PROSPECTUS
FOR ADMISSION TO TRADING
ON EURONEXT BRUSSELS

EUR 255,000,000 floating rate Class A1 Mortgage-Backed Notes 2017 due 2051, issue price 100%

EUR 294,500,000 floating rate Class A2 Mortgage-Backed Notes 2017 due 2051, issue price 100%

EUR 88,000,000 floating rate Class B Mortgage-Backed Notes 2017 due 2051, issue price 100%

EUR 7,500,000 floating rate Class C Notes 2017 due 2051, issue price 100%

issued by

B-ARENA NV/SA

(*Institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge*)
Acting through its Compartment No. 4

(a Belgian limited liability company (*naamloze vennootschap/société anonyme*))

The date of this Prospectus is 22 August 2017 (the **Prospectus**).

B-Arena NV/SA, *Institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge*, acting through its Compartment No. 4 (the **Issuer**) will issue the Notes, comprising the EUR 255,000,000 Class A1 Mortgage-Backed Floating Rate Notes due 2051 (the **Class A1 Notes**), the EUR 294,500,000 Class A2 Mortgage-Backed Floating Rate Notes due 2051 (the **Class A2 Notes**) (the Class A1 Notes and the Class A2 Notes together the **Class A Notes** and each a **Sub-Class of Class A Notes**), the EUR 88,000,000 Class B Mortgage-Backed Floating Rate Notes due 2051 (the **Class B Notes**), the EUR 7,500,000 Class C Floating Rate Notes due 2051 (the **Class C Notes** and together with the Class A Notes and the Class B Notes, the **Notes**, and **Class** or **Class of Notes** means, in respect of the Notes, the class of Notes being identified as the Class A1 Notes, the Class A2 Notes, the Class B Notes or the Class C Notes of the Issuer). The Class A1 Notes, the Class A2 Notes and the Class B Notes shall collectively be referred to as the **Collateralized Notes**. The Notes will be issued on the Closing Date, expected to be on or about 28 August 2017.

Application has been made to Euronext Brussels to admit the Notes to trading on Euronext Brussels (**Euronext Brussels**). Prior to admission to trading of the Notes, there has been no public market for the Notes.

This Prospectus constitutes a prospectus for the purposes of the Act of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market (the **Prospectus Act**) and the listing and issuing rules of Euronext Brussels (the **Listing Rules**). No application will be made to list the Notes on any other stock exchange.

The Notes may only be subscribed for, purchased or held by Eligible Holders such as defined in this Prospectus.

The Notes will be solely the obligations of Compartment No. 4 and have been allocated to Compartment No. 4. 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 Arranger, the Security Agent, the Manager, the MPT Provider, the Sub-MPT Provider, the Issuer Administrator, the Cap Provider, the Floating Rate GIC Provider, the Domiciliary Agent, the Reference Agent or the Listing Agent (each as defined herein).

Furthermore, the Seller, the Arranger, the Security Agent, the Manager, the MPT Provider, the Sub-MPT Provider, the Issuer Administrator, the Cap Provider, the Floating Rate GIC Provider, the Domiciliary Agent, the Reference Agent, the Listing Agent, or any other person in whatever capacity acting, will not 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 Arranger, the Security Agent, the Manager, the MPT Provider, the Sub-MPT Provider, the Issuer Administrator, the Cap Provider, the Floating Rate GIC Provider, the Domiciliary Agent, the Reference Agent or the Listing Agent will be under any obligation whatsoever to provide additional funds to the Issuer (save expressly otherwise set out in this Prospectus).

None of the Issuer, the Seller, the Arranger or the Manager makes any representation to any prospective investor in or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable investment or similar laws or regulations.

Each of the Notes shall bear interest on its Principal Amount Outstanding from (and including) the Closing Date. Interest on the Notes is payable by reference to successive quarterly Interest Periods. Each successive quarterly interest period will commence on (and include) a Quarterly Payment Date and end on (but exclude) the next following Quarterly Payment Date (each an **Interest Period**) *except* for the first Interest Period which will commence on (and include) the Closing Date and end on (but exclude) the first Quarterly Payment Date.

Interest on each of the Notes shall be payable quarterly in arrears in euro, in each case on the 22nd day of January, April, July and October in each year (or, if such day is not a Business Day, the next following Business Day) (each a **Quarterly Payment Date**) commencing on the Quarterly Payment Date falling on 22 January 2018, in respect of its Principal Amount Outstanding. Interest in respect of any Interest Period (or any other period) will be calculated on the basis of the actual number of days elapsed in the Interest Period and a year of 360 days.

Unless previously redeemed, the Issuer shall redeem the Notes in full on 22 October 2051 (or, if such day would at that time not be a Business Day, the next following Business Day) (the **Final Maturity Date**).

On the Quarterly Payment Date falling in October 2022 (the **First Optional Redemption Date**) and on each Quarterly Payment Date thereafter (together with the First Optional Redemption Date, each an **Optional Redemption Date**), the Issuer will have the option to redeem all of the Notes of all Classes at their Principal Amount Outstanding provided that it has sufficient funds available to redeem all the Collateralized Notes in full on such date, and on the Quarterly Payment Date falling in April 2023 (the **Third Optional Redemption Date**) and on each Quarterly Payment Date thereafter, the Issuer, will have the option to redeem all of the Notes of all of the relevant Classes at their Principal Amount Outstanding provided that it has sufficient funds available to redeem the Class A Notes in full on such date, in each case subject to and in accordance with the terms and conditions of the Notes as described in Annex 1 (the **Conditions**).

If there is any withholding or deduction of taxes, duties, assessments or charges required by law in respect of payments of interest on the Notes, such withholding or deduction will be made without an obligation of the Issuer to pay any additional amount to the holders of the Notes (**Noteholders**).

The **Class A Noteholders** are the holders of the Class A Notes. The **Class B Noteholders** are the holders of the Class B Notes. The **Class C Noteholders** are the holders of the Class C Notes.

The Class A1 Notes and the Class A2 Notes, on issue, are expected to be assigned a rating of AAAsf by Fitch Ratings Limited France (**Fitch**) and a rating of Aaa(sf) by Moody's Investors Limited (**Moody's**). No ratings will be assigned to the Class B Notes or the Class C Notes.

Each of the Rating Agencies is established in the European Union and is registered in accordance with Regulation (EC) No 1060/2009 on credit rating agencies (the **CRA Regulation**) published on the European Securities and Markets Authority's (**ESMA**) website (http://www.esma.europa.eu).

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Particular attention is drawn to the section entitled *Risk Factors*.

The Notes will be issued in the form of dematerialised notes under the Belgian Company Code (*Wetboek van Vennootschappen/Code des Sociétés*) (the **Belgian Company Code** or the **BCC**). The Notes will be represented exclusively by book entries in the records of the securities and settlement system (the **NBB-SSS** or the **Securities Settlement System**) operated by the National Bank of Belgium (the **Securities Settlement System Operator**) or any successor thereto.

Pursuant to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (the **Capital Requirements Regulation** or **CRR**) and the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU (the **AIFM Regulation**), the Seller undertakes to retain a material net economic interest of not less than 5 per cent. in the securitisation transaction contemplated in this Prospectus and in the Transaction Documents (the **Transaction**) for as long as the Class A Notes have not been redeemed in full. As at the Closing Date, such interest will in accordance with Article 405 paragraph (1) sub-paragraph (d) of the CRR and Article 51 paragraph (1) sub-paragraph (d) of the AIFM Regulation be comprised of an interest in all the Class B Notes and all the Class C Notes. Any change in the manner in which this interest is held shall be notified to investors as set out below. The Seller has provided a corresponding undertaking with respect to the interest to be retained by it during the period when the Notes are outstanding to the Issuer and the Security Agent in the Mortgage Receivables Purchase Agreement and to the Arranger, the Manager and the Issuer in the Subscription Agreements. The Subscription Agreement includes a representation and warranty of the Seller as to its compliance with the requirements set forth in Article 52 (a) up to including (d) of the AIFM Regulation. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant data with a view to complying with Article 409 of the CRR and Article 51 and 52 of the AIFM Regulation, which can be obtained from the Seller upon request. After the Closing Date, the Issuer will prepare Investor Reports wherein relevant information with regard to the Mortgage Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller. These Investor Reports will contain a glossary of the defined terms used in such report. Such information can be obtained from the website www.b-arenarmbs.be. For the avoidance of doubt, none of the Issuer, the Seller, the Arranger, the Issuer Administrator or the Manager makes any representation as to the accuracy or suitability of any financial model which may be used by a prospective investor in connection with its investment decision. Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 405 and none of the Issuer, the Seller, the MPT Provider, the Issuer Administrator, the Arranger or the Manager makes any representation that the information described above is sufficient in all circumstances for such purposes. In addition, each prospective Noteholder should ensure that it complies with the implementing provisions in respect of Article 405 of the CRR and Articles 51 and 52 of the AIFM Regulation in its relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator.

Unless otherwise stated, capitalised terms used in this Prospectus have the meanings set out in this Prospectus. The section entitled Annex 3 (*Defined Terms*) at the back of this Prospectus specifies on which page a capitalised word or phrase used in this Prospectus is defined.

This Prospectus is a listing prospectus and has been approved by the Financial Services and Markets Authority (**FSMA**) on 22 August 2017 in accordance with the procedure set out in article 32 of the Prospectus Act. This approval cannot be considered a judgement as to the quality of the Transaction, or on the situation or prospects of the Issuer.

Given the complexity of the terms and conditions of the Notes, an investment in the Notes is suitable only for experienced and financially sophisticated investors who understand and are in a position to evaluate the merits and risks inherent thereto and who have sufficient resources to be able to bear any losses which may result from such investment.

For a description of certain risks that should be considered in connection with an investment in any of the Notes, see *Section 1 - Risk Factors*.

Arranger
Belfius Bank NV/SA

Manager
Bank Nagelmackers NV/SA

CONFIRMED COPY

ON BEHALF OF B-ARENA NV/SA, INSTITUTIONELE VBS NAAR BELGISCH RECHT / SIC INSTITUTIONELLE DE DROIT BELGE, ACTING THROUGH ITS COMPARTMENT N°4

NAME: CHRISTOPHE TANS
TITLE: DIRECTOR

DATE: 24 AUGUST 2017

NAME: IRENE FLORESCU
TITLE: DIRECTOR

DATE: 24 AUGUST 2017

IMPORTANT INFORMATION

Selling and holding restrictions – Only Eligible Holders

The Notes offered by the Issuer may only be subscribed, purchased or held by investors (**Eligible Holders**) that satisfy the following criteria:

(a) they qualify as qualifying investors (*in aanmerking komende beleggers/investisseurs éligibles*) within the meaning of Article 5, §3/1 of the Belgian Act of 3 August 2012 on institutions for collective investment that satisfy the criteria of directive 2009/65/EC and on institutions for investment in receivables (*Wet betreffende de instellingen voor collectieve belegging die voldoen aan de criteria van richtlijn 2009/65/EG en de instellingen voor belegging in schuldvorderingen/Loi relative aux organismes de placement collectif qui répondent aux conditions de la Directive 2009/65/CE et aux organismes de placement en créances*), as amended from time to time (the **Securitisation Act**) (**Qualifying Investors**). A list of Qualifying Investors is attached as Annex 2 (*Qualifying Investors under the Securitisation Act*);

(b) they do not constitute investors that, in accordance with annex A, (I), second indent, of the Royal Decree of 3 June 2007 concerning further rules for implementation of the directive on markets in financial instruments (**MIFID**), have registered to be treated as non-professional investors; and

(c) they are holders of an exempt securities account (**X-Account**) with the Securities Settlement System or (directly or indirectly) with a participant in such system.

For each Note in respect of which the Issuer becomes aware that it is held by an investor other than an Eligible Holder, the Issuer will suspend interest payments until such Note will have been transferred to and held by an Eligible Holder. Any transfer of Notes effected in breach of the above requirement will be unenforceable vis-à-vis the Issuer.

Selling restrictions - General

This Prospectus does not constitute an offer or an invitation to sell or a solicitation of an offer to buy Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part thereof) comes are required to inform themselves about, and to observe, any such restrictions. A fuller description of the restrictions on offers, sales and deliveries of the Notes and on the distribution of this Prospectus is set out in Section 18 (*Purchase and Sale*). No one is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Prospectus in accordance with applicable laws and regulations. Neither this Prospectus nor any other information supplied 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.

This Prospectus has been prepared on the basis that any offer of Notes in each Member State of the European Economic Area which has implemented the Directive 2003/71/EC (as amended from time to time, the **Prospectus Directive**) (each, a **Relevant Member State**), in any Relevant Member State will be made pursuant to an exemption from the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for the offer of Notes.

In relation to each Relevant Member State, the Manager has therefore represented and agreed that it has not made and will not make an offer of the Notes to the public in that Relevant Member State, except that it may make an offer of the Notes to the public in that Relevant Member State at any time:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73 (amending the Prospectus Directive), 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or

(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 (2) of the Prospectus Directive,

provided always that such offering shall be restricted to Qualifying Investors only and that no such offer shall require the Issuer or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 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. This expression "offer of the Notes to the public" in respect of a given Member State should therefore not necessarily be understood as defined in the Prospectus Directive.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Neither the US Securities and Exchange Commission, nor any state securities commission or any other regulatory authority, has approved or disapproved the Notes or determined that this Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

Excluded holders

Notes may not be acquired by a Belgian or foreign transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the common Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the Belgian Income Tax Code 1992).

Furthermore, no Notes may be acquired by a Belgian or foreign transferee that qualifies as an "affiliated company" (within the meaning of Article 11 of the Belgian Company Code) of the Issuer, save where such transferee also qualifies as a "financial institution" referred to in Article 56, §2, 2° of the Belgian Income Tax Code 1992.

Finally, Notes may not be acquired by a Belgian or foreign transferee being a resident of or having an establishment in, or acting, for the purposes of the Notes, through a bank account held on a tax haven jurisdiction as referred to in Article 307, §1, fifth indent of the Belgian Income Tax Code of 1992.

Responsibility Statements

The Issuer is responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus, is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information from

third-parties identified in this Prospectus as such, has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by that third party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Seller accepts responsibility solely for the paragraphs relating to the retention of a material economic interest of not less than 5 per cent. in the Transaction (as in Article 405 of the CRR and Article 51 of the AIFM Regulation, as on page 3 and 4 of this Prospectus) and for the information contained in Section 5 (*Mortgage Loan Underwriting and Mortgage Services*), Section 14 (*Overview of the mortgage and housing market in Belgium*), Section 15 (*The Seller*), Section 16 (*Issuer Services Agreement*), Section 18 (*Purchase and Sale*), Section 21.1 (*The Seller*) and Section 21.4 (*The MPT Provider*) of this Prospectus. To the best of the knowledge and belief of the Seller (having taken all reasonable care to ensure that such is the case), the information contained in Section 14 (*Overview of the mortgage and housing market in Belgium*), Section 15 (*The Seller*), Section 16 (*Issuer Services Agreement*), Section 18 (*Purchase and Sale*) and Section 21.1 (*The Seller*) and Section 21.4 (*The MPT Provider*) of this Prospectus is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in these sections and any other information from third-parties identified as such in these sections has been accurately reproduced and as far as the Seller is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Sub MPT Provider is responsible solely for the information contained in Section 21.5 (*Related Party Transactions – Material Contracts – The Sub MPT Provider*) of this Prospectus. To the best of the knowledge and belief of the Sub MPT Provider (having taken all reasonable care to ensure that such is the case) the information contained in this section is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in this section and any other information from third-parties identified as such in this section has been accurately reproduced and as far as the Sub MPT Provider is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Security Agent is responsible solely for the information contained in paragraph 3 (*The Security Agent*) of Section 21 (*Related Party Transactions – Material Contracts*) of this Prospectus. To the best of the knowledge and belief of the Security Agent (having taken all reasonable care to ensure that such is the case) the information contained in this section is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in this section and any other information from third-parties identified as such in this section has been accurately reproduced and as far as the Security Agent is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Issuer Administrator is responsible solely for the information contained in paragraph 2 (*The Issuer Administrator*) of Section 21 (*Related Party Transactions – Material Contracts*) and for the information contained in paragraph 1 (*Issuer Administrator*) of Section 22 (*Main Transaction Expenses*) of this Prospectus. To the best of the knowledge and belief of the Issuer Administrator (having taken all reasonable care to ensure that such is the case) the information contained in this section is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in this section and any other information from third-parties identified as such in this section has been accurately reproduced and as far as the Issuer Administrator is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Domiciliary Agent, the Listing Agent and the Reference Agent are responsible solely for the information contained in paragraph 7 (*The Domiciliary Agent – the Listing Agent – the Reference Agent*) of Section 21 (*Related Party Transactions – Material Contracts*). To the best of the knowledge and belief of the Domiciliary Agent, the Listing Agent and the Reference Agent (having taken all reasonable care to ensure

that such is the case) the information contained in this section is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in this section and any other information from third-parties identified as such in this section has been accurately reproduced and as far as the Domiciliary Agent, the Listing Agent and the Reference Agent are aware and are able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Floating Rate GIC Provider is responsible solely for the information contained in paragraph 6 (*The Floating Rate GIC Provider*) of Section 21 (*Related Party Transactions – Material Contracts*) of this Prospectus. To the best of the knowledge and belief of the Floating Rate GIC Provider (having taken all reasonable care to ensure that such is the case) the information contained in this section is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in this section and any other information from third-parties identified as such in this section has been accurately reproduced and as far as the Floating Rate GIC Provider is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

The Cap Provider is responsible solely for the information contained in paragraph 9.1 (*The Cap Provider*) of Section 21 (*Related Party Transactions – Material Contracts*) of this Prospectus. To the best of the knowledge and belief of the Cap Provider (having taken all reasonable care to ensure that such is the case) the information contained in such section is in accordance with the facts, is not misleading and is true, accurate and complete, and does not omit anything likely to affect the import of such information. Any information in such section and any other information from third-parties identified as such in such section has been accurately reproduced and as far as the Cap Provider is aware and is able to ascertain from information published by that third-party, does not omit any facts which would render the reproduced information inaccurate or misleading.

Representations about the Notes

No person is, or has been authorised by the Issuer or the Seller to give any information or to make any representation concerning the issue and sale of the Notes which is 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, any such information or representation must not be relied upon as having been authorised by, or on behalf of, the Issuer or the Seller, the Security Agent, the Manager, the Arranger, the Issuer Administrator, the MPT Provider, the Sub-MPT Provider, the Floating Rate GIC Provider, the Cap Provider, the Domiciliary Agent, the Reference Agent, the Listing Agent, the Issuer Directors or any of their respective affiliates. Neither the delivery of this Prospectus nor any offer, sale, allotment or solicitation made in connection with the offering of the Notes shall, in any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Seller or the information contained herein since the date hereof or that the information contained herein is correct at any time subsequent to the date hereof.

Financial Condition of the Issuer

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 in this Prospectus is correct at any time after the date of this Prospectus. The Issuer and the Seller have no obligation to update this Prospectus, except when required by any regulations, laws or rules in force, from time to time.

The Manager has not independently verified the information contained herein. Accordingly, the Manager makes no representation, warranty or undertaking, express or implied, and does not accept any responsibility or liability, with respect to the accuracy and completeness of any of the information in the Prospectus or part thereof or any information presented by the Issuer in connection with the Notes.

The Arranger, 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. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial conditions and affairs of the Issuer and should review, amongst other things, the most recent financial statements of the Issuer for the purposes of making its own appraisal of the creditworthiness of the Issuer and when deciding whether or not to purchase any Notes or to hold any Notes.

Related or additional information

The deed of incorporation and the by-laws (*statuten/statuts*) of B-Arena NV/SA will be available (i) at the specified offices of the Domiciliary Agent and the registered office of the Issuer and (ii) on the website: www.b-arenarmbs.be.

Every significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Notes and which arises or is noted between the time when this Prospectus is approved and the time when trading on a regulated market begins, shall be mentioned in a supplement to this Prospectus.

Such a supplement, if any, shall be approved in the same way and published in accordance with at least the same arrangements as of the publication of this Prospectus.

Cancellation of subscription

The Manager shall be entitled to cancel its obligations to subscribe to the Notes in certain circumstances as set out in the Subscription Agreements by notice to the Issuer, the Seller and the Security Agent at any time on or before the Closing Date. As a consequence of such cancellation, the issue of the Notes and all acceptances and sales shall be cancelled automatically and the Issuer and Manager shall be released and discharged from their obligations and liabilities in connection with the issue and the sale of the Notes.

Contents of the Prospectus

The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.

Currency

Unless otherwise stated, references to ***€***, **EUR** or **Euro** are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union.

Compartments

B-Arena NV/SA *institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge* consists of several subdivisions (each subdivision a **Compartment**) (see Section 1 (*Risk Factors*) and paragraph 6 (*Compartments*) of Section 8 below). In this Prospectus the term "Issuer" should refer only to B-Arena NV/SA *institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge* acting through and for the account of its Compartment No. 4, unless where the context requires, such term may refer to the entire company as such (*i.e.* to the Issuing Company), but in each case without prejudice to the limitation of recourse set out in paragraph 1.5 (*Limited recourse-Compartments*) of the Section *Risk Factors* below.

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Annex

Section 1 - Risk Factors

The risk factors described below represent the principal risks inherent in the Transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts (such as but not limited to Coupon Excess Consideration with regard to Class A Notes) on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus mitigate some of these risks for Noteholders there can be no assurance that these measures will be sufficient to ensure payments to Noteholders of interest, principal or any other amounts (such as but not limited to Coupon Excess Consideration with regard to Class A Notes) on or in connection with the Notes on a timely basis or at all. Prospective Noteholders should read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decisions. The description of the risk factors below should not be read as legal advice. If you are in any doubt about the contents of this Prospectus, the regulatory framework or whether the investment in the Notes is appropriate for you, you should consult an appropriate professional adviser.

1. RISKS RELATED TO THE ISSUER

1.1 Belgian regulatory framework for securitisation vehicles

Belgian law provides for a specific legal framework designed to facilitate securitisation transactions. These rules are set out in the Securitisation Act and its implementing decrees. This legislation provides for a dedicated category of investment undertakings, which are designed for making investments in receivables. These vehicles can be set up as an investment company (*vennootschap voor belegging in schuldvorderingen* (or **VBS**)/*société d'investissement en créances* (or **SIC**)), i.e. as a commercial company under Belgian law in the form of a limited liability company (*naamloze vennootschap/société anonyme*) or in the form of a limited liability partnership (*commanditaire vennootschap op aandelen/société en commandite par actions*). The operations of a VBS are mainly governed by the Securitisation Act and its implementing decrees, its by-laws (*statuten/statuts*) and, except to the extent provided in the Securitisation Act, the Belgian Company Code.

To date, the legislation provides for a single type of VBS: the so-called "institutional VBS". In order to qualify as an "institutional VBS" (**Institutional VBS**), the VBS/SIC must, *inter alia*, attract its funding exclusively from Qualifying Investors.

1.2 Status of the Issuing Company as an Institutional VBS and tax regime

The Issuing Company has been established so as to have and maintain the status of an Institutional VBS. Under the Securitisation Act, the regulatory status of an Institutional VBS *inter alia* depends on the securities it issues being acquired and held at all times by Qualifying Investors only.

In order to facilitate securitisation transactions, a VBS benefits from certain special rules for the assignment of receivables and from a special tax regime (see paragraph 7 (*Belgian Tax Position of the Issuer*) of Section 8 (*The Issuer*) below). The status as Institutional VBS is in particular a requirement for the absence of corporate tax on the revenues of the Issuing Company and for an exemption of VAT on certain expenses of the Issuer and facilitates the assignment of the Mortgage Receivables to or by the Issuer. The loss of such Institutional VBS status would impact adversely on the Issuer's ability to satisfy its payment obligations to the Noteholders.

1.3 Measures to safeguard the Issuing Company's status as an Institutional VBS

Article 271/6, §2 of the Securitisation Act provides expressly that a listing on a regulated market accessible to the public (such as Euronext Brussels) and/or the acquisition of securities (including shares) of an institutional VBS by investors that are not Qualifying Investors, through third parties

and outside the control of the VBS, would not adversely affect the status of an investment vehicle as an Institutional VBS, provided that:

(a) the VBS has taken "adequate measures" to guarantee that the investors of the VBS are Qualifying Investors acting for their own account; and

(b) the VBS does not contribute to, nor promote, the holding of its securities by investors that are not Qualifying Investors acting for their own account.

The "adequate measures" the Issuing Company has undertaken and will undertake for such purposes are described below.

The Royal Decree of 15 September 2006 relating to some measures on institutional companies for collective investment in receivables (*Arrêté royal portant certaines mesures d'exécution relatives aux organismes de placement collectif en créances institutionnels/Koninklijk besluit houdende bepaalde uitvoeringsmaatregelen voor de institutionele instellingen voor collectieve belegging in schuldvorderingen*) (the **2006 Royal Decree VBS**) sets out the circumstances and conditions in which a VBS will be deemed to have taken such "adequate measures".

In order to procure that the securities issued by the Issuing Company are held only by Qualifying Investors acting for their own account, the Issuing Company has taken the following measures:

(a) in respect of the shares of the Issuing Company:

  (i) the shares of the Issuing Company will be registered shares;

  (ii) the by-laws of the Issuing Company contain transfer restrictions stating that its shares can only be transferred to Qualifying Investors acting for their own account, with the sole exception, if the case arises, of shares which in accordance with Article 271/6, §2 of the Securitisation Act, would be held by the Seller as credit enhancement;

  (iii) the by-laws of the Issuing Company provide that the Issuing Company will refuse the registration (in its share register) of the prospective purchase of shares, if it becomes aware that the prospective purchaser is not a Qualifying Investor acting for its own account (with the sole exception, if the case arises, of shares which in accordance with Article 271/6, §2 of the Securitisation Act, would be held by the Seller as credit enhancement);

  (iv) the by-laws of the Issuing Company provide that the Issuing Company will suspend the payment of dividends in relation to its shares of which it becomes aware that these are held by a person who is not a Qualifying Investor acting for its own account (with the sole exception, if the case arises, of shares which in accordance with Article 271/6, §2 of the Securitisation Act, would be held by the Seller as credit enhancement); and

(b) in respect of the Notes:

  (i) the Notes will have the selling and holding restrictions described in Section 18 (*Purchase and Sale*);

  (ii) the Manager will undertake pursuant to the Subscription Agreement in respect of primary sales of the Notes, to sell the Notes solely to Qualifying Investors acting on their own account;

(iii) the Notes are issued in dematerialised form and will be included in the X/N clearing system operated by the National Bank of Belgium;

(iv) the nominal value of each individual Note is EUR 250,000 upon issuance;

(v) in the event that the Issuer becomes aware that Notes are held by investors other than Qualifying Investors acting for their own account in breach of the above requirement, the Issuer will suspend interest payments relating to these Notes until such Notes will have been transferred to and are held by Qualifying Investors acting for their own account;

(vi) the Conditions of the Notes, the by-laws of the Issuing Company, the Prospectus and any other document issued by the Issuer in relation to the issue and initial placing of the Notes will state that the Notes can only be acquired, held by and transferred to Qualifying Investors acting for their own account;

(vii) all notices, notifications or other documents issued by the Issuer (or a person acting on its account) and relating to transactions with the Notes or the trading of the Notes on Euronext Brussels will state that the Notes can only be acquired, held by and transferred to Qualifying Investors acting for their own account; and

(viii) the Conditions provide that the Notes may only be held by persons that are holders of an X-Account with the Securities Settlement System or (directly or indirectly) with a participant in such system.

By implementing these measures, the Issuing Company has complied with the conditions set out in the 2006 Royal Decree VBS. Without prejudice to the obligation of the Issuing Company not to contribute or to promote the holding of the Notes by investors other than Qualifying Investors, the measures guarantee to the Issuing Company, provided that it complies with these measures, that its status as Institutional VBS will not be challenged as a result of the admission to trading of the Notes on Euronext Brussels or if it would appear that Notes are held by investors other than Qualifying Investors. The Issuer has undertaken in the Transaction Documents to comply at all times with the requirements set out in the 2006 Royal Decree VBS in order to qualify and remain qualified as an Institutional VBS.

1.4 Liabilities under the Notes

The Notes will be solely 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), any of the Transaction Parties (other than the Issuer). Furthermore, none of the Transaction Parties (other than the Issuer) 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 or is or will be under any obligation whatsoever to provide additional funds to the Issuer (except in limited circumstances described herein). Therefore the recourse of the Noteholders is limited to assets of the Issuer.

1.5 Compartments - Limited recourse nature of the Notes

The Issuing Company consists of separate subdivisions, each a Compartment, and each such Compartment, legally constitutes a separate group of assets to which corresponding liabilities are allocated (see paragraph 6 (*Compartments*) of Section 8 (*The Issuer*) below).

The Notes are issued by the Issuing Company, acting through its Compartment No. 4. This is the fourth Compartment that has been created by the Issuing Company.

Article 271/11, §4 of the Securitisation Act has the effect that:

(a) the rights of the shareholders and the creditors, which have arisen in respect of a particular compartment or in relation to the creation, operation or liquidation of such compartment, only have recourse to the assets of such compartment. Similarly, the creditors in relation to liabilities allocated or relating to other compartments of the same VBS only have recourse against the assets of the compartment to which their rights or claims have been allocated or relate;

(b) in case of the dissolution and liquidation (*ontbinding en vereffening*/*dissolution et liquidation*) of a compartment the rules on the dissolution and liquidation of companies must be applied mutatis mutandis. Each compartment must be liquidated separately and such liquidation does not entail the liquidation of any other compartment. Only the liquidation of the last compartment will entail the liquidation of the VBS; and

(c) the Belgian law rules on insolvency proceedings (judicial reorganisation) (*gerechtelijke reorganisatie/réorganisation judiciaire*) and bankruptcy (*faillissement*/*faillite*) are to be applied separately for each compartment and a judicial reorganisation or bankruptcy of a compartment does not as a matter of law entail the judicial reorganisation or the bankruptcy of the other compartments or of the VBS.

All obligations of the Issuer to the Noteholders and the other Secured Parties have been allocated exclusively to Compartment No. 4 of the Issuing Company and the Noteholders and the other Secured Parties only have recourse to the assets of Compartment No. 4.

Article 271/11, §2 of the Securitisation Act provides that the articles of association of the VBS determine the allocation of costs to the VBS and each compartment.

However, when no clear allocation of liabilities (including costs and expenses) to compartments of the Issuing Company has been made in a particular contract entered into by the VBS, it is unclear under Belgian law whether in such case the relevant creditor would have recourse to all compartments of the Issuing Company. A similar uncertainty exists in relation to creditors whose claims are not based on a contractual relationship (e.g. social security authorities or creditors with claims in tort) and cannot be clearly allocated to a particular compartment. However, the parliamentary works to the predecessor of the Securitisation Act (whose provisions have been incorporated in the Securitisation Act) and legal writers suggest that, in the absence of clear allocation, the relevant creditor may claim against all compartments and the investors of these compartments would only have a liability claim against the directors of the VBS. Consequently and from that perspective, the liabilities of one compartment of the Issuing Company may affect the liabilities of its other compartments.

In this respect, the by-laws of the Issuing Company provide that the costs and expenses which cannot be allocated to a compartment, will be allocated to all compartments *pro rata* the outstanding balance of the receivables of each compartment.

The obligations of the Issuer under the Notes are limited recourse obligations and the ability of the Issuer to meet its obligations to pay principal of, and interest on, the Notes, and for the Noteholders to receive payment thereof, will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables, the receipt by the Issuer of payments under the Cap Agreement, the receipt by it of interest in respect of the balances standing to the credit of the Transaction Accounts (other than the Cap Collateral Account)(it being understood that in case the applicable interest rate on the Transaction Accounts (other than the Cap Collateral Accounts) is negative, such amounts will be payable to the Floating Rate GIC Provider in accordance with the applicable Priority of Payments).

The Reserve Account will only be available to meet certain shortfalls on the interest obligations of the Issuer and will not be available to make a payment in respect of principal under the Notes or any other amounts which may not be paid by a drawing from the Reserve Account. The Liquidity Funding Account will only be available to meet certain shortfalls on the interest obligations of the Issuer and will not be available to make a payment in respect of principal under the Notes or any other amounts which may not be paid by a drawing from the Liquidity Funding Account. See further under Section 7 (*Credit Structure*) below.

Security for the payment of principal and interest on the Notes will be given by the Issuer to the Secured Parties, including the Security Agent acting in its own name, as creditor of the Parallel Debt, and as representative of the Noteholders pursuant to the Common Representative Appointment Agreement. If the Security Interest granted pursuant to the Pledge Agreement is enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to amounts due under the Notes, to repay in full all principal and to pay in full all interest and other amounts due in respect of the Notes, then, as the Issuing Company acting through Compartment No. 4 has no other assets, it may be unable to satisfy claims in respect of any such unpaid amounts. Enforcement of the Security Interest (based on assets belonging to Compartment No. 4) by the Security Agent pursuant to the terms of the Pledge Agreement and the Notes is the only remedy available to Noteholders for the purpose of recovering amounts owed in respect of the Collateralized Notes and might be insufficient.

1.6 Insolvency of the Issuer

The Issuer has been incorporated in Belgium under the laws of Belgium as a commercial company and is subject to Belgian insolvency legislation. There can be no legal assurance that the Issuer will not be declared insolvent.

However, limitations on the corporate purpose of the Issuer are included in the articles of association, so that its activities are limited to the issue of negotiable financial instruments for the purpose of acquiring receivables. Outside the framework of the activities mentioned above, the Issuer is not allowed to hold any assets, enter into any agreements or carry out any other activities. The Issuer may carry out the commercial and financial transactions and may grant security to secure its own obligations or to secure obligations under the Notes or the other Transaction Documents, to the extent only that they are necessary to realise the corporate purposes as described above. The Issuer is not allowed to have employees.

Pursuant to the Common Representative Appointment Agreement, none of Secured Parties, including the Security Agent, (or any person acting on their behalf) shall until the date falling one year after the latest maturing Note is paid in full, initiate or join any person in initiating any insolvency proceeding or the appointment of any insolvency official in relation to the Issuer or any of its compartments.

1.7 Limited capitalisation of the Issuing Company

The Issuing Company is incorporated under Belgian law as a limited liability company (*naamloze vennootschap*/*société anonyme*) and currently has a share capital of EUR 86,100 (of which EUR 2,460 is allocated to the Compartment No. 4). In addition, the main shareholder is a Dutch company with limited liability (*besloten vennootschap*) which has been capitalised for the purpose of its shareholding in the Issuing Company. There is no assurance that the shareholder will be in a position to recapitalise the Issuing Company, if the Issuing Company's share capital falls below the minimum legal share capital.

The Secured Parties will have no recourse to the Issuing Company's or the Issuer's issued and paid-up share capital.

1.8 Reliance on third parties

Counterparties to the Issuer may not perform or may be prevented from performing their obligations under the Transaction Documents due to, inter alia, a force majeure event out of their control or may terminate such Transaction Documents in accordance with their terms. The ability of the Issuer to duly perform its obligations under the Notes will depend to a large extent on the due performance by other Transaction Parties of their obligations and duties under the Transaction Documents. A default by a counterparty may result in the Issuer not being able to meet its obligations under the Notes and the Transaction Documents to which it is a party.

Noteholders should note that the Issuer will in particular be dependent on Bank Nagelmackers NV/SA given its various roles under the Transaction respectively as Seller, and MPT Provider. Due to the dependency on the performance of the relevant counterparties of their obligations in connection with the Transaction, a deterioration of the credit quality of any of these counterparties may also have an adverse effect on the rating of the Class A Notes.

1.9 Parallel Debt

Under Belgian law no 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 security in favour of the Security Agent and the other Secured Parties, 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 Agent amounts equal to the amounts due by it to all the Secured Parties. Upon receipt by the Security Agent of any amount in payment of the parallel debt created under the Parallel Debt Agreement, the payment obligations of the Issuer towards the Secured Parties shall be reduced by an amount equal to the amount so received.

Any payments in respect of the Parallel Debt and any proceeds received by the Security Agent may in the case of an insolvency of the Security Agent not be separated from the Security Agent's other assets, so the Secured Parties accept a credit risk on the Security Agent.

Further, in accordance with Article 5 of the Collateral Law, security interests relating to assets which are subject to the Collateral Law (**Financial Assets**) granted in favour of a representative acting in its own name, but of the account of beneficiaries, are valid and enforceable provided that the identity of the beneficiaries (which may change over time) can be determined on the basis of the relevant security agreements. The Security Agent has been appointed as agent acting in its own name but on behalf of the Noteholders and the Secured Parties for the purposes of Article 5 of the Collateral Law.

Financial Assets include:

(i) certain financial instruments;

(ii) cash in bank accounts; and

(iii) credit claims (i.e. pecuniary claims arising out of an agreement whereby a credit institution or mortgage undertaking grants credit in the form of a loan).

Consequently, the Security Interests with respect to Financial Assets, i.e. including cash standing to the credit of the Transaction Accounts, Permitted Investments qualifying as financial instruments under the Collateral Law and the Mortgage Receivables, will be created in favour of the Security Agent, acting in its own name but on behalf of the Noteholders and the other Secured Parties.

In addition, the Security Agent has been (i) designated as representative (*vertegenwoordiger/ représentant*) of the Noteholders in accordance with Article 271/12, §1, first to seventh indent of the Securitisation Act and (ii) as irrevocable agent (*mandataris/mandataire*) of the other Secured

Parties. In each case its powers include the acceptance of the pledges and the enforcement of the rights of the Secured Parties.

Based on the above and even though there is no Belgian statutory law or case law in respect of parallel debt or case law in respect of Article 271/12, §1 of the Securitisation Act to confirm this, the Issuer has been advised that such a parallel debt creates a claim of the Security Agent thereunder which can be validly secured by a pledge such as the pledge created by the Pledge Agreement and that, even if that were not the case, the pledges created pursuant to the Pledge Agreement should be valid and enforceable in favour of the Security Agent and the other Secured Parties.

1.10 Enforcement of Security

The Pledge Agreement is governed by Belgian law. Under Belgian law, upon the service of an Enforcement Notice, the Security Agent, acting in its own name, as creditor of the Parallel Debt, as representative of the Noteholders and as agent of the other Secured Parties, will be permitted to collect any moneys payable in respect of the Mortgage Receivables, any moneys payable under the Transaction Documents pledged to it and any moneys standing to the credit of the Transaction Accounts (subject, in the case of the Cap Collateral Accounts, to the provisions of the Common Representative Appointment Agreement) and to apply such moneys in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement in accordance with the relevant Post-Enforcement Priority of Payment.

The Security Agent will also be permitted:

(a) with respect to the Pledged Assets constituting Financial Assets, to sell such Pledged Assets without prior court authorisation; and

(b) with respect to the cash on the Transaction Accounts only, to appropriate such cash without prior court authorisation.

With respect to the Pledged Assets that do not constitute Financial Assets, based on the Securitisation Act, the Security Agent will also be permitted to apply to the president of the commercial court (*rechtbank van koophandel*/*tribunal de commerce*) for authorisation to sell the pledged assets.

The Secured Parties will have a first ranking claim over the proceeds of any such sale. Other than claims under the MRPA in relation to a material breach of a warranty and a right to be indemnified for all damages, loss and costs caused by such breach and a right of action for damages in relation to a breach of the Issuer Services Agreement, the Issuer and the Security Agent will have no other recourse to the Seller.

In addition to the other methods for enforcement permitted by law, Article 271/12, §2 of the Securitisation Act also permits all Noteholders (acting together) to request the president of the commercial court (*rechtbank van koophandel*/*tribunal de commerce*) to attribute to them the pledged assets in payment of an amount estimated by an expert. In accordance with the terms of the Common Representative Appointment Agreement, only the Security Agent shall be permitted to exercise these rights.

The terms on which the Security Interests will be held will provide that upon enforcement, certain payments (including *inter alia* all amounts payable to the Security Agent, the MPT Provider, the Floating Rate GIC Provider, the Cap Provider, the Issuer Administrator, and the Issuer Directors by way of fees, costs and expenses) will be made in priority to payments of interest and principal on the Notes. All such payments which rank in priority to the Notes and all payments of interest and principal on the Notes will rank ahead of all amounts then owing to the Seller under the MRPA.

The ability of the Issuer to redeem all the Notes in full (including after the occurrence of an Event of Default in relation to the Notes) while any of the Mortgage Receivables are still outstanding, may depend upon whether the Mortgage Receivables can be sold, otherwise realised or refinanced so as to obtain an amount sufficient to redeem the Notes. There is not an active and liquid secondary market for residential mortgage loans in Belgium. Accordingly, there is a risk that neither the Issuer nor the Security Agent will be able to sell or refinance the Mortgage Receivables on appropriate terms should either of them be required to do so.

The enforcement rights of creditors are stayed during insolvency proceedings, including bankruptcy proceedings and judicial reorganisation proceedings. With respect to bankruptcy proceedings, the Secured Parties will be entitled to enforce their security, but only after the verification of claims submitted in the bankrupt estate has been completed and the liquidator (*curator/curateur*) and the supervising judge have drawn up a record of all liabilities. This normally implies a stay of enforcement of about two (2) months, but the liquidator may ask the court to suspend individual enforcement for a maximum period of one year from the date of the bankruptcy judgement.

This stay of enforcement does not apply, however, to the enforcement of a pledge over a bank account and over bank receivables (*bankvorderingen/créances bancaires*) and would not be applicable to the Transaction Accounts and the Mortgage Receivables in accordance with the provision of the Collateral Law.

1.11 Foreclosure of the Loan Security

Without prejudice to the information set out in Section 15 (*The Seller*) below, in case of the procedures set out in Schedule 1 to the Issuer Services Agreement (**Foreclosure Procedures**), the sale proceeds of the sale of the Loan Security may not entirely cover the outstanding amount under such Mortgage Receivable. Subject to the availability of credit enhancement, there is a risk that a shortfall will affect the Issuer's ability to make the payments due to the Noteholders.

Moreover, if action is taken by a third party creditor against a Borrower prior to Bank Nagelmackers acting as MPT Provider following the sale of the Mortgage Receivables to the Issuer, the Seller will not control the Foreclosure Procedures but rather will become subjected to any prior foreclosure procedures initiated by a third party creditor prior to the institution of Foreclosure Procedures by Bank Nagelmackers.

1.12 Preferred Creditors under Belgian Law

Belgian law provides that certain preferred rights (*privilèges/voorrechten*) may rank ahead of a mortgage or other security interest. These liens include the lien for legal costs incurred in the interest of all creditors, or the lien for the maintenance or conservation of an asset.

In addition, if a debtor being a merchant (*koopman*/*commerçant*) is declared bankrupt (or a decision to liquidate a debtor is taken) while or after being subject to a judicial reorganisation with creditors (*gerechtelijke reorganisatie/réorganisation judiciaire*), then any new debts incurred during the judicial reorganisation procedure may be regarded as being debts incurred by the bankrupt estate ranking ahead of debts incurred prior to the judicial reorganisation. These debts may rank ahead of debts secured by a security interest to the extent they contributed to safeguarding such security interest. Similarly, debts incurred by the liquidator of a debtor after such debtor's declaration of bankruptcy may rank ahead of debts secured by a security interest if the incurring of such debts were beneficial to the secured creditor.

In addition, pursuant to the Conditions, the claims of certain creditors will rank senior to the claims of the Noteholders by virtue of the relevant priority of payment referred to therein. See further Section 7 (*Credit Structure*).

1.13 Mortgage Credit License

As from 1 November 2015, the status of credit providers of mortgage credit, including the requirements to be satisfied in order to be licensed and perform activities as a credit provider of mortgage credit, is governed by Book VII of the Code of Economic Law replacing the regime of the mortgage institution governed by the Belgian Mortgage Credit Act. In accordance with Article 159 §1 of Book VII of the Code of Economic Law no one may exercise the activity of a provider of mortgage credit on the Belgian territory without having been licensed or registered by the FSMA. This rule also applies, subject to certain exceptions, to a transferee of mortgage credit claims.

On 18 July 2017, the Issuer obtained a license as a provider of mortgage credit under the Code of Economic Law.

2. RISK FACTORS REGARDING THE NOTES

2.1 Risks inherent to the Notes

By acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by, the Conditions. The Issuer or the Domiciliary Agent will not have any responsibility for the proper performance by the Securities Settlement System or the Securities Settlement System Participants of their obligations under their respective rules, operating procedures and calculation methods.

2.2 Subordination

The subordination of the Class B Notes with respect to Class A Notes ranking higher in point of payment and security is designed to provide credit enhancement to the Class A Notes. If, upon default by the Borrowers, the Issuer does not receive the full amount due from such Borrowers under and in respect of the relevant Mortgage Receivables, Noteholders may receive an amount that is less than what is due and payable by the Issuer in respect of the Principal Amount Outstanding and/or interest owed in respect of the Notes. Any losses on the Mortgage Receivables will be allocated as described in Section 7 (*Credit Structure*), below.

The Class C Notes are subordinated in terms of payment of interest and principal in accordance with the Interest Priority of Payment to payment of interest on the Class A Notes and Class B Notes and, following the service of an Enforcement Notice, the Class C Notes are subordinated in terms of security to the Class A Notes and the Class B Notes.

The Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority amongst themselves upon the service of an Enforcement Notice. However, if the Class A1 Notes have been redeemed (in part or in full) at such time, this will result in the Class A2 Notes bearing a greater loss than that borne by the Class A1 Notes.

2.3 Risks associated with declining value of Mortgaged Assets

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

2.4 Credit Risk

There is, in particular, a risk of loss on principal and interest on the Notes due to losses on principal and interest on the Mortgage Receivables. The ability of the Issuer to meet its obligations in full to pay principal of and interest on the Notes will be dependent on the receipt by it of funds under the Mortgage Receivables (as well as on the proceeds of the sale of any Mortgage Receivables, the receipt by it of payments under the Cap Agreement and the receipt by it of interest in respect of the balances standing to the credit of the Transaction Accounts (excluding the Cap Collateral Accounts)). See further Section 7 (*Credit Structure*). This risk is addressed and mitigated by:

(a) in the case of the Class A Notes, the subordinated ranking of the other Classes of Notes;

(b) in the case of the Class B Notes, the subordinated ranking of the Class C Notes;

(c) the funds standing to the credit of the Reserve Account;

(d) funds standing to the credit of the Issuer Collection Account;

(e) in certain circumstances (and in particular, the risk of non-payment of interest), by the Liquidity Funding Account (as further described in Section 7 (*Credit Structure*); and

(f) the daily sweep of amounts received under the Mortgage Receivables from the Seller Collection Account to the Issuer Collection Account.

If, upon default by the Borrowers and after exercise by the MPT Provider of all available remedies in respect of the applicable Mortgage Receivables, the Issuer does not receive the full amount due from such Borrower, 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.

The risk regarding the payments on the Mortgage Receivables is influenced by, 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 could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables.

2.5 Liquidity Risk

There is a risk that interest and/or principal on the underlying Mortgage Receivables is not received (or transferred into the Issuer Collection Account) on a timely basis thus causing temporary liquidity problems to the Issuer. For payment of interest, this risk is mitigated to some extent by: (a) first, the Liquidity Funding Account; (ii) second, the Reserve Account and (b) third, the Notes Redemption Available Amount which in accordance with the Principal Priority of Payments can be applied to cover any Class A Interest Shortfall. See Section 7 (*Credit Structure*) below.

2.6 Prepayment Risk

The ability of the Issuer to meet its obligations in full to pay principal on each of the Notes on the maturity of each Class of Notes will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, the sale by the Issuer of the Mortgage Receivables, Net Proceeds upon enforcement of a Mortgage Receivable and repurchase by the Seller of Mortgage Receivables) under the Mortgage Receivables. The average maturity of the Notes may be affected by a higher or lower than anticipated rate of prepayments on the Mortgage Receivables.

The rate of prepayment of Mortgage Receivables is influenced by a wide variety of economic, social and other factors including prevailing market interest rates, changes in tax laws (including but not

limited to mortgage payments tax deductibility), local and regional economic conditions and changes in Borrowers' behaviour (including but not limited to home owner mobility). No guarantee can be given as to the level of prepayments of principal on any Mortgage Receivable prior to its scheduled due date in accordance with the provisions for prepayments provided for in the relevant loan documents relating to the Mortgage Receivables (each a **Prepayment**) that the Mortgage Receivables may experience, and variation in the rate of prepayments of principal on the Mortgage Receivables may affect each Class and Sub-Class of Notes differently by shortening the term of the Notes.

This risk is mitigated by (i) the contractual penalty in the event of a Prepayment (each a **Prepayment Penalty**) which in most cases of prepayment is payable by the Borrower (except that no Prepayment Penalty might be due if the Prepayment is made in the context of the refinancing of a mortgage loan by a new mortgage loan originated under the same credit facility) and (ii), in case of prepayment in view of a refinancing on the basis of a new mortgage loan which is not covered by the Shared Mortgage securing the existing mortgage loan, the notarial and tax costs related to the origination of a new mortgage loan.

In accordance with Article VII.145 of the Belgian code of economic law (*Wetboek Economisch Recht/Code de Droit Économique*) dated 28 February 2013, (as amended from time to time, the **Code of Economic Law**), the Borrower may at any time prepay the entire outstanding amount of its Mortgage Receivable(s). In accordance with the Book VII, Title 4, Chapter 2 of the Code of Economic Law, full or partial prepayment is in principle also allowed at any time, unless the loan documentation contains restrictions in this respect. The Seller's general conditions provide that full or partial prepayments are always possible subject to certain conditions or prepayment penalties.

In the case of a prepayment of a Mortgage Receivable subject to Book VII, Title 4, Chapter 2 of the Code of Economic Law, a Prepayment Penalty of no more than three (3) months interest on the prepaid amount, calculated at the interest rate then applicable to the Loan, is payable (except in case of: (a) the death of a Borrower if the Mortgage Receivable is repaid from the proceeds of the debt insurance (*schuldsaldoverzekering/assurance solde restant dû*) (**Debt Insurance**) taken out in relation to the Mortgage Receivable; or (b) in case of destruction of or damage to the property because of hazard, to the extent that the prepayment occurs with funds paid pursuant to a hazard insurance policy relating to the Mortgage Receivable).

2.7 Maturity Risk

The ability of the Issuer to redeem all the Notes in full/or to pay all amounts due to the Noteholders on an Optional Redemption Date, or on the Final Maturity Date will depend on whether the value of the Mortgage Receivables sold or otherwise realised is sufficient to redeem the Collateralized Notes (for early redemption on the First Optional Redemption Date or thereafter) or the Class A Notes (for early redemption as from the Third Optional Redemption Date) in accordance with Condition 4.5, and on its ability to find a purchaser for the Mortgage Receivables.

2.8 Interest and Interest Rate Risk

The Issuer will receive, amongst other things, interest payments pursuant to the Mortgage Receivables calculated by reference to fixed interest rates, subject to a reset. The Notes will bear a floating rate of interest based on three-month EURIBOR plus a margin.

Prior to the First Optional Redemption Date, only for the Class B Notes and the Class C Notes, such rate will be capped at a maximum rate. The interest on the Class A Notes will not be capped.

If the Issuer has not exercised the Optional Redemption Call, as from the First Optional Redemption Date, the Class A Notes will bear a floating rate of interest based on three-month EURIBOR plus a margin, which will be capped at a maximum rate (however, Coupon Excess Consideration may be

due, see Section 7 (*Credit Structure*)). The floating rate of interest on the Class B Notes and the Class C Notes will also be capped at a maximum rate.

Interest rate risk - Risks related to hedging

The Issuer will enter into Cap Agreement with the Cap Provider and the Security Agent on or before the Closing Date until (but excluding) the First Optional Redemption Date, in order to mitigate its interest rate risk, as the Mortgage Receivables owned by the Issuer bear interest at fixed rates (subject to a reset) while the Notes will bear interest at floating rates (subject to a maximum rate, as set out here above). It should however be noted that the cap notional amount might be lower than the outstanding balance of the Class A Notes.

If the three-month EURIBOR is substantially higher than the Cap Strike Rate, the Issuer will be more dependent on receiving payments from the Cap Provider in order to make interest payments on the Class A Notes.

The Issuer makes one single payment under the Cap Agreement to the Cap Provider on the Closing Date. Depending on the level of the floating rate relative to the Cap Strike Rate, if such floating rate exceeds the Cap Strike Rate for the relevant period, the Cap Provider may have to make payments on the third (3rd) Business Day before any Quarterly Payment Date, while the Cap Agreement is in force.

The Cap Agreement generally may not be terminated except upon, inter alia:

(a) the failure of either party to make payments when due;

(b) the occurrence of an Event of Default (as defined in the Conditions) that results in the service of an Enforcement Notice;

(c) the early redemption of the Notes (i) following the exercise of the Clean Up Call, (ii) following the exercise of a Regulatory Call, (iii) as a result of an Optional Redemption in case of Change of Law or (iv) as a result of an Optional Redemption for Tax Reasons;

(d) the insolvency of either party;

(e) illegality;

(f) certain tax events;

(g) the making of an amendment to the Transaction Documents that adversely affects the Cap Provider without its consent; or

(h) the failure of the Cap Provider to post collateral, to assign the Cap Agreement to an eligible substitute cap provider or to take other remedial action if the Cap Provider's credit ratings drop below the minimum cap provider rating levels required to support the then current ratings of the Class A Notes.

Upon early termination of the Cap Agreement, a termination payment may be due to the Issuer. Any such termination payment could be substantial if market interest rates and other conditions have changed materially. To the extent not paid and to the extent an upfront payment to a replacement cap provider is needed, the Issuer may not be able to enter into a replacement cap agreement and payments on the Notes may be reduced or delayed.

If the Cap Provider’s credit rating falls below certain ratings and a termination event occurs under the Cap Agreement, because the Cap Provider fails to take one of the possible corrective actions, the

Rating Agencies may place the ratings on the Class A Notes on watch or reduce or withdraw their ratings if the Issuer does not replace the Cap Provider, as the case may be. In these circumstances, ratings on the Class A Notes could be adversely affected.

As from the First Optional Redemption Date, no cap agreement or other hedging agreement is in place or is intended to be in place or be put in place in order to mitigate the interest rate risk for the Issuer. As a consequence, there is a risk that the interest received in respect of the Mortgage Receivables is not sufficient to pay the interest on the Class A1 Notes and the Class A2 Notes.

Taxation

All payments by the Issuer or the Cap Provider under the Cap Agreement will be made without any deduction or withholding for or on account of tax unless such deduction or withholding is required by law. The Issuer will not in any circumstances be required to gross up if deductions or withholding taxes are imposed on payments made under the Cap Agreement.

If any withholding or deduction is required by law, the Cap Provider will be required to pay such additional amounts as are necessary to ensure that the net amount received by the Issuer under the Cap Agreement will equal the amount that the Issuer would have received had no such withholding or deduction been required. The Cap Agreement will provide, however, that if due to:

(a) any action taken by a relevant taxing authority or brought in a court of competent jurisdiction; or

(b) any change in tax law,

(as defined in the Cap Agreement), in both cases after the date of the Cap Agreement, the Cap Provider will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a **Tax Event**), the Cap Provider may (with the consent of the Issuer) transfer its rights and obligations under the Cap Agreement to another of its offices, branches or affiliates to avoid the relevant Tax Event.

Failing such remedy, the Cap Agreement may be terminated and, if terminated, the Notes will become subject to Optional Redemption unless a replacement cap agreement is entered into.

Novation

Except as expressly permitted in the Cap Agreement, the Issuer and the Cap Provider are not permitted to assign, novate or transfer as a whole or in part any of their rights, obligations or interests under the Cap Agreement. The Cap Agreement will provide that the Cap Provider may novate or transfer the relevant cap agreement to another cap provider with the Minimum Cap Provider Ratings or any such other rating as accepted by the Rating Agencies.

See further paragraph 11 (*Interest Rate Hedging*) of Section 7 (*Credit Structure*).

Interest rate risk with respect to the Class B Notes and the Class C Notes, and with respect to the Class A Notes as from the First Optional Redemption Date

The Cap Agreement provides a certain degree of credit support with regard to the Issuer's obligations to pay interest in respect of the Class A up to (but excluded) the First Optional Redemption Date. If the Issuer has not exercised the Optional Redemption Call on the First Optional Redemption Date, the Class A Notes will be exposed to the differences between the Issuer's interest receipts and the Issuer's interest obligations in respect of such Notes.

The Class B Notes and the Class C Notes do not benefit from credit support under the Cap Agreement and will be exposed to the differences between the Issuer's interest receipts and the Issuer's interest obligations in respect of such Notes.

2.9 Coupon Excess Consideration

Interest on the Class A Notes for each Interest Period as from the First Optional Redemption Date will accrue at the lower of (i) the Coupon Rate; and (ii) the Maximum Rate.

In addition thereto, the Class A Noteholders will in accordance with the Post-FORD Interest Priority of Payments, on a *pro rata* and *pari passu* basis and in accordance with the respective principal amounts outstanding of the Class A1 Notes and the Class A2 Notes at such time, be entitled to the Coupon Excess Consideration, if available.

The Coupon Excess Consideration will be subordinated to payments of a higher order of priority including, but not limited to, any amount necessary to (i) make good any shortfall reflected in the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero; (ii) replenish the Liquidity Funding Account up to the amount of the Liquidity Funding Account Required Amount; and (iii) replenish the Reserve Account up to the amount of the Reserve Account Required Amount.

As a consequence of the subordination there is an increased risk that the Notes Interest Available Amount will not be sufficient to pay the amounts of Coupon Excess Consideration due, if any, on a Quarterly Payment Date. In the event that on any Quarterly Payment Date the Issuer has insufficient funds available to pay in full the amounts of Coupon Excess Consideration due on such Quarterly Payment Date, the amount available (if any) shall be applied towards satisfaction of the Coupon Excess Consideration due on such Quarterly Payment Date to the Class A Noteholders on a *pro rata* and *pari passu* basis and in accordance with the respective amount of Coupon Excess Consideration to be distributed to the Class A1 Notes and the Class A2 Notes at such time. The Issuer Administrator will on behalf of the Issuer maintain two ledgers which will reflect the Coupon Excess Consideration which cannot be distributed on the Class A1 Notes and the Class A2 Notes respectively (such ledgers, the **Coupon Excess Consideration Deficiency Ledgers**).

The Issuer shall credit the applicable Coupon Excess Consideration Deficiency Ledgers with an amount equal to the amount by which the aggregate amount of Coupon Excess Consideration paid on the Class A Notes falls short of the aggregate amount of Coupon Excess Consideration payable on the Class A Notes on that Quarterly Payment Date. Such shortfall shall not be treated as due on that date for the purposes of Conditions 4.4 (*Interest*) and 4.9 (*Events of Default*) and the balance of the Coupon Excess Consideration Deficiency Ledger shall be aggregated with the amount of the Coupon Excess Consideration due on the next succeeding Quarterly Payment Date.

However, this risk is mitigated by the fact that the debit balance of the Coupon Excess Consideration Deficiency Ledgers can be reduced in accordance with both the Post-FORD Interest Priority of Payments and the Principal Priority of Payments.

Non-payment of Coupon Excess Consideration will not constitute an Event of Default. The credit ratings assigned by the Rating Agencies do not address the likelihood of any payment of the Coupon Excess Consideration.

2.10 Optional Redemption of all Notes

There is no guarantee that the Issuer will exercise its right to redeem the Notes on the First Optional Redemption Date or on any later Optional Redemption Date. The exercise of such option will, *inter alia*, depend on whether or not the Issuer has sufficient funds available to redeem the Collateralized

Notes, for example, through a sale or other realisation of Mortgage Receivables still outstanding at that time and on its ability to find a purchaser for the Mortgage Receivables.

2.11 Commingling Risk

The Issuer's ability to make payments in respect of the Notes and to pay its operating and administrative expenses depends on funds being made available by the Borrowers and such funds subsequently being swept on a daily basis by the Seller or the MPT Provider to the Issuer Collection Account. In case of insolvency of the Seller, the recourse the Issuer would have against the Seller would be an unsecured claim against the insolvent estate of the Seller for collection moneys obtained by the Seller from the Borrowers (by direct debit of the accounts of the Borrowers) in connection with the Mortgage Receivables and not yet transferred to the Issuer Collection Account. This risk is mitigated by a daily sweep of the cash representing the collection of moneys in respect of the Mortgage Receivables by the Seller or the MPT Provider, on behalf of the Issuer, to the Issuer Collection Account.

Furthermore, upon the occurrence of a Notification Event, the Seller shall forthwith notify in writing the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral, of the assignment of the Mortgage Receivables and the Related Security to the Issuer and instruct the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral to pay any amounts due directly to the Issuer Collection Account or, at its option, the Issuer shall be entitled to make such notifications and to give such instructions itself or on behalf of the Seller. See further Section 13 (*Mortgage Receivables Purchase Agreement*).

2.12 Weighted Average Life of the Collateralized Notes

Details of the Weighted Average Life of the Collateralized Notes can be found in paragraph 4 (*Weighted Average Life*) of Section 9 (*The Notes*) of this Prospectus. The Weighted Average Life of the Collateralized Notes is subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the estimates and assumptions in paragraph 4 (*Weighted Average Life*) of Section 9 (*The Notes*) will prove in any way to be correct. The estimated Weighted Average Life must therefore be viewed with considerable caution and Noteholders should make their own assessment thereof.

2.13 No Gross-Up for Taxes

If withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatever nature are imposed or levied by or on behalf of the Kingdom of Belgium (or any subdivision therein or thereof), any authority therein or thereof having power to tax, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be, and shall not be obliged to pay any additional amounts to the Noteholders.

