

## STICHTING ELEVEN CITIES No. 6

(a foundation established under the laws of the Netherlands  
with its registered office in Amsterdam, the Netherlands)

**euro 719,450,000 floating rate Senior Class A Asset-Backed Notes 2009 due 2041,  
issue price 100 per cent.**

**euro 588,650,000 floating rate Junior Class B Asset-Backed Notes 2009 due 2041,  
issue price 100 per cent.**

**euro 6,550,000 floating rate Subordinated Class C Notes 2009 due 2041,  
issue price 100 per cent.**

An application has been made to list the euro 719,450,000 floating rate Senior Class A Asset-Backed Notes 2009 due 2041 (the '**Senior Class A Notes**'), to be issued by Stichting Eleven Cities No. 6 (the '**Issuer**'), on Euronext Amsterdam by NYSE Euronext ('**Euronext Amsterdam**'). This prospectus ('**Prospectus**') has been approved by the Netherlands Authority for the Financial Markets ('*Stichting Autoriteit Financiële Markten*'). The Issuer will also issue the euro 588,650,000 floating rate Junior Class B Asset-Backed Notes 2009 due 2041 (the '**Junior Class B Notes**'), and together with the Senior Class A Notes, the '**Asset-Backed Notes**') and the 6,550,000 floating rate Subordinated Class C Notes 2009 due 2041 (the '**Subordinated Class C Notes**'), and together with the Asset-Backed Notes, the '**Notes**'), which are expected to be issued and, in respect of the Senior Class A Notes only, admitted to trading on 23 December 2009.

The Notes will carry a floating rate of interest, payable quarterly in arrear, which will be three months Euribor plus a margin per annum, which will be up to (but excluding) the first Optional Redemption Date for the Senior Class A Notes 0.15 per cent., for the Junior Class B Notes 0.20 per cent. and for the Subordinated Class C Notes 0.25 per cent.. If on the first Optional Redemption Date the Notes of any Class will not be redeemed in full, in accordance with the terms and conditions of the Notes (the '**Conditions**'), the margin applicable to such Class of Notes will be reset. The interest on such Class of Notes from (and including) the first Optional Redemption Date will be equal to three months Euribor plus a margin per annum which will be for the Senior Class A Notes 0.25 per cent., for the Junior Class B Notes 0.30 per cent. and for the Subordinated Class C Notes 0.35 per cent.

The Notes are scheduled to mature on the Quarterly Payment Date falling in March 2041 (the '**Final Maturity Date**'). On each Quarterly Payment Date, provided that no Enforcement Notice has been given, the Asset-Backed Notes will be subject to mandatory redemption (in whole or in part) in the circumstances set out in, and subject to, and in accordance with the Conditions by applying the Notes Redemption Available Amount on a sequential basis starting with the Senior Class A Notes. On the Quarterly Payment Date falling in March 2011 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer will have the option to redeem all (but not some only) of the Asset-Backed Notes then outstanding at their Principal Amount Outstanding, subject to and in accordance with the Conditions. In addition, the Issuer has the option to redeem all of the Notes upon the occurrence of a Tax Change in whole but not in part subject to and in accordance with the Conditions. Finally, the Issuer will redeem the Asset-Backed Notes in accordance with Condition 6(b) if the Seller exercised its option to repurchase the Receivables upon the occurrence of a Regulatory Change ('**Regulatory Call Option**') and/or Clean-Up Call Option and subject to, in the case of the Junior Class B Notes, Condition 9(b). On each Quarterly Payment Date, provided that no Enforcement Notice has been given, the Subordinated Class C Notes will be subject to mandatory partial redemption in the circumstances set out in, subject to and in accordance with Condition 6(f) through the application of the Class C Redemption Available Amount on such date.

It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned an Aaa rating by Moody's Investors Service Limited ('**Moody's**'). The Junior Class B Notes and the Subordinated Class C Notes will not be assigned a rating.

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

The Notes will be (indirectly) secured by a right of pledge over the Receivables vested by the Issuer in favour of Stichting Security Trustee Eleven Cities No. 6 (the '**Security Trustee**') and a right of pledge vested by the Issuer in favour of the Security Trustee over all rights of the Issuer under or in connection with most of the Relevant Documents. The right to payment of interest and principal on the Junior Class B Notes and the Subordinated Class C Notes will be subordinated and may be limited as more fully described under *Terms and Conditions of the Notes*.

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

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Manager, the Floating Rate GIC Provider, the Listing Agent, the Secured Parties and the Security Trustee or any other person, in whatever capacity acting. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes will be accepted by the Manager, the Floating Rate GIC Provider, the Listing Agent, the Secured Parties and the Security Trustee, in whatever capacity acting. None of the Manager, the Floating Rate GIC Provider, the Listing Agent, the Secured Parties and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

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

The Seller has agreed to purchase upon issue the Notes. The Seller may elect to dispose of any of such Notes at any time.

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

The date of this Prospectus is 22 December 2009.

**Manager**  
**Rabobank International**

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## SUMMARY

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

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

### **The transaction**

The Issuer will purchase and, on the Closing Date, accept the assignment from the Seller of the Receivables (i.e. the rights under or in connection with certain pre-selected Loans originated by the Seller) relating thereto by means of a registered deed of assignment (the '**Deed of Assignment**'), as a result of which legal title to the Receivables is transferred to the Issuer. Furthermore, the Issuer will on the Closing Date issue the Notes and use the net proceeds of the Asset-Backed Notes, to pay to the Seller the Initial Purchase Price for the Receivables pursuant to the Receivables Purchase Agreement. In addition, the Issuer will pay the Deferred Purchase Price to the Seller, which is to be paid on each Quarterly Payment Date in Deferred Purchase Price Instalments, if any (see further the section *Receivables Purchase Agreement* below). The proceeds of the issue of the Subordinated Class C Notes will be credited to the Reserve Account.

The Issuer will use receipts of principal and/or interest, as the case may be, in respect of the Receivables and together with, (a) in respect of the Senior Class A Notes only, amounts it receives under the Liquidity Facility Agreement and the Swap Agreement and (b), in respect of the Senior Class A Notes only or, after the Senior Class A Notes have been redeemed in full, the Junior Class B Notes only, drawings from the Reserve Account and (c) in respect of all Notes, the amounts it receives under the Floating Rate GIC, to make payments of, *inter alia*, principal and interest due in respect of the Notes. The obligations of the Issuer in respect of the Notes will rank below the obligations of the Issuer in respect of certain items set forth in the applicable priority of payments (see *Credit Structure*) and (i) payments of principal and interest on the Junior Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes and (ii) payments of principal and interest on the Subordinated Class C Notes are subordinated to, *inter alia*, payments of interest on the Senior Class A Notes and the Junior Class B Notes and limited as more fully described herein under *Credit Structure* and *Terms and Conditions of the Notes*.

The holders of the Subordinated Class C Notes do not have the right to receive any amount pursuant to the Principal Priority of Payments.

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

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

Pursuant to the Potential Set-Off Reserve Subordinated Loan Agreement, the Issuer will be entitled to make drawings from time to time on each Quarterly Payment Date in an amount equal to the positive difference between the Potential Set-Off Reserve Account Required Amount and the balance standing to the credit of the Potential Set-Off Reserve Account, until such time as the Senior Class A Notes have been redeemed in full. The Issuer shall make drawings from the Potential Set-Off Reserve Account on any Quarterly Payment Date if and to the extent the Issuer has, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it and the Seller has not reimbursed the Issuer for such amount, prior to or on the relevant Quarterly Payment Date, not received the full amount due but unpaid in respect of any such Receivable(s).

The proceeds of the issue of the Subordinated Class C Notes will be credited to the Reserve Account. The purpose of the Reserve Account will be to enable the Issuer to meet the Issuer's payment obligations under certain items of the Interest Priority of Payments in the event that the Notes Interest Available Amount is not sufficient to meet such payment obligations on a Quarterly Payment Date, see *Credit Structure* below.

Pursuant to the Servicing and Administration Agreement, the Pool Servicer will – *inter alia* – provide (a) administration and management services to the Issuer on a day-to-day basis in relation to the Loans and the Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Receivables and the direction of amounts received by the Seller to the Issuer Collection Account, (b) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law for submission to the relevant governmental authorities and (c) implementation of arrears procedures including the enforcement of the Security Interests and the Issuer Administrator will agree (i) to provide certain administration, calculation and cash management services to the Issuer including without limitation, all calculations to be made pursuant to the Conditions in connection with the Notes and (ii) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested (see further *Servicing and Administration Agreement* and *Friesland Bank SME Loan Business* below).

To mitigate the risk between the rate of interest payable by the Issuer on the Senior Class A Notes and the rate of interest to be received by the Issuer on (a pro rata part of) the Receivables, the Issuer will enter into a Swap Agreement. The rate of interest payable by the Issuer on the Junior Class B Notes and the Subordinated Class C Notes will not be hedged (see under *Credit Structure* below).

#### **The Issuer**

Stichting Eleven Cities No. 6 is established under the laws of the Netherlands as a foundation ("*stichting*") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam. The Issuer is established to issue the Notes (see *Risk Factors* below).

#### **The Notes**

The Issuer will issue the Senior Class A Notes, the Junior Class B Notes and the Subordinated Class C Notes on the Closing Date.

The Seller has agreed to purchase upon issue the Notes. The Seller may elect to dispose of any of such Notes at any time.

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

#### **Security**

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

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

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

#### **Interest on the Notes**

The Notes will carry a floating rate of interest, payable quarterly in arrear on each Quarterly Payment Date. The rate of interest for the Notes will be three months Euribor plus a margin. On the first Optional Redemption Date, the margin of the Notes will be reset subject to and in accordance with the Conditions.

#### **Redemption of the Notes**

Unless previously redeemed, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Final Maturity Date, subject to, in respect of the Junior Class B Notes, Condition 9(b).

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date the Issuer will be obliged to apply the Notes Redemption Available Amount, which broadly consists of all amounts of principal received (i) as repayment or pre-payment on the Receivables and (ii) in

connection with a repurchase or sale of the Receivables to (partially) redeem the Asset-Backed Notes sequentially in accordance with the Principal Priority of Payments.

The Issuer will have the option to redeem all of the Asset-Backed Notes, but not some only, on each Optional Redemption Date at their Principal Amount Outstanding subject to, in the case of the Junior Class B Notes, Condition 9(b). In addition, the Issuer has the option to redeem all of the Notes upon the occurrence of a Tax Change in whole but not in part subject to and in accordance with the Conditions. Finally, the Issuer will redeem the Asset-Backed Notes in accordance with Condition 6(b) if the Seller exercised its Regulatory Call Option and/or Clean-Up Call Option subject to, in the case of the Junior Class B Notes, Condition 9(b).

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date, the Subordinated Class C Notes will be subject to mandatory partial redemption in the circumstances set out in, subject to and in accordance with Condition 6(f) through the application of the Class C Redemption Available Amount (as defined in Condition 6(g)) on such date.

**Listing**

Application has been made to list the Senior Class A Notes on Euronext Amsterdam. The other Classes of Notes will not be listed.

**Rating**

It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned an Aaa rating by Moody's. The Junior Class B Notes and the Subordinated Class C Notes will not be assigned a rating.

**Risk factors**

There are certain factors which prospective Noteholders should take into account. These risk factors relate to, *inter alia*, the Notes such as (but not limited to) the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Receivables, the proceeds of the sale of any Receivables and the receipt by it of certain other funds. Despite certain facilities, there remains a credit risk, liquidity risk, prepayment risk, maturity risk and interest rate risk relating to the Notes. Moreover, there are certain structural and legal risks relating to the Receivables (see *Risk Factors* below).

## RISK FACTORS

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

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

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

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity or person, in whatever capacity acting, including, without limitation, the Seller, the Manager, the Liquidity Facility Provider, the Pool Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Listing Agent or the Security Trustee. Furthermore, none of the Seller, the Manager, the Liquidity Facility Provider, the Pool Servicer, the Issuer Administrator, the Floating Rate GIC Provider, the Swap Counterparty, the Directors, the Paying Agent, the Reference Agent, the Listing Agent, the Security Trustee or any other person in whatever capacity acting, will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amounts due under the Notes.

None of the Seller, the Liquidity Facility Provider, the Swap Counterparty, the Pool Servicer, the Issuer Administrator, the Directors, the Paying Agent, the Reference Agent, the Listing Agent, the Manager, the Floating Rate GIC Provider and the Security Trustee will be under any obligation whatsoever to provide additional funds to the Issuer (save in the limited circumstances pursuant to the Relevant Documents).

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

The ability of the Issuer to meet its obligations in full to pay principal of and/or interest, as the case may be, on the Notes will be dependent on the receipt by it of funds under the Receivables and the proceeds of the sale of any Receivables and (a) in respect of the Senior Class A Notes only, drawings under the Liquidity Facility and the receipt by it of payments under the Swap Agreement and (b) in respect of the Senior Class A Notes only or, after the Senior Class A Notes have been redeemed in full, the Junior Class B Notes only, the balances standing to the credit of the Reserve Account and (c) in respect of all Notes, the receipt by it of interest in respect of the balances standing to the credit of the Transaction Accounts (see further *Credit Structure*). The Issuer does not have any other resources available to meet its obligations under the Notes.

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

Counterparties to the Issuer may not perform their obligations under the Relevant Documents, which may result in the Issuer not being able to meet its obligations. It should be noted that there is a risk that (a) Friesland Bank in its capacity as Seller and Pool Servicer and as provider of the Potential Set-Off Reserve Subordinated Loan will not perform its obligations vis-à-vis the Issuer, (b) ABN AMRO in its capacity as Floating Rate GIC Provider, Liquidity Facility Provider, Paying Agent, Reference Agent and Listing Agent, will not perform its obligations vis-à-vis the Issuer, (c) The Royal Bank of Scotland plc in its capacity as Swap Counterparty, will not perform its obligations vis-à-vis the Issuer, (d) Equity Trust Co. N.V. as Issuer Administrator and Director will not perform its obligations under the Servicing and Administration Agreement and the relevant Management Agreement respectively, (e) ANT Securitisation Services B.V. will not perform its obligations under the relevant Management Agreement. Non-performance by a counterparty could lead to losses for the Noteholders.

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

Under or pursuant to the Pledge Agreements, various rights of pledge will be granted by the Issuer to the Security Trustee. On the basis of these pledges the Security Trustee can exercise the rights afforded by Netherlands law to pledgees notwithstanding bankruptcy or suspension of payments of the Issuer. The Issuer is a special purpose vehicle and it has been set up as a bankruptcy remote entity, as, among others, non-petition wording has been included in the Relevant Documents and recourse by the Secured Parties has been limited to the assets of the Issuer and is therefore unlikely to become insolvent. However, any bankruptcy or suspension of payments involving the Issuer would affect the position of the Security Trustee as pledgee in some respects, the most important of which are: (i) payments made by the Borrowers to the Issuer prior to notification but after

bankruptcy or suspension of payments will be part of the bankruptcy estate of the Issuer, although the Security Trustee has the right to receive such amounts by preference after deduction of certain costs, (ii) a mandatory 'cool-off' period of up to four months may apply in case of bankruptcy or suspension of payments involving the Issuer, which, if applicable, would delay the exercise ("*uitwinning*") of the right of pledge on the Receivables but not the collection ("*inning*") of interest and principal payments of the Receivables and (iii) the Security Trustee may be obliged to enforce its right of pledge within a reasonable period following bankruptcy as determined by the judge-commissioner ("*rechter-commissaris*") appointed by the court in case of bankruptcy of the Issuer.

To the extent the receivables pledged by the Issuer to the Security Trustee are future receivables, the right of pledge on such future receivables cannot be invoked against the estate of the Issuer, if such future receivables come into existence after the Issuer has been declared bankrupt or has been granted a suspension of payments. The Issuer has been advised that the assets pledged to the Security Trustee under the Trustee Assets Pledge Agreement should probably be regarded as future receivables. This would for example apply to amounts paid to the Transaction Accounts following the Issuer's bankruptcy or suspension of payments.

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

Under Netherlands law it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledges in favour of the Security Trustee, the Issuer has in the Parallel Debt Agreement, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Security Trustee amounts equal to the amounts due by it to the Secured Parties. There is no statutory law or case law available on the concept of parallel debts such as the Parallel Debt and the question whether a parallel debt constitutes a valid basis for the creation of security rights, such as rights of pledge (see also *Description of Security* below). However, the Issuer has been advised that such a parallel debt creates a claim of the Security Trustee thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Trustee Receivables Pledge Agreement and the Trustee Assets Pledge Agreement.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Trustee are, in the case of any insolvency of the Security Trustee, not separated from the Security Trustee's other assets. The Secured Parties therefore have a credit risk on the Security Trustee. However, the Security Trustee is a special purpose vehicle and is therefore unlikely to become insolvent.

#### **License requirement under the Act on Financial Supervision**

Under the Act on Financial Supervision as amended from time to time ("*Wet op het Financieel Toezicht*"), which entered into force on 1 January 2007, a special purpose vehicle which services ("*beheert*") and administers ("*uitvoert*") loans granted to consumers must have a license under the Act on Financial Supervision. As some of the Loans may be granted to consumers, the Issuer must have a license. However, an exemption from the license requirement is available, if the special purpose vehicle outsources the servicing of the loans and the administration thereof to an entity holding a license under the Act on Financial Supervision. The Issuer has outsourced the servicing and administration of the Loans to the Pool Servicer. The Pool Servicer holds a license under the Act on Financial Supervision and the Issuer thus benefits from the exemption. However, if the Servicing and Administration Agreement is terminated, the Issuer will need to outsource the servicing and administration of the Receivables to another licensed entity or it needs to apply for and hold a license itself. In the latter case, the Issuer will have to comply with the applicable requirements under the Act on Financial Supervision. If the Servicing and Administration Agreement is terminated and the Issuer has not outsourced the servicing and administration of the Loans to a licensed entity and does not hold a license itself, the Issuer will have to terminate its activities and settle ("*afwickelen*") its existing agreements. This could result in early redemption of the Notes.

#### **A foundation as Issuer and payment of the Deferred Purchase Price**

Under Netherlands law, a foundation ("*stichting*") such as the Issuer is prohibited to make any distribution ("*uitkering*"), including any distribution of profits, to its incorporators, members of its corporate bodies and/or any third party, unless, in respect of any third party, such distribution has an idealistic or social tendency and a foundation is prohibited to have in its statutory objects clause ("*statutaire doelomschrijving*") the making of such distributions. In legal literature, distributions are regarded as a performance ("*prestatie*") for which no consideration or unequal consideration ("*ongelijkwaardige prestatie*") is stipulated or provided. Payments made by a foundation in consideration of goods delivered or services rendered are allowed, provided that the consideration is fair and in proportion to the goods delivered or services rendered.

The Issuer has been advised that payments made by the Issuer under the Relevant Documents, other than the Deferred Purchase Price, will not be in violation of the prohibition, assuming that the obligations under which the payments are made are fair and entered into for an equal consideration. The Deferred Purchase Price is part

of the consideration for the sale of the Receivables. The consideration for the sale of the Receivables consists of the Initial Purchase Price (which is equal to the aggregate Outstanding Principal Amount of the Receivables at the Cut-off Date) and the Deferred Purchase Price, the amount of the Deferred Purchase Price depends on the Excess Margin as agreed in the Swap Agreement and the actual performance of the Receivables during the term of the transaction. It could be argued that the Deferred Purchase Price is actually a distribution of profits to a third party (i.e. the Seller), since each Deferred Purchase Price Instalment is equal to any funds remaining at the relevant Quarterly Payment Date after all amounts payable at such date have been satisfied and, consequently, effectively returns any profits to the Seller. The Issuer has been advised that the Deferred Purchase Price, when taking into account the transaction described herein as a whole, should be seen as a consideration for the sale of the Receivable which is deferred in order to provide credit enhancement and not as a distribution of profits. Should the Deferred Purchase Price be considered as a distribution of profits and thus be unlawful, the Issuer can be or has to be dissolved by the court, since some legal authors defend mandatory dissolution of a foundation by the court. Dissolution of the Issuer constitutes an event of default under the Conditions, which causes the Notes to immediately become due and repayable. Furthermore the contractual provisions with respect to the Deferred Purchase Price, as well as any Deferred Purchase Price Instalments paid to the Seller, could be held to be void or voidable, which would result in an obligation to repay any amounts received by the Seller as Deferred Purchase Price. If it was argued that the Receivables Purchase Agreement would not have been entered into by the Seller without the Deferred Purchase Price, the entire Receivables Purchase Agreement could also be held to be invalid, which would result in an obligation for the Seller to repay the Purchase Price and for the Issuer to re-assign the Receivables. However, the Receivables Purchase Agreement provides that it is in the explicit intention of the parties thereto that invalidity of the Deferred Purchase Price will not affect the validity of the agreement as a whole.

## **RISK FACTORS REGARDING THE RECEIVABLES**

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

Under Netherlands law, assignment of the legal title of claims, such as the Receivables, can be effectuated by means of a notarial or registered deed of assignment, without notification of the assignment to the debtors being required ("*stille cessie*"). The legal title to the Receivables will be assigned by the Seller to the Issuer on the Closing Date through a registered deed of assignment. The Receivables Purchase Agreement will provide that the assignment of the relevant Receivables by the Seller to the Issuer will not be notified by the Seller or, as the case may be, the Issuer to the Borrowers except if certain events occur. For a description of certain of these notification events reference is made to the section *Receivables Purchase Agreement*.

Until notification of the assignment has been made to the Borrowers, the Borrowers under the Receivables can only validly pay to the Seller in order to fully discharge their payment obligations ("*bevrijdend betalen*") in respect thereof. The Seller has undertaken in the Receivables Purchase Agreement to transfer on each day of the calendar month or if this is not a business day the next succeeding business day to the Issuer any amounts received in respect of the Receivables on the immediately preceding day. However, receipt of such amounts by the Issuer is subject to the Seller actually making such payments. If the Seller is declared bankrupt or subject to emergency regulations prior to making such payments, the Issuer has no right of any preference in respect of such amounts.

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

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

Under Netherlands law a debtor has a right of set-off if it has a claim which corresponds to its debt to the same counterparty and it is entitled to pay his debt as well as to enforce payment of his claim. Subject to these requirements being met, each Borrower will be entitled to set off amounts due by the Seller to him (if any) with amounts he owes in respect of the Receivable prior to notification of the assignment of the Receivable to the Issuer having been made. Such amounts due by the Seller to a Borrower could, *inter alia*, result from current account balances or deposits made or result from services rendered by the Seller to the Borrower, such as investment advice or investment management services rendered by the Seller or for which the Seller is responsible or held liable. As a result of the set-off of amounts due and payable by the Seller to the Borrower with amounts the Borrower owes in respect of the Receivable, the Receivable will, partially or fully, be extinguished ("*gaat teniet*"). Set-off by Borrowers could thus lead to losses under the Notes.

After assignment of the Receivables to the Issuer and notification thereof to a Borrower, such Borrower will also have set-off rights vis-à-vis the Issuer, provided that the legal requirements for set-off are met (see above),



and further provided that (i) the counterclaim of the Borrower results from the same legal relationship as the relevant Receivable or (ii) the counterclaim of the Borrower has been originated and become due prior to the assignment of the Receivable and notification thereof to the relevant Borrower. The question whether a court will come to the conclusion that the Receivable and the claim of the Borrower on the Seller result from the same legal relationship will depend on all relevant facts and circumstances involved. But even if these would be held to be different legal relationships, set-off will be possible if the counterclaim of the Borrower has originated ("*opgekomen*") and become due ("*opeisbaar*") prior to notification of the assignment and, further, provided that all other requirements for set-off have been met (see above). A balance on a current account is due at any time and, therefore, this requirement will be met. In the case of deposits it will depend on the terms of the deposit whether the balance thereof will be due at the moment of notification of the assignment. The Issuer has been informed by the Seller that in most cases a balance on a deposit account can be withdrawn at any time, subject to the payment of a penalty, and, consequently, such balance is due and payable ("*opeisbaar*") at any time. If after the moment the Borrower receives notification of the assignment of the Receivable, amounts are debited from or credited to the current account or, as the case may be, the deposit account, the Borrower will only be able to set-off its claim vis-à-vis the Issuer for the amount of its claim at the moment such notification has been received after deduction of amounts which have been debited from the current account or the deposit account after such moment, notwithstanding that amounts may have been credited. The balances standing to the credit of any current accounts and deposits are taken into account when calculating the Potential Set-Off Amount (see *Credit Structure* below).

If notification of the assignment of the Receivables is made after the bankruptcy or emergency regulations of the Seller having become effective, the Issuer has been advised that it is defended in legal literature that the Borrower will, irrespective of the notification of the assignment, continue to have the broader set-off rights afforded to it in the Netherlands Bankruptcy Code. Under the Netherlands Bankruptcy Code a person which is both debtor and creditor of the bankrupt entity can set off its debt with its claim, if each claim (i) came into existence prior to the moment at which the bankruptcy become effective or (ii) resulted from transactions with the bankrupt entity concluded prior to the bankruptcy becoming effective. A similar provision applies in case of emergency regulations.

The Receivables Purchase Agreement provides that if a Borrower sets off amounts due to it by the Seller against the relevant Receivable and, as a consequence thereof, the Issuer does not receive the amount which it is entitled to receive in respect of such Receivable, the Seller will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Receivable if no set-off had taken place and the amount actually received by the Issuer in respect of such Receivable. To ascertain that such amounts are available to the Issuer at any time, the Seller will have an obligation to grant to the Issuer the Potential Set-Off Reserve Subordinated Loan in favour of the Issuer and the Security Trustee respectively up to the Potential Set-Off Reserve Account Required Amount, until such time as the Senior Class A Notes have been redeemed in full. (see *Credit Structure* below). Notwithstanding this, if the Seller would not meet its obligations under the Receivables Purchase Agreement or the Potential Set-Off Reserve Subordinated Loan Agreement or if the amount of set-off would exceed the balance standing to the credit of the Potential Set-Off Reserve Account, set-off by Borrowers could lead to losses under the Notes.

#### **Risk that the Bank Security Rights will not follow the Receivables upon assignment to the Issuer**

Part of the Receivables which are sold to the Issuer by the Seller will be secured by mortgage rights which will secure not only the loan granted to the Borrower for the purpose of acquiring the Mortgaged Assets, but also all other existing and future liabilities and moneys the Borrower may owe to the Seller (**'Bank Mortgages'**). In respect of part of the Receivables, the Seller has also the benefit of (i) a right of pledge on the rights of the relevant Borrower vis-à-vis the relevant lessees in respect of rental payments (the **'Lease Amounts'**) due under lease agreements ("*huurovereenkomsten*") entered into in respect of the Mortgaged Assets (**'Borrower Lease Pledge'**), (ii) a right of pledge on all rights of a Borrower under the building insurance policies ("*opstalverzekeringen*"), (iii) a right of pledge on the rights of the relevant Borrower in connection with the Investment Accounts (**'Borrower Investment Pledge'**), which in each case secure the same debts as the Bank Mortgages and (iv) a right of pledge on other current assets, such as account receivable portfolios, stock and inventories (together the **'Borrower Pledges'** and the Borrower Pledges together with the Bank Mortgages, the **'Bank Security Rights'**). In addition, (i) with respect to any Receivables resulting from Loans with more than one Borrower, such Borrowers are jointly and severally liable ("*hoofdelijk aansprakelijk*") for the repayment of the relevant Receivable resulting from such Loan and (ii) some of the Receivables have the benefit of a deed of surety ("*borgtocht*") or a guarantee ("*garantie*"). (The joint and several liability and the deeds of surety shall be referred to as **'Other Collateral'** and together with the Bank Security Rights, the **'Security Interests'**).

Under Netherlands law a mortgage right is an accessory right ("*afhankelijk recht*") which follows by operation of law the receivable with which it is connected. Furthermore, a mortgage right is an ancillary right ("*nevenrecht*")

and the assignee of a receivable secured by an ancillary right will have the benefit of such right, unless the ancillary right by its nature is, or has been construed as, a purely personal right of the assignor or such transfer is prohibited by law.

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

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

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

The Seller will represent and warrant that the mortgage deeds, pledge deeds and Loan Conditions do not contain any explicit provision on the issue of whether the security interest follows the receivable upon its assignment. Therefore there is no clear indication of the intention of the parties. The Issuer has been advised that also in such a case the Bank Security Rights should (partially) follow the receivable as an accessory and ancillary right upon its assignment, but that there is no case law explicitly supporting this advice and that, consequently, it is not certain what the Netherlands courts would decide if this matter were to be submitted to them, particularly taking into account the prevailing view of Dutch commentators on Bank Security Rights in the past, which view continues to be defended by some legal commentators.

Furthermore, the above applies *mutatis mutandis* in respect of the pledge of the Receivables by the Issuer to the Security Trustee under the Trustee Receivables Pledge Agreement.

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

If the Bank Security Rights have (partially) followed the Receivable upon its assignment, the Bank Security Rights would probably be jointly-held by the Issuer (or the Security Trustee, as pledgee) and the Seller and would secure both the Receivable held by the Issuer (or the Security Trustee, as pledgee) and any claims held by the Seller (the **'Other Claims'**).

In case the Bank Security Rights are jointly-held by both the Issuer and/or the Security Trustee and the Seller, the rules applicable to joint-ownership ("*gemeenschap*") apply. The Netherlands Civil Code provides for various mandatory rules applying to such jointly-owned rights. In the Receivables Purchase Agreement the Seller, the Issuer and the Security Trustee will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer such jointly-held rights. Certain acts, including acts concerning the day-to-day management ("*beheer*") of the jointly-held rights, may under Dutch law be transacted by each of the participants ("*deelgenoten*") in the jointly-held rights. All other acts must be transacted by all of the participants acting together in order to bind the jointly-held rights. It is uncertain whether the foreclosure of the mortgage rights and rights of pledge will be considered as day-to-day management and, consequently the consent of the Seller's bankruptcy trustee (in case of bankruptcy) or administrator (in case of emergency regulations) may be required for such foreclosure.

