exempt from the registration requirements of the Securities Act. For a more complete description of restrictions on offers and sales and applicable U.S. tax law requirements, see the section *Purchase and Sale*.

27 In this Prospectus, unless otherwise specified, references to "€", "EUR" or "euro" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union.

28. The Issuer will use (i) receipts of funds from the Borrowers under the Secured Loan Agreement, (ii) the receipt by it of interest on moneys on deposit, (iii) the receipt by it of payments from the Liquidity Facility Provider under the Liquidity Facility Agreement, and (iv) the receipt by it of payments from the Hedging Providers under the Hedging Agreements, to make payments of, *inter alia*, principal and interest due in respect of the Class A7 Notes. These sources have in the opinion of the Issuer characteristics that demonstrate capacity to service payments of principal and interest when due and payable under the Class A7 Notes, although no guarantee can be given that the actual payments received by the Issuer will be sufficient to make such payments under the Class A7 Notes.

INDEX OF DEFINED TERMS

REGISTERED OFFICES

ISSUER

Vesteda Residential Funding II B.V.
Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

CORPORATE ADMINISTRATOR

ATC Financial Services B.V.
Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

SECURITY TRUSTEE

Stichting Vesteda Residential Funding II
Frederik Roeskestraat 123
1076 EE Amsterdam
The Netherlands

LEGAL ADVISERS

To the Borrowers and the Issuer as to Dutch law:
Stibbe N.V.
Strawinskylaan 2001
1077 ZZ Amsterdam
The Netherlands

To the Arranger and the Lead Manager as to Dutch law and English law:
Clifford Chance LLP
Droogbak 1a
1013 GE Amsterdam
The Netherlands

TAX ADVISERS

To the Borrowers and the Issuer:

Ernst & Young Belastingadvisers
Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

PRINCIPAL PAYING AGENT AND REFERENCE AGENT

Deutsche Bank AG, London Branch
Winchester House
1, Great Winchester Street
London, EC2N 2DB
United Kingdom

PAYING AGENT

Deutsche Bank Amsterdam Branch
Herengracht 450-454
1017 CA Amsterdam
The Netherlands

AUDITORS TO THE ISSUER

Ernst & Young
Prof. Dr. Dorgelolaan 14,
P.O. Box 455
5600 AL Eindhoven
The Netherlands

AUDITORS TO VESTEDA WONINGEN

Ernst & Young
Stationsplein 8c
6221 BT Maastricht
The Netherlands

LISTING AGENT

ABN AMRO BANK N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

RATING ADVISOR

Bishopsfield Capital Partners LLP
65 New Cavendish Street
London W1G 7LS
United Kingdom