2.14 The Security Agent may agree to modifications, waivers and authorisations without the Noteholders' prior consent

Pursuant to the terms of the Common Representative Appointment Agreement, the Security Agent may agree without the consent of the Noteholders and the other Secured Parties, to

(i) any modification of any of the provisions of the Pledge Agreement, the Notes or any other Transaction Documents which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with the mandatory provisions of Belgian law, and

(ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Pledge Agreement, the Notes or any other Transaction Documents,

which, in the opinion of the Security Agent, is not materially prejudicial to the interests of the Noteholders and the other Secured Parties.

Any such modification, authorisation or waiver shall be binding on the Noteholders and the other Secured Parties. The Security Agent shall have regard to the general interests of the Noteholders as a whole, or where applicable of the Noteholders of a Class of Notes, but shall not have regard to any interests arising from circumstances particular to individual Noteholders or the consequences of any such exercise for individual Noteholders. Accordingly, a conflict of interest may arise to the extent that the interests of a particular Noteholder are not aligned with those of the Noteholders generally.

2.15 Rating of the Class A Notes

The ratings of the Class A Notes by Fitch address the assessment of Fitch of the likelihood of the full and timely payment of interest (but, for the avoidance of doubt, not the Coupon Excess Consideration, with regard to Class A Notes) on each Quarterly Payment Date and ultimate repayment of principal on or before the Final Maturity Date, in accordance with the Conditions of respectively the Class A Notes.

The ratings of the Class A Notes by Moody's address the assessment of Moody's of the likelihood of a default on contractually promised payments (but, for the avoidance of doubt, not the payment of the Coupon Excess Consideration, with regard to Class A Notes) and the expected financial loss suffered in the event of default. Ratings may therefore not reflect all risks.

The ratings expected to be assigned to the Class A Notes by the Rating Agencies are based on the value and cash flow generating ability of the Mortgage Receivables and other relevant structural features of the Transaction, including, *inter alia*, the short-term and long-term unsecured and unsubordinated debt rating, deposit rating, counterparty risk assessment or equivalent assessment of the other parties involved in the Transaction and reflect only the views of the Rating Agencies.

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

A security rating or an outlook on such rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency if in its judgement the circumstances (including, but not limited to, a reviewed assessment of the Floating Rate GIC Provider or the Cap Provider) so requires. Furthermore, the rating criteria used by a Rating Agency with regard to the assessment of the Floating Rate GIC Provider and the Cap Provider may be amended by such Rating Agency from time to time, which may have an impact on the investors' position.

The Class B Notes and the Class C Notes will not be rated.

2.16 Value of the Notes and limited liquidity of the Notes

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

There is not at present, any active and/or liquid market for any Class of Notes. There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop that it will provide Noteholders with liquidity of investment or that it will continue for the life of the Notes. The Manager has not entered into an obligation to establish and/or maintain a secondary market in the Notes.

A decrease in liquidity of the Notes may cause an increase in the volatility associated with the price of the Notes. Investors may not be able to sell their Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

For a certain period, the secondary market for mortgage-backed securities is experiencing significant disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of mortgage-backed securities similar to the Notes and resulted in the secondary market for mortgage-backed securities experiencing very limited liquidity.

Limited liquidity in the secondary market has had and may continue to have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. These market conditions may continue or worsen in the future.

In addition, potential investors should be aware of the prevailing global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. In particular, during the sovereign debt crisis in the period 2010-2013, a reduction of liquidity could be observed in the market in notes issued under securitisation transactions. It should be noted that the market for the Notes is likely to be affected by any restructuring of sovereign debt by countries in the Eurozone. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and investments similar to the Notes at that time. An investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and 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 an investor.

2.17 Suspension of the interest payment for investors that are not Eligible Holders

Investors should be aware that they may lose their right to receive interests on their Notes if they are no longer considered as Eligible Holders. In the event that the Issuer becomes aware that particular Notes are held by investors other than Eligible Holders acting for their own account in breach of the requirements, the Issuer will suspend interest payments relating to these Notes until such Notes will have been transferred to and held by Eligible Holders. Any transfers of Notes effected in breach of the above requirement will be unenforceable vis-à-vis the Issuer.

2.18 Events of Default and Enforcement

Noteholders should be aware that they will not have individual rights to trigger an enforcement of the Notes or to take enforcement action against the Issuer or the Pledged Assets. Upon the occurrence of certain specified events of default (including payment default, insolvency events and

loss of status as institutional VBS/SIC having an adverse effect on the Transaction), the Security Agent may, and shall if so requested in writing by the Noteholders holding not less than twenty-five (25) per cent. in aggregate Principal Amount Outstanding of the highest ranking Class of Notes outstanding or by an Extraordinary Resolution of the holders of the highest ranking Class of Notes outstanding, serve an Enforcement Notice. In the event that the Issuer were to breach other contractual obligations not amounting to an Event of Default, the Noteholders will however not have a right to accelerate the Notes under the Conditions or the Transaction Documents.

2.19 Risk of early redemption as a result of the option for a Clean-Up Call, the Regulatory Call Option, the Optional Redemption in case of Change of Law or for Tax Reasons

The Issuer will have the option to redeem the Notes in case of Change of Law, for tax reasons or in case the aggregate Principal Amount Outstanding of the Collateralized Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Collateralized Notes on the Closing Date and the Issuer shall redeem the Notes in case the Seller exercises the option to repurchase to Mortgage Receivables in case of a Regulatory Change, on any Quarterly Payment Date, whether or not falling before or after the First Optional Redemption Date, in accordance with the Conditions. If the Issuer or the Seller exercises any of such options, the Notes may be redeemed prior to the First Optional Redemption Date and will be redeemed prior to the Final Maturity Date, as applicable. The Issuer will give notice to the Noteholders in accordance with the Conditions.

2.20 The performance of the Notes may be adversely affected by the recent conditions in the global financial markets

Global markets and economic conditions have been negatively impacted in the recent years by market perceptions regarding the ability of certain EU Member States to service their sovereign debt obligations, including in Greece, Spain, Ireland, Italy, Portugal and Cyprus. The continued uncertainty over the outcome of the EU governments' financial support programs and the possibilities that other EU Member States may experience similar financial troubles could further disrupt global financial markets. In particular, it has and could in the future disrupt equity markets and result in volatile bond yields on the sovereign debt of EU members. These developments could have material adverse impacts on financial markets and economic conditions throughout the world and, in turn, the market's anticipation of these impacts could have a material adverse effect on the business, financial condition and liquidity of counterparties of the Issuer to the Transaction Documents. Failure to perform obligations under the Transaction Documents may adversely affect the performance of the Notes. These factors and general market conditions could adversely affect the performance of the Notes. There can be no assurance that governmental or other actions will improve these conditions in the future.

2.21 Noteholders may have exposure on the Security Agent

Any payments in respect of the Parallel Debt and any proceeds received by the Security Agent are, in the case of the bankruptcy (*faillissement*) or (preliminary) suspension of payments (*surseance van betaling*) of the Security Agent, not separated from the Security Agent's other assets. The Secured Creditors therefore have a credit risk on the Security Agent. This credit risk has been mitigated by setting the Security Agent up as a bankruptcy remote entity, however there remains a risk that the Security Agent is declared bankrupt or is subjected to (preliminary) suspension of payments and as a consequence the Noteholders may not receive (full) payment from the Security Agent in case the Security is enforced.

2.22 Voting rights

There may be potential conflicts of interest between the interests of Bank Nagelmackers as holder of part of the Notes and the interests of external investors.

Bank Nagelmackers will acquire a substantial part of the Notes, which may result in Bank Nagelmackers holding a participation substantially exceeding 75% of the Principal Amount Outstanding of the Notes. While Bank Nagelmackers remains the owner of those Notes, it will be entitled to vote in respect of them, except that with respect to the voting of any Basic Term Modification, specific quorum- and majority requirements, as set out in Condition 4.13, will apply in order to protect the interest of external investors.

3. RISK FACTORS REGARDING THE MORTGAGE RECEIVABLES

3.1 Transfer of Legal Title to Mortgage Receivables and Pledge

(a) General

Pursuant to the MRPA, the Seller shall transfer to the Issuer the full economic benefit of, and the legal title to, the Mortgage Receivables and all other Related Security. The sale of the Mortgage Receivables and the Related Security will be a true sale to the effect that, upon an insolvency or bankruptcy of the Seller, the Mortgage Receivables will not form part of the insolvent estate or be subject to claims by the Seller's liquidator or creditors except as set out below.

The sale shall have the following characteristics:

(i) the Issuer shall have no recourse to the Seller except in case of a breach of the representations and warranties given in the Mortgage Receivables Purchase Agreement;

(ii) the sale will be for the Outstanding Principal Amount of the Mortgage Receivables including accrued interest and default interest; and

(iii) the Seller may be required to repurchase Mortgage Receivables in relation to which there is a breach of warranty at the time of the transfer of the Mortgage Receivable or upon a Non-Permitted Variation.

For further details on the MRPA, see Section 13 (*Mortgage Receivables Purchase Agreement*), below.

(b) Effectiveness of sale of and pledge over Mortgage Receivables

The effectiveness of a transfer or pledge of mortgage loans towards third parties, including the creditors of the Seller, is subject to Article 5 of the Belgian Act of 16 December 1851 on liens and mortgages (the **Mortgage Law**) which prescribes a notary deed and marginal notation of the transfer or pledge in the local mortgage register. Articles 81ter and following of the Mortgage Law grant an exemption from Article 5 of the Mortgage Law in relation to a transfer and pledge of mortgage loans by or to a an institutional VBS, so that a transfer or pledge of mortgage loans to or by a VBS is enforceable against third parties (*tegenwerpelijk aan derden/opposable aux tiers*) without marginal notation.

As to (the maintenance of) the status of the Issuing Company as an Institutional VBS, see paragraph 1.2 (*Status of the Issuing Company as an Institutional VBS and tax regime*) above. A loss of the status as an Institutional VBS would result in the exemption set out in Article 81ter and following of the Mortgage Law not being available and therefore in an absence of an effective sale of and pledge over the Mortgage Receivables, except if they would qualify as financial institution or any other entity as mentioned in Article 81ter and following of the Mortgage Law.

3.2 Set-off and defense of non-performance

(a) Set-off following the sale of the Mortgage Receivables

The sale of the Mortgage Receivables to the Issuer and the pledge of the Mortgage Receivables to the Security Agent and the other Secured Parties will not be notified to the Borrowers or to the Insurance Companies nor to third party providers of a Loan Security, except in certain circumstances. Set-off rights may therefore continue to arise in respect of cross-claims between a Borrower (or third party provider of collateral) and the Seller, as soon as such cross-claims exist and are fungible, liquid (*vaststaand/liquide*) and payable (*opeisbaar/exigible*), potentially reducing amounts receivable by the assignee and the beneficiaries of the Pledge. In such case this could limit the amounts received by the Issuer, which could in its turn refrain the Issuer to fulfil its payment obligations under the Transaction, to the extent the Seller would be declared bankrupt or would no longer be able to indemnify the Issuer.

To mitigate this risk under the MRPA and the Issuer Services Agreement the Seller will agree to indemnify the Issuer if a Borrower or provider of Loan Security, claims a right to set-off against the Issuer. The rights to payment of such indemnity will be pledged in favour of the Secured Parties.

In addition, the provisions of the act of 3 August 2012 on various measures to facilitate the mobilisation of receivables in the financial sector (*wet betreffende diverse maatregelen ter vergemakkelijking van de mobilisering van schuldvorderingen in de financiële sector/loi relative à des mesures diverses pour faciliter la mobilisation de créances dans le secteur financier*) as amended from time to time, (the **Mobilisation Act**) have now further reduced the risk that amounts receivable under the Mortgage Receivables and the Loan Security are reduced on the basis of set-off rights. The Issuer (and the Secured Parties) will no longer be subject to set-off risk: (a) following notification of the assignment of the Mortgage Receivables (and/or the Loan Security) to the assigned Borrowers (or acknowledgement thereof by the assigned Borrower), to the extent the conditions for set-off are only satisfied after such notification (or acknowledgment); and (b) regardless of any notification or acknowledgement of the assignment, following the start of insolvency proceedings or the occurrence of a situation of concurrence of creditors (*samenloop/concours*) in relation to the Seller, to the extent the conditions for set-off are only satisfied following or as a result of such insolvency proceedings or concurrence of creditors.

(b) Defense of non-performance

Under Belgian law a debtor may in certain circumstances in case of default of its creditor invoke the defence of non-performance, pursuant to which it would be entitled to suspend payment under its obligations until its counterparty has duly discharged its obligations due and payable to the debtor. In such case this defense could limit the amounts received by the Issuer, which could in its turn refrain the Issuer from fulfilling its payment obligations under the Transaction, to the extent the Seller would be declared bankrupt or would no longer be able to indemnify the Issuer.

The exception of non-performance is subject to various conditions, the most important ones being: (a) the debt in respect of which payment is suspended must be due and must be conditional upon payment of a debt owed by the other party; (b) the other party must have defaulted on its debt, in a material way; (c) the amount/value involved in the suspension must be in proportion to the amount/value of the default; (d) finally, there must be a close interrelationship between the two debts, typically such close interrelationship is accepted to exist where both debts arise under the same contract or otherwise are so closely interrelated that they are a part of a single transaction (as to the possible existence of closely interrelated debts, see Set-off following the sale of the Mortgage Receivables above). If all such conditions are met, the defence of non-performance may be invoked by a Borrower in respect of a Mortgage Receivable.

However, pursuant to the Mobilisation Act, the assigned debtor cannot invoke the defence of non-performance (a) following notification of the assignment of the Mortgage Receivable (and/or the Loan Security) to the assigned debtors (or acknowledgement thereof by the assigned debtor), to the extent the conditions for defense of non-performance are only satisfied after such notification (or acknowledgment); and (b) regardless of any notification or acknowledgement of the assignment,

following the start of insolvency proceedings or the occurrence of a situation of concurrence of creditors (*samenloop/concours*) in relation to the Seller, to the extent the conditions for defence of non-performance are only satisfied following or as a result of such insolvency proceedings or concurrence of creditors.

3.3 No notification of the Sale and Pledge

Article 1690 of the Belgian Civil Code (*Belgisch Burgerlijk Wetboek/Code Civil Belge*) will apply to the transfer of the Mortgage Receivables. Between the Seller and the Issuer, as well as against third parties (other than the Borrowers) the Mortgage Receivables are transferred on the Closing Date without the need for Borrowers' involvement.

The sale of the Mortgage Receivables to the Issuer and the pledge of the Mortgage Receivables to the Noteholders and the other Secured Parties will not be notified to or acknowledged by the Borrowers or to the Insurance Companies or third party providers of additional collateral until the occurrence of a Notification Event.

Until such notice to (or acknowledgement by) the Borrowers, the Insurance Companies and third party providers of collateral:

(a) the liabilities of the Borrowers under the Mortgage Receivables (and the liabilities of the Insurance Companies or, as the case may be, the third party providers of additional collateral) will be validly discharged by payment to the Seller. The Seller, having transferred all rights, title, interest and the benefit in and to the Mortgage Receivables to the Issuer, will however, be the agent of the Issuer (for so long as it remains MPT Provider under the Issuer Services Agreement) for the purposes of the collection of moneys relating to the Mortgage Receivables and will be accountable to the Issuer accordingly.

The failure to give notice of the transfer also means that the Seller can agree with the Borrowers, the Insurance Companies or the other collateral providers to vary the terms and conditions of the Mortgage Receivables, the Mortgages, the Insurance Policies or the other collateral and that the Seller in such capacity may waive any rights under the Mortgage Receivables, the Loan Security and the Additional Security. The Seller will, however, undertake for the benefit of the Issuer that it will not vary, or waive any rights under any of the Loan Documents, the Mortgages, the Insurance Policies or the other collateral other than in accordance with the Transaction Documents;

(b) if the Seller were to transfer or pledge the same Mortgage Receivables, Insurance Policies or other collateral to a party other than the Issuer either before or after the Closing Date (or if the Issuer were to transfer or pledge the same to a party other than the Security Agent), the assignee who first notifies the Borrowers or, as the case may be, the Insurance Companies or, as the case may be, the other collateral providers and acts in good faith would have the first claim to the relevant Loan, Insurance Policies or the additional collateral. The Seller will, however, represent to the Issuer and the Security Agent that it has not made any such transfer or pledge on or prior to the Closing Date, and it will undertake to the Issuer and the Security Agent that it will not make any such transfer or pledge after the Closing Date and the Issuer will make a similar undertaking to the Security Agent;

(c) payments made by Borrowers, Insurance Companies or other collateral providers to creditors of the Seller, will validly discharge their respective obligations under the Mortgage Receivables, the Insurance Policies or the additional collateral provided that the Borrowers or, as the case may be, the Insurance Companies or, as the case may be, the other collateral providers and such creditors act in good faith. However, the Seller will undertake:

(i) to notify the Issuer of any attachment (*bewarend beslag/saisie conservatoire* or *uitvoerend beslag*/*saisie exécutoire*) by its creditors to any Loan, Insurance Policy or other collateral which may lead to the Borrowers, Insurance Companies or other collateral providers being required to make payments to the creditors of the Seller;

(ii) not to give any instructions to the Borrowers, Insurance Companies or other collateral providers to make any such payments; and

(iii) to indemnify the Issuer and the Security Agent against any reduction in the obligations to the Issuer of the Borrowers, Insurance Companies or other collateral providers due to payments to creditors of the Seller; and

(d) Borrowers, Insurance Companies or other collateral providers may raise against the Issuer (or the Security Agent) all rights and defences which existed against the Seller prior to notification of the transfer or pledge. Under the MRPA, the Seller will warrant in relation to each Loan and the Insurance Policies and the other collateral relating thereto that no such rights and defences have arisen in favour of the Borrower, Insurance Company or other collateral provider up to the Closing Date. If a Borrower, Insurance Company or other collateral provider subsequently fails to pay in full any of the amounts which the Issuer is expecting to receive, claiming that such a right or defence has arisen in his favour against the Issuer, the Seller will indemnify the Issuer and the Security Agent against the amount by which the amounts due under the relevant Loan, Insurance Policy or other collateral are reduced (whether or not the Seller was aware of the circumstances giving rise to the Borrower's, Insurance Company's or other collateral provider's claim at the time it gave the warranty described above).

The MRPA provides that upon the occurrence of certain Notification Events, including the giving of a notice by the Security Agent under Condition 4.9 (*Events of Default*) declaring that the Notes are immediately due and repayable (an **Enforcement Notice**), the Seller, unless otherwise instructed by the Security Agent, (i) will be required to give notice to the Borrowers, the Insurance Companies or any other debtor of any assigned right or collateral (as described in paragraph 7 (*Notification Events*) of Section 13 (*Mortgage Receivables Purchase Agreement*) below) and (ii) might instruct the relevant Borrowers of the Mortgage Receivables and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party collateral providers to pay any amounts due directly to a specified account. If the Seller fails to comply with any such request of the Security Agent forthwith upon (a) receipt of such Enforcement Notice or (b) the occurrence of another Notification Event, the Issuer and the Security Agent shall (at the expense of the Seller) be entitled to give such notice(s).

3.4 Shared Mortgages

All the Mortgage Receivables constitute term advances under a revolving credit facility (*kredietopening/ouverture de crédit*) (a **Credit Facility**). The mortgages (*hypotheek*/*hypothèque*) (**Mortgage**) securing such Mortgage Receivables secure all advances made from time to time under such Credit Facility and in addition all other amounts which the Borrower owes or in the future may owe to the Seller. A Mortgage which secures all other amounts which the Borrower owes or in the future may owe to the Seller in addition to the Mortgage Receivable or the Credit Facility is called an all sums mortgage (*alle sommen hypotheek/hypothèque pour toute somme*) (an **All Sums Mortgage**).

As a consequence of the sale of a Mortgage Receivable to the Issuer, the Issuer and the Seller shall thus share the benefit of the same Mortgage (a **Shared Mortgage**) since it will secure both the Mortgage Receivable (security in favour of the Issuer) and other loans originated under the same Credit Facility, if any, or any other obligations owing from time to time to the Seller, if any (security in favour of the Seller).

Pursuant to Article 81*quater* of the Mortgage Law, advances granted under a revolving facility secured by a mortgage can be transferred to a VBS, such as the Issuer. Furthermore, pursuant to Articles 81*quater* and 81*quinquies* of the Mortgage Law, an advance or loan secured by an All Sums Mortgage which is transferred to a VBS, such as the Issuer, shall rank in priority to any debt which arises after the date of the transfer and which is also secured by the same All Sums Mortgage. However, whereas the transferred loan ranks in priority to further loans, it will have equal ranking with loans or debts which existed at the time of the transfer and which were secured by the same All Sums Mortgage, unless contractually deviated.

To mitigate any competing claims in respect of Mortgage Receivables secured by an All Sums Mortgage or in respect of Mortgage Receivables originated under the same Credit Facility, the MRPA provides that all loans or other debts existing at the time of the transfer of a Loan and which are secured by the same Mortgage are subordinated to the Loan in relation to all sums received out of the enforcement of the Mortgage and any Additional Security. Pursuant to Article 81quater, §2, al. 3, such subordination is enforceable against third parties including third party creditors of the Seller.

See the representations and warranties given pursuant to the MRPA in this effect (see paragraph 3 (*Representations and Warranties*) of Section 13 (*Mortgage Receivables Purchase Agreement*).

3.5 Mortgage Receivables only partially secured by a Mortgage

Certain Mortgage Receivables are only partly secured by a Mortgage (meaning that the mortgage inscription is for a lower amount than the initial loan amount). Where a Mortgage Receivable is only partly secured by a Mortgage, the Borrower of the relevant Mortgage Receivable or a third party provider of Loan Security may have granted a Mortgage Mandate. A Mortgage Mandate does not constitute an actual security which creates a priority right of payment out of the proceeds of a sale of the Mortgaged Asset, but would first need to be converted into a Mortgage.

The **Mortgage Mandate** is an irrevocable power of attorney granted by a Borrower or a third party provider of Loan Security to certain attorneys enabling them to create a Mortgage as security for the Loan, or, as the case may be, for other existing or future loans or all other sums owed by the Borrower to the Seller at any stage. A Mortgage will only become enforceable against third parties upon registration of the Mortgage at the Mortgage Registration Office. The ranking of the Mortgage is based on the date of registration. The Mortgage that is recorded first at the Mortgage Register will rank first. Mortgages recorded on the same day will rank *pari passu*. The registration is dated the day on which the mortgage deed pertaining to the creation of the Mortgage and the "registration extracts" (*borderellen/bordereaux*) are registered at the Mortgage Registration Office in the mortgage register. When a Mortgage Mandate is transformed into a Mortgage, stamp duties (*registratierechten/droits d'enregistrement*) and other costs will be payable, which, in the absence of payment by the Borrower, will have to be advanced by the Issuer and recovered from the Borrower.

The following limitations, amongst others, exist in relation to the conversion of Mortgage Mandates:

(a) the Borrower or the third party collateral provider that has granted a Mortgage Mandate, may grant a mortgage to a third party that will rank ahead of the Mortgage to be created pursuant to the conversion of the Mortgage Mandate, although this would generally constitute a contractual breach of the Standard Loan Documentation;

(b) if a conservatory or an executory attachment of the real property covered by the Mortgage Mandate has been filed by a third party creditor of the Borrower or, as the case may be, of the third party collateral provider, a Mortgage registered pursuant to the exercise of the Mortgage Mandate after the writ of attachment has been recorded at the Mortgage Register, will not be enforceable against the creditor who filed the attachment;

(c) if the Borrower or the third party collateral provider is a merchant or commercial entity:

(i) the Mortgage Mandate can no longer be converted following the bankruptcy of the Borrower or, as the case may be, the third party collateral provider and any Mortgage registered at the Mortgage Register after the bankruptcy judgement is void; and

(ii) a Mortgage registered at the Mortgage Register pursuant to the exercise of a Mortgage Mandate during the pre-bankruptcy investigation period (i.e. after the date of cessation of payments that may be fixed by the court) for a pre-existing loan will not be enforceable against the bankrupt estate. Under certain circumstances, the clawback rules are not limited in time, for example where a Mortgage has been granted pursuant to a Mortgage Mandate and in order to fraudulently prejudice creditors; and

(iii) mortgages registered after the day of cessation of payments of debt can be declared void by the bankruptcy court, if the registration was made more than fifteen (15) days after the creation of the mortgage; and

(iv) the effect of a judicial reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*) of a Borrower or of a third party collateral provider on the Mortgage Mandate is uncertain.

(d) if the Borrower or the third party collateral provider, as the case may be, is a private person and started collective debt settlement proceedings, a Mortgage registered at the Mortgage Register after the judge has declared the request admissible, is not enforceable against the other creditors of the Borrower or of the third party collateral provider;

(e) besides the possibility that the Borrower or the third party collateral provider may grant a Mortgage to another lender discussed above, the Mortgage to be created pursuant to a Mortgage Mandate may also rank behind certain statutory mortgages (such as e.g. the statutory mortgage of the tax and the social security authorities) to the extent these mortgages are registered before the exercise of the Mortgage Mandate. In this respect, it should be noted that the notary involved in preparing the mortgage deed will need to notify the tax administration, and, as the case may be, the social security administration before finalising the mortgage deed pertaining to the creation of the mortgage.

(f) if the Borrower or the third party collateral provider, as the case may be, is a private person, certain limitations apply to the conversion of the Mortgage Mandate into a Mortgage if the Borrower or third party collateral provider dies before the conversion; certain limitations also apply in case of a dissolution of the Borrower or third party collateral provider that is a legal person.

In accordance with article 81sexies of the Mortgage Law, any Mortgage Mandate allows by operation of law (and unless explicitly provided otherwise in the terms of the Mortgage Mandate) for the mandate to be used to create a Mortgage in favour of the successors (*rechthebbenden/ayants droits*) and assignees (*rechtsopvolger ten bijzondere title/ayant droit à titre particulier*) of the Seller, such as the Issuer. Based on the same article, in case of a transfer of Mortgage Receivables secured by a Mortgage Mandate, the Issuer acquires all rights of the Seller in respect of such Mortgage Mandate and is entitled to exercise all rights under the Mortgage Mandate against the Seller and the attorney(s).

In the same way as the Mortgages, the Mortgage Mandates used by the Seller do not only secure a specific loan or advance, but also the revolving credit facility (if any) and in most cases, all other amounts which the Borrower owes or in the future may owe to the Seller. In respect of any such All

Sums Mortgage or Mortgage securing the revolving credit facility created on the basis of a Mortgage Mandate, the Mortgage Law provides for ranking provisions that are similar to those for All Sums Mortgages or Mortgages securing a revolving credit facility: i.e. in respect of the converted Mortgage, (a) the advance transferred to the Issuer ranks in priority to any other advances made under the relevant facility or other debts arising after the date of the transfer (regardless of whether the conversion of Mortgage Mandate into the Mortgage occurred prior to or after the date of transfer); and (b) unless otherwise agreed, the transferred advance will have equal ranking with other advances and debts which existed at the time of the transfer and which were secured by the same mortgage.

The Mortgage Purchase Agreement will provide that when a Mortgage Mandate in which the Seller and Issuer have a shared interest is, in accordance with the applicable Credit Policies, to be converted into an actual Mortgage while the Mortgage Loan is held by the Issuer, such Mortgage will be executed and registered by the MPT Provider in accordance with the following principles:

(a) it will be created and registered in the name of the Seller;

(b) except where the Mortgage Mandate exclusively secures the Mortgage Loan or amounts due from time to time under the relevant revolving credit facility, it will secure all existing and future debts and obligations which the Borrower owes or may owe to the Seller and/or the Issuer; and

(c) it will be created on terms so that all debts (other than the Mortgage Loan(s) or amounts due from time to time under the relevant revolving credit facility) secured by such Mortgage will be subordinated to the Mortgage Loan(s) held by the Issuer.

It is contemplated that the Security Agent will also be appointed as an additional attorney pursuant to a substitution deed, which will enable it to act as attorney under the Mortgage Mandates.

The representations and warranties of the Mortgage Receivables Purchase Agreement provide that:

(A) Each attorney appointed under a Mortgage Mandate and as long as such attorney, if a legal person exists or, if a private person, is alive, has the power under the Mortgage Mandate to create a mortgage in favour of the Issuer; and

(B) Each Mortgage Mandate permits the appointment of a substitute attorney under such Mortgage Mandate.

If it would appear in relation to a Mortgage Mandate that no attorney has or had the power to create a mortgage in favour of the Issuer (either because the relevant notaries consider that the relevant Mortgage Mandate does not permit such interpretation, or following a court decision invalidating the Mortgage for lack of power of attorney), this will trigger a repurchase obligation by the Seller in relation to this Mortgage Receivable.

3.6 Insurances

The Issuer as mortgagee enjoys statutory protection under Article 10 of the Mortgage Law and Article 112 of the Insurance Act of 4 April 2014 on insurances (*Wet betreffende de verzekeringen/Loi relative aux assurances*) (the **Insurance Act**) pursuant to which any indemnity which third parties (including Insurance Companies) owe for the reason of the destruction of or damage to the mortgaged property will be allocated to the mortgagee-creditors to the extent these indemnities are not used for the reconstruction of the mortgaged property.

Article 112, §2 of the Insurance Act, however, provides that the Insurance Company can pay out the indemnity to the insured in case the holder of an unpublished/undisclosed security over the property

does not oppose this by prior notification. As the assignment of the Mortgage Receivable and the Mortgage to the Issuer will not be noted in the margin of the mortgage register, the question arises to what extent the lack of disclosure of the assignment could prejudice the Issuer's rights to the insurance proceeds. Although there are no useful precedents, the assignment should not prejudice the Issuer's position because (i) the Mortgage will remain validly registered notwithstanding the assignment and (ii) the Issuer would be the assignee and successor of the Seller. Whether the Insurance Company needs to pay to the Seller or to the Issuer would not be of any interest to the Insurance Company.

A notification issue also arises in connection with Article 120, §1 of the Insurance Act which provides that the Insurance Company cannot invoke any defences which derive from facts arising after the accident has occurred (for instance a late filing of a claim) against mortgagee-creditors the mortgages of whom *are known to* the insurance company. Again, for the same reasons set out above, the Insurance Company should not have a valid interest in disputing the rights of the Issuer.

Pursuant to Article 120, §2 of the Insurance Act:

(a) the Insurance Company can invoke the suspension, reduction or termination of the insurance coverage only after having given the Seller one month prior notice; and

(b) if the suspension or termination of the insurance coverage is due to the non-payment of premiums, the Seller has the right to pay the premiums within the one-month notice period and thus avoid the suspension or termination of the insurance coverage.

3.7 Risks of losses associated with declining values of Mortgaged Assets

The Security for the Notes created under the Pledge Agreement may be affected by, among other things, a decline in the value of the Mortgaged Assets. No assurance can be given that values of the Mortgaged Assets have remained or will remain at the level at which they were on the date of origination of the related Mortgage Receivables. A decline in value of the relevant Mortgaged Assets may result in losses to the relevant Noteholders if the relevant security rights on the relevant Mortgaged Asset are required to be enforced. The Seller will not be liable for any losses incurred by the Issuer in connection with the Mortgage Receivables.

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

Payments on the Mortgage Receivables are subject to credit, liquidity and interest rate risks. This may be due to, among other things, general economic conditions, the financial standing of Borrowers, market interest rates and similar factors. Other factors such as loss of earnings may lead to an increase in delinquencies by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay their Mortgage Receivables. The ultimate effect of this could be to delay or reduce the payments on the Notes.

3.9 Assignment of salary

The assignment by a Borrower (who is an employee) of his/her salary is governed by special legislation (Articles 27 to 35 of the Belgian Act of 12 April 1965 on the protection of the salary of employees (the **Salary Protection Act**)).

The Salary Protection Act provides for specific formalities for a valid assignment of salary, but is silent on eventual specific requirements in relation to the assignment of a Mortgage Receivable that is secured by such assignment of salary.

In the absence of reported precedents, it is not absolutely certain to which extent the Seller can validly transfer the benefit of such assignment to the Issuer. Therefore, there is the risk that the

Issuer may not have the benefit of such arrangement in case of insolvency of the Seller, which may adversely affect the ability of the Issuer to meet its obligations in full to pay interest and principal in respect of the Notes.

Moreover:

(a) the Borrower may have assigned his salary as security for debts other than the Mortgage Receivables; the assignee who first starts actual enforcement of the assignment against the Borrower would have priority over the other assignees; and

(b) there are arguments that a transfer of salary in a notarised deed still requires a bailiff notification to be enforceable against third parties.

3.10 Data Protection

To the extent the transfer of Mortgage Receivables entails the transfer of personal data in relation to the Borrowers, the transfer of Mortgage Receivables by the Seller to the Issuer in connection with the Transaction includes a processing of personal data under the Belgian Act of 8 December 1992 on the protection of privacy (the **Belgian Data Protection Act**).

The Belgian Data Protection Act permits the processing of personal data under several permissibility grounds, including (a) the prior consent of the data subject, and (b) the necessity to process the personal data for legitimate interests of the controller of the processing (insofar as these interests are not outweighed by the legitimate interests of the data subject). There are good grounds to take the view that the transfer of data relating to the Mortgage Receivables by the Seller to the Issuer is permitted under ground (b), so that the prior consent of the Borrowers must not be obtained.

Without regulatory guidance, there is however no complete certainty whether this is sufficient to fully comply with the Belgian Data Protection Act and its implementing regulations. Non-compliance with these regulations may expose the Issuer to legal sanctions and penalties which could have a negative impact on its capacity to (re)pay the Notes.

4. RISKS FACTORS RELATING TO THE PORTFOLIO INFORMATION

4.1 No Searches and Investigations

None of the Issuer or the Security Agent have made or caused to be made or will make or cause to be made, any enquiries, investigations or searches to verify the details of the mortgage loans originated and sold by the Seller pursuant to the MRPA (the **Mortgage Receivables**) or the Related Security, or to establish the creditworthiness of any Borrower, or any other enquiries, investigations or searches which a prudent purchaser of the Mortgage Receivables would ordinarily make, and each will rely instead on the representations and warranties given by the Seller in the MRPA. These representations and warranties will be given in relation to the Mortgage Receivables, Related Security and all rights related thereto.

If there is an unremedied material breach of any representation and/or warranty in relation to any Mortgage Receivable and Related Security relating thereto and, to the extent the breach can be remedied, the Seller has not remedied this within thirty (30) calendar days of the earlier of (i) receipt of written notice thereof from the Issuer or (ii) the date of a notice by the Seller relating to such misrepresentation in accordance with the Mortgage Receivables Purchase Agreement, the Seller shall, if such matter is not capable of being remedied, on the Monthly Calculation Date immediately following the date of the relevant notice, or, if such matter is remediable but not remedied within the said period of 30 calendar days, on the Monthly Calculation Date immediately following the end of the 30 calendar day period, repurchase and accept re-assignment of such Mortgage Receivable and Related Security for a price equal to the then Outstanding Principal Amount of the Mortgage

Receivable plus accrued interest thereon and costs (including any costs incurred by the Issuer for effecting and completing such repurchase and reassignment) up to (but excluding) the date of completion of the repurchase. Such repurchase will be subject to the conditions set out below under paragraph 5 (*Repurchases, Call Options and Permitted Variations*) of Section 13 (*Mortgage Receivables Purchase Agreement*) below.

4.2 Limited provision of information

Except if required by law, the Issuer will not be under any obligation to disclose to the Noteholders any financial information in relation to the Mortgage Receivables. The Issuer will not have any obligation to keep any Noteholder or any other person informed as to matters arising in relation to the Mortgage Receivables, except for the information provided in the Investor Report produced by the Issuer Administrator and which will be made available as set out in Section 20 (*General Information*) or such information as otherwise explicitly set out herein.

4.3 Portfolio Information

An independent auditor (PriceWaterhouseCoopers) has performed agreed upon procedures on a statistically significant sample randomly selected out of the Seller's eligible residential mortgage loan pool, as selected by applying the Eligibility Criteria to the total mortgage loan pool as existed on 31 October 2016. The size of the sample has been determined on the basis of a confidence level of 99% and an accepted error rate of 1%. The procedures assessed the consistency in data as registered in the systems of the Seller or the Sub-MPT Provider with the data as provided for in the physical files. The outcome of the audit showed that not in all cases a full consistency could be found or that not in all files all required documents were available to perform such procedures. The Rating Agencies have received these agreed upon procedures.

4.4 Historical information

The historical, financial and other information set out under Section 13 (*Mortgage Receivables Purchase Agreement*) represents the historical performance of the Mortgage Receivables. There can be no assurance that the future performance of the Mortgage Receivables will be similar to the historical performance of the Mortgage Receivables set out in this Prospectus.

The historical and other information set out under Section 14 (*Overview of the mortgage and housing market in Belgium*) is historical information, and therefore the description of the Belgian mortgage market may not constitute a comprehensive and up-to-date description. There can be no assurance of future similar developments of the Belgian mortgage market.

4.5 Forecasts and estimates

Forecasts and estimates in this Prospectus are forward looking statements. Such projections are speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not prove to be correct or will vary from actual results. Consequently, the actual result might differ from the projections and such differences might be significant.

5. GENERAL RISKS FACTORS

5.1 Change in law

The structure of the Transaction described in this Prospectus and, *inter alia*, the issue of the Notes are based on law, tax rules, regulations, guidelines, rates and procedures, and administrative practice in effect at the date of this Prospectus. No assurance can be given that there will be no change to such law, tax rules, rates, procedures or administrative practice after the date of this Prospectus which change might have an adverse impact on the Notes and the expected payments of interest and

repayment of principal in respect of the Notes. See also Condition 4.5(h) on Optional Redemption in case of Change of Law.

5.2 Reliance on Bank Nagelmackers NV/SA and conflict of interest

Bank Nagelmackers NV/SA is acting in a number of capacities (as Seller, Originator and MPT Provider) in connection with the Transaction. In acting in such capacities, Bank Nagelmackers NV/SA shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than expressly provided with respect to each such capacity.

Noteholders should therefore be aware that a conflict of interest could arise between the various roles of Bank Nagelmackers.

5.3 Force Majeure

Belgian law recognises the doctrine of *overmacht/force majeure*, permitting a party to contractual obligation to be freed from such obligation upon the occurrence of an event which renders impossible the performance of such contractual obligation. There can be no assurance that any of the parties to the Transaction Documents will not be subject to a *overmacht/force majeure* event leading them to be freed from their obligations under the Transaction Documents to which it is a party. This could prejudice the ability of the Issuer to meet its obligations.

5.4 Eurosystem collateral

The European Central Bank does not provide any pre-issuance advice regarding the eligibility of assets as Eurosystem collateral. The Eurosystem does only provide counterparties with advice regarding the eligibility of assets as Eurosystem collateral if such assets are submitted to it as collateral.

No representations or warranties are therefore given by the Issuer, the Manager or any affiliated person as to whether the Notes will be accepted as eligible collateral within the Eurosystem and none of the Issuer and the Manager nor any affiliated person will have any liability or obligation in relation thereto if the Notes are at any time deemed ineligible for such purposes.

5.5 Factors which might affect an investor's ability to make an informed assessment of the risks associated with Notes issued under the Transaction

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

(a) if such an investor does not have sufficient knowledge and experience to make a meaningful evaluation of the Notes and the merits of investing in the Notes in light of the risk factors outlined below;

(b) if such an investor does not have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, the significance of these risk factors and the impact the Notes will have on his overall investment portfolio;

(c) if such an investor does not have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

(d) if such an investor does not understand thoroughly the terms of the Notes and is not familiar with the behaviour of any relevant indices in the financial markets (including the risks associated thereof) as such investor is more vulnerable from any fluctuations in the financial markets generally; and

(e) if such an investor is not able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

5.6 Legal investment considerations and Implementation of regulatory changes that may restrict certain investments or may affect the liquidity of the Notes

In Europe and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby, amongst other things, affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Manager, the Arranger or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment or other regulatory treatment of their investment in the Notes on the Closing Date or at any time in the future.

Risk Retention Rules

Investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. With respect to the commitment of the Seller to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by the MPT Provider), please see the following statement.

The Seller has undertaken to retain a material net economic interest of not less than 5% in the Transaction in accordance with Article 405, paragraph (1) sub-paragraph (d) of the CRR and Article 51 paragraph (1) sub-paragraph (d) of the AIFM Regulation. As at the Closing Date, such interest will be comprised of at least the entire Class B Notes and Class C Notes. Any change in the manner in which this interest is held shall be notified to investors via the Investor Report. The Seller has provided a corresponding undertaking with respect to the interest to be retained by it during the period wherein the Class A Notes are outstanding to the Issuer and the Security Agent in the MRPA. In addition to the information set out herein and forming part of this Prospectus, the Seller has undertaken to make available materially relevant data with a view to complying with Article 405 of

the CRR and Articles 51 and 52 of the AIFM Regulation, which can be obtained from the Seller upon request. After the Closing Date, the Issuer will prepare Investor Reports wherein relevant information with regard to the Mortgage Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller as confirmed to the Issuer for each Investor Report. Such information can be obtained from the website www.b-arenarmbs.be.

Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Seller, the Arranger or the MPT Provider nor the Manager makes any representation that the information described above is sufficient in all circumstances for such purposes.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Basel III & Solvency II

The Basel Committee on Banking Supervision (the **Basel Committee**) approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as **Basel III**). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). It is intended that Member States will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The European authorities have indicated that they support Basel III in general. The capital rules of Basel III have been implemented through a directive and a regulation adopted on 26 June 2013 by the Council of the European Union (collectively referred to as **CRD IV**), which replaced the directives 2006/48/EC and 2006/49/EC, as amended by directive 2009/111/EC. CRD IV entered into force on 1 January 2014, with full implementation by January 2019; however, CRD IV allows individual Member States to implement a stricter definition and/or level of capital more quickly than is envisaged under Basel III. It should also be noted that changes to regulatory capital requirements are coming for insurance and reinsurance undertakings through national initiatives, such as the Solvency II framework in Europe.

Implementation of the Basel III and Solvency II framework and any changes as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements or regulatory liquidity requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

5.7 Conflict of interests

The Common Representative Appointment Agreement contains provisions requiring the Security Agent to have regard to the interests of holders of the highest ranking Class of Notes in case of a conflict between two or more Classes. Therefore, the rights of Noteholders of a Class of Notes ranking subordinated to the Class A Notes are subordinated to the rights of Noteholders of Classes of Notes ranking higher than the Class of Notes of such Noteholder.

If an actual conflict exists or is likely to exist between the interests of the Noteholders and the interests of the other Secured Parties, the Security Agent shall always regard the Interest of the Noteholders in priority to the interest of the other Secured Parties.

Further, for so long as there are any Class A Notes outstanding, the Security Agent is to have regard solely to the interests of the Class A Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Class A Noteholders and (b) the holders of any of the other Classes of Notes and/or any other Secured Parties. If there are no longer any Class A Notes outstanding, but for so long as there are any Class B Notes outstanding, the Security Agent is to have regard solely to the interests of the Class B Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Class B Noteholders and (b) the holders of any other Classes of Notes and/or any other Secured Parties. If there are no longer any Class A Notes or Class B Notes outstanding, but for so long as there are any Class C Notes outstanding, the Security Agent is to have regard solely to the interests of the Class C Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Class C Noteholders and (b) any other Secured Parties.

The MPT Provider may have a conflict of interest resulting from its responsibilities as MPT Provider for the Issuer pursuant to the Issuer Services Agreement, on the one hand, and its concern to preserve its commercial relations with the Borrowers, on the other hand. This conflict of interest risk is mitigated by the terms of the Issuer Services Agreement. The Issuer Services Agreement provides, among other things, that the MPT Provider must at all times act in such a manner as would be reasonable to expect from a reasonably prudent professional of high standing in providing services similar to the services provided by the MPT Provider. In addition, the Issuer Services Agreement contains certain specific undertakings to protect the interests of the Issuer.

The Seller will purchase and initially hold the Class B and the Class C Notes, subject to certain conditions precedent being satisfied, and on terms set out in the Subscription Agreement. The Seller is entitled to exercise the voting rights in respect of any Notes it holds, which may be prejudicial to other Noteholders (see however also Condition 4.13(r) (*Conflicts of interest*)).

5.8 The proposed Financial Transaction Tax

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's proposal**) for a financial transaction tax (**FTT**) to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since stated that it will not participate). If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a

participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities (such as authorised investments)) if it is adopted based on the Commission's proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

However, the FTT proposal remains subject to negotiation between participating member states. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

5.9 Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Belgium) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes that are characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

5.10 The Belgian bank recovery and resolution regime

Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) provides for the establishment of a new European-wide framework for the recovery and resolution of credit institutions and investment firms. The stated aim of the BRRD is to provide supervisory and resolution authorities, including the resolution college of the National Bank of Belgium within the meaning of Article 21ter of the Law of 22 February 1998 establishing the organic statute of the National Bank of Belgium, or any successor body or authority (the **National Resolution Authority** and, together with the national resolution authorities of other participating Member States, the

NRAs),with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

BRRD had been transposed into Belgian law as from 3 March 2015. Under the Belgian bank recovery and resolution regime, the supervisory and resolution authorities (which includes the National Resolution Authority) are able to take a number of measures in respect of any credit institution it supervises if deficiencies in such credit institution's operations are not remedied. Such measures include: the appointment of a special commissioner whose consent is required for all or some of the decisions taken by all the institution's corporate bodies; the imposition of additional requirements in terms of solvency, liquidity, risk concentration and the imposition of other limitations; the complete or partial suspension or prohibition of the institution's activities; the revocation of the institution's licence; and the right to impose the reservation of distributable profits, or the suspension of dividend distributions or interest payments to holders of additional Tier 1 capital instruments.

The Credit Institutions Supervision Law allows the NRA to take resolution actions. Such powers include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a bridge institution (an entity created for that purpose which is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to a bridge institution or one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down. By way of a Royal Decree of 18 December 2015 and with effect as from 1 January 2016, the Credit Institutions Supervision Law grants a bail in power to the NRA. The NRA now have the ability to impose losses on certain financial liabilities of the failing credit institution, either by writing down the principal amount of the liability or converting it into equity. Due to the bail-in mechanism, shareholders and creditors will thus have to contribute to the losses of the failing institution.

It should be noted that (i) certain elements of the Credit Institutions Supervision Law require further detailed measures to be taken by other authorities, in particular the National Bank of Belgium, (ii) certain elements of the Credit Institutions Supervision Law will be influenced by further regulations (including through technical standards) taken or to be taken at European level, and (iii) the application of the Credit Institutions Supervision Law may be influenced by the recent assumption by the European Central Bank of certain supervisory responsibilities which were previously handled by the National Bank of Belgium and, in general, by the allocation of responsibilities between the European Central Bank and the National Bank of Belgium.

Finally, it should be noted that certain of the European initiatives (in particular the prohibition on proprietary trading) to be transposed into Belgian law pursuant to the Credit Institutions Supervision Law are still in draft form, or subject to political discussion, at the European level. Whilst the Credit Institutions Supervision Law contains powers to allow the government to conform the Credit Institutions Supervision Law to developments at a European level in certain areas through a royal decree, it cannot be ruled out that there will be differences between the regulatory regime promulgated by the relevant European directives and the regulatory regime of the Credit Institutions Supervision Law.

Although the exercise of powers by the National Bank of Belgium under the Credit Institutions Supervision Law could not affect the transfer of legal title to the Mortgage Receivables to the Issuer, there is a risk that such exercise of powers could adversely affect the proper performance by each of the Originator, the Seller, and the MPT Provider of its payment and other obligations to the Issuer and enforcement thereof against the such parties under the Transaction Documents.

5.11 European Market Infrastructure Regulation (EMIR)

European Regulation No. 648/2012 of the European Parliament and or the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EMIR**) introduced requirements to improve transparency and reduce the risks associated with the over-the-counter (**OTC**) derivatives market. The application of EMIR requirements depends largely on the qualification of an entity as either a financial or non-financial counterparty. In general terms EMIR establishes certain requirements for OTC derivatives contracts, including a mandatory clearing obligation, risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty and reporting requirements.

Under EMIR, (i) financial counterparties and (ii) non-financial counterparties whose positions in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold must clear OTC derivatives contracts that are entered into on or after the effective date for the clearing obligation for that counterparty pair (the **Clearing Start Date**). In addition, some market participants will have to, from the relevant Clearing Start Date, clear relevant transactions entered into during a given period leading up to the relevant Clearing Start Date, a requirement known as "frontloading".

Contracts which are declared subject to the clearing obligation will have to be cleared through an authorised or recognised central counterparty (**CCP**) when they trade with each other or with equivalent third country entities unless an exemption applies. Subject to certain conditions, intragroup transactions will not be subject to the clearing obligation. At this moment CCPs have been authorised to offer services and activities in the European Union in accordance with EMIR and following the entry into force on 21 December 2015 of the delegated regulation (the **IRS Clearing RTS**) relating to the introduction of the mandatory clearing obligation for certain interest rate swap transactions in USD, EUR, GBP and JPY (**G4 IRS Contracts**), there is now a concrete timeframe for the first classes of transactions subject to mandatory clearing and frontloading. The IRS Clearing RTS include a further categorisation of in-scope counterparties by splitting in-scope counterparty types into Category 1, 2, 3 and 4. This further categorisation impacts the relevant Clearing Start Date. The clearing obligation for this first wave of contracts will start from 21 June 2016 for Category 1 counterparties, 21 December 2016 for Category 2 counterparties, 21 June 2017 for Category 3 counterparties and 21 December 2018 for Category 4 counterparties.

The Cap Agreement will likely qualify as an OTC derivative having a conditional notional amount. However, OTC derivatives contracts that are not cleared by a central counterparty are subject to certain other risk management procedures, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. Certain of these risk mitigation requirements impose obligations on the Issuer in relation to the Cap Agreement. EMIR also contains requirements with respect to margining, which are expected to be phased in early 2017. Various regulatory and implementing technical standards have now come into force, but certain critical technical standards have not yet been finalised or come into force, including those addressing the scope of collateralisation obligations in respect of OTC derivative contracts which are not cleared. In addition, under EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA.

EMIR may, *inter alia*, lead to more administrative burdens and higher costs for the Issuer. In addition, there is a risk that the Issuer's position in derivatives according to EMIR exceeds the clearing threshold and/or is included in the classes of OTC derivatives that are subject to the clearing obligation and, consequently, the Cap Agreement may become subject to clearing and margining requirements. This could give rise to additional costs and expenses for the Issuer, which may in turn reduce amounts available to make payments with respect to the Notes.

The Issuer may also need to appoint a third party and/or incur costs and expenses to enable it to comply with the regulatory requirements imposed by EMIR. In the event that under EMIR additional

provisions or technical standards do come into force, this may necessitate amendments to the Transaction Documents. The Issuer will pay such costs, without prior consent of the Security Agent or the Noteholders, under item (ii) of the Pre-FORD Interest Priority of Payments, item (ii) of the Post-FORD Interest Priority of Payments, item (vi) of the Pre-FORD Post-Enforcement Priority of Payments or item (vi) of the Post-FORD Post-Enforcement Priority of Payments.

Pursuant to Article 12(3) of EMIR any failure by a party to comply with the rules under Title II of EMIR should not make the Cap Transaction as applicable invalid or unenforceable. However, if any party fails to comply with the rules under EMIR it may be liable for a fine. If such a fine is imposed on the Issuer, the Issuer may have insufficient funds to pay its liabilities in full.

5.12 Risks in relation to negative interest rates on the Transaction Accounts

Pursuant to the Floating Rate GIC the interest rate accruing on the balances standing to the credit of any of the Transaction Accounts (except for the Cap Collateral Accounts) could be less than zero in case the interest under the Floating Rate GIC (which is linked to EONIA) is below zero. Any negative interest will be payable by the Issuer to the Floating Rate GIC Provider, in accordance with the relevant Priority of Payments. If the Issuer has the obligation to pay interest accruing on the balances standing to the credit of any of the Transaction Accounts to the Floating Rate GIC instead of receiving interest thereon, this will reduce the income of the Issuer (see also section 1.5 above) and its possibility to generate further income on the assets held in the form of cash in the Transaction Accounts. This risk increases if the amount deposited on the Transaction Accounts becomes (more) substantial. Ultimately such negative interest rate and/or an enduring obligation of the Issuer to make such payments in respect thereof to the Floating Rate GIC could result in the Issuer having insufficient funds to pay any amounts due under the Notes.

Section 2 - Overview of the features of the Notes

This overview and summary of the features of the Notes should be read as an introduction to and in conjunction with, and is qualified in its entirety by reference, to the detailed information appearing elsewhere in this Prospectus and does not purport to be complete. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus including the Conditions and Transaction Documents referred to therein in making any decision whether or not to invest in any Notes.

Whenever an action at law is filed with respect to the information in a prospectus, the plaintiff should, according to the national law of the state in which the court is situated and as the case may be, bear the costs of translation that are required to file the action at law. The Issuer cannot be held responsible on the basis of this overview or a translation thereof, unless its content is misleading, false, or inconsistent when read in conjunction with other parts of the Prospectus.

Certain features of the Notes are summarised below (see further Annex 1 (Terms and Conditions of the Notes) below):

	Class A1 Notes	**Class A2 Notes**	**Class B Notes**	**Class C Notes**
Principal amount at the Closing Date	EUR 255,000,000	EUR 294,500,000	EUR 88,000,000	EUR 7,500,000
Issue Price	100%	100%	100%	100%
Closing Date	28 August 2017			
Interest Rate **<u>until</u> First Optional Redemption Date**	3 month EURIBOR + 0.30 per cent. p.a., whereby the Interest Rate is floored at zero	3 month EURIBOR + 0.45 per cent. p.a., whereby the Interest Rate is floored at zero	3 month EURIBOR + 1.50 per cent. p.a., with a maximum Interest Rate of 5.00 per cent. p.a. and the Interest Rate being floored at zero	3 month EURIBOR + 2.50 per cent. p.a., with a maximum Interest Rate of 6.00 per cent. p.a. and the Interest Rate being floored at zero
Interest Rate **<u>as from the</u> First Optional Redemption Date**	3 month EURIBOR + 0.60 per cent. p.a. (the ***Coupon Rate***) with a maximum interest rate of 6.00 per cent. p.a. (the ***Maximum Rate***) and the Interest Rate being floored at zero *Formula*[1]: Interest Rate = Max [0% p.a., Min [Coupon Rate, Maximum Rate]]	3 month EURIBOR + 0.90 per cent. p.a. (the ***Coupon Rate***) with a maximum interest rate of 6.00 per cent. p.a. (the ***Maximum Rate***) and the Interest Rate being floored at zero *Formula*[2]: Interest Rate = Max [0% p.a., Min [Coupon Rate, Maximum Rate]]		

[1] The formula should be read in conjunction with the above definition of Interest Rate and is merely added for clarification purposes.

[2] The formula should be read in conjunction with the above definition of Interest Rate and is merely added for clarification purposes.

	Class A1 Notes	Class A2 Notes	Class B Notes	Class C Notes
Coupon Excess Consideration **as from the First Optional Redemption Date**	On each Quarterly Payment Date as from (but excluding) the First Optional Redemption Date, and if the Coupon Rate exceeds the Maximum Rate, the Class A Noteholders may, in addition to Accrued Interest in respect of the Class A Notes, be entitled to a Coupon Excess Consideration on a *pro rata* and *pari passu* basis according to the amounts of Coupon Excess Consideration due among them, if sufficient amounts remain available for such purpose in accordance with the application of the Post-FORD Interest Priority of Payments. For this purpose, the Coupon Excess Consideration for each relevant Sub-Class will be equal to the amount obtained by the product of, in respect of any Quarterly Calculation Date as from the First Optional Redemption Date, (i) the Principal Amount Outstanding of the relevant Class A1 Notes and Class A2 Notes respectively and (ii) the positive difference (excess) between the relevant Coupon Rate and the relevant Maximum Rate, multiplied by the actual number of days elapsed in the then current Interest Period divided by 360 days (the ***Coupon Excess Consideration***). *Formula*[3]: Coupon Excess Consideration = Principal Amount Outstanding * (Max [0, (Coupon Rate – Maximum Rate)] * Act/360 The Coupon Excess Consideration will only be paid after (i) all Accrued Interest due and payable in respect of the Class A Notes has been satisfied in full; (ii) any shortfall reflected in the Class A Principal Deficiency Ledger has been made good until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero; (iii) the Liquidity Funding Account has been replenished up to the amount of the Liquidity Funding Account Required Amount in accordance with the application of the Post-FORD Interest Priority of Payments; (iv) the Reserve Account has been replenished up to the amount of the Reserve Account Required Amount in accordance with the application of the Post-FORD Interest Priority of Payments; and (v) all other payments that are senior to Coupon		NA	NA

[3] The formula should be read in conjunction with the above definition of Coupon Excess Consideration and is merely added for clarification purposes.

	Class A1 Notes	**Class A2 Notes**	**Class B Notes**	**Class C Notes**
	Excess Consideration in accordance with the relevant Priority of Payments.			
Class A Additional Amounts **as from the First Optional Redemption Date**	On each Quarterly Payment Date as from (but excluding) the First Optional Redemption Date and for as long as the Class A Notes have not been redeemed in full, the Class A Additional Amounts will be the positive amount (if any) of the Notes Interest Available Amount, remaining after amounts payable under the items (i) to (ix) (inclusive) of the Post-FORD Interest Priority of Payments have been fully satisfied on such Quarterly Payment Date. Until Class A Notes have been fully redeemed, and provided amounts are available as described in the preceding paragraph, any Class A Additional Amounts will be added to the Notes Redemption Available Amount.		NA	NA
Interest Accrual	Act/360	Act/360	Act/360	Act/360
Quarterly Payment Dates	Interest and principal will be payable quarterly in arrears on the (22nd) day of January, April, July and October of each year (or the first following Business Day if such day is not a Business Day), for the first time on the Quarterly Payment Date falling on 22 January 2018.			
Principal payments	No scheduled amortisation. Provided that no **Enforcement Notice** has been served, there is a full sequential amortisation of the Collateralized Notes (in order of seniority, whereby, as far as Class A Notes are concerned, any Notes Redemption Available Amount remaining after item (a) of the Principal Priority of Payments will be used (i) first to redeem the Class A1 Notes, until fully redeemed; (ii) second to redeem the Class A2 Notes, until fully redeemed); and (iii) third to redeem the Class B Notes. The Notes within each of the Class A1 Notes, the Class A2 Notes and the Class B Notes rank *pari passu* and will be repaid *pro rata* and without priority or preference among themselves, on each Quarterly Payment Date based on the Notes Redemption Available Amount.			Class C Notes: No scheduled amortisation. No amortisation before the Class A Notes have been redeemed in full.
	Provided that an **Enforcement Notice** has been served, there is a full sequential amortisation of all Classes of Notes (in order of seniority) meaning that Class C Notes are subordinated to Class B Notes and Class B Notes are subordinated to Class A Notes (without preference among the Sub-Classes of Class A Notes). The Notes within each of the Class of Notes rank *pari passu* and will be repaid *pro rata* and without priority or preference among themselves.			

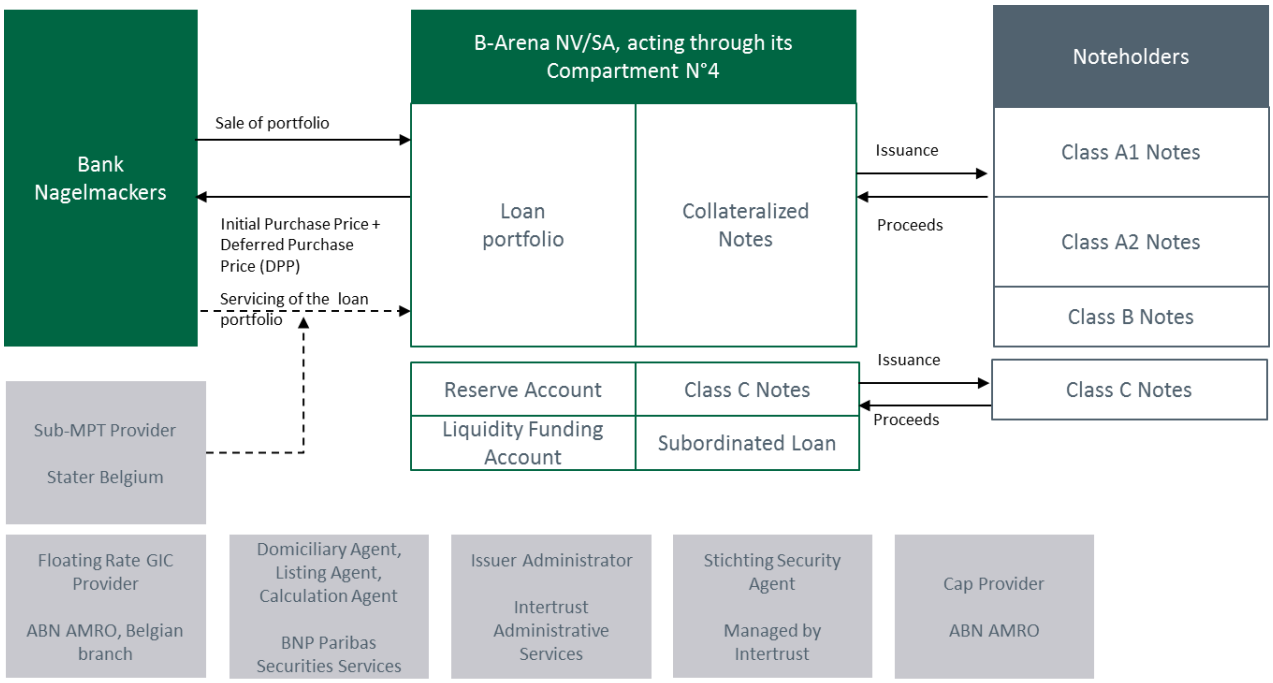
	Class A1 Notes	**Class A2 Notes**	**Class B Notes**	**Class C Notes**
Subordination	The right to payment of the Coupon Excess Consideration in respect of the Class A Notes and of principal and interest on the Class B Notes and the Class C Notes will be subordinated and may be limited as more fully described in Condition 4.2 (*Status, Security and Priority*).			
Credit enhancement	Subordination of Class B Notes		Nil	Nil
Optional Redemption Date	The Quarterly Payment Date falling in October 2022 (the **First Optional Redemption Date**) and any Quarterly Payment Date thereafter (**Optional Redemption Date**)			
Denomination	EUR 250,000	EUR 250,000	EUR 250,000	EUR 250,000
Form	The Notes will be issued in the form of dematerialised notes under the Belgian Company Code and will be represented exclusively by book entries in the records of the securities settlement system operated by the National Bank of Belgium.			
Listing	Application has been made to Euronext Brussels for the Notes to be admitted to the official list for trading on its regulated market.			
Expected Rating	Fitch AAAsf Moody's Aaa(sf)	Fitch AAAsf Moody's Aaa(sf)	NR	NR
ISIN	BE6294238058	BE6294239064	BE6294240070	BE6294241086
Common Code	159446573	159447774	159457087	159458881

Section 3 - Transaction Structure Diagram

The information on this page should be read as an introduction to and in conjunction with, and is qualified in its entirety by reference, to the detailed information appearing elsewhere in this Prospectus and does not purport to be complete. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus, the Conditions and Transaction Documents referred to therein in making any decision whether or not to invest in any Notes.