On the basis of Netherlands Civil Code the shares of the joint-owners in a community are equal, unless their legal relationship provides otherwise. Therefore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that in case of foreclosure the share ("*aandeel*") in each jointly-held security interest of the Issuer (the Security Trustee) will be equal to the Outstanding Principal Amount in respect of the Receivable, increased with

interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount in respect of the Receivable, increased with interest and costs, if any. It is uncertain whether this arrangement will be enforceable. In this respect it will be agreed that in case of a breach by the Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) forthwith for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof. Receipt of such amount by the Issuer and/or the Security Trustee is subject to the ability of the Seller to actually make such payments. Furthermore it is noted that this arrangement may not be effective against the Borrower.

If (a trustee or administrator of) the Seller would, notwithstanding the arrangement set out above, enforce the jointly-held Bank Security Rights securing the Receivables, the Issuer and/or the Security Trustee would have a claim against the Seller (or, as the case may be, its bankruptcy estate) for any damages as a result of a breach of the contractual arrangements, but such claim would be unsecured and non-preferred. To further secure the obligations of the Seller under this arrangement, the Seller shall have an obligation to pledge, upon the occurrence of a Notification Event, the Other Claims in favour of the Issuer and the Security Trustee respectively. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller created for this purpose equal to the share of the Seller in the foreclosure proceeds in relation to a defaulted Borrower which claim becomes due and payable upon a default of the relevant Borrower. If, after the pledge of the Other Claims, the Notification Event has been cured and is not continuing, the Issuer and the Security Trustee will be obliged to release the rights of pledge vested on the Other Claims. In addition, each of the Issuer and the Security Trustee undertakes to release such right of pledge on any Other Claims of a Borrower if the Outstanding Principal Amount in respect of the Receivable has been repaid in full.

#### **Risk that the mortgage right on long lease ceases to exist**

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

A long lease will, *inter alia*, end as a result of expiration of the long lease term (in case of lease for a fixed period), or termination of the long lease by the leaseholder or the landowner. The landowner can terminate the long lease in the event the leaseholder has not paid the remuneration due for a period exceeding two consecutive years or seriously breaches other obligations under the long lease. In case the long lease ends, the landowner will have the obligation to compensate the leaseholder. In such event the mortgage right will, by operation of law, be replaced by a right of pledge on the claim of the (former) leaseholder on the landowner for such compensation. The amount of the compensation will, *inter alia*, be determined by the conditions of the long lease and may be less than the market value of the long lease.

When underwriting a Loan to be secured by a mortgage right on a long lease the Seller will require that the maturity date of the Loan falls before the maturity date of the long lease.

#### **Risk that interest rate reset rights will not follow Receivables**

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

#### **Risk related to prepayments on the Loans**

The maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale of the Receivables by the Issuer, Net Proceeds upon enforcement of a Loan and repurchase by the Seller of Receivables) on the Loans. The average maturity of the Notes may be adversely affected by a higher or lower than anticipated rate of prepayments on the Loans. The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, changes in tax law, local and regional economic conditions and changes in Borrower's behaviour. No guarantee can be given as to the level of prepayment that the Loans may experience, and variation in the rate of prepayments of principal on the Loans may affect each Class of Notes differently.

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

Payments on the Receivables are subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors such as loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Receivables.

#### **Risks of Losses associated with declining values of the Security Interests**

The security for the Notes created under the Trustee Receivables Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets, the Borrowers Pledges and the Other Collateral. No assurance can be given that values of the Mortgaged Assets and the value of the other assets subject to the Security Interests remain or will remain at the level at which they were on the date of origination of the related Loans. All these factors may result in losses to the Noteholders if such security rights and the Bank Security Rights and the Other Collateral are required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Receivables.

#### **Risks related to tenants**

Some of the Borrowers rely on payments made by tenants under occupational leases to repay their Receivables. The ability of such Borrowers to make payments in respect of the relevant Receivables could be adversely affected if occupancy levels at the relevant Mortgaged Assets were to fall or if a significant number of tenants were unable to meet their obligations under the occupational leases. There can be no assurance that tenants will renew their respective occupational leases or that new tenants will be found to take up replacement occupational leases. Even if such renewals are effected or replacement occupational leases will be on terms (including rental levels) as favourable to the relevant Borrower as those which exist on the Closing Date, or that the covenant strength of tenants who renew their occupational leases or new tenants who replace them will be the same or equivalent to, those existing on the Closing Date, in each case the income of the relevant Borrowers and the market value of the Mortgaged Assets would be adversely affected if tenants were unable to pay rent or if space was unable to be let out on favourable terms or at all. This may affect the ability of the relevant Borrowers to make payments under the Receivables and ultimately, the Issuers' ability to make payments under the Notes and may also affect the foreclosure proceeds of the Mortgaged Assets.

Any tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in failure to make rental payments when due. If a tenant of a Mortgaged Asset, particularly a significant tenant, were to default in its obligations due, the relevant Borrower might experience delays in enforcing its rights and may incur costs and experience delays associated with protecting its investment, including costs incurred in renovating and re-letting the relevant Mortgaged Assets. This may affect the ability of the relevant Borrowers to make payments in respect of the Receivables.

#### **Risk of having to attract new occupational tenants**

Especially in the current Dutch commercial property market it is not unusual to offer rent-free periods. There is therefore a risk that if the relevant Borrower has offered a rent-free period to a proposed new tenant that this may affect its ability to make payments in respect of its Receivables. Sometimes a landlord will provide a potential tenant with a loan for the purposes of financing the acquisition of office furniture and other fittings in order to attract new tenants. If the tenant will have financial problems later on, there is a risk that the tenant will not only not be able to pay the rent, but that it also cannot pay the landlord under the loan agreement. This would give rise to the risk that the Borrower will not have sufficient resources to make payments in respect of the Receivables.

#### **Risks in connection with lease law**

In general, parties are free to agree to any terms relating to the leasing of property. However, there are several mandatory provisions of Dutch law which apply to lease agreements. First, the provisions regarding general contract law apply. Secondly, the provisions of general lease law apply. Depending on the use of immovable property, in addition to those general statutory provisions one of three legal regimes is applicable to a lease for immovable property. These three regimes are (i) the regime for lease of accommodation, (ii) the regime for lease of so-called "230a-premises" and (iii) the regime with regard to so-called "290-business premises". Depending on the legal regime that is applicable, the tenant enjoys more or less security of tenure.

Premises that are used for accommodation are subject to the regime laid down in article 7: 232 et seq. of the Netherlands Civil Code. Premises that are used for retail or as a hotel, restaurant or café are subject to the regime laid down in article 7:290 et seq. of the Netherlands Civil Code. All leases regarding premises that are not used as 290-business premises nor as accommodation are subject to the regime laid down in article 7:230a of the Netherlands Civil Code (such as lease regarding offices, warehouses, industrial property, sports accommodations)

Certain of these provisions may affect the cash flow derived from the relevant Mortgaged Assets or the value of a Mortgaged Asset and are described in more detail below.

#### *General lease law*

It is not possible for the landlord to dissolve a lease agreement concerning immovable property based on default or dissolving conditions without a court decision to that effect (article 7:231 Netherlands Civil Code). This is mandatory law. This means it may take much more time to terminate a contract with a tenant who is in default. This might result in higher arrears of rental payments which may affect the Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

There are two exceptions to the rule that the landlord cannot terminate the lease extra judicially. The first exception is the situation mentioned hereunder under the *Defects*, being the situation in which the premises are damaged to such a degree that the tenant's enjoyment of the premises is no longer possible while the landlord is not responsible for repairing the defect. In such case both tenant and landlord may rescind the lease extra judicially. The second exception is the situation in which the tenant is declared bankrupt. Pursuant to Netherlands law, in the event of bankruptcy of the tenant, both parties to a lease agreement are entitled to terminate the lease agreement extra judicially taking into account a notification period of at most three months.

#### *Defects*

Essential to the landlord's obligations is the concept of "defect" as used in relation to leased premises. A "defect" is defined very broadly as any state or quality of the leased premises or any other circumstance that cannot be attributed to the tenant and that in any way prevents the tenant from enjoying the leased premises to the extent he is entitled to expect upon entering into a lease of well maintained premises of the type to which the lease relates. The statutory provisions require the landlord to repair all defects unless this would be impossible or cannot reasonably be expected of him under the circumstances. If the landlord fails to fulfil this obligation, the tenant may repair the defect himself and deduct the cost of doing so from the rent. In addition, the tenant may claim a rent reduction at law for the period in which the defect exists.

In some cases, the landlord is also liable for consequential damages. If there is a defect that makes it entirely impossible for the tenant to enjoy the use of the leased premises and the landlord is not obliged to repair such defect (because pursuant to the law or to the contract the defect falls within the liability of the tenant, or because repairing such defect would be impossible or cannot reasonably be expected of the landlord under the circumstances), then both parties will be entitled to dissolve the lease extra judicially pursuant to article 7:210 Netherlands Civil Code. Such extra judicial termination of the lease however does not prevent either party from claiming damages from the other party if that other party can be held liable for the defect that rendered the use of the premises entirely impossible. Most general terms and conditions tend to exclude the liability of the landlord for defects and its consequences as much as possible. However, the provisions are mandatory in respect of lease of accommodation. Furthermore, the statutory provisions described in the preceding paragraph are mandatory in any event in respect of a defect that was present at the moment on which the lease was entered into and of which the landlord was or should have been aware. Finally, the provision that if the landlord fails to fulfil his obligation to repair a defect, the tenant is entitled to repair the defect himself and deduct the cost of doing so from the rent, is mandatory.

The provisions relating to the consequences of defects may have an effect on the rent the tenant actually has to pay and/or can result in substantial costs to be made by the landlord. This may affect the Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

#### *Insurance*

The standard situation in the Netherlands is that the landlord will insure the premises itself against damage. The landlord may take out insurance for loss of rent in case of damages to the leased premises but has no obligation to do so. The landlord is not obliged to take out business interruption insurance in case of interruption of the business of the tenant due to a defect to the premises. In this respect it is noted that the Seller represents and warrants in the Receivables Purchase Agreement that it is a requirement for the granting of a Loan that each of the Mortgaged Assets, on which a Mortgage has been vested to secure the Receivable, had, at the time the Loan was advanced, the benefit of buildings insurance ("*opstalverzekering*") for the full reinstatement value ("*herbouwwaarde*").

#### *Residential space*

There are no statutory minimum terms for the lease of residential space. Leases are mostly for an indefinite period of time, sometimes with an initial period of one year thereafter to be extended for an indefinite period.

There is a complicated system of rules regarding residential lease and rent review. These rules are of mandatory nature. The rules regarding rent and rent review may result in a rent reduction.

For the actual termination of the lease agreement, even in the case of a fixed term, notice of termination given by one of the parties is required. The notification period is one (1) to three (3) months for the tenant and three (3) to six (6) months for the landlord. If a tenant gives notice of termination of the lease agreement (at the expiry dated of a lease period), the lease agreement will end automatically. However, if the landlord terminates the lease agreement without the consent of the tenant, the lease agreement will continue to be in force until it is terminated by the appropriate Dutch court. The court will terminate the lease if one or more of the situations described in the law occurs.

The landlord can be enforced to accept other persons than the original tenant as co-lessee (in case of marriage, registered partnership or one or more persons running a joined household on a long term basis with the tenant) and can be enforced to continue the lease with these co-lessees particularly after the death of the original tenant or in case of divorce of the tenant and the co-lessee. As the landlord might be forced to accept a tenant who is less solvent than the original tenant was, this may increase the risk of default by the tenant which may affect the Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

#### *Retail space*

Under the Article 7:290 regime, mandatory rules apply with regard to lease term – in principle a minimum of 5 years plus 5 years -, the notice period to be observed by the landlord, termination of the lease by the landlord, rent review and assignment of the lease by the tenant.

The security of tenure of a tenant of 290-business premises is very strong. In order to terminate the lease, the landlord must observe a notice period of at least one year. If the tenant does not agree to termination, the lease cannot be terminated extra-judicially and the landlord must file a request with the court to terminate the lease and have the tenant evicted. The landlord can only terminate on limited grounds and must list the grounds for termination in its written notice.

The system of security of tenure under the Article 7:290 regime is connected to a rent review system. Each of the parties has a legal right to a rent review at the end of each lease term or, if the lease runs for an indefinite period, five years after the last rent review took place. This rent review can lead to a rent increase or rent reduction, since the rent review will be based on the rent paid for comparable premises in the preceding five year period. Either party can request the court to set the new rent, provided a report drawn up by joint experts is presented and surrendered with the writ of summons. If such report cannot be drawn up, because parties cannot agree on which experts need to be assigned, either party can request the court to assign these experts on behalf of the parties. This legal right to a rent review is mandatory law and will therefore supersede any contractual stipulations with regard to a rent review, unless the contractual rent review is to the benefit of the tenant, in which case the contractual arrangement prevails. The rent review may result in a rent decrease. This may affect the Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

The tenant of 290-business premises who wishes for a third party to take over its going concern business in the premises and in light thereof wishes to assign the lease, can request the (district) court to authorise him to assign its rights and obligations under the lease if the landlord will not agree to the assignment. The court can only grant the request of the tenant if the tenant has a compelling reason for the assignment and if the new tenant provides sufficient security for the fulfilment of the obligations under the lease and the correct operation of the business. Although the court has to assess the financial situation of the new tenant, the landlord might be forced to accept a tenant who is less solvent than the original tenant was. This may increase the risk of default by the tenant which may affect such Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

#### *Office space*

Parties to a lease subject to the 230a regime are not bound by any mandatory rules with regard to term, (notice period for) termination, rent adjustment, etc. and a tenant who leases 230a-premises therefore does not enjoy any security of tenure. Article 7:230a does however provide for a so-called "eviction protection". This eviction protection, which is mandatory, entails that a tenant cannot be forced to vacate leased premises for a period of two months from the date on which the lease terminated and the tenant was notified it had to vacate the premises. During this period, the tenant has the right to petition the district court to extend the period during which he cannot be compelled to vacate for a maximum period of one year, after which the tenant is entitled to petition for two more extensions of one year each. The court will weigh the interests of the tenant and the landlord in

deciding on an extension. The total period of the extensions may never exceed three years. If the tenant terminated the lease itself, expressly agreed to termination of the lease, or was ordered to vacate the premises as a result of having breached his obligations under the lease, the tenant cannot invoke this eviction protection. With respect to the use the tenant still makes of the premises during the period in which the lease is terminated but the tenant cannot be forced to vacate, the tenant will have to pay a reimbursement for the use to the landlord. If the parties do not agree on the amount, the district court will set this amount at a level that is reasonable, in light of the local rent level. The amount received by the Borrower under a lease agreement may therefore be reduced. This may affect such Borrower's ability to make payments under the relevant Loan and ultimately, the ability of the Issuer to make payments under the Notes.

**Risk that right of pledge on rent instalments may not be effective**

Some of the Receivables may be (amongst others) secured by a right of pledge on rent instalments ("*huurpenningen*") owed by third parties to the relevant Borrowers. The Issuer has been advised that under Dutch law, rent instalments are regarded as future claims ("*toekomstige vorderingen*") and a right of pledge thereon will only become effective at the time the relevant rent instalment becomes due ("*vervalt*"). In the event a rent instalment becomes due after the relevant Borrower has been declared bankrupt ("*failliet verklaard*") or been made subject to insolvency proceedings ("*surseance van betaling verleend*"), such rent instalment will become part of the relevant Borrower's bankruptcy estate and is no longer subject to a right of pledge.

**Risk that foreclosure value of assets subject to certain of the Borrower Pledges may be relatively low**

Some of the Receivables are (amongst others) secured by means of a right of pledge on stock ("*voorraden*") and/or on equipment and inventory ("*inventaris*") and/or on account receivable portfolios ("*debiteurenportefeuilles*"). The foreclosure value of movable assets such as stock, equipment and inventory is often substantially lower than the original purchase price of these assets. The foreclosure value of these assets may therefore be insufficient to repay the Outstanding Principal Amount of the relevant Receivable at the time of the foreclosure.

**Insurance risks**

Under the Loans the Borrowers are obliged to ensure that each Mortgaged Asset is insured on a full reinstatement basis. Although the Loans require each Mortgaged Asset to be insured at appropriate levels and against the usual risks, there can be no assurance that any loss incurred will be of a type covered by such insurance and will not exceed the limits of such insurance. Should an uninsured loss or a loss in excess of insured limits occur at a Mortgaged Asset, the relevant Borrower could suffer disruption of income from the Mortgaged Asset, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the Mortgaged Asset. In addition, the Seller relies on the creditworthiness of the insurers providing insurance with respect to the Mortgaged Assets and the continuing availability of insurance to cover the required risks in respect of neither of which assurances can be made.

If any insurance company is not able to meet its obligations under an insurance policy, e.g. in case it is declared bankrupt or has become subject to emergency regulations, this could result in the amounts payable under that insurance policy either not, or only partly, being available to the relevant Borrower, which may ultimately affect the Issuer's ability to make payments under the Notes.

**RISK FACTORS REGARDING THE NOTES**

**Risk that the Issuer does not exercise its right to redeem the Notes at an Optional Redemption Date**

Although as a result of the increase in the margin payable in respect of the floating rate of interest on each Class of Notes, the Issuer will have an incentive to exercise its right to redeem the Asset-Backed Notes on the first Optional Redemption Date or on any Optional Redemption Date thereafter, no guarantee can be given that the Issuer will actually exercise such right. The exercise of such right will, *inter alia*, depend on the ability of the Issuer to have sufficient funds available to redeem the Notes subject to Condition 9(b), for example through a sale of Receivables still outstanding at that time.

The Issuer shall first offer such Receivables for sale to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase the Receivables. After such 15 business day period, the Issuer may offer such Receivables for sale to any third party. The purchase price of the Receivables will be calculated as described in *Sale of Receivables* under *Credit Structure* below. However, there is no guarantee that such third party will be found to purchase the Receivables.

**Limited Recourse**

Any amounts of Notes Redemption Available Amount remaining after the Asset-Backed Notes have been redeemed in full shall form part of the Notes Interest Available Amount and, after all payments of the Interest

Priority of Payments ranking higher in priority have been made, will be available to redeem or partially redeem, as the case may be, the Subordinated Class C Notes.

There will be no further claim on the Issuer for any Principal Amount Outstanding in respect of the Notes after the date on which the Issuer no longer holds any Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

#### **Clean-Up Call Option, Regulatory Call Option and redemption for Tax Reasons**

Should the Seller exercises its Clean-Up Call Option, the Issuer will redeem the Asset-Backed Notes by applying the proceeds of the sale of the Receivables towards redemption of the Asset-Backed Notes subject to and in accordance with Condition 6(b) and subject to Condition 9(b). Should the Seller exercise its Regulatory Call Option, the Issuer will redeem the Asset-Backed Notes by applying the proceeds of the sale of the Receivables towards redemption of the Asset-Backed Notes in accordance with Condition 6(b) and subject to Condition 9(b) on any Quarterly Payment Date, whether falling before or after the first Optional Redemption Date. The Issuer will have the option to redeem the Asset-Backed Notes upon a Tax Change in accordance with Condition 6(e).

The Subordinated Class C Notes will remain to be redeemed in accordance with Condition 6(f).

#### **Subordination of the Junior Class B Notes and the Subordinated Class C Notes**

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

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

#### **Limited Liquidity of the Notes**

The secondary market for asset-backed securities is currently experiencing severe disruptions resulting from reduced investor demand for asset-backed securities and increased investor yield requirements for those securities. As a result, the secondary market for asset-backed securities is experiencing extremely limited liquidity. The conditions may continue or worsen in the future. Limited liquidity in the secondary market for asset-backed securities has had a severe adverse effect on the market value of asset-backed securities. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of asset-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. Consequently, an investor in the Notes may not be able to sell its Notes readily. The market values of the Notes are likely to fluctuate and may be difficult to determine. Any of these fluctuations may be significant and could result in significant losses to such investor. In addition, the forced sale into the market of asset-backed securities held by structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities that are currently experiencing funding difficulties could adversely affect an investor's ability to sell, and/or the price an investor receives for, the Notes in the secondary market.

#### **Maturity Risk**

The ability of the Issuer to redeem all the Asset-Backed Notes on each Optional Redemption Date or, as the case may be, on the Final Maturity Date in full and to pay all amounts due to the Noteholders, including after the occurrence of an Event of Default, may depend upon whether the value of the Receivables is sufficient to redeem the Asset-Backed Notes. If the value of the Receivables is not sufficient to redeem the Asset-Backed Notes, this may result in losses for the Noteholders.

#### **No Gross-up for Taxes**

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



Noteholders. If such withholdings, deductions, duties or charges are imposed, this may result in losses for the Noteholders.

### **Interest Rate Risk**

The risk that the interest received on the Receivables is not sufficient for the Issuer to pay the interest on the Senior Class A Notes is mitigated by the Swap Agreement. The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such withholding or deduction been required. The Swap Agreement will further provide that if due to (i) action taken by a relevant taxing authority or brought in a court of competent jurisdiction, or (ii) any change in tax law, in both cases after the date of the Swap Agreement, the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax or receive from the Issuer reduced amounts for or on account of tax (a '**Tax Event**'), the Swap Counterparty may (with the consent of the Issuer) transfer its rights and obligations to another of its offices, branches, affiliates or any other person to avoid the relevant Tax Event, failing which, the Swap Counterparty may terminate the Swap Agreement.

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

The interest payable in respect of the Junior Class B Notes and the Subordinated Class C Notes will not be hedged. The interest rate accrued on the Reserve Account will not be sufficient for the Issuer to pay interest on the Subordinated Class C Notes and it is not certain that the Notes Interest Available Amount will be sufficient to pay the accrued interest due on the Subordinated Class C Notes on a Quarterly Payment Date.

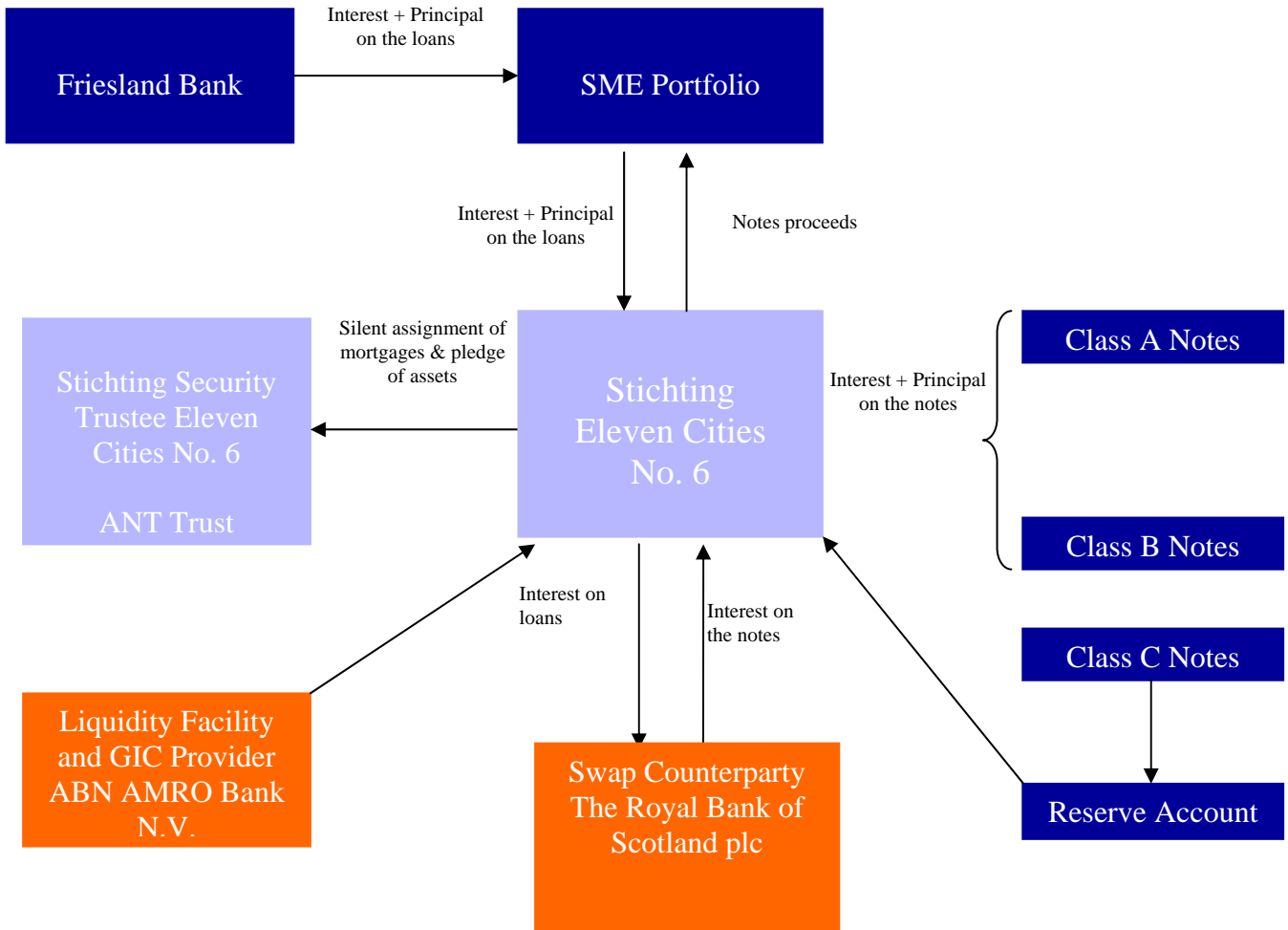
### **Rating of the Senior Class A Notes**

The rating of the Senior Class A Notes addresses the assessment made by Moody's of the likelihood of full and timely payment of interest and ultimate payment of principal on or before the Final Maturity Date. The Junior Class B Notes and the Subordinated Class C Notes will not be assigned a rating.

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

## STRUCTURE DIAGRAM

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



	<b>Senior Class A Notes</b>	<b>Junior Class B Notes</b>	<b>Subordinated Class C Notes</b>
<b>Principal Amount Outstanding upon issue</b>	€719,450,000	€588,650,000	€6,550,000
<b>Credit Enhancement</b>	(a) Payments of interest and payments of principal on the Junior Class B Notes and the Subordinated Class C Notes are subordinated to payments of interest and principal on the Senior Class A Notes and (b) the excess margin to the extent available	(a) Payments of interest and payments of principal on the Subordinated Class C Notes are subordinated to payments of interest and principal on the Senior Class A Notes and the Junior Class B Notes and (b) the excess margin to the extent available	Excess margin to the extent available
<b>Margin up to but excluding Quarterly Payment Date falling in March 2011 (first Optional Redemption Date)</b>	0.15 per cent. p.a.	0.20 per cent. p.a.	0.25 per cent. p.a.
<b>Margin from (and including) Quarterly Payment Date in March 2011 (first Optional Redemption Date)</b>	0.25 per cent. p.a.	0.30 per cent. p.a.	0.35 per cent. p.a.
<b>Interest Accrual</b>	Act/360	Act/360	Act/360
<b>Quarterly Payment Dates</b>	The 20 <sup>th</sup> day of March, June, September and December	The 20 <sup>th</sup> day of March, June, September and December	The 20 <sup>th</sup> day of March, June, September and December
<b>Final Maturity Date</b>	March 2041	March 2041	March 2041
<b>Denomination</b>	Euro 50,000	Euro 50,000	Euro 50,000
<b>Form</b>	In bearer form	In bearer form	In bearer form
<b>Listing</b>	Euronext Amsterdam	Not listed	Not listed
<b>Rating</b>	Aaa by Moody's	Not rated	Not rated

## OVERVIEW OF THE PARTIES AND PRINCIPAL FEATURES OF THE TRANSACTION

*The following is an overview of the principal features of the issue of the 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.*

### THE PARTIES:

<b>Issuer:</b>	Stichting Eleven Cities No. 6, established under the laws of the Netherlands as a foundation (" <i>stichting</i> ") and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34366223.
<b>Seller:</b>	Friesland Bank N.V. ( <b>Friesland Bank</b> '), incorporated under the laws of the Netherlands as a public company (" <i>naamloze vennootschap</i> "), having its corporate seat in Leeuwarden and registered with the Commercial Register of the Chamber of Commerce of Noord-Nederland under number 01002411.
<b>Pool Servicer:</b>	Friesland Bank.
<b>Issuer Administrator:</b>	Equity Trust Co. N.V., incorporated under the laws of the Netherlands as a public company with limited liability.
<b>Security Trustee:</b>	Stichting Security Trustee Eleven Cities No. 6, established under the laws of the Netherlands as a foundation and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34366232.
<b>Directors:</b>	Equity Trust Co. N.V., the sole director of the Issuer and ANT Securitisation Services B.V., the sole director of the Security Trustee, having its corporate seat in Amsterdam and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 33126512 and number 33075510, respectively.
<b>Liquidity Facility Provider:</b>	ABN AMRO Bank N.V., incorporated under the laws of the Netherlands as a public company with limited liability ( <b>ABN AMRO</b> ') and registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 33002587.
<b>Swap Counterparty:</b>	The Royal Bank of Scotland plc, a company incorporated under the laws of Scotland and acting through its global banking and marketing division with its office at 135 Bishopsgate, London, EC2M 3UR.
<b>Floating Rate GIC Provider:</b>	ABN AMRO.
<b>Paying Agent:</b>	ABN AMRO.
<b>Reference Agent:</b>	ABN AMRO.
<b>Common safekeeper:</b>	Euroclear Bank S.A./N.V.
<b>Listing Agent:</b>	ABN AMRO.

**Manager**

Coöperatieve Centrale Raiffeissen-Boerenleenbank B.A. ('**Rabobank**'), a co-operative ("*coöperatie*") incorporated under the laws of the Netherlands and registered with the Commercial Register of the Chamber of Commerce in Utrecht under 30046259.

**PRINCIPAL FEATURES OF THE TRANSACTION****THE NOTES:****Notes:**

The euro 719,450,000 floating rate Senior Class A Asset-Backed Notes 2009 due 2041 (the '**Senior Class A Notes**'), the euro 588,650,000 floating rate Junior Class B Asset-Backed Notes 2009 due 2041 (the '**Junior Class B Notes**'), and together with the Senior Class A Notes, the '**Asset-Backed Notes**') and the euro 6,550,000 floating rate Subordinated Class C Notes 2009 due 2041 (the '**Subordinated Class C Notes**'), and together with the Asset-Backed Notes, the '**Notes**') will be issued by the Issuer on 23 December 2009 (or such later date as may be agreed between the Issuer and the Manager) (the '**Closing Date**').

The Seller has agreed to purchase upon issue the Notes. The Seller may elect to dispose of any of such Notes at any time.

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

**Issue Price:**

The issue prices of the Notes will be as follows:

- (i) the Senior Class A Notes 100 per cent.;
- (ii) the Junior Class B Notes 100 per cent.; and
- (iii) the Subordinated Class C Notes 100 per cent.

**Denomination:**

The Notes will be issued in denominations of euro 50,000 each.

**Status and ranking:**

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

**Interest:**

Interest on the Notes is payable by reference to successive quarterly interest periods (each a '**Floating Rate Interest Period**') and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding on the 20<sup>th</sup> day of March, June, September and December (or, if such day is not a Business Day, the next succeeding Business Day unless such

Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 20<sup>th</sup> day) in each year (each such day being a '**Quarterly Payment Date**'). Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the Quarterly Payment Date falling in March 2010. The interest will be calculated on the basis of the actual days elapsed in a Floating Rate Interest Period divided by a year of 360 days.

A '**Business Day**' means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which 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 ('**TARGET 2**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

Interest on the Notes for each Floating Rate Interest Period from the Closing Date will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits in euro (determined in accordance with Condition 4(e)) (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two and three months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005 being rounded upwards) plus a margin which will up to (but excluding) the first Optional Redemption Date

- (i) for the Senior Class A Notes be equal to 0.15 per cent, per annum,
- (ii) for the Junior Class B Notes be equal to 0.20 per cent. per annum, and
- (iii) for the Subordinated Class C Notes be equal to 0.25 per cent. per annum.

**Interest Step-up:**

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

- (i) for the Senior Class A Notes, a margin of 0.25 per cent. per annum;
- (ii) for the Junior Class B Notes, a margin of 0.30 per cent. per annum; and
- (iii) for the Subordinated Class C Notes be equal to 0.35 per cent. per annum.

**Final Maturity Date:**

Unless previously redeemed as provided below, the Issuer will redeem the Notes, but in respect of the Junior Class B Notes and the Subordinated Class C Notes, subject to Condition 9(b), at their Principal Amount Outstanding on the Quarterly Payment Date falling in March 2041 (the '**Final Maturity Date**').

**Mandatory Redemption of the Notes:**

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer will be obliged to apply the Notes Redemption Available Amount to (partially) redeem the Asset-Backed Notes on each Quarterly Payment

Date at their respective Principal Amount Outstanding in the following order:

- (a) *first, pro rata and pari passu*, the Senior Class A Notes, until fully redeemed, and
- (b) *second, pro rata and pari passu*, the Junior Class B Notes, until fully redeemed.

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall apply the Class C Redemption Available Amount on each Quarterly Payment Date, to redeem (or partially redeem) on a *pro rata* basis the Subordinated Class C Notes on each Quarterly Payment Date.

In addition thereto, upon the Asset-Backed Notes being redeemed in full, the Reserve Account Required Amount becomes zero and any remaining balances standing to the credit of the Reserve Account and the Issuer Collection Account (if any) after all payments of the Interest Priority of Payments ranking higher in priority have been made, will be available for redemption of the Subordinated Class C Notes.

**Optional Redemption of the Notes:**

Unless previously redeemed in full, on the Quarterly Payment Date falling in March 2011 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**'), the Issuer will have the option to redeem all of the Asset-Backed Notes, but not some only, at their respective Principal Amount Outstanding or, in respect of the Junior Class B Notes, less the Principal Shortfall, if applicable, on such date, subject to and in accordance with the Conditions.

If the Issuer exercises its right to redeem the Asset-Backed Notes on any Optional Redemption Date, it has the right to sell the Receivables. The Issuer shall first offer such Receivables for sale to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase the Receivables. After such 15 business day period, the Issuer may offer such Receivables for sale to any third party. The purchase price of such Receivables will be calculated as described in *Sale of Receivables* in *Credit Structure* below.

With the proceeds of a sale to either the Seller or a third party, it will redeem the Senior Class A Notes in full and the Junior Class B Notes at their Principal Amount Outstanding less, in respect of the Junior Class B Notes, the sum of the Principal Shortfall. The Principal Shortfall on such date is an amount equal to the balance on the Class B Principal Deficiency Ledger divided by the number of the Junior Class B Notes on such Quarterly Payment Date.

The Subordinated Class C Notes will remain to be redeemed in accordance with Condition 6(f).

**Withholding Tax:**

All payments by the Issuer in respect of the Notes will be made without withholding of or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Netherlands, any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the

Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders. See further paragraph *EU Savings Directive in Taxation in the Netherlands* hereafter.

**Redemption for tax reasons:**

If the Issuer (a) is or will become obliged to make any withholding or deduction for, or on account of, any taxes, duties or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any other jurisdiction or any political sub-division or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it (a '**Tax Change**') and (b) will have sufficient funds available on such Quarterly Payment Date to discharge all amounts of principal and interest due in respect of each Class of Asset-Backed Notes and any amounts required to be paid in priority to or *pari passu* with each Class of Asset-Backed Notes in accordance with the Trust Deed, the Issuer has the option to redeem the Notes, in whole but not in part, on any Quarterly Payment Date at their Principal Amount Outstanding, subject to, in respect of the Junior Class B Notes and the Subordinated Class C Notes, Condition 9(b). No Class of Notes may be redeemed under such circumstances unless the other Class of Asset-Backed Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

The Subordinated Class C Notes will remain to be redeemed in accordance with Condition 6(f).

**Clean-Up Call Option:**

On each Quarterly Payment Date the Seller has the option (but not the obligation) to repurchase the Receivables if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Outstanding Principal Amount of the Receivables is not more than 10 per cent. of the aggregate Outstanding Principal Amount of the Receivables on the Cut-off Date (the '**Clean-Up Call Option**').

The Issuer will undertake in the Receivables Purchase Agreement to sell and assign the Receivables to the Seller, or any third party appointed by the Seller at its sole discretion, in case the Seller exercises the Clean-Up Call Option. The purchase price will be calculated as set out in *Sale of Receivables* in *Credit Structure* below. If the Seller exercises its Clean-Up Call Option, then the Issuer will redeem the Asset-Backed Notes by applying the proceeds of the sale of the Receivables towards redemption of the Notes subject to and in accordance with Condition 6(b) and subject to Condition 9(b).

The Subordinated Class C Notes will remain to be redeemed in accordance with Condition 6(f).

**Regulatory Call Option:**

On each Quarterly Payment Date, the Seller has the option but not the obligation to repurchase the Receivables upon the occurrence of a Regulatory Change (the '**Regulatory Call Option**').



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

The Subordinated Class C Notes will remain to be redeemed in accordance with Condition 6(f).

**Method of Payment:**

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

**Security for the Notes:**

The Notes will be (indirectly) secured by (i) a first ranking right of pledge by the Issuer to the Security Trustee over (a) the Receivables including all rights ancillary thereto and (ii) a first ranking right of pledge vested by the Issuer in favour of the Security Trustee over the Issuer's rights under or in connection with the Receivables Purchase Agreement, the Swap Agreement, the Servicing and Administration Agreement, the Liquidity Facility Agreement, the Potential Set-Off Reserve Subordinated Loan Agreement and the Floating Rate GIC and in respect of the Transaction Accounts. The amount payable to the Noteholders and the other Secured Parties will be limited to the amounts available for such purpose to the Security Trustee which, *inter alia*, will consist of amounts recovered by the Security Trustee on the Receivables, the balances standing to the credit of the Transaction Accounts and amounts received by the Security Trustee as creditor under the Receivables Purchase Agreement and the Parallel Debt Agreement. Payments to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement. See further *Risk Factors* and *Credit Structure*. For a more detailed description see *Description of Security*.

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

**Use of proceeds:**

The Issuer will use the net proceeds from the issue of the Asset-Backed Notes to pay to the Seller the Initial Purchase Price for the Receivables, pursuant to the provisions of an agreement to be entered into prior to the Closing Date (the '**Receivables Purchase Agreement**') and made between the Seller, the Issuer and the Security Trustee. See further *Receivables Purchase Agreement* below.

The Issuer will credit the proceeds from the issue of the Subordinated Class C Notes to the Reserve Account. See further *Reserve Account*.

**THE RECEIVABLES:**

**Receivables:**

Under the Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the assignment of any and all rights of the Seller against certain borrowers (the '**Borrowers**') under or in connection with certain selected Loans (the '**Receivables**'). The Issuer will be entitled to the proceeds of the Receivables from (and including) the 1<sup>st</sup> of December 2009 (the '**Cut-off Date**').

**Loans:**

The Receivables to be sold by the Seller pursuant to the Receivables Purchase Agreement will result from loans granted to Borrowers, which loans (i) mature prior to 2039; (ii) may have the benefit of one or more Security Interests; (iii) are entered into by the Seller and the relevant Borrower(s); (iv) meet certain criteria set forth in the Receivables Purchase Agreement and (v) will be selected prior to or on the Closing Date (the '**Loans**'). See *Description of Loans* below.

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

- (i) Interest-only Loans ("*aflossingsvrije leningen*");
- (ii) Linear Loans ("*lineaire leningen*");
- (iii) Annuity Loans ("*annuïteiten leningen*");
- (iv) BSK Loans ("*borgstellingskredieten*"); and
- (v) combinations of any of the abovementioned types of Loans.

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

The Loans have the characteristics that demonstrate the capacity to produce funds to service payments under the Notes.

**Repurchase of Receivables:**

Under the Receivables Purchase Agreement the Seller will undertake to repurchase and accept re-assignment of a Receivable:

- (i) if at any time after the Closing Date any of the representations and warranties relating to a Loan or a Receivable proves to have been untrue or incorrect in any material respect, and the Seller has not within 14 days of receipt of written notice thereof from the Issuer remedied the matter giving rise thereto or if such matter is not capable of being remedied on the '**Monthly Payment Date**' (being the 8<sup>th</sup> day of each

- calendar month or if this is not a business day the next succeeding business day) immediately succeeding such event; or
- (ii) if the Seller agrees with a Borrower to amend the terms of the Loan, unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Loan due to a deterioration of the credit quality of the Borrower of such Loan; or
  - (iii) if the Seller sets the Interest Rate at such level as a result of which the weighted average interest rate in respect of all Receivables falls below the base interest rate as set from time to time by the Seller, which interest rate consists of the market swap rate and a strategic credit spread that is determined by the asset and liability committee of the Seller (the '**Friesland Bank Benchmark Rate**') plus 0.70 per cent. per annum, in which case the Seller shall repurchase and accept re-assignment of the Receivables with the lowest Interest Rate up to such number of Receivables until the weighted average interest rate in respect of all Receivables held by the Issuer is equal to or higher than the Friesland Bank Benchmark Rate plus 0.70 per cent. per annum ultimately on the Monthly Payment Date immediately following a period of thirty (30) days after the date on which the weighted average interest rate in respect of all Receivables falls below the Friesland Bank Benchmark Rate plus 0.70 per cent. per annum.

The purchase price in such event will be as set forth under *Sale of Receivables* below.

**Security Interests:**

The repayment of the majority of the Receivables is secured by one or more security interests, which include (a) a mortgage right ("*hypotheekrecht*"), over (i) land ("*grond*"), (ii) a real property ("*onroerende zaak*"), (iii) an apartment right ("*appartementsrecht*") or (iv) a long lease ("*erfpacht*"), together with land, real property and apartment rights (the '**Mortgaged Assets**'), (b) a right of pledge ("*pandrecht*") on other current assets, such as account receivable portfolios, stock and inventories, (c) joint and several liability ("*hoofdelijke aansprakelijkheid*"), (d) a deed of surety ("*borgtocht*") or (e) a guarantee ("*garantie*") (together with the mortgage rights, the '**Security Interests**'). The Security Interests are in the form of Bank Security Rights (see *Risk Factors* above).

**Potential Set-Off Reserve Subordinated Loan Agreement:**

On the Closing Date, the Issuer will enter into a subordinated loan agreement (the '**Potential Set-Off Reserve Subordinated Loan Agreement**') with the Seller. Pursuant to the Potential Set-Off Reserve Subordinated Loan Agreement, the Issuer will be entitled to make drawings under the Potential Set-Off Reserve Subordinated Loan Agreement in an amount equal to the positive difference between the Potential Set-Off Reserve Account Required Amount and the balance standing to the credit of the Potential Set-Off Reserve Account and to deposit such amount in the Potential Set-Off Reserve Account, until such time as the Senior Class A Notes have been redeemed in

full.

**Interest-only Loans:**

A portion of the Loans (or parts thereof) will be in the form of interest-only Loans ("*aflossingsvrije leningen*", hereinafter '**Interest-only Loans**') entered into by the Seller with relevant Borrowers. Interest-only Loans are Loans on which only interest payments are due. All loans have a fixed maturity date falling within a period of thirty (30) years) from closing.

**Linear Loans:**

A portion of the Loans (or parts thereof) will be in the form of linear Loans ("*lineaire leningen*", hereinafter '**Linear Loans**') entered into by the Seller with relevant Borrowers. Linear Loans are Loans on which a periodical payment consists of a constant amount for redemption plus an amount of interest based on the remaining loan balance. The balance of the Loan is thus being repaid in a straight-line fashion i.e. linear, while the interest payment declines between payments.

**Annuity Loans:**

A portion of the Loans (or parts thereof) will be in the form of annuity Loans ("*annuïteiten leningen*", hereinafter '**Annuity Loans**') entered into by the Seller with the relevant Borrower. Annuity Loans are characterised by equal periodical payments by the Borrower. These payments contain both interest and principal redemption on the Loan. As with each payment part of the Loan is redeemed, the interest charge declines between each successive payment. The redemption part of the periodical payment rises in such a way that the total payment amount is fixed and the remaining balance of the Loan at maturity will be zero.

**BSK Loans:**

A portion of the Loans (or parts thereof) will be in the form of BSK Loans ("*borgstellingskredieten*", hereinafter '**BSK Loans**') entered into by the Seller with relevant Borrowers.

BSK Loans are Loans on which a periodical payment consists of a constant amount for redemption plus an amount of interest based on the remaining loan balance. The balance of the Loan is thus being repaid in a linear manner, while the interest payment declines between payments. The maturity of a BSK Loan is limited to 6 or 12 years, depending on the type of investment. Property investments have a Loan maturity of 12 years, other investments have a maturity of 6 years.

BSK Loans benefit from a partial government guarantee equal to 90% of the maximum outstanding under the loan (100% for start-up companies). A condition for the guarantee is that the lender provides additional financing to the Borrower of an amount at least equal to the BSK Loan (the ratio of the additional financing to the BSK loan should be at least 1:1). Two exceptions to this ratio requirement apply: for loans to start-ups (up to €250,000) a minimum ratio of the additional financing to the BSK loan of 1:4 applies and for innovative companies a minimum ratio of the additional financing of the BSK loan of 1:2 applies. In case of a claim under the guarantee the Ministry of Economic Affairs will review if all the criteria for the BSK Loan relating to both underwriting and servicing were met and decide if pay-out under the guarantee is justified.

## CASH-FLOW STRUCTURE

### **Liquidity Facility:**

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

### **Seller Collection Accounts:**

The Seller maintains accounts (the '**Seller Collection Accounts**') to which collections of all amounts of interest, prepayment penalties and principal received under the Loans will be paid. These accounts will also be used for the collection of moneys paid in respect of loans other than Loans and in respect of other moneys belonging to the Seller.

### **Issuer Collection Account:**

The Issuer shall maintain with the Floating Rate GIC Provider an account (the '**Issuer Collection Account**') to which, *inter alia*, on a daily basis, all amounts from the Seller Collection Accounts due to the Issuer will be transferred by the Seller.

### **Reserve Account:**

On the Closing Date the Issuer will pay the proceeds of the Subordinated Class C Notes into an account (the '**Reserve Account**') and together with the Issuer Collection Account and the Potential Set-Off Reserve Account, the '**Transaction Accounts**') held with the Floating Rate GIC Provider. The purpose of the Reserve Account will be to enable the Issuer to meet:

- a) until the Quarterly Payment Date on which the Senior Class A Notes are redeemed in full, on each Quarterly Payment Date, items (a) to (g) (inclusive) of the Interest Priority of Payments only, before application of any funds drawn under the Liquidity Facility Agreement; and
- b) from (and including) the Quarterly Payment Date on which the Senior Class A Notes are redeemed in full, on each Quarterly Payment Date, items (a) to (k) (inclusive) of the Interest Priority of Payments,

in the event that the Notes Interest Available Amount is not sufficient to meet such payment obligations on a Quarterly Payment Date. If and to the extent that the Notes Interest Available Amount on any Quarterly Payment Date exceeds the aggregate amounts payable under:

- a) until the Quarterly Payment Date on which the Senior Class A Notes are redeemed in full, on each Quarterly Payment Date, items (a) to (g) (inclusive) of the Interest Priority of Payments only, before application of any funds drawn under the Liquidity Facility Agreement; and
- b) from (and including) the Quarterly Payment Date on which the Senior Class A Notes are redeemed in full, on each Quarterly Payment Date, items (a) to (k) (inclusive) of the Interest Priority of Payments,

such excess amount will be used to deposit in the Reserve Account by crediting such amount to the Reserve Account up to the Reserve Account Required Amount. The '**Reserve**

**Account Required Amount'** shall on any Quarterly Payment Date be equal to (i) as long as (any part of) the Senior Class A Notes are outstanding, 5.00 per cent. of the aggregate Principal Amount Outstanding of the Senior Class A Notes on such Quarterly Payment Date or (ii), after the Senior Class A Notes have been redeemed in full, 5.00 per cent. of the aggregate Principal Amount Outstanding of the Junior Class B Notes, on the Quarterly Payment Date on which the Senior Class A Notes have been redeemed in full or (iii) zero, on the Optional Redemption Date whereon the Asset-Backed Notes, have been or are to be redeemed in full, in accordance with the Conditions.

To the extent that the balance standing to the credit of the Reserve Account on any Quarterly Payment Date exceeds the Reserve Account Required Amount, such excess shall be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date and shall form part of the Notes Interest Available Amount on that Quarterly Payment Date and be available, after all payments of the Interest Priority of Payments ranking higher in priority have been made, for redemption of the Subordinated Class C Notes.

**Potential Set-Off Reserve Account:**

On the Closing Date the Issuer will establish a potential set-off reserve fund by crediting the net proceeds of the Potential Set-Off Reserve Subordinated Loan to an account (the **Potential Set-Off Reserve Account'**), held with the Floating Rate GIC Provider. The **'Potential Set-Off Reserve Account Required Amount'** shall on any Quarterly Payment Date, calculated as at any Quarterly Calculation Date, be equal to (a) if and as long as the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated lower than "Baa2", the higher of (x) an amount equal to the positive difference between (i) the Potential Set-Off Amount on the relevant Quarterly Payment Date and (ii) the Potential Set-Off Amount on the Closing Date less EUR 26,984,121, and (y) zero, and (b) zero, if and as long as the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least "Baa2" or in case the Senior Class A Notes have been redeemed in full. The Issuer shall, on any Quarterly Payment Date, have the right to make drawings from the Potential Set-Off Reserve Account if and to the extent the Issuer has, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it on the relevant Quarterly Payment Date not received the full amount due but unpaid in respect of any Receivable(s) and the Seller has not reimbursed the Issuer for such amount (see *Receivables Purchase Agreement* below). The balance standing to the credit of the Potential Set-Off Reserve Account will, in such circumstances and subject to the relevant Priority of Payments, be available for payments in respect of the Notes.

**Floating Rate GIC:**

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

**Swap Agreement:** On the Closing Date, the Issuer will enter into a swap agreement with the Swap Counterparty to mitigate the risk between (a) the floating rates of interest payable by the Issuer on the Senior Class A Notes and (b) the interest received on a pro rata part of the Receivables and the interest received on the Issuer Collection Account (as described in *Credit Structure* under *Interest Rate Hedging* below). The Junior Class B Notes and the Subordinated Class C Notes will not be hedged.

## OTHER

**Servicing and Administration Agreement:** Under a servicing and administration agreement to be entered into on the Closing Date (the '**Servicing and Administration Agreement**') between the Issuer, the Pool Servicer, the Issuer Administrator and the Security Trustee, (a) the Pool Servicer will agree to provide (i) administration and management services to the Issuer on a day-to-day basis in relation to the Loans and the Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Receivables and the direction of amounts received by the Seller to the Issuer Collection Account, (ii) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law for submission to the relevant governmental authorities and (iii) the implementation of arrears procedures including the enforcement of the Security Interests (see further *Friesland Bank SME Loan Business* below) and (b) the Issuer Administrator will agree (i) to provide certain administration, calculation and cash management services to the Issuer, including without limitation, all calculations to be made in respect of the Notes pursuant to the Conditions and (ii) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested.

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

**Settlement:** Euroclear and Clearstream, Luxembourg.

**Governing law:** The Notes and the Relevant Documents (other than the Swap Agreement) will be governed by and construed in accordance with the laws of the Netherlands. The Swap Agreement will be governed by English law.

**Listing:** Application has been made for the Senior Class A Notes to be listed on Euronext Amsterdam. The other Classes of Notes will not be listed.

**Selling Restrictions:**

There are selling restrictions in relation to the European Economic Area, United Kingdom, United States, Italy, France and such other restrictions as may be required in connection with the offering and sale of the Notes. See *Purchase and Sale*.

**Rating:**

It is a condition precedent to issuance of the Notes that the Senior Class A Notes, on issue, be assigned an Aaa rating by Moody's. The Junior Class B Notes and the Subordinated Class C Notes will not be assigned a rating.



## IMPORTANT INFORMATION

The Issuer is responsible for the information contained in this Prospectus, except for the information for which the Seller is responsible, as referred to in the following paragraph. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus, except for the information for which the Seller is responsible as referred to in the following paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties contained and specified as such in this Prospectus, except for the information for which the Seller is responsible, as referred to in the following paragraph, has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer accepts responsibility accordingly.

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

The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law.

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

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

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Manager.

The Manager and the Seller expressly do not undertake to review the financial conditions or affairs of the Issuer during the life of the Notes. Investors should review, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase, hold or sell any Notes during the life of the Notes.

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

## CREDIT STRUCTURE

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

### **Loan Interest Rates**

The interest rate of each Loan is fixed, subject to a reset from time to time, or floating. Interest rates vary between individual Loans. The weighted average interest rate of the Loans in the Final Portfolio is 2.8 per cent. The range of interest rates is described further in *Description of the Loans*.

### **Cash Collection Arrangement**

Payments by the Borrowers of interest and scheduled principal under the Loans are due on any calendar day of each month, interest being payable in arrear.

Prior to notification to the Borrowers of the assignment of the Receivables, the following applies. All payments made by Borrowers will be paid into the Seller Collection Accounts. These accounts will also be used for the collection of moneys paid in respect of Loans other than Loans and in respect of other moneys belonging to the Seller. Pursuant to the Receivables Purchase Agreement on each day of the calendar month or if this is not a business day the next succeeding business day the Seller shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received by the Seller on the day immediately preceding such day in respect of the Receivables to the Issuer Collection Account in accordance with the Servicing and Administration Agreement.

For these purposes a **'Monthly Calculation Period'** is the period commencing on (and including) the first day of a calendar month and ending on (and including) the last day of such calendar month and the first Monthly Calculation Period will commence on (and include) the Cut-off Date and end on (and include) the last day of December 2009.

After notification to the Borrowers of the assignment of the Receivables, reference is made to the section *Receivables Purchase Agreement* under the sub header *Notification Events*.

### **Transaction Accounts**

#### *Issuer Collection Account*

The Issuer will maintain with the Floating Rate GIC Provider the Issuer Collection Account to which all amounts received (i) in respect of the Loans and (ii) from the other parties to the Relevant Documents will be paid.

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

Payments may be made from the Issuer Collection Account other than on a Quarterly Payment Date only to satisfy (i) amounts due to third parties (other than pursuant to the Relevant Documents) and payable in connection with the Issuer's business, (ii) the repayment of any Liquidity Facility Stand-by Drawing in accordance with the Liquidity Facility Agreement and (iii) the payment to the Swap Counterparty of any Excess Swap Collateral and Tax Credit. In addition, the Issuer may pay any termination payment to the Swap Counterparty on any date other than a Quarterly Payment Date provided that the Issuer has received such amount as initial swap payment from the relevant replacement swap counterparty (see *Swap Agreement* below).

#### *Reserve Account*

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

Amounts credited to the Reserve Account will be available to meet:

- a) until the Quarterly Payment Date on which the Senior Class A Notes are redeemed in full, on each Quarterly Payment Date, items (a) to (g) (inclusive) of the Interest Priority of Payments only, before application of any funds drawn under the Liquidity Facility Agreement; and
- b) from (and including) the Quarterly Payment Date on which the Senior Class A Notes are redeemed in full, on each Quarterly Payment Date, items (a) to (k) (inclusive) of the Interest Priority of Payments.

If and to the extent that the Notes Interest Available Amount exceeds the amounts required to meet items ranking higher than:

- a) until the Quarterly Payment Date on which the Senior Class A Notes are redeemed in full, on each Quarterly Payment Date, items (a) to (g) (inclusive) of the Interest Priority of Payments only, before application of any funds drawn under the Liquidity Facility Agreement; and
- b) from (and including) the Quarterly Payment Date on which the Senior Class A Notes are redeemed in full, on each Quarterly Payment Date, items (a) to (k) (inclusive) of the Interest Priority of Payments,

the excess amount will be deposited in the Reserve Account, until the balance standing to the credit of the Reserve Account equals the Reserve Account Required Amount. The Reserve Account Required Amount shall on any Quarterly Payment Date be equal to (i) as long as (any part of) the Senior Class A Notes are outstanding, 5.00 per cent. of the aggregate Principal Amount Outstanding of the Senior Class A Notes, on the Closing Date or (ii), after the Senior Class A Notes have been redeemed in full, 5.00 per cent. of the aggregate Principal Amount Outstanding of the Junior Class B Notes, on the Quarterly Payment Date on which the Senior Class A Notes have been redeemed in full or (iii) zero, on the Optional Redemption Date whereon the Asset-Backed Notes, have been or are to be redeemed in full, in accordance with the Conditions.

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

On the Quarterly Payment Date on which all amounts of interest and principal due in respect of the Asset-Backed Notes have been or will be paid, any amount standing to the credit of the Reserve Account will thereafter form part of the Notes Interest Available Amount and will be applied by the Issuer in or towards satisfaction of all items in the Interest Priority of Payments in accordance with the priority set out therein, including for redemption of principal of the Subordinated Class C Notes.

#### *Potential Set-Off Reserve Account*

The Issuer will also maintain with the Floating Rate GIC Provider the Potential Set-Off Reserve Account to which drawings from time to time under the Potential Set-Off Reserve Subordinated Loan Agreement will be credited.

The balance standing to the credit of the Potential Set-Off Reserve Account will be available to the Issuer on any Quarterly Payment Date if and to the extent the Issuer has, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it during the immediately preceding Quarterly Calculation Period and the Seller has not reimbursed the Issuer for such amount, on the relevant Quarterly Payment Date not received the full amount due but unpaid on in respect of any Receivable(s) (the '**Set-Off Amount**'). This will be accounted for as a Realised Loss.

The '**Potential Set-Off Reserve Account Required Amount**' shall on any Quarterly Payment Date be, as calculated as at any Quarterly Calculation Date, equal to (a) if and as long as the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated lower than "Baa2", the higher of (x) an amount equal to the positive difference between (i) the Potential Set-Off Amount on the relevant Quarterly Payment Date and (ii) the Potential Set-Off Amount on the Closing Date less EUR 26,984,121, and (y) zero, and (b) zero, if and as long as the long-term unsecured, unsubordinated and unguaranteed debt obligations of the Seller are rated at least "Baa2" or in case the Senior Class A Notes have been redeemed in full.

The '**Potential Set-Off Amount**' shall, on any Quarterly Payment Date, be equal to the sum of all amounts in respect of the Receivables, which amounts are, in respect of each Receivable separately, the lower of:

- (a) the aggregate amount standing to the credit of each current-account, savings account or deposit held by the Borrower of the relevant Receivable(s) with the Seller on the last day of the immediately preceding Quarterly Calculation Period; and
- (b) the aggregate Outstanding Principal Amount of such Receivable(s) on the last day of the immediately preceding Quarterly Calculation Period.

The Pool Servicer will calculate and the Issuer Administrator will include the Potential Set-Off Amount in the quarterly investor report on a quarterly basis.

To the extent that the balance standing to the credit of the Potential Set-Off Reserve Account on any Quarterly Payment Date exceeds the Potential Set-Off Reserve Account Required Amount, such excess shall be drawn from the Potential Set-Off Reserve Account and shall form part of the Notes Interest Available Amount on that Quarterly Payment Date and, subject to the Interest Priority of Payments, be available to repay the Potential Set-Off Reserve Subordinated Loan.

If at any time the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Floating Rate GIC Provider are assigned a rating of less than the Short Term Requisite Rating, the Issuer will be required within 30 days to (i) transfer the balance of the Transaction Accounts to an alternative bank with the Short Term Requisite Rating or (ii) obtain a third party, having the Short Term Requisite Rating to guarantee the obligations of the Floating Rate GIC Provider or (iii) implement any other actions to maintain the then current rating assigned to the Senior Class A Notes.

#### *Swap Collateral Account*

If any collateral in the form of cash is provided by the Swap Counterparty to the Issuer, the Issuer will be required to open a separate account in which such cash provided by the Swap Counterparty will be held. If any collateral in the form of securities is provided, the Issuer will be required to open a custody account in which such securities provided by the Swap Counterparty will be held. No payments or deliveries may be made in respect of such accounts other than in relation to the provision of collateral or the return of Excess Swap Collateral, unless pursuant to the termination of the Swap Agreement, an amount is owed by the Swap Counterparty to the Issuer, in which case, the collateral may be applied in accordance with the Trust Deed. Such account will therefore not be subject to a security right in favour of the Security Trustee.

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

Any Excess Swap Collateral shall be transferred directly to the Swap Counterparty (outside of any Priority of Payments). The same applies for any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction obtained by the Issuer relating to any deduction or withholding giving rise to a payment made by the Swap Counterparty in accordance with the Swap Agreement, the cash benefit in respect of which shall be paid by the Issuer to the Swap Counterparty pursuant to the terms of the Swap Agreement (**'Tax Credit'**).