Whenever an action at law is filed with respect to the information in a prospectus, the plaintiff should, according to the national law of the state in which the court is situated and as the case may be, bear the costs of translation that are required to file the action at law. The Issuer cannot be held responsible on the basis of the summary or a translation thereof, unless its content is misleading, false, or inconsistent when read in conjunction with other parts of the Prospectus.

This basic structure diagram below describes the principal features of the Transaction. The diagram must be read in conjunction with, and is qualified entirely by the detailed information presented elsewhere in this Prospectus.



Section 4 - Overview of the Transaction and the Transaction Parties

The information in this Section is a summary of and introduction to the transaction and the Transaction Parties. This overview does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Prospectus.

Any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including any supplement thereto. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus, the Terms & Conditions and Transaction Documents referred to therein in making any decision whether or not to invest in any Notes.

Whenever an action at law is filed with respect to the information in a prospectus, the plaintiff should, according to the national law of the state in which the court is situated and as the case may be, bear the costs of translation that are required to file the action at law. The Issuer cannot be held responsible on the basis of the overview or a translation thereof, unless its content is misleading, false, or inconsistent when read in conjunction with other parts of the Prospectus.

Capitalised terms used but not defined herein have the meaning given thereto elsewhere in the Prospectus. Annex 3 (*Index of Defined Terms*) *to this Prospectus specifies on which page a capitalised word or phrase used in this Prospectus is defined.*

1. RISK FACTORS

There are certain risk factors which prospective Noteholders should take into account. These risk factors relate to, among other things, the fact that the liabilities of the Issuer under the Notes are limited recourse obligations whereby the ability of the Issuer to meet such obligations will be dependent on the receipt by it of funds under the Mortgage Receivables, the proceeds of the sale of any Mortgage Receivables and the receipt by it of 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 Mortgage Receivables. See further Section 1 (*Risk Factors*).

2. TRANSACTION OVERVIEW

The following is an overview of the transaction as illustrated by the Transaction Structure Diagram above.

1. On or about 28 August 2017 the Issuer will enter into a mortgage receivables purchase agreement (the **Mortgage Receivables Purchase Agreement** or **MRPA**) with the Seller and the Security Agent. Pursuant to the Mortgage Receivables Purchase Agreement the Seller will sell and assign to the Issuer legal title to the Mortgage Receivables. The Mortgage Receivables consist of any and all rights of the Seller against certain borrowers under loans originated or acquired by the Seller which loans are secured by (i) a first-ranking Mortgage, and/or (ii) a lower-ranking Mortgage provided that the benefit of all higher ranking Mortgages on the same Real Estate has been transferred to the Issuer pursuant to the Mortgage Receivables Purchase Agreement, and/or (iii) a mandate to create such Mortgages over residential properties in Belgium. The initial purchase price for the Mortgage Receivables amounts to EUR 637,500,009.39. The transfer of legal title to the Mortgage Receivables will take place on 28 August 2017 or on such later date as may be agreed between the Issuer, the Seller and the Manager (the **Closing Date**). The Issuer will pay the initial purchase price on the Closing Date.

2. The amounts of interest received on the Mortgage Receivables and the Transaction Accounts will not necessarily equal the floating rates applicable to the Notes. In order to mitigate the interest rate exposure on the Class A Notes until (but excluded) the First Optional Redemption Date, the Issuer will enter into an interest cap agreement (the **Cap Agreement**) with ABN AMRO Bank N.V. (as the **Cap Provider**).

3. The ability of the Issuer to meet its obligations under the Notes will depend primarily upon the receipt by it of principal and interest from the Borrowers under the Mortgage Receivables and in respect of the Class A Notes, the receipt of funds under the Cap Agreement. The Issuer will secure its obligations under the Notes. Pursuant to a parallel debt agreement (the **Parallel Debt Agreement**) the Issuer will undertake to pay to the Security Agent, on the same terms and conditions, an amount equal to the aggregate of all amounts from time to time due and payable by the Issuer to the Noteholders and the other Secured Parties (such payment undertaking and the obligations and liabilities resulting from it being referred to as the **Parallel Debt**). Upon receipt by the Security Agent 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.

4. The Issuer will enter into a common representative appointment agreement (the **Common Representative Appointment Agreement**) with Stichting Security Agent B-Arena (the **Security Agent**) pursuant to which the Security Agent is appointed (i) as representative (*vertegenwoordiger/représentant*) of the Noteholders in accordance with Article 271/12, §1, first to seventh indent of the Securitisation Act with respect to their rights and obligations under the Notes and the Conditions, (ii) as irrevocable agent (*mandataris/mandataire*) of the other Secured Parties and (iii) as agent in its own name but on behalf of the Noteholders and the other Secured Parties in accordance with Article 5 of the Collateral Law.

5. The obligations of the Issuer to the Secured Parties and the Parallel Debt are secured by a first-ranking pledge over (i) the Mortgage Receivables, (ii) the Issuer's claims under the Transaction Documents and (iii) the balances standing to the credit of the Transaction Accounts, pursuant to a pledge agreement (the **Pledge Agreement**). Upon the occurrence of an Event of Default under the Notes, the Security Agent may give notice to the Issuer that the amounts outstanding under the Notes (and under the Parallel Debt) are immediately due and payable and may enforce the Pledge Agreement. The Security Agent will apply the amounts recovered upon enforcement of the Pledge Agreement in accordance with the Priority of Payments upon Enforcement towards satisfaction of the amounts owed by the Issuer to the Noteholders and such other transaction parties. See Section 7 (Credit Structure).

6. The Issuer will enter into a subordinated loan agreement (the **Subordinated Loan Agreement**) with Bank Nagelmackers (as the **Subordinated Loan Provider**) on or before the Closing Date, pursuant to which the Subordinated Loan Provider will agree to make available to the Issuer a subordinated loan (the **Subordinated Loan**), the proceeds of which will be used to fund the liquidity funding account (the **Liquidity Funding Account**) out of which the Issuer may in certain circumstances make drawings in case of (temporary) interest revenue shortfalls.

7. The Issuer will enter into an expenses subordinated loan agreement (the **Expenses Subordinated Loan Agreement**) with Bank Nagelmackers (as the **Expenses Subordinated Loan Provider**) on or before the Closing Date, pursuant to which the Expenses Subordinated Loan Provider will agree to make available to the Issuer a subordinated loan (the **Expenses Subordinated Loan**), the proceeds of which will be used to pay the Initial Cap Payment and certain start-up costs and expenses incurred by the Issuer in connection with the issue of the Notes and part of the Initial Purchase Price.

8. The Issuer will enter into a guaranteed investment contract (the **Floating Rate GIC**) with ABN AMRO Bank N.V., Belgium Branch (as the **Floating Rate GIC Provider**) and the Security Agent on or before the Closing Date, pursuant to which the Floating Rate GIC Provider guarantees a certain interest rate (the **Floating Rate GIC Interest Rate**) determined by reference to EONIA in respect of the balance standing from time to time to the credit of certain bank accounts maintained by the Issuer with the Floating Rate GIC Provider.

9. The Issuer will enter into a mortgage payment transactions and issuer services agreement (the **Issuer Services Agreement**) with the Seller (as the **MPT Provider**), Stater Belgium NV (as **Sub-MPT Provider**), Stichting Security Agent B-Arena (as **Security Agent**) and Intertrust Administrative

Services B.V. (as **Issuer Administrator**) on or before the Closing Date, pursuant to which (i) the MPT Provider will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Receivables, and (ii) the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer. The MPT Provider will initially appoint the Sub-MPT Provider as its sub-agent.

In addition, the Issuer will enter into *inter alia* the following agreements:

(a) a subscription agreement (the **Subscription Agreement**) with Belfius Bank SA/NV (as **Arranger**) and Bank Nagelmackers SA/NV (as **Manager**) pursuant to which the Manager agrees to subscribe and pay for or to procure subscription and payment for the Notes;

(b) an agency agreement (the **Agency Agreement**) with BNP Paribas Securities Services SCA, acting through its Brussels branch (as the **Domiciliary Agent , Reference Agent** and **Listing Agent**) pursuant to which the Domiciliary Agent, the Listing Agent and the Reference Agent will respectively act as domiciliary agent, listing agent and reference agent in relation to the Notes;

(c) a clearing agreement (the **Clearing Agreement**) with the Domiciliary Agent and the National Bank of Belgium (as **Securities Settlement System Operator**) pursuant to which the Notes will be cleared in accordance with the Securities Settlement System;

(d) a master definitions agreement (the **Master Definitions Agreement**) with, among others, the Secured Parties, setting out certain definitions, terms and principles that are used for the interpretation and construction of the Transaction Documents; and

(e) issuer management agreements (the **Issuer Management Agreements**) with the Issuer Directors and the Security Agent pursuant to which the Issuer Directors will undertake to act as managing directors of the Issuer and to perform certain services in connection therewith.

3. TRANSACTION PARTIES

Issuer:

B-Arena NV/SA, *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge*, acting through its Compartment N°4. The Issuer was incorporated as a limited liability company (*naamloze vennootschap/société anonyme*) existing under the laws of the Kingdom of Belgium, and has its registered office at Koningsstraat 97/4, 1000 Brussels, registered with the Crossroads Bank for Enterprises under number RPR 882.540.048, Commercial Court of Brussels.

The Issuer qualifies as a Belgian institutional company for investment in receivables (*institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge*) in accordance with the Securitisation Act and has been registered as such with the Federal Public Service Finance (*Federale Overheidsdienst Financiën/Service Pubic Fédéral Finances*) on 18 August 2006. Compartment N°4 of the Issuer has been registered with the Federal Public Service Finance (*Federale Overheidsdienst Financiën/Service Public Fédéral Finances*) on 10 April 2017. Such registration cannot be considered as a judgment as to the opportunity or the quality of the Transaction, nor on the situation of the Issuer or its Compartment N°4.

The entire issued share capital of the Issuer is owned by the Shareholder. The Issuer is established to issue notes, such as the Notes, from time to time. Recourse in respect of the Notes will be limited to the Mortgage Receivables and the Issuer's rights under the Transaction Documents.

The Notes are issued by the Issuer, acting through its Compartment N°4. The Noteholders and the other Secured Parties only have recourse to the Pledged Assets of Compartment N°4 of the Issuer.

The Issuer may not engage in any other activity than securitisation and related transactions.

The Issuer is licensed as a mortgage credit provider under Book VII, Title 4, Chapter 4 of the Code of Economic Law.

See further Section 8 *(The Issuer*).

Seller:

Bank Nagelmackers NV/SA (**Bank Nagelmackers**), a credit institution existing under the laws of the Kingdom of Belgium, with its registered office at Sterrenkundelaan 23, 1210 Brussels, registered with the Crossroads Bank for Enterprises under number RPR 0404.140.107, Commercial Court of Brussels.

MPT Provider:

Bank Nagelmackers. The MPT Provider will appoint the Sub-MPT Provider, as its sub-agent.

Sub-MPT Provider:

Stater Belgium NV, a limited liability company (*naamloze vennootschap/société anonyme*) existing under the laws of the Kingdom of Belgium, with its registered office at Kanselarijstraat

	17A, 1000 Brussels registered with the Crossroads Bank for Enterprises under number RPR 0473.774.625, Commercial Court of Brussels.
Issuer Administrator:	Intertrust Administrative Services B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), with its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the chamber of commerce trade register (*kamer van koophandel*) under number 33210270.
Security Agent:	Stichting Security Agent B-Arena, a foundation (*stichting*) existing under the laws of the Netherlands, with its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and registered with the chamber of commerce trade register (*kamer van koophandel*) under number 857391914. The Security Agent is also appointed (i) as representative (*vertegenwoordiger/représentant*) of the Noteholders in accordance with the Securitisation Act, (ii) as irrevocable agent (*mandataris/mandataire*) of the other Secured Parties and (iii) as agent in its own name but on behalf of the Noteholders and the other Secured Parties in accordance with Article 5 of the Collateral Law. See further Section 11 (*Security Agent*).
Shareholder:	B-Arena Holding B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the chamber of commerce trade register (*kamer van koophandel*) under number 34247655.
Stichting Shareholder:	Stichting Shareholder B-Arena Holding, a Dutch foundation (*stichting*), with its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the chamber of commerce trade register (*kamer van koophandel*) under number 34247208.
Issuer Directors:	Mr Christophe Tans and Ms Irene Florescu. The board of directors is responsible for the management and administration of the Issuer.
Shareholder Director:	Intertrust Management B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the chamber of commerce trade register (*kamer van koophandel)* under number 33226415 (together with the Issuer Directors, the **Directors**).
Expenses Subordinated Loan Provider:	Bank Nagelmackers.
Subordinated Loan Provider	Bank Nagelmackers.
Cap Provider:	ABN AMRO Bank N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its seat in Amsterdam, the Netherlands and acting

	through its registered and head office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands, and registered with the chamber of commerce trade register (*kamer van koophandel*) under number 34334259 (**ABN Amro Bank**).
Floating Rate GIC Provider:	ABN Amro Bank acting through its Belgian branch, with offices at Roderveldlaan 5 bus 4, 2600 Berchem, Belgium.
Domiciliary Agent:	BNP Paribas Securities Services SCA, a credit institution organised under the laws of France acting through its Brussels Branch, with offices at Rue de Loxum 25, 1000 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 471.778.603 (Commercial Court of Brussels).
Reference Agent:	BNP Paribas Securities Services SCA, a credit institution organised under the laws of France acting through its Brussels Branch, with offices at Rue de Loxum 25, 1000 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 471.778.603 (Commercial Court of Brussels).
Listing Agent:	BNP Paribas Securities Services SCA, a credit institution organised under the laws of France acting through its Brussels Branch, with offices at Rue de Loxum 25, 1000 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 471.778.603 (Commercial Court of Brussels).
Securities Settlement System Operator:	The *Nationale Bank van België/La Banque Nationale de Belgique*, a public limited liability company incorporated under the laws of Belgium, with registered office at De Berlaimontlaan 14, 1000 Brussels, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0203.201.340 (Commercial Court of Brussels).
Auditors:	PwC Bedrijfsrevisoren, with its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, registered with the Crossroads Bank for Enterprises under number RPM/RPR 0429.501.944 (Commercial Court of Brussels).

4. PRINCIPAL FEATURES OF THE NOTES

Notes:

The euro 255,000,000 floating rate Class A1 Mortgage-Backed Notes 2017 due 2051 (the **Class A1 Notes**), the euro 294,500,000 floating rate Class A2 Mortgage-Backed Notes 2017 due 2051 (the **Class A2 Notes,** and together with the Class A1 Notes, the **Class A Notes**), the euro 88,000,000 floating rate Class B Mortgage-Backed Notes 2017 due 2051 (the **Class B Notes**) and the euro 7,500,000 floating rate Class C Notes 2017 due 2051 (the **Class C Notes**), and together with the Class A Notes and the Class B Notes, the **Notes**) will be issued by the Issuer on 28 August 2017 or on such later date as may be agreed between the Issuer, the Seller and the Manager (the **Closing Date**).

Issue Price:

The issue prices of the Notes will be as follows:

(a) the Class A1 Notes, 100%;

(b) the Class A2 Notes, 100%;

(c) the Class B Notes, 100%; and

(d) the Class C Notes, 100%.

Eligible Holders only

The Notes are only offered, directly or indirectly, to holders (**Eligible Holders**) who qualify both as:

(a) they qualify as qualifying investors (*in aanmerking komende beleggers/investisseurs éligibles*) within the meaning of Article 5, §3/1 of the Securitisation Act;

(b) they do not constitute investors that, in accordance with annex A, (I), second indent, of the Royal Decree of 3 June 2007 concerning further rules for implementation of the directive on markets in financial instruments (MIFID), have registered to be treated as non-professional investors; and

(c) they are holders of an exempt securities account (**X-Account**) with the Securities Settlement System or (directly or indirectly) with a participant in such system.

For each Note in respect of which the Issuer becomes aware that it is held by an investor other than an Eligible Holder, the Issuer will suspend interest payments until such Note will have been transferred to and held by an Eligible Holder. Any transfer of Notes effected in breach of the above requirement will be unenforceable vis-à-vis the Issuer.

See further *Section 12 – Tax* for a non-exhaustive list of Eligible Investors and *Annex 1 - Terms and Conditions of the Notes*, in section *Holding and Transfer Restrictions* and *Annex 2* for a list of investors that, at the date of this Prospectus, are deemed to be Qualifying Investors.

Form:

The Notes will be issued in the form of dematerialised notes under the

Company Code and will be represented exclusively by book entries in the records of the Securities Settlement System and will not be physically delivered. The Notes will be delivered in the form of an inscription on a securities account.

Denomination: The Notes will be issued in denominations of EUR 250,000 each.

Status and Ranking: The Class A Notes (and the Notes of each of the Sub-Classes of Class A Notes) constitute direct, secured and unconditional obligations of the Issuer and rank (subject to the provisions of Condition 4.10 (*Subordination*)) *pari passu* without preference or priority amongst themselves. Prior to an Enforcement Notice being served, the Sub-Classes within the Class A Notes are repaid sequentially with the Class A1 Notes being repaid prior to the Class A2 Notes and the Class A2 Notes being repaid after the Class A1 Notes. Following the service of an Enforcement Notice, the Notes of the Sub-Classes of Class A Notes are repaid without preference or priority among the Sub-Classes of Class A Notes. The rights of the Class A Notes, in respect of priority of payment and security are further set out in Condition 4.2 (*Status, Security and Priority*) and Condition 4.10 (*Subordination*).

The Class B Notes constitute direct and unconditional obligations and are equally secured by the Security as the Class A Notes. The Class B Notes rank *pari passu*, without preference or priority amongst themselves. The Class B Notes are subordinated to the Class A Notes upon service of an Enforcement Notice as well as prior to such service, as set out in Condition 4.2 (*Status, Security and Priority*) and Condition 4.10 (*Subordination*).

The Class C Notes constitute direct and unconditional obligations and are equally secured by the Security as the Class A Notes and the Class B Notes. The Class C Notes rank *pari passu*, without preference or priority amongst themselves. The Class C Notes are subordinated to the Class A Notes and the Class B Notes upon service of an Enforcement Notice as well as prior to such service, as set out in Conditions 4.2 (*Status, Security and Priority*) and 4.10 (*Subordination*).

Interest: Interest on the Notes is payable by reference to successive quarterly Interest Periods.

Interest Period means the period from (and including) a Quarterly Payment Date (or the Closing Date in respect of the first Interest Period) to (but excluding) the immediately succeeding (or first) Quarterly Payment Date.

Interest on each of the Notes shall be payable quarterly in arrears in euro, in each case on the 22nd day of January, April, July and October in each year (or, if such day is not a Business Day, the next following Business Day) (each a **Quarterly Payment Date**) commencing on the Quarterly Payment Date falling on 22 January 2018, in respect of its Principal Amount Outstanding.

A **Business Day** means a day (other than a Saturday or Sunday) (i) on which banks and forex markets are open for general business in

Belgium and (ii) on which the Securities Settlement System is operating and (iii) (if a payment in euro is to be made on that day) which is a day on which the TARGET 2 System is operating (a **TARGET Business Day**)

The rate of interest payable from time to time in respect of each Class of Notes (each an **Interest Rate**) will be determined in accordance with Condition 4.4 (*Interest*).

Weighted Average Life: The weighted average life refers to the average number of years that each euro amount of principal of the Collateralized Notes will remain outstanding. The Weighted Average Life of the Collateralized Notes cannot be predicted accurately as it will be affected by various factors largely outside the control of the Issuer, including the actual rate of repayment of the Mortgage Receivables, prepayments, and the extent to which the Notes Interest Available Amount is sufficient to cover any Principal Deficiencies. Reference is made to paragraph 4 (*Weighted Average Life*) of Section 9 (*The Notes*).

The average life of the Notes given above should be viewed with caution. See paragraph 2.12 (*Weighted Average Life of the Collateralized Notes*) of section 1 (*Risk Factors*).

Final Maturity Date: Unless previously redeemed, the Issuer shall redeem the Notes in full on 22 October 2051 (or, if such day would at that time not be a Business Day, the next following Business Day) (the **Final Maturity Date**).

Optional Redemption of the Notes: On the Quarterly Payment Date falling in October 2022 (the **First Optional Redemption Date**) and on each Quarterly Payment Date thereafter (together with the First Optional Redemption Date, each an **Optional Redemption Date**), the Issuer will have the option to redeem all of the Notes of all Classes at their Principal Amount Outstanding provided that it has sufficient funds available to redeem all the Collateralized Notes in full on such date, and on the Quarterly Payment Date falling in April 2023 (the **Third Optional Redemption Date**) and on each Quarterly Payment Date thereafter, the Issuer, will have the option to redeem all of the Notes of all of the relevant Classes at their Principal Amount Outstanding provided that it has sufficient funds available to redeem the Class A Notes in full on such date, in each case subject to and in accordance with the terms and conditions of the Notes as described in Annex 1 (the **Conditions**).

See also paragraph (f)(*Optional Redemption and Clean-up Call*) of *Condition 4.5* (*Redemption and Cancellation*).

Mandatory Redemption of the Notes: Prior to an Enforcement Notice being served and subject to, and in accordance with, the Principal Priority of Payments, the Issuer will be obliged to apply the Principal Available Amount on the first Quarterly Payment Date falling in January 2018 and on each Quarterly Payment Date thereafter in or towards satisfaction of:

(a) *first*, on a *pari passu* and *pro rata* basis, any amount of interest shortfall in relation to the immediately preceding Interest Period on the Class A Notes and any other amount as

referred to in item (i) and (ii) of the Interest Priority of Payments;

(b) *second*, all amounts of principal on the Class A1 Notes;

(c) *third*, if, and to the extent the Class A1 Notes have been fully redeemed, in or towards satisfaction of all amounts of principal on the Class A2 Notes;

(d) *fourth*, if, and to the extent the Class A2 Notes have been fully redeemed, as from the First Optional Redemption Date, in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

(e) *fifth*, if, and to the extent the Coupon Excess Consideration Deficiency Ledgers have been reduced to zero, in or towards satisfaction of all amounts of principal on the Class B Notes;

The Class C Notes will, on each Quarterly Payment Date, be repaid for an amount up to the Class C Redemption Amount from the amount (if any) of the Interest Available Amount available to the Issuer after satisfaction of the amounts due in respect of all items listed at items (i) to (and including) (xi) of the Pre-FORD Interest Priority of Payments or items (i) to (and including) (xi) of the Post-FORD Interest Priority of Payments and available prior to the Deferred Purchase Price in accordance with the Interest Priority of Payments set out under *Condition 4.2 (c)(iii) (Interest Priority of Payments before the First Optional Redemption Date)* and *Condition 4.2 (c)(vii) (Interest Priority of Payments as from the First Optional Redemption Date)* (the ***Excess Cash***).

Redemption for tax reasons: The Issuer shall have the right (but not the obligation) to redeem all of the Collateralized Notes in whole, but not in part, at the Optional Redemption Amount, on any Quarterly Payment Date, on the occurrence of one or more of the following circumstances:

(a) If, on the next Quarterly Payment Date, the Issuer, the Securities Settlement System Operator, the Domiciliary Agent or any other person is or would become required to deduct or withhold any amounts for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed by the Kingdom of Belgium (or any sub-division thereof or therein) or of any authority therein or thereof having power to tax from any payment of principal or interest in respect of Notes of any Class held by or on behalf of any Noteholder who would, but for any amendment to, or change in, the tax laws or regulations of the Kingdom of Belgium (or any sub-division thereof or therein) or of any

authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations after the Closing Date, have been an Eligible Investor; or

(b) if, on the next Quarterly Payment Date, the Issuer, the Securities Settlement System Operator, the Domiciliary Agent or any other person is or would become required to deduct or withhold any amounts for or on account of FATCA in respect of any payment of principal or interest in respect of Notes of any Class held by or on behalf of any Noteholder; or

(c) if, on the next Quarterly Payment Date, the Issuer, the Cap Provider or any other person would be required to deduct or withhold any amounts pursuant to an agreement described in Section 1471(b) of the **Code**) or pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (**FATCA**) and/or of any present or future taxes, duties assessments or governmental charges of whatever nature imposed by the Kingdom of Belgium (or any sub-division thereof or therein) or of any authority therein or thereof having power to tax or any other sovereign authority having the power to tax, in respect of any payment under the Cap Agreement; or

(d) if, the total amount payable in respect of a Quarterly Calculation Period as interest on any of the Loans ceases to be receivable by the Issuer during such Quarterly Calculation Period due to withholding or deduction for or on account of FATCA and/or of any present or future taxes, duties, assessments or governmental charges of whatever nature in respect of such payments; or

(e) if, after the Closing Date, the Belgian tax regulations introducing income tax, withholding tax and VAT concessions for Belgian companies for investment in receivables (including the Issuer) (the **IIR Tax Regulations**) are changed (or their application is changed in a materially adverse way to the Issuer or in the event that the IIR Tax Regulations would no longer be applicable to the Issuer);

after payment of all amounts that are due and payable in priority to the Collateralized Notes subject to and in accordance with the Conditions and provided that it has sufficient funds available to redeem all the Collateralized Notes on such date (an **Optional Redemption for Tax Reasons**).

See further *Condition 4.5(g) (Optional Redemption for Tax Reasons*).

Clean-Up Call Option: The Issuer shall, upon giving not more than sixty (60) calendar days' notice and not less than thirty (30) calendar days' notice in accordance with Condition 4.14 prior to the relevant Quarterly Payment Date, have the right (but not the obligation) to redeem all the Notes on each

Quarterly Payment Date if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Principal Amount Outstanding of the Collateralized Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Collateralized Notes on the Closing Date (being the **Clean-Up Date**), and if all amounts that are due and payable in priority to the Collateralized Notes have been paid and provided that it has sufficient funds available to redeem all the Collateralized Notes on such date (the **Clean-Up Call**).

See the detailed provisions contained in *Condition 4.5(f)(Optional Redemption Call and Clean-up Call*).

Optional Redemption in case of Change of Law:

On each Quarterly Payment Date, the Issuer may at its option (but shall not be under any obligation to do so) redeem all (but not some only) of the Notes at the Optional Redemption Amount, if there is a change in, or any amendment to the laws, regulations, decrees or guidelines of the Kingdom of Belgium or of any authority therein or thereof having legislative or regulatory powers or in the interpretation by a relevant authority or a court of, or in the administration of, such laws, regulations, decrees or guidelines after the Closing Date which would or could affect participation of the Issuer or the Seller in the Transaction in a materially adverse way (including, but without limitation, the regulatory requirements to be adhered to by the Issuer or the Seller in order to be able to lawfully perform their obligations under the Transaction and the laws and regulations (other than the regulations referred to in connection with the Regulatory Call Option) governing the validity, enforceability and effectiveness of the rights and obligations of the Issuer, Seller and Secured Parties under the Transaction Documents (a **Change of Law**).

See the detailed provisions contained in *Condition 4.5(h)(Optional Redemption in case of a Change of Law*).

Regulatory Call Option:

On any Quarterly Payment Date, the Issuer shall redeem all (but not some only) of the Notes in each Class (the **Regulatory Call Option**), if the Seller exercises its option to repurchase the Loans from the Issuer upon the occurrence of a change published after the Closing Date in the Basel Capital Accords promulgated by the Basel Committee on Banking Supervision (the Basel Accords) or in the international, European or Belgian regulations, rules and instructions (which includes the solvency regulation of the NBB or the ECB as applicable) (the **Bank Regulations**) applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord) or a change in the manner in which the Basel Accords or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including the NBB or any relevant international, European 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 its cost or reducing its benefit with respect to the transaction contemplated by the Notes (a **Regulatory Change**).

	See the detailed provisions contained in *Condition 4.5(i)(Regulatory Call Option*).
Withholding Tax:	All payments of, or in respect of, principal of and interest (including Coupon Excess Consideration) on, the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium, any authority therein or thereof having power to tax (a **Tax Deduction**), unless the Tax Deduction is required by law. In that event, the Issuer, the Securities Settlement System Operator, or the Domiciliary Agent or any other person (as the case may be) will make the required Tax Deduction for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders in respect of any such withholding or deduction. Neither the Issuer, nor any Domiciliary Agent nor the Securities Settlement System Operator nor any other person will be obliged to gross up the payments in respect of the Notes of any Class or to make any additional payments to any Noteholders. See further Condition 4.8 (*Taxation – No Grossing-up*) and paragraph 2.13 (*No Gross-up for Taxes*) under *Section 1 – Risk Factors*.
Method of Payment:	Payments of principal and interest will be made in euro to the Clearing System Operator, for the credit of the respective accounts of the Noteholders. See further *Annex 1 - Terms and Conditions of the Notes, Section 2 – Dematerialised Notes*.
Use of proceeds:	The Issuer will use the net proceeds from the issue of the Notes (other than the Class C Notes) to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of an agreement that will be entered into on or before the Closing Date (the **Mortgage Receivables Purchase Agreement**) and made between the Seller, the Issuer and the Security Agent. The Issuer will credit the net proceeds from the issue of the Class C Notes to the Reserve Account. The proceeds of the Subordinated Loan, in the amount of EUR 7,500,000 will be credited to the Liquidity Funding Account. The proceeds of the Expenses Subordinated Loan, in the amount of EUR 2,500,000 will be used by the Issuer to pay the Initial Cap Payment and certain start-up costs and expenses incurred by the Issuer in connection with the issue of the Notes and part of the Initial Purchase Price. See further *Section 19 – Use of Proceeds*.
Admission to Trading:	Application has been made for the Notes to be admitted to trading on Euronext Brussels.
Ratings:	It is a condition precedent to issuance that the Class A Notes, on issue, be assigned at least an Aaa(sf) rating by Moody's and an AAAsf rating by Fitch. No ratings will be assigned to the Class B Notes or the Class

	C Notes.
Governing Law:	The Notes will be governed by and construed in accordance with the laws of the Kingdom of Belgium.
Mortgage Receivables	Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the transfer by way of assignment of legal title to and any and all rights (the **Mortgage Receivables)** of the Seller against certain borrowers (the **Borrowers**) under or in connection with certain selected Mortgage Loans. The Issuer will be entitled to the proceeds of the Mortgage Receivables from 1 August 2017 (included).
Repurchase of Mortgage Receivables:	Under the Mortgage Receivables Purchase Agreement the Seller has undertaken to repurchase and accept re-assignment of a Mortgage Receivable: (a) any of the representations and warranties relating to a Mortgage Loan or a Mortgage Receivable proves to have been untrue or incorrect; and (b) if a Borrower requests a Non-Permitted Variation to a Mortgage Receivable and if the Seller requests that such Non-Permitted Variation be accepted, except if the Issuer Administrator and the Security Agent confirm that the Seller does not need to repurchase the relevant Mortgage Receivable See further *Section 13 – Mortgage Receivables Purchase Agreement*, paragraph 5 (*Repurchases, Call Options And Permitted Variations*)
Mortgage Loans:	The Mortgage Receivables to be sold by the Seller pursuant to the Mortgage Receivables Purchase Agreement will result from loans secured by (i) a first-ranking Mortgage, and/or (ii) a lower ranking Mortgage provided that the benefit of all higher ranking Mortgages on the same Real Estate has been transferred to the Issuer pursuant to the Mortgage Receivables Purchase Agreement, and, as the case may be, and/or (iii) a mandate to create Mortgages over Real Estate (the **Mortgaged Assets**) and entered into by the Seller or its legal predecessors and the relevant Borrowers which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date (the **Mortgage Loans**). All of the Mortgage Loans are granted in the form of a credit facility (*kredietopening/ouverture de crédit*), which means that the amounts repaid under the credit facility can be re-borrowed by the Borrower subject to satisfaction of certain conditions and subject to the approval of Bank Nagelmackers. The Mortgage Loans (or any loan parts comprising a Mortgage Loan) may consist of Mortgage Loans with any of the following types of redemption characteristics: (a) Linear Mortgage Loans; (b) Annuity Mortgage Loans and

(c) Interest-only Mortgage Loans.

Security for the Notes

Parallel Debt Agreement: On or before the Closing Date, the Issuer and the Security Agent 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 Agent amounts equal to the amounts due by it to the Secured Parties. Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall in aggregate be reduced by an amount equal to the amount so received.

Security for the Notes: The Notes and the Parallel Debt will be secured by a first ranking pledge in favour of the Secured Parties, including the Security Agent acting in its own name but on behalf of the Noteholders and the other Secured Parties by the Issuer over (i) the Mortgage Receivables, including the Related Security, (ii) the Issuer's claims under or in connection with the Transaction Documents, and (iii) the balances standing to the credit of the Transaction Accounts.

The amounts payable to the Noteholders and the other Secured Parties will be limited to the amounts available for such purpose to the Security Agent which, *inter alia*, will consist of amounts recovered by the Security Agent on the Mortgage Receivables, including the Related Security, and amounts received by the Security Agent as creditor under the Parallel Debt Agreement. Payments to the Secured Parties will be made in accordance with the Priority of Payments upon Enforcement.

See further *Section 1 - Risk Factors* and for a more detailed description see *Section 10 – Issuer Security*.

Cash flow structure

In general, see section 7 – Credit Structure.

Liquidity Funding Account: The Issuer shall maintain with the Floating Rate GIC Provider an account (the **Liquidity Funding Account**) out of which the Issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts.

Seller Collection Account: The Seller maintains an account (the **Seller Collection Account**) to which collections of all amounts of interest, Prepayment Penalties and principal received under the Mortgage Loans will be paid. The Seller Collection Account is administrated by the MPT Provider.

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 Account will be transferred by the Seller or by the Sub-MPT Provider on its behalf.

Reserve Account: The Issuer will pay the proceeds of the Subordinated Class C Notes into an account (the **Reserve Account)** held with the Floating Rate

	GIC Provider.
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 (the **Floating Rate GIC Interest Rate**) on the balance standing from time to time to the credit of the Transaction Accounts (other than the Cap Collateral Accounts).
Subordinated Loan Agreement:	On or before the Closing Date, the Issuer will enter into a subordinated loan agreement (the **Subordinated Loan Agreement**) with the Subordinated Loan Provider for an amount of EUR 7,500,000. The proceeds of the Subordinated Loan will be used to fund the Liquidity Funding Account.
Expenses Subordinated Loan Agreement:	On or before the Closing Date, the Issuer will enter into a subordinated loan agreement (the **Expenses Subordinated Loan Agreement**) with the Expenses Subordinated Loan Provider for an amount of EUR 2,500,000. The proceeds of the Subordinated Loan will be used to pay certain start-up costs and expenses incurred by the Issuer in connection with the issue of the Notes, and, as the case may be, part of the initial purchase price for the Mortgage Receivables.

Section 5- Mortgage Loan Underwriting and Mortgage Services

1. INTRODUCTION

The Provisional Pool consists of Mortgage Loans originated by Bank Nagelmackers (previously known as Delta Lloyd Bank).

Bank Nagelmackers currently originates mortgage loans through two main channels: (i) its branch network (35 branches), representing 46% of the mortgage origination in 2016 and (ii) independent agents working under the label of Bank Nagelmackers (43 agents), accounting for the remaining 54% of the production in 2016.

1.1 Application and approval process

The mortgage loan application form signed by the client is introduced by the relevant sales person for acceptance by Bank Nagelmackers. New mortgage loans are accepted by Bank Nagelmackers, either by means of a credit scoring system or by a credit officer, on the basis of a fixed underwriting protocol including a credit check with the *Centrale voor Kredieten aan Particulieren/Centrale des Crédits aux Particuliers*. After approval, the loan file is handed over to Stater Belgium NV (**Stater Belgium**). Stater Belgium then drafts the mortgage loan documentation and sends the completed proposal back to the branch or the agent. After a final check at the branch or the agent, the proposal is discussed with the client. If the client accepts the proposal, Stater Belgium takes over the process and supervises the execution of the newly approved loan step by step: from verification of the required documents such as salary, employment and property details, to loan documentation and ultimately payment to the borrower via a notary.

Once the mortgage loan is in place, Stater Belgium is also responsible for all communication with the client, including arrears and foreclosure management.

1.2 Servicing

(a) Payment collections

Most of the borrowers (approximately 99.4% of the Provisional Pool) pay via direct debit. The remaining part of the borrowers pays by money transfer. A direct debit cannot be executed if the balance of the borrowers' account is not sufficient to cover the full amount of the scheduled monthly payment. In this case, depending on the borrower's bank, there will be more than one attempt to withdraw the full amount of the scheduled payment.

(b) Arrears

If the borrower misses a payment, a reminder letter is automatically sent within ten days of the due date of the missed payment. The letter also includes a specification of the penalty interest charged, which is limited by law. If the borrower does not remedy his payment default following this first letter, a second letter and potentially consecutive letters will be sent, with wording and content becoming increasingly severe. Once the borrower is in arrears for more than two monthly instalments or one quarterly instalment, a last reminder letter is sent by Stater to the borrower informing him that the full loan will become due and payable if the arrears are not paid within ten days and that the necessary measures for collection will be taken. During this process, Bank Nagelmackers may decide, where applicable, whether the mortgage mandate on the property needs to be converted into a mortgage.

(c) Foreclosure process

If the payment default is not remedied within these ten days, the borrower is declared in default through a letter delivered by bailiff. The procedure which follows includes a mandatory amicable settlement procedure, the involvement of the seizure judge who appoints a notary and can ultimately result in a public sale of the property by the notary. Typically this procedure takes approximately 18 months from the first arrear. However, in practice, a solution is generally found much faster, whether by a mutually agreed repayment schedule, refinancing or voluntary sale of the property, thereby enabling the borrower to repay Bank Nagelmackers before the start of a legal procedure.

Section 6 - Documents incorporated by reference

The incorporation deed and the articles of association (*statuten/statuts*) (as last amended on 24 March 2017) of the Issuer (the **Articles of Association**) which have previously been published shall be incorporated in, and form part of, this Prospectus.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the FSMA in accordance with Article 32 of the Prospectus Law. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Domiciliary Agent and will be available at www.b-arenarmbs.be.

Section 7 - Credit Structure

1. MORTGAGE LOAN INTEREST RATES

1.1 Interest and interest rates

The interest rate of each Mortgage Loan is fixed, subject to a reset from time to time. On the Cut-off Date the weighted average interest rate of the Mortgage Loans is 2.20%. Interest rates vary between individual Mortgage Loans. The range of interest rates is described further in Section 13 (*Mortgage Receivables Purchase Agreement*) under paragraph 8 (*Description of Mortgage Loans*).

The actual amount of revenue received by the Issuer under the Mortgage Receivables Purchase Agreement will vary during the life of the Notes as a result of the level of delinquencies, defaults, repurchases, repayments and prepayments in respect of the Mortgage Receivables. Similarly, the actual amounts payable under the Interest Priority of Payments will vary during the life of the transaction as a result of fluctuations in Euribor and possible variations in certain other costs and expenses of the Issuer. The eventual effect of such variations could lead to drawings under the Reserve Account and the Liquidity Funding Account and to non-payment of certain items under the Interest Priority of Payments and/or the Principal Priority of Payments.

1.2 Prepayment Penalties

In accordance with applicable law, the Contract Records allow for Prepayment Penalties equal to three (3) months interest on the prepaid amount, calculated at the interest rate then applicable to the prepaid Mortgage Loan (except in case of: (a) the death of a Borrower if the Mortgage Loan is repaid from the proceeds of the Life Insurance Policy taken out in relation to the Mortgage Loan; or (b) in case of destruction of or damage to the property because of hazard, to the extent that the prepayment occurs with funds paid pursuant to a Hazard Insurance Policy relating to property(/ies) securing the Mortgage Loan).

1.3 Default interest

In respect of arrears on the Mortgage Loans, default interest (*nalatigheidsinterest/intérêt moratoire*) at a rate of up to 0.5% per annum is charged/applied in addition to the interest rate then applicable to the Mortgage Loan.

2. CASH COLLECTION ARRANGEMENT

Payments by the Borrowers of interest and scheduled principal under the Mortgage Receivables are due on a monthly basis, interest being payable in arrears. Until the assignment of the Mortgage Receivables has been notified to the Borrowers, all payments made by Borrowers will be paid into the Seller Collection Account maintained with Bank Nagelmackers (in this capacity the **Seller Collection Account Provider**). The Seller Collection Account is administrated by the MPT Provider. This account is not pledged to any party. This account will also be used for the collection of monies paid in respect of mortgage receivables other than Mortgage Receivables and in respect of other monies belonging to the Seller.

On each Business Day the MPT Provider shall transfer all amounts of principal, interest, Prepayment Penalties and interest penalties received by the Seller in respect of the Mortgage Receivables to the Issuer Collection Account. Upon the occurrence of a Notification Event, the Seller shall, unless an appropriate remedy to the satisfaction of the Issuer and the Security Agent is found and implemented within a period of thirty (30) calendar days and provided that the then current ratings assigned to the Class A Notes will not be adversely affected as a consequence thereof, except in the occurrence of certain Notification Events where no remedy period of thirty (30) calendar days shall apply,

forthwith notify in writing the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral, of the assignment of the Mortgage Receivables and the Related Security to the Issuer and instruct the relevant Borrowers of the Mortgage Loans and any other relevant parties indicated by the Issuer and/or the Security Agent, including the Insurance Companies or other third party providers of additional collateral to pay any amounts due directly to the Issuer Collection Account or, at its option, the Issuer shall be entitled to make such notifications and to give such instructions itself or on behalf of the Seller.

3. TRANSACTION ACCOUNTS

3.1 Replacement of the Floating Rate GIC Provider

The **Transaction Accounts** are each of the Issuer Collection Account, the Liquidity Funding Account, the Reserve Account and the Cap Collateral Accounts (as of such accounts being opened). The Transaction Accounts will be held at the Floating Rate GIC Provider (with the exception of the Cap Collateral Accounts, see section 3.5 below).

If at any time:

(i) the Floating Rate GIC Provider does not satisfy the Required Minimum Ratings (for the avoidance of doubt, either the relevant ratings by Fitch or the relevant ratings by Moody's); or

(ii) the Floating Rate GIC Provider ceases to be rated or ceases to be authorised to conduct business as a credit institution in a country of the Eurozone,

then the Floating Rate GIC Provider will immediately inform the Issuer Administrator thereof and the Issuer (or the Issuer Administrator on its behalf) will procure on a best effort basis within thirty (30) calendar days the transfer of all the Transaction Accounts (and the outstanding balance credited thereto) which were held at the Floating Rate GIC Provider to another bank or banks approved in writing by the Security Agent, which have the Required Minimum Ratings and which are credit institutions authorised to conduct business as a credit institution in a country of the Eurozone or the Issuer may choose to obtain a guarantee for the obligations under the Floating Rate GIC, being understood that the guarantee:

(i) must be provided by a credit institution in a country of the Eurozone and which has the Required Minimum Ratings;

(ii) must be irrevocable and unconditional; and

(iii) must be payable upon first demand of the Issuer (or Security Agent after an Enforcement Notice),

or find any other solution or take any other suitable action that will not, in and of itself and at this time, negatively impact the rating of the Class A Notes then outstanding.

Required Minimum Ratings means: (i) in case of ratings given by Fitch, a short term issuer default rating of at least F1 (or an otherwise equivalent rating under the rating agency criteria of Fitch at that time), or a long term deposit rating of at least A (or an otherwise equivalent rating under the rating agency criteria of Fitch at that time); and (ii) in case of ratings given by Moody's, a deposit rating (or otherwise equivalent rating under the rating agency criteria of Moody's at that time) of at least A3.

3.2 Issuer Collection Account

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

On the basis of the information provided by the MPT Provider, 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 in respect of the Mortgage Receivables will be identified as principal or revenue receipts and credited to a principal ledger (the **Principal Ledger**) or a revenue ledger (the **Revenue Ledger**), as the case may be. In particular, the amounts forming part of the Notes Interest Available Amount will be credited to the Revenue Ledger. The amounts forming part of the Notes Redemption Available Amount will be credited to the Principal Ledger.

Payments may be made from the Issuer Collection Account other than on a Quarterly Payment Date in accordance with Section 6.1(b) (*Payments during any Interest Period)*.

3.3 Reserve Account

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

Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet items (i) to (iv) (inclusive) of the Pre-FORD Interest Priority of Payments or items (i) to (iv) (inclusive) of the Post-FORD Interest Priority of Payments, before application of any funds drawn from the Liquidity Funding Account.

Any drawing under the Reserve Account by the Issuer shall only be made on a Quarterly Payment Date if and to the extent there is a shortfall in the Notes Interest Available Amount to meet items (i) to (iv) (inclusive) of the Pre-FORD Interest Priority of Payments or items (i) to (iv) (inclusive) of the Post-FORD Interest Priority of Payments in full on that Quarterly Payment Date, before drawing on the Reserve Account.

The **Reserve Account Required Amount** shall on any Quarterly Calculation Date be equal to (i) the amount of the net proceeds of the Class C Notes paid into the Reserve Account on the Closing Date, or (ii) zero, on the date whereon the Class A Notes have been or are to be redeemed in full, subject to the Conditions.

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

The Reserve Account will be replenished up to the Reserve Account Required Amount in accordance with the Interest Priority of Payments.

The Class C Notes will be redeemed in accordance with Condition 4.5 (b).

3.4 Liquidity Funding Account

The Issuer will further maintain with the Floating Rate GIC Provider the Liquidity Funding Account. On the Closing Date, the net proceeds of the Subordinated Loan will be credited to the Liquidity Funding Account.

Amounts credited to the Liquidity Funding Account will be available on any Quarterly Payment Date to make drawings from the Liquidity Funding Account. Any drawing from the Liquidity Funding Account 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, there is a shortfall in the Notes Interest Available Amount to meet items (i) to (iii) (inclusive) of the Pre-FORD Interest Priority of Payments or items (i) to (iii) (inclusive) of the Post-FORD Interest Priority of Payments.

The **Liquidity Funding Account Required Amount** shall be the higher of an amount equal to (i) 1.180% of the aggregate Principal Amount Outstanding of the Collateralized Notes at any Quarterly Payment Date or (ii) 0.787% of the aggregate Principal Amount Outstanding of the Collateralized Notes at the Closing Date. However, as from the date whereon the Class A Notes have been or are to be redeemed in full, subject to the Conditions, the Liquidity Funding Account Required Amount will be zero.

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

The Liquidity Funding Account will be replenished up to the Liquidity Funding Account Required Amount in accordance with the relevant Interest Priority of Payments.

The Subordinated Loan will be redeemed as set out in Section 9 (*Subordinated Loan*) below.

3.5 Cap Collateral Accounts

Upon the occurrence of an Initial Fitch Rating Event or an Initial Moody's Rating Event, the Issuer will open a separate account with a bank approved in writing by the Security Agent, which has the Required Minimum Ratings and which is a credit institution authorised to conduct business as a credit institution in a country of the Eurozone, in which cash collateral provided by the Cap Provider will be held (the **Cash Cap Collateral Account**). The Issuer will also open a custody account with such credit institution, in which securities collateral provided by the Cap Provider will be held (the **Securities Cap Collateral Account** and together with the Cash Cap Collateral Account, the **Cap Collateral Accounts**). Pursuant to the Pledge Agreement, the Cap Collateral Accounts will fall under the pledge created by the Pledge Agreement, in the same manner as the existing Transaction Accounts, as of the Cap Collateral Accounts being opened.

No withdrawals are permitted in respect of the Cap Collateral Accounts other than in relation to the return of Excess Cap Collateral, unless pursuant to the termination of the Cap Agreement, an amount is owed by the Cap Provider to the Issuer, in which case, an amount of the collateral equal to the amount owed by the Cap Provider to the Issuer may be applied in accordance with the Common Representative Appointment Agreement.

Excess Cap Collateral means an amount equal to the value of any collateral transferred to the Issuer by the Cap Provider under the Cap Agreement (together with any interest and distributions received by the Issuer in respect thereof) that is in excess of the Cap Provider's liability to the Issuer thereunder (i) as at the date such Cap Agreement is terminated or (ii) as at any other date of valuation in accordance with the terms of the Cap Agreement.

Tax Credit means, to the extent obtained by the Issuer, any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to such payment.

Any amounts representing Excess Cap Collateral or Tax Credits in such accounts from time to time shall be transferred directly to the Cap Provider (outside of the Interest Priority of Payments) pursuant to the terms of the Transaction Documents.

4. SUBORDINATION

4.1 General subordination following Enforcement

Following an Enforcement Notice being served:

(a) any amount due or overdue in respect of the Class B Notes will:

(i) in terms of payment and security, rank lower in priority than any amount due or overdue in respect of the Class A Notes and any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers; and

(ii) only become payable after any amounts due in respect of any Class A Notes and any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers, have been paid in full;

(b) any amount due or overdue in respect of the Class C Notes will:

(i) in terms of payment and security, rank lower in priority than any amount due or overdue in respect of the Class A Notes, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and the Class B Notes; and

(ii) only become payable after any amounts due in respect of any Class A Note, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and any Class B Notes, sequentially have been paid in full;

4.2 Class A Notes

The Class A Notes will be senior to each of the Class B Notes and the Class C Notes.

Within the Class A Notes, any Notes Redemption Available Amount remaining after item (a) of the Principal Priority of Payments will be used (i) first to redeem the Class A1 Notes, until fully redeemed; and (ii) second to redeem the Class A2 Notes, until fully redeemed.

In respect of:

(a) payment of interest prior to enforcement on the Class A Notes;

(b) payment of Coupon Excess Consideration; and

(c) payment of any amount due in respect of the Class A Notes in case of enforcement,

the Class A1 Notes and the Class A2 Notes shall rank *pari passu* and be paid *pro rata*.

4.3 Class B Notes

The Class B Notes will be subordinated to the Class A Notes (including, as from the First Optional Redemption Date, if applicable, to the Coupon Excess Consideration payable in respect to the Class A Notes) as follows:

(a) no payment of principal by the Issuer on the Class B Notes will be made whilst any Class A Note remains outstanding or, after the First Optional Redemption Date, any shortfall on the Coupon Excess Consideration Deficiency Ledgers remains outstanding;

(b) interest on the Class B Notes will only be paid in accordance with the Interest Priority of Payments; and

(c) in case of the service of an Enforcement Notice by the Security Agent of any amount due in respect of the Class B Notes, any amounts due in respect of the Class A Notes and, after the First Optional Redemption Date, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers will rank in priority to any amounts due in respect of the Class B Notes, in accordance with the Post-enforcement Priority of Payments.

4.4 Class C Notes

The Class C Notes will be subordinated to (i) the Class A Notes (including, as from the First Optional Redemption Date, if applicable, to the Coupon Excess Consideration payable in respect to the Class A Notes); and (ii) the Class B Notes as follows:

(a) principal and interest on the Class C Notes will only be paid by the Issuer in accordance with the Interest Priority of Payments; and

(b) in case of the service of an Enforcement Notice by the Security Agent, any amount due in respect of the Class C Notes will rank after any amounts due in respect of the Class A Notes, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and the Class B Notes in accordance with the Post-enforcement Priority of Payments.

4.5 Limited recourse – Compartments

To the extent that Notes Redemption Available Amounts and Notes Interest Available Amounts are insufficient to repay any principal and accrued interest outstanding (including, for the avoidance of doubt, any Coupon Excess Consideration) on any Class of Notes on the Final Maturity Date, any amount of the Principal Amount Outstanding of, and accrued interest on, such Notes in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer.

Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment No. 4 and the recourse for such obligations is limited so that only the assets of Compartment No. 4 subject to the relevant Security Interest will be available to meet the claims of the Noteholders and the other Secured Parties. Any claim remaining unsatisfied after the realisation of the Security Interest and the application of the proceeds thereof in accordance with the Post-Enforcement Priority of Payments shall be extinguished and all unpaid liabilities and obligations of the Issuer acting through its Compartment No. 4 will cease to be payable by the Issuer. Except as otherwise provided by Conditions 4.11 (*Enforcement of Security and/or Notes – Limited Recourse, Waiver and Non-petition*) and 4.12 (*The Security Agent*), none of the Noteholders or any other Secured Party shall be entitled to initiate proceedings or, in case of a the Secured Parties, take any steps to enforce any relevant Security Interest. See Condition 4.11 (*Enforcement of Security and/or Notes – Limited Recourse, Waiver and Non-petition*).

5. PRINCIPAL DEFICIENCY, INTEREST DEFICIENCY AND COUPON EXCESS CONSIDERATION DEFICIENCY

5.1 Principal Deficiency

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:

(a) a Class A Interest Shortfall;

(b) a Principal Deficiency; and

(c) any Notes Redemption Available Amount which in accordance with the Principal Priority of Payments is used to cover any Coupon Excess Consideration Deficiency.

On each Quarterly Calculation Date, first, the Class A Interest Shortfall and thereafter, the Quarterly Principal Deficiency and thereafter any Notes Redemption Available Amount which in accordance with the Principal Priority of Payments is used to cover any Coupon Excess Consideration Deficiency will be debited to the Class B Principal Deficiency Ledger (such debit items, together with the debit balance, if any, on the Class B Principal Deficiency Ledger on the immediately preceding Quarterly Payment Date being credited at item (vii) of the pre-FORD Interest Priority of Payments or at item (ix) of the Post-FORD Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than Principal Amount Outstanding of the Class B Notes (the **Class B Principal Deficiency Limit**) and thereafter first, the Class A Interest Shortfall and thereafter, the Quarterly Principal Deficiency and thereafter any Notes Redemption Available Amount which in accordance with the Principal Priority of Payments is used to cover any Coupon Excess Consideration Deficiency will be debited to the Class A Principal Deficiency Ledger (such debit items, together with the debit balance, if any, on the Class A Principal Deficiency Ledger on the immediately preceding Quarterly Payment Date being credited at item (iv) of the Pre-FORD Interest Priority of Payments or at item (iv) of the Post-FORD Interest Priority of Payments, to the extent that any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than Principal Amount Outstanding of the Class A Notes (the **Class A Principal Deficiency Limit**).

Class A Interest Shortfall means, in relation to any Quarterly Payment Date, any shortfall of the aggregate amount under items (i) to (x) (inclusive) of Notes Interest Available Amount to pay Accrued Interest on the Class A Notes on the relevant Quarterly Payment Date and any other amount as referred to in items (i) and (ii) of the Pre-FORD Interest Priority of Payments or items (i) and (ii) of the Post-FORD Interest Priority of Payments.

Mortgaged Asset means the Real Estate over which a Mortgage and/or a Mortgage Mandate is granted.

Net Proceeds has the meaning ascribed to it in Condition 4.2(c)(viii).

Principal Deficiency means, on any Quarterly Calculation Date, the sum of:

(a) the Quarterly Principal Deficiency calculated on such Quarterly Calculation Date; and

(b) the debit balance, if any, on the Principal Deficiency Ledger on the immediately preceding Quarterly Payment Date (after application of the Notes Interest Available Amount in accordance with the Interest Priority of Payments on that Quarterly Payment Date).

Quarterly Principal Deficiency means, on any Quarterly Calculation Date, the aggregate Realised Losses.

Realised Losses means, on any Quarterly Calculation Date, the sum of:

(a) the amount corresponding to the difference between (i) the aggregate Outstanding Principal Amount of Mortgage Receivables in respect of which the foreclosure procedure or amicable sale procedure on the relevant Mortgage Assets has been completed or insurance policy collections have been received, during the immediately preceding Quarterly Calculation Period and (ii) the sum of the Net Proceeds on such Mortgage Receivables; and

(b) with respect to Mortgage Receivables sold by the Issuer during the immediately preceding Quarterly Calculation Period, the amount of the difference, if any, between (x) the aggregate Outstanding Principal Amount of such Mortgage Receivables at the sale date and (y) the purchase price received in respect of such Mortgage Receivables to the extent relating to the principal amount of such Mortgage Receivables.

5.2 Interest Deficiency Ledgers and Coupon Excess Consideration Deficiency Ledgers

(a) ***Event of Default in respect of failure to pay the interest (excluding Coupon Excess Consideration) due under Class A Notes.***

Subject to Condition 4.9 (*Events of Default*), it shall be an Event of Default under the Class A Notes if on any Quarterly Payment Date, the interest (excluding Coupon Excess Consideration) under and in respect of the Class A Notes has not been paid in full and remains unpaid at least ten (10) Business Days after such due date.

Non-payment of Coupon Excess Consideration will not constitute an Event of Default.

(b) ***Coupon Excess Consideration***

Two ledgers, known as the Class A1 Coupon Excess Consideration Deficiency Ledger and the Class A2 Coupon Excess Consideration Deficiency Ledger (together referred to as the ***Coupon Excess Consideration Deficiency Ledgers***) will be established by the Issuer Administrator on behalf of the Issuer in respect of each of the Sub-Classes of Class A Notes in order to record any amounts of Coupon Excess Consideration that have not been (fully) paid out on the relevant Quarterly Payment Date(s) to the Class A Noteholders. The balance of the respective Coupon Excess Consideration Deficiency Ledger existing on any Quarterly Calculation Date shall on the next succeeding Quarterly Payment Date be reduced with the amount of Coupon Excess Consideration Surplus, if any, to be allocated pro-rata – according to the balances of the respective Coupon Excess Deficiency Ledgers existing on the most recent Quarterly Calculation Date - to the Class A1 Coupon Excess Consideration Deficiency Ledger and the Class A2 Coupon Excess Consideration Deficiency Ledger.

Coupon Excess Consideration Deficiency means any shortfall reflected in the Coupon Excess Consideration Deficiency Ledgers, if any, of the relevant Coupon Excess Consideration.

Coupon Excess Consideration Surplus means, on any Quarterly Calculation Date, the sum of (i) the Notes Interest Available Amount and (ii) Notes Redemption Available Amount to be allocated to the Coupon Excess Consideration Deficiency Ledgers on the next succeeding Quarterly Payment Date in accordance with the Interest Priority of Payments or the Principal Priority of Payments, as applicable.

Class A1 Coupon Excess Consideration Deficiency Ledger means the coupon excess consideration deficiency ledger, relating to the Class A1 Notes.

Class A2 Coupon Excess Consideration Deficiency Ledger means the coupon excess consideration deficiency ledger, relating to the Class A2 Notes.

On each Quarterly Payment Date as from (but excluding) the First Optional Redemption Date, the Class A Noteholders will, in accordance with the Post-FORD Interest Priority of Payments, on a *pro-rata* and *pari passu* basis and in accordance with the amount of Coupon Excess Consideration due among them, be entitled to the Coupon Excess Consideration, if sufficient amounts remain available for such purpose in accordance with the application of the Post-FORD Interest Priority of Payments.

The Coupon Excess Consideration will be subordinated to payments of a higher order of priority including, but not limited to, any amounts necessary to (i) make good any shortfall reflected in the Class A Principal Deficiency Ledgers until the debit balance, if any, on the Class A Principal Deficiency Ledgers is reduced to zero, (ii) replenish the Liquidity Funding Account up to the amount of the Liquidity Funding Required Amount; and (iii) replenish the Reserve Account up to the amount of the Reserve Account Required Amount.

The credit ratings assigned by the Rating Agencies do not address the likelihood of any payment of the Coupon Excess Consideration and failure to pay any Coupon Excess Consideration will not cause an Event of Default.

(c) ***Interest Deficiency Ledger and interest roll-over***

Interest Deficiency Ledgers will be established by the Issuer Administrator on behalf of the Issuer in respect of the Class B Notes (the **Class B Interest Deficiency Ledger**) and the Class C Notes (the **Class C Interest Deficiency Ledger**) in order to record any shortfalls in the payment of Accrued Interest on the Class B Notes and the Class C Notes, as applicable.