#### **Priority of Payments in respect of interest**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at the third Business Day prior to each Quarterly Payment Date (a **'Quarterly Calculation Date'**) and which have been received or deposited during or, with respect to interest received on the Transaction Accounts, relating to the Quarterly Calculation Period (as defined in Condition 6(g)) immediately preceding such Quarterly Calculation Date (items (i) up to and including (xii) being hereafter referred to as the **'Notes Interest Available Amount'**):

- (i) as interest, including prepayment penalties and interest penalties, on the Receivables;
- (ii) as interest accrued on the Transaction Accounts in respect of such Quarterly Calculation Period and received ultimately on the immediately succeeding Quarterly Calculation Date;
- (iii) as Net Proceeds on any Receivables to the extent such proceeds do not relate to principal and to the extent exceeding the Principal Amount Outstanding of the relevant Receivables;
- (iv) as amounts to be drawn from the Potential Set-Off Reserve Account, including any Set-Off Amount, on the immediately succeeding Quarterly Payment Date;
- (v) as amounts to be drawn under the Liquidity Facility Agreement (other than Liquidity Facility Stand-by Drawings) on the immediately succeeding Quarterly Payment Date;
- (vi) as amounts to be drawn from the Reserve Account on the immediately succeeding Quarterly Payment Date;
- (vii) as amounts to be received from the Swap Counterparty under the Swap Agreement on the immediately succeeding Quarterly Payment Date, if any, excluding, for the avoidance of doubt, (a) any collateral

transferred pursuant to the Swap Agreement, if any, (b) any Tax Credit and (c) any amounts received upon early termination of the Swap Agreement;

- (viii) as amounts received in connection with a repurchase of Receivables pursuant to the Receivables Purchase Agreement, or any other amounts received pursuant to the Receivables Purchase Agreement, to the extent such amounts do not relate to principal;
- (ix) as amounts received in connection with a sale of Receivables pursuant to the Trust Deed to the extent such amounts do not relate to principal;
- (x) as amounts received as post-foreclosure proceeds on the Receivables;
- (xi) any amounts standing to the credit of the Swap Termination Payment Ledger of the Issuer Collection Account provided that no replacement Swap Counterparty is available at such time and only to the extent such amounts are required to meet item (f) of the Interest Priority of Payments; and
- (xii) on the Quarterly Payment Date on which the Asset-Backed Notes will be or have been redeemed in full, any (remaining) amounts standing to the credit of the Issuer Collection Account which are not included in items (i) up to and including (xi) on such Quarterly Payment Date; **less**
- (xiii) on the first Quarterly Payment Date of each year, an amount equal to the higher of (i) an amount equal to 10 per cent. of the annual operational expenses in the immediately preceding calendar year in accordance with item (a) of the Interest Priority of Payments, but only to the extent the amount of such expenses is not directly related to the Issuer's assets and/or liabilities and (ii) an amount of euro 2,500.

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

- (a) *first*, in or towards satisfaction, *pro rata and pari passu*, according to the respective amounts thereof, of any amounts due and payable to the Directors in connection with the Management Agreements and any costs, charges, liabilities and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents;
- (b) *second*, in or towards satisfaction, *pro rata and pari passu*, according to the respective amounts thereof, of any amounts due and payable to the Pool Servicer and the Issuer Administrator under the Servicing and Administration Agreement;
- (c) *third*, in or towards satisfaction, *pro rata and pari passu*, according to the respective amounts thereof, (i) of any amounts due and payable to third parties under obligations incurred in the Issuer's business (other than under the Relevant Documents), including, without limitation, in or towards satisfaction of sums due or provisions for any payment of the Issuer's liability, if any, to tax (to the extent such taxes cannot be paid out of item (xiii) of the Notes Interest Available Amount) and sums due to Moody's and fees and expenses of any legal advisor, auditor and/or accountant appointed by the Issuer and/or the Security Trustee, (ii) of any amounts due to the Paying Agent and the Reference Agent under the Paying Agency Agreement and (iii) the Liquidity Facility Commitment Fee under the Liquidity Facility Agreement to the Liquidity Facility Provider;
- (d) *fourth*, (i) in or towards satisfaction of any amounts due and payable to the Liquidity Facility Provider under the Liquidity Facility, but excluding the Liquidity Facility Commitment Fee payable under (c) above and any gross-up amounts or additional amounts due under the Liquidity Facility, which are payable under (i) below, or (ii) following a Liquidity Facility Stand-by Drawing in or towards satisfaction of sums to be credited to the Liquidity Facility Stand-by Ledger;
- (e) *fifth*, in or towards satisfaction of amounts, if any, due but unpaid under the Swap Agreement, (except for any termination payment due or payable as a result of the occurrence of an Event of Default where the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as such terms are defined in the Swap Agreement) relating to the credit rating of the Swap Counterparty, including any amount payable to the Swap Counterparty pursuant to Section 6(e) of the Swap Agreement (a '**Swap**

**Counterparty Default Payment'**) payable under (o) below) but excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of any Excess Swap Collateral and any Tax Credit to the extent that such amounts can be paid by the Issuer to the Swap Counterparty from amounts not forming a part of the Notes Interest Available Amount;

- (f) *sixth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Senior Class A Notes;
- (g) *seventh*, in or towards making good any shortfall as reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (h) *eighth*, as long as the Senior Class A Notes have not been redeemed in full, in or towards satisfaction of any sums required to be deposited to the Reserve Account up to the amount of the Reserve Account Required Amount;
- (i) *ninth*, in or towards satisfaction of gross up amounts or additional fees or amounts due, if any, to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (j) *tenth*, in or towards satisfaction of interest due or interest accrued but unpaid on the Junior Class B Notes;
- (k) *eleventh*, in or towards making good any shortfall as reflected in the Class B Principal Deficiency Ledger until the debit balance, if any, on the Class B Principal Deficiency Ledger is reduced to zero;
- (l) *twelfth*, after the Senior Class A Notes have been redeemed in full, in or towards satisfaction of any sums required to be deposited to the Reserve Account up to the amount of the Reserve Account Required Amount;
- (m) *thirteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Class C Notes;
- (n) *fourteenth*, in or towards satisfaction of principal amounts due under the Subordinated Class C Notes on the relevant Quarterly Payment Date, including the Final Maturity Date;
- (o) *fifteenth*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (p) *sixteenth*, in or towards satisfaction of interest due under the Potential Set-Off Reserve Subordinated Loan;
- (q) *seventeenth*, in or towards satisfaction of any principal due under the Potential Set-Off Reserve Subordinated Loan; and
- (r) *eighteenth*, in or towards satisfaction of a Deferred Purchase Price Instalment to the Seller.

**Priority of Payments in respect of principal**

Prior to the delivery of an Enforcement Notice by the Security Trustee, the sum of the following amounts, calculated as at any Quarterly Calculation Date, as being received or deposited during the immediately preceding Quarterly Calculation Period (items (i) up to and including (vii) hereinafter referred to as the '**Notes Redemption Available Amount**')

- (i) by means of repayment (in full or in part) and prepayment of principal under the Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any;
- (ii) as Net Proceeds on any Receivable to the extent such proceeds relate to principal up to the Principal Amount Outstanding of the relevant Receivables;
- (iii) as amounts received in connection with a repurchase of Receivables, whether or not as a result of the exercise of the Regulatory Call Option or Clean-Up Call Option, pursuant to the Receivables Purchase Agreement, or upon the exercise of the option to redeem the Notes upon the occurrence of a Tax

Change and any other amounts received pursuant to the Receivables Purchase Agreement to the extent such amounts relate to principal;

- (iv) as amounts received in connection with a sale of Receivables pursuant to the Trust Deed to the extent such amounts relate to principal up to the Outstanding Principal Amount of the relevant Receivable from any person, whether by set off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any;
- (v) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Servicing and Administration Agreement;
- (vi) as amounts equal to the excess (if any) of (a) the sum of the aggregate proceeds of the issue of the Asset-Backed Notes on the Closing Date over (b) the Initial Purchase Price of the Receivables purchased on the Closing Date; and
- (vii) any part of the Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards redemption of the Notes on the preceding Quarterly Payment Date;

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

- (a) *first, pro rata and pari passu*, the Senior Class A Notes, until fully redeemed, and
- (b) *second, pro rata and pari passu*, the Junior Class B Notes, until fully redeemed.

Following delivery of an Enforcement Notice any amounts payable by the Security Trustee under the Trust Deed will be paid to the Secured Parties (including the Noteholders) in the following order of priority (after deduction of any cost, charge, liability and expenses incurred by the Security Trustee under or in connection with any of the Relevant Documents, which will include, *inter alia*, the fees and expenses of Moody's, any legal advisor, auditor and/or accountant appointed by the Security Trustee) (and in each case only if and to the extent payments of a higher priority have been made in full) (the **'Priority of Payments upon Enforcement'**):

- (a) *first*, in or towards satisfaction, of the repayment of any Liquidity Facility Stand-by Drawing under the Liquidity Facility Agreement;
- (b) *second*, in or towards satisfaction, *pro rata and pari passu*, according to the respective amounts thereof, of (i) any amounts due to the Directors, (ii) any amounts due to the Paying Agent and the Reference Agent incurred under the provisions of the Paying Agency Agreement and (iii) any amounts due to the Pool Servicer and the Issuer Administrator under the Servicing and Administration Agreement;
- (c) *third*, in or towards satisfaction of any sums due and payable but unpaid under the Liquidity Facility Agreement, including any gross-up amounts or additional amounts due to the Liquidity Facility Provider under the Liquidity Facility Agreement but excluding any Liquidity Facility Stand-by Drawing payable under (a) above;
- (d) *fourth*, in or towards satisfaction of amounts, if any, due but unpaid to the Swap Counterparty under the Swap Agreement including any Settlement Amounts (as defined therein) to be paid by the Issuer upon early termination of the Swap Agreement as determined in accordance with its terms but excluding any Swap Counterparty Default Payment payable under subparagraph (g) below, and excluding, for the avoidance of doubt, the repayment to the Swap Counterparty of any Excess Swap Collateral and any Tax Credit but only to the extent that such amounts have been paid to the Swap Counterparty by the Issuer;
- (e) *fifth*, in or towards satisfaction of all amounts of interest due but unpaid in respect of the Senior Class A Notes;
- (f) *sixth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Senior Class A Notes;

- (g) *seventh*, in or towards satisfaction of the Swap Counterparty Default Payment payable to the Swap Counterparty under the terms of the Swap Agreement;
- (h) *eighth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Junior Class B Notes;
- (i) *ninth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Junior Class B Notes;
- (j) *tenth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Subordinated Class C Notes;
- (k) *eleventh*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Subordinated Class C Notes;
- (l) *twelfth*, in or towards satisfaction of all amounts of interest due or interest accrued but unpaid in respect of the Potential Set-Off Reserve Subordinated Loan;
- (m) *thirteenth*, in or towards satisfaction of all amounts of principal and any other amount due but unpaid in respect of the Potential Set-Off Reserve Subordinated Loan; and
- (n) *fourteenth*, in and towards satisfaction of any Deferred Purchase Price Instalment to the Seller.

### **Liquidity Facility**

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider. The Issuer will be entitled on any Quarterly Payment Date (other than on (i) a Quarterly Payment Date if and to the extent the Senior Class A Notes are redeemed in full on such Quarterly Payment Date or (ii) the Final Maturity Date) to make drawings under the Liquidity Facility Agreement up to the Liquidity Facility Maximum Amount. The Liquidity Facility Agreement is for a term of (up to) 364 days. The commitment of the Liquidity Facility Provider is extendable at its option. Any drawing under the Liquidity Facility Agreement by the Issuer shall only be made on a Quarterly Payment Date if and to the extent that, after the application of amounts available on the Reserve Account and without taking into account any drawing under the Liquidity Facility Agreement, there is a shortfall in the Notes Interest Available Amount to meet items (a) to (f) (inclusive) in the Interest Priority of Payments in full on that Quarterly Payment Date. Certain payments to the Liquidity Facility Provider will rank in priority in respect of payments and security to *inter alia* the Notes.

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

For these purposes, '**Liquidity Facility Maximum Amount**' means on each Quarterly Payment Date, an amount equal to the higher of (i) 4.00 per cent. of the aggregate Principal Amount Outstanding of the Senior Class A Notes on such date and (ii) 1.00 per cent. of the aggregate Principal Amount Outstanding of the Senior Class A Notes on the Closing Date.

### **Principal Deficiency Ledger**

A Principal Deficiency Ledger comprising two sub-ledgers (the Class A Principal Deficiency Ledger and the Class B Principal Deficiency Ledger) will be established by or on behalf of the Issuer in order to record Realised



Losses (a '**Principal Deficiency**'). An amount equal to any Realised Loss will be debited to the Class B Principal Deficiency Ledger (such debit items being credited at item (k) of the Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than the Principal Amount Outstanding of the Junior Class B Notes and thereafter such amount will be debited to the Class A Principal Deficiency Ledger (such debit items being reccredited at item (g) of the Interest Priority of Payments).

'**Realised Losses**' means, on any relevant Quarterly Payment Date, the sum of (a) with respect to the Receivables in respect of which the Seller, the Pool Servicer on behalf of the Issuer, the Issuer or the Security Trustee has foreclosed during the immediately preceding Quarterly Calculation Period the amount of the difference between (i) the aggregate Outstanding Principal Amount of all Receivables, in respect of which the Seller or the Pool Servicer on behalf of the Issuer, the Seller, the Issuer or the Security Trustee has foreclosed during such Quarterly Calculation Period and (ii) the amount of the Net Proceeds applied to reduce the Outstanding Principal Amount of the Receivables during such Quarterly Calculation Period, and (b) with respect to Receivables sold by the Issuer during such Quarterly Calculation Period, the amount of the difference, if any, between (i) the aggregate Outstanding Principal Amount of such Receivables and (ii) the purchase price received in respect of the Receivables sold to the extent relating to the principal during such Quarterly Calculation Period, and (c) with respect to the Receivables in respect of which the Borrower (x) has successfully asserted set-off or defence to payments or (y) (p)repaid any amounts, the amount by which the Receivables have been extinguished ("*teniet gegaan*") as a result thereof during such Quarterly Calculation Period, unless and to the extent such amount is received from the Seller pursuant to item (i) or (iii) of the Notes Redemption Available Amount.

### **Interest Rate Hedging**

The Loan Criteria require that all Receivables sold and assigned to the Issuer at Closing either bear a fixed rate of interest or a floating rate of interest or slight variations to any of the above (as further described in *Description of the Loans* below). The interest rate payable by the Issuer with respect to the Notes is calculated as a margin over Euribor. The Issuer will mitigate this interest rate exposure over the Senior Class A Notes by entering into the Swap Agreement with the Swap Counterparty. The interest payable in respect of the Junior Class B Notes and the Subordinated Class C Notes will not be hedged.

Under the Swap Agreement, the Issuer will agree to pay on each Quarterly Payment Date the sum of:

- (i) the aggregate amount of the interest on the Receivables scheduled to be paid during the relevant Quarterly Calculation Period multiplied by the quotient of (a) the aggregate Principal Amount Outstanding of the Senior Class A Notes on the close of business of the first day of the relevant Quarterly Calculation Period and (b) the Principal Amount Outstanding of all Asset-Backed Notes on the close of business of the first day of the relevant Quarterly Calculation Period (the "**Class A Notional Fraction**"); plus
- (ii) any prepayment penalties received during the immediately preceding Quarterly Calculation Period multiplied by the Class A Notional Fraction; plus
- (iii) interest received on the Issuer Collection Account.

The Swap Counterparty will agree to pay on each Quarterly Payment Date an amount equal to the sum of:

- a) the scheduled interest due in respect of the Senior Class A Notes, calculated by reference to the floating rate of interest applied to the Principal Amount Outstanding of the Senior Class A Notes (as reduced by any outstanding debit balances on the Class A Principal Deficiency Ledger) on the first day of the relevant Floating Rate Interest Period; plus
- b) an excess margin (the "**Excess Margin**") of 0.50 per cent. per annum applied to the relevant Outstanding Principal Amount of the Receivables on the first day of the relevant Quarterly Calculation Period; plus
- c) the expenses as described under (a), (b) and (c) of the Interest Priority of Payments.

Payments under the Swap Agreement to be made by the Issuer and the Swap Counterparty respectively on a Quarterly Payment Date will be netted.

If on any Quarterly Payment Date, the sum of interest actually received on the Receivables (multiplied by the Class A Notional Fraction) falls short of interest scheduled to be received on the Receivables (multiplied by the Class A Notional Fraction) during the immediately preceding Quarterly Calculation Period, the payment obligation of the Issuer will be reduced by an amount equal to such shortfall. In such event the payment of the

Swap Counterparty on such Quarterly Payment Date will be adjusted accordingly on a euro for euro basis. Such reduction could result in the Issuer not having sufficient funds available to meet its payment obligations in accordance with the priorities described above on such Quarterly Payment Date.

The Swap Agreement will be documented under an ISDA Master Agreement. The Swap Agreement may be terminated in accordance with Events of Default and Termination Events (each as defined in the relevant ISDA Master Agreement) commonly found in standard ISDA documentation. The Swap Agreement will be terminable by one party for a number of reasons, as more fully set out in the Swap Agreement, including if (i) an applicable Event of Default or Termination Event (as defined therein) occurs in relation to the other party, (ii) it becomes unlawful for either party to perform its obligations under the Swap Agreement or (iii) an Enforcement Notice is served. Events of Default under the Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Swap Agreement, (ii) a merger or similar transaction with another entity or person without assumption of the Issuer's obligations under the Swap Agreement and (iii) certain insolvency events.

Upon the early termination of the Swap Agreement, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party. The amount of any termination payment will be based on the market value of the Swap Agreement. The market value will be based on market quotations of the cost of entering into a transaction with the same terms and conditions and that would have the effect of preserving the respective full payment obligations of the parties (or based upon a good faith determination of total losses and costs (or gains) if an insufficient number of quotations can be obtained or if basing the valuation on quotations would not produce a commercially reasonable result) and will include any unpaid amounts that became due and payable prior to the date of termination. Any such termination payment could be substantial.

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to the Swap Counterparty, the Issuer will not be required pursuant to the terms of the Swap Agreement to pay the Swap Counterparty such amounts as would otherwise have been required to ensure that the Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made.

In the event that the Swap Counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the Swap Counterparty will be required pursuant to the terms of the Swap Agreement to pay to the Issuer such additional amounts as are required to ensure that the Issuer receives the same amounts that it would have received had such withholding or deduction not been made.

In either event, the Swap Counterparty will, if it is unable to transfer at its own cost its rights and obligations under the Swap Agreement to another office, have the right to terminate the Swap Agreement. Upon such termination, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other party.

The Issuer may pay any termination payment to the Swap Counterparty on any date other than a Quarterly Payment Date provided that the Issuer has received such amount as initial swap payment from the relevant replacement swap counterparty.

Any amounts received by the Issuer from the Swap Counterparty upon early termination of the Swap Agreement will be held on the Issuer Collection Account with a corresponding credit to a ledger known as the '**Swap Termination Payment Ledger**'. Amounts standing to the credit of the Swap Termination Payment Ledger will be available (i) to make an initial swap payment to a replacement swap counterparty on any date or (ii) as part of the Notes Interest Available Amount for so long no such replacement swap counterparty is available at such time, if and to the extent such amount is required to satisfy item (f) of the Interest Priority of Payments. Any remaining amount standing to the Swap Termination Payment Ledger will be released and will form part of the Notes Interest Available Amount on the Quarterly Payment Date on which (i) a new swap agreement has been entered into and the initial swap payment, if any, has been paid or (ii) the Senior Class A Notes have been redeemed in full.

If the Swap Counterparty ceases to have certain required ratings by Moody's, the Swap Counterparty will be required to take certain remedial measures which may include the provision of collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the required rating, procuring another entity with at least the swap required ratings to become joint-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement, or the taking of such other action as it may agree with Moody's. A failure to take such steps, subject to certain conditions, will give the Issuer the right to terminate the Swap Agreement.

The Issuer and the Swap Counterparty have entered into a Credit Support Annex to the Swap Agreement on the basis of the standard ISDA documentation, which provides for requirements relating to the providing of collateral by the Swap Counterparty if it ceases to have at least the required rating.

### **Sale of Receivables**

The Issuer may not dispose of the Receivables, except to comply with its obligations under the Notes in certain circumstances as further provided in the Trust Deed and the Receivables Purchase Agreement, in connection with a repurchase obligation of the Seller. If the Issuer decides to offer for sale (part of) the Receivables it will first offer such Receivables to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase the Receivables. After such 15 business day period, the Issuer may offer such Receivables for sale to any third party. Except if differently set out below, the Seller will pay a purchase price equal to the purchase price a third party is willing to pay for the Receivables.

#### *Sale of Receivables on an Optional Redemption Date*

Under the terms of the Trust Deed, the Issuer will have the right to sell and assign all but not some of the Receivables on each Optional Redemption Date to the Seller or a third party, provided in any case that the Issuer shall apply the proceeds of such sale to redeem the Asset-Backed Notes (see Condition 6(d)). The purchase price of the Receivables shall be equal to at least the Outstanding Principal Amount of the relevant Receivable, together with accrued interest due but unpaid and any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (a) the sum of the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Loan Conditions up to the relevant date of such sale or repurchase and (b) an amount equal to the foreclosure value of the Security Interests or, if no valuation report of less than 12 months old is available, the indexed foreclosure value of the Security Interests plus any other collateral, if any.

#### *Sale of Receivables if the Clean-Up Call Option is exercised*

On each Quarterly Payment Date, the Seller has the option to exercise the Clean-Up Call Option. The Issuer will undertake in the Receivables Purchase Agreement to sell and assign the Receivables to the Seller or any third party appointed by the Seller in its sole discretion if the Clean-Up Call Option is exercised. The same as set out above under *Sale of Receivables on an Optional Redemption Date* applies to the sale of Receivables if the Seller exercises the Clean-Up Call Option. The proceeds of such sale shall be applied by the Issuer towards redemption of the Asset-Backed Notes in accordance with Condition 6(b) and subject to Condition 9(b).

#### *Sale of Receivables if the Regulatory Call Option is exercised*

On each Quarterly Payment Date, the Seller has the option to exercise the Regulatory Call Option. The Issuer will undertake in the Receivables Purchase Agreement to sell and assign the Receivables to the Seller or any third party appointed by the Seller in its sole discretion if the Regulatory Call Option is exercised. The purchase price of the Receivables will be at least equal to the Outstanding Principal Amount in respect of the relevant Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment. The proceeds of such sale shall be applied by the Issuer towards redemption of the Asset-Backed Notes in accordance with Condition 6(b) and subject to Condition 9(b).

#### *Redemption for tax reasons*

On each Quarterly Payment Date, the Issuer has to option to redeem the Notes for tax reasons. The purchase price of such Receivables will be calculated in the same manner as described under *Sale of Receivables on an Optional Redemption Date*. The proceeds of such sale shall be applied by the Issuer towards redemption of the Asset-Backed Notes in accordance with Condition 6(e) and subject to Condition 9(b).

#### *Sale of Receivables if the Seller is obliged to repurchase*

If the Seller is obliged to repurchase any Receivable(s) pursuant to the Receivables Purchase Agreement, the purchase price of the Receivables will be equal to the Outstanding Principal Amount in respect of the relevant Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment of the Receivables and any costs incurred by the Issuer in effecting and completing such sale and re-assignment. The proceeds of such sale shall be applied by the Issuer towards redemption of the Asset-Backed Notes in accordance with Condition 6(b) and subject to Condition 9(b).

# OVERVIEW OF THE DUTCH SME MARKET

*The information provided under Overview of the Dutch SME Market and the Commercial Real Estate Market below has been derived from publicly available information on the Dutch SME market.*

## **Dutch SME Market characteristics**

### *Growth number of enterprises smoothes down*

Due to the deteriorating sales and profit outlooks, the growth in the number of enterprises will rise by 0.25% in 2009. The development in the number of enterprises is strongly influenced by sector specific developments. In the consumer-oriented sectors such as retail, hospitality services, automotive, the market for small companies is so unfavourable that the number of these companies are falling in favour of larger companies. The only significant growth is predominantly expected in the health care sector.\*

### *Strong decline in sales*

The Dutch SME industry is caught in heavy weather. The economic conditions deteriorated significantly by tightening of the international credit crisis in the second half of 2008. For this year (2009), the sales in the foreign markets are expected to decline by 10%. This will have a major negative impact on the development of the production in the Netherlands due to the fact that one third of the production in the Netherlands is sold abroad.†

In 2009 a sales decline of 4.25% is expected while in 2008 a growth of 2% was observed. The decline in sales is mainly due to a decline in exports and investments. Also consumer spending contributes to a negative sales development. However, domestic sales growth for this year will decrease less strong than the sales growth for the foreign markets.‡

### *Strong decline in profit*

This year (2009), a strong decline in profit of 13.5% is expected. A shrinking economy and a rise in labour costs are responsible for a decline in profit in 2009. The strongest decline in profit is expected in the wholesale, automotive and transport and communication sector. These sectors will show a drop in profit of more than 20% this year. Only the health care sector will show a growth in profit.

In 2010, the profit of all the companies in the SME market will slightly increase by 0.75%. The sectors, which will show a quick profit recovery in 2010, are the industry and transport and communication sector. Less positive earnings are expected for the construction and retail sector in 2010.§

### *Shrinking employment*

In 2009, an overcapacity arises due to a shortfall in production in 2008. This results in a decline in employment of 1.75% in 2009. Due to the fact that a development in employment responds slow to changes in the development of production, a decline in employment of 4.25% is expected in 2010. Especially industry, hospitality services, transport and financial and business services will show a sharp fall in employment. Only the health care sector is expected to show a growth in employment due to the increase in aging.\*\*

### *Decline in investments*

In 2008 SME enterprises invested €49.5 billion, which is 9% higher than will be expected for 2009 (€45 billion). Due to the credit crunch, the confidence among the Dutch SME entrepreneurs declined by 25% in comparison to 2008. However, 55% of the SME entrepreneurs have investment plans in 2009 compared to 69% in 2008.

Due to the unfavourable sales prospects and the decline in profits, entrepreneurs invest less. Replacement investments (in particular cars and computers) are postponed. Investments in offices are strongly limited. Moreover, it is difficult to get financing because banks became more critical in providing loans and strongly take into account the current economic circumstances in their assessment.††

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\* Source: EIM, Kleinschalig ondernemen 2009

† Source: Rabobank, Economisch Kwartaalbericht Juni 2009

‡ Source: EIM, Kleinschalig ondernemen 2009

§ Source: EIM, Kleinschalig ondernemen 2009

\*\* Source: EIM, Kleinschalig ondernemen 2009

†† Source: EIM, Kleinschalig ondernemen 2009

### **Dutch Commercial Real Estate market trends in recent years<sup>‡‡</sup>**

The Dutch real estate market is unmistakably undergoing the harmful consequences of the credit crunch. The value of commercial real estate is falling, the funding of new projects has become more problematic and, moreover, the development sector has noted that the sale of new buildings is now more difficult.

Also the investment volume in Dutch real estate declined considerably last year. An important reason for this is that the availability of financing capital declined considerably and investments with loan capital thus became considerably more difficult. Secondly, private equity funds and hedge funds have barely been active in the real estate market since last year.

Only portfolios that adequately qualify purely on the basis of the quality of the real estate are marketable under present market conditions. This implies that the value of bricks and mortar will again be of decisive importance and risk will again have a price. Therefore investments in real estate will be much more critically evaluated by investors, by developers and financiers. Also sale and lease-back transactions become more and more attractive because of the lack of liquidity in companies.

Also, in comparison with investments in shares, last year in the Netherlands, real estate turned out to be a less vulnerable investment. It is yet again proof that real estate should be included as a long-term investment in a broadly composed investment portfolio. Despite the slowdown in growth, Dutch real estate prices still remain reasonably stable from an international perspective. An important explanation for this is that not only rents but also initial yields have developed less excessively than in many other (larger) countries. Furthermore, the market is transparent. Because of the mentioned stability more and more (foreign) investors choose for the Dutch market.

#### *Office Market*

Vacancies were already quite high in the office market and this will also be the expectation for 2009. The current demand in Friesland in 2008 is low compared to 2007, but the vacancy rate of 6.4% is still acceptable compared to 12% in the Netherlands.<sup>§§</sup>

The fall in employment is translated into a declining demand for office space. Less attractive locations will especially have difficulties, which will lead to a fall in value of the affected real estate. This implies that the quality of the office and its location as well as the value of the lease will therefore assume an even greater importance.

Also rentals were under pressure in 2008. They came down by 3.5% in 2008.<sup>\*\*\*</sup> In Friesland, the rents declined by 2.6%.<sup>†††</sup> This is an obvious consequence of the decrease in demand and the persisting oversupply in parts of the office market, which has reached an alarming level. In Friesland the supply declined by 6.7% in 2008.<sup>†††</sup> Furthermore, the credit crisis is holding back developers. Despite these difficult circumstances, the office market still offers possibilities. In Friesland, a modest growth in new companies, which set up their offices in Heerenveen, is observed. In Leeuwarden, most offices are occupied by the public sector.<sup>§§§</sup>

For investors, the current market situation affords opportunities to steer more actively towards having sitting tenants in their portfolios, for instance, as cost-cutting is now also even higher on the list of tenants' priorities than it was before. For them, extending the lease can be much more appealing than relocating the company. So the tenants are crucial for retaining value.

#### *Retail Market*

The vacancy in the Netherlands, at 2.5% of the total stock, is still low, especially compared to the vacancies in the other sectors in the commercial real estate market. Consumers continue spending and the branches of the well-known and large chains have increasingly dominated the streetscape of city centers in the Netherlands over the past few years. Approximately half of the retail floor space in the central shopping areas is nowadays taken up by formula shops. The local retailers, who often provide diversity and creativity, have been sidelined, partly due to the increasing power of the chain stores from A to B or C-locations. Investors, in turn, are satisfied with the formulas of large retailers because they provide certainty.

Also the growth of small-scale retail outlets in convenience locations is continuing, and social developments have reinforced the onset of this type of location. The figures of the past few years leave no doubt about the

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<sup>‡‡</sup> (Sources: [www.kadaster.nl](http://www.kadaster.nl) and [www.fghbank.nl](http://www.fghbank.nl))

<sup>§§</sup> Source: DTZ Zadelhoff Research, 2009

<sup>\*\*\*</sup> Source: [www.fghbank.nl](http://www.fghbank.nl)

<sup>†††</sup> Source: DTZ Zadelhoff Research, 2009

<sup>†††</sup> Source: DTZ Zadelhoff Research, 2009

<sup>§§§</sup> Source: DTZ Zadelhoff Research, 2009

rapid growth of online shopping. This will not lead to diminished demand for retail space. Rentals in this sector remained stable in 2008 but will increase in 2009.<sup>\*\*\*\*</sup>

#### *Industrial Real Estate Market*

The impact that the sharp turnaround in the economy has had on producer's confidence has been almost completely discernable. Contrary to consumers, for most of 2008, Dutch entrepreneurs had full confidence in both their order portfolios and economic prospects; however, in September 2008, this positive segment regressed due to the global economic downturn which affects the Netherlands heavily. The pessimistic mood within various branches of industry is tempering demand for new accommodation, and cost control is now the highest priority. The expectation is therefore that demand for new industrial real estate will decline substantially in 2009. Traditionally, most industrial real estate has been taken up in the provinces of North-Brabant, North-Holland and South-Holland.<sup>††††</sup>

The diminished demand for industrial real estate during the course of 2008 has resulted in a slight fall in average transacted rent. Nevertheless, the prime rents in regions with a strong market and high quality have remained almost unchanged in 2008. In Friesland, the rents increased by 1.8% in 2008.<sup>††††</sup>

Also the expectation will be that attention will perforce shift from new locations to the redevelopment of existing ones. This development contributes to the conservation value of existing investments. For example: although in Friesland the supply of new properties declined in 2008, the utilization of existing properties has gone up in 2008. Still there is sufficient space to develop business parks in the future in Friesland. Nowadays most business parks in Friesland are concentrated in few areas only: Leeuwarden, Heerenveen en Drachten.<sup>§§§§</sup>

#### *Real Estate Investment Market*

In 2008, the volume of investment in the real estate investment market declined by 51% to €3.8 billion. Also a decline in prices is observed in 2008. So long as it remains unclear as to whether banks and financial institutions will be confronted with unpleasant surprises, the market will stay tight. If the recession leads to bankruptcy and rent cancellations, investors' yields will be directly affected. The reticence of investors can therefore be fully explained and will likely also be identifiable in their investment policy for this year.

The performance of foreign investors within the real estate market constitutes the most important reason for the sharp decline in the volume of investment. Due to a lack of loan capital and credit providers' stricter requirements. Foreign investors have substantially less to invest and have partly disappeared from the market.

All segments of the commercial real estate market show a decline in volume of investment, yet it is primarily the office sector that has been substantially invested less in. Investors are opting primarily for secure sectors where the quality of the location and tenant are crucially important.

Also the yields on real estate in all the segments declined in 2008. This lower yield is primarily explained by a sharp fall in indirect yields. The direct yields remained stable.

The prices for real estate are lower, but there are big differences among sectors and segments. Investors' focus will be increasingly on marketable real estate. The expectation will be that the interest of domestic and foreign players in Dutch real estate will remain because the Netherlands is an attractive country to invest in, due to the relative simplicity and clear organization of the market. Furthermore, in the medium to long-term and the long-term itself, there remains a demand for accommodation from real estate users. But the conditions of these transactions are changed and focused on the avoidance of risk. As base is expected to form in the coming period, from which the quest for market balance can be commenced.<sup>\*\*\*\*\*</sup>

### **The Dutch SME Market sector**

#### **Relative economic performance of the Northern provinces of the Netherlands**

The Northern provinces are still more reliant on the agricultural and industrial sectors, but the focus is seriously shifting towards the services industries. Education and health care (due to a sharp rise in ageing population) are becoming more and more responsible for the economic growth in Friesland. Also tourism and leisure activities are strong pillars of the Frisian economy.

Friesland reports a relative high share of SME companies compared to other parts in the Netherlands. This is due to the presence of the university (Groningen), Science Park (Groningen) and college (Leeuwarden). But this is

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\*\*\*\* Source: [www.fghbank.nl](http://www.fghbank.nl)

†††† Source: [www.fghbank.nl](http://www.fghbank.nl)

†††† Source: DTZ Zadelhoff Research, 2009

§§§§ Source: DTZ Zadelhoff Research, 2009

\*\*\*\*\* Source: [www.fghbank.nl](http://www.fghbank.nl)

also due to the fact that there is enough space for offices to settle in Friesland, the costs of establishment and personnel are low and the employees are very loyal.

The unemployment rate in Friesland is higher (4.2%) compared to the unemployment rate in the Netherlands overall (3.9%). However a growth in unemployment in Friesland for the next two years is expected but will be substantial lower than the growth in unemployment for the Netherlands. Especially construction companies, transport companies, house agencies and employment agencies in Friesland have been impacted by the credit crisis and laid off employees.<sup>†††††</sup>

The economic growth in the northern economy was lower compared to the rest of the Netherlands for the period 2001-2007. The credit crunch is responsible for a decline in economic growth of 2.7% in the Northern provinces. This growth is smaller than the decline in economic growth expected for the rest of the Netherlands. This is due to the fact the northern economy is more dependent on domestic trade and less focused on export activities, which are heavily declined because of the credit crisis. Another reason for the less decline in economic growth in Friesland compared to the rest of the Netherlands is due to the different composition of the industrial sector in Friesland compared to the rest of the Netherlands.<sup>†††††</sup>

Overall, the GDP growth in Friesland is more stable and less volatile compared to the rest of the Netherlands.

Table 2.1: Frisian and Dutch economy<sup>§§§§§</sup>

Variables	Netherlands	North of the Netherlands*
Inhabitants (2008)	16,405,399	1,705,000
Labour force (2008)	7,307,692	762,000
Unemployment Rate (2008)	3.9 per cent.	5.8 per cent.
Gross Regional Product (in million euro) (2007)	567,066	
agriculture and fishery	2.2 per cent.	4.4 per cent.
industry	18.7 per cent.	25.9 per cent.
services	79.1 per cent.	69.7 per cent.

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\* the provinces of Friesland, Groningen and Drenthe

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<sup>†††††</sup> Source: Rijksuniversiteit Groningen, gevolgen van de kredietcrisis voor Noord-Nederland (in opdracht van SER Noord Nederland) 2009

<sup>†††††</sup> Source: Rijksuniversiteit Groningen, gevolgen van de kredietcrisis voor Noord-Nederland (in opdracht van SER Noord Nederland) 2009

<sup>§§§§§</sup> Source: CBS/Chamber of Commerce

# FRIESLAND BANK N.V.

## History and Incorporation

Friesland Bank N.V. is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, having its corporate seat in Leeuwarden. Friesland Bank N.V. is authorised by *De Nederlandsche Bank N.V.* (the "**Dutch Central Bank**") to pursue the business of a credit institution in the Netherlands in accordance with the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*). Friesland Bank N.V. has its registered office at Beursplein 1, 8911 BE Leeuwarden, the Netherlands and its phone number is +31 58 299 4499 and is registered with the Chamber of Commerce for Friesland under number 01002411.

Friesland Bank N.V. was incorporated on 10 July 1912 in Leeuwarden as Coöperatieve Zuivelbank by a number of Frisian co-operative dairy industries to regulate their cash positions and to provide them with short-term credits. Soon Friesland Bank extended its operations to all agrisector business in Friesland organised on a co-operative basis, and to local authorities and water boards. Friesland Bank undertook virtually no retail activities. In its first fifty years, Friesland Bank operated exclusively from its offices at Leeuwarden. From 1963 onwards, Friesland Bank's strategy was fundamentally changed: services were offered also to non-co-operative businesses in Friesland and a retail banking operation was set up. As a result, a network of 60 branches was established throughout Friesland. In 1970, Friesland Bank changed its name to Coöperatieve Vereniging Friesland Bank b.a. to reflect both its regional identity and its character as a general bank.

In 1992, Friesland Bank decided, in view of the ongoing concentration in the Dutch banking industry, to expand its activities to the whole northern part of the Netherlands, to enter into alliances with other financial institutions and to modernise its legal structure. In 1993, a branch was opened in Groningen, followed by branches in Alkmaar (1995) and Assen (1997). In the course of 1999, a branch was opened in Zwolle. To improve efficiency, 20 smaller branches in the province of Friesland were closed in 1999 and in 2000/2001 three further branches were closed. In 2002, a branch was opened in Enschede. At the end of 1994, Friesland Bank entered into an alliance with F. van Lanschot Bankiers N.V. and took a 24.2 per cent. shareholding in the common shares of F. van Lanschot Bankiers N.V. At the end of 2007, this stake amounted to 28 per cent. In 1996, Friesland Bank took a 7.5 per cent. participation in Triodos Bank N.V., a 'green' bank which finances environmentally-friendly projects and initiatives. In 1998, Friesland Bank took a 60 per cent. participation in Aecum B.V., a pension consultancy firm. The stake in Aecum B.V. was increased in 2000 to 100 per cent. In 2000 Spaar- en Voorschotbank N.V., already a 100 per cent. subsidiary for years, became a legal part of Friesland Bank. Through these acquisitions and participating interests, Friesland Bank intends to keep closely in touch with the developments in various market niches of the Dutch banking sector. Friesland Bank consolidated its position in its regional market at the end of 2004, when it formed a close strategic partnership with the Bercoop Groep in Oldeberkoop, in the south of the province of Friesland. The Bercoop Groep owned Bank Bercoop. Friesland Bank's acquisition of a 45 per cent. interest in Bercoop Groep formalised the relationship which had existed between the two institutions for decades. In December 2006 the stake in Bercoop Group was increased to 100 per cent. The integration of the banking and insurance activities of Bank Bercoop took place in 2007. In September 2006 and again in June 2009 Friesland Bank announced a further implementation of its strategy and the positioning of the bank. Several smaller branches in the province of Friesland are closed. The remaining number of branches in Friesland will be 16. In other parts of the Netherlands new branches have been set up. The first steps have already been taken in opening offices in Amsterdam (2006) and Utrecht (2007). Friesland Bank offers a wide range of financial services and products in banking and insurance, with a focus on business banking and personal/private banking.

On 10 January 2007, Friesland bank acquired 10.06 per cent. of the shares in the share capital of BinckBank N.V. In November 2007, Friesland Bank announced a Business Process Outsourcing agreement with BinckBank N.V. for brokerage and back-office services. In May 2007, Friesland Bank issued Eleven Cities 3, a RMBS securitisation of €935 million. The issue was well received by investors. Due to the large demand and the quality of the pool the notes could be priced at historically tight spreads. In December 2008 Friesland Bank completed a fourth RMBS transaction, Eleven Cities 4 for an amount of €808 million. In March 2009, Friesland Bank completed a fifth RMBS securitisation, Eleven Cities 5 for an amount of €810 million. Friesland Bank obtained a 45 per cent. stake in Optimix Vermogensbeheer N.V. in 2008, with a view of expanding and improving its investment services and asset management activities. In the same year, Friesland Bank reduced certain of its banking participations. At the end of 2008, its banking participations amounted to 24.6 per cent. (formerly: 28 per cent.) in F. van Lanschot Bankiers N.V., 9.5 per cent. (formerly: 15.2 per cent.) in BinckBank N.V. and 6 per cent. (percentage unchanged) in Triodos Bank N.V. Friesland Bank announced on November 30<sup>th</sup> 2009 its participation in BinckBank has been reduced to 4,9%.



In 2008, Friesland Bank's wholly owned subsidiary FB/Aecum B.V., whose name has since been changed into FBA Holding B.V., sold its Aecum activities (intermediary activities relating to collective pensions for small and medium enterprises (SMEs)).

In 1995, the legal structure of Friesland Bank was changed from a co-operative to a public company with limited liability, with the share capital held by Vereniging Friesland Bank, a body which comprises the former members of the co-operative. The new structure enabled Friesland Bank to attract new capital. In 1997, the legal structure of Friesland Bank was further amended by the introduction of Friesland Bank Holding N.V.

Friesland Bank Holding N.V currently holds all of the shares of Friesland Bank N.V. Vereniging Friesland Bank holds all shares in the share capital of Friesland Bank Holding N.V. (300,000 ordinary shares). In November 2004 Friesland Bank significantly strengthened its financial position with the issue of €125 million Perpetual Capital Securities. These hybrid securities qualify as shareholder's equity which makes them ideal for funding long-term capital investments.

### Activities and Results

Friesland Bank is a general bank engaged in both retail and wholesale banking. The bank's activities are focused on mortgages, savings, and services to small and medium sized enterprises primarily in the northern part of the Netherlands. The bank offers a full range of banking and insurance products and services to its clients. Besides its branches, Friesland Bank uses intermediaries to generate business. One of the key points of the bank is its focus on customer intimacy. Although Friesland Bank has its origins in the agricultural sector, its current business loan book is well diversified across a number of sectors. In terms of volume, mortgages form the major part of Friesland Bank's assets. The bank has been successful in developing and selling innovative mortgage products. The bank's strong presence in the northern part of the Netherlands and its unique history and independent status make it a credible alternative to larger competitors.

### Key figures:

The following table shows the development of the business of Friesland Bank and its subsidiaries for 2008, 2007 and 2006.

In thousands of euro:

	2008	2007	2006
Loans and advances.....	8,227,278	7,621,968	7,271,173
Funds entrusted.....	5,696,504	5,412,202	5,005,032
Group equity <sup>(1)</sup> .....	824,692	938,148	856,691
Group funds.....	1,234,236	1,341,434	1,230,175
Total assets.....	10,934,106	10,188,792	9,346,796
Total income.....	476,224	438,898	389,104
Operating expenses.....	448,693	271,179	247,646
Value adjustments to receivables.....	14,546	6,548	4,735
Value adjustments to financial assets.....	100,461	42,049	9,784
Movement in FGBR.....	0	1,100	3,035
Net profit.....	-75,098	120,623	106,871

Total income / Operating expenses.....	1.061	1.618	1.571
Capital ratio in per cent.....			
BIS tier 1 capital ratio in per cent.....	10.1	12.6	13.2
BIS tier 2 capital ratio in per cent.....	12.6	12.6	13.2

<sup>(1)</sup> Including third party interest

#### **Managing Board**

R. Klaasman, *Chairman*

A. Vlaskamp

E.H.M.M. Krijnsen

G.T. van Wakeren

#### **Supervisory Board**

K. Wezeman, *Chairman*

G. Benedictus

J. Keijzer

L. Lindner

A. Oosterhof

R.J. Meuter

B.R.I.M. Gerner

#### **Credit Ratings**

Ratings	Fitch	Moody's
Long Term	A-	A2
Assigned	February 2009	November 2008
Short Term	F2	P-1
Assigned	February 2009	November 2008
Outlook	Stable	On review for possible downgrade

# FRIESLAND BANK SME LOAN BUSINESS

## 1. Positioning of Friesland Bank in the business loans market

The development of the Loan portfolio of the bank over the last four years is reflected in the Table 1.1 below:

**Table 1.1: Loans portfolio of Friesland Bank**

Variables	2008	2007	2006	2005
	<i>(amounts in thousand euro)</i>			
Business loans and advances.....	3,655,044	3,018,070	2,688,772	2,635,358

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Source: Friesland Bank

Based on these portfolio figures, the own estimate of the market share of Friesland Bank in the SME Business Loans market in the northern part of The Netherlands amounts to 15-20%. Detailed figures of the total size of the market are not available though.

## 2. Origination and acceptance procedures

### *Application procedure and underwriting criteria*

Business mortgage and lending origination at Friesland Bank only takes place through the branch network of Friesland Bank. New Loans are granted to Friesland Bank's clients subject to a strict underwriting protocol. The protocol requires a face to face meeting with the client, in which afterwards a loan application is completed in a Credit Application System: FINAN. Next to the personal data, the following criteria for loan issuance are addressed in the approval:

#### (i) *Company Analysis:*

Friesland Bank's relationship approach towards its borrowers provides it with in-depth knowledge of the borrower and its business background. This information can be very useful in the process of evaluating the credit worthiness of a borrower.

The borrowers business and the legal ownership of the business are checked with the “Kamer van Koophandel (KvK)”, The Netherlands Chamber of Commerce, which manages the trade register and is corporated under Dutch public law. In addition, the payment history of each individual borrower is checked with the Bureau Krediet Registratie (BKR), a registration office that administrates credits of financial institutions to individuals in the Netherlands. Friesland Bank has a general policy of excluding individuals with defaulting payment records to their borrower database. Furthermore, individual borrowers are run through an identification system (VIS) and a fraud system (EVA). In detail following factors about the borrowers' business are described:

Quality of management, Industry Position, Branch and Business Plan/ Investment Plan, including characteristics of product and or service. Friesland Bank also has a special policy on financing Business Estates for specific investments and rental /subleased investment property.

#### (ii) *Credit need*

The credit need has to be specified to the nature of the investment, the height of the investment and duration.

Loans may not exceed investments. Duration of loans is generally based on the depreciation of the acquired assets. Essential to granting a loan is the expectation that the borrower is fully capable of reimbursing the principal amount and interest within the set duration. A solid financial analysis should show that the borrower can do that.

#### (iii) *Financial Analysis*

Financial Analysis is made from annual business reports, provided by our business client. Annual reports have to meet accounting standards and have to be stated by certified accountants. At least 2 current annual business reports (latest report no older than 6 months) are needed to make an analysis. A business projection or forecast is usually required. Data from these reports are feeded into a new FINAN-file by qualified (internal) account

managers. Analysis consists of in-depth knowledge on solvency, quality of assets, risk analysis, profitability, net profit, cash flow and liquidity. Risk drivers in FINAN provide a credit score and client rating. FINAN does not provide an automated go/no-go decision.

*(iv) Collateral*

Next to mortgage collateral, (additional) other collateral can be provided by borrowers by pledging account receivables, inventories and other net current assets such as installations, machines, furniture and fittings as well as vehicles and receivables from insurance. In some cases Dutch government, in strict procedure, can act as a surety guarantor, giving additional comfort to the bank. Each type of collateral has a specific security coverage. A conservative policy of collateral requirements is in place for the granting of Loans to businesses. Generally, advances are limited to a specific maximum of the market value of the underlying business property investment, which is normal compared to Dutch standards. If other than a mortgage collateral is provided by borrowers, limits are maximized, depending on type and market value of the collateral provided and nature of the investment.

*(v) Client Rating*

Risk drivers on (i) to (iii) will enable FINAN to generate a client rating, giving a probability of default on the specific borrower and specific loan application. Ratings run from FB01 (low risk of default) to FB12 (high risk of default). A client rating is also influenced by previous payment behaviour and industry data. The rating models are statistical models for 'PD' and 'LGD' that are differentiated for each Basle segment and validated by the University of Groningen.

The PD rating model (LCO and SME) is based on financial assessment (quantitative data (financial ratio's) and qualitative data (market influence and concentration risk)), business assessment (management and industry) and behavioural assessment (SME only; payment behaviour).

The LGD rating model is based on probability of loss (segment specific) and loss given loss (relation with collateral value).

*(vi) Classification and pricing*

Risk based pricing enables Friesland Bank to differ in interest price. Higher risk calls for higher interest on loans. Risk Based Pricing is based on the probability of default, loss given default and total loan exposure at default, and classified in prices A to F, with differences in total loan exposures (< EUR 250k, 250k-2.500k and > 2.500k), giving all different interest rates based on risk. Commercial rebates on these prices have to be approved by authorized employees.

*Evaluation and acceptance of the loan applications*

The above mentioned information, including a profit to loan ratio, loan to value ratio, evaluation of the total debt position of the borrower and the market outlook, is recorded in FINAN. This system does not automatically approves applications of loans. Separate double approval is required.

Approval or rejection of Credit Applications up to EUR 250,000 is issued by 2 authorized employees. A first and second approval is done by separately authorized employees. If approval above EUR 250,000 and up to EUR 5,000,000 is needed, an authorized employee from the centralised Credit Management Group/ CRM (KRM) will approve or decline first approval, another authorized senior employee will approve or decline second approval. Credit approvals and declines over EUR 5,000,000 are issued by the Credit Committee of Friesland Bank (Kredietcommissie).

A FINAN credit application is sent to KRM or authorized branch employees when clients request for a temporarily extra loan and employees are not authorized to approve these kinds of credit applications.

Changes in collateral should be made in FINAN and approved by authorized employees or KRM in case employees are not authorized. Special mutation forms are developed for small changes in facilities and collateral.

Subsequently, the approved loan application in FINAN is sent back to the (internal) account manager. After checking the (amended) approval, a credit letter is drawn up by the (internal) account manager and checked and approved by KRM. KRM also draws up all other relevant documents regarding the Loan, such as pledge agreements where applicable. An approved credit letter and applicable pledge agreements are signed by an authorized employee.

The Loan proposal/credit letter is sent to the relevant account manager, who then discusses it with the prospective borrower. Note that the account manager is not able to amend the approved proposal anymore at this stage. All changes have to be approved by authorized employees. If the borrower accepts the Loan proposal of Friesland Bank, he countersigns it and returns it together with all necessary documents (statutes, pledge agreements, invoices of investments, taxation report etc) to Friesland Bank.

#### *Documentation process and final checks*

Upon receipt of the accepted credit letter, KRM checks whether the proposal is complete and has been duly signed. If complete and signed, the file is transferred to the back-office. Subsequently, the contracts regarding the Loan are drafted and sent to the notary. The notary prepares the final notary deed for the Loan. The back-office prepares a checklist of all the pledge documents that need to be registered. With respect to the correctness of the mortgage deed/security in the respective public files, the notary performs an additional check. He will, for example, verify the ranking of the Loan and make proper adjustments if so required.

Note that in the Netherlands, details of all land and properties are recorded in public registers ("*Kadaster*"). The mortgage right is acquired by a notary deed and registration of the Loan in the public registers ("*Kadaster*").

Finally, the file is transferred to the File Management Department who archives the documents in the safe at the head-office of Friesland Bank.

For the avoidance of doubt, a strict separation of authorisation and control of the loan application is maintained.

Once a credit letter has been accepted, the borrower is required to open an account with Friesland Bank, if he is not already holding one, and to provide direct debit instructions. Direct debit ensures automatic debit of the borrower's current account for instalments on the Loan. Arrears on instalments will appear as an overdue on the current account of the borrower.

### **3. Mortgage administration**

#### *Loan Administration System*

The Loan Administration System automatically calculates the instalments for the Loan for each individual borrower. Mistakes and errors, if any, will be manually corrected, after being verified by experienced back office employees.

The Loan Administration System records all kind of (historical) data of the Loans. Both the Risk Control Department and the Internal Audit Department perform frequent checks with respect to the administration of the Loans (i.e. proper authorisation, monitoring of the procedures and standards). In addition, the Loan Administration System can automatically generate reports for management purposes and for Dutch Central Bank reporting requirements.

A contingency plan is available with respect to the Loan Administration System, including back-up and recovery procedures. In order to guarantee the continuity of the Loan Administration System, the back-up system is installed outside the headquarters of Friesland Bank.

#### *Loan Audit management/ "Revisie" management*

Also, periodically (at least once a year) all business loans over EUR 250,000 are submitted to an Audit ("*revisie*"). Intensity and frequency of the audit is based on clients' rating (FB01 up to FB12). Account managers are enforced by KRM to audit their business clients. Clients are required to frequently submit property lists (in case of pledging) and annual reports. Account managers use FINAN to enable a new credit rating for the client for a new period, by analysing new client data. The new rating enables the bank to monitor their risk on the individual business borrowers. KRM will then approve or decline the rating in the Audit. An Audit outcome can also consist of a new top risk default rating (D1 and D2), which will enable a loan to be transferred under authority of the Credit Risk Management Group ("*Bijzonder Beheer*"). Audit also consists of a hardcopy file and electronic file in FINAN. Subsequent to the credit audit, approval of the Credit Audit is done by authorized employees and/or Credit Risk Management/Credit Committee.

#### *Arrears management*

Arrears management is an integrated process based on both an automated system and a personal approach. The automated system causes all arrears to be reported from day-one on a so-called To-do list. Each account manager receives daily in his To-do box a list of his clients which are in arrears, irrespective of the product or service on which the arrears is based.

The account manager has to take action, triggered by his To-do list. In general, he will contact his client and discuss the reason for the arrears. This assessment constitutes the basis for further action. Apart from actions by the account manager, the system automatically generates To-do's after 14, 45, 60 and 75 days, if the arrears are not resolved.

On a monthly basis, the Risk control department prepares a “Credit Risk Region Report”. This report is sent to the management team of each regional office, and contains a detailed past due list on client level. Apart from this, a monthly “Credit Risk Management Report” is sent to the senior management of the bank including the Board of Management. These reports make sure that all arrears are known at all levels within the bank.

#### *Delinquencies management*

If arrears are not resolved after 90 days (default signal ‘D1’ in To-do), the relevant file will also be transferred to the Credit Risk Management Group (“*Intensief Beheer/Bijzonder Beheer*” or “*IB/BB*”). IB/BB will rule on the issue, which can resolve into (temporary) transfer to the CMG. Transfer is also possible in an earlier stage of the arrears process, in case default indicators (Audit outcome of high risk) and if regional management indicates that additional time until 90 days will not resolve the arrears situation.

IB/BB will approach the borrower on the matter. Depending on the borrower's situation, the Central Risk Management Group will try to reach an agreement with the borrower. If all negotiations fail, the Central Risk Management Group will initiate a forced sale or will force client into refinancing its loans with another willing financial partner, other than Friesland Bank.

With regard to unauthorized debit amounts on current accounts, Friesland Bank calculates a special interest fee. This fee will automatically be deducted from the borrower's current account.

#### *Foreclosure Process*

When a voluntary sale of the mortgaged assets is not possible within a given time frame, the Central Risk Management Group will either reconsider the conditions or will decide to sell the property through a public sale (as defined by Netherlands civil law).

Friesland Bank has to decide within fourteen (14) days whether it wishes an announced public auction of the mortgaged assets. This depends on the position of the borrower towards Friesland Bank. If the other party agrees with the decision, it has to promise to co-operate with the annulment even if it will not receive any proceeds. In the meantime the Central Risk Management Group will inform the borrower by written notices.

#### *Debt after sale*

If the proceeds of the mortgaged assets are not sufficient to pay the liabilities under the Loan, Friesland Bank will become ordinary creditor for the remaining amount. This means that Friesland Bank will have a claim on the borrower for the coming years until the debt has been satisfied.

## DESCRIPTION OF LOANS

### Security Interests

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

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

Next to security rights on real property collateral, (additional) other collateral can be secured by pledging account receivables, inventories and other net current assets such as installations, machines, furniture and fittings as well as vehicles and receivables from insurance. In some cases Dutch government, in strict procedure, can act as a surety guarantor, giving additional comfort to the bank ("*Borgstellingskrediet – BSK*"). The purpose of this government programme is to stimulate the provision of credit for small and medium enterprises. A commission fee to the government for acting as a surety guarantor is due on the principal amount. Fees are from 2 per cent. up to 3.6 per cent, depending on maturity of the loan. The bank pays this fee to the government when the contract is closed, but charges it on to its borrower.

### Loan Types

Friesland Bank offers a selection of loan products. The Loan Portfolio contains four distinguishable repayment types annuity, linear, BSK and interest only loans.

### Repayment Types

#### *Interest-only Loans*

Interest-only Loans are Loans on which only interest is due. The vast majority of these Loans have a fixed maturity of 10 up to 25 years but can become due and payable beforehand in certain events, e.g. upon death of the Borrower, a sale or transfer ("*vervreemding*") of the Mortgaged Asset or upon the Borrower leaving the Mortgaged Asset to take up his (business) residence elsewhere, although retaining ownership of the Mortgaged Asset.

#### *Annuity Loans*

Annuity Loans are characterised by equal periodical payments<sup>1</sup> by the Borrower. These payments contain both interest and principal redemption on the Loan. As with each payment part of the Loan is redeemed, the interest charge declines between each successive payment. The redemption part of the periodical payment rises in such a way that the total payment amount is fixed and the remaining balance of the Loan at maturity will be zero.

#### *Linear Loans*

Linear Loans are loans on which a periodical payment consists of a constant amount for redemption plus an amount of interest based on the remaining loan balance. The balance of the loan is thus being repaid in a straight-line fashion i.e. linear, while the interest payment declines between payments.

#### *BSK Loans*

BSK Loans ("*borgstellingskrediet*") are Loans on which a periodical payment consists of a constant amount for redemption plus an amount of interest based on the remaining loan balance. The balance of the Loan is thus being repaid in a linear manner, while the interest payment declines between payments. The maturity of a BSK Loan is limited to 6 or 12 years, depending on the type of investment. Property investments have a Loan maturity of 12 years, other investments have a maturity of 6 years.

BSK Loans benefit from a partial government guarantee equal to 90% of the maximum outstanding under the loan (100% for start-up companies). A condition for the guarantee is that the lender provides additional financing to the Borrower of an amount at least equal to the BSK Loan (the ratio of the additional financing to the BSK

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<sup>1</sup> This assumes the interest rate charged on the loan to be constant over the entire life of the Loan. Upon the occurrence of an "Interest Rate Reset" (see below) the payment amount may be changed.

loan should be at least 1:1). Two exceptions to this ratio requirement apply: for loans to start-ups (up to €250,000) a minimum ratio of the additional financing to the BSK loan of 1:4 applies and for innovative companies a minimum ratio of the additional financing of the BSK loan of 1:2 applies. In case of a claim under the guarantee the Ministry of Economic Affairs will review if all the criteria for the BSK Loan relating to both underwriting and servicing were met and decide if pay-out under the guarantee is justified.

### **Prepayments**

A Borrower may prepay on his Loan either partially or in full. Prepayments are free of penalty:

- up to 10 per cent. of the original balance is prepaid per calendar year;
- full outstanding balance if and when the borrowing company ceases to exist (due to closure ; *not* due to business bankruptcy);
- full outstanding balance if and when the Borrower dies

In all other cases a penalty will be due on the amounts prepaid that do not conform to the conditions above (for instance business bankruptcy). For almost all types of Loans the penalty forms a compensation for the differences between the coupon rate of a Loan and the applicable current market rate, both taken over the size and the remaining tenor of the Loan.