To the extent that on any Quarterly Payment Date, the Notes Interest Available Amount is not sufficient to pay the Accrued Interest in respect of all Class B Notes, the amount of such shortfall (the **Class B Interest Deficiency**) shall be recorded in the Class B Interest Deficiency Ledger. The balance of the Class B Interest Deficiency Ledger existing on any Quarterly Calculation Date shall on the next succeeding Quarterly Payment Date be reduced with the Class B Interest Surplus, if any.

Class B Interest Surplus means, on any Quarterly Calculation Date, the Notes Interest Available Amount to be allocated to the Class B Interest Deficiency Ledger on the next succeeding Quarterly Payment Date in accordance with the Interest Priority of Payments.

To the extent that on any Quarterly Payment Date, the Notes Interest Available Amount is not sufficient to pay the Accrued Interest in respect of all Class C Notes, the amount of such shortfall (the **Class C Interest Deficiency**) shall be recorded in the Class C Interest Deficiency Ledger. The balance of the Class C Interest Deficiency Ledger existing on any Quarterly Calculation Date shall on the next succeeding Quarterly Payment Date be reduced with the Class C Interest Surplus, if any.

Class C Interest Surplus means, on any Quarterly Calculation Date, the Notes Interest Available Amount to be allocated to the Class C Interest Deficiency Ledger on the next succeeding Quarterly Payment Date in accordance with the Interest Priority of Payments.

Non-payment of Accrued Interest due on the Class B Notes and the Class C Notes will not cause an Event of Default.

(d) ***No capitalisation***

No interest will accrue on any amounts recorded on the Coupon Excess Consideration Deficiency Ledgers or on the Interest Deficiency Ledgers.

6. PRIORITY OF PAYMENTS IN RESPECT OF INTEREST

6.1 Calculation of Notes Redemption Available Amount and Notes Interest Available Amount, and payments during any Interest Period

(a) ***Calculation of Notes Redemption Available Amount and Notes Interest Available Amount***

The Quarterly Calculation Date shall be, in relation to any Quarterly Payment Date, the third Business Day preceding the relevant Quarterly Payment Date (the **Quarterly Calculation Date**). On each Quarterly Calculation Date the Issuer Administrator will calculate the amount of the Notes Interest Available Amount and the Notes Redemption Available Amount which will be available to the Issuer in the Issuer Collection Account on the immediately following Quarterly Payment Date to satisfy its obligations in respect of certain expenses and costs to the Transaction Parties and its obligations under the Notes in accordance with the Interest Priority of Payments and the Principal Priority of Payments.

The Notes Interest Available Amount shall be calculated by reference to interest receipts and other amounts received by the Issuer in the Issuer Collection Account during the previous Quarterly Calculation Period or, with regard to certain amounts, at the latest on the succeeding Quarterly Payment Date.

The Notes Redemption Available Amount shall be calculated by reference to principal amounts and other amounts received by the Issuer in the Issuer Collection Account during the previous Quarterly Calculation Period.

(b) ***Payments during any Interest Period***

Provided no Enforcement Notice has been given, amounts due and payable by the Issuer:

(a) to satisfy any expenses referred to in items (i) and (ii) of the Pre-FORD Interest Priority of Payments or in items (i) and (ii) of the Post-FORD Interest Priority of Payments that become due and payable at such time; and

(b) in respect of payments to the MPT Provider of any amount previously credited to the Transaction Accounts in error,

may be paid by the Issuer on a date that is not a Quarterly Payment Date provided there are sufficient funds available in the Issuer Collection Account or (solely for the purposes of (a) above) can be drawn from the Reserve Account.

6.2 Notes Interest Available Amount

On each Quarterly Calculation Date the Issuer Administrator shall calculate the amount of Notes Interest Available Amount which is to be applied on the immediately succeeding Quarterly Payment Date.

Prior to the delivery of an Enforcement Notice by the Security Agent, the sum of the following amounts, which have been received or deposited during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date or, for items (i), (viii) and (ix), which will have been received at the latest on the corresponding Quarterly Payment Date, will be the **Notes Interest Available Amount**:

(i) any amounts received under the Cap Agreement excluding any Cap Collateral (as defined below) transferred by the Cap Provider pursuant to the Cap Agreement;

(ii) any interest received by the Issuer on the Mortgage Receivables;

(iii) any Prepayment Penalties and default interest received by the Issuer on the Mortgage Receivables;

(iv) all other monies received by the Issuer in respect of the Mortgage Receivables to the extent these do not relate to principal;

(v) all amounts received in connection with a repurchase or sale of a Mortgage Receivables or in respect of other amounts received under the Mortgage Receivables Purchase Agreement, to the extent they do not relate to principal;

(vi) any interest accrued and received on sums standing to the credit of the Transaction Accounts (with the exception of the Cap Collateral Accounts);

(vii) any remaining amount standing to the credit of the Issuer Collection Account (other than (i) an amount yet included in the Notes Interest Available Amount under items (i) to (vi) (inclusive) and items (viii) to (x) (inclusive) or the Notes Redemption Available Amount, (ii) amounts received in respect of the new running Quarterly Calculation Period and (iii) amounts of retained interest for non-Eligible Holders), as reasonably determined by the Issuer Administrator in accordance with the Transaction Documents;

(viii) any amounts to be drawn from the Liquidity Funding Account (to the extent available) in accordance with the Common Representative Appointment Agreement on the immediately succeeding Quarterly Payment Date;

(ix) any amounts to be drawn from the Reserve Account (to the extent available) in accordance with the Common Representative Appointment Agreement on the immediately succeeding Quarterly Payment Date;

(x) any amounts received as Post-Foreclosure Proceeds on the Mortgage Receivables;

(xi) as long as any Class A Notes are outstanding, the Notes Redemption Available Amount that may be used to fund a Class A Interest Shortfall in accordance with the Principal Priority of Payments, to the extent that the sum of items (i) to (ix) (inclusive) above is not sufficient to cover item (i) to (iii) of the Pre-FORD Interest Priority of Payments or in item (i) to (iii) of the Post-FORD Interest Priority of Payments; and

(xii) if, and to the extent the Class B Notes have been redeemed, any amount referred to in item (f) of the Principal Priority of Payments.

minus

funds deducted from the Issuer Collection Account during the applicable Quarterly Calculation Period as referred to in section 6.1(b) (*Payments during any Interest Period*)

and excluding, for the avoidance of doubt

any amounts received by the Issuer and payable to the Cap Provider in respect of Tax Credits.

6.3 Interest Priority of Payments before the First Optional Redemption Date

On each Quarterly Payment Date prior to the issuance of an Enforcement Notice and up to (and including) the First Optional Redemption Date, the Issuer Administrator on behalf of the Issuer shall apply the Notes Interest Available Amount in making the following payments or provisions, in the

following order of priority (in each case, only if, and to the extent that the Issuer Collection Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the **Pre-FORD Interest Priority of Payments**):

(i) *first*, in or towards payment *pari passu* and *pro rata* of the following expenses of the Issuer:

(A) the amounts due and payable to the MPT Provider;

(B) the amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Securities Settlement System;

(C) the amounts due and payable to the FSMA and/or the FOD Economie;

(D) the amounts due and payable to Euronext Brussels;

(E) the amounts due and payable to the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(F) the amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(G) the amounts due and payable to Accesso VZW;

(H) the amounts due and payable to the Auditor;

(I) the amounts due and payable to the Rating Agencies;

(J) the amounts due and payable to the Security Agent;

(K) the amounts due and payable to the Floating Rate GIC Provider (including negative interest on the Transaction Accounts (other than the Cap Collateral Account), if any);

(L) the amounts due and payable to the Domiciliary Agent;

(M) the amounts due and payable to the Reference Agent;

(N) the amounts due and payable to the Listing Agent;

(O) the amounts due and payable to the Issuer Administrator;

(P) the amounts due and payable to European Data Warehouse GmbH;

(Q) the amounts due and payable to the Directors, if any;

(R) the amounts due and payable to the Cap Provider, if any;

(S) the amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes; and

(T) the amounts due and payable to the Issuer into the Share Capital Account under Clause 10.2 of the Common Representative Appointment Agreement;

(ii) *second*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts that the Issuer Administrator certifies are due and payable by the Issuer to third parties (other than any

Secured Parties) that are not yet included in item (i) above in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;

(iii) *third*, in or towards satisfaction of, *pro rata* and *pari passu*, (a) all amounts of Accrued Interest due and payable in respect of the Class A1 Notes, and (b) all amounts of Accrued Interest due and payable in respect of the Class A2 Notes;

(iv) *fourth*, in or towards satisfaction of all amounts debited to the Class A Principal Deficiency Ledger, until any debit balance on the Class A Principal Deficiency Ledger is reduced to zero;

(v) *fifth*, in or towards satisfaction of any sums required to replenish (as the case may be) the Liquidity Funding Account up to the amount of the Liquidity Funding Account Required Amount;

(vi) *sixth*, in or towards satisfaction of all amounts required to replenish (as the case may be) the Reserve Account up to the Reserve Account Required Amount;

(vii) *seventh*, in or towards satisfaction of all amounts debited to the Class B Principal Deficiency Ledger, until any debit balance on the Class B Principal Deficiency Ledger is reduced to zero;

(viii) *eighth*, in or towards satisfaction of, *pro rata* and *pari passu*, all amounts of Accrued Interest due in respect of the Class B Notes;

(ix) *ninth*, in or towards satisfaction of all amounts debited to the Class B Interest Deficiency Ledger, until any debit balance on the Class B Interest Deficiency Ledger is reduced to zero;

(x) *tenth*, in or towards satisfaction of, pro rata and pari passu, all amounts of Accrued Interest due in respect of the Class C Notes;

(xi) *eleventh*, in or towards satisfaction of all amounts debited to the Class C Interest Deficiency Ledger, until any debit balance on the Class C Interest Deficiency Ledger is reduced to zero;

(xii) *twelfth*, in or towards satisfaction of, pari passu and pro rata, amounts of principal due and unpaid in respect of the Class C Notes, on the Quarterly Payment Date whereon the Class A Notes have been or are to be redeemed in full and each Quarterly Payment Date thereafter;

(xiii) *thirteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(xiv) *fourteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(xv) *fifteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(xvi) *sixteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(xvii) *seventeenth*, in or towards satisfaction of the Deferred Purchase Price Instalment to the Seller.

Accesso VZW is the compensation fund (*compensatiekas*/*caisse de compensation*), established in accordance with article 220 of the Insurance Act and the Royal Decree of 10 April 2014 with regard to the regulation of certain insurance policies (*koninklijk besluit van 10 april 2014 tot regeling van sommige verzekeringsovereenkomsten tot waarborg van de terugbetaling van het kapitaal van een hypothecair krediet/Arrêté royal du 10 avril 2014 réglementant certains contrats d'assurance visant à garantir le remboursement du capital d'un crédit hypothécaire*) and the Royal Decree of 4 March 2015 by which Accesso VZW is recognised as compensation fund within the meaning of article 220 of the act of 4 April 2014 on insurances.

The **Share Capital Account** means the bank account opened by the Issuer with BNP Paribas Fortis NV/SA in which (i) the share capital portion allocated to Compartment No. 4; (ii) the amounts credited at item (i) (S) of the Interest Priority of Payments; and (iii) the interest accrued on the Share Capital Account are held.

6.4 Interest Priority of Payments as from the First Optional Redemption Date

Prior to the service of an Enforcement Notice and as from the First Optional Redemption Date, the Notes Interest Available Amount will be applied by the Issuer on the immediately succeeding Quarterly Payment Date following the First Optional Redemption Date, and on each Quarterly Payment Date thereafter as follows (in each case, only if, and to the extent that the Issuer Collection Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the **Post-FORD Interest Priority of Payments** and together with the Pre-FORD Interest Priority of Payments, each (where relevant) the **Interest Priority of Payments**):

(i) *first*, in or towards payment *pari passu* and *pro rata* of the following expenses of the Issuer:

(A) the amounts due and payable to the MPT Provider;

(B) the amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Securities Settlement System;

(C) the amounts due and payable to the FSMA and/or the FOD Economie;

(D) the amounts due and payable to Euronext Brussels;

(E) the amounts due and payable to the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(F) the amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(G) the amounts due and payable to Accesso VZW;

(H) the amounts due and payable to the Auditor;

(I) the amounts due and payable to the Rating Agencies;

(J) the amounts due and payable to the Security Agent;

(K) the amounts due and payable to the Floating Rate GIC Provider (including negative interest on the Transaction Accounts (other than the Cap Collateral Account), if any);

(L) the amounts due and payable to the Domiciliary Agent;

(M) the amounts due and payable to the Reference Agent;

(N) the amounts due and payable to the Listing Agent;

(O) the amounts due and payable to the Issuer Administrator;

(P) the amounts due and payable to European Data Warehouse GmbH;

(Q) the amounts due and payable to the Directors, if any;

(R) the amounts due and payable to the Cap Provider, if any;

(S) the amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes; and

(T) the amounts due and payable to the Issuer into the Share Capital Account under Clause 10.2 of the Common Representative Appointment Agreement;

(ii) *second*, in or towards satisfaction of, pari passu and pro rata, all amounts that the Issuer Administrator certifies are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (i) above in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;

(iii) *third*, in or towards satisfaction of, pro rata and pari passu, all amounts of Accrued Interest due and payable in respect of the Class A1 Notes and the Class A2 Notes;

(iv) *fourth*, in or towards satisfaction of all amounts debited to the Class A Principal Deficiency Ledger, until any debit balance on the Class A Principal Deficiency Ledger is reduced to zero;

(v) *fifth*, in or towards satisfaction of any sums required to replenish (as the case may be) the Liquidity Funding Account up to the amount of the Liquidity Funding Account Required Amount;

(vi) *sixth*, in or towards satisfaction of all amounts required to replenish (as the case may be) the Reserve Account up to the Reserve Account Required Amount;

(vii) *seventh*, for as long as the Class A Notes have not been redeemed in full, in or towards satisfaction pro-rata and pari passu, of all amounts of Coupon Excess Consideration due and payable in respect of the Class A1 Notes and the Class A2 Notes;

(viii) *eighth*, in or towards making good (pro-rata and pari passu) any shortfall reflected in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

(ix) *ninth*, in or towards satisfaction of all amounts debited to the Class B Principal Deficiency Ledger, until any debit balance on the Class B Principal Deficiency Ledger is reduced to zero;

(x) *tenth*, for as long as the Class A Notes are not redeemed in full, in or towards funding the Class A Additional Amounts to be added to the Notes Redemption Available Amounts on the same Quarterly Calculation Date;

(xi) *eleventh*, in or towards satisfaction of, pro rata and pari passu, all amounts of Accrued Interest due in respect of the Class B Notes;

(xii) *twelfth*, in or towards satisfaction of all amounts debited to the Class B Interest Deficiency Ledger, until any debit balance on the Class B Interest Deficiency Ledger is reduced to zero;

(xiii) *thirteenth*, in or towards satisfaction of, pro rata and pari passu, all amounts of Accrued Interest due in respect of the Class C Notes;

(xiv) *fourteenth*, in or towards satisfaction of all amounts debited to the Class C Interest Deficiency Ledger, until any debit balance on the Class C Interest Deficiency Ledger is reduced to zero;

(xv) *fifteenth*, in or towards satisfaction of, pari passu and pro rata, amounts of principal due and unpaid in respect of the Class C Notes, on the Quarterly Payment Date whereon the Class A Notes have been or are to be redeemed in full and each Quarterly Payment Date thereafter;

(xvi) *sixteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(xvii) *seventeenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(xviii) *eighteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(xix) *nineteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement; and

(xx) *twentieth*, in or towards satisfaction of the Deferred Purchase Price Instalment to the Seller.

On each Quarterly Payment Date as from the First Optional Redemption Date and in accordance with the Post-FORD Interest Priority of Payments and until the Class A Notes have been redeemed in full, the Class A Additional Amounts will be equal to the positive amount (if any) of the Notes Interest Available Amount remaining after amounts payable under items (i) to (ix) (inclusive) of the Post-FORD Interest Priority of Payments have been fully satisfied on such Quarterly Payment Date (the **Class A Additional Amounts**).

7. PRIORITY OF PAYMENTS IN RESPECT OF PRINCIPAL

7.1 Notes Redemption Available Amount

On each Quarterly Calculation Date, prior to the issuance of an Enforcement Notice, the Issuer Administrator shall calculate the amount of principal funds which will be available to the Issuer in the Issuer Collection Account on the following Quarterly Payment Date to satisfy its obligations under the Notes by reference to the applicable Quarterly Calculation Period, and such principal funds (the **Notes Redemption Available Amount**) shall be the sum of the following:

(a) the aggregate amount of any repayment and prepayment of principal amounts under the Mortgage Receivables received from any person (but excluding Prepayment Penalties, if any);

(b) the aggregate of any amounts received:

(i) in respect of a repurchase of Mortgage Receivables by the Seller under the Mortgage Receivables Purchase Agreement; and

(ii) in respect of any other amounts received by the Issuer under the Mortgage Receivables Purchase Agreement in connection with the Mortgage Receivables,

in each case, to the extent such amounts relate to principal amounts;

(c) any amounts to be credited to the Principal Deficiency Ledgers on the immediately following Quarterly Payment Date pursuant to items (iv) and (vii) of the Pre-FORD Interest Priority of Payments and items (iv) and (ix) of the Post-FORD Interest Priority of Payments;

(d) any Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date;

(e) the Class A Additional Amounts as calculated on the same Quarterly Calculation Date;

(f) any amounts received as Net Proceeds on any Mortgage Receivables; and

(g) in respect of the first (1^{st}) Quarterly Payment Date, the positive difference between the Principal Amount Outstanding of the Collateralized Notes on the Closing Date and the Current Balances of all Mortgage Receivables on the Closing Date,

excluding, for the avoidance of doubt, any amounts received by the Issuer and payable to the Cap Provider in respect of Tax Credits.

7.2 Principal Priority of Payments

Prior to the issuance of an Enforcement Notice, the Issuer shall, on each Quarterly Payment Date, apply the Notes Redemption Available Amount (if any) in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that the Issuer Collection Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the **Principal Priority of Payments**):

(a) for so long as any Class A Notes are outstanding, first, in or towards funding, pari passu and pro rata, any Class A Interest Shortfall which has become due during the relevant Interest Period in accordance with the Interest Priority of Payments;

(b) second, in redeeming, pari passu and pro rata, all principal amounts outstanding in respect of the Class A1 Notes until all of the Class A1 Notes have been redeemed in full;

(c) third, in redeeming, pari passu and pro rata, all principal amounts outstanding in respect of the Class A2 Notes until all of the Class A2 Notes have been redeemed in full;

(d) fourth, as from the First Optional Redemption Date, in or towards satisfaction pari passu and pro rata, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid (after the application of the Post-FORD Interest Priority of Payments) in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

(e) fifth, in redeeming, pari passu and pro rata, all principal amounts outstanding in respect of the Class B Notes until all of the Class B Notes have been redeemed in full; and

(f) sixth, if, and to the extent the Class B Notes have been fully redeemed, any remaining amount will be added to the Notes Interest Available Amount.

Notes Redemption Available Amount shall not be used to redeem the Class C Notes. Amounts due and payable under the Class C Notes shall be paid from the Notes Interest Available Amount under item (x) to (xii) of the Pre-FORD Interest Priority of Payments and item (xiii) to (xv) of the Post-FORD Interest Priority of Payments in accordance with Condition 4.5(b)(vi).

8. PRIORITY OF PAYMENTS UPON ENFORCEMENT

8.1 Post-Enforcement Priority of Payments up to the First Optional Redemption Date

Following the service of an Enforcement Notice and up to (but excluding) the First Optional Redemption Date, all monies standing to the credit of the Transaction Accounts (subject, in the case of the Cap Collateral Accounts, to the provisions of the Common Representative Appointment Agreement) and received by the Issuer (or the Security Agent or the Issuer Administrator) will be applied in the following priority (the **Pre-FORD Post-Enforcement Priority of Payments**) (if and to the extent that payments or provisions of a higher order have been made and to the extent that such liabilities are due by and recoverable against the Issuer):

(i) *first*, in or towards satisfaction of all amounts due and payable to any receiver or agent appointed by the Security Agent for the enforcement of the Security and any costs, charges, liabilities and expenses incurred by such receiver or agent together with interest as provided in the Pledge Agreement;

(ii) *second*, in or *towards* satisfaction of all amounts due and payable to the Security Agent, together with interest thereon as provided in the Pledge Agreement;

(iii) *third*, in or *towards* all amounts due to the Issuer Administrator acting in that capacity;

(iv) *fourth*, in or *towards* satisfaction of all amounts due and payable to the MPT Provider;

(v) *fifth*, in or towards satisfaction of *pari passu* and *pro rata*:

(A) all amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Securities Settlement System;

(B) all amounts due and payable to the FSMA and/or the FOD Economie;

(C) all amounts due and payable to Euronext Brussels;

(D) all amounts due and payable to the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(E) all amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(F) all amounts due and payable to Accesso VZW;

(G) all amounts due and payable to the Auditor;

(H) all amounts due and payable to the Rating Agencies;

(I) all amounts due and payable to the Floating Rate GIC Provider (including negative interest on the Transaction Accounts (other than the Cap Collateral Account), if any);

(J) all amounts due and payable to the Domiciliary Agent;

(K) all amounts due and payable to the Reference Agent;

(L) all amounts due and payable to the Listing Agent;

(M) all amounts due and payable to European Data Warehouse GmbH;

(N) all amounts due and payable to the Directors, if any;

(O) the amounts due and payable to the Cap Provider, if any;

(P) all amounts due and payable to the Issuer into the Share Capital Account under Clause 10.2 of the Common Representative Appointment Agreement; and

(Q) all other amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes;

(vi) *sixth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts that the Issuer Administrator certifies are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (v) above in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;

(vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, (a) all amounts of interest due or overdue in respect of the Class A1 Notes, and (b) all amounts of interest due or overdue in respect of the Class A2 Notes;

(viii) *eighth*, until the Class A Notes have been redeemed in full, in or towards redemption of, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) all amounts of principal outstanding in respect of the Class A1 Notes until redeemed in full, and (b) all amounts of principal outstanding in respect of the Class A2 Notes until redeemed in full;

(ix) *ninth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of interest due or overdue in respect of the Class B Notes;

(x) *tenth*, in or towards redemption of, *pari passu* and *pro rata*, all amounts of principal due but unpaid in respect of the Class B Notes;

(xi) *eleventh*, in or towards satisfaction of, *pari passu* and *pro rata*, all interest due or overdue and principal due but unpaid in respect of the Class C Notes;

(xii) *twelfth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Expenses Subordinated Loan;

(xiii) *thirteenth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan; and

(xiv) *fourteenth*, in or towards satisfaction of the Deferred Purchase Price Instalment to the Seller,

it being understood that amounts resulting from collateral standing to the credit of the Cap Collateral Accounts shall only be applied in accordance with the Pre-FORD Post-Enforcement Priority of Payments to the extent such amounts cover the Cap Provider's liability to the Issuer under the Cap

Agreement as at the date of termination of the transaction under the Cap Agreement, the remainder of the amount standing to the credit of the Cap Collateral Accounts shall be released directly to the Cap Provider.

8.2 Post-Enforcement Priority of Payments as from the First Optional Redemption Date

Following the service of an Enforcement Notice and as from (but excluding) the First Optional Redemption Date, all monies standing to the credit of the Transaction Accounts (subject, in the case of the Cap Collateral Accounts, to the provisions of the Common Representative Appointment Agreement) and received by the Issuer (or the Security Agent or the Issuer Administrator) will be applied in the following priority (the **Post-FORD Post-Enforcement Priority of Payments** and, together with the Pre-FORD Post-Enforcement Priority of Payments, the **Post-Enforcement Priority of Payments**) (if and to the extent that payments or provisions of a higher order have been made and to the extent that such liabilities are due by and recoverable against the Issuer):

(i) first, in or towards satisfaction of all amounts due and payable to any receiver or agent appointed by the Security Agent for the enforcement of the security and any costs, charges, liabilities and expenses incurred by such receiver or agent together with interest as provided in the Pledge Agreement;

(ii) second, in or towards satisfaction of all amounts due and payable to the Security Agent, together with interest thereon as provided in the Pledge Agreement;

(iii) third, in or towards all amounts due to the Issuer Administrator acting in that capacity;

(iv) fourth, in or towards satisfaction of all amounts due and payable to the MPT Provider;

(v) fifth, in or towards satisfaction of *pari passu* and *pro rata*:

(A) all amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Securities Settlement System;

(B) all amounts due and payable to the FSMA and/or the FOD Economie;

(C) all amounts due and payable to Euronext Brussels;

(D) all amounts due and payable to the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(E) all amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(F) all amounts due and payable to Accesso VZW;

(G) all amounts due and payable to the Auditor;

(H) all amounts due and payable to the Rating Agencies;

(I) all amounts due and payable to the Floating Rate GIC Provider (including negative interest on the Transaction Accounts (other than the Cap Collateral Account), if any);

(J) all amounts due and payable to the Domiciliary Agent;

(K) all amounts due and payable to the Reference Agent;

(L) all amounts due and payable to European Data Warehouse GmbH;

(M) all amounts due and payable to the Directors, if any;

(N) the amounts due and payable to the Cap Provider, if any;

(O) all amounts due and payable to the Issuer into the Share Capital Account under Clause 10.2 of the Common Representative Appointment Agreement; and

(P) all other amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes;

(vi) *sixth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts that the Issuer Administrator certifies are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (v) above in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;

(vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) all amounts of interest due or overdue in respect of the Class A1 Notes, and (b) all amounts of interest due or overdue in respect of the Class A2 Notes, which are calculated on the basis of the Coupon Rate capped at the Maximum Rate;

(viii) *eighth*, until the Class A Notes have been redeemed in full, in or towards redemption of, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) all amounts of principal outstanding in respect of the Class A1 Notes until redeemed in full, and (b) all amounts of principal outstanding in respect of the Class A2 Notes until redeemed in full;

(ix) *ninth*, in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

(x) *tenth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of interest overdue in respect of the Class B Notes;

(xi) *eleventh*, in or towards redemption of, *pari passu* and *pro rata*, all amounts of principal outstanding and any other amount due but unpaid in respect of the Class B Notes until redeemed in full;

(xii) *twelfth*, in or towards satisfaction of, *pari passu* and *pro rata*, all interest overdue and principal due but unpaid and any other amount due but unpaid due in respect of the Class C Notes;

(xiii) *thirteenth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Expenses Subordinated Loan;

(xiv) *fourteenth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan; and

(xv) *fifteenth*, in or towards satisfaction of the Deferred Purchase Price Instalment to the Seller,

9. SUBORDINATED LOAN

On the Closing Date the Seller will make available to the Issuer the Subordinated Loan. The Subordinated Loan will be in an amount of euro 7,500,000 and will be used by the Issuer to fund the Liquidity Funding Account.

Prior to the service of an Enforcement Notice, the Subordinated Loan shall be subject to mandatory redemption in whole or in part on each Quarterly Payment Date for an amount of the Subordinated Loan Redemption Amount to the extent that on the Quarterly Calculation Date relating thereto there is sufficient Notes Interest Available Amount available for such purpose to and in accordance with the Interest Priority of Payments. The principal amount so redeemable on any Quarterly Payment Date in respect of the Subordinated Loan shall be an amount which is equal to the lower of (x) the amount (if any) of the Notes Interest Available Amount available to the Issuer after satisfaction of the amounts due in respect of all items with a higher priority of payment listed at items (i) to (and including) (xv) of the Pre-FORD Interest Priority of Payments or items (i) to (and including) (xviii) of the Post-FORD Interest Priority of Payments and (y) the Subordinated Loan Redemption Amount.

Subordinated Loan Redemption Amount means, in respect of any Quarterly Calculation Date, an amount equal to the positive difference between the principal outstanding balance of the Subordinated Loan on such date and the Liquidity Funding Account Required Amount.

Following the making of a payment of a principal amount in respect of the Subordinated Loan, the principal outstanding balance of the Subordinated Loan shall be reduced accordingly.

10. EXPENSES SUBORDINATED LOAN

On the Closing Date the Seller will make available to the Issuer the Expenses Subordinated Loan. The Expenses Subordinated Loan will be in an amount of euro 2,500,000 and will be used to pay certain initial costs and expenses in connection with the issue of the Notes, the Initial Cap Payment and part of the Initial Purchase Price.

Prior to the service of an Enforcement Notice, the Expenses Subordinated Loan shall be subject to mandatory redemption in whole or in part on each Quarterly Payment Date to the extent that on the Quarterly Calculation Date relating thereto there is sufficient Notes Interest Available Amount available for such purpose to and in accordance with the Interest Priority of Payments. The principal amount so redeemable on any Quarterly Payment Date in respect of the Expenses Subordinated Loan shall be an amount which is equal to the lower of (x) the amount (if any) of the Notes Interest Available Amount available to the Issuer after satisfaction of the amounts due in respect of all items with a higher priority of payment listed at items (i) to (and including) (xiv) of the Pre-FORD Interest Priority of Payments or items (i) to (and including) (xvii) of the Post-FORD Interest Priority of Payments and (y) the Expenses Subordinated Loan Redemption Amount.

Expenses Subordinated Loan Redemption Amount means, in respect of any Quarterly Calculation Date, an amount equal to the principal outstanding balance of the Expenses Subordinated Loan on such date.

Following the making of a payment of a principal amount in respect of the Expenses Subordinated Loan, the principal outstanding balance of the Expenses Subordinated Loan shall be reduced accordingly.

11. INTEREST RATE HEDGING

11.1 Cap Agreement

The Eligibility Criteria require that all Mortgage Loans bear a rate of interest which is fixed for an agreed period which can either be equal to or shorter than the term of the Mortgage Loan. If the interest period is shorter than the term of the Mortgage Loan, the rate of interest is subject to a reset at the end of the interest period.

The interest rate on the Transaction Accounts (other than the Cap Collateral Accounts) is the Floating Rate GIC Interest Rate.

Floating Rate GIC Interest Rate means a percentage equal to the EONIA, as determined at 11.00 am Brussels time every day of the relevant quarterly period, minus 0.10 per cent. per annum.

The interest rate payable by the Issuer with respect to the Class A Notes up to the First Optional Redemption Date is calculated as the relevant EURIBOR plus a margin (the sum of both being floored at zero). The interest rate payable by the Issuer with respect to the Class B Notes up to the First Optional Redemption Date is calculated as the relevant EURIBOR plus a margin, up to a maximum of 5.00% per annum. The interest rate payable by the Issuer with respect to the Class C Notes up to the First Optional Redemption Date is calculated as the relevant EURIBOR plus a margin, up to a maximum of 6.00% per annum.

The Issuer will partly mitigate the interest rate exposure linked to EURIBOR on the Class A Notes until (but excluding) the First Optional Redemption Date by entering into the Cap Agreement for the Cap Notional Amount with the Cap Provider and the Security Agent on or before the Closing Date.

Subject to the terms of the Cap Agreement, the Cap Provider may be required to post collateral to the Cap Collateral Accounts of the Issuer in respect of its exposure under the Cap Agreement.

The Cap Agreement, effective from the Closing Date, requires the Cap Provider, against receipt of the Initial Cap Payment (as defined hereunder) on the Closing Date, to make payments to the Issuer three (3) Business Days prior to any Quarterly Payment Date to the extent that EURIBOR on the relevant Interest Determination Date for any Interest Period exceeds the Cap Strike Rate. Such payments will be determined by reference to the part of the relevant EURIBOR for an Interest Period exceeding the Cap Strike Rate multiplied by the applicable Cap Notional Amount (as determined at the beginning of the relevant Interest Period) and multiplied by the actual number of days elapsed in such Interest Period divided by 360 days. The Cap Notional Amount amortises in accordance with the schedule as set out below (the **Cap Notional Amount**).

Quarter	Start Date (including)*	End Date (excluding)*	Cap Notional Amount
1	28/08/2017	22/01/2018	549,500,000
2	22/01/2018	22/04/2018	525,300,000
3	22/04/2018	22/07/2018	511,700,000
4	22/07/2018	22/10/2018	498,100,000
5	22/10/2018	22/01/2019	484,700,000
6	22/01/2019	22/04/2019	471,500,000
7	22/04/2019	22/07/2019	458,200,000
8	22/07/2019	22/10/2019	445,200,000
9	22/10/2019	22/01/2020	432,300,000
10	22/01/2020	22/04/2020	419,200,000
11	22/04/2020	22/07/2020	406,400,000

12	22/07/2020	22/10/2020	393,900,000
13	22/10/2020	22/01/2021	381,600,000
14	22/01/2021	22/04/2021	369,400,000
15	22/04/2021	22/07/2021	357,400,000
16	22/07/2021	22/10/2021	345,600,000
17	22/10/2021	22/01/2022	333,800,000
18	22/01/2022	22/04/2022	322,300,000
19	22/04/2022	22/07/2022	310,300,000
20	22/07/2022	22/10/2022	298,900,000

* or, if such day would at that time not be a Business Day the next following Business Day.

Cap Strike Rate means 3.00%.

The Cap Agreement will be documented under a 2002 ISDA Master Agreement.

11.2 Fitch Rating Event

In the event (such event, an **Initial Fitch Rating Event**) that, at any time (x) the short-term issuer default rating of the Cap Provider is less than F1 (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch; and (y) the Derivative Counterparty Rating (or if no Derivative Counterparty Rating has been assigned by Fitch, the long-term issuer default rating) of the Cap Provider is less than A (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch (such ratings, the **Fitch Ratings**); or both ratings of the Cap Provider are withdrawn by Fitch, then the Cap Provider will at its own cost within thirty (30) calendar days of the occurrence of such Initial Fitch Rating Event (or fourteen (14) calendar days in the case of option (a) or pending compliance with the action under (b), (c) or (d)) provided that such Initial Fitch Rating Event is then continuing:

(a) post collateral in accordance with the Credit Support Annex into the Cap Collateral Accounts; or

(b) transfer all of its rights and obligations under the Cap Agreement to an eligible replacement third party with either the Fitch Ratings, or the Subsequent Fitch Ratings (as defined below) provided that collateral is being posted in accordance with the Credit Support Annex; or

(c) procure that a third party that either has the Fitch Ratings, or the Subsequent Fitch Ratings provided that collateral is being posted in accordance with the Credit Support Annex, unconditionally guarantees the obligations of the Cap Provider under the Cap Agreement; or

(d) take any other suitable action to prevent a downgrade of the Class A Notes.

In the event (such event, a **Subsequent Fitch Rating Event**) that, at any time (x) the short-term issuer default rating of the Cap Provider is less than F3 (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch; and (y) the Derivative Counterparty Rating (or if no Derivative Counterparty Rating has been assigned by Fitch, the long-term issuer default rating) of the Cap Provider is less than BBB- (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch (such ratings, the **Subsequent Fitch Ratings**); or both ratings of the Cap Provider are withdrawn by Fitch, then the Cap Provider will, at its own cost, within thirty (30) calendar days of the occurrence of such Subsequent Fitch Rating Event (or, in the case of (a) or pending compliance with the actions under (b), within fourteen (14) calendar days) provided that such Subsequent Fitch Rating Event is then continuing:

(a) post collateral in accordance with the Credit Support Annex into the Cap Collateral Accounts (or, if at the time such Subsequent Fitch Rating Event occurs, the Cap Provider

has posted collateral under the Credit Support Annex following an Initial Fitch Rating Event, as the case may be, post additional collateral in accordance with the Credit Support Annex); and

(b) use commercially reasonable efforts to:

(i) transfer all of its rights and obligations under the Cap Agreement to an eligible replacement third party with either the Fitch Ratings, or the Subsequent Fitch Ratings provided that collateral is being posted in accordance with the Credit Support Annex; or

(ii) procure that a third party that either has the Fitch Ratings, or the Subsequent Fitch Ratings provided that collateral is being posted in accordance with the Credit Support Annex, unconditionally guarantees the obligations of the Cap Provider under the Cap Agreement; or

(iii) take any other suitable action to prevent a downgrade of the Class A Notes.

If the Cap Provider chooses to assign its rights and obligations to a replacement Cap Provider, or procures a guarantee or takes such other action as it determines is necessary to maintain the rating on the Class A Notes, any collateral that it may have previously posted will be returned to the Cap Provider in accordance with the Credit Support Annex.

11.3 Moody's Rating Triggers

In the event (such event, an **Initial Moody's Rating Event**) that, at any time, the Counterparty Risk Assessment of the Cap Provider ceases to be rated at least as high as Baa1(cr) (or otherwise equivalent assessment under the rating agency criteria of Moody's at that time) by Moody's then the Cap Provider shall, at its own cost, within thirty (30) Business Days, provide collateral in such amount as is set out in the credit support annex to the Cap Agreement.

In the event (such event, a **Subsequent Moody's Rating Event**) that, at any time the Counterparty Risk Assessment of the Cap Provider ceases to be rated at least as high as Baa3(cr) (or otherwise equivalent assessment under the rating agency criteria of Moody's at that time) by Moody's, then the Cap Provider will, at its own cost, as soon as reasonably practicable, use commercially reasonable efforts to:

(i) obtain a guarantee or procure a co-obligor of its rights and obligations with respect to the Cap Agreement from a third party with a Counterparty Risk Assessment at least as high as Baa3(cr) by Moody's; or

(ii) transfer all of its rights and obligations with respect to the Cap Agreement to a replacement third party with a Counterparty Risk Assessment at least as high as Baa3(cr) by Moody's or to a replacement third party whose obligations are guaranteed by a third party with a Counterparty Risk Assessment at least as high as Baa3(cr);

and, as the case may be, post or continue to post collateral in accordance with the Credit Support Annex to the Cap Agreement pending compliance with such remedial action.

Counterparty Risk Assessment means the "counterparty risk assessment" (**CR Assessment**) of the relevant counterparty, as such term is referred to in the guidelines published by Moody's in March 2015 (*inter alia*, "Global Structured Finance Operational Risk Guidelines" (March 16, 2015) and "Rating Symbols and Definition" (July 2017)).

If the Cap Provider chooses to assign its rights and obligations to a replacement Cap Provider or procures a guarantee in line with Moody's policies to maintain the rating on the Class A Notes, the Issuer will return any collateral that the Cap Provider may have previously posted to it to the Cap Provider in accordance with the Credit Support Annex.

11.4 General Terms

The Issuer and the Security Agent shall use their reasonable endeavours to co-operate with the Cap Provider in connection with any transfer of the rights and obligations of the Cap Provider under the Cap Agreement pursuant to any downgrade as set out above.

If the Cap Provider elects to transfer all of its rights and obligations pursuant to the provisions above, the Cap Provider shall procure that any such replacement third party agrees to accede to the terms of the Pledge Agreement and agrees to be bound by its terms.

11.5 Initial Cap Payment

On the Closing Date the Issuer will pay the initial payment to the Cap Provider (the **Initial Cap Payment**). Initial Cap Payment will be funded through the proceeds under the Expenses Subordinated Loan Agreement.

11.6 Other Termination Events

The Cap Agreement may also be terminated early in the following circumstances by one or both parties depending on the grounds for termination:

(a) the failure of either party to make payments when due;

(b) the occurrence of an Event of Default (as defined in the Conditions) that results in the service of an Enforcement Notice;

(c) the early redemption of the Notes; (i) following the exercise of the Clean Up Call, (ii) following the exercise of a Regulatory Call, (iii) as a result of an Optional Redemption in case of Change of Law, or (iv) as a result of an Optional Redemption for Tax Reasons;

(d) the insolvency of either party;

(e) illegality;

(f) certain tax events;

(g) the making of an amendment to the Transaction Documents that adversely affects the Cap Provider without its consent; and

(h) the failure of the Cap Provider to post collateral, to assign the Cap Agreement to an eligible substitute cap provider or to take other remedial action if the Cap Provider's credit ratings drop below the minimum cap provider rating levels required to support the then current ratings of the Class A Notes.

Upon any such termination of the Cap Agreement, the Cap Provider may be liable to make an early termination payment to the Issuer. Such early termination payment will be calculated on the basis of a close out amount obtained in accordance with provisions of the Cap Agreement.

If the Cap Agreement is terminated prior to repayment in full of the principal of the Class A Notes and before the First Optional Redemption Date, the Issuer will be required to enter into an agreement on similar terms with a new cap provider

11.7 Cap collateral

If the Cap Provider posts collateral, the collateral (the **Cap Collateral**) will be credited to the Cap Collateral Accounts. Collateral and income arising from collateral will be applied solely in returning collateral or paying income attributable to collateral to the Cap Provider. Any Excess Cap Collateral will be paid directly to the Cap Provider, as the case may be, and not in accordance with any Priority of Payments.

Excess Cap Collateral means an amount equal to the value of any collateral transferred to the Issuer by the Cap Provider under the Cap Agreement (together with any interest and distributions received by the Issuer in respect thereof) that is in excess of the Cap Provider's liability to the Issuer thereunder (i) as at the date such Cap Agreement is terminated or (ii) as at any other date of valuation in accordance with the terms of the Cap Agreement.

11.8 Taxation

All payments by the Issuer or the Cap Provider under the Cap Agreement will be made without any deduction or withholding for or on account of tax unless such deduction or withholding is required by law. The Issuer will not in any circumstances be required to gross up if deductions or withholding taxes are imposed on payments made under the Cap Agreement.

If any withholding or deduction is required by law, the Cap Provider will be required to pay such additional amounts as are necessary to ensure that the net amount received by the Issuer under the Cap Agreement will equal the amount that the Issuer would have received had no such withholding or deduction been required. The Cap Agreement will provide, however, that if due to any Change in Tax Law (as defined in the Cap Agreement) after the date of the Cap Agreement, the Cap Provider will, or there is a substantial likelihood that it will, be required to pay to the Issuer additional amounts for or on account of tax (a **Tax Event**), the Cap Provider may (with the consent of the Issuer) transfer its rights and obligations under the Cap Agreement to another of its offices, branches or affiliates to avoid the relevant Tax Event.

Failing such remedy, such Cap Agreement may be terminated and, if terminated, the Notes will become subject to Optional Redemption for Tax Reasons unless a replacement cap agreement is entered into, under conditions similar to the conditions of the Cap Agreement.

11.9 Novation

Except as expressly permitted in the Cap Agreement, neither the Issuer nor the Cap Provider are permitted to assign, novate or transfer as a whole or in part any of their rights, obligations or interests under respectively the Cap Agreement. The Cap Agreement will provide that the Cap Provider may novate or transfer the Cap Agreement to another cap provider with at least the Minimum Cap Provider Ratings.

The **Minimum Cap Provider Ratings** are:

(a) a rating of the replacement cap provider of either (i) a rating of the short-term issuer default rating of not less than F3 (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch or (ii) a Derivative Counterparty Rating (or if no Derivative Counterparty Rating has been assigned by Fitch, the long-term issuer default rating) of the replacement cap provider not less than BBB- (or otherwise equivalent rating under the rating agency criteria of Fitch at that time) by Fitch; and

(b) a Counterparty Risk Assessment of at least as high as Baa3(cr) (or otherwise equivalent assessment under the rating agency criteria of Moody’s at that time) by Moody’s.

For further discussion of termination payments under the Cap Agreement, please see section 11.6 in Section 7 (*Credit Structure*).

12. SALE OF MORTGAGE RECEIVABLES

Under the terms of the Common Representative Appointment Agreement, the Issuer will have the right to sell and assign all but not some of the Mortgage Receivables on an Optional Redemption Date to a third party which may also be the Seller, at arm's length terms, provided that the Issuer shall apply the proceeds of such sale, to the extent relating to principal, to redeem the Collateralized Notes (or, as the case may be, the Class A Notes), in accordance with Condition 4.5(f) (*Optional Redemption Call and Clean-up Call*).

In addition, pursuant to the Mortgage Receivables Purchase Agreement: (i) the Seller has the right to exercise the Regulatory Call Option; and (ii) the Issuer has the option to sell and assign certain Mortgage Receivables to the Seller, and the Seller has the obligation to repurchase such Mortgage Receivables, in certain events.

The purchase price of the Mortgage Receivables in the event of a repurchase or reassignment other than pursuant to a breach of representation and warranty in relation to such Mortgage Receivable or its related Mortgage Loan shall be equal to the Optional Repurchase Price.

The purchase price of each Mortgage Receivable in the event of a repurchase or reassignment pursuant to a breach of representation and warranty in relation to such Mortgage Receivable or its related Mortgage Loan, shall be equal to the Repurchase Price.

Section 8 - The Issuer

1. STATUS

B-Arena NV/SA, *Institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge* (the **Issuing Company**) is acting exclusively through its Compartment No. 4.

The Issuing Company and its Compartment No. 4 are duly registered by the Belgian Federal Public Service Finance (*the Federale Overheidsdienst Financiën/Service Public Fédéral Finances*) as an *institutionele vennootschap voor belegging in schuldvorderingen naar Belgisch recht/société d'investissement en créances institutionnelle de droit belge*). The registration cannot be considered as a judgement as to the quality of the transaction, nor on the situation or prospects of the Issuer. The Issuing Company is duly incorporated as a limited liability company which has made a solicitation for the public savings (*naamloze vennootschap die een publiek beroep op het spaarwezen doet/société anonyme qui fait appel public à l'épargne*) within the meaning of article 438 of the Belgian Company Code.

Its registered office is at Koningsstraat 97 (4th floor), 1000 Brussels, Belgium and it is registered with the Crossroad Bank for Enterprises under 0882.540.048.

The Issuing Company is subject to the rules applicable to *institutionele vennootschappen voor belegging in schuldvorderingen naar Belgisch recht/sociétés d'investissement en créances institutionnelles de droit belge* as set out in the Securitisation Act.

The Issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset backed securities.

The Issuer is licensed as a mortgage credit provider under Book VII, Title 4, Chapter 4 of the Code of Economic Law.

The legal entity identifier (LEI) of the Issuing Company is 54930018M4JZOJNOR367.

2. INCORPORATION

The Issuing Company is incorporated on 13 July 2006 for an unlimited period of time.

A copy of the by-laws of the Issuer are available together with this Prospectus at the registered office of the Issuing Company and at the specified offices of the Domiciliary Agent and on www.b-arenarmbs.be. The Issuer has the corporate power and capacity to issue the Notes, to acquire the Mortgage Receivables and to enter into and perform its obligations under the Transaction Documents.

3. SHARE CAPITAL AND DIVIDEND

3.1 Share Capital

Upon incorporation, the Issuing Company had an issued share capital of EUR 61,500 represented by 100 registered shares without nominal value, which was fully paid up. Initially all shares were allocated to Category I, representing Compartment No. 1.

By a capital increase and amendment of the Articles of Association of the Issuer on 2 November 2010, the issued share capital of the Issuer was increased by an amount of EUR 24,600 represented by 40 shares without nominal value that have been allocated as follows: 4 shares for Compartment

No. 2, 4 shares for Compartment No. 3, 4 shares for Compartment No. 4, 4 shares for Compartment No. 5 and 4 shares for Compartment No. 6, and the remaining 20 shares for Compartment No. 7.

All shares (Category I, Category II, Category III, Category IV, Category V, Category VI and Category VII) of the Issuer are held by B-Arena Holding B.V. B-Arena Holding B.V. is a private company with limited liability (*besloten vennootschap*) incorporated under the laws of the Netherlands on 3 May 2006 (the **Shareholder**).

The objects of the Shareholder are to invest in securities, including debt securities or rights of participation, in collective investment undertakings under Dutch or foreign law or in securitisation structures, as well as to finance collective investment undertakings or securitisation structures provided that the Shareholder only obtains financing (i) in Belgium with Qualifying Investors under the Securitisation Act, or (ii) in any other country (other than Belgium).

The sole managing director of the Shareholder is as of 3 May 2006, Intertrust Management B.V. (formerly known as ATC Management B.V.)(the **Shareholder Director**). All shares of the Shareholder are held by Stichting Shareholder B-Arena Holding. The Shareholder is the founder of the Issuer within the meaning of Article 450 of the Company Code.

Stichting Shareholder B-Arena Holding is a foundation (*stichting*) incorporated under the laws of the Netherlands on 26 April 2006. The objects of Stichting Shareholder B-Arena Holding are, *inter alia*, to incorporate, acquire and to hold shares in the share capital of the Shareholder and to exercise all rights attached to such shares.

The sole managing director of Stichting Shareholder B-Arena Holding is Intertrust Management B.V. (formerly known as ATC Management B.V.)

Intertrust Management B.V. belongs to the same group of companies as Intertrust Administrative Services B.V. (formerly known as ATC Financial Services B.V.), being the Issuer Administrator. The sole shareholder of Intertrust Management B.V., Amsterdamsch Trustee's Kantoor B.V., and Intertrust Administrative Services B.V. is Intertrust (Netherlands) B.V. The management over the Security Agent is carried out by Amsterdamsch Trustee's Kantoor B.V., which belongs to this same group.

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

The Shareholder Director has entered into a management agreement with each of Stichting Shareholder and the Shareholder, the Issuer and the Security Agent. In these management agreements (the **Shareholder Management Agreements**) the Shareholder Director agrees and undertakes to, *inter alia*, (i) do all that an adequate managing director or director should do or should refrain from doing, and (ii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents or the then current ratings assigned to the Notes.

The shares in the Issuer can only be validly transferred to a qualifying investor (*in aanmerking komende belegger/investisseur éligible*) within the meaning of Article 5, §3/1 of the Securitisation Act. In addition, the Articles of Association provide for a specific share transfer procedure, requiring the consent of the Issuer's board of directors. If the registered shares issued by the Issuer are acquired by a holder that does not qualify as a qualifying investor within the meaning of Article 5, §3/1 of the Securitisation Act, the Issuer will refuse to register such transfer in its share register.

3.2 Dividend Reserve

On each Quarterly Payment Date and to the extent that amounts are available for this purpose in accordance with the Interest Priority of Payments, an amount will be transferred by the Issuer into

the Share Capital Account equal to the sum of: (i) €250; and (ii) any amount necessary to cover negative interest and other cost on the Share Capital Account, in accordance with Clause 10.2 of the Common Representative Appointment Agreement.

4. AUDITOR'S REPORT

PwC Bedrijfsrevisoren, with its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, registered with the Crossroads Bank for Enterprises under number 0429.501.944 (Commercial Court of Brussels), represented by Gregory Joos, is appointed as auditor of the Issuing Company until the general meeting to be held in 2020.

5. CORPORATE PURPOSE AND PERMITTED ACTIVITIES

The corporate purpose of the Issuing Company as set out in article 3 of its articles of association consists exclusively in the investment of financial means that are exclusively collected with Qualifying Investors for the purposes of Article 3, 3° of the Securitisation Act, in receivables that are assigned to it by third parties.

The securities issued by the Issuing Company can only be acquired by those Qualifying Investors (it being understood that the Notes can only be held by Qualifying Investors that are also Eligible Holders).

The Issuing Company may carry out all activities and take all measures that can contribute to the realisation of its corporate purpose, such as e.g., but not exclusively, to issue financial instruments whether or not negotiable, contract loans or credit agreements in order to finance its portfolio of receivables or to manage payment default risks on the receivables and pledge the receivables it holds in its portfolio and its other assets. The Issuer may hold additional or temporary term investment, liquidities and securities. The Issuer may purchase, issue or sell all sorts of financial instruments, purchase or sale options relating to financial instruments, interest instruments or currencies, as well as enter into swaps, interest swaps, interest caps, term contracts or other hedging instruments relating to currencies or interest and negotiate options on such contracts, provided that the transaction serves to cover a risk linked to one or more assets on its balance sheet.

Outside the scope of the securitisation transactions carried out by it and outside the investments permitted by law, the Issuer may not hold any assets, enter into any agreements or engage in any other activities. It may not engage personnel.

Any amendment of the corporate purpose of the Issuing Company requires a special majority of 80 per cent. of the voting rights of the shareholders of the Issuing Company.

The corporate purpose of Compartment No. 4 consists exclusively in the collective investment of financial means collected in accordance with the articles of association of the Issuer in a portfolio of selected loans.

6. COMPARTMENTS

The articles of association of the Issuing Company authorise the Issuing Company to create several Compartments within the meaning of Article 271/11 of the Securitisation Act.

The creation of Compartments means that the Issuing Company is internally split into subdivisions and that each such subdivision, a Compartment, legally constitutes a separate group of assets to which corresponding liabilities are allocated. The liabilities allocated to a Compartment are exclusively backed by the assets of a Compartment.

Pursuant to the Articles of Association, the Issuer's board of directors may create new compartments either by (i) issuing new shares, or (ii) reallocating the existing shares.

Upon incorporation of the Issuer, all shares of the Issuer were allocated to Category I, representing Compartment No. 1. By a capital increase and amendment of the Articles of Association of the Issuer on 2 November 2010, the issued share capital of the Issuer was increased by an amount of EUR of EUR 24,600 represented by 40 shares without nominal value that have been allocated as follows: 4 shares for Compartment No. 2, 4 shares for Compartment No. 3, 4 shares for Compartment No. 4, 4 shares for Compartment No. 5 and 4 shares for Compartment No. 6, and the remaining 20 shares for Compartment No. 7.

Furthermore, new chapters, relating to Compartment No. 2, Compartment No. 3, Compartment No. 4 Compartment No. 5, Compartment No. 6 and Compartment No. 7 were included in the Articles of Association.

To date only the first four Compartments have effectively started their activities (as to which reference is made to (i) the transaction described in the prospectus for admission of EUR 1,000,000,000 of mortgage backed notes to trading on Euronext Brussels dated 3 October 2006 (the **B-Arena 1 Securitisation**) as far as Compartment No. 1 is concerned, (ii) to the transaction described in the prospectus for admission of 1,000,000,000 of mortgage backed notes to trading on Euronext Brussels dated 19 September 2011 (the **B-Arena 2 Securitisation**) as far as Compartment No. 2 is concerned, (iii) to the transaction described in the prospectus for admission of EUR 1,000,000,000 of mortgage backed notes to trading on Euronext Brussels dated 17 January 2012 (the **B-Arena 3 Securitisation**) as far as Compartment No. 3 is concerned, and (iv) to the current Prospectus as far as Compartment No. 4 is concerned (the **B-Arena 4 Securitisation**). As far as the B-Arena 1 Securitisation, the B-Arena 2 Securitisation, the B-Arena 3 Securitisation are concerned, all notes issued under these transaction have been repaid.

The Pledged Assets and all liabilities of the Issuer relating to the Notes and the Transaction Documents will be exclusively allocated to Compartment No. 4. Unless expressly provided otherwise, all appointments, rights, title, assignments, obligations, covenants and representations, assets and liabilities, relating to the issue of the Notes and the Transaction Documents are exclusively allocated to Compartment No. 4 and will not extend to other transactions or other Compartments of the Issuing Company or any assets of the Issuer other than those allocated to Compartment No. 4 under the Transaction Documents. The Issuing Company will enter into other securitisation transactions only through other Compartments and on such terms that the debts, liabilities or obligations relating to such transactions will be allocated to such other Compartments and that parties to such transactions will only have recourse to such other Compartments of the Issuer and not to the Collateral or to Compartment No. 4.

7. BELGIAN TAX POSITION OF THE ISSUER

7.1 Withholding tax on moneys collected by the Issuer

Receipts of moveable income (in particular interest, and with the exception of Belgian source dividends) by the Issuer are exempt from Belgian withholding tax. Therefore no such tax is due in Belgium on interest payments received under any Loan by the Issuer from a Borrower.

Similarly a withholding tax exemption will be available for interest paid to the Issuer on investments or cash balances pursuant to Article 116 of the Royal Decree implementing the Belgian Income Tax Code.

7.2 Corporate income tax

The Issuer is subject to corporate income tax at the current ordinary rate of 33.99 per cent. However its tax base is notional: it can only be taxed on any disallowed business expenses and any abnormal or gratuitous benefits received by it. The Issuer does not anticipate incurring any such expenses or receiving any such benefits.

7.3 Value added tax (VAT)

The Issuer qualifies in principle, as a VAT taxpayer but is fully exempt from VAT in respect of its operations. Any VAT payable by the Issuer is therefore not recoverable under the VAT legislation. The current ordinary VAT rate is 21 per cent.

Services supplied to the Issuer by the MPT Provider, the Seller, the Security Agent, the Issuer Directors, the Manager, any Originator, the Issuer Administrator, the Floating Rate GIC Provider, the Cap Provider, the Domiciliary Agent, the Reference Agent, the Rating Agencies, the Auditor are, in general, subject to Belgian VAT provided that the services are located for VAT purposes in Belgium. However, fees paid in respect of the financial and administrative management of the Issuer and its assets (including fees paid for the receipt of payments on behalf of the Issuer and the forced collection of receivables) are exempt from Belgian VAT in accordance with Article 44, §3, 11° of the Belgian VAT Code.

8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

8.1 Board of Directors

The board of directors of the Issuing Company ensures the management of the Issuing Company. Pursuant to article 14 of its articles of association, the board consists of two directors. The Issuing Company's current board of directors consists of the following persons:

- Mr. Christophe Tans, resident at 3700 Tongeren, Gravierstraat 96, Belgium, with national register number 72.12.23 – 205.22; and

- Ms. Irène Florescu, resident at Rue du Cyclone, 12, 1330 Rixensart, with national register number 66.07.26 – 532.26,

(the **Issuer Directors**).

The Issuer Directors were appointed by a decision of the shareholders' meeting of the Issuing Company held on 24 March 2017 and the current term of office of the Issuer Directors expires after the annual shareholders meeting to be held in 2022.

Companies of which Christophe Tans has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: ABN AMRO BEHEERSMAATSCHAPPIJ 2 NV, ABN AMRO LEASE BELGIE NV, BACHELIER PS, CASINO FRANCE INTERNATIONAL SA, CULTURA 2006 PS, DELNOVEST NV, FIMKO NV, GELASE SA, GERBO SOCIETE D'INVESTISSMENTS SA, GRANJA SCRL, HEKO HOLDING NV, HILLBRO HOLDING NV, I-CAP BELGIUM NV, INTERTRUST (BELGIUM) NV, INTERTRUST CORPORATE SERVICES NV, INTERTRUST SERVICES NV, KORO HOLDING NV, KROWAL NV, LOCH LOMOND FOUNDATION PS, NEW AFFINITY SA, PHIDIAS MANAGEMENT NV, QUANTESSE PS, RIDAVO NV, SEC ADBM PS, SEC DVG PS, SEC IPE PS, SEC JVE PS, SONNAT SA, STICHTING HOLDING BASS PS, STICHTING HOLDING B-CARAT I PS, STICHTING HOLDING B-CARAT II PS, STICHTING HOLDING BELGIAN LION PS, STICHTING HOLDING ESMEE PS, STICHTING HOLDING RECORD LION PS, STICHTING HOLDING SAKIA PS, STICHTING JPA PROPERTIES PS, STICHTING

PUBLINVEST PS, STICHTING PUBLINVEST PS, STICHTING VESTA PS, TONKO NV, VERCO NV, VICTORIA BELINVEST SA, YVKO HOLDING NV, APPAREL HOLDINGS SPRL, AURIAN MANAGEMENT II SPRL, BELEGGINGSMAATSCHAPPIJ GIEVER BVBA, CASTLE ROCK HOLDINGS SPRL, CITIC CAPITAL FUTURE HOLDINGS SPRL, EVERE REAL ESTATE SPRL, HILLBRO BVBA, INTERTRUST FINANCIAL SERVICES BVBA, KOFRAN SPRL, MANOIR IPENROOY BVBA, MELICO BVBA, REC DE II SPRL, SPE III AVIGNON SPRL, SPE III EOLIS SPRL, SPE III RUNWAY SPRL, SPE III SPILLIAERT SPRL, SPE III STEVENS SPRL, SPE III VOLTA SPRL, TARAZONA B.V. BVBA, TREFONDINVEST BVBA, TRIBECA B.V. BVBA, VAN HAAFTEN BEHEER SPRL AND WEALTH ROCK HOLDINGS SPRL, B-ARENA NV, BELGIAN LION, ROYAL STREET SA, LOAN INVEST NV, BASS MASTER NV, FOUR LEAF INVESTMENTS NV, FOUR LEAF HOTELS NV, CAR PARK DEVELOPMENT NV, CENTRAL PARK NV, HOTEL DEVELOPMENT ANTWERP NV, HOTEL DEVELOPMENT CORPORATION NV, INTERNATIONAL HOTEL DEVELOPMENT FLANDERS NV, LA LINIERE HOTEL SA, MERCATORPARK ANTWERP NV, QUINTENPARK NV, QUINTENPARK HOTELS NV, PENATES FUNDING NV, NOOR FUNDING NV, OMEGA PHARMA INVEST NV, OMEGA PHARMA NV and KENT PHARMACEUTICALS FOUNDATION PRIVATE STICHTING.

Companies of which Irène Florescu has been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years are: CULTURA 2006 PS GRANJA SCRL, INTERTRUST (BELGIUM) NV, INTERTRUST CORPORATE SERVICES NV, INTERTRUST SERVICES NV, PHIDIAS MANAGEMENT NV, SDK INVESTMENTS SA, SEC ADBM PS, SEC DVG PS, SEC IPE PS, SEC JVE PS, STICHTING HOLDING B-CARAT II PS, STICHTING HOLDING ESMEE PS, STICHTING HOLDING SAKIA PS, STICHTING PUBLINVEST PS, HANRO BVBA AND INTERTRUST FINANCIAL SERVICES BVBA, STICHTING VESTA PS, B-ARENA NV, BELGIAN LION, ROYAL STREET SA, LOAN INVEST NV, BASS MASTER NV, PENATES FUNDING NV, NOOR FUNDING NV and STICHTING HOLDING NOOR FUNDING.

None of the Issuer Directors have been subject to official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), nor have they been disqualified by a court from acting as member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

8.2 Other administrative, management and supervisory bodies

The Issuing Company has no other administrative, management or supervisory bodies than the board of directors. The board of directors will delegate some of its management powers to the Issuer Administrator for the purpose of assisting it in the management of the affairs of the Issuer but it will retain overall responsibility for the management of the Issuer, in accordance with the Securitisation Act. For more information about the Issuer Administrator, see below paragraph 2 (*The Issuer Administrator*) of Section 21 (*Related Party Transactions – Material Contracts*).

8.3 Conflicts of interest

None of the Issuer Directors has any conflict of interest between its duties as director and its other duties or private interests.

None of the Issuer, the Shareholder or the Stichting Shareholder have a conflict of interest with any of its directors with respect to the entering into the Transaction Documents.

8.4 Issuer Management Agreements

Each of the Issuer Directors has entered into a management agreement with the Issuer and the Security Agent.

In each of the aforementioned management agreements (as amended or supplemented) (the **Issuer Management Agreements**), each of the Issuer Directors agrees and undertakes to, *inter alia*, (i) act as director of the Issuer and to perform certain services in connection therewith, (ii) do all that an adequate director should do or should refrain from doing, and (iii) refrain from taking any action detrimental to the obligations under any of the Transaction Documents.

In addition each of the Issuer Directors agrees in the relevant Issuer Management Agreements that it will not enter into any agreement relating to the Issuer other than the Transaction Documents to which it is a party, without the prior written consent of the Security Agent.

The Issuer Management Agreements do not provide for additional benefits upon termination.

9. GENERAL MEETING OF THE SHAREHOLDERS

The shareholders' meeting has the power to take decisions on matters for which it is competent pursuant to the Belgian Company Code. In addition, the articles of association provide that if as a result of a conflict of interest of one or more directors with respect to a decision to be taken by the board of directors of the Issuer, such decision cannot be validly taken due to the applicable legal provisions with respect to conflicts of interests in public companies, the matter will be submitted to the shareholders' meeting and the shareholders' meeting will have the power to appoint a director *ad hoc* or to take a decision on such matter.

The annual shareholders' meeting will be held each year on the last Business Day of the month of June at the registered office of the Issuer at 14:00 CET. The shareholders' meetings are held at the Issuer's registered office. A general meeting may be convened at any time and must be convened whenever this is requested by shareholders representing $1/5^{th}$ of the share capital.

Furthermore, a general meeting of shareholders of a specific Compartment may be held regarding subjects matters which only concern such Compartment. A general meeting of shareholders of a specific Compartment may be convened at any time and must be convened whenever this is requested by shareholders representing $1/5^{th}$ of the share capital attributed to the specific Compartment. Such meeting only represents the shareholders of the specific Compartment.

Shareholders' meetings are convened upon convening notice of the board of directors (or the auditor or liquidator). Such notices contain the agenda as well as the proposals of resolutions and are made in accordance with the Belgian Company Code. Copies of the documents to be provided by law are provided with the convening notice.

A shareholder may be represented at a meeting of shareholders by a proxyholder. In order to be valid, the proxy must state the agenda of the meeting and the proposed resolutions, a request for instruction for the exercise of the voting right for each item on the agenda and the information on how the proxyholder must exercise his voting right in the absence of restriction of the shareholders.

The shareholders' meeting may validly resolve irrespective of the number of shares present or represented, unless otherwise provided by law. Any resolution is validly adopted at the majority of the votes. Amendments of the articles of association require a majority of 75 per cent. of the votes (and a majority of 80 per cent. for the amendment of the corporate purpose).

Pursuant to Article 646 §2 of the Company Code, the Shareholder will, as long as it remains the sole shareholder of the Issuer, exercise the powers vested with the shareholders' meeting.

10. CHANGES TO THE RIGHTS OF HOLDERS OF SHARES

The board of directors is authorised to create various categories of shares, where a category coincides with a separate part or Compartment of the assets of the Issuer. The board of directors can make use of this authorisation to decide to create a Compartment by reallocating existing shares in different categories, in compliance with the equality between shareholders, or by issuing new shares. The rights of the holders of shares and creditors with respect to a Compartment or that arise by virtue of the creation, the operation or the liquidation of a Compartment are limited to the assets of such compartment.

Upon the creation of a Compartment via (re)allocation of existing shares or via the issue of new shares, the board of directors shall ensure that the shares of that Compartment, except with the prior written consent of all shareholders of the category concerned, are assigned to the shareholders in the same proportion as the other compartments.

11. SHARE TRANSFER RESTRICTIONS

Given the specific purpose of the Issuer and Article 3, 7° of the Securitisation Act, the shares in the Issuer can only be held by qualifying investors within the meaning of Article 5, §3/1 of the Securitisation Act. Each transfer in violation of the share transfer restrictions contained in article 13 of the articles of association of the Issuing Company, is null and is not enforceable against the Issuer. In addition:

(a) if shares are transferred to a transferee who does not qualify as an Qualifying Investor within the meaning of Article 5, §3/1 of the Securitisation Act, the Issuer will not register such transfer in its share register; and

(b) as long as shares are held by a shareholder who does not qualify as an Qualifying Investor within the meaning of Article 5, §3/1 of the Securitisation Act, the payment of any dividend in relation to the shares held by such shareholder will be suspended.

Share transfers are further subject to authorisation by the board of directors. If a proposed transfer of shares is not authorised by the board of directors, the board of directors will have to propose one or more alternative transferees for the shares.

The shares may not be pledged or be the subject matter of another right in rem other than the property interest, unless approved by the board of directors.

12. CORPORATE GOVERNANCE

The Issuer complies with all binding regulations of corporate governance applicable to it in Belgium.

In accordance with Article 526bis of the Belgian Company Code, companies whose securities are admitted to trading on a regulated market must establish an audit committee. Article 526bis, § 7 of the Belgian Company Code contains an exemption from this obligation for any company the sole business of which is to act as issuer of asset-backed securities as defined in Article 2(5) of Commission Regulation (EC) No 809/2004. In that case, the relevant company must explain to the public the reasons for which it considers it not appropriate to have an audit committee or an administrative or supervisory body entrusted to carry out the functions of an audit committee.

The Issuing Company's sole business consists of the issuance of asset-backed securities and does not consider it appropriate to establish an audit committee. The Issuing Company refers in this respect to the recitals of the European Directive in relation to statutory audits of annual accounts, where it is stated that where a collective investment undertaking functions merely for the purpose of pooling

assets, the establishment of an audit committee is not always appropriate. This is because the financial reporting and related risks are not comparable to those of other public-interest entities.

In addition, the Issuing Company operates in a strictly defined regulatory environment and is subject to specific governance mechanisms (e.g. corporate purpose limits its activities to the issue of negotiable financial instruments for the purpose of acquiring receivables). Furthermore, the Issuing Company points out that, with respect to the main tasks to be carried out by an audit committee, such as the monitoring of the financial reporting process and of the statutory audit of the annual and consolidated accounts, it will enter into an Issuer Services Agreement pursuant to which the MPT Provider and the Issuer Administrator will provide certain reporting, calculation and monitoring services.

The Issuing Company will include a declaration as to the reasons why it does not consider it appropriate to establish an audit committee (as set out above) in the annual report with respect to its annual accounts.

13. ACCOUNTING YEAR

The accounting year of Compartment No. 4 of the Issuer ends on 31 December of each year.

As at the date of this Prospectus, the Issuer, acting through its Compartment No. 4, has not commenced operations, other than the Transaction.

Pursuant to Article 27, §2, (c) of the Prospectus Law, the FSMA has by decision of 22 August 2017 granted an exemption with respect to the obligation to provide historical financial information (under items 3 and 20.1 of Annex I, items 8.2 and 8.2a of Annex VIII and item 8.3 of Annex XV of Regulation (EC) 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements) in relation to Compartment No. 4 of the Issuer. This exemption also applies to any related information requirements where such information relates to Compartment No. 1, Compartment No. 2 and Compartment No. 3.

14. 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:

(a) Share Capital

Issued Share Capital	EUR 86,100
Compartment No. 1	EUR 61,500
Compartment No. 2	EUR 2,460
Compartment No. 3	EUR 2,460
Compartment No. 4	EUR 2,460
Compartment No. 5	EUR 2,460
Compartment No. 6	EUR 2,460

Compartment No. 7	EUR 12,300

(b) Borrowings

The Notes and other borrowing of Compartment No.1, Compartment No. 2 and Compartment No. 3 have been repaid before the Closing Date.

Compartment No. 4

Class A1 Notes	EUR	255,000,000
Class A2 Notes	EUR	294,500,000
Class B Notes	EUR	88,000,000
Class C Notes	EUR	7,500,000
Subordinated Loan	EUR	7,500,000
Expenses Subordinated Loan	EUR	2,500,000

15. INFORMATION TO INVESTORS – AVAILABILITY OF INFORMATION

15.1 Investor Reports

The Issuer Administrator will prepare quarterly reports to be addressed to the Security Agent, the Rating Agencies and the Domiciliary Agent on or about each Quarterly Payment Date. Such reports will contain an overview of the retention of the material net economic interest by the Seller.

The Investor Reports will be made available for inspection on the website of the Issuer (on the following website: www.b-arenarmbs.be) and will be made available upon request free of charge to any person at the office of the Domiciliary Agent.

In addition, the Issuer Administrator and the Auditor will assist the Issuer in the preparation of the annual reports to be published in order to inform the Noteholders.

15.2 Notices

For notices to Noteholders see Condition 4.14 (*Notices*).

15.3 Other information

In addition the Issuer is required to make available certain other information, in particular information in respect of important facts that are not known to the public and that, due to their impact on the assets, financial situation or general state of the Issuer, could influence the price of the relevant Notes (privileged information as defined in the law of 2 August 2002 on the supervision of the financial sector and financial services) and any other mandatory information such as described in the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments which are admitted to trading on a Belgian regulated market (including information as to modifications to the conditions, rights or guarantees attached to the Notes).

Furthermore, the Issuer will be required to provide certain information to the NBB for statistical purposes.

16. FINANCIAL INFORMATION CONCERNING THE ISSUER

16.1 Financial position

Compartment No. 1 of the Issuer started operations in October 2006 and the securitisation transaction entered into by Compartment No. 1 was unwound in October 2011. Compartment No. 2

of the Issuer started operations in September 2011 and the securitisation transaction entered into by Compartment No. 2 was unwound in October 2016. Compartment No. 3 of the Issuer started operations in January 2012 and the securitisation transaction entered into by Compartment No. 3 was unwound in January 2017.

Compartment No. 4 of the Issuer was created on 2 November 2010 and the Issuer, acting through its Compartment No. 4 has not commenced operations other than the Transaction.

Pursuant to Article 27, § 2, (c) of the Prospectus Implementation Law, the FSMA has by decision of 22 August 2017 granted an exemption with respect to the obligation to provide historical financial information (under items 3 and 20.1 of Annex I, items 8.2 and 8.2 bis of Annex VII and item 8.3 of Annex XV of Regulation (EC) 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements) in relation to the Issuing Company and its Compartment N°1, Compartment N°2, Compartment N°3 and the Issuer. This exemption also applies to any related information requirements where such information relates to the Issuing Company, and its Compartment N°1, Compartment N°2, Compartment N°3 and the Issuer.

16.2 Dividend policy

Pursuant to Article 30 of the Articles of Association of the Issuer, the profit of the Issuer may (after constitution of the legal reserve) either be distributed as dividend or reserved for later distribution or for the cover of risk of default of payment of the Mortgage Receivables.

16.3 Investment policy

The Issuing Company has as such no borrowing or leverage limits. Pursuant to its Articles of Association, the Issuing Company may however only invest in receivables that are assigned to it by third parties as well as in temporary investments. The Issuing Company may not hold other assets than those necessary for the realisation of its corporate purpose.

The Compartment No. 4 of the Issuing Company has been set up with as purpose the collective investment of financial means collected in accordance with the Articles of Association in a portfolio of selected mortgage receivables.

16.4 Valuation rules

The Issuer will apply the following valuation rules:

(1) ASSETS

(a) Receivables

Long-term receivables (> 1 year)

Short-term receivables (< 1 year)

Barring specific provisions every asset item will be valued at the purchase value and will be included in the balance sheet for that amount, after deducting the relevant write-offs and depreciations.

Purchase value is understood to be: the purchase price, the manufacturing cost or the contribution value as set out in articles 21, 22 and 23 of the Royal Decree of 23 September 1992. The purchase of a mortgage portfolio with the aim of

securitisation may give rise to setting a higher price than the nominal value thereof. The difference between the purchase value and the accounting value of the portfolio is written off on the basis of an annually revised calculation of future income.

The transfer of assets by a transferor in the context of a securitisation operation takes place by means of the payment of a cash price, i.e. the unexpired loan capital increased with the expired and unpaid interests, as well as several costs owed by the borrowers. The purchase value of the loans was valued at a cash purchase price.

A variable purchase price is also due in function of the results of the Issuer, i.e. the deferred purchase price. This is only due in function of the results generated by the Issuer which, depending of the possible early repayment of the loans and the interest risk, is difficult to anticipate. The payment of the variable purchase price is immediately included in the result when it becomes payable.

The mortgage loans are included in the balance sheet for the unpaid capital balance increased with the overdue and unpaid interests, as well as the different costs to be paid by the borrowers.

The interests and the different income with regard to the normal or bad debts which have remained unpaid for six months after they became payable are reserved.

Depreciations are applied to high-risk cases.

The risks are assessed according to the principle of distinguishing evaluation of every element of the assets.

The costs charged are immediately included in the result from the start of the aforementioned loans.

(b) Liquid resources

The amounts in this section are booked at their nominal value in accordance with the bank statements.

(c) Accrued accounts

Accrued income which is not yet due is included in the result *pro rata temporis*.

(d) Formation costs

Formation costs are activated and are depreciated on a straight-line basis over the period from the Closing Date to the First Optional Redemtion Date.

(2) LIABILITIES

(a) Debts

Long-term debts (> 1 year)
Short-term debts (< 1 year)

Debts resulting from loans are booked at their nominal value after deducting interim repayments. The spreading of repayments is defined by the liquid income from the securitised portfolio.

(b) Accrued accounts

Accrued costs which are not yet due are included in the result *prorate temporis*.

(3) HEDGING DERIVATES

The notional amounts of the derivatives are posted in the off-balance sheet accounts. The income and charges related to hedging derivatives are recorded in the income statement in a similar way as the income and the charges of the hedged item.

17. NEGATIVE STATEMENTS

The Issuing Company has not been involved in any governmental, legal or arbitration proceedings (including proceedings which are pending or threatened of which the Issuer is aware), during a period since its incorporation, which may have or have had in the recent past significant effects on the Issuer or its financial position or profitability.

Section 9 - The Notes

1. AUTHORISATION

The issue of the Notes is authorised by a resolution of the board of directors of the Issuer passed on 9 August 2017.

2. TERMS AND CONDITIONS

The terms and conditions of the Notes are set out in full in Annex 1 to this Prospectus.

3. MEETING OF NOTEHOLDERS

The rules for the organisation of the Noteholders are set out in Condition 4.13 (*Meetings of Noteholders, Modifications and Waivers*).

4. WEIGHTED AVERAGE LIFE

Weighted average life refers to the average number of years that each euro amount of principal of the Collateralized Notes will remain outstanding (**Weighted Average Life**). The Weighted Average Life of the Collateralized Notes cannot be predicted accurately as it will be affected by various factors largely outside the control of the Issuer, including the actual rate of repayment of the Mortgage Receivables, prepayments, and the extent to which the Notes Interest Available Amount is sufficient to cover any Principal Deficiencies.

The model used in this Prospectus for the Mortgage Receivables assumes a constant per annum rate of prepayment (**CPR**) each month relative to the then outstanding principal balance of the pool of Mortgage Receivables. CPR does not purport to be either a historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of the Mortgage Receivables.

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

(a) in table 1, the Issuer exercises its Optional Redemption Call on the First Optional Redemption Date; in table 2, the Issuer does not exercise its Optional Redemption Call on or after the First Optional Redemption Date;

(b) no other call option is exercised;

(c) the Mortgage Receivables are subject to a CPR of between 0 per cent. and 15 per cent. per annum as shown in the following tables;

(d) no weighted average coupon contraction is assumed during the life of the transaction on the portfolio of residential mortgage loans because of prepayments;

(e) no Mortgage Receivable is sold by the Issuer, except in accordance with the First Optional Redemption Date;

(f) at the Closing Date, the Class A1 Notes represent approximately 40% of the Collateralized Notes;

(g) at the Closing Date, the Class A2 Notes represent approximately 46.19% of the Collateralized Notes;

(h) at the Closing Date, the Class B Notes represent approximately 13.81% of the Collateralized Notes;

(i) all payments on the Notes are received on a Quarterly Payment Date;

(j) there are no Mortgage Receivables in arrears or in default (the annual default rate is equal to 0%);

(k) the day count for average life calculations is Act/Act;

(l) the Closing Date will fall on 28 August 2017;

(m) no Enforcement Notice has been served;

(n) a 3 month EURIBOR rate of 1% during the life of the transaction;

(o) for the purpose of interest rate resets of Mortgage Receivables with a resettable interest rate, it is assumed that the 12 month Belgian treasury note interest rate is 0.5%, the OLO 3 year rate 0.75% and the OLO 5 year rate 1% during the life of the transaction;

(p) the Floating Rate GIC Interest Rate is 0.5% during the life of the transaction;

(q) the pre-FORD margin on the Class A1 Notes is 0.30% and the post-FORD margin on the Class A1 Notes is 0.60%;

(r) the pre-FORD margin on the Class A2 Notes is 0.50% and the post-FORD margin on the Class A2 Notes is 1.00%;

(s) the margin on the Class B Notes is 1.50%; and

(t) the senior expenses are EUR 180,000 per annum plus 0.06% on the outstanding balance of the Mortgage Receivables.

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

The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under the varying prepayment scenarios. See further *paragraph 4.6.9* of the section *Risk Factors*.

Table 1: Weighted average life in years under different CPR scenario, assuming call on the First Optional Redemption Date

CPR	0%	2.5%	5%	10%	15%
Class A1 Notes	2.9	2.4	2.0	1.4	1.1
Class A2 Notes	5.0	5.0	4.9	4.5	4.0
Class B Notes	5.0	5.0	5.0	5.0	5.0

Table 2: Weighted average life under different CPR scenario, assuming no call on or after the First Optional Redemption Date

CPR	0%	2.5%	5%	10%	15%
Class A1 Notes	3.0	2.4	2.0	1.4	1.1
Class A2 Notes	9.5	8.2	7.2	5.5	4.4
Class B Notes	16.1	15.0	13.9	11.8	10.1

Section 10 - Issuer Security

As security for the performance by the Issuer of its obligations under the Transaction Documents, the Issuer acting through its Compartment No. 4 will grant rights of pledge on its assets (and rights) in favour of the Security Agent and the other Secured Parties. As part of creation of these pledges, the Issuer will undertake as a separate and independent obligation, by way of parallel debt, to pay to the Security Agent amounts equal to amounts due to the Secured Parties.

The Issuer will enter into a Parallel Debt Agreement. In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Agent (the **Parallel Debt**) amounts which will be equal to the aggregate amount due (*verschuldigd/dû*) by the Issuer:

(a) to the Noteholders;

(b) as fees or other remuneration to the Directors, under the Management Agreements or to future directors of the Issuer, the Shareholder or the Stichting Shareholder under any future management agreement;

(c) as fees and expenses to the MPT Provider under the Issuer Services Agreement;

(d) as fees and expenses to the Issuer Administrator under the Issuer Services Agreement;

(e) as fees and expenses to the Domiciliary Agent, the Reference Agent and the Listing Agent under the Agency Agreement;

(f) to the Cap Provider under the Cap Agreement;

(g) to the Floating Rate GIC Provider under the Floating Rate GIC;

(h) to the Seller under the Mortgage Receivables Purchase Agreement;

(i) to the Subordinated Loan Provider under the Subordinated Loan Agreement;

(j) to the Expenses Subordinated Loan Provider under the Expenses Subordinated Loan Agreement; and

(k) to the Security Agent under the Common Representative Appointment Agreement;

(the parties referred to in item (a) through (k), together the **Secured Parties**).

The Parallel Debt constitutes the separate and independent obligations of the Issuer and constitutes the Security Agent's own separate and independent claim (*eigen en zelfstandige vordering/créance propre et indépendante*) to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

To the extent that the Security Agent irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Agent shall, following the delivery of an Enforcement Notice, 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:

(i) amounts recovered by it on the Mortgage Receivables and the other Pledged Assets; and

(ii) the amounts received in connection with the Common Representative Appointment Agreement and penalty provided in the Mortgage Receivables Purchase Agreement insofar such penalty relates to the Mortgage Receivables and the other Pledged Assets; and

(iii) the *pro rata* part of amounts received from any of the Secured Parties, as received or recovered by any of them pursuant to the Parallel Debt Agreement;

(iv) **less** any amounts already paid by the Security Agent to the Secured Parties pursuant to the Common Representative Appointment Agreement;

(v) **less** the *pro rata* part of the costs and expenses of the Security Agent (including, for the avoidance of doubt, any costs of, *inter alia*, any legal advisor, auditor or accountant appointed by the Security Agent).

In addition, the Security Agent has been designated as representative of the Noteholders, in accordance with Article 271/12, §1 first to seventh indent of the Securitisation Act which states that the representative (the Security Agent) may bind all Noteholders and represent them vis-à-vis third parties or in court, in accordance with the terms of its mission. The representative may act in courts and represent the Noteholders in any bankruptcy, judicial composition or judicial reorganisation, as applicable, or similar insolvency proceedings without having to reveal the identity of the Noteholders it represents. The Security Agent, acting in its capacity as representative of the Noteholders, acts in the sole benefit of the Noteholders. The Security Agent has also been appointed as irrevocable agent (*lasthebber/mandataire*) of the other Secured Parties in respect of the performance of certain duties and responsibilities in relation to the pledged collateral.

The Security Agent has also been appointed as agent acting in its own name but on behalf of the Noteholders and the other Secured Parties in accordance with Article 5 of the Collateral Law.

In addition, the Security Agent has been appointed as irrevocable agent (*mandataris/mandataire*) of the other Secured Parties. In relation to any duties, obligations and responsibilities of the Security Agent to the other Secured Parties in its capacity as agent of the other Secured Parties in relation to the Pledged Assets and under or in connection with the Transaction Documents, the Security Agent and the other Secured Parties agree and the Issuer concurs, that the Security Agent shall discharge these duties, obligations and responsibilities by performing and observing its duties, obligations and responsibilities as representative of the Noteholders in accordance with the provisions of the Common Representative Appointment Agreement, the Transaction Documents and the Conditions.

The Issuer shall grant on the Closing Date a first ranking pledge (*pand/gage*) to the Secured Parties, including the Security Agent acting in its own name but on behalf of the Noteholders and the other Secured Parties (the **Pledge Agreement**) over:

(a) the Mortgage Receivables, secured by the Related Security, acquired or to be acquired by the Issuer pursuant to the Mortgage Receivables Purchase Agreement;

(b) all rights, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) in, to, under and in respect of the Transaction Accounts;

(c) all monies and proceeds payable or to become payable under, in respect of, or pursuant to the Transaction Accounts held with the Floating Rate GIC Provider and the right to receive payment of such monies and proceeds and all payments made, including all sums of money that may at any time be credited to any Transaction Account held with the Floating Rate GIC Provider together with all interest accruing from time to time on such money and the debts represented by any Transaction Account;

(d) all ancillary rights, accretions and supplements in respect of the Transaction Accounts held with the Floating Rate GIC Provider; and

(e) all rights, title, interest and benefit of the Issuer under or pursuant to the Transaction Documents to which the Issuer is a party (other than the Pledge Agreement), including without limitation, its rights

under the (A) Mortgage Receivables Purchase Agreement, (B) the Issuer Services Agreement, (C) the Issuer Management Agreements, (D) the Floating Rate GIC, and (E) the Cap Agreement.

Pursuant to the Pledge Agreement, the Cap Collateral Accounts will be pledged in the same manner as the existing Transaction Accounts, as of the moment such accounts being opened.

The security created by the Issuer (in favour of all the Secured Parties) pursuant to the Pledge Agreement is collectively referred to herein as the **Security Interests**. The assets over which the Security is created are referred to herein as the **Pledged Assets**.

The Pledged Assets will also provide security for the Issuer's obligation to pay amounts due to the Secured Parties under the Notes and the Transaction Documents, in accordance with the applicable Priority of Payments as set out in Section 7 (*Credit Structure*) above.

The Noteholders will be entitled to the benefit of the Pledge Agreement, and by subscribing for or otherwise acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept, and be bound by, the terms and conditions set out therein, including the appointment of the Security Agent to hold the Security Interest and to exercise rights arising under the Pledge Agreement and the Common Representative Appointment for only the benefit of the Noteholders and the other Secured Parties. The Noteholders shall have limited recourse against only the Pledged Assets and the assets of the Issuer.

The Pledge Agreement provides that the pledge on the Mortgage Receivables and Related Security will not be notified to the Borrowers, the Insurance Companies or other relevant parties, except in case certain notification events occur, which include the Notification Events and if an Enforcement Notice is given (the **Pledge Notification Events**). Prior to notification of the pledge to the Borrowers, the pledge on the Mortgage Receivables will be an undisclosed pledge.

The pledge created pursuant to the Pledge Agreement over the rights referred to in paragraphs (b) to (e) above will be acknowledged by the relevant obligors and will therefore be a disclosed pledge.

The Pledge Agreement is subject to Belgian law. Under Belgian law, upon enforcement of the Security Interests, the Security Agent, in its capacity as pledgee and acting on its own behalf and in its own name but on behalf of the other Secured Parties, will be permitted to collect any monies payable in respect of the Mortgage Receivables, any monies payable under the Transaction Documents pledged to it and any monies standing to the credit of the Transaction Accounts and to apply such monies in satisfaction of obligations of the Issuer which are secured by the Pledge Agreement. The Security Agent will also be permitted:

(a) with respect to the Pledged Assets constituting Financial Assets, to sell such Pledged Assets without prior court authorisation; and

(b) with respect to the cash on the Transaction Accounts only, to appropriate such cash without prior court authorisation; and

(c) with respect to the Pledged Assets that do not constitute Financial Assets, apply to the president of the commercial court (*rechtbank van koophandel/tribunal de commerce*) for authorisation to sell the Pledged Assets.

In addition to other methods of enforcement permitted by law, Article 271/12, §2 of the Securitisation Act also permits the Noteholders (acting together) to request the president of the commercial court to attribute to them the Collateral in payment of an amount estimated by an expert. In accordance with the terms of the Pledge Agreement only the Security Agent shall be permitted to exercise such rights.

The security rights described above shall serve as security for the benefit of the Secured Parties, including each of the Class A Noteholders, the Class B Noteholders, and the Class C Noteholders, but, *inter alia*, amounts owing to Noteholders of a lower ranking Class of Notes will rank in priority of payment after

amounts owing to the Noteholders of a higher ranking Class of Notes (see Section 7 (*Credit Structure*) above). By subscribing for or otherwise acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept, and be bound by, the terms and conditions set out therein, including the appointment of the Security Agent to hold the Security Interest and to exercise rights arising under the Pledge Agreement for only the benefit of the Noteholders and the other Secured Parties. The Noteholders shall have limited recourse against only the Pledged Assets and the assets of the Issuer.

See also paragraph 3.1 (*Transfer of Legal Title to Mortgage Receivables and Pledge*).

Section 11 - Security Agent

Stichting Security Agent B-Arena is a foundation under Dutch law (*stichting*) incorporated under the laws of the Netherlands on 17 March 2017. It has its office address at Prins Bernhardplein 200, 1097JB Amsterdam, the Netherlands.

The objects of the Security Agent are (a) to act as agent of noteholders in the framework of a securitisation transaction; (b) to acquire, keep and administer security rights in its own name and as agent and representative of noteholders in the framework of a securitisation transaction as well as, if necessary, to enforce such security rights, for the benefit of creditors of legal entities amongst which the Issuer (including the holders of notes to be issued by the Issuer) and to perform acts and legal acts, including the acceptance of a parallel debt obligation and guarantees from, the aforementioned entities, 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.

For more information on the role and liabilities of the Security Agent, see paragraph 3 (*The Security Agent*) of Section 21 (*Related Party Transactions – Material Contracts*) and Condition 4.12.

Section 12 - Tax

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

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

Prospective holders of the Notes are urged to consult their own professional advisers with respect to the tax consequences of an investment in the Notes, taking into account their own particular circumstances and the possible impact of any regional, local or national laws.

1. GENERAL RULE

Any taxes which may be due relating to payments of interest and/or principal in respect of the Notes will be borne by the beneficiary of those payments.

If the Issuer, the National Bank of Belgium, its legal successor or any operator of any Alternative Securities Settlement System (the **Securities Settlement System Operator**), the Domiciliary Agent or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatever nature in respect of any payment in respect of the Notes, the Issuer, the Securities Settlement System Operator, the Domiciliary Agent or such other person (as the case may be) shall make such payment after such 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 Issuer, the Securities Settlement System Operator, any Domiciliary Agent nor any other person will be obliged to gross up the payment in respect of the Notes or make any additional payments to holders of Notes in respect of such withholding or deduction. If any such withholding or deduction is required by law, the Issuer may, at its option, redeem the Notes.

2. BELGIAN TAX

2.1 Belgian withholding tax

The interest component of the payments on the Notes will, as a rule, be subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 30 per cent. Tax treaties may provide for a lower rate subject to certain conditions.

Payments of interest by or on behalf of the Issuer on the Notes may however be made without deduction of withholding tax provided that the Notes are held by Eligible Investors in an X-Account with the Securities Settlement System or with a Securities Settlement System Participant in the Securities Settlement System. In addition, transfers of Notes between two X-Accounts do not give rise to any adjustments on account of Belgian withholding tax.

Eligible Investors are those persons referred to in Article 4 of the *Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/Arrêté Royal du 26 mai 1994*

relatif à la perception et à la bonification du précompte mobilier (Royal Decree of 26 May 1994 on the deduction and indemnification of withholding tax) which include, *inter alios*:

(a) Belgian resident corporations subject to Belgian corporate income tax within the meaning of Article 2, §1, 5°, b) of the Income Tax Code 1992 (**ITC 1992**);

(b) without prejudice to Article 262, 1° and 5° of ITC 1992, institutions, associations and companies provided for in Article 2, paragraph 3 of the Belgian law of 9 July 1975 on the control of insurance companies (other than those referred to in 1° and 3°);

(c) state regulated institutions for social security, or institutions assimilated therewith, provided for in Article 105, 2º of the Royal Decree of 27 August 1993 implementing ITC 1992;

(d) non-resident investors provided for in Article 105, 5º of the same decree;

(e) investment funds provided for in Article 115 of the same decree;

(f) companies, associations and other tax payers provided for in Article 227, 2º of ITC 1992, that hold the Class A Notes for the exercise of their professional activities in Belgium and which are subject to non-resident income tax in Belgium pursuant to Article 233 ITC 1992;

(g) the Belgian State with respect to its investments which are exempt from withholding tax in accordance with Article 265 of ITC 1992;

(h) investment funds organized under foreign law which are an undivided estate managed by a management company on behalf of the participants, when their units are not publicly issued in Belgium and are not traded in Belgium; and

(i) Belgian resident companies, not provided for under (a), whose sole or principal activity consists in the granting of credits and loans.

Eligible Investors do not include, *inter alios*, Belgian resident investors who are individuals or non-profit organisations, other than those referred to under (b) and (c) above.

Upon opening an X-Account with the Securities Settlement System or a Securities Settlement System Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing certification requirements for Eligible Investors save that they need to inform the Securities Settlement System Participants of any change of the information contained in the statement of its eligible status. However, Securities Settlement System Participants are required to annually report to the Securities Settlement System as to the eligible status of each investor for whom they hold Notes in an X-Account.

These reporting and certification requirements do not apply to Notes held by Eligible Investors through Euroclear or Clearstream in their capacity as Participants to the Securities Settlement System, or their sub-participants outside of Belgium, provided that Euroclear or Clearstream or their sub-participants only hold X-Accounts and are able to identify the accountholder. The Eligible Investors will need to confirm their status as Eligible Investor (as defined in Article 4 of the *Koninklijk Besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/Arrêté Royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier* (Royal Decree of 26 May 1994 on the deduction and indemnification of withholding tax)) in the account agreement to be concluded with Euroclear or Clearstream.

In the event of any changes made in the laws or regulations governing the exemption for Eligible Investors, neither the Issuer nor any other person will be obliged to make any additional payment in the event that the Issuer, the Securities Settlement System or its Securities Settlement System

Participants, the Domiciliary Agent or any other person is required to make any withholding or deduction in respect of the payments on the Notes. If any such withholding or deduction is required by law, the Issuer may, at its option, redeem the Notes See *Condition 5.19*.

2.2 Belgian income tax

(a) Belgian resident corporations

Interest on the Notes received by a Noteholder subject to Belgian corporate income tax (*vennootschapsbelasting/impôt des sociétés*) (*i.e.*, a company having its registered seat, principal establishment or seat of management or administration in Belgium) is subject to corporate income tax at the current rate of 33.99 per cent. (*i.e.*, the standard rate of 33% increased by the crisis contribution of 3 per cent. of the corporation tax due). Any capital gains (over and above the *pro rata* interest included in a capital gain on the Notes) realised on the Notes will be subject to the same corporate income tax rate. Any capital loss on the Notes should be tax deductible.

(b) Belgian resident legal entities

This paragraph applies only to Belgian resident entities subject to the legal entities tax (*rechtspersonenbelasting/impôt des personnes morales*) (*i.e.*, an entity other than a company subject to corporate income tax having its registered seat, principal establishment or seat of management or administration in Belgium) that are Eligible Investors and therefore eligible to hold their Notes in an X-Account (e.g., Belgian qualifying pension funds organised in the form of an ASBL/VZW).

For such Noteholders, the withholding tax constitute the final tax in respect of the received interest. However, since no withholding tax will be levied on the payment of interest on the Notes due to the fact that they are held in an X-Account, Belgian resident legal entities will have to declare the interest and pay the applicable Belgian withholding tax to the Belgian treasury themselves.

Any capital gains (over and above the *pro rata* interest included in a capital gain on the Notes) realised on the Notes will be exempt from the legal entities tax. Capital losses incurred will not be tax deductible.

(c) Organisations for Financing Pensions

Interest and capital gains derived by Organisations for Financing Pensions (**OFP**) in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle not included in the OFP's corporate income tax base and are therefore, as a rule, not subject to corporate income tax at the level of the latter.

(d) Non-residents of Belgium

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Notes as part of a taxable business activity in Belgium will not incur or become liable for any Belgian tax on income or capital gains or other like taxes by reason only of the acquisition, ownership or disposal of the Notes provided that they hold their Notes in an X-account.

2.3 Miscellaneous Taxes

The purchase and the sale and any other acquisition or transfer for consideration of the Notes on the secondary market is subject to the Belgian tax on stock exchange transactions (*taks op de beursverrichtingen/taxe sur les opérations de bourse*) if (i) carried out in Belgium through a financial intermediary, or (ii) deemed to be carried out in Belgium, which is the case if the order is directly or indirectly given to a foreign financial intermediary, either by private individuals with

habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium.

The tax on stock exchange transactions is due at the rate of 0.09% with a maximum of EUR 1,300 per party and per transaction. The tax is due by each party to the transaction, and both taxes are collected by the financial intermediary. If the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Financial intermediaries established outside Belgium could be responsible for collecting the tax on stock exchange transactions if they appointed a Belgian representative for tax purposes, subject to certain conditions and formalities.

An exemption is available for non-residents and certain Belgian qualifying professional investors acting for their own account provided that certain formalities are respected.

In addition, repurchase transactions (*prolongatieverrichtingen*/*operations de report*) through the intervention of a professional intermediary are subject to a tax on repurchase transactions (*taks op de reporten*/*taxe sur les opérations de reports*) of 0.085% (due per party and per transaction) with a maximum of EUR 1,300 per party and per transaction. An exemption is available for non-residents and certain Belgian qualifying professional investors provided that certain formalities are respected.

On 14 February 2013, the EU Commission adopted a draft Directive on a Financial Transaction Tax. The draft Directive currently stipulates that once the Financial Transaction Tax enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the Financial Transaction Tax (or VAT as provided in the Council Directive 2006/112/EC on 28 November 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions and the tax on repurchase transactions should thus be abolished if and once the Financial Transaction Tax enters into force. The draft Directive is still subject to negotiation between the participating Member States and may therefore be changed at any time. For more details on the Financial Transaction Tax, reference is made to Section 5.8 of Section 1 (*Risk Factors*) above.

Section 13 - Mortgage Receivables Purchase Agreement

Under the Mortgage Receivables Purchase Agreement the Issuer, acting through its Compartment N°4, will purchase and, on the Closing Date, accept from the Seller the transfer by way of assignment of legal title to any and all rights under or in connection with certain selected Mortgage Loans (the **Mortgage Receivables**) of the Seller against certain borrowers (the **Borrowers**). The assignment of the Mortgage Receivables from the Seller to the Issuer will not be notified to the Borrowers, except in special events as further described hereunder (**Notification Events**). The Issuer will be entitled to all proceeds in respect of the Mortgage Receivables as of 1 August 2017.

Capital Requirements Regulations

Pursuant to the Mortgage Receivables Purchase Agreement, Bank Nagelmackers NV as Seller has covenanted that it will retain a material net economic interest of not less than 5 per cent. in the Transaction in accordance with Article 405 of the CRR and Articles 51 and 52 of the AIFM Regulation. As at the Closing Date, such interest will be comprised of an interest in the first loss tranche as required by Article 405 of the CRR and Articles 51 and 52 of the AIFM Regulation. Any change to the manner in which such interest is held will be notified to investors through the Investor Reports.

1. SALE – PURCHASE PRICE

The purchase price for the Mortgage Receivables shall consist of an initial purchase price (the **Initial Purchase Price**), being (i) the aggregate Outstanding Principal Amount of all Mortgage Receivables on 31 July 2017 of EUR 637,500,009.39, which shall be payable on the Closing Date and (ii) a deferred purchase price (the **Deferred Purchase Price**) payable on each Quarterly Payment Date.

The **Outstanding Principal Amount** means, at any moment in time, the principal balance (*hoofdsom/principal*) of a Mortgage Receivable resulting from a Mortgage Loan at such time.

The **Deferred Purchase Price** shall be equal to the sum of all Deferred Purchase Price Instalments and each **Deferred Purchase Price Instalment** on any Quarterly Payment Date will be equal to:

(a) prior to delivery of an Enforcement Notice, the positive difference, if any, between the Notes Interest Available Amount as calculated on each Quarterly Calculation Date and the sum of all amounts payable by the Issuer as set forth in the Pre-FORD Interest Priority of Payments under (i) up to and including (xvi) or in the Post-FORD Interest Priority of Payments under (i) up to and including (xix); or, as the case may be,

(b) following delivery of an Enforcement Notice, the amount remaining after all the payments as set forth in the Pre-FORD Post-Enforcement Priority of Payments under (i) up to and including (xiii) or in the Post-FORD Post-Enforcement Priority of Payments under (i) up to and including (xiv) (see Section 7 - *Credit Structure* above) on such date have been made.

The sale of the Mortgage Receivables shall include, and the Issuer shall be fully entitled to, all ancillary items (*bijhorigheden*/*accessories*) of such Mortgage Receivables and in particular, but not limited to:

(a) all rights and title of the Seller in and under the Mortgage Loans including for the avoidance of doubt, but not limited to:

(i) the right to demand, sue for, recover, receive and give receipts for all principal monies payable or to become payable under the Mortgage Receivables or the unpaid part thereof and the interest and Prepayment Penalties to become due thereon;

(ii) the benefit of and the right to sue on all covenants in each Mortgage Receivable and the right to exercise all powers of the Seller in relation to each Mortgage Receivable;

(iii) the right to demand, sue for, recover, receive and give receipts for all prepayment indemnities (*wederbeleggingsvergoeding/indemnité de remploi*) or fees to the extent they relate to the Mortgage Receivables; and

(iv) the right to exercise all express and implied rights and discretions of the Seller in, under or to the Mortgage Receivables and each and every part thereof (including, if any, the right, subject to and in accordance with the terms respectively set out therein, to set and to vary the amount, dates and number of payments of interest and principal applicable to the Mortgage Receivables);

(b) all rights and title of the Seller to the Related Security insofar as it relates to the Mortgage Receivables;

(c) the benefit of any Mortgage Mandate or Mortgage Promise granted as security for the Mortgage Receivables to have an additional Mortgage created over the relevant Mortgaged Assets in accordance with the provisions of the Mortgage Receivables Purchase Agreement;

(d) all rights, title, interest and benefit of the Seller in any Hazard Insurance Policy and Life Insurance Policy in so far as it relates to the Mortgage Receivables including but without limitation the right to receive the proceeds of any claim thereunder;

(e) all documents, computer data and records on or by which each of the above is recorded or evidenced, to the extent that they relate to the above, including, but not limited to, the Contract Records;

(f) all causes and rights of action against any notary public in connection with the execution of the Mortgage Loans, the researches, opinions, certificates or confirmations in relation to any Mortgage Loan or Mortgaged Assets or otherwise affecting the decision of the Seller to offer to make or to accept any Mortgage Loan;

(g) all causes and rights of action against any valuer/appraiser in connection with the investigation and appraisal of any property, any researches, opinions certificates or confirmations in relation to any Mortgage Receivable or Mortgaged Assets or otherwise affecting the decision of the Seller to offer to make or to accept any Mortgage Receivable or Related Security relating thereto;

(h) all causes and rights of action against any Mortgage Registrar, including, without limitation, all rights of action mentioned in articles 128, 130 and 132 of the Act of 16 December 1851, with respect to any transcription (*overschrijving/transcription*), inscription (*inschrijving/ inscription*) or marginal inscription (*kantmelding/inscription en marge*) of any right relating to the Mortgaged Assets; and

(i) all causes and rights of action against any broker, lawyer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any of the above, or affecting the decision of the Seller to offer to make or to accept any of the above,

it being understood that any Related Security with an all sums nature will continue to secure any other amounts owed by the relevant Borrower to the Seller subject to the conditions set out in section 2 (*All Sums Mortgages – Mortgage Mandates*) below.

2. ALL SUMS MORTGAGES – MORTGAGE MANDATES

2.1 All Sums Mortgages

The Mortgage Receivables are secured by an All Sums Mortgage in accordance with Article 81bis of the Mortgage Law or secured by a Mortgage that also secures advances made under a credit opening (*kredietopening/ouverture de crédit*) in accordance with Article 81quater,§2 of the Mortgage Law.

The Seller may hold Existing Loans and will be entitled to make Further Loans to a Borrower, which are or will be secured by the same Mortgage as the Mortgage Receivables transferred to the Issuer.

If there are Existing Loans which are secured by the same Mortgage, the Seller and the Issuer would by law rank equally with respect to the proceeds of the enforcement of such Mortgage (see further paragraph 3 (*Risk factors regarding the Mortgage Receivables*) of Section 1 (*Risk Factors*), unless otherwise agreed between the Seller and the Issuer.

If there are Further Loans granted which are secured by the same Mortgage, the proceeds of such Mortgage shall be distributed pursuant to the rules set out in Articles 81quater, §2 and 81quinquies of the Mortgage Law and the Mortgage Receivables Purchase Agreement, i.e., the Issuer, acting through its Compartment No. 4, shall fully rank in priority to the Seller.

The Mortgage Receivables Purchase Agreement provides, among other things, that:

(a) in respect of any Related Security securing both a Mortgage Receivable and Seller Loans, all sums owed by any Borrower to the Seller under a Seller Loan and all the rights and remedies of the Seller in respect of a Seller Loan will at all times be subject and subordinated to any sums owed by the Borrower to the Issuer in relation to all sums received out of the enforcement of the Related Security;

(b) as long as any part of the sums owed to the Issuer under a Mortgage Receivable is or might become outstanding and until all these sums are irrevocably paid in full, all sums received out of the enforcement of the Related Security will be distributed to the Issuer in priority of the Seller by payment into the Issuer Collection Account, unless the Issuer and the Security Agent otherwise agree; and

(c) the Seller undertakes that, as long as any part of the sums owed to the Issuer under a Mortgage Receivable is or might become outstanding and until all these sums are irrevocably paid in full, it will not be entitled to receive for its own account any of the proceeds of enforcement of the Related Security.

In addition, the Mortgage Receivables Purchase Agreement will contain certain arrangements regarding the acceleration of a Mortgage Receivable or a Seller Loan and the enforcement of All Sums Mortgages and Related Security securing both a Mortgage Receivable and Sellers Loans.

Existing Loan means any loan or advance originated by the Seller that is secured by the same All Sums Mortgage as a Mortgage Loan and any advance made available by the Seller under a credit facility (*kredietopening/ouverture de credit*) that is secured by the same Mortgage as a Mortgage Loan, before the Closing Date;

Further Loan means any loan or advance originated by the Seller that is secured by the same All Sums Mortgage as a Mortgage Loan and any advance made available by the Seller under a credit facility (*kredietopening/ouverture de credit*) that is secured by the same Mortgage as a Mortgage Loan, in each case originated or made after the Closing Date;

Seller Loans means the Existing Loans and the Further Loans;

2.2 Mortgage Mandates

The Mortgage Receivables may have the benefit of a Mortgage Mandate that permits the creation of a mortgage on the Mortgage Assets as an All Sums Mortgage or as a mortgage that secures all advances made under a credit opening (*kredietopening/ouverture de crédit*). Accordingly, the Seller and the Issuer may have a shared interest in all or some of the Mortgage Mandates.

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties relating to the Seller

Pursuant to the Mortgage Receivables Purchase Agreement, the Seller will represent and warrant for the benefit of the Issuer and the Security Agent on the date of the Mortgage Receivables Purchase Agreement and on the Closing Date that *inter alia*:

(a) the Seller is a corporation duly organised and validly existing under the laws of Belgium with full power and authority to execute, deliver, and perform all of its obligations under the Mortgage Receivables Purchase Agreement and such execution and delivery does not violate any applicable laws;

(b) the Seller has obtained all necessary corporate authority and taken all necessary action (including, but not limited to all necessary consents, licenses and approvals), for the Seller to sign the Mortgage Receivables Purchase Agreement and to perform the transactions contemplated herein;

(c) the Seller is duly licensed as a credit institution by the NBB under the Law of 25 April 2014 on the supervision of the credit institutions (*loi relative au statut et au contrôle des établissements de crédit*) (as may be amended from time to time, the **Credit Institutions Supervision Law**) and has received a temporary license as a provider of mortgage credit under the Belgian Code of Economic Law.

(d) the Seller:

(i) is not in a situation of cessation of payments within the meaning of Belgian insolvency laws;

(ii) has not resolved to enter into liquidation (*vereffening/liquidation*),

(iii) has not filed for bankruptcy or for a moratorium (*uitstel van betaling/sursis de paiement*);

(iv) is not subject to reorganisation measures (*saneringsmaatregel/mesure d'assainissement*);

(v) is not subject to any winding-up procedures (*liquidatieprocedures*/*procédures de liquidation*);

(vi) has not been adjudicated bankrupt or annulled as legal entity;

(vii) the Seller has not taken any corporate action nor is any corporate action pending in relation to any of the matters specified in this paragraph (d);

(e) the Mortgage Receivables Purchase Agreement constitutes the Seller's valid and binding obligations enforceable in accordance with its terms;

(f) no Notification Event relating to the Seller has occurred or will occur as a result of the entering into or performance of the Mortgage Receivables Purchase Agreement; and

(g) no litigation, arbitration or administrative proceeding has been instituted, or is pending, or, to the best of its belief, threatened which might have a material adverse effect on it or on its ability to perform its obligations under the Mortgage Receivables Purchase Agreement.

3.2 Representations and Warranties relating to the Mortgage Loans and the Mortgage Receivables

Pursuant to the Mortgage Receivables Purchase Agreement, the Seller will on the Closing Date represent and warrant in relation to the Mortgage Loans and the Mortgage Receivables for the benefit of the Issuer and the Security Agent that as on the Cut-Off Date, *inter alia*:

(a) Portfolio Schedule

The information relating to

(i) the residential mortgage loans listed in Schedule 4 to the Mortgage Receivables Purchase Agreement;

(ii) the procedures, policies and practices from time to time applied by the Seller with regards to the origination, credit collection and administration and underwriting criteria of its loans as set out in Schedule 11 to the Mortgage Receivables Purchase Agreement; and

provided by the Seller to the Issuer and the Security Agent or otherwise are complete, true and accurate in all material respects as of the Cut-Off Date.

(b) Valid existence – Mortgage Loan Characteristics

(i) The Mortgage Receivables and Loan Security (other than any Other Security) exist and are valid, legally binding and enforceable obligations of the relevant Borrowers, or as the case may be, the relevant Insurance Company or third party provider of additional collateral.

(ii) The Mortgage Loans are granted with respect to Real Estate.

(iii) At origination, each Borrower in respect of a Mortgage Loan, was an individual resident (*domicilié*/*woonachtig*) in Belgium.

(iv) The Borrowers of the Mortgage Loans are not employees of the Seller.

(v) Each Mortgage Loan was granted by the Seller or, as the case may be, its legal predecessor as the original lender, as a loan secured by a Mortgaged Asset and, in the latter case, acquired by the Seller as a true sale and in accordance with the then prevailing credit policies of the original lender and those original lenders are (or were, at the time of the granting of the loan) duly licensed as mortgage undertakings.

(vi) Each Mortgage Loan was granted by the Seller or, as the case may be, its legal predecessor as the original lender, as a loan secured by one or more real estate properties for residential use by the Borrowers located in Belgium over which there is a Mortgage securing such Mortgage Loan.

(vii) Each Mortgage Loan is granted under a Credit Facility.

(viii) The Mortgage Loans are either Annuity Mortgage Loans, Linear Mortgage Loans or Interest-only Mortgage Loans.

(ix) Each Borrower has executed a client relationship opening form substantially in the form as in the Standard Loan Documentation.

(c) Governing Legislation

(i) Each Mortgage Loan and relating Related Security is governed by Belgian law and no Mortgage Loan or relating Mortgage and Mortgage Mandate expressly provides for the jurisdiction of any court or arbitral tribunal other than Belgian courts or tribunals.

(ii) Each Mortgage Loan is subject to the Belgian Mortgage Credit Act, or, as from 1 April 2015, to the Book VII, Title 4, Chapter 2 of the Code of Economic Law.

(iii) Each Mortgage Loan and relating Mortgage complies upon origination in all material respects with the requirements of the Belgian Mortgage Credit Act or, as for Mortgage Loans originated as from 1 April 2015, to the Book VII, Title 4, Chapter 2 of the Code of Economic Law and implementing regulations;

(iv) Each Mortgage Loan complies with any and all applicable consumer protection rules and in general, with the common rules of law (*regels van gemeen recht/règles de droit commun*);

(v) All Standard Loan Documentation relating to the Mortgage Loans has been duly and timely submitted to the FSMA in accordance with the relevant provisions in the Belgian Mortgage Credit Act, or Book VII of the Code of Economic Law;

(vi) The Consumer Credit Act of 12 June 1991 or, as from 1 April 2015, Book VII, Title 4, Chapter 1 of the Code of Economic Law does not apply to any Mortgage Loan or any other loan or advance made under the Credit Facility under which the Mortgage Loan has been originated;

(vii) No Mortgage Loan is granted (x) with the benefit of a guarantee extended by the Walloon Region under the applicable housing promotion programme for building or acquiring houses (the so-called **Prêts Jeunes** or **Prêts Tremplin**), in application of the Decree of the Walloon Government on 20 July 2000 determining the conditions to intervene for the benefit of young people obtaining a mortgage credit or (y) under a housing promotion for building or acquiring houses by mine worker.

(d) Free from third-party rights

(i) each Mortgage Loan has been granted by the Seller (or, if applicable, its predecessor) for its own account;

(ii) the Seller has exclusive, good, and marketable title to each Mortgage Loan;

(iii) immediately before and upon the entry into effect of the sale on the Closing Date pursuant to the Mortgage Receivables Purchase Agreement and the pledging pursuant to the Pledge Agreement, the Seller has not assigned, transferred, pledged, disposed of, dealt with, otherwise created, allowed to arise, or subsist, any security interest (or other adverse right, or interest, in respect of the Seller's right, title,

interest and benefit) in or to, any Mortgage Loan, Loan Security, Additional Security, the rights relating thereto or with respect to any property and asset, right, title, interest or benefit sold or assigned pursuant to the Mortgage Receivables Purchase Agreement or pledged pursuant to the Pledge Agreement, in any way whatsoever other than pursuant to the Mortgage Receivables Purchase Agreement or the Pledge Agreement;

(iv) in respect of any Credit Facility or Shared Mortgage relating to a Mortgage Loan, the Seller has the absolute right on and interest in all rights arising under such Credit Facility (including any loans or advances granted thereunder) and such Shared Mortgage, other than the interests and entitlements sold pursuant to the Mortgage Receivables Purchase Agreement (the **Retained Rights**);

(v) the Seller has not given any instructions to any Borrower, Insurance Company or any provider of Loan Security or Additional Security to make any payments in relation to any Mortgage Loan to any of the Seller's creditors;

(vi) the Seller has not done anything that would render any Loan Security or Additional Security ineffective, or omitted to do anything necessary to render or keep them effective; and

(vii) each Mortgage Loan can be easily segregated and identified by the Seller for ownership and collateral security purposes;

(e) Each Mortgage Receivable is secured by (i) a first ranking Mortgage, and/or (ii) a lower ranking Mortgage provided that the benefit of all higher ranking Mortgages on the same Real Estate has been transferred to the Issuer pursuant to the Mortgage Receivables Purchase Agreement, and/or, as the case may be, (iii) a mandate to create Mortgages over the Mortgaged Assets.

(f) Fully disbursed Mortgage Loans

The proceeds of each Mortgage Loan (including any brokers' fees) have been fully disbursed and the Seller has no further obligation to make further disbursement relating to any Mortgage Loan.

(g) No set-off or other defence

(i) none of the Mortgage Receivables are subject to any reduction resulting from any valid and enforceable *exceptie/exception* or *verweermiddel/moyen de défense* (including *schuldvergelijking/compensation*) available to the relevant Borrower, the Insurance Company or third party provider of Loan Security and arising from any act, event, circumstance or omission on the part of or attributable to the Seller which occurred prior to the execution of the MRPA (except any *exceptie/exception* or *verweermiddel*/*moyen de défense* based on the provisions of Article 1244, alinea 2 of the Belgian Civil Code or the provisions of Belgian insolvency laws);

(ii) no pledge, lien or counterclaim (except for commercial discounts, as applicable) or other security interest has been created, or arisen, or now exists, between the Seller and any Borrower or Insurance Company which would entitle such Borrower or Insurance Company to reduce the amount of any payment otherwise due under its Mortgage Loan.

(iii) none of the Mortgage Receivables is part of an actual current account (*rekening courant/compte courant*).

(iv) The Standard Loan Documentation does not contain any express provisions giving the Borrower a contractual set-off right.

(h) No subordination

The Seller has not entered into any agreement, which would have the effect of subordinating the right to the payment under any of the Mortgage Loans to any other indebtedness or other obligations of the Borrower.

(i) No limited recourse

The Seller has not entered into any agreement, which would have the effect of limiting the rights in respect of the Mortgage Loan to any assets of the Borrower for the payment thereof.

(j) No abstraction

Except for Mortgage Receivables incorporated in a negotiable instrument (*grosse aan order*/*grosse à ordre*), no bills of exchange, promissory notes or negotiable instruments have been issued or subscribed in connection with any amounts owing under any Mortgage Loan.

(k) No waiver

The Seller has not knowingly waived or acquiesced in any breach of any of its rights under or in relation to a Mortgage Loan or any Related Security (other than any Other Security), provided that the Permitted Variations made in accordance with the Transaction Documents shall not constitute a breach of this warranty.

(l) Performing loan

(i) No event has occurred and has not been cured prior to the Closing Date, entitling the Seller to accelerate the repayment of such Mortgage Loan.

(ii) On the Cut-Off Date, no Mortgage Loan is in arrears.

(iii) No notice of prepayment of all or any part of the Mortgage Loan has been received by the Seller.

(m) Litigation

The Seller has not received written notice of any litigation or claim calling into question in any material way the Seller's title to any Mortgage Loan or Related Security.

(n) Insolvency

The Seller has not received written notice, nor is otherwise aware, that any Borrower is bankrupt, has entered into or has filed for a rescheduling or repayments (*betalingsfaciliteiten/facilités de paiements*), a judicial reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*), as applicable, or a moratorium (*uitstel van betaling/sursis de paiement*), or has applied for a collective reorganisation of its debts (*collectieve schuldenregeling/règlement collectif*) pursuant to the law of 5 July 1998, or is in a situation of cessation of payments or has otherwise become insolvent nor has the Seller any reason to believe that any Borrower is about to enter into, or to file for, any of the above situations or procedures.

(o) Incapacity

The Seller has not received notice of the death or any other incapacity of any Borrower.

(p) No Withholding Tax

Neither the Seller nor the Borrower is required to make any withholding or deduction for or on account of tax in respect of any payment in respect of the Mortgage Loans.

(q) Assignability of the Mortgage Receivables

(i) Each Mortgage Receivable, secured by the Loan Security and Additional Security, may be validly assigned to the Issuer and pledged by the Issuer in accordance with the Pledge Agreement;

(ii) each Mortgage Receivable, secured by the Related Security, is legally entitled to be being transferred by way of sale, and the transfer by way of sale is not subject to any contractual or legal restriction, other than the notification to the Borrower for the purpose of rendering the sale enforceable against the Borrower;

(iii) the sale of each Mortgage Receivable in the manner contemplated in the MRPA will not be recharacterised as any other type of transaction other than a sale;

(iv) the sale of each Mortgage Receivable will be effective to pass to the Issuer full and unencumbered title and benefit, and no further act, condition or thing will be required to be done in connection with the Mortgage Receivable to enable the Issuer to require payment of each Mortgage Receivable, or the enforcement of each Mortgage Receivable, in any court other than the giving of notice to the Borrower of the sale of such Mortgage Receivable by it to the Issuer for the purpose of rendering the sale enforceable against the Borrower;

(v) upon the sale of any Mortgage Receivable such Mortgage Receivable will no longer be available to the creditors of the Seller on its liquidation.

(vi) the Standard Loan Documentation specifically provides that the Mortgage Receivables may be assigned.

(r) Valid Mortgage

(i) Each Mortgage exists and constitutes or, upon registration at the office (*hypotheekkantoor/bureau des hypothèques*) where mortgages are or, are to be, registered in accordance with the Mortgage Law (the **Mortgage Register**) will constitute, a valid, enforceable and subsisting mortgage over the relevant Mortgaged Asset;

(ii) each Mortgage which has been registered at the relevant Mortgage Register, is first ranking over any other mortgage or security interest attached to any Mortgaged Asset, save in case the Seller also has first ranking Mortgage and such Mortgage is/are also transferred to the Issuer;

(iii) no other mortgage or security interest attaches to any Mortgaged Asset other than any:

(A) mortgages and liens which apply to the Mortgaged Asset by operation of law;

(B) higher ranking mortgages as envisaged in paragraph (ii) above; and

(C) lower ranking mortgages, liens, encumbrances, claims or mortgage mandates;

(iv) if, at the Cut-Off Date, the registration of any Mortgage created in favour of the Seller is pending at the Mortgage Registration Office:

(A) the Seller shall have, and be capable of having, an absolute right to be registered as mortgagee of the relevant Mortgaged Asset;

(B) such Mortgage shall have no condition, notice or other entry which will prevent such registration;

(C) the Seller has instructed the relevant notary to take all action to effectively register the Seller as mortgagee of the relevant Mortgaged Asset; and

(D) such registration will be accomplished ultimately before the Mortgage Loan is in arrears for more than two (2) months;

(v) all steps necessary with a view to perfecting the Seller's title to each Mortgage were duly taken at the appropriate time or are in the process of being taken without undue delay on the part of the Seller and those within its control;

(vi) as at the date of origination of the Mortgage Loan the immovable property over which such Mortgage has been granted existed or was under construction and the Seller has received no notice nor has it any reason to believe that it does not exist;

(s) Mortgage Mandate

(i) Each attorney appointed under a Mortgage Mandate and as long as such attorney, if a legal person, exists, or, if a private person, is alive, has the power under the Mortgage Mandate to create a mortgage in favour of the Issuer;

(ii) Each Mortgage Mandate permits the appointment of a substitute attorney under such Mortgage Mandate.

(t) Missing Data

As for any Mortgage Loans where the Seller confirms that no actual or no complete data are available, the characteristics of those Mortgage Loans are substantially the same as the ones under the Credit Policies.

(u) Servicing

Immediately before the sale on the Closing Date pursuant to the Mortgage Receivables Purchase Agreement and the pledging pursuant to the Pledge Agreement, each Mortgage Receivables was serviced in the systems of the Sub-MPT Provider.

(v) Financial Criteria

(i) The interest rate on each Mortgage Loan was market conform at its origination date.

(ii) Each Mortgage Receivable, except Mortgage Receivables under Interest-only Mortgage Loans, is repayable by way of monthly Instalments. In relation to Interest-only Mortgage Loans, interest is payable on a monthly basis.

(iii) Each Mortgage Receivable is denominated exclusively in euro (this includes Mortgage Loans historically denominated in Belgian frank).