### **Interest Rate Characteristics**

At origination Friesland Bank allows the Borrowers to choose from a range of interest rate periods ("**Interest Rate Periods**"). The interest on the Loan will be fixed depending on the tenor of the interest period and the conditions as set out in the mortgage contract, pledge contract and/or in any loan contract. The interest will be renegotiated at the end of that period ("**Interest Rate Reset Date**"), enabling the Borrower to choose a new interest fixed period.

A wide range of Interest Rate Periods are available to the Borrower. Friesland Bank offers standard a floating (variable) rate and 1 through 10 years fixed interest periods. Other periods are also possible, but usually tailor made, such as a specific floating rate, directly linked to Euribor.

If Borrowers may choose a floating rate interest on their Loan at an Interest Rate Reset Date or at the origination date of their Loan, at any payment date the Borrower of a floating rate Loan is allowed to switch to a fixed rate interest, again for a selected period.

Finally, Friesland Bank also offers a margin ("**Marge Vast**") interest rate feature on some of their existing loans. Margin interest is not on actively sold for new loans. The basis for the interest rate payable is a short term interest rate, which may be reset quarterly by Friesland Bank. The Borrower is protected against changes in this short term interest rate to the extent that changes within a certain bandwidth will not affect the interest rate on the relevant Loan. Only if the change in the short term interest rate exceeds the bandwidth will the interest rate payable by the Borrower change by the excess in interest rate movement over the bandwidth. The base rate and bandwidth are subject to reset from time to time, comparable to normal rate resets.



## SUMMARY OF THE LOAN PORTFOLIO

The numerical information set out below relates to the final pool of Loans (the **Final Pool**) which was selected as of 30 November 2009. All amounts are in euro. All of the Loans were originated by the Seller between 1992 and 2009.

Under the Receivables Purchase Agreement the Issuer shall purchase and on the Closing Date accept the assignment of the Receivables resulting from the Loans selected from the Final Pool (see the section *Receivables Purchase Agreement* below).

The information set out below relates to the Final Pool. After the Closing Date the portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of Receivables. All amounts below are in euro. In each table, the weighted average coupon ("**WAC**") and weighted average maturity ("**WAM**") are specified. The WAM always pertains to those Loans that have a legal maturity only. For a description of the representations and warranties given by the Seller reference is made to the section "*Receivables Purchase Agreement*" below.

All Receivables selected and purchased by the Issuer shall comply with the Loan Criteria on the Cut-off Date (see the section *Receivables Purchase Agreement* below).

A summary of general characteristics of the Loans is set out in Table A below.

### ELEVEN CITIES NO. 6 POOL STRATIFICATIONS

Pool cut date: 30 November 2009

TABLE A - Key Portfolio Characteristics

Average Loan Size per Borrower	€ 1,018,767
Average Loan Size	€ 445,993
Maximum Borrower Concentration	€ 31,900,000.00
Number of Borrowers	1,284
Number of Loans	2,933
Total Principal Balance	€ 1,308,096,563
W.A. Coupon	2.8
W.A. Maturity in Months	148.9
W.A. Seasoning in Months	32.5

TABLE B - Distribution by Loan Size

	# of Loans	Principal Balance	% of Pool
0 - 1,000,000	2,687	€ 687,956,293	52.6%
1,000,000 - 2,000,000	148	€ 200,964,066	15.4%
2,000,000 - 3,000,000	47	€ 111,022,892	8.5%
3,000,000 - 4,000,000	18	€ 63,210,989	4.8%
4,000,000 - 5,000,000	13	€ 56,582,263	4.3%
5,000,000 - 6,000,000	7	€ 37,268,000	2.8%
6,000,000 - 7,000,000	1	€ 6,562,500	0.5%
7,000,000 - 8,000,000	3	€ 22,550,000	1.7%
8,000,000 - 9,000,000	2	€ 16,741,060	1.3%
9,000,000 - 10,000,000	1	€ 9,700,000	0.7%
10,000,000 - 11,000,000	1	€ 10,000,000	0.8%
11,000,000 - 12,000,000	1	€ 11,000,000	0.8%
12,000,000 - 13,000,000	2	€ 24,713,500	1.9%
17,000,000 - 18,000,000	1	€ 17,925,000	1.4%
31,000,000 - 32,000,000	1	€ 31,900,000	2.4%
Grand Total	2,933	€ 1,308,096,563	100.0%

TABLE C - Distribution by Borrower Size

	# of Borrowers	Principal Balance	% of Pool
0 - 1,000,000	954	€ 432,071,876	33.0%
1,000,000 - 2,000,000	202	€ 275,139,018	21.0%
2,000,000 - 3,000,000	52	€ 122,000,803	9.3%
3,000,000 - 4,000,000	27	€ 93,348,451	7.1%
4,000,000 - 5,000,000	15	€ 66,697,885	5.1%
5,000,000 - 6,000,000	11	€ 59,689,921	4.6%
6,000,000 - 7,000,000	4	€ 25,488,662	1.9%
7,000,000 - 8,000,000	3	€ 22,398,000	1.7%
8,000,000 - 9,000,000	1	€ 8,507,120	0.7%
9,000,000 - 10,000,000	5	€ 46,756,000	3.6%
10,000,000 - 11,000,000	2	€ 20,591,667	1.6%
11,000,000 - 12,000,000	1	€ 11,233,500	0.9%
12,000,000 - 13,000,000	1	€ 12,288,500	0.9%
13,000,000 - 14,000,000	1	€ 13,760,000	1.1%
14,000,000 - 15,000,000	1	€ 14,996,440	1.1%
15,000,000 - 16,000,000	1	€ 15,000,000	1.1%
17,000,000 - 18,000,000	1	€ 17,925,000	1.4%
18,000,000 - 19,000,000	1	€ 18,303,720	1.4%
31,000,000 - 32,000,000	1	€ 31,900,000	2.4%
Grand Total	1,284	€ 1,308,096,563	100.0%

*TABLE D - Distribution by Origination Year*

	# of Loans	Principal Balance	% of Pool
1992	3	€ 53,731	0.0%
1993	5	€ 97,540	0.0%
1994	11	€ 961,118	0.1%
1995	5	€ 278,351	0.0%
1996	7	€ 744,173	0.1%
1997	7	€ 586,542	0.0%
1998	27	€ 4,744,899	0.4%
1999	28	€ 5,728,031	0.4%
2000	60	€ 12,944,048	1.0%
2001	81	€ 14,816,004	1.1%
2002	84	€ 26,482,270	2.0%
2003	163	€ 48,520,590	3.7%
2004	192	€ 56,947,087	4.4%
2005	264	€ 80,285,440	6.1%
2006	365	€ 196,287,434	15.0%
2007	477	€ 301,603,704	23.1%
2008	683	€ 331,360,214	25.3%
2009	471	€ 225,655,388	17.3%
Grand Total	2,933	€ 1,308,096,563	100.0%

TABLE E - Distribution by Maturity Year

	# of Loans	Principal Balance	% of Pool
2009	9	€ 1,684,151	0.1%
2010	126	€ 38,123,251	2.9%
2011	110	€ 36,141,827	2.8%
2012	122	€ 69,983,502	5.4%
2013	147	€ 49,013,400	3.7%
2014	165	€ 86,424,955	6.6%
2015	94	€ 40,755,588	3.1%
2016	114	€ 45,342,407	3.5%
2017	86	€ 25,427,817	1.9%
2018	166	€ 86,657,057	6.6%
2019	341	€ 131,752,725	10.1%
2020	84	€ 49,345,965	3.8%
2021	88	€ 34,604,392	2.6%
2022	82	€ 72,883,006	5.6%
2023	111	€ 64,301,044	4.9%
2024	79	€ 40,149,591	3.1%
2025	67	€ 22,499,877	1.7%
2026	102	€ 32,141,952	2.5%
2027	85	€ 45,140,291	3.5%
2028	118	€ 51,593,549	3.9%
2029	61	€ 18,554,581	1.4%
2030	65	€ 24,450,802	1.9%
2031	59	€ 28,550,417	2.2%
2032	82	€ 59,522,195	4.6%
2033	93	€ 34,171,242	2.6%
2034	64	€ 23,308,056	1.8%
2035	25	€ 13,285,149	1.0%
2036	27	€ 12,759,484	1.0%
2037	62	€ 34,667,003	2.7%
2038	92	€ 32,226,289	2.5%
2039	7	€ 2,635,000	0.2%
Grand Total	2,933	€ 1,308,096,563	100.0%

TABLE F - Distribution by Product Type

	# of Loans	Principal Balance	% of Pool
Annuity	13	€ 3,272,794	0.3%
Interest Only	835	€ 325,000,282	24.8%
Linear	2,085	€ 979,823,487	74.9%
Grand Total	2,933	€ 1,308,096,563	100.0%

*TABLE G - Distribution by Interest Type*

	# of Loans	Principal Balance	% of Pool
Fixed	1,168	€ 276,382,961	21.1%
Floating	1,765	€ 1,031,713,602	78.9%
Grand Total	2,933	€ 1,308,096,563	100.0%

*TABLE H - Distribution by Interest Rate*

	# of Loans	Principal Balance	% of Pool
0.5% - 1.0%	11	€ 11,912,745	0.9%
1.0% - 1.5%	191	€ 163,741,187	12.5%
1.5% - 2.0%	707	€ 428,497,125	32.8%
2.0% - 2.5%	365	€ 246,897,184	18.9%
2.5% - 3.0%	136	€ 88,827,515	6.8%
3.0% - 3.5%	66	€ 22,715,702	1.7%
3.5% - 4.0%	97	€ 30,037,266	2.3%
4.0% - 4.5%	132	€ 39,574,837	3.0%
4.0% - 5-5%	191	€ 38,714,814	3.0%
5.0% - 5.5%	332	€ 78,113,379	6.0%
5.5% - 6.0%	416	€ 102,767,001	7.9%
6.0% - 6.5%	167	€ 32,336,196	2.5%
6.5% - 7.0%	72	€ 12,418,107	0.9%
7.0% - 7.5%	34	€ 9,442,612	0.7%
7.5% - 8.0%	14	€ 1,914,894	0.1%
8.0% - 8.5%	1	€ 36,667	0.0%
9.5% - 10.0%	1	€ 149,333	0.0%
Grand Total	2,933	€ 1,308,096,563	100.0%

*TABLE I - Distribution by Geography*

	# of Borrowers	Principal Balance	% of Pool
Drenthe	57	€ 61,887,318	4.7%
Flevoland	21	€ 21,548,543	1.6%
Friesland	684	€ 580,018,705	44.3%
Gelderland	42	€ 31,111,655	2.4%
Groningen	160	€ 247,574,840	18.9%
Limburg	5	€ 2,433,240	0.2%
Noord-Brabant	8	€ 4,454,867	0.3%
Noord-Holland	84	€ 128,983,996	9.9%
Overijssel	162	€ 142,986,804	10.9%
Utrecht	17	€ 20,694,206	1.6%
Zeeland	2	€ 18,156,533	1.4%
Zuid-Holland	42	€ 48,245,855	3.7%
Grand Total	1,284	€ 1,308,096,563	100.0%

*TABLE J - Distribution by Internal Credit Rating*

	# of Borrowers	Principal Balance	% of Pool
FB01	16	€ 8,386,538	0.6%
FB02	32	€ 19,401,597	1.5%
FB03	62	€ 45,610,606	3.5%
FB04	133	€ 92,424,950	7.1%
FB05	172	€ 168,468,568	12.9%
FB06	172	€ 147,436,068	11.3%
FB07	208	€ 185,801,557	14.2%
FB08	191	€ 237,239,038	18.1%
FB09	143	€ 179,334,700	13.7%
FB10	97	€ 112,984,545	8.6%
FB11	43	€ 57,854,008	4.4%
FB12	15	€ 53,154,385	4.1%
Grand Total	1,284	€ 1,308,096,563	100.0%

*TABLE K - Distribution by loan to value ratio ("LTV")*

	# of Borrowers	Principal Balance	% of Pool
0% ≤ LTV < 10%	19	€ 3,252,500	0.2%
10% ≤ LTV < 20%	40	€ 20,495,452	1.6%
20% ≤ LTV < 30%	61	€ 39,387,270	3.0%
30% ≤ LTV < 40%	84	€ 50,896,005	3.9%
40% ≤ LTV < 50%	93	€ 69,695,415	5.3%
50% ≤ LTV < 60%	113	€ 97,552,797	7.5%
60% ≤ LTV < 70%	137	€ 114,223,111	8.7%
70% ≤ LTV < 80%	120	€ 138,652,214	10.6%
80% ≤ LTV < 90%	102	€ 109,713,071	8.4%
90% ≤ LTV < 100%	84	€ 112,245,418	8.6%
100% ≤ LTV < 110%	75	€ 108,633,388	8.3%
110% ≤ LTV < 120%	35	€ 32,049,195	2.5%
120% ≤ LTV < 130%	36	€ 60,589,037	4.6%
130% ≤ LTV < 140%	19	€ 41,869,167	3.2%
140% ≤ LTV < 150%	20	€ 23,103,734	1.8%
150% ≤ LTV < 160%	11	€ 13,462,975	1.0%
160% ≤ LTV < 170%	11	€ 8,259,393	0.6%
170% ≤ LTV < 180%	9	€ 11,456,333	0.9%
180% ≤ LTV < 190%	6	€ 5,867,111	0.4%
190% ≤ LTV < 200%	4	€ 1,611,178	0.1%
200% ≤ LTV	31	€ 37,856,926	2.9%
No Mortgage Collateral	174	€ 207,224,875	15.8%
Grand Total	1,284	€ 1,308,096,563	100.0%

## RECEIVABLES PURCHASE AGREEMENT

Under the Receivables Purchase Agreement the Issuer will purchase and, on the Closing Date, accept from the Seller the assignment of the Receivables by means of a registered deed of assignment as a result of which legal title to the Receivables is transferred to the Issuer by the Seller. The assignment of the Receivables from the Seller to the Issuer will not be notified to the Borrowers, except upon the occurrence of any of the Notification Events. Until such notification the Borrowers will only be entitled to validly pay ("*bevrijdend betalen*") to the Seller. The Issuer will be entitled to all proceeds in respect of the Receivables from (and including) the Cut-off Date. The Seller (or a third party on its behalf) will pay to the Issuer on each day of the calendar month or if this is not a business day the next succeeding business day all proceeds received on the immediately preceding business day in respect of the Receivables. Pursuant to the Receivables Purchase Agreement on each day of the calendar month or if this is not a business day the next succeeding business day the Seller shall transfer all amounts of principal, interest, prepayment penalties and interest penalties received by the Seller in respect of the Receivables on the day immediately preceding such day in respect of the Receivables to the Issuer Collection Account in accordance with the Administration Agreement.

### Purchase Price

The purchase price for the Receivables shall consist of an initial purchase price (the '**Initial Purchase Price**'), being the aggregate Outstanding Principal Amount in respect of the Receivables at the Cut-off Date, which shall be payable on the Closing Date, and a deferred purchase price (the '**Deferred Purchase Price**'). The Deferred Purchase Price shall be equal to the sum of all Deferred Purchase Price Instalments and each instalment on any Quarterly Payment Date will be equal to (A) (i) prior to delivery of an Enforcement Notice an amount equal to the positive difference, if any, between the Notes Interest Available Amount as calculated on the relevant Quarterly Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (q) on such date ii) prior to the Enforcement Notice and from (and including) the Quarterly Payment Date on which the Asset-Backed Notes will be or have been redeemed in full, on such Quarterly Payment Date and on each Quarterly Payment Date thereafter, an amount equal to the positive difference, if any, between the Notes Interest Available Amount as calculated on each Quarterly Payment Date and the sum of all amounts payable by the Issuer as set forth in the Interest Priority of Payments under (a) up to and including (q) on such Quarterly Calculation Date less an amount equal to the expected future operating expenses set out in items (a) up to and including (c) of the Interest Priority of Payments and (B) following delivery of an Enforcement Notice, the amount remaining after all the payments as set forth in the Priority of Payments upon Enforcement under (a) up to and including (m) (see Credit Structure above) on such date have been made (each a '**Deferred Purchase Price Instalment**'). The '**Outstanding Principal Amount**' means, at any moment in time, (a) the principal balance ("*hoofdsom*") of a Receivable resulting from a Loan at such time and (b) zero, after the occurrence of a Realised Loss of the type (a) and (b) in respect of such Receivable.

### Representations and warranties

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

- (a) each Receivable is duly and validly existing and is not subject to annulment or dissolution as a result of circumstances which have occurred prior to or on the Closing Date;
- (b) it has full right and title ("*title*") to the Receivables and power ("*is beschikkingsbevoegd*") to sell and assign the Receivables and no restrictions on the sale and assignment of the Receivables are in effect and the Receivables are capable of being assigned or pledged;
- (c) the Receivables are free and clear of any encumbrances and attachments ("*beslagen*") and no option rights to acquire the Receivables have been granted in favour of any third party with regard to the Receivables;
- (d) each Loan was originated, underwritten and funded solely by the Seller;
- (e) each Mortgaged Asset concerned was valued when application for the relevant Loan was made (i) by an independent qualified valuer or surveyor, or (ii) in the case of Loans of which the Outstanding Principal Amount did not exceed 90 per cent. of the fair market value of the residential property or in the case of (agricultural) land as collateral, by an authorised employee of the Seller or on the basis of an assessment by the Netherlands tax authorities pursuant to the Act on Valuation of Real Property (*Wet Waardering Onroerende Zaken*); valuations are not older than 6 months prior to the date of the loan application by

the Borrower; in the case of Loans secured by newly built properties no valuation is required, and no revaluation of the Mortgaged Assets has been made for the purpose of this transaction;

- (f) each Receivable and any Security Interest constitutes legal, valid, binding and enforceable obligations of the relevant Borrower vis-à-vis the Seller;
- (g) if and to the extent that a Loan is secured by a Security Interest, the relevant Security Interest (i) constitutes valid mortgage rights ("*hypotheekrechten*"), sureties ("*borgtochten*"), rights of pledge ("*pandrechten*") or other security rights ("*zekerheidsrechten*"), respectively, on the assets which are the subject of such mortgage rights and rights of pledge and, to the extent relating to the mortgage rights, have been entered into the appropriate public register, (ii) has first priority ("*eerste in rang*") or first and sequentially lower priority and (iii) was vested for a principal sum which is at least equal to the Outstanding Principal Amount when originated, increased with interest, penalties, costs and insurance premium, together up to an amount equal to 135 per cent. of the Outstanding Principal Amount in respect of the Receivables upon origination;
- (h) each Receivable has been originated by the Seller in accordance with the Seller's standard underwriting criteria and procedures at the time of origination (which procedures do not materially differ from procedures of a prudent lender of Dutch loans as the Loans to borrowers as the Borrowers acting as a reasonable creditor in protection of its own interests) and has in all material respects been granted in accordance with all applicable legal requirements;
- (i) the Seller has not offered any insurance policies to the Borrowers;
- (j) each of the Loans meets the Loan Criteria;
- (k) with respect to each Loan secured by a mortgage right on a long lease ("*erfpacht*"), the maturity date of the relevant Loan falls before the maturity date of the long lease;
- (l) each Loan constitutes the entire Loan granted to the relevant Borrower and not merely one or more loan parts ("*leningdelen*");
- (m) the Borrowers are not in any material breach of any provision of their Loans;
- (n) the loan files relating to Loans which are in electronic format, contain the same information and details with regard to the Loans as the loan files relating to such Loans which are kept in paper format;
- (o) at the Cut-off Date no Borrower is in arrear under its payment obligations towards the Seller in respect of any Loan;
- (p) with respect to each of the Receivables secured by a mortgage right on a long lease ("*erfpacht*") provide that the relevant Outstanding Principal Amount, including interest, will become immediately due and payable if the long lease terminates as a result of a breach by the leaseholder, the leaseholder materially breaches or ceases to perform his payment obligation under the long lease ("*canon*") or if the leaseholder in any other manner breaches the conditions of the long lease;
- (q) all Loans have been fully disbursed and no amounts are held in deposit with respect to the Loans as premia and interest payments ("*rente- en premiedepot*") and no further advances are required to be made under the Loans;
- (r) each Receivable and the Security Interests, if any, are governed by Netherlands law;
- (s) to the best of its knowledge and after having made reasonable enquiries at origination in its ordinary course of business, each of the Borrowers, when entering into a Loan, acted in the conduct of its/his profession or trade;
- (t) each of the Loans has been granted and each of the Security Interests has been vested, subject to the Loan Conditions and materially in the forms of mortgage deeds and pledge agreements and/or in any loan document as attached to the Receivables Purchase Agreement;



- (u) the Loan Conditions provide that all payments by the Borrowers in respect of their Loans should be made without deduction or set-off;
- (v) the mortgage deeds, the pledge agreements and/or in any loan document and the Loan Conditions in respect of the Loans (i) do not contain any explicit provision on the issue whether any mortgage right or any rights of pledge follows the receivable upon its assignment and (ii) the terms and conditions applicable to each Loan, as set forth in the relevant mortgage deed, deed of pledge and/or in any loan document, offer document or any other document and/or in any applicable general terms and conditions for loans of the Seller, as from time to time in effect (the "**Loan Conditions**"), do not impose any restriction on the assignment and/or pledge of the Receivables and the Seller has not received any written notice of any outstanding litigation, dispute or claim which materially affects or might reasonably be expected to affect materially the Seller's ability to enforce any Receivables and any related recoveries fully, effectively and promptly;
- (w) the particulars of each Receivable, as set forth in the list of loans as attached to the Deed of Assignment are correct and complete in all material respects;
- (x) on the Cut-off Date, the Potential Set-Off Amount is equal to an amount of EUR 148,825,423.30;
- (y) it has accounted for and distinguished between all interest and principal payments relating to the Loans; and
- (z) the aggregate Outstanding Principal Amount of the Loans which are granted to special purpose vehicles which have been established for the sole purpose of acquiring real property, does not exceed five (5) percent of the aggregate Outstanding Principal Amount of all Loans.

#### **Loan Criteria**

Each of the Loans and/or Borrowers will meet the following criteria (the '**Loan Criteria**')

- (i) the Loans have a fixed final maturity and are in the form of:
  - (a) Interest-only Loans ("*aflossingsvrije leningen*");
  - (b) Annuity Loans ("*annuïteiten leningen*");
  - (c) Linear Loans ("*lineaire leningen*");
  - (d) BSK Loans ("*borgstellingskredieten*"); and
  - (e) loans which combine any of the above mentioned forms of loans;
- (ii) the Borrower is not an employee of the Seller or of any company belonging to the same group of companies as the Seller;
- (iii) the interest rate of the Loan is floating or fixed, subject to a reset from time to time;
- (iv) each Receivable is denominated in Euro;
- (v) interest payments and, to the extent applicable, principal payments with respect to each Loan are scheduled to be made monthly, quarterly, semi-annually or annually;
- (vi) each Receivable is resulting from a Loan which is fully funded and which is an irrevocable debt obligation of the Borrower and can under its terms not be converted into an equity instrument in the capital of the Borrower or any other party;
- (vii) each Loan which is secured by a Security Interest, is secured by a first ranking security interest on commercial, or residential real estate which is not under construction (or a combination of commercial and residential real estate);
- (viii) any Mortgaged Asset is located in the Netherlands;
- (ix) in respect of each Receivable, a minimum of at least one interest payment has been made;
- (x) the legal final maturity of each Loan does not extend beyond 2039;

- (xi) the aggregate principal amount outstanding in respect of all Receivables resulting from one and the same Loan of the same Borrower or Borrowers does not exceed Euro 31,900,000;
- (xii) the minimum aggregate principal amount outstanding of each Loan is Euro 5,671.81;
- (xiii) each Borrower has an internal Friesland Bank Rating of at least FB12;
- (xiv) a Borrower is a private enterprise ("*particulier bedrijf*"), a financial institution, government related company ("*overheidsbedrijf*"), a medical institution, an association, a limited company, a foundation or a professional practitioner ("*vrije beroepsvoefenaar*");
- (xv) each Borrower is incorporated, domiciled or has a principal place of business in the Netherlands; and
- (xvi) none of the Borrowers is a group entity of the Seller (within the meaning of Article 2:24(b) of the Netherlands Civil Code.

### **Repurchase**

If at any time after the Closing Date any of the representations and warranties relating to a Loan or a Receivable proves to have been untrue or incorrect in any material respect, the Seller shall within 14 days of receipt of written notice thereof from the Issuer remedy the matter giving rise thereto and if such matter is not capable of being remedied or is not remedied within the said period of 14 days, the Seller shall on the next succeeding Monthly Payment Date repurchase and accept re-assignment of such Receivable.

The Seller shall also undertake to repurchase and accept re-assignment of a Receivable if it agrees with a Borrower to amend the terms of the Loan, unless such amendment is made as part of the enforcement procedures to be complied with upon a default by the Borrower under the relevant Loan or is otherwise made as part of a restructuring or renegotiation of the relevant Loan due to a deterioration of the credit quality of the Borrower of such Loan.

Furthermore, if the Seller sets the Interest Rate at such level as a result of which the weighted average interest rate in respect of all Receivables falls below the Friesland Bank Benchmark Rate plus 0.70 per cent. per annum, the Seller shall undertake to repurchase and accept re-assignment of and the Issuer shall sell and re-assign the relevant Receivables with the lowest Interest Rate up to such number of Receivables until the weighted average interest rate in respect of all Receivables held by the Issuer is equal to or higher than the Friesland Bank Benchmark Rate plus 0.70 per cent. per annum ultimately on the Monthly Payment Date immediately following a period of thirty (30) days after the date on which the weighted average interest rate in respect of all Receivables falls below the Friesland Bank Benchmark Rate plus 0.70 per cent. per annum.

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

### **Clean-Up Call Option**

On each Quarterly Payment Date the Seller may (but is not obliged to) exercise the Clean-Up Call Option. The Issuer will undertake in the Receivables Purchase Agreement to sell and assign the Receivables to the Seller or any third party appointed by the Seller in its sole discretion, in case of the exercise of the Clean-Up Call Option.

The purchase price of the Receivables shall be equal to at least the Outstanding Principal Amount of the relevant Receivable, together with accrued interest due but unpaid and any costs incurred by the Issuer in effecting and completing such sale and assignment, if any, except that with respect to Receivables which are in arrears for a period exceeding ninety (90) days or in respect of which an instruction has been given to the civil-law notary to start foreclosure proceedings, the purchase price shall be at least the lesser of (a) the sum of the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Loan Conditions up to the relevant date of such sale or repurchase and (b) an amount equal to the foreclosure value of the Security Interests or, if no valuation report of less than 12 months old is available, the indexed foreclosure value of the Security Interests plus any other collateral, if any.

### **Regulatory Call Option**

On each Quarterly Payment Date the Seller has the option to repurchase the Receivables upon the occurrence of a Regulatory Change. A **'Regulatory Change'** will be either (i) a change published on or after the Closing Date in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the **'Basle Accord'**), in the Basle II Capital Accord promulgated by the Basel Committee on Banking Supervision as set forth in the EU Capital Adequacy Directive, 2006/49/EG, as amended and supplemented from time to time (the **'Basle II Accord'**) or in the international, European or Dutch regulations, rules and instructions (which includes the solvency regulation on securitisation of the Dutch Central Bank) (the **'Bank Regulations'**) applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord) or a change in the manner in which the Basle Accord, Basle II Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or national body (including any relevant international, European or Dutch Central Bank or other competent regulatory or supervisory authority) which, in the opinion of the Seller, has the effect of adversely affecting the rate of return on capital of the Seller or increasing the cost or reducing the benefit to the Seller with respect to the transaction contemplated by the Notes or (ii) a change in the rules set by the European Central Bank as a result of which the Senior Class A Notes no longer qualify as collateral for the Eurosystem.

If the Regulatory Call Option is exercised, the Seller or any third party appointed by the Seller (in its sole discretion) shall repurchase and accept re-assignment of the Receivables for a price at least equal to the Outstanding Principal Amount of such Receivables together with any accrued interest up to but excluding the date of repurchase and re-assignment and any costs incurred by the Issuer in effecting and completing such repurchase and reassignment.

#### **Optional Redemption**

If the Issuer exercises its right to redeem the Notes on any Optional Redemption Date in accordance with Condition 6(d), it has the right to sell the Receivables. The Issuer shall first offer such Receivables for sale to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase the Receivables. After such 15 business days period, the Issuer may offer such Receivables for sale to any third party. The purchase price of such Receivables will be calculated in the same manner as described in *Clean-Up Call Option* above.

#### **Redemption for tax reasons**

If the Issuer exercises its option to redeem the Notes for tax reasons in accordance with Condition 6(e), the Issuer has undertaken in the Receivables Purchase Agreement to first offer the Receivables for sale to the Seller. The Seller shall within a period of 15 business days inform the Issuer whether it wishes to repurchase the Receivables. After such 15 business day period, the Issuer may offer the Receivables to any third party.

The purchase price of such Receivables will be calculated in the same manner as described in *Clean-Up Call Option* above.

The Issuer may not dispose of the Receivables, except to comply with its obligations under the Notes in certain circumstances and as further provided in the Trust Deed and the Receivables Purchase Agreement, in connection with a repurchase obligation of the Seller (see also above). If the Issuer decides to offer for sale (part of) the Receivables it will first offer such Receivables to the Seller.