(iv) On the Cut-Off Date, no Mortgage Receivable is a Disputed Mortgage Receivable.

(v) Each Mortgage Receivable has a fixed interest rate period that does not exceed 30 years.

(vi) No Mortgage Receivable has an initial maturity in excess of 30 years.

(vii) In respect of each Mortgage Loan, at least one Instalment has been received.

(viii) On the Cut-Off Date, for each Mortgage Receivable the remaining term is at least 12 months.

(ix) On the Cut-Off Date, the interest rate on each Mortgage Loan was at least 0% and not more than 10%.

(x) Each Mortgage Loan was granted as from 1 January 2006, or as from 1 January 2004 for loans previously owned by B-Arena NV/SA, *Institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge*, acting through its Compartment No. 3 and in any case granted before 1 December 2016.

Instalment shall mean, in respect of any Mortgage Loan, the aggregate amount of principal and interest which is scheduled to be payable by a Borrower on a particular repayment date or after a particular period in accordance with the contractual terms of such Mortgage Loan (as amended from time to time),

(w) Mortgage Pool Characteristics

(i) On the Cut-Off Date, no Mortgage Receivables are in arrears.

(ii) On the Cut-Off Date, each Mortgage Receivable has a mortgage inscription to current loan (MTCL) of not less than 10%.

MTCL means the ratio between (i) the secured amount (including an amount for accessories) for which the Seller benefits from a registered first ranking Mortgage or from several Mortgages registered successively so as to provide an effective first rank for their aggregate amount and (ii) the Current Balance of the Mortgage Receivables of the Borrower increased by aggregate outstanding principal amount of all other loans existing at the Closing Date secured by the same Mortgage.

(iii) On the Cut-Off Date, each Mortgage Receivable has a current loan to mortgage inscription and mandate (CLTMM) of not more than 100%.

CLTMM means the ratio between (i) the Current Balance of the Mortgage Receivables of the Borrower increased by aggregate outstanding principal amount of all other loans existing at the Closing Date secured by the same Mortgage and (ii) the secured amount (including an amount for accessories) for which the Seller benefits from a registered first ranking Mortgage or from several Mortgages registered successively so as to provide an effective first rank for their aggregate amount or from a mandate to create such Mortgages.

(iv) Each Loan has an initial loan to initial value (ILTIV) equal to or less than 120%;

ILTIV means the ratio between (i) the total amount of the initial balances of the Mortgage Receivables granted to the Borrower and which exist at the Closing Date and (ii) the sum of the values of the Mortgaged Asset(s) on which a first ranking mortgage inscription has been granted by the Borrower and which have not been released on or before the Closing Date and whereby the value is determined at the moment the relevant Credit Facility has been granted or when a new loan has been drawn under the relevant Credit Facility;

(v) A Mortgage Loan does not have a connection with a loan of a different client (meaning that in case different clients each have been granted a loan in respect of which the mortgage securing each such loans is registered on, or the mortgage mandate is granted on, the same mortgaged property, the loans of both clients will not be eligible); and

(vi) The final possible maturity date for the Mortgage Receivables is not later than 40 months prior to the Final Maturity Date.

(x) Reconstitution Loans

None of the Mortgage Loans is a reconstitution loan (*reconstitutielening/crédit de reconstitution*) within the meaning set out in Book VII, Title 4, Chapter 2 of the Code of Economic Law.

(y) All sums Mortgage

Each Mortgage Loan is secured by an All Sums Mortgage.

(z) Loan Security

The Seller has not received notice of any material breach of the terms of any Related Security.

(aa) The Mortgaged Assets

(i) Prior to providing a Mortgage Loan to a Borrower, the Seller instructed the notary public to conduct a search on origin and validity of the Borrower's title to the Mortgaged Asset and such search:

(A) did not disclose anything material which would cause the Seller, acting reasonably, not to proceed with the Mortgage Loan on the proposed terms;

(B) did disclose that the Borrower or a third party collateral provider had the exclusive, absolute and unencumbered title over the Mortgaged Asset; and

(C) did not disclose any tax liabilities or, if applicable, any social security (*sociale zekerheid/sécurité sociale*) liabilities, registrations, annotations or transcriptions or deficiencies in the title of property which may substantially impair the rights of the Seller, including, but not limited to, deferred payment of the purchase price, reservation of title (*eigendomsvoorbehoud/réserve de propriété*), any condition precedent or any resolutive condition, usufruct (*vruchtgebruik/usufruit*) or negative undertakings not to transfer or mortgage.

(ii) The notary public has not been dispensed from any of its responsibilities and/or liabilities in relation to any Mortgage Loan, Mortgage and Mortgage Mandate.

(iii) None of the Mortgages and Mortgage Mandates have been created over a part in an undivided property, a collective property (*mede-eigendom/co-propriété*) or a property which has been purchased pursuant to a purchase agreement which results in an effective *tontine* or a similar arrangement, except:

(A) in case there is another first-ranking Mortgage relating to the same Borrower that meets all representations and warranties set out herein; or

(B) in case of a *tontine* or a similar arrangement:

I. the parties to the arrangement are Borrowers under the same Mortgage Loan, are held jointly and severally, and have granted the relevant Mortgage with respect to all their present and future rights in respect of the Mortgaged Asset; and

II. such Mortgage is still in full force and effect for each such Borrower.

(iv) The Seller has not received any notice requiring the compulsory acquisition (*expropriation/onteigening*) of such Mortgaged Asset.

(bb) The Seller's compliance with laws

The original lender or the Seller, as applicable, has, in relation to the origination, the servicing and the assignment of the Mortgage Loans and Mortgage Receivables, complied in all material respects with all relevant banking, consumer protection, privacy, money laundering and other laws.

(cc) Selection process

The Seller has not taken any action in selecting the Mortgage Loans which, to the Seller's knowledge, would result in delinquencies or losses on the Mortgage Loans being materially in excess of the average delinquencies or losses on the Seller's total portfolio of loans of the same type.

(dd) Originating and Standard Loan Documentation

(i) Prior to making each Mortgage Loan the Seller or the original lender, as applicable, carried out or caused to be carried out all investigations, searches and other actions and made such enquiries as to the Borrower's status and obtained such consents (if any) as would a reasonably prudent lender and nothing which would cause any such a lender to decline to proceed with the initial loan on the proposed terms was disclosed.

(ii) Prior to making each Mortgage Loan, the Seller's lending criteria laid down in the Credit Policies or, as the case may be, the lending criteria of the Seller or the original lender, as applicable at the time, were satisfied so far as applicable subject to such waivers as might be exercised by a reasonably prudent mortgage lender.

(iii) Each Mortgage Loan has been granted and each of the Related Security (other than any Other Security) has been created, subject to the general terms and conditions and materially in the forms of the Standard Loan Documentation (so far as

applicable) and any amendment to the terms of the Mortgage Loans has been made substantially in accordance with the Credit Policies or the then prevailing credit policies of the Seller or the original lender, as applicable.

(ee) Proper Accounts and Records

Each Mortgage Loan and Loan Security is properly documented in the Contract Records relating to such Mortgage Loan. The relevant transactions, payments, receipts, proceedings and notices relating to such Mortgage Loan and such Contract Records are properly recorded in the Contract Records and in the possession of the Seller or held to its order.

(ff) Data Protection and privacy law

The Seller and the databases it maintains, in particular with regard to the Mortgage Loans and the Borrowers, fully comply with all applicable data protection and privacy laws and regulations.

The Seller has (i) notified the Borrowers of the change to the original finality of the processing of the personal data resulting from the Transaction, (ii) amended the privacy clause in the Standard Loan Documentation (for new Borrowers) and (iii) notified the Privacy Commission of this amended finality of the processing resulting from the Transaction.

(gg) Credit Policies

The Credit Policies attached as Schedule 11 to the Mortgage Receivables Purchase Agreement are certified by the Seller to be true and accurate.

(hh) Missing Data

As for any Mortgage Loans where the Seller confirms that no actual or no complete data are available, the characteristics of those Mortgage Loans are substantially the same as the ones under the Credit Policies.

4. ELIGIBILITY CRITERIA

All representations and warranties (other than those relating to the Seller) as set out under section 3.2 above, shall be considered to constitute the eligibility criteria relating to the Mortgage Loans or, as the case may be, the Mortgage Receivables (the **Eligibility Criteria**). The Eligibility Criteria pertain to the Mortgage Receivables and Mortgage Loans on the Cut-Off Date.

5. REPURCHASES, CALL OPTIONS AND PERMITTED VARIATIONS

5.1 Repurchase

If at any time after the Closing Date, any of the representations and warranties relating to a Mortgage Loan or a Mortgage Receivable proves to have been untrue or incorrect, the Seller shall within 30 calendar days of the earlier of (i) receipt of written notice thereof from the Issuer or (ii) the date of a notice from the Seller in accordance with the Mortgage Receivables Purchase Agreement, remedy the matter giving rise thereto. The Seller shall, if such matter is not capable of being remedied, on the Monthly Calculation Date immediately following the date of the relevant notice, or if such matter is remediable but not remedied within the said period of 30 calendar days, on the Monthly Calculation Date immediately following the end of the 30 calendar day period, repurchase and accept re-assignment of such Mortgage Receivable and Related Security.

5.2 Clean-Up Call Option

The Issuer shall have the right (but not the obligation) to redeem all of the Notes at their Principal Amount Outstanding on each Quarterly Payment Date if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Principal Amount Outstanding of the Collateralized Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Collateralized Notes on the Closing Date, and if all amounts that are due and payable in priority to the Collateralized Notes have been paid and provided that it has sufficient funds available to redeem all the Collateralized Notes on such date.

5.3 Regulatory Call Option

The Seller has the option to repurchase the Portfolio from the Issuer upon the occurrence of a Regulatory Change in which case, the Issuer shall, provided that sufficient fund will be available to redeem all Classes of Collateralized Notes, be obliged to sell and assign the Mortgage Receivables to the Seller, or any third party appointed by the Seller in their sole discretion. See detailed provisions in Condition 4.5(i).

5.4 Permitted Variations

Upon request of a Borrower to change the terms and conditions of or in relation to a Mortgage Receivable or any rights in relation thereto, the MPT Provider shall be entitled to change such terms and conditions or rights if all the following conditions are satisfied (a **Permitted Variation**):

(a) no Enforcement Notice has been given by the Security Agent that remains in effect at the date of the relevant variation;

(b) the repayment type (e.g. amortising, linear or interest-only) and the repayment frequency of the Mortgage Receivable shall not be changed;

(c) the variation would not cause the Mortgage Receivable to no longer comply with all the Eligibility Criteria;

(d) no variation will cause the interest rate to be lowered ((including, for the avoidance of doubt, the application of commercial discounts on the interest applicable on the Cut-Off Date, which may be granted on, among other things, customer loyalty);

(e) no variation in the interest rate formula will be allowed;

(f) in case of a maturity extension of the Mortgage Loan, such extension will be in accordance with the terms of loan documents of the relevant Mortgage Loan and the Final Maturity Date of such varied Mortgage Loan would as a consequence of the variation not be extended beyond the Quarterly Payment Date falling four (4) years prior to the Final Maturity Date of the Notes;

(g) such variation shall be considered by the MPT Provider acting as a reasonably prudent mortgage lender (*bonus pater familias*);

(h) if the variation relates to a waiver, amendment or release with respect to a Mortgage or a Mortgage Mandate:

(i) in case of a substitution (or release of any) of the Mortgaged Asset(s) (*pandwissel/substitution d'hypothèque*, *vrijgave/mainlevée*) relating to such Mortgage Loan, the CLTCV will not be higher than the CLTCV immediately preceding such variation;

(ii) the variation will not provide for a full or partial release of the Mortgage related to the Mortgage Loan as a result of which the MTCL immediately following such variation will be lower than 100%;

(i) the Outstanding Principal Amount of the Mortgage Receivable shall not be reduced otherwise than as a result of an effective payment of principal.

A proposed variation that does not meet the conditions set out above, is a **Non-Permitted Variation**.

For the avoidance of doubt:

(a) the waiver by the MPT Provider of any Prepayment Penalty in connection with the voluntary prepayment of any Mortgage Receivable, is a Non-Permitted Variation; and

(b) the power of the MPT Provider to agree to a Permitted Variation is subject to a request to that effect being made by the relevant Borrower.

The MPT Provider shall keep a note of any variation, amendment or waiver with respect to a Mortgage Receivable.

The Issuer or the Security Agent shall be entitled to terminate the powers of the MPT Provider to make Permitted Variations with three months' prior notice, provided another procedure or powers are put into place to deal with variations without any additional cost or expense for the MPT Provider.

6. NON-PERMITTED VARIATIONS

If the proposed variation is a Non-Permitted Variation and provided that the Non-Permitted Variation has been requested by the Borrower of the relevant Mortgage Receivable:

(a) the MPT Provider must promptly inform the Issuer Administrator; and

(b) if and to the extent that the Seller requests that such Non-Permitted Variation is accepted, the Seller shall repurchase and accept re-assignment of the relevant Mortgage Receivable on the next payment date under the relevant Mortgage Receivable, at a price equal to the Optional Repurchase Price.

The purchase price for any Mortgage Receivable repurchased by the Seller in accordance with the preceding paragraph will be paid to the Issuer.

7. NOTIFICATION EVENTS

The sale of the Mortgage Receivables under the MRPA and pledge of the Mortgage Receivables under the Pledge Agreement will be notified only upon the occurrence of a Notification Event or a Pledge Notification Event to any relevant Borrowers and any other relevant parties by the Issuer (acting on the instructions of the Security Agent) pursuant to the terms and conditions set out in the MRPA and the Pledge Agreement.

Each of the following events is a **Notification Event** under the MRPA:

(a) a default is made by the Seller in the payment on the due date of any amount due and payable by it under the MRPA or under any Transaction Document to which it is a party and such failure is not remedied within ten (10) Business Days after notice thereof has been given by the Issuer or the Security Agent to such Seller;

(b) the Seller fails duly to perform or comply with any of its material obligations under the MRPA or under any other Transaction Document, with a negative impact on the Class A Notes, to which it is a party and if such failure, capable of being remedied, is not remedied within thirty (30) Business Days after having knowledge of such failure or notice thereof has been given by such Issuer or the Security Agent to such Seller;

(c) any representation, warranty or statement made or deemed to be made by the Seller in the MRPA, other than the representations and warranties made in respect of the Mortgage Receivables (which the Seller consequently repurchases), or under any of the other Transaction Documents to which it is or will be a party or if any notice or other document, certificate or statement delivered by it pursuant hereto proves to have been, and continues to be after the expiration of any applicable grace period provided for in any Transaction Document, untrue or incorrect in any material respect and with a direct negative impact on the Class A Notes. A representation or warranty will be considered to be untrue or incorrect in a material respect if it affects the validity of the material obligations of the Seller under the Transaction Documents;

(d) an order being made or an effective resolution being passed for the winding up (*ontbinding/dissolution*) of the Seller except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Security Agent in writing or by an Extraordinary Resolution of Noteholders;

(e) the Seller, otherwise than for the purpose of such an amalgamation or reconstruction as referred to in paragraph (d) above, ceases or, through an official action of the board or directors of the Seller, threatens to cease to carry on business or the Seller is unable to pay its debts as and when they fall due or the value of its assets falling to less than the amount of its liabilities or otherwise becomes insolvent;

(f) any steps have been taken or legal proceedings have been instituted or threatened by the Seller for the bankruptcy (*faillissement*/*faillite*), stay of payment (*uitstel van betaling*/*sursis de paiement*) or for any analogous insolvency proceedings under any applicable law, or an administrator, receiver or like officer (including a *voorlopig bewindvoerder*/*administrateur provisoire* (ad hoc administrator)) has been appointed in respect of the Seller or any of its assets;

(g) the Seller has taken any corporate action or any steps have been taken or legal proceedings have been instituted or threatened against it for its entering into reorganisation measures (*saneringsmaatregel/mesure d'assainissement*) as referred to in article 3, §1, 56° of the Credit Institutions Supervision Law, as amended from time to time, or winding-up procedures (*liquidatieprocedures*/*procédures de liquidiation*) within the meaning of Article 3 §1, 59° of the Credit Institutions Supervision Law or for any analogous insolvency proceedings under any applicable law or for the appointment of a receiver or a similar officer of it or of any or all of its assets;

(h) at any time it becomes unlawful for the Seller to perform all or a material part of its obligations hereunder or under any Transaction Document to which it is a party;

(i) any action is taken by any authority, court or tribunal, which results or may result in the revocation of the license of the Seller (i) to act as a credit institution within the meaning of the Credit Institutions Supervision Law or (ii) as a mortgage credit provider under the Belgian Mortgage Credit Act or as mortgage credit provider under Book VII, Title 4, Chapter 4 of the Code of Economic Law;

(j) the service of an Enforcement Notice by the Security Agent;

(k) a Termination Event has occurred under the Issuer Services Agreement;

(l) the Issuer is so required by an order of any court or supervisory authority;

(m) an attachment or similar claim in respect of any Mortgage Loan is received, in which case notice shall be given only to the Borrower of the Mortgage Loan concerned; or

(n) whether as a reason of a change in law (or case law) or for any other reason and to the extent notified thereof by the Servicer, the Security Agent reasonably considers it necessary to protect the interests of the Secured Parties in the Mortgage Receivables, the Loan Security or the Additional Security to do so, and serves notice on the Seller to such effect (setting out its reasons therefor).

Furthermore, when it becomes necessary to protect the interest of the Issuer by recording the sale to the Issuer by way of a marginal notation (*notation marginale/kantmelding*) at the mortgage registry in accordance with article 5 of the Mortgage Law and such the marginal notation applies to all or a substantial portion of the Mortgage Receivables sold to and still owned by the Issuer, the Seller may declare that this also constitutes a Notification Event within a period of ten (10) Business Days after the Seller is informed thereof.

The occurrence of any Notification Event other than the Notification Event as referred to under paragraph (m) above will constitute a Pledge Notification Event under the Pledge Agreement.

8. DESCRIPTION OF THE MORTGAGE LOANS

8.1 Governing law

The Mortgage Loans are governed by the following laws:

(a) the Mortgage Loans entered into after 1 January 1995 until 1 April 2015 (excluded) are governed by the Mortgage Credit Act; and

(b) the Mortgage Loans entered into after 1 April 2015 (included) are governed by Book VII, Title 4, Chapter 2 of the Code of Economic Law.

8.2 Interest Rates

The interest rate on each Mortgage Loan has been fixed for an interest period as of the date of the origination of the relevant Mortgage Loan.

The interest period can be equal to the term of the Mortgage Loan, in which case the interest rate is called a fixed interest rate.

If the interest period is not equal to the term of the Mortgage Loan, the interest rate will change at the end of the relevant interest period. The interest period can vary from one to ten years. In this case, the interest rate is called a variable interest rate. The change to the interest rate is based on the change in an underlying reference index. Changes to the interest rate are subject to a maximum increase and decrease agreed upon origination of the relevant Mortgage Loan. The maximum increase of the interest rate may not exceed the maximum decrease.

Upon origination of the relevant Mortgage Loan, the Seller may grant certain commercial discounts on the initial (fixed or variable) interest rate. Such discounts may be granted depending on, among other things, customer loyalty. The discounts are often granted if the Borrower satisfies and continues to satisfy the conditions for the discount. If the Borrower would no longer satisfy the conditions for the discount, the Seller may revoke such discount.

8.3 Types of Loans

The Mortgage Loans are granted under the form of a credit facility (*kredietopening/ouverture de crédit*), under which the Borrower may, subject to certain conditions being satisfied and the agreement of the Seller, re-borrow repaid amounts.

The Mortgage Loans can be categorised according to their repayment schedules:

(a) Linear Mortgage Loans;

(b) Annuity Mortgage Loans; and

(c) Interest-only Mortgage Loans.

The types of Mortgage Loans set forth under (a) and (b) above are fully amortising, which means that the repayment schedules are designed such that the amount of the outstanding balance of the Mortgage Loans is zero after the last scheduled periodical payment has been made.

A Mortgage Loan with *linear* repayment is a Mortgage Loan under which the Borrower repays a fixed amount of principal per period, so that the debt gradually decreases. Due to the decreasing outstanding balance, the interest payment decreases proportionally. As a result, the gross mortgage costs (interest plus repayment of principal) decreases over time. (a **Linear Mortgage Loan**)

With an Annuity Mortgage Loan, the periodical gross payments under the Mortgage Loans remain the same, whereby the interest payments decrease and the repayments of principal increase. The monthly payment is calculated based on monthly scheduled payments in arrears, as a result of which the distribution between the interest and principal component alters every month. (a **Annuity Mortgage Loan**)

Interest-only Mortgage Loans are free of redemption during the lifetime of the loan. As the Borrower only pays interest during the lifetime of the mortgage loan, the monthly payments by the Borrower are low. At the maturity of the mortgage loan, the Borrower must repay the entire principal of the mortgage loan. (a **Interest-only Mortgage Loan**)

8.4 Loan Security

The Mortgage Loans are secured by:

(a) a first ranking mortgage; and/or, as the case may be

(b) a lower ranking mortgage; and/or

(c) a mandate to create further mortgages.

(i) Mortgage

A Mortgage creates a priority right to payment out of the Mortgaged Assets, subject to mandatory statutory priorities (including beneficiaries of prior ranking mortgages).

Most of the Mortgage Receivables relate to All Sums Mortgages.

Pursuant to article 81quinquies of the Mortgage Law, a receivable secured by an All Sums Mortgage which is transferred to a VBS/SIC, such as the Issuer, shall rank in priority to any receivable which arises after the date of the transfer and which is also secured by the same All Sums Mortgage. Whereas the transferred receivable ranks

in priority to further loans, it will have equal ranking with loans or debts which existed at the time of the transfer and which were secured by the same All Sums Mortgage, unless otherwise agreed between the Seller and the Issuer (as is the case, under the Mortgage Receivables Purchase Agreement).

Other Mortgage Receivables relate to facilities which have the form of a credit facility (*kredietopening/ouverture de crédit*). The Mortgage that is granted as security for this type of loans is used to secure all advances (*voorschotten/avances*) made available under such credit facility.

Pursuant to article 81quater of the Mortgage Law, advances granted under a credit facility secured by a mortgage can be transferred to a VBS/SIC, such as the Issuer. Furthermore, pursuant to Articles 81quater and 81quinquies of the Mortgage Law, an advance or loan secured by an All Sums Mortgage which is transferred to a VBS/SIC, such as the Issuer, shall rank in priority to any debt which arises after the date of the transfer and which is also secured by the same All Sums Mortgage. However, whereas the transferred loan ranks in priority to further loans, it will have equal ranking with loans or debts which existed at the time of the transfer and which were secured by the same All Sums Mortgage, unless contractually agreed otherwise (as is the case, under the Mortgage Receivables Purchase Agreement).

The Mortgage may be granted by either the Borrower and/or a third party collateral provider.

For steps taken to prevent any equal ranking with existing loans or advances that are not transferred to the Issuer, see Section 13 (*Mortgage Receivables Purchase Agreement*).

(ii) Mortgage Mandate

A Mortgage Mandate is often used in addition to a Mortgage to limit registration duties payable by the Borrower.

A Mortgage Mandate does not constitute an actual security and does not therefore create an actual priority right of payment out of the proceeds of a sale of the Mortgaged Assets. The Mortgage Mandate is an irrevocable mandate granted by a Borrower or a third party collateral provider to certain attorneys to create a mortgage as security for the Mortgage Loan and all other amounts which the Borrower owes or in the future may owe to the Seller. Only after creation and registration of the Mortgage, the beneficiary of the Mortgage will have a priority right to payment out of the proceeds of a sale of the Mortgaged Assets. See further Section 1 (*Risk Factors)*, paragraph 3.4 (*Shared Mortgages*).

(d) Other security interests

The Mortgage Loans may, as the case may be, be further secured by:

(i) Life Insurance Policies and Hazard Insurance Policies;

(ii) an assignment of salary by the Borrower;

(iii) any pledge, set-off or unity of account rights of the Seller pursuant to its applicable general banking terms and conditions;

(iv) a Mortgage Promise; and/or

(v) any other type of security interest as may be agreed on a case by case basis.

Section 14 - Overview of the mortgage and housing market in Belgium

1. BELGIAN RESIDENTIAL MORTGAGE MARKET

Compared to other European countries, the Belgian mortgage market is quite standardised due to regulatory constraints.

The mortgage inscription: A mortgage deed is executed by a notary public. The notary registers the mortgage at the mortgage registration office. The date of such registration determines the lien of the mortgage. The validity of a mortgage can not exceed 30 years.

Maturity & amortisation profile: Because of the legal limit on the validity of a mortgage, the term of a mortgage loan rarely exceeds 30 years (see graph 1). The vast majority of loans is an annuity mortgage loan, whereby interest and capital reimbursement payments are made every month (see graph 2).

Interest rate formulas: The interest rate formulas that can be offered are described by law. Mortgage receivables have a mortgage interest rate that is fixed for at least 1 year. The interest margin is determined at the moment of the offering as the difference between the initial mortgage interest rate fixing and the reference index for the comparable term as published on the website of the FOD Economie. These reference indices reflect the average of the 12-month Belgian T-bill yields or the Belgian benchmark government bond (*obligations linéaires/lineaire obligaties* or *OLO*) yields in the previous calendar month. This interest margin is fixed for the lifetime of the loan.

When the mortgage interest rate is refixed, this is done by adding the interest margin to the relevant reference index, which is applicable during the month of the refixing. However, this refixing is subject to the following limitations:

(a) If the mortgage interest rate refixes one (1) year after the loan origination, then the maximum increase in the mortgage interest rate is one (1) percentage point compared to the initial mortgage interest rate.

(b) If the mortgage interest rate refixes two (2) years after the loan origination, then the maximum increase in the mortgage interest rate is two (2) percentage points compared to the initial mortgage interest rate.

(c) The mortgage interest rate may not refix at more than double the initial mortgage interest rate (assuming the terms and conditions foresee a floor at zero per cent.).

(d) Each interest rate formula must specify a symmetric cap and floor on the mortgage interest rate refixing relative to the original interest rate, meaning that it must be specified by how many percentage points the interest rate may increase and decrease, and the maximum percentage points increase is the same as the maximum percentage point decrease, compared to the original interest rate.

For all Mortgage Receivables where the interest rate can be refixed, an interest rate floor of 0 per cent. applies.

The strict regulation of the mortgage interest rate refixings means that the Belgian mortgage borrower are relatively well-insulated against interest rate fluctuations.

Prepayment penalties: Under current legislation, each borrower has the right to prepay part or the whole of his loan. Prepayments are allowed subject to paying a prepayment penalty of maximum

three (3) months interest, at the interest rate applicable to the loan at such time, on such prepaid amount.

Because of this relatively low prepayment penalties and the competitive Belgian mortgage market, prepayments can be sizeable, in periods when the mortgage interest rates decline.

Registration taxes: According to the Doing Business Report 2015 of the World Bank, Belgium is the most expensive country of all OECD countries to register a property. The costs consist mainly of a registration tax on the purchase of a house, a registration tax on the mortgage registration and notary fees.

The standard registration tax on the purchase of a house ranges between 10% of the sale value in the Flemish Region to 12.5% of the sale value in the Walloon Region and in the Brussels Capital Region.

The registration tax on a mortgage registration is 1% of the sum of the mortgage amount and €7,500. To reduce the tax charge of taking out a loan, borrowers frequently opt to cover their loan partly by a mortgage and partly by a mortgage mandate (which is not subject to this registration tax).

2. RECENT REGULATORY CHANGES

2.1 Regionalisation of the living bonus

The living bonus (*woonbonus*/*bonus logement*) is a system whereby interest payments, capital redemptions and debt insurance payments (*schuldsaldoverzekering/assurance solde restant dû*) under a mortgage loan are deductible from taxes for the only and own residence up to a certain amount.

The maximum of the living bonus is composed of a base amount, plus an additional amount in the first ten (10) years of the mortgage loan, plus an extra amount if you have at least three children at charge.

On 1 January 2015, the regionalisation of the living bonus was implemented, meaning that each of the three regions (the Flemish Region, the Walloon Region and the Brussels Capital Region) could from this moment define their own living bonus.

The regionalisation has led to some changes for mortgage loans originated as from 1 January 2015, compared to the old federal system. A number of significant changes are listed below.

(a) In the Flemish Region:

  (i) for mortgage loans concluded between 1 January 2015 and 31 December 2015, the base amount was reduced from EUR 2,280 to EUR 1,520 and the tax rate applied for the deduction was revised from the marginal tax rate to a fixed tax rate of 40% (plus local surcharges); and

  (ii) for mortgage loans concluded as from 1 January 2016, the base amount has been maintained at EUR 1,520 and the tax rate for the deduction at 40%, but its scope is no longer limited to the "only" residence of the taxpayer (although in that event, some increased amounts will not apply).

(b) In the Brussels Capital Region:

  (i) for mortgage loans concluded between 1 January 2015 and 31 December 2016 the federal living bonus was maintained, but the base amount was indexed for inflation

(EUR 2,290) and the tax rate for the deduction was revised from the marginal tax rate to a fixed tax rate of 45% (plus local surcharges); and

(ii) for mortgage loans concluded as from 1 January 2017, the living bonus has been abolished and replaced with a preferential registration duties regime for the purchase of the only and own residence of the taxpayer, whereby (subject to certain conditions) no registration duties are due on the first EUR 175,000 of the purchase price (if the price is below EUR 500,000).

(c) In the Walloon Region:

(i) for mortgage loans concluded between 1 January 2015 and 31 December 2015, the federal living bonus was maintained, but the base amount was indexed for inflation (EUR 2,290) and the tax rate for the deduction was revised from the marginal tax rate to a fixed tax rate of 40% (plus local surcharges); and

(ii) for mortgage loans concluded as from 1 January 2016, the living bonus has been replaced by the *cheque habitat*, which is a tax credit with a maximum base amount of EUR 1,520, but whereby the effective credit depends on the taxpayer's income.

For mortgage loans originated between 2005 and 2014[4], the old system was maintained, with the exception that in Flanders the base amount is no longer indexed for inflation.

A number of specific rules have been implemented to avoid the accumulation of different regimes.

2.2 Prudential action of the National Bank of Belgium

At the end of 2013, the National Bank of Belgium (**NBB**) took a series of prudential measures relating to the residential real estate market.

The first measure was macroprudential and imposed a five (5) percentage point rise in the risk weights on Belgian residential real estate exposures for banks calculating regulatory capital requirements through an internal ratings-based (IRB) approach. This measure increased the average risk weight of banks adopting the IRB-approach from around 10% at the end of 2012 to almost 15% at the end of 2014.

The additional two measures adopted by the NBB at the end of 2013 were microprudential. One concerned the realisation of a horizontal assessment of the IRB-models on the basis of the results of the back-testing to be carried out by the institutions. Banks using unsatisfactory calibration were required to adapt their Pillar 1 models. The second microprudential measure consisted in requiring 16 credit institutions to conduct a self-assessment on the degree of their compliance with the EBA Opinion on Good Practices for Responsible Mortgage Lending and the EBA Opinion on Good Practices for the Treatment of Borrowers in Mortgage Payment Difficulties.

Finally, the NBB issued a soft guidance, asking lenders to be prudent about given loans with long maturities and high loan-to-value ratios. The soft guidance had an immediate effect on lending policies. Graph 1 on the next page shows that the percentage of loans with an initial term longer than 25 years has declined from 20% of all mortgage loans originated in 2012 to less than 4% of all mortgage loans originated in 2014. Graph 4 on the next page shows that the percentage of loans originated in a vintage year with a loan-to-value in excess of 110% declined from 5% in 2012 to 2% in 2014.

[4] For mortgage loans originated before 2005, another system still applies, which was unchanged due to the regionalization in all three regions.

In September 2016, the NBB identified in its Financial Stability Report that the pockets of risk (mortgage loans with very high loan-to-value or debt-service ratios) in the stock of Belgian mortgage loans continued to grow. Moreover, the available data on the credit standards applied by banks in new mortgage loan production in 2015 suggested that the tightening of credit standards for the most risky loans may have slowed down (or come to an end) in the course of the year under review if no account was taken of the loans used to refinance a previous loan.

As a consequence, the NBB has proposed to impose as from 1 January 2017 an additional macroprudential capital buffer for high loan-to-value mortgage loans. In particular, the LGD floor for loans with an indexed loan-to-value ratio above 80% would be lifted from 10% to 20% and the LGD floor for loans with for loans with an indexed loan-to-value ratio above 90% will be lifted from 10% to 30%. However, the federal government has asked for a further analysis before implementing this additional macroprudential capital buffer for high loan to value mortgage loans.

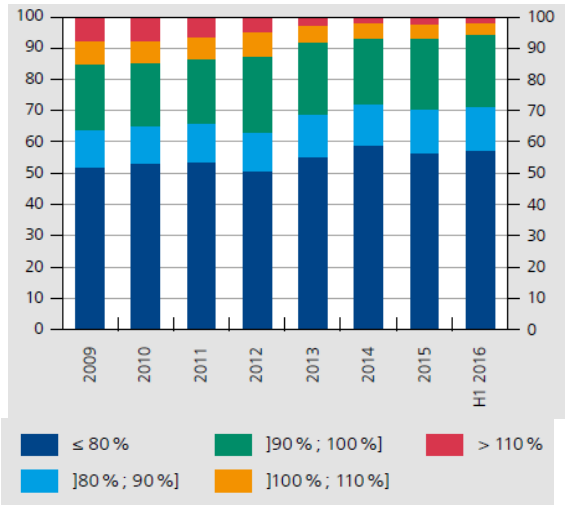
3. RECENT DEVELOPMENTS IN THE HOUSING MARKET

In the fourth quarter of 2016, Belgian house prices were 2.6% higher than in the same period a year ago. This was a slower rate of increase than in the Netherlands and Germany, though quicker than in France (see graph 5).

Although residential mortgage debt has been increasing in Belgium over the past decade, residential mortgage debt expressed as a percentage of GDP is not much higher in Belgium than it is in France and in Germany, and is much lower than in the Netherlands (see graph 6).

Graph 1: Maturities at Origination

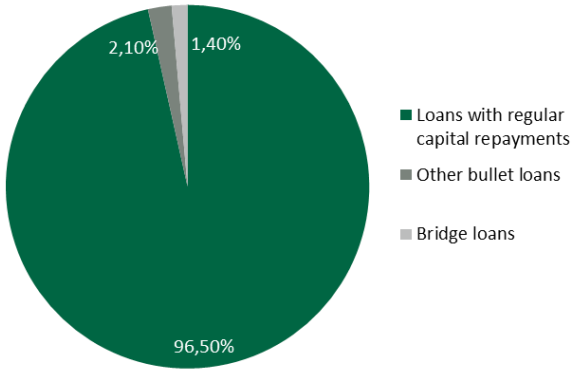
(in % of total loans granted during a particular vintage)



Source: NBB

Graph 2: Amortisation Profile

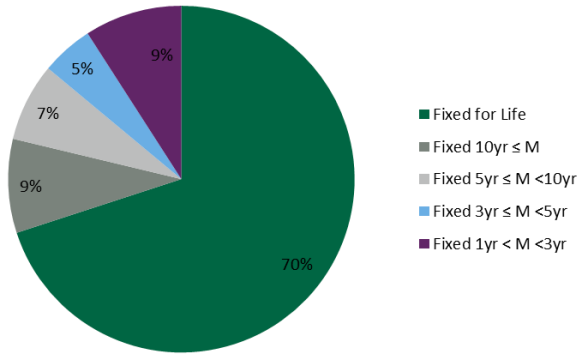
(in % of total loan stock at the end of 2015)



Source: NBB

Graph 3: Initial Mortgage Interest Rate Fixing Period

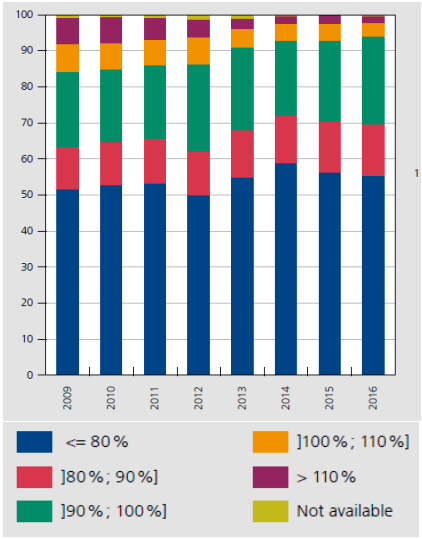
(in % of total loans granted between April 2007 and March 2017



Source: UPC-BVK

Graph 4: Loan-to-value ratios at origination

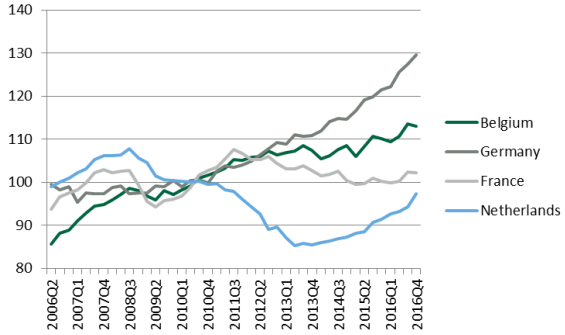
(in % of total loans granted during a particular vintage)



Source: NBB

Graph 5: House Price Index

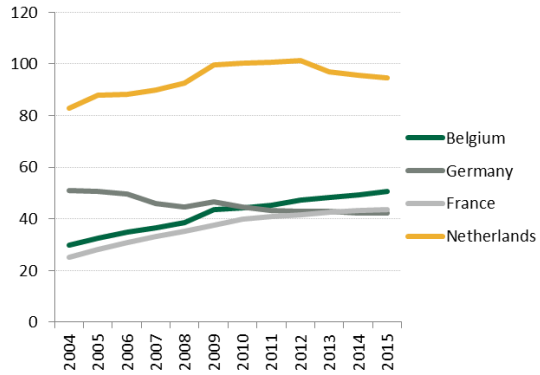
(quarterly figures)



Source: Eurostat

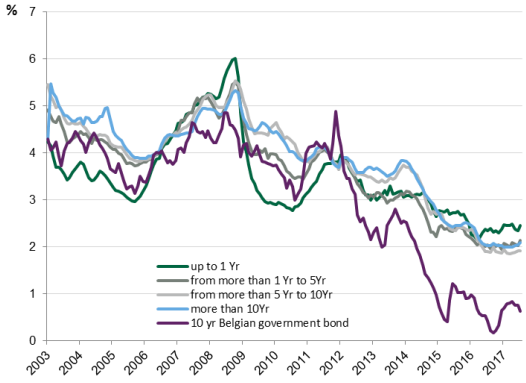
Graph 6: Outstanding Residential Mortgage Debt

(% of GDP)



Source: EMF – Hypostat 2016

Graph 7: Mortgage interest rates on new contracts by initial interest rate fixing period



Source: NBB

Section 15 - The Seller

1. INTRODUCTION

Bank Nagelmackers NV/SA (**Bank Nagelmackers**) is a company with limited liability (*naamloze vennootschap/société anonyme*) existing for an unlimited duration under the laws of Belgium, having its registered office at Sterrenkundelaan 23, 1210 Brussels. It is registered with the Crossroads Bank for Enterprises under number RPR 0404.140.107, Commercial Court of Brussels. Bank Nagelmackers is recognised as a credit institution under the provisions of the Credit Institutions Supervision Law**.**

2. HISTORY

From 1999 through July 2015, Bank Nagelmackers (under its former name, Delta Lloyd Bank NV) was an indirect subsidiary of the Delta Lloyd N.V, a Dutch limited liability company (*naamloze vennootschap*).

In July 2015, Delta Lloyd NV was acquired by Anbang Belgium Holding NV, and its name was changed in October 2015 to Bank Nagelmackers. For a further description of the group to which Bank Nagelmackers belongs (the **Group**), see paragraph 0 below.

3. SUPERVISORY AND EXECUTIVE BODIES

The composition of the Board of Director of Bank Nagelmackers is as follows: Ms. Xiaowei WU (president), Mr. Dashu ZHU, Mr. Aymon DETROCH, Mr. Bart GUNS, Mr. Hui GUO, Mr. Zhijun YUAN, Ms. Shu-yen LIU (*), Mr. Patrick NIJS, Mr. Simon OAKLAND, Mr. Tim ROONEY, Mr. Lan TANG, Mr. Michel VAN HEMELE.

The composition of the Audit Committee is as follows: Mr. Patrick NIJS (president), Ms. Shu-yen LIU, Ms. Xiaowei WU

The composition of the Executive Committee is as follows: Mr Dashu ZHU (president), Mr Aymon DETROCH, Mr Hui GUO, Mr Bart GUNS and Mr Zhijun YUAN.

4. BUSINESS

4.1 Bank Nagelmackers

Bank Nagelmackers provides a comprehensive range of financial products and services: deposits and loans, investment products, asset management and wealth management.

It actually serves a base of around 149,000 customers through a network of 104 sales points: 56 branches + 48 independent agencies (2017, June 30th) which are spread throughout Belgium.

However the actual context of other banks taking important restructuring measures creates the opportunity for the bank to recruit new independent banking agents.

The bank focuses primarily on middle and high-end segment individual customers who are seeking advice regarding their financial future.

Besides this private banking business line, digital banking, retail banking and corporate banking are in focus of the business model and growth strategy of the bank.

After the acquisition by Anbang Insurance Group, through Anbang Belgium Holding NV, Bank Nagelmackers became an important banking partner of Fidea NV, a Belgian insurance company which has also been acquired by Anbang Insurance Group.

The acquisition by one of the most important Chinese financial services group undoubtedly creates chances in the growing group of Chinese citizens working and studying in Belgium (and by extension Europe).

The bank remains well in line with all the solvency requirements: Solvency Ratio (IFRS, Tier 1) at 16.1%, Liquidity Coverage Ratio at 126%. (2017, May 31st).

4.2 The Group

Anbang Insurance Group is one of the largest insurance groups in China. Its businesses include property and casualty insurance, life insurance, health insurance, pension insurance, asset management, financial leasing, banking, insurance sales, and insurance brokerage and other financial services.

As one of the insurance groups with the most extensive branch coverage, Anbang boasts a network of 3,000 service outlets across 31 provinces, cities and autonomous regions in China. With over 30,000 employees and a customer base of 35 million worldwide, Anbang stands out as one of the most profitable Chinese insurance companies.

In recent years, Anbang Insurance Group has acquired successively Waldorf Astoria Hotel New York, Belgian insurer Fidea and Delta Lloyd Bank, Korean Insurer Tong Yang Life, Dutch insurer Vivat and U.S. Insurer Fidelity & Guaranty Life, thereby building its financial presence in Asia, America and Europe.

Since its establishment the group has grown steadily and today Anbang Insurance Group is a global insurance company with total assets of nearly 1,971 billion RMB (or 254.3 billion in euro, converted at a conversion rate of EUR 1 to RMB 7.75 as applicable on 30 June 2017).

With its core strengths in insurance, banking and asset management as well as its expertise in finance, technology and service, Anbang Insurance Group has developed into a multinational financial services group integrating diversified financial services that provides its customers with all-around customized financial service solutions featured by “one customer, comprehensive services”.

With this “customer-centric” strategy in mind, Anbang Insurance Group is dedicated to create value for its worldwide customers offering them tailored comprehensive financial solutions in order to help them achieve their financial goals.

Anbang Insurance Group aims to become a comprehensive and globalized financial services group focussing on insurance and investment services. It operates several activities such as banking, asset management and financial leasing.

Anbang Insurance Group will never forget to pay back to the society while developing itself. It has been actively involved in public welfare and social responsibility activities, aiming to become an outstanding corporate citizen.

5. INCOME AND RESULTS BANK NAGELMACKERS

The (IFRS) annual result before tax in 2016 amounted to +23.1 million euro. The operational part of these IFRS profits (+3 million euro) shows a significant increase compared to previous years. And this despite the extremely low interest rates (which led, among other things, to massive refinancing

within the loan portfolios), continued pressure on fee income and continually increasing banking fees.

What is not (yet) manifest in the financial results is the increasing inflow of strategic target group clients. We actually note that new clients are increasingly situated in the personal and private banking sector. On the basis of the Financial Route planner, we can offer our clients the best solutions for achieving their financial dreams. Prospects who became clients recently brought in larger volumes than in previous years, demonstrating once again that the strategy and image of the bank are effective.

The bank also met all solvency and risk-related ratios in the last year. Compliance with the cost budget has not prevented the realization of a number of projects. These ensure a more efficient, and more client-oriented processing.

Highlights

Amounts in KEUR

	2016	2015
Net interest income	68,160	71,669
Dividends (bank Portfolio)	1,670*	5
Net fee & commission income	37,215	35,479
Result from financial transactions	20,037	24,784
Total other income	291	869
Total income	127,373	132,806
Operating expenses	102,514	105,294
Total cost of credit	1,770	4,988
Net Income before tax	23,089	22,524
Tax expense	-7,308	-7,610
Net Income after tax	15,781	14,914
Total assets (ultimo)	6,127,317	6,598,485
Shareholders' equity (ultimo)	455,684	357,806
Number of FTE's (ultimo)	501.1	494.6
Efficiency ratio (%)	80%	79%

* Dividend from Visa Belgium

Section 16- Issuer Services Agreement

1. SERVICES

In the Issuer Services Agreement, the **MPT Provider** will agree to provide mortgage payment transactions and other services to the Issuer on a day-to-day basis in relation to the Mortgage Loans and the Mortgage Receivables, including, without limitation, the collection and recording of payments of principal, interest and other amounts in respect of the Mortgage Loans and the Mortgage Receivables.

The MPT Provider will be obliged to administer the Mortgage Loans and the Mortgage Receivables at the same level of skill, care and diligence as it administers mortgage loans in its own portfolio.

The MPT Provider will, in accordance with the Issuer Services Agreement, appoint the Sub-MPT Provider as its sub-agent to carry out the activities described above upon the terms and provisions of and in accordance with the Issuer Services Agreement. The Sub-MPT Provider will accept this appointment and will commit itself, in favour of the Issuer and the Security Agent, to carry out the activities subject to and on the terms provided in the Issuer Services Agreement.

In the Issuer Services Agreement, the **Issuer Administrator** will agree to provide certain administration, calculation and cash management services to the Issuer, including (a) the direction of amounts received by the Seller to the Issuer Collection Account and the production of quarterly reports in relation thereto, (b) the operation of the Transaction Accounts, (c) drawings (if any) to be made by the Issuer from the Liquidity Funding Account and from the Reserve Account, (d) all payments to be made by the Issuer under the Cap Agreement and under the other Transaction Documents, (e) all payments to be made by the Issuer under the Notes in accordance with the Agency Agreement and the Conditions, (f) all calculations to be made pursuant to the Conditions under the Notes, and (g) the production of all information necessary for the Issuer in order to perform its obligations under the under the ECB regulation No 1075/2013 of 18 October 2013 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions(recast).

2. TERMINATION

The appointment of the MPT Provider and/or the Issuer Administrator under the Issuer Services Agreement may be terminated by the Issuer (with the consent of the Security Agent) or the Security Agent in certain circumstances, including (a) a default by the MPT Provider and/or the Issuer Administrator in the payment on the due date of any payment due and payable by it under the Issuer Services Agreement, (b) a default by the MPT Provider and/or the Issuer Administrator in the performance or observance of any of its other covenants and obligations under the Issuer Services Agreement, (c) the MPT Provider 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 under any reorganisation procedure (*saneringsmaatregelen/mesures d'assainissement*) within the meaning of Article 3 §1, 56° of the Credit Institutions Supervision Law or winding-up procedures (*liquidatieprocedures/procedures de liquidation*) within the meaning of Article 3, §1, 59° of the Credit Institutions Supervision Law or for any 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) the license of the MPT Provider as mortgage undertaking or mortgage credit provider is revoked by the FSMA in accordance with Article 43, §3 of the Mortgage Credit Act or Article 67/1 of Book XV of the Belgian Code of Economic Law; or (e) the license of the MPT Provider as credit institution has been revoked in accordance with Article 233 of the Credit Institutions Supervision Law.

After termination of the appointment of the MPT Provider and/or the Issuer Administrator under the Issuer Services Agreement, the Issuer and, in the case of a termination of the appointment of the MPT Provider, the Issuer Administrator (and whenever a Protection Notice or Enforcement Notice has been served, the Security Agent in consultation with the Issuer and/or Issuer Administrator) shall use their best efforts to appoint a substitute mortgage payment transaction services provider and/or issuer administrator and such substitute mortgage payment transaction services provider and/or issuer administrator shall enter into an agreement with the Issuer and the Security Agent substantially on the terms of the Issuer Services Agreement, provided that such substitute mortgage payment transaction services provider and/or issuer administrator shall have the benefit of a fee at a level to be then determined. Any such substitute mortgage payment transaction services provider and/or issuer administrator is obliged to, among other things, (i) have experience of administering mortgage loans and mortgages of residential property in Belgium and (ii) hold all required licences under applicable law therefore. The Issuer shall, promptly following the execution of such agreement, pledge its interest in such agreement in favour of the Secured Parties, including the Security Agent on behalf of the Noteholders and the other Secured Parties, on the terms of the Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Agent.

The Issuer Services Agreement may be terminated by the MPT Provider and/or the Issuer Administrator upon the expiry of not less than 12 months' notice of termination given by the MPT Provider and/or the Issuer Administrator to each of the Issuer and the Security Agent provided that – *inter alia* – (a) the Security Agent consents in writing to such termination, which consent shall not be unreasonably withheld and (b) a substitute mortgage payment transaction services provider and/or issuer administrator shall be appointed on the same terms as the terms of the Issuer Services Agreement, such appointment to be effective not later than the date of termination of the Issuer Services Agreement and the MPT Provider and/or the Issuer Administrator shall not be released from its obligations under the Issuer Services Agreement until such substitute mortgage payment transaction services provider and/or issuer administrator has entered into such new agreement.

Section 17- Description of Portfolio

The final pool of Mortgage Receivables will be selected from a provisional pool of Mortgage Loans (the **Provisional Pool**) that have been selected in accordance with the criteria set forth in the Mortgage Receivables Purchase Agreement and will be selected in accordance with such agreement on the Closing Date. The final pool will have the same general characteristics as the Provisional Pool.

Under the Mortgage Receivables Purchase Agreement the Issuer, acting through its Compartment No. 4 shall purchase and, on the Closing Date accept the assignment of the Mortgage Receivables relating to the Mortgage Loans selected from the Provisional Pool and any other Mortgage Receivables resulting from Mortgage Loans originated by the Seller or its legal predecessors. On the Closing Date, the Issuer will purchase such Mortgage Receivables representing an aggregate Outstanding Principal Amount of EUR 637,500,009.39.

All Mortgage Receivables selected and purchased by the Issuer shall comply with the Eligibility Criteria (see Section 13 (*Mortgage Receivables Purchase Agreement*) below).

The numerical information set out below relates to the Provisional Pool which was selected as of 30 June 2017. All amounts are in euro. Therefore, the information set out below in relation to the Provisional Pool may not necessarily correspond to that of the Mortgage Receivables actually sold and assigned on the Closing Date. After the Closing Date, the portfolio will change from time to time as a result of repayment, prepayment, amendment and repurchase of Mortgage Receivables.

Summary of the Provisional Pool as of 30 June 2017:

A. Summary Statistics	
Outstanding balance of the Mortgage Receivables (EUR)	649,292,448.29
Number of Mortgage Loans	6,894
Number of borrowers	5,855
Average outstanding balance per borrower (EUR)	110,895.38
Weighted average current interest rate	2.20%
Weighted average seasoning (in years)	7.52
Weighted average Remaining Term to Maturity (in years)	15.21
Weighted average Initial Loan to Initial Value (ILTIV)	82.20%
Weighted average Current Loan to Current Value (CLTCV)	51.05%
Weighted average Mortgage Inscription to Current Loan ratio (MTCL)	150.32%
Weighted average Debt to Income	38.93%

B. Initial Loan to Initial Value (ILTIV)		
Range	Outstanding Balance in EUR	% of Total
]0% - 10%]	327,235.95	0.05%
]10% - 20%]	2.735,861.02	0.42%
]20% - 30%]	7,891,400.28	1.22%
]30% - 40%]	15,803,644.76	2.43%
]40% - 50%]	29,499,107.26	4.54%
]50% - 60%]	46,980,208.15	7.24%
]60% - 70%]	65,776,363.52	10.13%
]70% - 80%]	100,447,843.90	15.47%
]80% - 90%]	108,758,074.87	16.75%
]90% - 100%]	160,488,116.16	24.72%
]100% - 110%]	70,307,710.50	10.83%
]110% - 120%]	40,276,881.92	6.20%
]120% - 130%]	0.00	0.00%
Total	649,292,448.29	100.00%

C. Current Loan to Current Value (CLTCV)		
Range	Outstanding Balance in EUR	% of Total
]0% - 10%]	10,349,185.39	1.59%
]10% - 20%]	38,959,787.95	6.00%
]20% - 30%]	70,256,445.29	10.82%
]30% - 40%]	86,516,066.62	13.32%
]40% - 50%]	101,740,324.75	15.67%
]50% - 60%]	115,742,409.02	17.83%
]60% - 70%]	103,566,279.59	15.95%
]70% - 80%]	63,780,145.37	9.82%
]80% - 90%]	34,782,802.23	5.36%
]90% - 100%]	21,354,777.42	3.29%
]100% - 110%]	2,244,224.66	0.35%
> 110%	0	0%
Total	649,292,448.29	100.00%

D. Remaining term to maturity (in years)		
Range	Outstanding Balance in EUR	% of Total
]0 - 2]	2,750,885.51	0.42%
]2 - 4]	11,926,019.83	1.84%
]4 - 6]	17,772,545.78	2.74%
]6 - 8]	37,826,646.50	5.83%
]8 - 10]	61,888,426.95	9.53%
]10 - 12]	51,159,504.74	7.88%
]12 - 14]	94,041,030.87	14.48%
]14 - 16]	58,274,428.59	8.98%
]16 - 18]	96,783,201.50	14.91%
]18 - 20]	76,653,587.13	11.81%
]20 - 22]	41,050,399.16	6.32%
]22 - 24]	87,059,088.90	13.41%
]24 - 26]	11,502,049.06	1.77%
]26 - 28]	604,633.77	0.09%
]28 - 30]	0.00	0.00%
Total	649,292,448.29	100.00%

E. Distribution of Outstanding Balance per Borrower (in EUR thousand)		
Range	Outstanding Balance in EUR	% of Total
]0 - 50]	42,425,422.01	6.53%
]50 - 100]	121,680,015.57	18.74%
]100 - 150]	155,926,186.21	24.01%
]150 - 200]	123,562,388.14	19.03%
]200 - 250]	83,749,051.42	12.90%
]250 - 300]	44,051,452.52	6.78%
]300 - 400]	43,363,805.61	6.68%
]400 - 500]	17,314,815.65	2.67%
]500 - 600]	7,173,654.57	1.10%
]600 - 700]	2,529,345.91	0.39%
]700 - 800]	1,565,540.29	0.24%
]800 - 900]	1,743,674.50	0.27%
]900 – 1,000]	1,852,095.89	0.29%
> 1,000	2,355,000.00	0.36%
	649,292,448.29	
Total		100.00%

F. Mortgage Inscription-to-Current Loan Ratio		
Range	Outstanding Balance in EUR	% of Total
]0% - 10%]	0.00	0.00%
]10% - 20%]	1,368,025.65	0.21%
]20% - 40%]	5,063,309.02	0.78%
]40% - 60%]	18,127,762.85	2.79%
]60% - 80%]	51,921,948.76	8.00%
]80% - 100%]	54,796,983.73	8.44%
> 100%	518,014,418.28	79.78%
Total	649,292,448.29	100.00%

G. Seasoning (in years) (*)		
Range	Outstanding Balance in EUR	% of Total
]0 - 1]	29,507,978.83	4.54%
]1 - 2]	73,031,394.37	11.25%
]2 - 3]	19,445,313.15	2.99%
]3 - 4]	10,246,134.37	1.58%
]4 - 5]	9,493,743.67	1.46%
]5 - 6]	10,185,039.36	1.57%
]6 - 7]	54,674,000.94	8.42%
]7 - 8]	127,909,755.95	19.70%
]8 - 9]	54,729,578.19	8.43%
]9 - 10]	92,969,152.70	14.32%
]10 - 11]	92,202,883.20	14.20%
]11 - 12]	57,219,259.74	8.81%
]12 - 13]	16,158,934.39	2.49%
]13 - 14]	1,519,279.43	0.23%
]14 - 15]	0.00	0.00%
Total	649,292,448.29	100.00%

(*) Seasoning means the number of years that have passed since the origination of the loan up to the Cut-Off Date.

H. Debt-to-Income Ratio		
Range	Outstanding Balance in EUR	% of Total
]0% - 10%]	1,758,593.26	0.27%
]10% - 20%]	25,271,620.69	3.89%
]20% - 30%]	151,018,053.89	23.26%
]30% - 40%]	211,576,041.48	32.59%
]40% - 50%]	135,380,208.95	20.85%
]50% - 60%]	73,743,204.50	11.36%
]60% - 70%]	30,697,297.44	4.73%
]70% - 80%]	13,806,136.29	2.13%
]80% - 90%]	3,351,135.82	0.52%
]90% - 100%]	2,690,155.97	0.41%
Total	649,292,448.29	100.00%

I. Interest Type		
Type	Outstanding Balance in EUR	% of Total
1/1/1	138,143,712.14	21.28%
3/3/3	5,238,549.88	0.81%
5/5/5	13,644,880.82	2.10%
10/5/5	49,864,830.10	7.68%
20/5/5	522,895.00	0.08%
Fixed Rate (until maturity)	441,877,580.35	68.06%
Total	649,292,448.29	100.00%

J. Interest Rate Bucket		
Range	Outstanding Balance in EUR	% of Total
]0% - 0.5%]	27,617,831.96	4.25%
]0.5% - 1%]	82,173,902.64	12.66%
]1% - 1.5%]	52,128,307.47	8.03%
]1.5% - 2%]	103,523,921.83	15.94%
]2% - 2.5%]	144,463,446.16	22.25%
]2.5% - 3%]	132,360,039.33	20.39%
]3% - 3.5%]	30,820,294.09	4.75%
]3.5% - 4%]	25,216,952.13	3.88%
]4% - 4.5%]	26,650,495.16	4.10%
]4.5% - 5%]	19,963,832.79	3.07%
]5% - 5.5%]	3,076,469.70	0.47%
]5.5% - 6%]	1,133,471.75	0.17%
]6% - 6.5%]	163,483.28	0.03%
]6.5% - 7%]	0.00	0.00%
Total	649,292,448.29	100.00%

K. Loan Purpose		
Type	Outstanding Balance in EUR	% of Total
Purchase	300,621,245.07	46.30%
Purchase + Construction	70,146,817.29	10.80%
Purchase + Renovation	78,928,793.17	12.16%
Renovation	65,479,628.78	10.08%
Construction	63,004,986.38	9.70%
Refinancing	66,575,658.90	10.25%
Other	4,535,318.70	0.70%
Total	649,292,448.29	100.00%

L. Employment Type		
Type	Outstanding Balance in EUR	% of Total
Full-time Employee	457,430,700.11	70.45%
Self-employed	77,978,926.97	12.01%
Civil Servant	101,409,090.67	15.62%
Unemployed	9,329,448.27	1.44%
Retired	999,895.21	0.15%
Other	1,586,011.35	0.24%
Undetermined	558,375.71	0.09%
Total	649,292,448.29	100.00%

M. Property Type		
Type	Outstanding Balance in EUR	% of Total
Apartment	77,761,171.07	11.98%
Building Plot	6,825,473.18	1.05%
House	543,730,683.55	83.74%
Other	20,975,120.49	3.23%
Total	649,292,448.29	100.00%

N. Geographic Distribution		
Description	Outstanding Balance in EUR	% of Total
Brussels	78,462,971.20	12.08%
Antwerpen	172,100,548.42	26.51%
Limburg	55,081,069.35	8.48%
Oost-Vlaanderen	58,552,015.99	9.02%
Vlaams-Brabant	79,375,242.06	12.22%
West-Vlaanderen	37,990,290.52	5.85%
Brabant Wallon	39,271,273.77	6.05%
Hainaut	48,657,739.88	7.49%
Liège	56,864,167.35	8.76%
Luxembourg (Province de)	4,832,678.47	0.74%
Namur	18,104,451.26	2.79%
Total	649,292,448.29	100.00%

O. Repayment Type		
Description	Outstanding Balance in EUR	% of Total
Annuity Mortgage Loan	620,532,137.66	95.57%
Linear Mortgage Loan	9,319,873.27	1.44%
Interest-only Mortgage Loan	19,440,437.36	2.99%
Total	649,292,448.29	100.00%

P. Occupancy Type		
Description	Outstanding Balance in EUR	% of Total
Owner Occupied	616,243,275.06	94.91%
Non-Owner Occupied	33,049,173.23	5.09%
Total	649,292,448.29	100.00%

In case of multiple properties, a client (or its loans) are considered to be owner occupied if there is at least one owner occupied property in collateral of its loans.

Section 18 - Purchase and Sale

Bank Nagelmackers (the **Manager**) has pursuant to a subscription agreement dated on or before the Closing Date and entered into between the Manager, the Arranger, the Issuer and the Seller (the **Subscription Agreement**) agreed with the Issuer, subject to certain conditions, to subscribe and pay for or to procure subscription and payment for the Notes at their respective issue prices. The Issuer has agreed to indemnify and reimburse the Arranger and the Manager against certain liabilities and expenses in connection with the issue of the Notes.