#### **Notification Events**

If, *inter alia*, any of the following events occurs (each a **'Notification Event'**):

- (a) a default is made by the Seller in the payment on the due date of any amount due and payable by the Seller under the Receivables Purchase Agreement or under any Relevant Document to which it is a party and such failure is not remedied within ten (10) business days after having knowledge of such failure or notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (b) the Seller fails duly to perform or comply with any of its obligations under the Receivables Purchase Agreement or under any Relevant Document to which it is a party and, if such failure is capable of being remedied, such failure is not remedied within ten (10) business days after having knowledge of such failure or notice thereof has been given by the Issuer or the Security Trustee to the Seller; or
- (c) any representation, warranty or statement made or deemed to be made by the Seller in the Receivables Purchase Agreement, other than those relating to the Loans and the Receivables (which the Seller consequently repurchases), or under any of the Relevant Documents to which the Seller is a party or in

any notice or other document, certificate or statement delivered by it pursuant thereto proves to have been, and continues to be after the expiration of any applicable grace period, untrue or incorrect in any material respect; or

- (d) the Seller takes any corporate action or other steps are taken or legal proceedings are started or threatened against it for its dissolution ("*ontbinding*") and liquidation ("*vereffening*") or legal demerger ("*juridische splitsing*") involving a substantial part of its assets or its being converted in a foreign entity or its assets are placed under administration ("*onder bewind gesteld*"); or
- (e) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for the Seller becoming subject to emergency regulations as referred to in Article 3:160 of the Act on Financial Supervision or for bankruptcy, as referred to in the Bankruptcy Act ("*Faillissementswet*") or for any analogous insolvency proceedings under applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets or the Dutch Central Bank has restricted the Seller's powers in accordance with Clause 1:75(1) of the Act on Financial Supervision; or
- (f) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations under any of the Relevant Documents; or
- (g) The Seller has given materially incorrect information or not given material information which was essential for the Issuer and the Security Trustee in connection with the entering into the Receivables Purchase Agreement and/or any of the Relevant Documents; or
- (h) the credit rating of the Seller's long-term unsecured, unsubordinated and unguaranteed debt obligations falls below Baa2 by Moody's or such rating is withdrawn; or
- (i) a Trustee Notification Event occurs;

then the Seller, unless an appropriate remedy to the satisfaction of the Security Trustee is found and the Security Trustee has notified Moody's of such event and the Security Trustee, in its reasonable opinion, does not expect that the then current rating assigned to the Senior Class A Notes will be adversely affected as a result thereof, the Seller shall forthwith notify the relevant Borrowers and any other relevant parties indicated by the Issuer and/or the Security Trustee of the assignment of the Receivables relating thereto to the Issuer and, if required, the relevant bank account number to which the relevant Borrowers should make their payments under the Receivables or, at its option, the Issuer shall be entitled to make such notifications itself.

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

The Receivables Purchase Agreement will provide that if a Borrower invokes a right of set-off for amounts due to it by the Seller against the relevant Receivable and, as a consequence thereof, the Issuer and/or Security Trustee does not receive on any day of the calendar month or if this is not a business day, the next succeeding business day, the amount which it is entitled to receive in respect of such Receivable, the Seller will pay to the Issuer and/or Security Trustee on the immediately preceding business day an amount equal to the difference between the amount which the Issuer would have received in respect of the relevant Receivable if no set-off had taken place and the amount actually received by the Issuer and/or Security Trustee in respect of such Receivable. To ascertain that such amounts are available to the Issuer at any time, the Issuer will enter into the Potential Set-Off Reserve Subordinated Loan with the Seller and the Security Trustee and deposit any drawing under the Potential Set-Off Reserve Subordinated Loan from time to time in the Potential Set-Off Reserve Account. The Issuer shall, on any Quarterly Payment Date, have the right to make drawings from the Potential Set-Off Reserve Account if and to the extent the Issuer has, as a result of the fact that a Borrower has invoked a right of set-off for amounts due by the Seller to it and the Seller has not reimbursed the Issuer for such amount, on the relevant Quarterly Payment Date not received the full amount due but unpaid in respect of any Receivable(s) (see also chapter *Credit Structure* above).

#### **Jointly-held Security Interests**

In the Receivables Purchase Agreement the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that the Issuer and/or the Security Trustee (as applicable) will manage and administer any jointly-held Security Interests. Furthermore, the Seller, the Issuer and/or the Security Trustee (as applicable) will agree that, in case of foreclosure the share ("*aandeel*") in each jointly-held security interest of the Security Trustee and/or the Issuer will be equal to the Outstanding Principal Amount in respect of the Receivables, increased with

interest and costs, if any, and the share of the Seller will be equal to the Net Proceeds less the Outstanding Principal Amount in respect of the Receivables, increased with interest and costs, if any. Moreover, it will be agreed in the Receivables Purchase Agreement that in case of a breach by the Seller of its obligations under these agreements or if any of such agreement is dissolved, void, nullified or ineffective for any reason in respect of the Seller, the Seller shall compensate the Issuer and/or the Security Trustee (as applicable) for any and all loss, cost, claim, damage and expense whatsoever which the Issuer and/or the Security Trustee (as applicable) incurs as a result thereof during any Monthly Calculation Period. Such compensation will be paid by the Seller as soon as possible, but in any event ultimately on the Monthly Payment Date immediately succeeding such Monthly Calculation Period. To further secure the obligations of the Seller under this arrangement, the Seller shall have an obligation to pledge, upon the occurrence of a Notification Event, the Other Claims in favour of the Issuer and the Security Trustee respectively. Such pledge (if vested) will secure the claim of the Issuer and/or the Security Trustee on the Seller created for this purpose equal to the share of the Seller in the foreclosure proceeds in relation to a defaulted Borrower which claim becomes due and payable upon a default of the relevant Borrower (see also *Risk Factors*).

# SERVICING AND ADMINISTRATION AGREEMENT

## Services

In the Servicing and Administration Agreement, the Pool Servicer will agree to provide (i) administration and management services to the Issuer on a day-to-day basis in relation to the Loans and the Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Receivables, the direction of amounts received by the Seller to the Issuer Collection Account and the production of monthly reports in relation thereto, (ii) prepare and provide the Issuer Administrator with certain statistical information regarding the Issuer as required by law for submission to the relevant governmental authorities and (iii) the implementation of arrears procedures including the enforcement of Security Interests in respect of any Receivables (see further *Friesland Bank SME Loan Business* above). The Issuer Administrator will agree (x) to provide certain administration, calculation and cash management services to the Issuer, including (a) drawings (if any) to be made by the Issuer under the Liquidity Facility Agreement and from the Reserve Account and the Potential Set-Off Reserve Account and the calculation of the Potential Set-Off Amount, (b) all payments to be made by the Issuer under the Swap Agreement and under the other Relevant Documents, (c) all payments to be made by the Issuer under the Notes in accordance with the Paying Agency Agreement and the Conditions, (d) the maintaining of all required ledgers in connection with the above, (e) all calculations to be made pursuant to the Conditions under the Notes and (f) preparing quarterly investor reports and (y) to submit certain statistical information regarding the Issuer as referred to above to certain governmental authorities if and when requested. The Issuer Administrator will also provide the Swap Counterparty with all information necessary in order to perform its role as calculation agent under the Swap Agreement.

The Pool Servicer, which as a licensed bank holds a licence under the Act on Financial Supervision ("*Wet op het Financieel Toezicht*") by operation of law, will be obliged to administer the Loans and the Receivables at the same level of skill, care and diligence as it administers loans in its own portfolio.

## Termination

The appointment of the Pool Servicer and/or the Issuer Administrator under the Servicing and Administration Agreement may be terminated by the Security Trustee or the Issuer (with the consent of the Security Trustee) in certain circumstances, including (a) a default by the Pool Servicer and/or the Issuer Administrator in the payment on the due date of any payment due and payable by it under the Servicing and Administration Agreement or (b) a default by the Pool Servicer and/or the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Servicing and Administration Agreement or (c) the Pool Servicer and/or the Issuer Administrator has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into emergency regulations ("*noodregeling*") as referred to in article 3:160 of the Act on Financial Supervision (only in respect of the Pool Servicer) or suspension of payments in respect of the Issuer Administrator or for any analogous insolvency proceedings under any applicable law or for bankruptcy or for the appointment of a receiver or a similar officer of its or any or all of its assets or (d) only in respect of the Pool Servicer, the Pool Servicer no longer holds a licence as intermediary ("*bemiddelaar*") or offeror ("*aanbieder*") under the Act on Financial Supervision.

After termination of the appointment of the Pool Servicer and/or the Issuer Administrator under the Issuer Servicing and Administration Agreement, the Security Trustee and the Issuer shall use their best efforts to appoint a substitute pool servicer and/or issuer administrator and such substitute pool servicer and/or issuer administrator shall enter into an agreement with the Issuer and the Security Trustee substantially on the terms of the Servicing and Administration Agreement, provided that such substitute pool servicer and/or issuer administrator shall have the benefit of a fee at a level to be then determined. Any such substitute pool servicer is obliged to (i) have experience of administering loans such as the Loans to borrowers such as the Borrowers and in the Netherlands and (ii) hold a licence under the Act of Financial Supervision. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Security Trustee on materially the same terms of the Trustee Assets Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Trustee.

The appointment of the Pool Servicer and/or the Issuer Administrator under the Servicing and Administration Agreement may be terminated by the Pool Servicer and/or the Issuer Administrator and/or the Issuer and/or the Security Trustee upon the expiry of not less than 12 months' notice of termination given by the Pool Servicer and/or the Issuer Administrator to each of the Issuer and the Security Trustee provided that - *inter alia* - (a) the Security Trustee consents in writing to such termination and (b) a substitute pool servicer and/or issuer administrator shall be appointed, such appointment to be effective not later than the date of termination of the Servicing and Administration Agreement and the Pool Servicer and/or the Issuer Administrator shall not be

released from its (their) obligations under the Servicing and Administration Agreement until such substitute pool servicer and/or issuer administrator has entered into such new agreement.

## THE ISSUER

Stichting Eleven Cities No. 6 (the '**Issuer**') was established as a foundation ("*stichting*") under the laws of the Netherlands on 23 November 2009. The statutory seat ("*statutaire zetel*") of the Issuer is in Amsterdam, the Netherlands and its registered office is at Strawinskylaan 3105, 'Atrium' 7<sup>th</sup> Floor, 1077 ZX Amsterdam and its telephone number is +31 20 406 4444, its fax number is +31 20 406 4555, and its e-mail addresses are et.investorreporting.structuredfinance@equitytrust.com (for portal access) and et.securitisation@nl.equitytrust.com (for other matters). The Issuer is registered with the Commercial Register of the Chamber of Commerce of Amsterdam under number 34366223. For specific issues relating to the legal form of the Issuer, reference is made to the *Risk Factors*.

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

### **Statement by managing director of the Issuer**

Since its incorporation the Issuer operates under the laws of the Netherlands and there has been no material adverse change in the financial position or prospects of the Issuer and the Issuer has not (i) commenced operations, no profits and losses have been made or incurred and it has not declared or paid any dividends nor made any distributions, save for the activities related to its establishment and the securitisation transaction included in this Prospectus or (ii) prepared any financial statements. There are no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.

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

The sole managing director of the Issuer is Equity Trust Co. N.V. Equity Trust Co N.V. is part of the Equity Trust Group (www.equitytrust.com). The managing directors of Equity Trust Co. N.V. are J.C.W. van Burg and F. van der Rhee. The managing directors of Equity Trust Co. N.V., have chosen domicile at the office address of Equity Trust Co. N.V., being Strawinskylaan 3105, 'Atrium', 7<sup>th</sup> Floor, 1077 ZX Amsterdam. The principal activities of Equity Trust Co N.V. are in line with its objects clause as set out below.

The objectives of Equity Trust Co. N.V. are (a) to incorporate, to participate in, to manage, to supervise the management of businesses and companies, (b) to hold funds, stocks or other securities in trust, (c) to act as trustee and in that capacity hold in trust stocks, bonds and other stocks or securities, (d) to act as administrator, executor, trustee under Dutch or other law or as a third party, (e) to provide domicile for third parties and to provide office facilities, (f) all acts of management and administration for third parties and to represent the interests of third parties in the broadest sense, (g) to perform any and all activities that is connected therewith or may be conducive thereto, (h) to finance businesses and companies, enter into finance agreements and obligations for group-companies, to grant guarantees and to grant other securities for obligations from group-companies and (i) to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

The managing director of the Issuer has entered into a management agreement with the Issuer. In this management agreement the managing director agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director should do and refrain from what an adequate managing director should not be doing, and (ii) refrain from taking any action detrimental to the obligations of the Issuer under any of the Relevant Documents or the then current rating assigned to the Senior Class A Notes. In addition the managing director agrees in the management agreement that it will not enter into any agreement in relation to the Issuer other than the Relevant Documents to which it is a party, without the prior written consent of the Security Trustee.

There are no conflicts of interest or potential conflicts of interest between any duties to the Issuer of its managing director and private interests or other duties of the managing director. The Seller does not hold an interest in any group company of the managing director.



The financial year of the Issuer coincides with the calendar year, except for the first financial year which started on 23 November 2009 and ends on 31 December 2010.

**Capitalisation**

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

**Borrowings**

Senior Class A Notes	euro 719,450,000
Junior Class B Notes	euro 588,650,000
Subordinated Class C Notes	euro 6,550,000

## **USE OF PROCEEDS**

The net proceeds of the issue of the Asset-Backed Notes will be applied to pay the Initial Purchase Price for the Receivables purchased under the Receivables Purchase Agreement.

The net proceeds of the Subordinated Class C Notes will be credited to the Reserve Account. In addition, the Potential Set-Off Reserve Subordinated Loan will be credited to the Potential Set-Off Reserve Account.

## DESCRIPTION OF SECURITY

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Trustee an amount (the '**Parallel Debt**') equal to the aggregate amount due ("*verschuldigd*") by the Issuer (a) to the Noteholders under the Notes, (b) to the Directors under the Management Agreements, (c) to the Pool Servicer and the Issuer Administrator under the Servicing and Administration Agreement, (d) to the Paying Agent and the Reference Agent under the Paying Agency Agreement, (e) to the Liquidity Facility Provider under the Liquidity Facility Agreement, (f) to the Swap Counterparty under the Swap Agreement and (g) to the Seller under the Receivables Purchase Agreement and the Potential Set-Off Reserve Subordinated Loan Agreement (together the '**Secured Parties**').

The Parallel Debt constitutes a separate and independent obligation of the Issuer and constitutes the Security Trustee's own separate and independent claim ("*eigen en zelfstandige vordering*") to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Trustee of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received and vice versa.

To the extent that the Security Trustee irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Trustee shall distribute such amount among the Secured Parties in accordance with the Priority of Payments upon Enforcement. The amounts due to the Secured Parties will be the sum of (a) amounts recovered ("*verhaald*") by it (i) on the Receivables and (ii) other assets pledged pursuant to the Pledge Agreements and (b) the amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement; less (y) any amounts already paid by the Security Trustee to the Secured Parties pursuant to the Parallel Debt Agreement and (z) the *pro rata* part of the costs and expenses of the Security Trustee (including, for the avoidance of doubt, any costs of, *inter alia*, Moody's and any legal advisor, auditor or accountant appointed by the Security Trustee).

On the Closing Date, the Issuer will vest a right of pledge under a pledge agreement between the Security Trustee and the Issuer (the '**Trustee Receivables Pledge Agreement**') in favour of the Security Trustee on the Receivables. The pledge on the Receivables will not be notified to the Borrowers, except in case certain notification events occur, which are similar to the Notification Events but relating to the Issuer uncluding the delivery of an Enforcement Notice (the '**Trustee Notification Events**'). Prior to notification of the pledge to the Borrowers, the pledge will be a 'silent' right of pledge ("*stil pandrecht*") within the meaning of section 3:239 of the Netherlands Civil Code.

In addition, on the Closing Date, a right of pledge under a pledge agreement between the Security Trustee and the Issuer and others (the '**Trustee Assets Pledge Agreement**', and together with the Trustee Receivables Pledge Agreement, the '**Pledge Agreements**') will be vested by the Issuer in favour of the Security Trustee on all rights of the Issuer (a) under or in connection with (i) the Receivables Purchase Agreement, (ii) the Servicing and Administration Agreement, (iii) the Floating Rate GIC, (iv) the Liquidity Facility Agreement, (v) the Potential Set-Off Reserve Subordinated Loan and (vi) the Swap Agreement and (b) in respect of the Transaction Accounts. This right of pledge will be notified to the relevant obligors and will, therefore, be a disclosed right of pledge ("*openbaar pandrecht*"), but the Security Trustee will grant a power to collect to the Issuer which will be withdrawn upon the occurrence of any of the Trustee Notification Events.

Upon the occurrence of a Trustee Notification Event and, consequently, notification to the Borrowers and withdrawal of the power to collect, the Security Trustee will collect ("*innen*") all amounts due to the Issuer whether by Borrowers or parties to the Relevant Documents. Pursuant to the Trust Deed the Security Trustee will, until the delivery of an Enforcement Notice, for the sole purpose of enabling the Issuer to make payments in accordance with the relevant Priority of Payments, pay or procure the payment to the Issuer, whilst for that sole purpose terminating ("*opzeggen*") its right of pledge.

The rights of pledge created in the Pledge Agreements secure any and all liabilities of the Issuer to the Security Trustee resulting from or in connection with the Parallel Debt Agreement and any other Relevant Documents.

The security rights described above shall serve as security for the benefit of the Secured Parties, including each of the Senior Class A Noteholders, the Junior Class B Noteholders and the Subordinated Class C Noteholders. *Inter alia*, amounts owing to the Junior Class B Noteholders will rank in priority of payment after amounts owing to Senior Class A Noteholders and amounts owing to the Subordinated Class C Noteholders will rank in

priority of payment after amounts owing to the Senior Class A Noteholders and the Junior Class B Noteholders (see *Credit Structure* above).

## THE SECURITY TRUSTEE

Stichting Security Trustee Eleven Cities No. 6 (the '**Security Trustee**') is a foundation ("*stichting*") established under the laws of the Netherlands on 23 November 2009. The statutory seat of the Security Trustee is in Amsterdam and its registered office is at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands.

The objects of the Security Trustee are (a) to act as agent and/or trustee of the Noteholders and any other creditor of the Issuer under the Relevant Documents; (b) to acquire, keep and administer security rights in its own name, and if necessary to enforce such security rights, for the benefit of the creditors of the Issuer, including the holders of the Notes to be issued by the Issuer, and to perform acts and legal acts, including the acceptance of a parallel debt obligation from, *inter alia*, the Issuer, which are conducive to the holding of the abovementioned security rights; (c) to borrow money; and (d) to perform any and all acts which are related, incidental or which may be conducive to the above. The Security Trustee will only act as trustee in connection with the Notes and for the Secured Parties.

The Security Trustee has agreed to act as security trustee for the holders of the Notes and to pay any amounts received from the Issuer or amounts collected by the Security Trustee under the Pledge Agreements to the Noteholders subject to and pursuant to the Parallel Debt Agreement and the Trust Deed and in respect to the Noteholders, subject to and in accordance with the Priority of Payments upon Enforcement.

In addition, the Security Trustee has agreed to act as security trustee vis-à-vis the other Secured Parties and to pay to such Secured Parties any amounts received from the Issuer or amounts collected by the Security Trustee under the Pledge Agreements to which the relevant Secured Party is a party subject to and pursuant to the Parallel Debt Agreement and the Trust Deed and subject to and in accordance with the relevant Priority of Payments upon Enforcement.

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

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

The Security Trustee may, without the consent of the Noteholders and the other Secured Parties, agree to 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. In addition, the Security Trustee may, without the consent of the Noteholders and the other Secured Parties, (a) give its consent as provided for in the Relevant Documents or (b) agree to any other modification (except if prohibited in the Relevant Documents) and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Relevant Documents which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders and the other Secured Parties (in which respect the Security Trustee may (without further inquiry) rely upon the consent in writing of the relevant Secured Party as to the absence of material prejudice to the interests of such Secured Party), provided that the Security Trustee (a) has not been informed by any Secured Party that such Secured Party will be materially prejudiced thereby (other than a Secured Party who has given its written consent as aforesaid), (b) has notified Moody's, and (c) in its reasonable opinion, does not expect that the then current rating assigned to the Senior Class A Notes by Moody's will be adversely affected by any such consent, modification, authorisation or waiver. See further *Terms and Conditions of the Notes*.

The sole director of the Security Trustee is ANT Securitisation Services B.V., having its registered office at Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands.

## TERMS AND CONDITIONS OF THE NOTES

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

The issue of the euro 719,450,000 floating rate Senior Class A Asset-Backed Notes 2009 due 2041 (the '**Senior Class A Notes**') and the euro 588,650,000 floating rate Junior Class B Asset-Backed Notes 2009 due 2041 (the '**Junior Class B Notes**') and together with the Senior Class A Notes, the '**Asset-Backed Notes**') and the euro 6,550,000 floating rate Subordinated Class C Notes 2009 due 2041 (the '**Subordinated Class C Notes**', and together with the Asset-Backed Notes, the '**Notes**') was authorised by a resolution of the managing director of Stichting Eleven Cities No. 6 (the '**Issuer**') passed on 18 December 2009. The Notes are issued under a trust deed executed on 23 December 2009 (the '**Trust Deed**') between the Issuer and Stichting Security Trustee Eleven Cities No. 6 (the '**Security Trustee**').

The statements in these terms and conditions of the Notes (the '**Conditions**') include summaries of, and are subject to, the detailed provisions of (i) the Trust Deed, which will include the priorities of payments, the form of the Notes and the interest coupons appertaining to the Notes (the '**Coupons**') and the forms of the Temporary Global Notes and the Permanent Global Notes executed on 23 December 2009, (ii) a paying agency agreement (the '**Paying Agency Agreement**') entered into on 23 December 2009 between the Issuer, the Security Trustee and Rabobank International as paying agent (the '**Paying Agent**') and as reference agent (the '**Reference Agent**'), (iii) a servicing and administration agreement (the '**Servicing and Administration Agreement**') entered into on 23 December 2009 between, the Issuer, Friesland Bank N.V., as the Pool Servicer, Equity Trust Co. N.V., as the Issuer Administrator, and the Security Trustee, (iv) a parallel debt agreement (the '**Parallel Debt Agreement**') entered into on 23 December 2009 between the Issuer, the Security Trustee and the Secured Parties, (v) a pledge agreement (the '**Trustee Receivables Pledge Agreement**') entered into on 23 December 2009 between, *inter alia*, the Issuer and the Security Trustee and (vi) a pledge agreement entered into on 23 December 2009 between the Issuer, the Security Trustee and others (the '**Trustee Assets Pledge Agreement**', and together with the Trustee Receivables Pledge Agreement, the '**Pledge Agreements**').

Certain words and expressions used in these Conditions are defined in a master definitions agreement (the '**Master Definitions Agreement**') entered into on 21 December 2009 and signed by the Issuer, the Security Trustee, the Paying Agent and certain other parties. Such words and expressions shall, except where the context requires otherwise, have the same meanings in these Conditions. If the terms or definitions in the Master Definitions Agreement would conflict with terms or definitions used herein, the terms and definitions of these Conditions shall prevail. As used herein, '**Class**' means either the Senior Class A Notes, the Junior Class B Notes or the Subordinated Class C Notes, as the case may be.

Copies of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement are available for inspection free of charge by holders of the Notes (the '**Noteholders**') at the specified office of the Paying Agent and the present office of the Security Trustee, being at the date hereof Claude Debussylaan 24, 1082 MD Amsterdam, the Netherlands. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Parallel Debt Agreement, the Pledge Agreements and the Master Definitions Agreement and reference to any documents is considered to be a reference to such document as amended, supplemented, restated or otherwise modified from time to time.

### 1. Form, Denomination and Title

The Notes will be in bearer form serially numbered with Coupons attached on issue in denominations of euro 50,000 each. Under Netherlands law, the valid transfer of Notes requires, *inter alia*, delivery ('**levring**') thereof. The Issuer, the Security Trustee and the Paying Agent may, to the fullest extent permitted by law, treat the holder of any Note and of the Coupons appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person shall be liable for so treating such holder. The signatures on the Notes will be in facsimile.

### 2. Status, Relationship between the Notes and Security

- (a) The Notes of each Class are direct and unconditional obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among Notes of the same Class;

- (b) In accordance with and subject to the provisions of Conditions 4, 6 and 9 and the Trust Deed (i) payments of principal and interest on the Junior Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Class A Notes, and (ii) payments of principal and interest on the Subordinated Class C Notes are subordinated to, *inter alia*, payments of interest on the Senior Class A Notes and the Junior Class B Notes;
- (c) The security for the obligations of the Issuer towards the Noteholders (the '**Security**') will be created pursuant to, and on the terms set out in, the Trust Deed, the Parallel Debt Agreement and the Pledge Agreements, which will create the following security rights:
  - (i) a first ranking pledge by the Issuer to the Security Trustee on the Receivables;
  - (ii) a first ranking pledge by the Issuer to the Security Trustee on the Issuer's rights (a) against the Seller under or in connection with the Receivables Purchase Agreement; (b) against the Pool Servicer and the Issuer Administrator under or in connection with the Servicing and Administration Agreement; (c) against the Swap Counterparty under or in connection with the Swap Agreement; (d) against the Liquidity Facility Provider under or in connection with the Liquidity Facility Agreement; (e) against the Floating Rate GIC Provider under or in connection with the Floating Rate GIC; (f) against the Seller under or in connection with the Potential Set-Off Reserve Subordinated Loan Agreement; and (g) against the Floating Rate GIC Provider in respect of the Transaction Accounts;
- (d) The Notes will be secured (directly and/or indirectly) by the Security. The Senior Class A Notes will rank in priority to the Junior Class B Notes and the Subordinated Class C Notes and the Junior Class B Notes will rank in priority to the Subordinated Class C Notes. The '**Most Senior Class of Notes**' means the Senior Class A Notes or if there are no Senior Class A Notes outstanding, the Junior Class B Notes, or if there are no Junior Class B Notes outstanding, the Subordinated Class C Notes.

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

### 3. Covenants of the Issuer

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

- (a) carry out any business other than as described in the Prospectus dated 22 December 2009 relating to the issue of the Notes and as contemplated in the Relevant Documents;
- (b) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Relevant Documents;
- (c) create or promise to create any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of or grant any options or rights to any part of its assets, except as contemplated in the Relevant Documents;

- (d) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to one or more persons;
- (e) permit the validity or effectiveness of the Trust Deed, the Parallel Debt Agreement, the Pledge Agreements or the priority of the security created thereby or pursuant thereto to be amended, terminated, waived, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Relevant Documents;
- (f) have any employees or premises or have any subsidiary or subsidiary undertaking;
- (g) have an interest in any bank account, unless all rights in relation to such account have been pledged to the Security Trustee as provided in Condition 2(c)(ii), other than (i) the Transaction Accounts or (ii) an account in which collateral under the Swap Agreement is transferred; or
- (h) take any corporate action for its entering into a suspension of payments or bankruptcy or its dissolution and liquidation or its being converted into a foreign entity.

#### 4. Interest

##### (a) *Period of Accrual*

Each Note shall bear interest on its Principal Amount Outstanding (as defined in Condition 6(g)) from and including the Closing Date. Each Note (or in the case of the redemption of part only of a Note that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgement) at the rate applicable to such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the seventh day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 13) that upon presentation thereof, such payments will be made, provided that upon such presentation thereof being duly made, payment is in fact made.

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

##### (b) *Interest Periods and Payment Dates*

Interest on the Notes is payable by reference to successive quarterly interest periods (each a '**Floating Rate Interest Period**') and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding on the 20<sup>th</sup> day of March, June, September and December (or, if such day is not a Business Day, the next succeeding Business Day, unless such Business Day falls in the next succeeding calendar month in which event the Business Day immediately preceding such 20<sup>th</sup> day) in each year (each such day being a '**Quarterly Payment Date**'). A '**Business Day**' means a day on which banks are open for business in Amsterdam and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer System which utilises a single shared platform and which was launched on 19 November 2007 ('**TARGET 2**') or any successor thereto is operating credit or transfer instructions in respect of payments in euro. Each successive Floating Rate Interest Period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next succeeding Quarterly Payment Date, except for the first Floating Rate Interest Period, which will commence on (and include) the Closing Date and will end on (but exclude) the Quarterly Payment Date falling in March 2010.

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

Interest on the Notes for each Floating Rate Interest Period will accrue at a rate equal to the sum of the Euro Interbank Offered Rate ('**Euribor**') for three months deposits (or, in respect of the first Floating Rate Interest Period, the rate which represents the linear interpolation of Euribor for two (2) and three (3) months deposits in euro, rounded, if necessary, to the 5th decimal place with 0.000005, being rounded upwards) plus, up to (but excluding) the first Optional Redemption Date:

- (i) for the Senior Class A Notes a margin of 0.15 per cent. per annum;
- (ii) for the Junior Class B Notes a margin of 0.20 per cent. per annum; and
- (iii) for the Subordinated Class C Notes a margin of 0.25 per cent. per annum.

##### (d) *Interest on the Notes from/and including the first Optional Redemption Date*



If on the first Optional Redemption Date any Class of Notes have not been redeemed in full, a floating rate of interest will be applicable to each Class of Notes equal to the sum of Euribor for three months deposits, payable by reference to Floating Rate Interest Periods on each succeeding Quarterly Payment Date until the Quarterly Payment Date on which the Issuer redeems the Notes in accordance with Condition 6(d) or Condition 6(f), plus:

- (i) for the Senior Class A Notes a margin of 0.25 per cent. per annum;
- (ii) for the Junior Class B Notes a margin of 0.30 per cent. per annum; and
- (iii) for the Subordinated Class C Notes a margin of 0.35 per cent. per annum.

From (and including) the Quarterly Payment Date on which the Issuer redeems the Notes in accordance with Condition 6(d) or Condition 6(f), no interest will accrue and will be due on any Class of Notes then still outstanding.

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

*(e) Euribor*

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

- (i) The Reference Agent will obtain for each Floating Rate Interest Period the rate equal to the amount of Euribor for three months deposits in euros. The Reference Agent shall use the Euribor rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Reuters Screen EURIBOR01 (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuter Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the Euribor rate selected by the Reference Agent) as at or about 11.00 a.m. (Central European time) on the day that is two Business Days preceding the first day of each Floating Interest Period (each an '**Interest Determination Date**');
- (ii) If, on the relevant Interest Determination Date, such Euribor rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Reference Agent will:
  - (A) request the principal euro-zone office of each of four major banks in the euro-zone interbank market (the '**Reference Banks**') to provide a quotation for the rate at which three months euro deposits are offered by it in the euro-zone interbank market at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date to prime banks in the euro-zone interbank market in an amount that is representative for a single transaction at that time; and determine the arithmetic mean (rounded, if necessary, to the fifth decimal place with 0.000005 being rounded upwards) of such quotation as is provided; and
  - (B) if fewer than two such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 a.m. (Central European time) on the relevant Interest Determination Date for three months deposits to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time,

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

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

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

The determination of the relevant Rates of Interest and each Interest Amount by the Reference Agent shall (in the absence of manifest error) be final and binding on all parties.