1. 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, including those set out in the following paragraphs. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. 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 Holding and Transfer Restrictions

The Notes are only offered, directly or indirectly to holders (**Eligible Holders**) who satisfy the following criteria:

(a) they qualify as a qualifying investor within the meaning of Article 5, §3/1 of the Securitisation Act (**Qualifying Investors**), acting for their own account:

(b) they do not constitute investors that, in accordance with annex A, (I), second indent, of the Royal Decree of 3 June 2007 concerning further rules for implementation of the directive on markets in financial instruments (**Mifid**), have registered to be treated as non-professional investors; and

(c) they qualify as a holder of an exempt securities account (**X-account**) with the Securities Settlement System operated by the National Bank of Belgium or with a participant in such system.

The Notes may only be acquired, by direct subscription, by transfer or otherwise and may only be held by Eligible Holders.

A list of for the time being Qualifying Investors under the UCITS Act is attached as Annex 2.

The minimum investment required per investor acting for its own account is EUR 250,000.

Any acquisition of a Note by or transfer of a Note to a person who is not an Eligible Holder shall be void and not binding on the Issuer and the Security Agent. If a Noteholder ceases to be an Eligible Holder, it is obliged to report this to the Issuer and such Noteholder must promptly transfer the Notes it holds to a person that qualifies as an Eligible Holder.

Each payment of interest on Notes of which the Issuer becomes aware that they are held by a holder that does not qualify as an Eligible Holder will be suspended.

The Manager will not, after the initial distribution, offer and sale of the Notes as provided in the Subscription Agreement, have any obligation whatsoever to ensure that the Notes are offered, sold, delivered or held by Eligible Holders.

In addition, the sale and purchase restrictions set out below will apply.

2. EUROPEAN ECONOMIC AREA STANDARD SELLING RESTRICTION

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 it has not made and will not make an offer of the Notes to the public in that Relevant Member State, except that they may make an offer of the Notes to the public in that Relevant Member State at any time:

(a) to any legal entity which is a qualified investors as defined in the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the Directive 2010/73 (amending the Prospectus Directive) 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or

(c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 (2) of the Prospectus Directive,

provided always that such offering shall be restricted to Qualifying Investors only and that not such offer shall require the Issuer or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 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 and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State. This expression "offer of the Notes to the public" should however not be understood as defined in the Prospectus Directive.

3. UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered, sold or delivered within the United States or to, or for the account of, a U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

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

4. UNITED KINGDOM

The Manager represents and agrees that:

(a) it has only communicated or caused to be communicated and they will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of *Section 21* of the Financial Services and Markets Act 2000) received by them in connection with the issue or sale of any Notes in circumstances in which *Section 21 (1)* of the Financial Services and Markets Act 2000 does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by them in relation to the Notes in, from or otherwise involving the United Kingdom.

5. EXCLUDED HOLDERS

Notes may not be acquired by a Belgian or foreign transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the common Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, 11° of the Belgian Income Tax Code 1992).

Furthermore, no Notes may be acquired by a Belgian or foreign transferee that qualifies as an "affiliated company" (within the meaning of Article 11 of the Belgian Company Code) of the Issuer, save where such transferee also qualifies as a "financial institution" referred to in Article 56, §2, 2° of the Belgian Income Tax Code 1992.

Finally, Notes may not be acquired by a Belgian or foreign transferee being a resident of or having an establishment in, or acting, for the purposes of the Notes, through a bank account held on a tax haven jurisdiction as referred to in Article 307, §1, fifth indent of the Belgian Income Tax Code of 1992.

Section 19 - Use of Proceeds

The Issuer will use the net proceeds from the issue of the Notes (other than the Class C Notes) to pay to the Seller (part of) the Initial Purchase Price for the Mortgage Receivables, pursuant to the provisions of an agreement dated on or before the Closing Date (the **Mortgage Receivables Purchase Agreement**) and made between the Seller, the Issuer and the Security Agent. See further *Mortgage Receivables Purchase Agreement*.

The Issuer will credit the net proceeds from the issue of the Class C Notes to the Reserve Account.

The proceeds of the Subordinated Loan, in the amount of EUR 7,500,000 will be credited to the Liquidity Funding Account.

The proceeds of the Expenses Subordinated Loan, in the amount of EUR 2,500,000 will be used by the Issuer to pay the Initial Cap Payment and certain start-up costs and expenses incurred by the Issuer in connection with the issue of the Notes and part of the Initial Purchase Price.

Section 20 - General Information

1. EXPENSES OF THE ADMISSION TO TRADING

1.1 Euronext

Costs are:

- per tranche of EUR 25 million: EUR 150 with a maximum of EUR 3,750;
- plus EUR 600 per listing year for each of the Class A1 Notes and the Class A2 Notes; EUR 550 for the Class B Notes; and EUR 525 for the Class C Notes.

The maximum amounts to EUR 16,250 (and this per tranche as there will be four listings (*lignes de cotation*)).

The costs are to be paid as of the time of listing.

1.2 NBB

All costs are set out in the terms and conditions of the Securities Settlement System, which are available online at https://www.nbb.be/en/payment-systems/securities-settlement-system-nbb-sss

2. POST ISSUANCE REPORTING

The Issuer has in the Mortgage Receivables Purchase Agreement undertaken to the Security Agent that: (a) after the Closing Date, the Issuer will (or the Issuer will cause the Issuer Administrator to) prepare quarterly investor reports (in the form set out in the Issuer Services Agreement) wherein relevant information with regard to the Mortgage Loans and Mortgage Receivables will be disclosed publicly together with confirmation by the Seller of its compliance with the requirements of the Capital Requirements Regulation, including, confirmation of the retention of the material net economic interest in the Transaction by the Seller; and (b) if the Issuer receives a notification from the Seller of any intended or actual change in (the manner in which) the Seller's interest in the first loss tranche is held, then, at the request of the Seller, the Issuer will inform the Noteholders thereof.

See also paragraph 15 (*Information to investors – availability of information*) of Section 8.

3. DOCUMENTS ON DISPLAY

For the life of the Prospectus, copies of (i) the Articles of Association of the Issuer and (ii) all reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request, any part of which is included or referred to in this Prospectus, may be inspected at the office of the Domiciliary Agent, at Loxumstraat 25, 1000 Brussels, Belgium.

Section 21 - Related Party Transactions – Material Contracts

1. THE SELLER

1.1 Name and Status

The Mortgage Receivables have been originated by the Seller or its legal predecessors.

For a description of the Seller, see further Section 15 (*The Seller*).

1.2 Mortgage Receivables Purchase Agreement

Under the Mortgage Receivables Purchase Agreement, the Issuer will purchase and on the Closing Date accept the transfer by way of assignment of legal title to any and all relevant rights (the **Mortgage Receivables**) of the Seller against certain borrowers (the **Borrowers**) under or in connection with certain selected Mortgage Loans. The Issuer will be entitled to the proceeds of the Mortgage Receivables from 1 August 2017 (included).

For a description of the Mortgage Receivables Purchase Agreement, see further in the section entitled Section 13 (*Mortgage Receivables Purchase Agreement*).

2. THE ISSUER ADMINISTRATOR

2.1 Name and status

Pursuant to the Issuer Services Agreement, the Issuer has appointed Intertrust Administrative Services B.V., a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), with its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, registered with the chamber of commerce trade register (*kamer van koophandel*) under number 33210270 as the Issuer Administrator. Its phone number is +31 20 521 4777 and fax number: +31 20 521 4888. E-mail: securitisation@intertrustgroup.com. Corporate website: www.intertrustgroup.com

2.2 Issuer Services Agreement

Under the Issuer Services Agreement, the Issuer Administrator will agree to provide certain administration, calculation and cash management services for the Issuer.

For a description of the Issuer Services Agreement, see further in the section entitled Section 16 (*Issuer Services Agreement*).

2.3 Remuneration

The Issuer Administrator shall receive a one-time upfront fee of EUR 6,000, exclusive of VAT (if any) and payable by the Issuer on the Closing Date, for its involvement in setting up the Transaction, subject to certain assumptions as further agreed with the Seller in the Issuer Administrator fee letter dated 12 December 2016. With respect to the duties and responsibilities as Issuer Administrator from the Closing Date and during the Transaction, the Issuer shall pay on each Quarterly Payment Date in arrears an amount of minimum EUR 7,250 but not more than EUR 8,750 (i.e., minimum EUR 29,000 but not more than EUR 35,000 on an annual basis) (exclusive of VAT), subject to certain assumptions as further agreed with the Seller in the Issuer Administrator fee letter dated 12 December 2016.

2.4 Replacement

In certain events, the Issuer (with the prior consent of the Security Agent) or the Security Agent may terminate the appointment of the Issuer Administrator with effect from a date (no earlier than the date of the notice) specified in the notice provided that the effective date of such termination shall be no earlier than the effective date of the appointment of a substitute issuer administrator.

The appointment of a substitute issuer administrator is subject to the following conditions:

(a) such substitute issuer administrator must be approved by the Security Agent;

(b) such substitute issuer administrator must have experience in delivering the relevant services and must hold all required licences under applicable law therefore;

(c) there will be no adverse impact on the then current rating assigned to the Notes;

(d) the termination shall not become effective and the Issuer Administrator shall not be released from its obligations under this Agreement until such substitute issuer administrator has entered into such new agreement; and

(e) the Issuer shall promptly following the execution of the agreement with the substitute issuer administrator pledge its interest in such agreement in favour of the Secured Parties, including the Security Agent acting in its own name on behalf of the Noteholders and the other Secured Parties, on the terms of the Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Agent.

3. THE SECURITY AGENT

3.1 Name and status

Stichting Security Agent B-Arena (the **Security Agent**), a foundation (*stichting*) existing under the laws of the Netherlands, with its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands, and registered with the chamber of commerce trade register (*kamer van koophandel*) under number 857391914, is appointed as representative of the Noteholders and as agent acting in its own name but on behalf of the Noteholders and the other Secured Parties on terms and subject to the conditions set out in the Common Representative Appointment Agreement. The Security Agent is appointed as representative (*vertegenwoordiger/représentant*) of the Noteholders in accordance with the Securitisation Act.

3.2 Common Representative Appointment Agreement

For a description of the rights, duties and obligations of the Security Agent under the Common Representative Appointment Agreement, see further under Condition 4.12 (*The Security Agent*).

3.3 Remuneration

With respect to the duties and responsibilities as Security Agent from the Closing Date and during the Transaction, the remuneration of the Security Agent shall be calculated at the applicable current billing rate per hour of its services with a floor of EUR 5,000 per annum, exclusive of VAT.

3.4 Replacement

In certain events, the Issuer may by written notice to the Security Agent, the other Secured Parties and the Rating Agencies terminate the powers delegated to the Security Agent under the Common Representative Appointment Agreement and the Transaction Documents with effect from a date (no

earlier than the date of the notice) specified in the notice and appoint a substitute security agent selected by the Issuer which shall act as security agent until a new security agent is appointed by the general meeting of Noteholders, which shall promptly be convened by the Issuer.

In addition, the Noteholders shall be entitled to terminate the appointment of the Security Agent by an Extraordinary Resolution notified to the Issuer and the Security Agent, provided that (i) in the same resolution a substitute security agent is appointed, and (ii) such substitute security agent meets all legal requirements to act as security agent and representative and accepts to be bound by the terms of the Transaction Documents in the same way as its predecessor.

Such termination shall also terminate the appointment and power of attorney by the other Secured Parties. The other Secured Parties hereby irrevocably agree that the substitute security agent shall from the date of its appointment act as attorney (*mandataris/mandataire*) of the other Secured Parties on the terms and conditions set out in these Conditions and the Transaction Documents.

The Security Agent shall not be discharged from its responsibilities under the Common Representative Appointment Agreement until a suitable substitute security agent, which has been accepted by the Issuer and the Noteholders (such approval not being unreasonably withheld) is appointed.

4. THE MPT PROVIDER

4.1 Name and Status

The Seller has been appointed as MPT Provider.

For a description of the Seller, see further Section 15 (*The Seller*).

4.2 The Issuer Services Agreement

Pursuant to the Issuer Services Agreement the Seller has been appointed as MPT Provider and, in this capacity as MPT Provider, will agree to provide mortgage payment transactions and the other services as agreed in the Issuer Services Agreement in relation to the Mortgage Receivables. The MPT Provider will initially appoint the Sub-MPT Provider as its sub-agent.

For a description of the Issuer Services Agreement, see further in Section 16 (*Issuer Services Agreement*).

4.3 Remuneration

In consideration of the MPT Provider's agreement to carry out certain services as agreed in the Issuer Services Agreement, the Issuer shall pay quarterly in arrears on each Quarterly Payment Date a servicing fee of approximately (depending on a number of parameters) 0.015% calculated over the aggregate Outstanding Principal Amount of all Mortgage Receivables as at the Quarterly Calculation Date.

4.4 Replacement

In certain events, the Security Agent or the Issuer (with the prior consent of the Security Agent) may terminate the appointment of the MPT Provider with effect from a date (no earlier than the date of the notice) specified in the notice provided that the effective date of such termination shall be no earlier than the effective date of the appointment of a substitute mortgage payment transaction services provider.

The appointment of a substitute mortgage payment transaction services provider is subject to the following conditions:

(a) such substitute mortgage payment transaction services provider must be approved by the Security Agent;

(b) such substitute mortgage payment transaction services provider must have experience in delivering the relevant services and must hold all required licences under applicable law therefore;

(c) there will be no adverse impact on the then current rating assigned to the Notes;

(d) the termination shall not become effective and the MPT Provider shall not be released from its obligations under this Agreement until such substitute mortgage payment transaction services provider has entered into such new agreement; and

(e) the Issuer shall promptly following the execution of the agreement with the substitute mortgage payment transaction services provider pledge its interest in such agreement in favour of the Secured Parties, including the Security Agent acting in its own name but on behalf of the Noteholders and the other Secured Parties, on the terms of the Pledge Agreement, *mutatis mutandis*, to the satisfaction of the Security Agent.

4.5 Conflict of Interest

The MPT Provider may have a conflict of interest resulting from its responsibilities as MPT Provider for the Issuer pursuant to the Issuer Services Agreement, on the one hand, and its concern to preserve its commercial relations with the Borrowers, on the other hand. This conflict of interest risk is mitigated by the terms of the Issuer Services Agreement. The Issuer Services Agreement provides, among other things, that the MPT Provider must at all times act in such a manner as would be reasonable to expect from a reasonably prudent professional of high standing in providing services similar to the services provided by the MPT Provider. In addition, the Issuer Services Agreement contains certain specific undertakings to protect the interests of the Issuer.

5. THE SUB MPT PROVIDER

5.1 Name and status

The MPT Provider has appointed Stater Belgium NV to act as Sub-MPT Provider to assist the MPT Provider in providing certain mortgage payment transactions. Stater Belgium NV's registered office is at Kanselarijstraat 17A, 1000 Brussels, Belgium. It is registered at the Crossroads Bank for Enterprises under number RPR 0473.774.625.

6. THE FLOATING RATE GIC PROVIDER

6.1 Name and status

Pursuant to the Floating Rate GIC, ABN Amro Bank N.V., Belgian Branch as the Floating Rate GIC Provider guarantees a certain interest rate (the **Floating Rate GIC Interest Rate**) equal to EONIA minus 0.10%, in respect of the balance standing from time to time to the credit of certain bank accounts maintained by the Issuer with the Floating Rate GIC Provider.

ABN Amro Bank N.V. was incorporated under the laws of the Netherlands and is registered with the chamber of commerce trade register (*kamer van koophandel*) under number 34334259. It is duly licensed as a credit institution in the Netherlands. The Belgian branch of ABN Amro Bank N.V. is

registered with the National Bank of Belgium as a Belgian branch of a Dutch credit institution pursuant to Article 312, § 2 of the Credit Institutions Supervision Law.

The registered office of ABN Amro Bank N.V. is located at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands and the offices of its Belgian branch are located at Roderveldlaan 5 bus 4, 2600 Berchem, Belgium.

6.2 Floating Rate GIC

For a description of the Floating Rate GIC, see further in the section entitled Section 7 (*Credit Structure*), paragraph 3 (*Transaction Accounts*).

6.3 Replacement of the Floating Rate GIC Provider

Upon the occurrence of certain events, the Issuer may at any time (but, if prior to the date on which the Notes are redeemed or written off in full, only with the prior written consent of the Security Agent), by written notice terminate the appointment of the Floating Rate GIC with immediate effect.

See further Section 7 (*Credit Structure*).

7. THE DOMICILIARY AGENT – THE LISTING AGENT – THE REFERENCE AGENT

7.1 Name and Status

BNP Paribas Securities Services SCA has been appointed, acting through its Brussels branch as Domiciliary Agent, Listing Agent and Reference Agent (together referred to as **Agents**) pursuant to the Agency Agreement dated on or about the Closing Date.

BNP Paribas Securities Services SCA is incorporated under the laws of France and is a wholly-owned subsidiary of BNP Paribas SA. BNP Paribas Securities Services SCA benefits from the ratings of its parent entity, BNP Paribas Group, i.e. a long-term debt credit rating of A1 from Moody's and A+ from Fitch.

The registered office of BNP Paribas Securities Services SCA is located at Rue d'Antin 3, 75002 Paris, France. The registered office of its Belgian branch is located at rue de Loxum 25, 1000 Brussels, with enterprise number 0471.778.603**.**

7.2 Agency Agreement

Under the Agency Agreement, the Domiciliary Agent will undertake to ensure the payment of the sums due on the Notes and perform all other obligations and duties imposed on it by the Conditions and the Agency Agreement.

The Domiciliary Agent will perform the tasks described in the Clearing Agreement dated on or about the Closing Date, which comprise *inter alia* providing the Securities Settlement System Operator with information relating to the issue of the Notes, the Prospectus and other documents required by law.

The Listing Agent will cause an application to be made to Euronext Brussels NV/SA for the admission to trading of the Notes.

The Reference Agent shall determine the Floating Rates of Interest for each Class of Notes applicable to each Floating Rate Interest Period, the Interest Amount and the relevant Quarterly Payment Date, all subject to an in accordance with the Conditions and the Agency Agreement.

7.3 Remuneration

On each Quarterly Payment Date, the Issuer shall pay to the Domiciliary Agent an amount of EUR 200 per Class of Notes (i.e. EUR 800 per Class of Notes on an annual basis) or, for the final redemption of the Notes, EUR 1,000, for commissions, fees and expenses in respect of the services of the Domiciliary Agent. In addition, the Issuer shall pay to the Domiciliary Agent an upfront acceptance fee of EUR 2,000.

The Issuer shall pay to the Listing Agent on the Closing Date an upfront listing fee of EUR 2,000.

The Issuer shall pay to the Reference Agent a calculation fee of EUR 150 per rate calculation in respect of the services of the Reference Agent.

Any transaction fees and costs with respect to the Securities Settlement System will be charged to the Issuer.

7.4 Replacement of the Domiciliary Agent, Listing Agent or Reference Agent

The Issuer and each Agent may at any time, subject to prior written notice, terminate the appointment of a relevant Agent under the Agency Agreement. In addition, in certain events, the Issuer may terminate the appointment of an Agent forthwith, subject to the prior approval of the Security Agent.

The termination of the appointment of an Agent (whether by the Issuer or by the resignation of the Agent) shall not be effective unless upon the expiry of the relevant notice there is:

(a) a Domiciliary Agent that has its specified offices in a European city which, so long as the Notes are listed on Euronext Brussels, shall be Brussels and that will at all times be a participant in the Securities Settlement System;

(b) a Listing Agent; and

(c) a Reference Agent.

The information in sections 7.1 and 7.2 has been provided solely by BNP Paribas Securities Services SCA for use in this Prospectus and BNP Paribas Securities Services SCA is solely responsible for the accuracy of these sections. Except for these sections, BNP Paribas Securities Services SCA in its capacity as Domiciliary Agent, Listing Agent and Reference Agent has not been involved in the preparation of, and does not accept responsibility for, this Prospectus.

8. THE RATING AGENCIES

The following rating agencies have been requested to rate the Notes:

(a) Fitch Ratings; and

(b) Moody's Investors Service Limited.

The Issuer has considered the appointment of one or more credit rating agencies (other than Moody’s and Fitch) with no more than 10% of the total market share. The Issuer is of the opinion that Moody’s and Fitch will facilitate an efficient execution of the Transaction Documents and will ensure accessing of the investor base in respect of the Notes in a prudent manner. Therefore, the Issuer has to date decided not to appoint one or more other credit rating agencies with no more than 10% of the total market share.

9. THE CAP PROVIDER

9.1 Name and Status

Pursuant to the Cap Agreement, ABN AMRO Bank N.V. has been appointed as Cap Provider.

9.2 Cap Agreement

For a description of the Cap Agreement and the termination thereof and the hedging of interest rates, see Section 7 (*Credit Structure*), paragraph 11 (*Interest Rate Hedging*), above.

10. THE SUBORDINATED LOAN PROVIDER

10.1 Name and Status

The Seller will act as Subordinated Loan Provider.

For a description of the Seller, see further Section 8 (*The Issuer*).

10.2 The Subordinated Loan Agreement

Pursuant to the Subordinated Loan Agreement, the Seller, as subordinated loan provider, will agree to make a subordinated loan to the Issuer, the proceeds of which will be used to fund the Liquidity Funding Account.

The Subordinated Loan will bear interest from (and including) the Closing Date until the Subordinated Loan (and all approved interest thereon) will be paid in full at the rate of 2.50% per annum.

11. THE EXPENSES SUBORDINATED LOAN PROVIDER

11.1 Name and Status

The Seller will act as Expenses Subordinated Loan Provider.

For a description of the Seller, see further Section 8 (*The Issuer*).

11.2 The Expenses Subordinated Loan Agreement

Pursuant to the Expenses Subordinated Loan Agreement, the Seller, as subordinated loan provider, will agree to make a subordinated loan to the Issuer, the proceeds of which will be used to pay the Initial Cap Payment and certain start-up costs and expenses incurred by the Issuer in connection with the issue of the Notes and part of the Initial Purchase Price.

The Expenses Subordinated Loan will bear interest from (and including) the Closing Date until the Expenses Subordinated Loan (and all approved interest thereon) will be paid in full at the rate of 2.50% per annum.

12. THE SECURITIES SETTLEMENT SYSTEM OPERATOR

Pursuant to the Clearing Agreement, the Securities Settlement System Operator will provide clearing services for the Issuer.

13. SECURITY

A description of the security is given in the section entitled Section 10 (*Issuer Security*).

Section 22 - Main Transaction Expenses

1. ISSUER ADMINISTRATOR

The Issuer Administrator shall receive a one-time upfront fee of EUR 6,000, exclusive of VAT (if any) and payable by the Issuer on the Closing Date, for its involvement in setting up the Transaction, subject to certain assumptions as further agreed with the Seller in the Issuer Administrator fee letter dated 12 December 2016. With respect to the duties and responsibilities as Issuer Administrator from the Closing Date and during the Transaction, the Issuer shall pay on each Quarterly Payment Date in arrears an amount of minimum EUR 7,250 but not more than EUR 8,750 (i.e., minimum EUR 29,000 but not more than EUR 35,000 on an annual basis) (exclusive of VAT), subject to certain assumptions as further agreed with the Seller in the Issuer Administrator fee letter dated 12 December 2016.

2. SECURITY AGENT

With respect to the duties and responsibilities as Security Agent from the Closing Date and during the Transaction, the remuneration of the Security Agent shall be calculated at the applicable current billing rate per hour of its services with a floor of EUR 5,000 per annum, exclusive of VAT.

3. MPT PROVIDER

In consideration of the MPT Provider's agreement to carry out certain services as agreed in the Issuer Services Agreement, the Issuer shall pay quarterly in arrears on each Quarterly Payment Date a servicing fee of approximately (depending on a number of parameters) 0.015% calculated over the aggregate Outstanding Principal Amount of all Mortgage Receivables as at the Quarterly Calculation Date.

4. DOMICILIARY AGENT, LISTING AGENT AND REFERENCE AGENT

On each Quarterly Payment Date, the Issuer shall pay to the Domiciliary Agent an amount of EUR 200 (i.e. EUR 800 on an annual basis) or, for the final redemption of the Notes, EUR 1,000, for commissions, fees and expenses in respect of the services of the Domiciliary Agent. In addition, the Issuer shall pay to the Domiciliary Agent an upfront acceptance fee of EUR 2,000.

The Issuer shall pay to the Listing Agent on the Closing Date an upfront listing fee of EUR 2,000.

The Issuer shall pay to the Reference Agent a calculation fee of EUR 150 per rate calculation in respect of the services of the Reference Agent.

Any transaction fees and costs with respect to the Securities Settlement System will be charged to the Issuer.

5. OTHER SENIOR EXPENSES PAYABLE BY THE ISSUER

The Issuer shall in addition pay the following on-going expenses:

(a) to the Auditors;

(b) to the NBB, fees as provided under the Clearing Agreement, which will be payable as long as any of the Notes are outstanding and any other fees in accordance with Belgian law and regulations;

(c) to the FSMA, Accesso VZW and/or the FOD Economie, an annual fee calculated in accordance with Belgian law and regulations;

(d) and others, provided that they are justified and duly documented.

Section 23 - Dematerialised Notes

The Notes will be issued in the form of dematerialised notes under the Company Code and cannot be physically delivered. They will be represented exclusively by book entries in the records of the Securities Settlement System.

Access to the Securities Settlement System is available through its Securities Settlement System Participants whose membership extends to certain banks, stock brokers (*beursvennootschappen/sociétés de bourse*), as well as: Euroclear; Clearstream, Luxembourg; SIX SIS Ltd (Switzerland); and Monte Titoli (Italy).

Each of the persons appearing from time to time in the records of the Securities Settlement System as the Noteholder will be entitled to receive any payment made in respect of that Note in accordance with the respective rules and procedures of the Securities Settlement System. Such persons shall have no claim directly against the Issuer in respect of payment due on the Notes.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the Securities Settlement System or its Securities Settlement System Participants of their obligations under their respective rules and operating procedures.

Section 24 - Admission to Trading and Dealing Arrangements

Total amount and denomination

The Issuer's Board of Directors has resolved to issue EUR 255,000,000 Class A1 Notes, EUR 294,500,000 Class A2 Notes, EUR 88,000,000 Class B Notes and EUR 7,500,000 Class C Notes.

The Class A1 Notes are Notes with each a nominal amount of EUR 250,000.

The Class A2 Notes are Notes with each a nominal amount of EUR 250,000.

The Class B Notes are Notes with each a nominal amount of EUR 250,000.

The Class C Notes are Notes with each a nominal amount of EUR 250,000.

Admission to trading

Application has been made for an admission to trading of the Notes on Euronext Brussels.

Clearing

The Notes will be accepted for clearance through the Securities Settlement System (the **Securities Settlement System)** under:

(a) the ISIN number BE6294238058 and common code 159446573 for the Class A1 Notes;

(b) the ISIN number BE6294239064 and common code 159447774 for the Class A2 Notes;

(c) the ISIN number BE6294240070 and common code 159457087 for the Class B Notes;

(d) the ISIN number BE6294241086 and common code 159458881 for the Class C Notes.

Access to the Securities Settlement System is available through those of the participants to the Securities Settlement System Participants (the **Securities Settlement System Participants)** whose membership extends to securities such as the Notes.

Securities Settlement System Participants include certain banks, stock brokers (*beursvennootschappen/sociétés de bourse*), and Euroclear Bank NV/SA (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**). Accordingly, the Notes will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and investors can hold their Notes on securities accounts in Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Notes will be effected between Securities Settlement System Participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System Participants through which they hold their Notes.

The Domiciliary Agent will perform the obligations of domiciliary agent included in the Clearing Agreement, including, without limitation, providing the Securities Settlement System Operator the information required by law, publishing notices required in connection with any redemption of the Notes and notifying, on behalf of the Issuer, the Domiciliary Agent, the Securities Settlement System Operator and the Cap Provider of the Interest Amounts and amounts of principal relating to each Note.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the Securities Settlement System or its Securities Settlement System Participants of their obligations under their respective rules and operating procedures.

ANNEX 1 - TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions (the **Conditions**, and each a **Condition**) of the Notes. They will be incorporated by reference into the Notes. Except where the context otherwise requires, each of the Conditions will apply to each Class of the Notes and any reference herein to the Notes means the Notes of that Class.*

The Notes are obligations solely of B-Arena NV/SA, *Institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge* (the **Issuing Company**), acting through its Compartment No. 4 and are not obligations of, or guaranteed by, any of the other parties to the Transaction Documents. In particular, the Notes will not be the obligations or responsibilities of the Seller and the Seller will not be under any obligation whatsoever to provide additional funds to the Issuer.

The Issuing Company is organised into separate subdivisions, each a Compartment. On the date of issuance of the Notes, 7 Compartments have been created: Compartment No. 1, Compartment No. 2, Compartment No. 3, Compartment No. 4, Compartment No. 5, Compartment No. 6 and Compartment No. 7, each for the purpose of investment of funds collected in accordance with the articles of association of the Issuing Company in a portfolio of selected loans. Obligations of the Issuer to the Noteholders and all other Secured Parties are allocated exclusively to Compartment No. 4 and the recourse for such obligations is limited so that only the assets of Compartment No. 4 subject to the relevant Security Interest will be available to meet the claims of the Noteholders and the other Secured Parties.

By subscribing or otherwise acquiring the Notes, the Noteholders (i) shall be deemed to have acknowledged receipt of, accept and be bound by the Conditions, (ii) acknowledge and accept that the Notes are allocated to Compartment No. 4, (iii) acknowledge that they are Eligible Investors and that they can only transfer their Notes to Eligible Investors and (iv) shall be deemed to have undertaken that they will comply (and arrange for any transferee to comply) with any procedural formalities necessary for the Issuer to obtain the authorisation to make a payment to which that holder is entitled without a tax deduction.

Except as expressly provided otherwise, all Conditions apply exclusively to the Notes as allocated to Compartment No. 4 of the Issuer and all appointments, rights, title, assignments, covenants, representations, assets and liabilities generally in relation to this transaction are exclusively allocated to, or binding on, Compartment No. 4 and will not be recoverable against any other compartments of the Issuer or any assets of the Issuer other than those allocated to Compartment No. 4.

Unless otherwise stated, defined terms used in these Conditions shall have the meaning given to them in the Master Definitions Agreement. In this Prospectus the term "Issuer" shall generally refer only to B-Arena NV/SA *institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge* acting through and for the account of its Compartment No. 4, unless where the context requires, in which case such term may refer to the entire company as such, but in each case without prejudice to the limitation of recourse set out in Condition 4.11(b).

1. DESCRIPTION OF THE NOTES

The issue of:

(a) EUR 255,000,000 Class A1 Mortgage-Backed Floating Rate Notes due 2051 (the **Class A1 Notes**);

(b) EUR 294,500,000 Class A2 Mortgage-Backed Floating Rate Notes due 2051 (the **Class A2 Notes**, and together with the Class A1 Notes, the **Class A Notes** and each a **Sub-Class of Class A Notes**);

(c) the EUR 88,000,000 Class B Mortgage-Backed Floating Rate Notes due 2051 (the **Class B Notes** and together with the Class A Notes, the **Collateralized Notes**); and

(d) the EUR 7,500,000 Class C Floating Rate Notes due 2051 (the **Class C Notes** , and together with the Class A Notes and the Class B Notes, the **Notes**),

is authorised by a resolution of the board of directors of B-Arena NV/SA, an *institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge* (an institutional company for investment in receivables under Belgian law) acting through its Compartment No. 4 (the **Issuer**) adopted on 9 August 2017.

The Notes will be issued on or about 28 August 2017 (the **Closing Date**), in accordance with the provisions of an agency agreement to be entered into on or before the Closing Date (the **Agency Agreement**) between the Issuer, BNP Paribas Securities Services SCA (the **Domiciliary Agent**, the **Listing Agent** and the **Reference Agent**) and Stichting Security Agent B-Arena (the **Security Agent**) as security agent for, *inter alios*, the holders for the time being of the Notes (the **Noteholders**).

Pursuant to the Agency Agreement, provision is made for the payment of principal and interest in respect of the Notes and for the determination of the rate of interest payable on the Notes.

The Notes are secured by the security created pursuant to, and on the terms set out in, an agreement for the creation of a parallel debt (the **Parallel Debt Agreement**) and a Belgian law pledge agreement establishing security over certain assets of the Issuer (the **Pledge Agreement**) to be entered into on or before the Closing Date between, *inter alios*, the Issuer, the Security Agent, the Seller and the MPT Provider.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of:

(a) the Common Representative Appointment Agreement;

(b) the Agency Agreement;

(c) the Parallel Debt Agreement;

(d) the Pledge Agreement;

(e) the issuer services agreement (the **Issuer Services Agreement**) to be entered into on or before the Closing Date between, among others, the Issuer, the Seller, acting as MPT Provider, Stater Belgium NV, acting as Sub-MPT Provider and Intertrust Administrative Services B.V., acting as Issuer Administrator;

(f) the floating rate guaranteed investment contract (the **Floating Rate GIC**) to be entered into on or before the Closing Date between, among others, the Issuer and ABN Amro Bank N.V. acting through its Belgium branch, acting as Floating Rate GIC Provider;

(g) the mortgage receivables purchase agreement (the **Mortgage Receivables Purchase Agreement** or **MRPA**) between, among others, the Seller and the Issuer to be entered into on or before the Closing Date;

(h) the subordinated loan agreement (the **Subordinated Loan Agreement**) between, among others, the Seller as the Subordinated Loan Provider and the Issuer to be entered into on or before the Closing Date;

(i) the expenses subordinated loan agreement (the **Expenses Subordinated Loan Agreement**) between, among others, the Seller as the Expenses Subordinated Loan Provider and the Issuer to be entered into on or before the Closing Date;

(j) the clearing agreement (the **Clearing Agreement**) to be entered into on or before the Closing Date between the Issuer, the Domiciliary Agent and the Securities Settlement System Operator;

(k) the master definitions agreement (the **Master Definitions Agreement**) to be entered into on or before the Closing Date between, among others, the Issuer, the Seller and the Security Agent;

(l) the cap agreement (the **Cap Agreement**) to be entered into on or before the Closing Date between the Issuer, the Security Agent and ABN Amro Bank N.V. as Cap Provider (the **Cap Provider**);

(m) the issuer management agreements (the **Issuer Management Agreements**) to be entered into on or before the Closing Date between, among others, the Issuer and the Issuer Directors; and

(n) the shareholder management agreements (the **Shareholder Management Agreements**) to be entered into on or before the Closing Date between, among others, the Stichting Shareholder, the Shareholder, the Issuer and the Shareholder Director.

Pursuant to the MRPA, a portfolio of Belgian mortgage loans (the **Mortgage Receivables**) will be sold by the Seller to the Issuer acting through its Compartment No. 4 on the Closing Date.

The Issuer, the Seller and the Manager will enter into a subscription agreement on or before the Closing Date (the **Subscription Agreement**).

The Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Agency Agreement, the Pledge Agreement, the Parallel Debt Agreement, the Cap Agreement, the Floating Rate GIC, the Clearing Agreement, the Subordinated Loan Agreement, the Expenses Subordinated Loan Agreement, the Master Definitions Agreement, the Issuer Management Agreements, the Shareholder Management Agreements, the Common Representative Appointment Agreement, the Subscription Agreement and all agreements, forms and documents executed pursuant to or in relation to such documents collectively, will be referred to as the **Transaction Documents**. The issue of the Notes and the other transactions contemplated in the Transaction Documents shall be referred to as the **Transaction**.

Any reference in these Conditions to any Transaction Document, is to such document, as may be from time to time amended, varied or novated in accordance with its provisions and includes any deed or other document expressed to be supplemental to it, as from time to time so amended.

References to the Transaction Parties shall, where the context permits, include references to its successors, transferees and permitted assigns.

The Issuer has been incorporated as an Institutional VBS subject to the provisions the Act of 20 July 2004 on certain forms of collective management of investment portfolios (*Wet betreffende bepaalde vormen van collectief beheer van beleggingsportefeuilles/Loi relative à certaines formes de gestion collective de portefeuilles d'investissement*) as replaced by the Act of 3 August 2012 on institutions for collective investment that satisfy the criteria of directive 2009/65/EC and on institutions for investment in receivables (*Wet betreffende de instellingen voor collectieve belegging die voldoen aan de criteria van richtlijn 2009/65/EG en de instellingen voor belegging in schuldvorderingen/Loi relative aux organismes de placement collectif qui répondent aux conditions de la Directive*

2009/65/CE et aux organismes de placement en créances), as amended from time to time (the **Securitisation Act**).

Copies of the Agency Agreement, the Pledge Agreement, the Parallel Debt Agreement, the Clearing Agreement and the other Transaction Documents are available for inspection at the specified offices of the Domiciliary Agent. By subscribing for or otherwise acquiring the Notes, the Noteholders will be deemed to have knowledge of, accept and be bound by all the provisions of the Mortgage Receivables Purchase Agreement, the Issuer Services Agreement, the Agency Agreement, the Pledge Agreement, the Parallel Debt Agreement, the Cap Agreement, the Floating Rate GIC, the Clearing Agreement, the Subordinated Loan Agreement, the Expenses Subordinated Loan Agreement, the Master Definitions Agreement, the Management Agreements, the Common Representative Appointment Agreement and all other Transaction Documents (other than the Subscription Agreement).

2. DEMATERIALISED NOTES

2.1 Denomination

The Notes will be issued in denominations of EUR 250,000.

2.2 Form and clearing

The Notes are issued in dematerialised form under the Belgian Company Code as amended from time to time.

They will be represented exclusively by book entries in the records of the securities settlement system operated by the National Bank of Belgium or any successor thereto (the **Securities Settlement System**), and are accordingly subject to the applicable securities settlement system regulations of the National Bank of Belgium (the **Securities Settlement System Operator**). The Notes may be cleared through the securities settlement clearing system in accordance with the Act of 6 August 1993 on transactions in certain securities (*loi relative aux opérations sur certaines valeurs mobilières/wet betreffende de transacties met bepaalde effecten*) and the corresponding royal decrees of 26 May 1994 and 14 June 1994.

If at any time the Notes are transferred to another securities settlement system, not operated or not exclusively operated by the National Bank of Belgium, these provisions shall apply *mutatis mutandis* to such successor securities settlement system and successor securities settlement system operator or any additional securities settlement system and additional securities settlement system operator (any such securities settlement system , an **Alternative Securities Settlement System**).

2.3 Title and Transfer

Title to and transfer of Notes will be evidenced only by records maintained by the Securities Settlement System or other Securities Settlement System Participants and in accordance with the rules and applicable operating procedures of the Securities Settlement System and other Securities Settlement System Participants.

Transfers of interests in the Notes will be effected between Securities Settlement System Participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System Participants through which they hold their Notes.

Each person who is for the time being shown in the records of the Securities Settlement System Operator or of a Securities Settlement System Participant, as applicable, as the holder of a particular principal amount of Notes (each such person, an **Accountholder**) will be entitled to be treated by the

Issuer, the Domiciliary Agent and the Security Agent as the holder of such principal amount of Notes and the expression **Noteholder** shall be construed accordingly, but without prejudice to the application of the provisions of Company Code on dematerialisation, including, without limitation, Article 471 thereof.

The Issuer and the Domiciliary Agent will not have any responsibility for the proper performance by the Securities Settlement System or the Securities Settlement System Participants of their obligations under their respective rules and operating procedures.

Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

Transfer of Notes on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

2.4 Rating withdrawal

In the event any of the Rating Agencies (other than upon request of the Issuer) would decide no longer to rate the Class A Notes and withdraw its rating of the Class A Notes, all references in the Transaction Documents to the "Rating Agencies" will be deemed to refer solely to the Rating Agency(ies) that rate(s) the Class A Notes and all references to the Rating Agency(ies) that has(have) ceased to rate the Class A Notes, will be deemed no longer to be applicable. A withdrawal of the ratings by the Rating Agencies would not constitute an Event of Default or a breach of the obligations of the Issuer.

3. HOLDING AND TRANSFER RESTRICTIONS - ONLY ELIGIBLE HOLDERS

The Notes may only be acquired, by direct subscription, by transfer or otherwise and may only be held by holders who satisfy the following criteria **(Eligible Holders**):

(a) they qualify as qualifying investors within the meaning of Article 5, §3/1 of the Securitisation Act (**Qualifying Investors**), acting for their own account. A list of Qualifying Investors is attached in Annex 2 (*Qualifying Investors under the Securitisation Act*);

(b) they do not constitute investors that, in accordance with annex A, (I), second indent, of the Royal Decree of 3 June 2007 concerning further rules for implementation of the directive on markets in financial instruments (MIFID), have registered to be treated as non-professional investors; and

(c) they are holders of an exempt securities account (**X-Account**) with the Securities Settlement System operated by the National Bank of Belgium or (directly or indirectly) with a participant in such system;

Notes may not be acquired by a Belgian or foreign transferee who is not subject to income tax or who is, as far as interest income is concerned, subject to a tax regime that is deemed by the Belgian tax authorities to be significantly more advantageous than the Belgian tax regime applicable to interest income (within the meaning of Articles 54 and 198, §1 11° of the Belgian Income Tax Code 1992 or any successor provision) or by a transferee who is a resident of, or has an establishment in, or acts, for the purposes of the Notes, through a bank account held on, a tax haven jurisdiction, a low-tax jurisdiction or a non-cooperative jurisdiction within the meaning of Article 307, §1, fifth indent of the Belgian Income Tax Code 1992 or any successor provision (the "**Excluded Holders**").

Furthermore, no Notes may be acquired by a Belgian or foreign transferee that qualifies as an "affiliated company" (within the meaning of Article 11 of the Belgian Company Code) of the Issuer, save where such transferee also qualifies as a "financial institution" referred to in Article 56, §2, 2° of the Belgian Income Tax Code 1992.

Any acquisition of a Note by, or transfer of a Note to, a person who is not an Eligible Holder or to a person who is an Excluded Holder shall be void and not binding on the Issuer and the Security Agent.

If a Noteholder ceases to be an Eligible Holder or becomes an Excluded Holder, it is obliged to report this to the Issuer and it will promptly transfer the Notes it holds to a person that qualifies as an Eligible Holder and that does not qualify as an Excluded Holder. Each payment of interest on Notes of which the Issuer becomes aware that they are held by a holder that does not qualify as an Eligible Holder and that qualifies as an Excluded Holder, will be suspended.

By subscribing or otherwise acquiring the Notes, the Noteholders certify that they are an Eligible Holder, and that they will only sell, transfer or otherwise assign the Notes to prospective Noteholders that qualify as Eligible Holders.

4. TERMS AND CONDITIONS OF THE NOTES

4.1 Form denomination and title

(a) The Notes are issued in dematerialised form under the Belgian Company Code as amended from time to time, in a denomination of EUR 250,000.

(b) The Notes may only be acquired, by subscription, transfer or otherwise and may only be held by Eligible Holders. Any acquisition of a Note by or transfer of a Note to a person who is not an Eligible Holder shall be void and not binding on the Issuer and the Security Agent. If a Noteholder ceases to be an Eligible Holder, it is obliged to report this to the Issuer and such Noteholder will promptly transfer the Notes it holds to a person that qualifies as an Eligible Holder on at arm's length market conditions. If the Issuer becomes aware that Notes are held by a holder that does not qualify as an Eligible Holder, each payment of interest on such Notes will be suspended.

See also Condition 3 (*Holding and Transfer Restrictions - Only Eligible Holders*) above.

(c) By subscribing or otherwise acquiring the Notes, the Noteholders certify that they are an Eligible Holder, and that they will only sell, transfer or otherwise assign the Notes to prospective Noteholders that qualify as Eligible Holders.

4.2 Status, Security and Priority

(a) Status and priority

(i) The Class A Notes (and the Notes of each of the Sub-Classes of Class A Notes) constitute direct, secured and unconditional obligations of the Issuer and rank (subject to the provisions of Condition 4.10 (*Subordination*)) *pari passu* without preference or priority amongst themselves. Prior to an Enforcement Notice being served, the Sub-Classes within the Class A Notes are repaid sequentially with the Class A1 Notes being repaid prior to the Class A2 Notes and the Class A2 Notes being repaid after the Class A1 Notes. Following the service of an Enforcement Notice, the Notes of the Sub-Classes of Class A Notes are repaid without preference or priority among the Sub-Classes of Class A Notes. The rights of the Class A Notes, in respect of priority of payment and security are further set out in this Condition 4.2 (*Status, Security and Priority*) and Condition 4.10 (*Subordination*).

(ii) The Class B Notes constitute direct and unconditional obligations and are equally secured by the Security as the Class A Notes. The Class B Notes rank *pari passu*, without preference or priority amongst themselves. The Class B Notes are subordinated to the Class A Notes upon service of an Enforcement Notice as well as prior to such service, as set out in this Condition 4.2 (*Status, Security and Priority*) and Condition 4.10 (*Subordination*).

(iii) The Class C Notes constitute direct and unconditional obligations and are equally secured by the Security as the Class A Notes and the Class B Notes. The Class C Notes rank *pari passu*, without preference or priority amongst themselves. The Class C Notes are subordinated to the Class A Notes and the Class B Notes upon service of an Enforcement Notice as well as prior to such service, as set out in Conditions 4.2 (*Status, Security and Priority*) and 4.10 (*Subordination*).

(iv) The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other parties to the Transaction Documents.

(v) The Notes are allocated exclusively to Compartment No. 4.

(b) Security

(i) As Security for the obligations of the Issuer under the Notes and the Transactions Documents, the Issuer will pursuant to the Pledge Agreement, create a first ranking pledge in favour of the Secured Parties, including the Security Agent acting in its own name, as creditor of the Parallel Debt, and as representative of the Noteholders over:

(A) all right and title of the Issuer to and under or in connection with all the Mortgage Receivables and the Related Security;

(B) all right and title of the Issuer to and under all the Transaction Documents and all other documents to which the Issuer is a party;

(C) the Issuer's right and title in and to the Transaction Accounts and any amounts standing to the credit thereof from time to time (with regard to the Cap Collateral Accounts, as of such accounts being opened); and

(D) all other assets of the Issuer (including, without limitation, the Standard Loan Documentation, the Contract Records and any other documents).

(ii) The security created by the Issuer (in favour of all the Secured Parties) pursuant to the Pledge Agreement is collectively referred to herein as the **Security Interests**. The assets over which the Security is created are referred to herein as the **Pledged Assets**. The Pledged Assets will, amongst other things, provide security for the Issuer's obligation to pay amounts due to the Secured Parties under the Transaction Documents, including amounts payable to:

(A) the Noteholders;

(B) the Security Agent under the Parallel Debt Agreement, the Common Representative Appointment Agreement or the Pledge Agreement;

(C) the MPT Provider under the Issuer Services Agreement;

(D) the Issuer Administrator under the Issuer Services Agreement;

(E) the Seller under the MRPA;

(F) the Floating Rate GIC Provider under the Floating Rate GIC;

(G) the Domiciliary Agent, the Listing Agent and the Reference Agent under the Agency Agreement;

(H) the Cap Provider under the Cap Agreement;

(I) the Subordinated Loan Provider under the Subordinated Loan Agreement;

(J) the Expenses Subordinated Loan Provider under the Expenses Subordinated Loan Agreement; and

(K) the Directors under the Management Agreements,

all such beneficiaries of such security referred to as the **Secured Parties**), in accordance with the applicable Priority of Payments, but only to the extent that such amounts as listed above have been properly and specifically allocated to Compartment No. 4.

The Noteholders will be entitled to the benefit of the Pledge Agreement and the Parallel Debt Agreement and by subscribing for or otherwise acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by, the terms and conditions set out therein, including the appointment of the Security Agent to hold the Security and to exercise the rights arising under the Pledge Agreement for the benefit of the Noteholders and the other Secured Parties.

The Pledge Agreement also contains provisions regulating the priority of the application of amounts forming part of the Security among the persons entitled thereto.

(c) Priorities of payment

(i) Notes Interest Available Amount

On each Quarterly Calculation Date, the Issuer Administrator shall calculate the Notes Interest Available Amount available to the Issuer in the Issuer Collection Account on the following Quarterly Payment Date.

The term **Quarterly Calculation Date** means, in relation to a Quarterly Payment Date, the third Business Day prior to such Quarterly Payment Date.

The term **Quarterly Calculation Period** means a period of three consecutive months commencing on, and including the first day of each of January, April, July and October of each year, except for the first Quarterly Calculation Period which will commence on the Closing Date and end on and include the last day of December 2017.

Prior to the delivery of an Enforcement Notice by the Security Agent, the sum of the following amounts, which have been received or deposited during the Quarterly Calculation Period immediately preceding such Quarterly Calculation Date or, for items (i), (viii) and (ix), which will have been received at the latest on the corresponding Quarterly Payment Date, will be the **Notes Interest Available Amount**:

(i) any amounts received under the Cap Agreement excluding any Cap Collateral transferred by the Cap Provider pursuant to the Cap Agreement;

(ii) any interest received by the Issuer on the Mortgage Receivables;

(iii) any Prepayment Penalties and default interest received by the Issuer on the Mortgage Receivables;

(iv) all other monies received by the Issuer in respect of the Mortgage Receivables to the extent these do not relate to principal;

(v) all amounts received in connection with a repurchase or sale of a Mortgage Receivables or in respect of other amounts received under the Mortgage Receivables Purchase Agreement, to the extent they do not relate to principal;

(vi) any interest accrued and received on sums standing to the credit of the Transaction Accounts (with the exception of the Cap Collateral Accounts);

(vii) any remaining amount standing to the credit of the Issuer Collection Account (other than (A) an amount yet included in the Notes Interest Available Amount under items (i) to (vi) (inclusive) or items (viii) to (x) (inclusive) or the Notes Redemption Available Amount, (B) amounts received in respect of the new running Quarterly Calculation Period and (C) amounts of retained interest for non-Eligible Holders), as reasonably determined by the Issuer Administrator in accordance with the Transaction Documents;

(viii) any amounts to be drawn from the Liquidity Funding Account (to the extent available) in accordance with the Common Representative Appointment Agreement on the immediately succeeding Quarterly Payment Date;

(ix) any amounts to be drawn from the Reserve Account (to the extent available) in accordance with the Common Representative Appointment Agreement on the immediately succeeding Quarterly Payment Date;

(x) any amounts received as Post-Foreclosure Proceeds on the Mortgage Receivables;

(xi) as long as any Class A Notes are outstanding, the Notes Redemption Available Amount that may be used to fund a Class A Interest Shortfall in accordance with the Principal Priority of Payments, to the extent that the sum of items (i) to (ix) (inclusive) above is not sufficient to cover item (i) to (iii) of the Pre-FORD Interest Priority of Payments or in item (i) to (iii) of the Post-FORD Interest Priority of Payments; and

(xii) if, and to the extent the Class B Notes have been redeemed, any amount referred to in item (f) of the Principal Priority of Payments.

minus

funds deducted from the Issuer Collection Account during the applicable Quarterly Calculation Period as referred to in Condition 4.2(c)(ii),

and excluding, for the avoidance of doubt

any amounts received by the Issuer and payable to the Cap Provider in respect of Tax Credits.

(ii) Payments during any Interest Period

Provided no Enforcement Notice has been given, amounts due and payable by the Issuer:

(a) to satisfy any expenses referred to in items (i) and (ii) of the Pre-FORD Interest Priority of Payments or in items (i) and (ii) of the Post-FORD Interest Priority of Payments that become due and payable at such time; and

(b) in respect of payments to the MPT Provider of any amount previously credited to the Transaction Accounts in error;

may be paid by the Issuer on a date that is not a Quarterly Payment Date provided there are sufficient funds available in the Issuer Collection Account or (solely for the purposes of (a) above) can be drawn from the Reserve Account.

(iii) Interest Priority of Payments before the First Optional Redemption Date

On each Quarterly Payment Date prior to the issuance of an Enforcement Notice and up to (and including) the First Optional Redemption Date, the Issuer Administrator on behalf of the Issuer shall apply the Notes Interest Available Amount in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that the Issuer Collection Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the **Pre-FORD Interest Priority of Payments**):

(i) *first*, in or towards payment *pari passu* and *pro rata* of the following expenses of the Issuer:

(A) the amounts due and payable to the MPT Provider;

(B) the amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Securities Settlement System;

(C) the amounts due and payable to the FSMA and/or the *FOD Economie*;

(D) the amounts due and payable to Euronext Brussels;

(E) the amounts due and payable to the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(F) the amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(G) the amounts due and payable to Accesso VZW;

(H) the amounts due and payable to the Auditor;

(I) the amounts due and payable to the Rating Agencies;

(J) the amounts due and payable to the Security Agent;

(K) the amounts due and payable to the Floating Rate GIC Provider (including negative interest on the Transaction Accounts (other than the Cap Collateral Account), if any);

(L) the amounts due and payable to the Domiciliary Agent;

(M) the amounts due and payable to the Reference Agent;

(N) the amounts due and payable to the Listing Agent;

(O) the amounts due and payable to the Issuer Administrator;

(P) the amounts due and payable to European Data Warehouse GmbH;

(Q) the amounts due and payable to the Directors, if any;

(R) the amounts due and payable to the Cap Provider, if any;

(S) the amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes; and

(T) the amounts due and payable to the Issuer into the Share Capital Account under Clause 10.2 of the Common Representative Appointment Agreement;

(ii) *second*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts that the Issuer Administrator certifies are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (i) above in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;

(iii) *third*, in or towards satisfaction of, *pro rata* and *pari passu*, (a) all amounts of Accrued Interest due and payable in respect of the Class A1 Notes, and (b) all amounts of Accrued Interest due and payable in respect of the Class A2 Notes;

(iv) *fourth*, in or towards satisfaction of all amounts debited to the Class A Principal Deficiency Ledger, until any debit balance on the Class A Principal Deficiency Ledger is reduced to zero;

(v) *fifth*, in or towards satisfaction of any sums required to replenish (as the case may be) the Liquidity Funding Account up to the amount of the Liquidity Funding Account Required Amount;

(vi) *sixth*, in or towards satisfaction of all amounts required to replenish (as the case may be) the Reserve Account up to the Reserve Account Required Amount;

(vii) *seventh*, in or towards satisfaction of all amounts debited to the Class B Principal Deficiency Ledger, until any debit balance on the Class B Principal Deficiency Ledger is reduced to zero;

(viii) *eighth*, in or towards satisfaction of, *pro rata* and *pari passu*, all amounts of Accrued Interest due in respect of the Class B Notes;

(ix) *ninth*, in or towards satisfaction of all amounts debited to the Class B Interest Deficiency Ledger, until any debit balance on the Class B Interest Deficiency Ledger is reduced to zero;

(x) *tenth*, in or towards satisfaction of, pro rata and pari passu, all amounts of Accrued Interest due in respect of the Class C Notes;

(xi) *eleventh*, in or towards satisfaction of all amounts debited to the Class C Interest Deficiency Ledger, until any debit balance on the Class C Interest Deficiency Ledger is reduced to zero;

(xii) *twelfth*, in or towards satisfaction of, pari passu and pro rata, amounts of principal due and unpaid in respect of the Class C Notes, on the Quarterly Payment Date whereon the Class A Notes have been or are to be redeemed in full and each Quarterly Payment Date thereafter;

(xiii) *thirteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(xiv) *fourteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(xv) *fifteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(xvi) *sixteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(xvii) *seventeenth*, in or towards satisfaction of the Deferred Purchase Price Instalment to the Seller.

The **Share Capital Account** means the bank account opened by the Issuer with BNP Paribas Fortis SA/NV in which (i) the share capital portion allocated to Compartment No. 4; (ii) the amounts credited at item (i)(T) of the Interest Priority of Payments; and (iii) the interest accrued on the Share Capital Account are held.

(iv) Class A Additional Amounts

On each Quarterly Payment Date as from the First Optional Redemption Date and in accordance with the Post-FORD Interest Priority of Payments and until the Class A Notes have been redeemed in full, the Class A Additional Amounts will be equal to the positive amount (if any) of the Notes Interest Available Amount remaining after amounts payable under items (i) to (ix) (inclusive) of the Post-FORD Interest Priority of Payments have been fully satisfied on such Quarterly Payment Date (the **Class A Additional Amounts**).

Until Class A Notes have been fully redeemed, and provided amounts are available as described in the preceding paragraph, any Class A Additional Amounts will be added to the Notes Redemption Available Amount.

(v) Interest Deficiency Ledgers

Interest Deficiency Ledgers will be established by the Issuer Administrator on behalf of the Issuer in respect of the Class B Notes (the **Class B Interest Deficiency Ledger**) and the Class C Notes (the **Class C Interest Deficiency Ledger**) in order to record any shortfalls in the payment of interest on the Class B Notes and the Class C Notes, as applicable, in accordance with Conditions 4.4(o) and 4.4(p).

Non-payment of interest due on the Class B Notes and the Class C Notes will not cause an Event of Default.

(vi) Interest Deficiency Allocation and Coupon Excess Consideration

Event of Default in respect of failure to pay the interest due under Class A Notes

Subject to Condition 4.9 (Events of Default), it shall be an Event of Default under the Class A Notes if on any Quarterly Payment Date, the Accrued Interest under and in respect of the

Class A Notes has not been paid in full and remain unpaid ten (10) Business Days after such due date.

Non-payment of Coupon Excess Consideration will not cause an Event of Default.

Coupon Excess Consideration

Two ledgers, known as the Class A1 Coupon Excess Consideration Deficiency Ledger and the Class A2 Coupon Excess Consideration Deficiency Ledger (together referred to as the **Coupon Excess Consideration Deficiency Ledgers**) will be established by the Issuer Administrator on behalf of the Issuer in respect of each of the Sub-Classes of Class A Notes in order to record any amounts of Coupon Excess Consideration that have not been (fully) paid out on the relevant Quarterly Payment Date(s) to the Class A Noteholders. The balance of the respective Coupon Excess Consideration Deficiency Ledger existing on any Quarterly Calculation Date shall on the next succeeding Quarterly Payment Date be reduced with the pro-rata amount of Coupon Excess Consideration Surplus, if any, to be allocated to the Class A1 Coupon Excess Consideration Deficiency Ledger and the Class A2 Coupon Excess Consideration Deficiency Ledger.

Whereby:

> **Coupon Excess Consideration** means, in respect of each relevant Sub-Class of Class A Notes, the amount obtained by the product of, in respect of any Quarterly Calculation Date as from the First Optional Redemption Date, (i) the Principal Amount Outstanding of the relevant Class A1 Notes and Class A2 Notes respectively and (ii) the positive difference (excess) between the relevant Coupon Rate and the relevant Maximum Rate, multiplied by the actual number of days elapsed in the then current Interest Period divided by 360 days;
>
> **Class A1 Coupon Excess Consideration Deficiency Ledger** means the coupon excess consideration deficiency ledger relating to the Class A1 Notes; and
>
> **Class A2 Coupon Excess Consideration Deficiency Ledger** means the coupon excess consideration deficiency ledger relating to the Class A2 Notes.
>
> **Coupon Excess Consideration Deficiency** means any shortfall reflected in the Coupon Excess Consideration Deficiency Ledgers, if any, of the relevant Coupon Excess Consideration.
>
> **Coupon Excess Consideration Surplus** means, on any Quarterly Calculation Date, the sum of (i) the Notes Interest Available Amount and (ii) the Notes Redemption Available Amount to be allocated to the Coupon Excess Consideration Deficiency Ledgers on the next succeeding Quarterly Payment Date in accordance with the Interest Priority of Payments or the Principal Priority of Payments, as applicable.

For the avoidance of doubt, upon the final redemption of the Class A1 Notes and if the Class A1 Coupon Excess Consideration Deficiency Ledger has not been reduced to zero at such time, the Noteholders of the Class A1 Notes shall continue to have a claim on the Coupon Excess Consideration due but not paid and such Coupon Excess Consideration shall be payable as soon as amounts are available to that effect in accordance with the applicable Priority of Payments. Upon the final redemption of the Class A2 Notes and if the Class A2 Coupon Excess Consideration Deficiency Ledger has not been reduced to zero at such time, the Noteholders of the Class A2 Notes shall continue to have a claim on the Coupon Excess Consideration due but not paid and such Coupon Excess Consideration shall become

payable as soon as amounts are available to that effect in accordance with the applicable Priority of Payments.

On each Quarterly Payment Date as from the First Optional Redemption Date, the Class A Noteholders will, in accordance with the Post-FORD Interest Priority of Payments or the Principal Priority of Payments, on a *pro-rata* and *pari passu* basis and in accordance with the respective Principal Amounts Outstanding of the Class A1 Notes and the Class A2 Notes at such time, be entitled to the Coupon Excess Consideration, if any.

The Coupon Excess Consideration will be subordinated to payments of a higher order of priority including, but not limited to, any amounts necessary to (i) make good any shortfall reflected in the Class A Principal Deficiency Ledgers until the debit balance, if any, on the Class A Principal Deficiency Ledgers is reduced to zero, (ii) replenish the Liquidity Funding Account up to the amount of the Liquidity Funding Account Required Amount, and (iii) replenish the Reserve Account up to the amount of the Reserve Account Required Amount.

The credit ratings assigned by the Rating Agencies do not address the likelihood of any payment of the Coupon Excess Consideration and failure to pay any Coupon Excess Consideration will not cause an Event of Default.