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

The Reference Agent will cause on the relevant Quarterly Payment Date, the relevant Rates of Interest and the relevant Interest Amounts to be notified to the Issuer, the Security Trustee, the Paying Agent, the Issuer Administrator and to the holders of such Class of Notes and, as long as the Senior Class A Notes are admitted to listing, trading and/or quotation on Euronext Amsterdam or by any other competent authority, stock exchange and/or quotation system, such notice to be published in such place as may be required by the rules and regulations of such competent authority, stock exchange and/or quotation system, as soon as possible after the determination. The Interest Amount, the Rates of Interest and the Quarterly Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period.

(h) *Determination or Calculation by Security Trustee*

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

(i) *Reference Banks and Reference Agent*

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

**5. Payment**

(a) Payment of principal and interest in respect of Notes will be made upon presentation of the Note in and against surrender of the relevant Coupon appertaining thereto, at any specified office of the Paying Agent, in cash or by transfer to an euro account maintained by the payee with a bank in the Netherlands, as the holder may specify. All such payments are subject to any fiscal or other laws and regulations applicable in the place of payment.

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

(c) If the relevant Quarterly Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note or Coupon, the holder thereof shall not be entitled to payment until the next Business Day following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to an euro account as referred to above, the Paying Agent shall not be obliged to credit such account until the day on which banks in the place of such

account are open for business immediately following the day on which banks are open for business in the Netherlands. The name of the Paying Agent and of its offices are set out below (*Registered Offices*).

- (d) The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and for as long as the Senior Class A Notes are listed on Euronext Amsterdam the Issuer will at all times maintain a paying agent in the Netherlands. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 13.

## **6. Redemption**

### *(a) Final redemption*

Unless previously redeemed as provided below, the Issuer will redeem the Notes at their Principal Amount Outstanding on the Quarterly Payment Date falling in March 2041 (the "**Final Maturity Date**") but, in respect of the Junior Class B Notes, subject to Condition 9(b).

### *(b) Mandatory Redemption of the Asset-Backed Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, on each Quarterly Payment Date the Issuer shall be obliged to apply the Notes Redemption Available Amount (as defined below) to redeem (or partially redeem) the Asset-Backed Notes at their Principal Amount Outstanding among the Notes of a Class in the following order:

- (i) *first, pro rata and pari passu*, the Senior Class A Notes, until fully redeemed, and
- (ii) *second, pro rata and pari passu*, the Junior Class B Notes, until fully redeemed.

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

### *(c) Determination of Principal Redemption Amount and Principal Amount Outstanding*

- (i) On each Quarterly Calculation Date, the Issuer shall determine (or cause the Issuer Administrator to determine) (x) the Principal Redemption Amount and (y) the Principal Amount Outstanding of the relevant Note on the first day of the next following Floating Rate Interest Period. Each determination by or on behalf of the Issuer of any Principal Redemption Amount or the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons;
- (ii) The Issuer will cause each determination of a Principal Redemption Amount and Principal Amount Outstanding of the Notes to be notified forthwith to the Security Trustee, the Paying Agent, the Reference Agent, Euroclear and Clearstream, Luxembourg, Euronext Amsterdam and to the holders of Notes and as long as the Senior Class A Notes are admitted to listing, trading and/or quotation on Euronext Amsterdam or by any other competent authority, stock exchange and/or quotation system, such notice is to be published in such place as may be required by the rules and regulations of Euronext Amsterdam or such competent authority, stock exchange and/or quotation system, but in any event no later than two Business Days prior to the relevant Quarterly Payment Date. If no Principal Redemption Amount is due to be made on the Notes on any applicable Quarterly Payment Date a notice to this effect will be given to the Noteholders in accordance with Condition 13;
- (iii) If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) the Principal Redemption Amount or the Principal Amount Outstanding of a Note, such Principal Redemption Amount or such Principal Amount Outstanding shall be determined by the Security Trustee in accordance with this paragraph (d) and paragraphs (b) and (c) above and paragraph (e) below (but based upon the information in its possession as to the Notes Redemption Available Amount and the Notes Interest Available Amount available for redemption of the Subordinated Class C Notes) and each such determination or calculation shall be deemed to have been made by the Issuer and shall in each case (in the absence of manifest) be final and binding on all persons.
- (iv) Following application of the Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

### *(d) Optional Redemption*

Unless previously redeemed in full, on the Quarterly Payment Date falling in March 2011 and on each Quarterly Payment Date thereafter (each an '**Optional Redemption Date**') the Issuer may, at its option, redeem all (but not some only) of the Asset-Backed Notes of each Class at their Principal Amount Outstanding on such date. In the event that on such Optional Redemption Date there is a Principal Shortfall (as defined in Condition 9(b)) in respect of the Junior Class B Notes, the Issuer may, at its option, subject to Condition 9(b), redeem all (but not some only) Junior Class B Notes at their Principal Amount Outstanding less the Principal Shortfall. The Senior Class A Notes shall be redeemed in full.

The Issuer shall notify the exercise of such option by giving not more than 60 nor less than 30 days written notice to the Security Trustee and the Noteholders in accordance with Condition 13, prior to the relevant Optional Redemption Date.

The Subordinated Class C Notes will be subject to redemption in accordance with and subject to Condition 6(f).

(e) *Redemption for tax reasons*

The Asset-Backed Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Quarterly Payment Date, at their Principal Amount Outstanding, if the Issuer has satisfied the Security Trustee that:

- (a) the Issuer is or will be obliged to make any withholding or deduction for, or on account of, any taxes, duties, or charges of whatsoever nature from payments in respect of any Class of Notes as a result of any charge in, or amendment to, the application of the laws or regulations (including any guidelines issued by the tax authorities) of the Netherlands or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which becomes effective on or after the Closing Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (b) the Issuer will have sufficient funds available on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date to discharge all amounts of principal and interest due in respect of each Class of the Asset-Backed Notes and any amounts required to be paid in priority to or *pari passu* with each Class of Notes in accordance with the Trust Deed. No Class of Asset-Backed Notes may be redeemed under such circumstances unless all Classes of Asset-Backed Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

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

The Subordinated Class C Notes will be subject to redemption in accordance with and subject to Condition 6(f).

(f) *Redemption of Subordinated Class C Notes*

Provided that no Enforcement Notice has been served in accordance with Condition 10, the Issuer shall apply the Class C Redemption Available Amount (as defined in Condition 6(g)) on each Quarterly Payment Date, to redeem (or partially redeem) on a *pro rata* basis the Subordinated Class C Notes at their Principal Amount Outstanding until fully redeemed.

Following application of the Principal Redemption Amount, the Principal Amount Outstanding of such Note shall be reduced accordingly.

*Definitions*

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

- (i) The term '**Class C Redemption Available Amount**' shall mean on the relevant Quarterly Payment Date the amount of the Notes Interest Available Amount less the payments items (a) to (m) (inclusive) of the Interest Priority of Payments on such Quarterly Payment Date.

- (ii) The term '**Net Proceeds**' shall mean (a) the proceeds of a foreclosure on any Mortgaged Assets, (b) the proceeds of foreclosure on any other collateral securing the Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Receivable, including but not limited to any Insurance Policy and fire insurance, (d) the proceeds of any guarantees or sureties, and (e) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs;
- (iii) The term '**Notes Redemption Available Amount**' shall mean, on any Quarterly Payment Date, the aggregate amount received or held by the Issuer during the immediately preceding Quarterly Calculation Period:
  - (a) by means of repayment and prepayment (in full or in part) of principal under the Receivables from any person, but, for the avoidance of doubt, excluding prepayment penalties, if any;
  - (b) as Net Proceeds on any Receivable to the extent such proceeds relate to principal;
  - (c) as amounts received in connection with a repurchase of Receivables, whether or not as a result of the exercise of the Regulatory Call Option or Clean-Up Call Option, pursuant to the Receivables Purchase Agreement, or upon the exercise of the option to redeem the Notes upon the occurrence of a Tax Change and any other amounts received pursuant to the Receivables Purchase Agreement to the extent such amounts relate to principal;
  - (d) as amounts received in connection with a sale of Receivables pursuant to the Trust Deed to the extent such amounts relate to principal up to the Outstanding Principal Amount of the relevant Receivable from any person, whether by set off or otherwise, but, for the avoidance of doubt, excluding prepayment penalties, if any;
  - (e) as amounts to be credited to the Principal Deficiency Ledger on the immediately succeeding Quarterly Payment Date in accordance with the Servicing and Administration Agreement;
  - (f) as amounts equal to the excess (if any) of (a) the sum of the aggregate proceeds of the issue of the Asset-Backed Notes on the Closing Date over (b) the Initial Purchase Price of the Receivables purchased on the Closing Date; and
  - (g) any part of the Notes Redemption Available Amount relating to the immediately preceding Quarterly Payment Date which has not been applied towards redemption of the Notes on such Quarterly Payment Date;
- (iv) The term '**Principal Amount Outstanding**' means on any Quarterly Payment Date, the principal amount of any Note upon issue less the aggregate amount of all Principal Redemption Amounts in respect of that Note that have become due and payable prior to such Quarterly Payment Date, provided that for the purpose of Conditions 4, 6 and 10 all Principal Redemption Amounts that have become due and not been paid, notwithstanding duly presentation of the relevant Note, shall not be so deducted.
- (v) The term '**Principal Redemption Amount**' shall mean on the relevant Quarterly Payment Date (i) the amount (if any) (rounded down to the nearest euro) of the Notes Redemption Available Amount (as applicable to each Class of Asset-Backed Notes) as calculated on the Quarterly Calculation Date relating to that Quarterly Payment Date divided by the number of Notes of the relevant Class subject to such redemption and (ii) in respect of the Subordinated Class C Notes, the Class C Redemption Available Amount (if any) (rounded down to the nearest euro), divided by the number of Subordinated Class C Notes, provided always that the Principal Redemption Amount may never exceed the Principal Amount Outstanding of the relevant Note.
- (vi) The term '**Quarterly Calculation Date**' means, in relation to a Quarterly Payment Date, the third Business Day prior to such Quarterly Payment Date;

- (vii) The term '**Quarterly Calculation Period**' means a period of three consecutive calendar months commencing on (and including) the first day of each of March, June, September and December of each year, except for the first Quarterly Calculation Period which will commence on the Cut-off Date and end on and include the last day of February 2010;

## **7. Taxation**

All payments in respect of the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature, unless the Issuer or the Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to the withholding or deduction of such taxes, duties, assessments or charges are required by law. In that event, the Issuer or the Paying Agent (as the case may be) shall make such payment after the required withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Paying Agent nor the Issuer will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.

## **8. Prescription**

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

## **9. Subordination and limited recourse**

### *(a) Interest*

Interest on the Junior Class B Notes and the Subordinated Class C Notes shall be payable in accordance with the provisions of Conditions 4 and 5, subject to the terms of this Condition.

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

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

### *(b) Principal*

Until the date on which the Principal Amount Outstanding of the Senior Class A Notes is reduced to zero, the Junior Class B Noteholders will not be entitled to any repayment of principal in respect of the Junior Class B Notes. If, on any Quarterly Payment Date, there is a balance on the Class B Principal Deficiency Ledger, then notwithstanding any other provisions of these Conditions the principal amount payable on redemption of each Junior Class B Note on such Quarterly Payment Date shall not exceed its Principal Amount Outstanding less the

Principal Shortfall on such Quarterly Payment Date. The Junior Class B Noteholders shall have no further claim against the Issuer for the Principal Amount Outstanding on the Junior Class B Notes after the date on which the Issuer no longer holds any Receivables and there are no balances standing to the credit of the Transaction Accounts and the Issuer has no further rights under or in connection with any of the Relevant Documents.

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

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

(c) *Limited recourse*

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

## 10. Events of Default

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

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

provided that, if more than one Class of Notes is outstanding, no Enforcement Notice may or shall be given by the Security Trustee to the Issuer in respect of any Class of Notes ranking junior to the Most Senior Class of Notes irrespective of whether an Extraordinary Resolution is passed by the holders of such Class or Classes of Notes ranking junior to the Most Senior Class of Notes, unless an Enforcement Notice in respect of the Most

Senior Class of Notes has been given by the Security Trustee. In exercising its discretion as to whether or not to give an Enforcement Notice to the Issuer in respect of the Most Senior Class of Notes, the Security Trustee shall not be required to have regard to the interests of the holders of any Class of Notes ranking junior to the Most Senior Class of Notes.

#### **11. Enforcement**

- (a) At any time after the Notes of any Class become due and payable as a result of an Enforcement Notice, the Security Trustee may, at its discretion and without further notice, take such steps and/or institute, such proceedings as it may think fit to enforce the terms of the Parallel Debt Agreement (including the making of a demand of payment thereunder), the Trust Deed, the Pledge Agreements and the Notes, but it need not take any such proceedings unless (i) it shall have been directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes and (ii) it shall have been indemnified to its satisfaction;
- (b) No Noteholder may proceed directly against the Issuer unless the Security Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing;
- (c) The Noteholders may not institute against, or join any person in instituting against, the Issuer any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceeding until the expiry of a period of at least one (1) year after the latest maturing Note is paid in full. The Noteholders accept and agree that the only remedy against the Issuer after any of the Notes have become due and payable pursuant to Condition 10 above is to enforce the Security.

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

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

#### **13. Notices**

With the exception of the publications of the Reference Agent in Condition 4 and of the Issuer in Condition 6, all notices to the Noteholders will only be valid if published in at least one daily newspaper of wide circulation in the Netherlands, in the Financial Times (London) or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such newspaper as the Security Trustee shall approve having a general circulation in Europe and, as long as the Senior Class A Notes are admitted to listing, trading and/or quotation on Euronext Amsterdam or by any other competent authority, stock exchange and/or quotation system, such notice shall also be published in such other place as may be required by the rules and regulations of Euronext Amsterdam or such competent authority, stock exchange and/or quotation system. Any such notice shall be deemed to have been given on the first date of such publication.

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

The Trust Deed contains provisions for convening meetings of the Senior Class A Noteholders, the Junior Class B Noteholders and the Subordinated Class C Noteholders to consider matters affecting the interests, including the sanctioning by Extraordinary Resolution, of such Noteholders of the relevant Class of a change of any of these Conditions or any provisions of the Relevant Documents.

(a) Meeting of Noteholders

A meeting as referred to above may be convened by the Issuer or by Noteholders of any Class holding not less than 10 per cent. in Principal Amount Outstanding of the Notes of such Class.

(b) Basic Terms Change

No change of certain terms by the Noteholders of any Class including the date of maturity of the Notes of the relevant Class, or a change which would have the effect of postponing any day for payment of interest in respect of such Notes, reducing or cancelling the amount of principal payable in respect of such Notes or altering the majority required to pass an Extraordinary Resolution or any alteration of the date or priority of redemption of such Notes (any such change in respect of any such Class of Notes referred to below as a '**Basic Terms Change**') shall be effective, unless such Basic Terms Change is sanctioned by an Extraordinary Resolution of the Noteholders of the relevant Class of Notes as described below, except that, if the Security Trustee is of the opinion that such a Basic Terms Change is (a) being proposed by the Issuer as a result of, or in order to avoid an Event of Default and (b) the



Security Trustee has notified Moody's and (c) the Security Trustee, in its reasonable opinion, does not expect that the current rating assigned to the Senior Class A Notes by Moody's will be adversely affected by such Basic Terms Change, then no such Extraordinary Resolution is required.

(c) Extra-Ordinary Resolution

Quorum and maturity

The quorum for any meeting convened to consider an Extraordinary Resolution for any Class of Notes will be two-third of the Principal Amount Outstanding of the Notes of the relevant Class, as the case may be, and at such a meeting an Extraordinary Resolution is adopted with not less than a two-thirds majority of the validly cast votes, except that the quorum required for an Extraordinary Resolution entailing the sanctioning of a Basic Terms Change shall be at least 75 per cent. of the amount of the Principal Amount Outstanding of the Notes of the relevant Class and the majority required shall be at least 75 per cent. of the validly cast votes at that Extraordinary Resolution. If at such meeting the aforesaid quorum is not represented, a second meeting of Noteholders will be held within one month, with due observance of the same formalities for convening the meeting which governed the convening of the first meeting; at such second meeting an Extraordinary Resolution is adopted with not less than a two-third majority of the validly cast votes, except that for an Extraordinary Resolution including a sanctioning of a Basic Terms Change the majority required shall be 75 per cent. of the amount of validly cast votes, regardless of the Principal Amount Outstanding of the Notes of the relevant Class then represented.

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

Limitations

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

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

(d) Modifications by the Security Trustee

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 which is in the opinion of the Security Trustee not materially prejudicial to the interests of the Noteholders, provided that (i) the Security Trustee has notified Moody's and (ii) the Security Trustee, in its reasonable opinion, does not expect that the then current rating assigned to the Senior Class A Notes by Moody's will be adversely affected by any such consent, modification, authorisation or waiver. Any such modification, authorisation or waiver shall be binding on the Noteholders and, if the Security Trustee so requires, such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

(e) Exercise of Security Trustee's functions

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Security Trustee shall have regard to the interests of the Senior Class A Noteholders and the Junior Class B Noteholders and the Subordinated Class C Noteholders each as a Class and shall not have regard to the consequences of such exercise for individual Noteholders and the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

**15. Replacements of Notes and Coupons**

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

**16. Governing Law**

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

## THE GLOBAL NOTES

Each Class of Notes shall be initially represented by a temporary global note in bearer form, without coupons (each a "**Temporary Global Note**") (i) in the case of the Senior Class A Notes, in the principal amount of euro 719,450,000, (ii) in the case of the Junior Class B Notes, in the principal amount of euro 588,650,000 and (iii) in the case of the Subordinated Class C Notes, in the principal amount of euro 6,550,000. Each Temporary Global Note will be deposited with a common safekeeper for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear and Clearstream, Luxembourg, as the case may be, will credit each purchaser of Notes represented by such Temporary Global Note with the principal amount of the relevant Class of Notes equal to the principal amount thereof for which it has purchased and paid. Interests in each Temporary Global Note will be exchangeable (provided certification of non-US beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Notes (the "**Exchange Date**") for interests in a permanent global note (each a "**Permanent Global Note**"), in bearer form, without coupons, in the principal amount of the Notes of the relevant Class (the expression "**Global Notes**" meaning the Temporary Global Notes of each Class and the Permanent Global Notes of each Class and the expression "**Global Note**" means any of them, as the context may require). On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant Class of Notes, the Permanent Global Note will remain deposited with the common safekeeper.

The Senior Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Senior Class Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Senior Class A Notes will be recognized 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.

The Global Notes will be transferable by delivery. Each Permanent Global Note will be exchangeable for Notes in definitive form only in the circumstances described below. Such Notes in definitive form shall be issued in denominations of euro 50,000 or, as the case may be, in the then Principal Amount Outstanding of the Notes on such exchange date. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes, which must be made by the holder of a Global Note, for so long as such Global Note is outstanding. Each person must give a certificate as to non-US beneficial ownership as of the date on which the Issuer is obliged to exchange a Temporary Global Note for a Permanent Global Note, which date shall be no earlier than the Exchange Date, in order to obtain any payment due on the Notes.

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

For so long as all of the Notes are represented by the Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 13 (provided that, in the case any publication required by a stock exchange, that stock exchange agrees or, as the case may be, any other publication requirement of such stock exchange will be met). Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

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

A Noteholder shall not have the right to request delivery ("*uitkering*") thereof under the Dutch Securities Giro Transfer Act ("*Wet giraal Effectenverkeer*"), other than in the events sets forth in the following paragraph.

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

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

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

# TAXATION IN THE NETHERLANDS

## 1. General

The following is a general summary of the Dutch tax consequences as at the date hereof in relation to payments made under the Notes and in relation to the acquisition, holding, redemption or disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder of a Note or a prospective holder and in view of its general nature, it should be treated with corresponding caution. Prospective Noteholders should consult their tax advisers with regard to the tax consequences of investing in the Notes.

Please note that this paragraph does not describe the Dutch tax consequences for a holder of the Notes who will receive or has received the Notes as employment income, deemed employment income or otherwise as compensation.

Except as otherwise indicated, this summary only addresses Dutch tax legislation as in effect and in force at the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

## 2. Withholding tax

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

## 3. Taxes on income and capital gains

### *Residents of the Netherlands*

Generally speaking, if the holder of the Notes is an entity that is a resident or deemed to be resident of the Netherlands for Dutch corporate income tax purposes, any payment under the Notes or any gain realised on the disposal or deemed disposal of the Notes is subject to a 25.5% corporate income tax rate (a corporate income tax rate of 20.0% applies with respect to taxable profits up to €200,000, the first bracket for 2009).

A Dutch qualifying pension fund and a Dutch qualifying tax exempt investment fund (in Dutch "*vrijgestelde beleggingsinstelling*") are in principle not subject to Dutch corporate income tax. A Dutch qualifying investment fund (in Dutch "*fiscale beleggingsinstelling*") is subject to corporate income tax at a special rate of 0%.

If a holder of the Notes is an individual, resident or deemed to be resident of the Netherlands for Dutch income tax purposes (including the non-resident individual holder who has made an election for the application of the rules of the Dutch Income Tax Act 2001 as they apply to residents of the Netherlands), any payment under the Notes or any gain realised on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 52%), if:

- (a) the Notes are attributable to an enterprise from which the holder of the Notes derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth of such enterprise, without being a shareholder, as defined in the Dutch Income Tax Act 2001; or
- (b) the holder of the Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (in Dutch "*normaal vermogensbeheer*") or derives benefits from the Notes that are (otherwise) taxable as benefits from other activities (in Dutch "*resultaat uit overige werkzaamheden*").

If the above-mentioned conditions (a) and (b) do not apply to the individual holder of the Notes such holder will be taxed annually on a deemed income of 4% of his or her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities at the beginning of that year and the fair market value of the investment assets less the allowable liabilities at the end of that year. The Notes are included as investment assets. A tax free allowance may be available. Actual benefits derived from the Notes are as such not subject to Dutch income tax.

### *Non-residents of the Netherlands*

A holder of the Notes will not be subject to Dutch taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain realised on the disposal or deemed disposal of the Notes provided that:

- (a) such holder is neither resident nor deemed to be resident of the Netherlands nor has made an election for the application of the rules of the Dutch Income Tax Act 2001 as they apply to residents of the Netherlands; and

(b) such holder does not have an interest in an enterprise or deemed enterprise (statutorily defined term) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and

(c) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary active asset management (in Dutch "*normaal vermogensbeheer*") and does not derive benefits from the Notes that are (otherwise) taxable as benefits from other activities in the Netherlands (in Dutch "*resultaat uit overige werkzaamheden*").

A holder of the Notes will not become subject to taxation on income and capital gains in the Netherlands by reason only of the execution, delivery and/or enforcement of the Notes or the performance by the Issuer of its obligations under the Notes.

#### **4. Gift and estate taxes**

##### *Residents of the Netherlands*

Gift, estate or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or his or her death.

##### *Non-residents of the Netherlands*

No Dutch gift, estate or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

(a) such holder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that, in whole or in part, is or was either effectively managed in the Netherlands or carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are or were attributable; or

(b) in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

For purposes of Dutch gift, estate and inheritance taxes, amongst others, a person that holds the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten (10) years preceding the date of the gift or his death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the twelve (12) months preceding the date of the gift. Applicable tax treaties may override deemed residency.

#### **5. Turnover tax**

No Dutch turnover tax will arise in consideration for the issue of the Notes or with respect to any payment by the Issuer of principal, interest or premium (if any) on the Notes.

#### **6. Other taxes and duties**

No Dutch registration tax, customs duty, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands by the holders of the Notes in respect of or in connection with the issue of the Notes.

#### **7. EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, since 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information of transitorial withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information arrangements or transitional withholding arrangements with certain of those dependent

or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

## PURCHASE AND SALE

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. trading as Rabobank International (the '**Manager**') has pursuant to a notes purchase agreement dated 21 December 2009, among the Manager, the Issuer and the Seller (the '**Notes Purchase Agreement**'), agreed with the Issuer, subject to certain conditions, to purchase the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Manager against certain liabilities and expenses in connection with the issue of the Notes.

### **European Economic Area**

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

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

### **United Kingdom**

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

### **France**

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



## Italy

No action has or will be taken by them which would allow an offering (or a “*sollecitazione all’investimento*”) of the Notes to the public in the Republic of Italy (“**Italy**”) unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; and no application has been filed to obtain an authorisation from the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) for the public offering of the Notes in Italy.

Accordingly, the Notes cannot be offered, sold or delivered in Italy nor may any copy of this Prospectus or any other document relating to the Notes be distributed in Italy other than:

- (i) to the categories of qualified investors set out in paragraphs (i) to (iii) of Article 2(1)(e) of the Prospectus Directive, pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (“**Decree No. 58**”); or
- (ii) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or CONSOB Regulation No. 11971 of 14 May 1999, as amended.

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

- (a) made by investment firms, banks of financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, Decree No. 58, CONSOB Regulation No. 16190 of 31 October 2007 and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

The Notes cannot be offered, sold or delivered on a retail basis, either in the primary or in the secondary market, to any individuals residing in Italy.

## United States

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

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

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

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirement of the Securities Act, if such offer or sale is made otherwise than in accordance with available exemption from registration under the US Securities Act.

## General

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

The Manager has undertaken not to offer or sell directly or indirectly any Notes, or to distribute or publish this Prospectus or any other material relating to the Notes in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

## GENERAL INFORMATION

1. The issue of the Notes has been authorised by a resolution of the managing director of the Issuer passed on 18 December 2009.
2. Application has been made to list the Senior Class A Notes on Euronext Amsterdam. The estimated total costs involved with such admission amount to euro 30,000.
3. The Senior Class A Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and through the Securities Clearing Corporation of Euronext Amsterdam and will bear common code 047497639 and ISINCODE XS0474976395.
- 4.
5. The Junior Class B Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 047497892 and ISINCODE XS0474978920.
- 6.
7. The Subordinated Class C Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and will bear common code 047497965 and ISINCODE XS0474979654.
8. There are no legal, arbitration or governmental proceedings which may have, or have had, significant effects on the Issuer's financial position or profitability nor, so far as the Issuer is aware, are any such proceedings pending or threatened against the Issuer.
9. The addresses of the clearing systems are: Euroclear, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and Clearstream Luxembourg, 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
10. Copies of the following documents may be inspected at the specified offices of the Security Trustee and the Paying Agent free of charge during normal business hours during the life of this Prospectus:
  - (i) the Deed of Incorporation including the Articles of Association of the Issuer;
  - (ii) the Receivables Purchase Agreement;
  - (iii) the Paying Agency Agreement;
  - (iv) the Trust Deed;
  - (v) the Parallel Debt Agreement;
  - (vi) the Trustee Receivables Pledge Agreement;
  - (vii) the Trustee Assets Pledge Agreement;
  - (viii) the Servicing and Administration Agreement;
  - (ix) the Liquidity Facility Agreement;
  - (x) the Potential Set-Off Reserve Subordinated Loan Agreement;
  - (xi) the Floating Rate GIC;
  - (xii) the Swap Agreement;
  - (xiii) the Master Definitions Agreement;
  - (xiv) the Management Agreement I; and
  - (xv) the Management Agreement II.
11. A copy of the articles of association of the Issuer will be available (free of charge) at the registered office of the Issuer.
12. A copy of the Prospectus in print will be available (free of charge) at the registered office of the Issuer, the Security Trustee and the Paying Agent.
13. US taxes:

The Notes will bear a legend to the following effect: 'any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code'.

The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

14. The audited financial statements of the Issuer prepared annually will be made available, free of charge, at the specified offices of the Paying Agent.
15. The accountants at Ernst & Young Accountants LLP are registered accountants ("*registeraccountants*") and are a member of the Netherlands Institute for Registered Accountants ("*NIVRA*").
16. The Issuer does not intend to provide post-issuance transaction information regarding securities to be admitted to trading and performance of the underlying collateral.
17. A quarterly report on the performance, including the arrears and the losses, of the transaction can be obtained at the office of the Issuer Administrator and can be requested by e-mail ([et.investorreporting.structuredfinance@equitytrust.com](mailto:et.investorreporting.structuredfinance@equitytrust.com)).

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## **REGISTERED OFFICES**

### **THE ISSUER**

#### **Stichting Eleven Cities No. 6**

Strawinskylaan 3105  
1077 ZX Amsterdam  
The Netherlands

### **SELLER**

#### **Friesland Bank N.V.**

Beursplein 1  
8911 BE Leeuwarden  
The Netherlands

### **SECURITY TRUSTEE**

#### **Stichting Security Trustee Eleven Cities No. 6**

Claude Debussylaan 24  
1082 MD Amsterdam  
The Netherlands

### **ISSUER ADMINISTRATOR**

#### **Equity Trust Co. N.V.**

Strawinskylaan 3105  
1077 ZX Amsterdam  
The Netherlands

### **POOL SERVICER**

#### **Friesland Bank N.V.**

Beursplein 1  
8911 BE Leeuwarden  
The Netherlands

### **SWAP COUNTERPARTY**

#### **The Royal Bank of Scotland plc**

135 Bishopsgate London  
EC2M 3UR  
United Kingdom

### **PAYING AGENT, REFERENCE AGENT, LISTING AGENT, LIQUIDITY FACILITY PROVIDER AND FLOATING RATE GIC PROVIDER**

#### **ABN AMRO Bank N.V.**

Kemelstede 2  
4817 ST Breda  
The Netherlands

### **AUDITOR ISSUER**

#### **Ernst&Young Accountants LLP**

Antonio Vivaldistraat 150  
1083 HP Amsterdam  
The Netherlands

### **LEGAL ADVISER AND TAX LAWYERS**

#### **NautaDutilh N.V.**

Strawinskylaan 1999  
1077 XV Amsterdam  
The Netherlands

### **COMMON SAFEKEEPER**

#### **Euroclear Bank S.A./N.V.**



1 Boulevard du Roi Albert II  
1210 Brussels  
Belgium

**Clearstream Banking S.A.**  
42 Avenue J.F. Kennedy,  
L-1855 Luxembourg  
Luxembourg