(vii) Interest Priority of Payments as from the First Optional Redemption Date

Prior to the service of an Enforcement Notice and as from (but excluding) the First Optional Redemption Date, the Notes Interest Available Amount will be applied by the Issuer on the immediately succeeding Quarterly Payment Date as follows (in each case, only if, and to the extent that the Issuer Collection Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the **Post-FORD Interest Priority of Payments** and together with the Pre-FORD Interest Priority of Payments, each (where relevant) the **Interest Priority of Payments**):

(i) *first*, in or towards payment *pari passu* and *pro rata* of the following expenses of the Issuer:

(A) the amounts due and payable to the MPT Provider;

(B) the amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Securities Settlement System;

(C) the amounts due and payable to the FSMA and/or the FOD Economie;

(D) the amounts due and payable to Euronext Brussels;

(E) the amounts due and payable to the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(F) the amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(G) the amounts due and payable to Accesso VZW;

(H) the amounts due and payable to the Auditor;

(I) the amounts due and payable to the Rating Agencies;

(J) the amounts due and payable to the Security Agent;

(K) the amounts due and payable to the Floating Rate GIC Provider (including negative interest on the Transaction Accounts (other than the Cap Collateral Account), if any);

(L) the amounts due and payable to the Domiciliary Agent;

(M) the amounts due and payable to the Reference Agent;

(N) the amounts due and payable to the Listing Agent;

(O) the amounts due and payable to the Issuer Administrator;

(P) the amounts due and payable to European Data Warehouse GmbH;

(Q) the amounts due and payable to the Directors, if any;

(R) the amounts due and payable to the Cap Provider, if any;

(S) the amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes; and

(T) the amounts due and payable to the Issuer into the Share Capital Account under Clause 10.2 of the Common Representative Appointment Agreement;

(ii) *second*, in or towards satisfaction of, pari passu and pro rata, all amounts that the Issuer Administrator certifies are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (i) above in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;

(iii) *third*, in or towards satisfaction of, pro rata and pari passu, all amounts of Accrued Interest due and payable in respect of the Class A1 Notes and the Class A2 Notes;

(iv) *fourth*, in or towards satisfaction of all amounts debited to the Class A Principal Deficiency Ledger, until any debit balance on the Class A Principal Deficiency Ledger is reduced to zero;

(v) *fifth*, in or towards satisfaction of any sums required to replenish (as the case may be) the Liquidity Funding Account up to the amount of the Liquidity Funding Account Required Amount;

(vi) *sixth*, in or towards satisfaction of all amounts required to replenish (as the case may be) the Reserve Account up to the Reserve Account Required Amount;

(vii) *seventh*, for as long as the Class A Notes have not been redeemed in full, in or towards satisfaction pro-rata and pari passu, of all amounts of Coupon Excess Consideration due and payable in respect of the Class A1 Notes and the Class A2 Notes;

(viii) *eighth*, in or towards making good (pro-rata and pari passu) any shortfall reflected in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

(ix) *ninth*, in or towards satisfaction of all amounts debited to the Class B Principal Deficiency Ledger, until any debit balance on the Class B Principal Deficiency Ledger is reduced to zero;

(x) *tenth*, for as long as the Class A Notes are not redeemed in full, in or towards funding the Class A Additional Amounts to be added to the Notes Redemption Available Amounts on the same Quarterly Calculation Date;

(xi) *eleventh*, in or towards satisfaction of, pro rata and pari passu, all amounts of Accrued Interest due in respect of the Class B Notes;

(xii) *twelfth*, in or towards satisfaction of all amounts debited to the Class B Interest Deficiency Ledger, until any debit balance on the Class B Interest Deficiency Ledger is reduced to zero;

(xiii) *thirteenth*, in or towards satisfaction of, pro rata and pari passu, all amounts of Accrued Interest due in respect of the Class C Notes;

(xiv) *fourteenth*, in or towards satisfaction of all amounts debited to the Class C Interest Deficiency Ledger, until any debit balance on the Class C Interest Deficiency Ledger is reduced to zero;

(xv) *fifteenth*, in or towards satisfaction of, pari passu and pro rata, amounts of principal due and unpaid in respect of the Class C Notes, on the Quarterly Payment Date whereon the Class A Notes have been or are to be redeemed in full and each Quarterly Payment Date thereafter;

(xvi) *sixteenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(xvii) *seventeenth*, in or towards satisfaction of interest due or interest accrued but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(xviii) *eighteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Expenses Subordinated Loan in accordance with the terms of the Expenses Subordinated Loan Agreement;

(xix) *nineteenth*, in or towards satisfaction of principal due and payable but unpaid in respect of the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;

(xx) *twentieth*, in or towards satisfaction of the Deferred Purchase Price Instalment to the Seller.

(viii) Notes Redemption Available Amount

On each Quarterly Calculation Date, prior to the issuance of an Enforcement Notice, the Issuer Administrator shall calculate the amount of principal funds which will be available to the Issuer in the Issuer Collection Account on the following Quarterly Payment Date to satisfy its obligations under the Notes by reference to the applicable Quarterly Calculation Period, and such principal funds (the **Notes Redemption Available Amount**) shall be the sum of the following:

(a) the aggregate amount of any repayment and prepayment of principal amounts under the Mortgage Receivables received from any person (but excluding Prepayment Penalties, if any);

(b) the aggregate of any amounts received:

(i) in respect of a repurchase of Mortgage Receivables by the Seller under the Mortgage Receivables Purchase Agreement; and

(ii) in respect of any other amounts received by the Issuer under the Mortgage Receivables Purchase Agreement in connection with the Mortgage Receivables,

in each case, to the extent such amounts relate to principal amounts;

(c) any amounts to be credited to the Principal Deficiency Ledgers on the immediately following Quarterly Payment Date pursuant to items (iv) and (vii) of the Pre-FORD Interest Priority of Payments and items (iv) and (ix) of the Post-FORD Interest Priority of Payments;

(d) any Notes Redemption Available Amount calculated on the immediately preceding Quarterly Calculation Date which has not been applied towards satisfaction of the items set forth in the Principal Priority of Payments on the immediately preceding Quarterly Payment Date;

(e) the Class A Additional Amounts as calculated on the same Quarterly Calculation Date;

(f) any amounts received as Net Proceeds on any Mortgage Receivables; and

(g) in respect of the first (1st) Quarterly Payment Date, the positive difference between the Principal Amount Outstanding of the Collateralized Notes on the Closing Date and the Current Balances of all Mortgage Receivables on the Closing Date.

The **Principal Amount Outstanding** of a Note on any date shall be the principal amount of that Note upon issue less the aggregate amount of all payments of principal in respect of such Note that have been paid by the Issuer since the Closing Date and on or prior to such date.

Post-foreclosure Proceeds shall mean any amounts received, recovered or collected from a Borrower or a third party collateral provider in respect of a Mortgage Receivable in addition to Net Proceeds, following completion of foreclosure on the Mortgage and other collateral securing the Mortgage.

Net Proceeds shall mean (a) the proceeds of a foreclosure on the Mortgage, (b) the proceeds of foreclosure on any other collateral securing the Mortgage Receivable, (c) the proceeds, if any, of collection of any insurance policies in connection with the Mortgage Receivable, including but not limited to any Insurance Policy, (d) the proceeds of foreclosure on any other assets of the relevant debtor, after deduction of foreclosure costs or (e) the proceeds on an amicable sale of a property (it being understood that the Net Proceeds refer only the amount needed to redeem the Outstanding Principal Amount of such Mortgage Receivable(s)).

(ix) Pre-enforcement Principal Priority of Payments

Prior to the issuance of an Enforcement Notice, the Issuer shall, on each Quarterly Payment Date, apply the Notes Redemption Available Amount (if any) in making the following payments or provisions, in the following order of priority (in each case, only if, and to the extent that the Issuer Collection Account would not be overdrawn, and to the extent that payments or provisions of a higher order of priority have been made in full, and to the extent that such liabilities are due by and recoverable against the Issuer) (the **Principal Priority of Payments**):

(a) for so long as any Class A Notes are outstanding, *first*, in or towards funding, pari passu and pro rata, any Class A Interest Shortfall which has become due during the relevant Interest Period in accordance with the Interest Priority of Payments;

(b) *second*, in redeeming, pari passu and pro rata, all principal amounts outstanding in respect of the Class A1 Notes until all of the Class A1 Notes have been redeemed in full;

(c) *third*, in redeeming, pari passu and pro rata, all principal amounts outstanding in respect of the Class A2 Notes until all of the Class A2 Notes have been redeemed in full;

(d) *fourth*, as from the First Optional Redemption Date, in or towards satisfaction pari passu and pro rata, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid (after the application of the Post-FORD Interest Priority of Payments) in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

(e) *fifth*, in redeeming, pari passu and pro rata, all principal amounts outstanding in respect of the Class B Notes until all of the Class B Notes have been redeemed in full; and

(f) *sixth*, if, and to the extent the Class B Notes have been fully redeemed, any remaining amount will be added to the Notes Interest Available Amount.

(x) Redemption of Class C Notes from Notes Interest Available Amount only

Notes Redemption Available Amount shall not be used to redeem the Class C Notes. Amounts due and payable under the Class C Notes shall be paid from the Notes Interest Available Amount under item (x) to (xii) of the Pre-FORD Interest Priority of Payments and item (xiii) to (xv) of the Post-FORD Interest Priority of Payments in accordance with Condition 4.5(b)(vi).

(xi) Post-enforcement Priority of Payments up to (but excluding) the First Optional Redemption Date

Following the service of an Enforcement Notice and up to (but excluding) the First Optional Redemption Date, all monies standing to the credit of the Transaction Accounts (subject, in the case of the Cap Collateral Accounts, to the provisions of the Common Representative Appointment Agreement) and received by the Issuer (or the Security Agent or the Issuer Administrator) will be applied in the following priority (the **Pre-FORD Post-enforcement Priority of Payment**s) (if and to the extent that payments or provisions of a higher order have been made and to the extent that such liabilities are due by and recoverable against the Issuer):

(a) *first*, in or towards satisfaction of all amounts due and payable to any receiver or agent appointed by the Security Agent for the enforcement of the Security and any costs, charges, liabilities and expenses incurred by such receiver or agent together with interest as provided in the Pledge Agreement;

(b) *second*, in or towards *satisfaction* of all amounts due and payable to the Security Agent, together with interest thereon as provided in the Pledge Agreement;

(c) *third*, in or towards all *amounts* due to the Issuer Administrator acting in that capacity;

(d) *fourth*, in or towards *satisfaction* of all amounts due and payable to the MPT Provider;

(e) fifth, in or towards satisfaction of pari passu and pro rata:

(A) all amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Securities Settlement System;

(B) all amounts due and payable to the FSMA and/or the FOD Economie;

(C) all amounts due and payable to Euronext Brussels;

(D) all amounts due and payable to the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(E) all amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(F) all amounts due and payable to Accesso VZW;

(G) all amounts due and payable to the Auditor;

(H) all amounts due and payable to the Rating Agencies;

(I) all amounts due and payable to the Floating Rate GIC Provider (including negative interest on the Transaction Accounts (other than the Cap Collateral Account), if any);

(J) all amounts due and payable to the Domiciliary Agent;

(K) all amounts due and payable to the Reference Agent;

(L) all amounts due and payable to the Listing Agent;

(M) all amounts due and payable to European Data Warehouse GmbH;

(N) all amounts due and payable to the Directors, if any;

(O) the amounts due and payable to the Cap Provider, if any

(P) all amounts due and payable to the Issuer into the Share Capital Account under Clause 10.2 of the Common Representative Appointment Agreement; and

(Q) all other amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes;

(f) *sixth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts that the Issuer Administrator *certifies* are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (e) above in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;

(g) *seventh*, in or *towards* satisfaction of, *pari passu* and *pro rata*, (a) all amounts of interest due or overdue in respect of the Class A1 Notes, and (b) all amounts of interest due or overdue in respect of the Class A2 Notes;

(h) *eighth*, until the Class A Notes have been redeemed in full, in or towards redemption of, *pari passu* and *pro rata*, *according* to the respective amounts thereof, (a) all amounts of principal outstanding in respect of the Class A1 Notes until redeemed in full, and (b) all amounts of principal outstanding in respect of the Class A2 Notes until redeemed in full;

(i) *ninth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts of interest due or overdue in respect of the Class B Notes;

(j) *tenth*, in or towards redemption of, *pari passu* and *pro rata*, all amounts of principal due but unpaid in respect of the Class B Notes;

(k) *eleventh*, in or towards satisfaction of, *pari passu* and *pro rata*, all interest due or overdue and principal due but unpaid in respect of the Class C Notes;

(l) *twelfth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Expenses Subordinated Loan;

(m) *thirteenth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan; and

(n) *fourteenth*, in or towards satisfaction of the Deferred Purchase Price Instalment to the Seller,

it being understood that amounts resulting from collateral standing to the credit of the Cap Collateral Accounts shall only be applied in accordance with the Pre-FORD Post-Enforcement Priority of Payments to the extent such amounts cover the Cap Provider's liability to the Issuer under the Cap Agreement as at the date of termination of the transaction under the Cap Agreement, the remainder of the amount standing to the credit of the Cap Collateral Accounts shall be released directly to the Cap Provider.

(xii) Post-enforcement Priority of Payments as of First Optional Redemption Date

Following the service of an Enforcement Notice and as of the First Optional Redemption Date, all monies standing to the credit of the Transaction Accounts (subject, in the case of the Cap Collateral Accounts, to the provisions of the Common Representative Appointment Agreement) and received by the Issuer (or the Security Agent or the Issuer Administrator) will be applied in the following priority (the **Post-FORD Post-Enforcement Priority of Payments** and, together with the Pre-FORD Post-Enforcement Priority of Payments, the **Post-Enforcement Priority of Payments**) (if and to the extent that payments or provisions of a higher order have been made and to the extent that such liabilities are due by and recoverable against the Issuer):

(i) *first*, in or towards satisfaction of all amounts due and payable to any receiver or agent appointed by the Security Agent for the enforcement of the security and any costs, charges, liabilities and expenses incurred by such receiver or agent together with interest as provided in the Pledge Agreement;

(ii) *second*, in or towards satisfaction of all amounts due and payable to the Security Agent, together with interest thereon as provided in the Pledge Agreement;

(iii) *third*, in or towards all amounts due to the Issuer Administrator acting in that capacity;

(iv) *fourth*, in or towards satisfaction of all amounts due and payable to the MPT Provider;

(v) *fifth*, in or towards satisfaction of pari passu and pro rata:

(A) all amounts due and payable to the National Bank of Belgium in relation to the use of Securities Settlement System or any Alternative Securities Settlement System;

(B) all amounts due and payable to the FSMA and/or the FOD Economie;

(C) all amounts due and payable to Euronext Brussels;

(D) all amounts due and payable to the CFI (*Controledienst voor Financiële Informatie/Service de Contrôle de l'Information Financière*);

(E) all amounts due and payable to the *Fonds voor bestrijding van de overmatige schuldenlast/Fonds de Traitement du Surendettement*;

(F) all amounts due and payable to Accesso VZW;

(G) all amounts due and payable to the Auditor;

(H) all amounts due and payable to the Rating Agencies;

(I) all amounts due and payable to the Floating Rate GIC Provider (including negative interest on the Transaction Accounts (other than the Cap Collateral Account), if any);

(J) all amounts due and payable to the Domiciliary Agent;

(K) all amounts due and payable to the Reference Agent;

(L) all amounts due and payable to European Data Warehouse GmbH;

(M) all amounts due and payable to the Directors, if any;

(N) the amounts due and payable to the Cap Provider, if any

(O) all amounts due and payable to the Issuer into the Share Capital Account under Clause 10.2 of the Common Representative Appointment Agreement; and

(P) all other amounts due and payable to third parties for any payment of the Issuer's liability, if any, for taxes;

(vi) *sixth*, in or towards satisfaction of, *pari passu* and *pro rata*, all amounts that the Issuer Administrator certifies are due and payable by the Issuer to third parties (other than any Secured Parties) that are not yet included in item (v) above in the normal course of its business conducted in accordance with its by-laws and the Transaction Documents;

(vii) *seventh*, in or towards satisfaction of, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) all amounts of interest due or overdue in respect of the Class A1 Notes, and (b) all amounts of interest due or overdue in respect of the Class A2 Notes, which are calculated on the basis of the Coupon Rate capped at the Maximum Rate;

(viii) *eighth*, until the Class A Notes have been redeemed in full, in or towards redemption of, *pari passu* and *pro rata*, according to the respective amounts thereof, (a) all amounts of principal outstanding in respect of the Class A1 Notes until redeemed in full, and (b) all amounts of principal outstanding in respect of the Class A2 Notes until redeemed in full;

(ix) *ninth*, in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero;

(x) *tenth*, in or towards satisfaction of, *pari passu* and *pro rata,* all amounts of interest overdue in respect of the Class B Notes;

(xi) *eleventh*, in or towards redemption of, *pari passu* and *pro rata,* all amounts of principal outstanding and any other amount due but unpaid in respect of the Class B Notes until redeemed in full;

(xii) *twelfth*, in or towards satisfaction of, *pari passu* and *pro rata*, all interest overdue and principal due but unpaid and any other amount due but unpaid due in respect of the Class C Notes;

(xiii) *thirteenth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Expenses Subordinated Loan;

(xiv) *fourteenth*, in or towards satisfaction of all amounts of interest due, interest accrued and principal due but unpaid in respect of the Subordinated Loan; and

(xv) *fifteenth*, in or towards satisfaction of the Deferred Purchase Price Instalment to the Seller.

(xiii) Calculations in case of Disruption

If no mortgage statement to be delivered by the MPT Provider pursuant to the Issuer Services Agreement (the Mortgage Statement) is delivered by the MPT Provider to the Issuer Administrator in accordance with the terms of the Issuer Services Agreement (a Disruption), the Notes Interest Available Amount and the Notes Redemption Available Amount shall be determined in accordance with the Issuer Services Agreement.

Notwithstanding any other provision in any of the Transaction Documents, if the Issuer Administrator does not receive a Mortgage Statement from the MPT Provider with respect to a Monthly Calculation Period in accordance with Clause 4.7 of the Issuer Services Agreement, the Issuer and the Issuer Administrator on its behalf may use the three most recent Mortgage Statements to calculate the amounts available for payments as a result of determinations made by the Issuer Administrator during the period when no Mortgage Statement was available, as further set out in Clause 4.7 (d) and Schedule 8 of the Issuer Services Agreement.

When the Issuer Administrator receives the Mortgage Statements relating to the Monthly Calculation Periods for which such calculations have been made, it will make reconciliation calculations to determine any Disruption Overpaid Amount or any Disruption Underpaid Amount and will make the reconciliation payments or withholdings on the following Quarterly Payment Date as set out in the Issuer Services Agreement.

Any (i) calculations properly done on the basis of such estimates in accordance with the Issuer Services Agreement, and (ii) payments made and not made under any of the Notes and Transaction Documents in accordance with such calculations and (iii) reconciliation calculations and reconciliation payments made or payments not made as a result of such reconciliation calculations, each in accordance with Clause 4.7 (d) and Schedule 8 of the Issuer Services Agreement, shall be deemed to be done, made or not made in accordance with the provisions of the applicable Priority of Payments and the Transaction Documents and will in itself not lead to an Event of Default or any other default under any of the Transaction Documents or breach of any triggers included therein (including but not limited to Notification Events).

Disruption Overpaid Amount means any Secured Parties Overpaid Amount and any Notes Disruption Overpaid Amount.

Disruption Underpaid Amount means any Secured Parties Underpaid Amount and any Notes Disruption Underpaid Amount.

Notes Disruption Overpaid Amount means any amount overpaid on the Notes on a Quarterly Payment Date as a consequence of insufficient information being available to calculate the exact amount due on the Notes following a Disruption as determined in accordance with Schedule 8 of the Issuer Services Agreement.

Notes Disruption Underpaid Amount means any amount underpaid on the Notes on a Quarterly Payment Date as a consequence of insufficient information being available to calculate the exact amount due on the Notes following a Disruption as determined in accordance with Schedule 8 of the Issuer Services Agreement.

Secured Parties Overpaid Amount means any amount overpaid to the Secured Parties (other than the Noteholders) as a consequence of insufficient information being available to calculate the exact amount due to these Secured Parties following a Disruption as determined in accordance with Schedule 8 of the Issuer Services Agreement.

Secured Parties Underpaid Amount means any amount underpaid to the Secured Parties (other than the Noteholders) as a consequence of insufficient information being available to calculate the exact amount due to these Secured Parties following a Disruption as determined in accordance with Schedule 8 of the Issuer Services Agreement.

4.3 Covenants of the Issuer

Save with the prior written consent of the Security Agent or as otherwise provided in, or envisaged by the Transaction Documents, the Issuer undertakes with the Secured Parties that, so long as any Note remains outstanding, it (or the Issuing Company, as the case may be) shall not:

(a) engage in or carry on any business or activity other than the business of purchasing receivables from a third party by using different compartments and to finance such acquisitions by issuing securities or by attracting other forms of funding through such compartments and the related activities described therein and in respect of that business;

(b) in relation to Compartment No. 4 and the Transaction, engage in any activity or do anything whatsoever except:

(i) own and exercise its rights in respect of the Pledged Assets and its interests therein and perform its obligations in respect of the Pledged Assets;

(ii) preserve and/or exercise and/or enforce any of its rights and perform and observe its obligations under the Transaction Documents;

(iii) to the extent permitted by the terms of any of the Transaction Documents, pay dividends or make other distributions in the manner permitted by applicable law;

(iv) use, invest or dispose of any of its property or assets in the manner provided in or contemplated by the Transaction Documents; and

(v) perform any act incidental to or necessary in connection with (i), (ii), (iii) or (iv) above;

(c) in relation to Compartment No. 4 and the Transaction, save as permitted by the Transaction Documents, create, incur or suffer to exist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness;

(d) in relation to Compartment No. 4 and the Transaction, create or agree to create or permit to exist (or consent to cause or permit in the future upon the occurrence of a contingency or otherwise) any mortgage, charge, pledge, lien or other security interest whatsoever over any of its assets other than as expressly contemplated by the Transaction Documents;

(e) sell, transfer, exchange or otherwise dispose of any part of its property or assets or undertaking, present or future (including any Pledged Assets) in relation to Compartment No. 4 other than as expressly contemplated by the Transaction Documents;

(f) consolidate or merge with or into any other person or convey or transfer its property or assets substantially or as an entirety to any person, other than as contemplated by the Transaction Documents;

(g) permit the validity or effectiveness of the Pledge Agreement or any other Transaction Document or the priority of the Security to be amended, terminated postponed or discharged, or permit any person whose obligations form part of the Pledged Assets to be released from such obligations;

(h) amend, supplement or otherwise modify its by-laws (*statuten/statuts*) or any provisions of these covenants save to the extent that such modifications are required by law or relate only to other securitisation transactions that do not adversely affect the assets and liabilities of Compartment No. 4 or as agreed upon with the Security Agent;

(i) have any employees or premises or own shares in or otherwise form or cause to be formed any subsidiary or any company allowing the Issuer to exercise a significant influence on the Issuer Administrator;

(j) in relation to Compartment No. 4 and the Transaction, have an interest in any bank account, other than the Transaction Accounts and the Share Capital Account, unless such account or interest is pledged or charged to the Secured Parties on terms acceptable to the Security Agent;

(k) in relation to Compartment No. 4 and the Transaction, issue any further Notes or any other type of security;

(l) reallocate any assets from Compartment No. 4 to any other Compartment;

(m) have an established place of business in any other jurisdiction than Belgium;

(n) enter into transactions which are not at arm's length;

(o) sell, exchange or transfer any property or assets of Compartment No. 4 to any third party except in accordance with the Transaction Documents;

(p) amend or procure that the MPT Provider does not amend, any terms of the Loans other than in accordance with the provisions or variations as set out in the Common Representative Appointment Agreement, the Pledge Agreement and/or the Issuer Services Agreement;

(q) waive or alter any rights it may have with respect to the Transaction Documents or take any action, or fail to take any action, if such action or failure to take action may interfere with the validity, effectiveness or enforcement of any rights under the Transaction Documents with respect to the rights, benefits or obligations of the Security Agent; and

(r) fail to pay any tax which it is required to pay, or fail to defend any action, if such failure to pay or defend may adversely affect the priority or enforceability of the Security created by or pursuant to the Pledge Agreement or which would have the direct or indirect effect of causing any amount to be deducted or withheld from any payment in relation to the Notes or the Transaction Documents to which it is a party on account of tax.

In giving any consent to any of the foregoing, the Security Agent may, without the consent of the Noteholders, require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Security Agent may deem reasonably necessary (in its absolute discretion) in the interest of the Noteholders.

In determining whether or not to give any proposed consent, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company or adviser (other than the Rating Agencies) whether obtained by itself or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its gross negligence, being negligence of such a serious nature that no other prudent security agent would have acted similarly (**Gross Negligence**), wilful misconduct or fraud.

The Issuer, further covenants towards the Secured Parties as follows:

(a) at all times to carry on and conduct its affairs in a proper, prudent and efficient manner in accordance with Belgian law;

(b) to give to, and procure that is given to, the Security Agent such information and evidence (and in such form) as the Security Agent shall reasonably require for the purpose of the discharge of the duties, powers, authorities and discretions vested in it under or pursuant to Condition 4.12 (*The Security Agent*), the Common Representative Appointment Agreement and the Pledge Agreement;

(c) to cause to be prepared and certified by its auditors, in respect of each financial year, accounts in such forms as will comply with the requirements for the time being of Belgian laws and regulations;

(d) in respect of Compartment No. 4, to keep proper books of accounts at all times separate from any other person or entity (or compartment) and allow the Security Agent and any person appointed by the Security Agent free access to such books of account at all reasonable times during normal business hours;

(e) forthwith after becoming aware thereof and without waiting for the Security Agent to take any action, to give notice in writing to the Security Agent of the occurrence of any Notification Event or of any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute a Notification Event or an Event of Default;

(f) at all times to execute all such further documents and do all such acts and things as may be necessary or appropriate at any time or times to give effect to the Transaction Documents;

(g) at all times to comply with and perform all its obligations under or pursuant to the Transaction Documents and to use its best endeavours to procure, so far as it is lawfully and reasonably able to do so, that the other parties thereto, comply with and perform all their respective obligations thereunder and pursuant thereto and not to terminate any of the Transaction Documents or any right or obligation arising pursuant thereto or make any amendment or modification thereto or agree to waive or authorise any material breach thereof, except as permitted under the Transaction Documents;

(h) at all times to comply with any reasonable direction given by the Security Agent in relation to the Security in accordance with the Pledge Agreement and the Common Representative Appointment Agreement;

(i) upon occurrence of a termination event under the Floating Rate GIC, subject to the terms of the Floating Rate GIC, to use its best endeavours to appoint a substitute floating rate GIC provider;

(j) upon resignation of an Agent or upon the revocation of its appointment of an Agent to use its best endeavours to appoint a substitute agent within twenty (20) Business Days, in accordance with the provisions of the Agency Agreement;

(k) to promptly exercise and enforce its rights and discretions in relation to the Cap Agreement and in particular those rights to require a transfer, collateralisation, an indemnity or a guarantee of the Cap Provider, in each case with the objective of preserving its rights under the Cap Agreement and to maintain the Cap Agreement in the best interest of the Noteholders;

(l) at no time to pledge, change or encumber the assets allocated to Compartment No. 4 otherwise than pursuant to the Pledge Agreement;

(m) that it and the Issuing Company shall at all times to keep separate bank accounts allocated to its separate Compartments;

(n) at all times will clearly identify itself as acting through Compartment No. 4;

(o) at all times pay its own liabilities with its own funds;

(p) that the Issuing Company shall at all times have adequate corporate capital or at least EUR 62,000 to run its business in accordance with the corporate purpose as set out in its by-laws;

(q) at all times not to commingle its own assets allocated to Compartment No. 4 with the assets of another Compartment or the assets of any third parties;

(r) that it and the Issuing Company shall observe at all times all applicable corporate formalities set out in its by-laws, the Securitisation Act, the Belgian Company Code and any other applicable legislation, including any requirement applicable as a consequence of admission of the Class A Notes to Euronext;

(s) that it and the Issuing Company shall comply in all respects with the specific statutory and regulatory provisions applicable to an *institutionele VBS naar Belgisch recht/SIC institutionnelle de droit belge* and refrain from all acts which could prejudice the continuation of such status at any time;

(t) it will procure that at all times, in respect of the shares of the Issuing Company:

(i) the shares of the Issuing Company will be registered shares;

(ii) the by-laws of the Issuing Company contain transfer restrictions stating that its shares can only be transferred to Qualifying Investors acting for their own account;

(iii) the by-laws of the Issuing Company provide that the Issuing Company will refuse the registration (in its share register) of the prospective purchase of shares, if it becomes aware that the prospective purchaser is not a Qualifying Investor acting for its own account;

(iv) the by-laws of the Issuing Company provide that the Issuing Company will suspend the payment of dividends in relation to its shares of which it becomes aware that these are held by a person who is not a Qualifying Investor acting for its own account; and

(v) the certificates confirming the inscription of the shares in the share register, mention that the shares may only be acquired by Qualifying Investors, acting for their own account;

(u) it will procure that, in respect of the Notes:

(i) the Conditions of the Notes will contain the selling and holding restrictions described in Section 16 (*Subscription and Sale of the Prospectus*);

(ii) the Manager will undertake pursuant to the Subscription Agreements, to sell the Notes in the primary sales only to Eligible Holders acting for their own account;

(iii) the Notes are issued in dematerialised form and are cleared through the Securities Settlement System operated by the National Bank of Belgium;

(iv) the nominal value of each individual Note is EUR 250,000 on the Closing Date;

(v) in the event that the Issuer becomes aware that Notes are held by investors other than Qualifying Investors in breach of the above requirement, the Issuer will suspend interest payments relating to these Notes until such Notes will have been transferred to and are held by Qualifying Investors acting for their own account;

(vi) the Conditions of the Notes, the by-laws of the Issuer, the Prospectus and any other document issued by the Issuer in relation to the issue and initial placing of the Notes will state that the Notes can only be acquired, held by and transferred to Qualifying Investors acting for their own account;

(vii) all notices, notifications or other documents issued by the Issuer (or a person acting on its account) and relating to transactions with the Notes or the trading of the Notes on Euronext Brussels will state that the Notes can only be acquired, held by and transferred to Qualifying Investors acting for their own account; and

(viii) the Conditions provide that the Notes may only be held by persons that are holders of an X-Account with the Securities Settlement System operated by the National Bank of Belgium or (directly or indirectly) with a Securities Settlement System Participant;

(v) to conduct at all times its business in its own name; for the avoidance of doubt, this requirement does not prejudice those provisions under the Transaction Documents which provide that certain transaction parties (including the Issuer Administrator, the MPT Provider, and the Floating Rate GIC) shall for certain purposes act on behalf of the Issuer; and

(w) if it finds or has been informed that a substantial change has occurred in the development of the Mortgage Receivables or the cash flows generated by the Mortgage Receivables or that any particular event has occurred which may materially change the ratings of the Notes, the expected financial results of the Transaction or the expected cash flows, it will without delay inform the Security Agent of such change or event.

As long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a provider of administration services and a servicer for the Mortgage Receivables, the Related Security and the Additional Security. The appointment of the Security Agent, the Issuer Administrator, the Reference Agent, the Domiciliary Agent, the Issuer Administrator, the Listing Agent, the MPT Provider, the Floating Rate GIC Provider, the Cap Provider may be terminated only as provided in the Transaction Documents.

The Issuer shall provide to the Security Agent, the Rating Agencies and the Domiciliary Agent or procure that the Security Agent, the Rating Agencies and the Domiciliary Agent are provided with the Investor Reports on or about each Quarterly Payment Date.

The Investor Reports will be made available for inspection on the website of the Issuer and will be made available upon request free of charge to any person at the office of the Domiciliary Agent

4.4 Interest

(a) Period of Accrual

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Interest on each Class of Notes will accrue at an annual rate equal to the Interest Rate (as defined in Condition 4.4(c)) in respect of the Principal Amount Outstanding on the first day of the applicable Interest Period and payable in each case on the Quarterly Payment Date at the end of an Interest Period.

Interest on the Notes shall cease to accrue on any part of the Principal Amount Outstanding of a Note as from (and including) the due date for redemption of such part unless, payment of the relevant amount of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon in accordance with this Condition (as well after as before any judgment) up to (but excluding) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, or (if earlier) the seventh (7th) calendar day after notice is duly given by the Domiciliary Agent to the relevant Noteholder (in accordance with Condition 4.14) that it has received all sums due in respect of such Note (except to the extent that there is any subsequent default in payment).

Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Interest Period (as defined in Condition 4.4(c)), such interest shall be calculated on the basis of the actual number of days elapsed in the relevant Interest Period and a 360 day year.

(b) Interest Periods and Quarterly Payment Dates

Subject to this Condition 4.4, interest on a Note is payable quarterly in arrears in Euro on each Quarterly Payment Date in respect of its Principal Amount Outstanding (if any).

The first Interest Period will commence on (and include) the Closing Date and will end on (but exclude) the first Quarterly Payment Date.

Quarterly Payment Date means the twenty-second (22^{nd}) calendar day of January, April, July and October in every year, or, if such day is not a Business Day, the immediately succeeding Business Day (each a) (and the first Quarterly Payment Date, being 22 January 2018).

Interest Period means the period from (and including) a Quarterly Payment Date (or the Closing Date in respect of the first Interest Period) to (but excluding) the immediately succeeding (or first) Quarterly Payment Date.

A **Business Day** means a day (other than a Saturday or Sunday) (i) on which banks and forex markets are open for general business in Belgium and (ii) on which the Securities Settlement System is operating and (iii) (if a payment in euro is to be made on that day) which is a day on which the TARGET 2 System is operating (a **TARGET Business Day**)

(c) Interest Rate

The rate of interest payable from time to time in respect of each Class of Notes (each an **Interest Rate**) and the relevant Coupon Amount (as defined in Condition 4.4(k) below) will be determined on the basis of the provisions set out below.

There shall be no minimum Interest Rate in respect of any Class of Notes, the Interest Rate never being in any event less than zero on each Note respectively.

(d) Interest on the Notes as from the Closing Date up to (but excluding) the First Optional Redemption Date

Class A Notes

Up until (but excluding) the First Optional Redemption Date, the Interest Rate applicable to the Class A Notes will accrue at an annual rate equal to the sum of:

(a) Euro Reference Rate determined in accordance with Condition 4.4(g); plus

(b) a margin on the Notes which will be:

(i) in respect of the Class A1 Notes: 0.30% per annum;

(ii) in respect of the Class A2 Notes: 0.45% per annum.

Class B Notes

Until but excluding the First Optional Redemption Date, the Interest Rate on the Class B Notes will accrue at an annual rate equal to the lower of:

(a) 5.00% per annum; and

(b) the sum of:

(i) the Euro Reference Rate, as determined in accordance with Condition 4.4(g); plus

(ii) a margin: 1.50% per annum.

Class C Notes

Until but excluding the First Optional Redemption Date, the Interest Rate on the Class C Notes will accrue at an annual rate equal to the lower of:

(a) 6.00% per annum; and

(b) the sum of:

(i) the Euro Reference Rate, as determined in accordance with Condition 4.4(g); plus

(ii) a margin: 2.50% per annum.

(e) Interest on the Notes as from the First Optional Redemption Date

Class A Notes

If on the First Optional Redemption Date, the Issuer has not exercised the Optional Redemption Call, the Interest Rate on the Class A Notes will accrue at an amount equal to the lower of:

(a) the **Maximum Rate**, being 6.00% per annum; and

(b) the **Coupon Rate**, being the sum of:

(i) the Euro Reference Rate, as determined in accordance with Condition 4.4(g); plus

(ii) a step-up margin on the Class A Notes which will be:

(A) in respect of the Class A1 Notes: 0.60% per annum; and

(B) in respect of the Class A2 Notes: 0.90% per annum.

Class B Notes

If on the First Optional Redemption Date, the Issuer has not exercised the Optional Redemption Call, the Interest Rate on the Class B Notes will accrue at an amount equal to the lower of:

(a) 5.00% per annum; and

(b) the sum of:

(i) the Euro Reference Rate, as determined in accordance with Condition 4.4(g); plus

(ii) a margin: 1.50% per annum.

Class C Notes

If on the First Optional Redemption Date, the Issuer has not exercised the Optional Redemption Call, the Interest Rate on the Class C Notes will accrue at an amount equal to the lower of:

(a) 6.00% per annum; and

(b) the sum of:

(i) the Euro Reference Rate, as determined in accordance with Condition 4.4(g); plus

(ii) a margin: 2.50% per annum.

(f) Coupon Excess Consideration as from the First Optional Redemption Date and before the service of an Enforcement Notice

On each Quarterly Payment Date as from (but excluding) the First Optional Redemption Date and if the Coupon Rate exceeds the Maximum Rate, the Class A Noteholders will, in accordance with the Post-FORD Interest Priority of Payments or the Principal Priority of Payments, on a *pro rata* and *pari passu* basis and in accordance with the respective amounts outstanding of the Class A1 Notes and the Class A2 Notes at such time, be entitled to an amount equal to, in respect of each Sub-Class of Class A Notes, the relevant Principal Amount Outstanding of such Sub-Class of Class A Notes multiplied by the excess of the relevant Coupon Rate over the Maximum Rate and calculated on the basis of the actual number of days elapsed in an Interest Period and a year of 360 days.

The Coupon Excess Consideration will only be paid after:

(i) all Accrued Interest due and payable in respect of the Class A Notes has been satisfied in full;

(ii) any shortfall reflected in the Class A Principal Deficiency Ledger has been made good until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;

(iii) the Liquidity Funding Account has been replenished up to the amount of the Liquidity Funding Account Required Amount in accordance with the application of the Post-FORD Interest Priority of Payments;

(iv) the Reserve Account has been replenished up to the amount of the Reserve Account Required Amount in accordance with the application of the Post-FORD Interest Priority of Payments; and

(v) all payments that are senior to Coupon Excess Consideration in accordance with the relevant Priority of Payments.

The Coupon Excess Consideration will be taken into account in the calculation of the Coupon Amounts as fully described in Condition 4.4(k).

(g) Determination of the Euro Reference Rate

The Reference Agent shall calculate the Euro Reference Rate for each Interest Period and the **Euro Reference Rate** shall mean EURIBOR as determined in accordance with the following (or the relevant successor rate):

(a) **EURIBOR** shall mean for any Interest Period the rate per annum equal to the European Interbank Offered Rate for three (3) months euro deposits (except in the case of the first Interest Period in which case it shall be the rate equal to the linear interpolation between the European Interbank Offered Rate for the relevant periods euro deposits) as determined by the Reference Agent in accordance with this Condition 4.4(g).

(b) Two (2) Business Days prior to the Closing Date (in respect of the first Interest Period) and two (2) Business Days prior to each Quarterly Payment Date in respect of the subsequent Interest Periods (each of these days an **Interest Determination Date**), the Reference Agent shall determine EURIBOR by using the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or, if not available, on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters (including, without limitation, the Reuters Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service), and which shall be selected by the Reference Agent as at or about 11.00 am (CET time).

(c) If, on the relevant Interest Determination Date, the EURIBOR rate in paragraph (b) above, is not determined and published by the European Money Markets Institute, or if it is not otherwise reasonably practicable to calculate the rate under paragraph (b) above, the Reference Agent will:

(i) request the principal euro-zone office of each of four (4) major banks in the euro-zone interbank market (each a **Euro-Reference Bank** and together the **Euro-Reference Banks**) to provide a quotation for the rate at which three (3) months euro deposits (except in the case of the first Interest Period in which case it shall be the rate equal to the linear interpolation between the relevant periods euro deposits) offered by it in the euro-zone interbank market at approximately 11.00 am (CET 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;

(ii) if at least two (2) quotations are provided, determine the arithmetic mean (rounded, if necessary, to the fifth (5th) decimal place with 0.000005 being rounded upwards) of such quotations as provided; and

(iii) if fewer than two (2) such quotations are provided as requested, the Reference Agent will determine the arithmetic mean (rounded, if necessary to the fifth (5th) decimal place with 0.000005 being rounded upwards) of the rates quoted by major banks, of which there shall be at least two (2) in number, in the euro-zone, selected by the Reference Agent, at approximately 11.00 am (CET time) on the relevant Interest Determination Date for three months euro deposits (except in the case of the first Interest Period in which case it shall be the rate equal to the linear interpolation

between the relevant periods euro deposits) to leading euro-zone banks in an amount that is representative for a single transaction in that market at that time.

(d) If the Reference Agent is unable to determine EURIBOR in accordance with this Condition 4.4(g) in relation to any Interest Period, EURIBOR applicable to the Notes during such Interest Period will be EURIBOR last determined in relation thereto.

(h) Determination and notification of Interest Rates

The Reference Agent shall, as soon as practicable after 11.00 a.m. (CET) on each Interest Determination Date, determine and notify the Domiciliary Agent and the Issuer Administrator of the Interest Rate applicable to the Interest Period beginning on and including the first succeeding Quarterly Payment Date in respect of the Notes of each Class of Notes.

If the Reference Agent does not at any time for any reason determine the Interest Rate for the Notes in accordance with the foregoing paragraphs, the Reference Agent shall forthwith notify the Issuer Administrator, the Floating Rate GIC Provider and the Security Agent thereof and the Issuer Administrator shall, after consultation with the Security Agent, determine the Interest Rate at such rate as, in its reasonable opinion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all circumstances and any such determination and/or calculation shall be deemed to have been made by the Reference Agent.

(i) Calculation of Coupon Amounts by the Issuer Administrator

The Issuer Administrator shall calculate the Euro amount of coupon payable on each of relevant Class of Notes for the relevant Interest Period (the **Coupon Amount(s)**) and shall notify the Coupon Amount and the Principal Amount Outstanding in respect of each Note to the Domiciliary Agent by no later than 11:00 am (CET) on the Quarterly Calculation Date.

(j) Calculation of Coupon Amounts

Class A1 Notes

The Coupon Amount for the Class A1 Notes will be equal to:

(i) the Accrued Interest for the Class A1 Notes;

(ii) plus the Coupon Excess Consideration relating to the Class A1 Notes, in accordance with Condition 4.4(f);

(iii) (A) plus the Coupon Excess Consideration Surplus relating to the Class A1 Notes and (B) minus the Coupon Excess Consideration Deficiency relating to the Class A1 Notes;

Class A2 Notes

The Coupon Amount for the Class A2 Notes will be equal to:

(i) the Accrued Interest for the Class A2 Notes;

(ii) plus the Coupon Excess Consideration relating to the Class A2 Notes, in accordance with Condition 4.4(f);

(iii) (A) plus the Coupon Excess Consideration Surplus relating to the Class A2 Notes and (B) minus the Coupon Excess Consideration Deficiency relating to the Class A2 Notes;

Class B Notes

The Coupon Amount for the Class B Notes will be equal to:

(i) the Accrued Interest for the Class B Notes;

(ii) (A) plus the Class B Interest Surplus and (B) minus the Class B Interest Deficiency, in accordance with Condition 4.4(o);

Class C Notes

The Coupon Amount for the Class C Notes will be equal to:

(i) Accrued Interest of the Class C Notes;

(ii) (A) plus the Class C Interest Surplus and (B) minus the Class C Interest Deficiency, in accordance with Condition 4.4(p);

Payment of Coupon Amounts

With respect to the payment of Coupon Amounts on the Notes, for rounding purposes only, the Coupon Amounts due and payable to the Notes will be calculated:

(i) for the purpose of providing the Securities Settlement System or the Domiciliary Agent with the necessary funds for the payment of the Coupon Amounts on a Quarterly Payment Date to the Noteholders, by multiplying the Coupon Amount for a Note of the relevant Class of Notes with the aggregate number of all Notes of such Class of Notes and rounding the resultant figure to the nearest Euro cent (half a Euro cent being rounded upwards); and

(ii) in the event of the payment of the Coupon Amounts on a Quarterly Payment Date by the Securities Settlement System or the Domiciliary Agent, by multiplying the Coupon Amount for a Note of a particular Class of Notes with the aggregate number of all Notes of such Class of Notes and rounding the resultant figure down to the lower Euro cent.

Accrued Interest means, in respect of any Quarterly Calculation Date and in respect of any Class or Sub-Class of the Notes then outstanding, the amount obtained by applying the relevant Interest Rate to the Principal Amount Outstanding of the relevant Class or Sub-Class of the Notes on the first (1^{st}) day of the relevant Interest Period, multiplied by the actual number of days elapsed in the then current Interest Period (or such other period) divided by 360.

(k) Publication of Interest Rate, Coupon Amount and other Notices

As soon as practicable after receiving notification thereof and in any event by 11:00 a.m. (CET) on the Quarterly Calculation Date, the Issuer Administrator will cause the Interest Rate, the Coupon Excess Consideration and the Coupon Amount as applicable to each Class of Notes for each Interest Period on the Quarterly Payment Date falling at the end of such Interest Period to be notified to the Securities Settlement System Operator and the relevant entities or affiliates of Euronext Brussels, the Issuer, the Issuer Administrator, the MPT Provider, the Security Agent, the Cap Provider, the Domiciliary Agent and will cause notice thereof to be given to the relevant Class of Noteholders in accordance with the Conditions. The Interest Rate, the Coupon Excess Consideration, the Coupon Amount and the Quarterly Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period or of a manifest error.

(l) Notifications to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Euro-Reference Banks (or any of them), the Reference Agent, the Issuer Administrator or the Security Agent shall (in the absence of wilful misconduct, bad faith or manifest error) be binding on the Issuer, the Euro-Reference Banks, the Reference Agent, the Security Agent and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Euro-Reference Banks, the Reference Agent, the Issuer Administrator or the Security Agent in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(m) Reference Agent

The Issuer will procure that, as long as any of Notes remain outstanding, there will at all times be a Reference Agent. The Issuer has, subject to prior written consent of the Security Agent, the right to terminate the appointment of the Reference Agent by giving at least ninety (90) calendar days' notice in writing to that effect. Notice of any such termination will be given to the holders of the Notes in accordance with Condition 4.14. If any person shall be unable or unwilling to continue to act as a Reference Agent (as the case may be) or if the appointment of the Reference Agent shall be terminated, the Issuer will, with the prior written consent of the Security Agent, appoint a successor 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 Agent has been appointed.

(n) Payments subject to Priority of Payments

All payments of interest and principal in respect of the Notes are subject to the applicable Priority of Payments and all other fiscal laws and regulations applicable in the place of payment.

(o) Class B Interest Roll-Over

To the extent that on any Quarterly Payment Date, the amount of Notes Interest Available Amount is not sufficient to pay the Accrued Interest in respect of all Class B Notes, the amount of such shortfall (the **Class B Interest Deficiency**) shall be recorded in the Class B Interest Deficiency Ledger.

The balance of the Class B Interest Deficiency Ledger existing on any Quarterly Calculation Date shall be aggregated with the Accrued Interest otherwise due on the Class B Notes on the next succeeding Quarterly Payment Date (in accordance with Condition 4.4(k)) to the extent sufficient Notes Interest Available Amount is available on such date (the amount of Notes Interest Available Amount, if any, which is available on the next succeeding Quarterly Payment Date after payment of the Accrued Interest on the Class B Notes, in accordance with the Interest Priority of Payments, to reduce the balance of the Class B Interest Deficiency Ledger, the **Class B Interest Surplus**) and such Class B Interest Surplus will be paid under the Class B Notes and the Class B Interest Deficiency Ledger will be reduced with such paid amount.

(p) Class C Interest Roll-Over

To the extent that on any Quarterly Payment Date, the amount of Notes Interest Available Amount is not sufficient to pay the Accrued Interest in respect of all Class C Notes, the amount of such shortfall (the **Class C Interest Deficiency**) shall be recorded in the Class C Interest Deficiency Ledger.

The balance of the Class C Interest Deficiency Ledger existing on any Quarterly Calculation Date shall be aggregated with the Accrued Interest otherwise due on the Class C Notes on the next succeeding Quarterly Payment Date (in accordance with Condition 4.4(k)) to the extent sufficient Notes Interest Available Amount is available on such date (the amount of Notes Interest Available Amount, if any, which is available on the next succeeding Quarterly Payment Date after payment of the Accrued Interest on the Class C Notes, in accordance with the Interest Priority of Payments, to

reduce the balance of the Class C Interest Deficiency Ledger, the **Class C Interest Surplus**) and such Class C Interest Surplus will be paid under the Class C Notes and recorded on the Class C Interest Deficiency Ledger to reduce any debit balance on it (if any).

Class Interest Deficiency of the relevant Class of Notes means the Class B Interest Deficiency, or the Class C Interest Deficiency, as applicable.

Class Interest Surplus of the relevant Class of Notes means the Class B Interest Surplus or the Class C Interest Surplus, as applicable.

4.5 Redemption and Cancellation

(a) Final Redemption

Unless previously redeemed or cancelled as provided in this Condition and subject always to Condition 4.10 (*Subordination*) the Issuer shall redeem the Notes at their Principal Amount Outstanding together with the accrued interest thereon on the Quarterly Payment Date falling in October 2051, such date being the **Final Maturity Date**.

The Issuer may not redeem Notes in whole or in part prior to the Final Maturity Date except as provided in Conditions 4.5(b)(i), 4.5(b)(ii), 4.5(b)(iv) and 4.5(b)(vi) but without prejudice to Condition 4.9 (*Events of Default*). For the avoidance of doubt, this Condition is without prejudice to the exercise of the optional redemption rights of the Issuer as provided in Conditions 4.5(f) and 4.5(g).

(b) Mandatory *pro rata* and *pari passu* Redemption in whole or in part

Subject to and in accordance with the Principal Priority of Payments, the Issuer will be obliged to apply the Notes Redemption Available Amount on the Quarterly Payment Date falling on 22 January 2018 and on each Quarterly Payment Date thereafter as set out in this Condition prior to the service of an Enforcement Notice.

(i) The Class A1 Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in whole or in part on each Quarterly Payment Date, if, on the Quarterly Calculation Date relating thereto there is any Notes Redemption Available Amount (after funding any Class A Interest Shortfall).

(ii) If there are no Class A1 Notes outstanding, the Class A2 Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in whole or in part on each Quarterly Payment Date (including the Quarterly Payment Date on which the Class A1 Notes are redeemed in full) if on the Quarterly Calculation Date relating thereto there is any Notes Redemption Available Amount (after providing for all payments to be made in respect of the redemption of the Class A1 Notes and after funding of any Class A Interest Shortfall).

(iii) as from the First Optional Redemption Date and, if there are no Class A2 Notes outstanding (or including the Quarterly Payment Date on which the Class A2 Notes are redeemed in full) in or towards satisfaction *pari passu* and *pro rata*, according to the respective amounts thereof, of all amounts of Coupon Excess Consideration due or accrued but unpaid in respect of the Class A1 Notes and the Class A2 Notes which payment has been reflected by crediting any shortfall in the Coupon Excess Consideration Deficiency Ledgers until the debit balance, if any, on the Coupon Excess Consideration Deficiency Ledgers is reduced to zero.

(iv) If there are no Class A2 Notes outstanding and if the debit balance (if any) of the Coupon Excess Consideration Deficiency Ledgers has been reduced to zero, the Class B Notes shall

be subject to mandatory *pari passu* and *pro rata* redemption in part on each Quarterly Payment Date (including the Quarterly Payment Date on which the Class A2 Notes are redeemed in full and/or the debit balance of the Coupon Excess Consideration Deficiency Ledgers has been reduced to zero) if on the Quarterly Calculation Date relating thereto there is any Notes Redemption Available Amount (after providing for all payments to be made in respect of the redemption of the Class A2 Notes and for the reduction of the debit balance of the Coupon Excess Consideration Deficiency Ledgers).

(v) The principal amount so redeemable in respect of a Collateralized Note on any Quarterly Payment Date shall be (i) the amount (if any) of Notes Redemption Available Amount that can be applied in redemption of Notes of the relevant Class subject to the appropriate priority of payments on the applicable Quarterly Calculation Date, divided by (ii) the number of Notes of that Class or Sub-Class, as applicable, then outstanding (rounded down to the nearest Euro cent).

(vi) The Class C Notes shall be subject to mandatory *pari passu* and *pro rata* redemption in whole or in part on each Quarterly Payment Date for an amount up to the Class C Redemption Amount to the extent that on the Quarterly Calculation Date relating thereto there is sufficient Notes Interest Available Amount available for such purpose after providing for all payments to be made that rank higher in priority, subject to and in accordance with the Interest Priority of Payments set out in Condition 4.2. The principal amount so redeemable on any Quarterly Payment Date in respect of a Class C Note shall be (i) an amount which is equal to the lower of (x) the amount (if any) of the Notes Interest Available Amount available to the Issuer after satisfaction of the amounts due in respect of all items with a higher priority of payment listed at items (i) to (and including) (xi) of the Pre-FORD Interest Priority of Payments or items (i) to (and including) (xiv) of the Post-FORD Interest Priority of Payments, as set out in Condition 4.2, (the **Excess Cash**) (rounded down to the nearest Euro cent) and (y) the Class C Redemption Amount, divided by (ii) the number of Class C Notes then outstanding (rounded down to the nearest Euro cent).

Class C Redemption Amount means, in respect of any Quarterly Calculation Date, an amount equal to the positive difference between the Principal Outstanding Amount of the Class C Notes on such date and the Reserve Account Required Amount for such date.

Following the making of a payment of a principal amount in respect of a Note, the Principal Amount Outstanding of the relevant Note shall be reduced accordingly.

(c) The Reserve Account

The Issuer will maintain with the Floating Rate GIC Provider the Reserve Account. On the Closing Date, the net proceeds of the Class C Notes will be credited to the Reserve Account.

Amounts credited to the Reserve Account will be available on any Quarterly Payment Date to meet items (i) to (iv) (inclusive) of the Pre-FORD Interest Priority of Payments or items (i) to (iv) (inclusive) of the Post-FORD Interest Priority of Payments, before application of any funds drawn from the Liquidity Funding Account.

Any drawing under the Reserve Account by the Issuer shall only be made on a Quarterly Payment Date if and to the extent there is a shortfall in the Notes Interest Available Amount to meet items (i) to (iv) (inclusive) of the Pre-FORD Interest Priority of Payments or items (i) to (iv) (inclusive) of the Post-FORD Interest Priority of Payments in full on that Quarterly Payment Date, before drawing on the Reserve Account.

If, and to the extent that the Notes Interest Available Amount (excluding any amounts available to the Issuer from the Reserve Account and any double counting) calculated on any Quarterly Calculation Date exceeds the amount required by the Issuer to satisfy its obligations under items (i) to (iv) (inclusive) of the Pre-FORD Interest Priority of Payments or under items (i) to (iv) (inclusive) of the Post-FORD Interest Priority of Payments in full, such excess amounts will be credited, on the immediately following Quarterly Payment Date to the Reserve Account (to replenish the Reserve Account, as the case may be) until the balance standing to the credit of the Reserve Account is an amount not less than the Reserve Account Required Amount.

The **Reserve Account Required Amount** shall on any Quarterly Calculation Date be equal to (i) the amount of the net proceeds of the Class C Notes paid into the Reserve Account on the Closing Date, or (ii) zero, on the date whereon the Class A Notes have been or are to be redeemed in full, subject to the Conditions.

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

The Reserve Account will be replenished up to the Reserve Account Required Amount in accordance with the Interest Priority of Payments.

(d) The Liquidity Funding Account

The Issuer will further maintain with the Floating Rate GIC Provider the Liquidity Funding Account. On the Closing Date, the net proceeds of the Subordinated Loan will be credited to the Liquidity Funding Account.

Amounts credited to the Liquidity Funding Account will be available on any Quarterly Payment Date to make drawings from the Liquidity Funding Account. Any drawing from the Liquidity Funding Account 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, there is a shortfall in the Notes Interest Available Amount to meet items (i) to (iii) (inclusive) of the Pre-FORD Interest Priority of Payments or items (i) to (iii) (inclusive) of the Post-FORD Interest Priority of Payments.

The Liquidity Funding Account Required Amount shall be the higher of an amount equal to (i) 1.180% of the aggregate Principal Amount Outstanding of the Collateralized Notes at any Quarterly Payment Date or (ii) 0.787% of the aggregate Principal Amount Outstanding of the Collateralized Notes at the Closing Date. However, as from the date whereon the Class A Notes have been or are to be redeemed in full, subject to the Conditions, the Liquidity Funding Account Required Amount will be zero.

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

The Liquidity Funding Account will be replenished up to the Liquidity Funding Account Required Amount in accordance with the relevant Interest Priority of Payments.

(e) Calculation of payments of principal

On each Quarterly Calculation Date, the Issuer Administrator shall determine:

(i) the amount (if any) of any principal amounts due in respect of each Note of each Class and Sub-Class on the next Quarterly Payment Date; and

(ii) the Principal Amount Outstanding of each Note of each Class and Sub-Class on the next Quarterly Payment Date (after taking into account of the amount in (i)); and

(iii) the fraction expressed as a decimal to the twelfth point (the **Note Factor**), of which the numerator is the Principal Amount Outstanding of a Note of each Class and Sub-Class of Notes (as referred to in (ii) above) and the denominator is the Principal Amount Outstanding of a Note of such Class or Sub-Class of Notes on the Closing Date).

Each determination by or on behalf of the Issuer of any payment of principal, and the Principal Amount Outstanding of each Note of each Class and Sub-Class of Notes shall in each case (in the absence of wilful misconduct, bad faith or manifest error) be final and binding on all persons.

The Issuer Administrator on behalf of the Issuer will determine the payment of principal in respect of each Class and Sub-Class of Notes, the Note Factor and the Principal Amount Outstanding and shall notify forthwith the Security Agent, the Issuer, the Domiciliary Agent, the MPT Provider, the Reference Agent, and (for so long as the Notes are listed on one or more stock exchanges) the relevant stock exchanges, of each determination of the payment of principal, the Note Factor and the Principal Amounts Outstanding in respect of each Class and Sub-Class of Notes in accordance with Condition 4.14 (*Notices*) by no later than 11:00 a.m. (CET time) on that Quarterly Calculation Date.

If the Issuer does not at any time for any reason determine (or cause the Issuer Administrator to determine) a payment of principal or the Principal Amount Outstanding in respect of any Class and Sub-Class of Notes in accordance with the preceding provisions of this paragraph and this is not remedied within a period of ten (10) Business Days as from the date of receipt of a letter from the Security Agent, such payment of principal and Principal Amount Outstanding may be determined by the Security Agent in accordance with this paragraph and each such determination or calculation shall be deemed to have been made by the Issuer. Any such determination shall be binding on the Issuer, the MPT Provider, the Issuer Administrator, the Domiciliary Agent and the Reference Agent.

(f) Optional Redemption Call and Clean-Up Call

Optional Redemption Call

Unless previously redeemed in full, the Issuer shall, upon giving not more than sixty (60) calendar days' notice and not less than thirty (30) calendar days' notice in accordance with Condition 4.14 (Notices) prior to the relevant Quarterly Payment Date, have the right (but not the obligation) to redeem all the Notes on the First Optional Redemption Date and on each Quarterly Payment Date thereafter, *provided that* it has sufficient funds available to redeem all the Collateralized Notes in full on such date. In such circumstances, the redemption of the Collateralized Notes will be for an amount equal to the Principal Amount Outstanding of such Collateralized Notes plus accrued but unpaid interest (including, for the avoidance of doubt Coupon Excess Consideration) thereon, after payment of all amounts that are due and payable in priority to such Collateralized Notes (the **Optional Redemption Call**)

The **First Optional Redemption Date** is the Quarterly Payment Date falling on 22 October 2022 (or, if such day would at that time not be a Business Day, the next following Business Day).

An **Optional Redemption Date** means the First Optional Redemption Date or any Quarterly Payment Date thereafter.

On the Third Optional Redemption Date and on each Quarterly Payment Date thereafter, the Issuer, upon giving not more than sixty (60) calendar days' notice and not less than thirty (30) calendar days' notice in accordance with Condition 4.14 (*Notices*) prior to the relevant Quarterly Payment Date, will have the option to redeem all of the Notes of all of the relevant Classes at their Principal Amount Outstanding *provided that* it has sufficient funds available to redeem the Class A Notes in full on such date (such call also an **Optional Redemption Call**). In such circumstances, the redemption of the Class A Notes will be for an amount equal to the Principal Amount Outstanding of such Class A Notes plus accrued but unpaid interest (including, for the avoidance of doubt Coupon Excess Consideration) thereon, after payment of all amounts that are due and payable in priority to such Class A Notes.

The **Third Optional Redemption Date** is the Quarterly Payment Date falling in April 2023.

On the earlier of (i) the Optional Redemption Date on which the Class A Notes will be redeemed in full and (ii) the Final Maturity Date, the balances standing to the credit of the Reserve Account and the Issuer Collection Account (if any) after all amounts of interest and principal due in respect of the Class A Notes have been paid and all items ranking higher in priority in the Interest Priority of Payments have been fulfilled, will be available for redemption of the Class C Notes.

Clean-Up Call

Upon giving not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 4.14 (*Notices*) prior to the relevant Quarterly Payment Date, the Issuer shall have the right (but not the obligation) to redeem all of the Notes at their Principal Amount Outstanding on each Quarterly Payment Date if on the Quarterly Calculation Date immediately preceding such Quarterly Payment Date the aggregate Principal Amount Outstanding of the Collateralized Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Collateralized Notes on the Closing Date, and if all amounts that are due and payable in priority to the Collateralized Notes have been paid and *provided that* it has sufficient funds available to redeem all the Collateralized Notes on such date.

Exercise of Optional Redemption Call or Clean-Up Call

The Optional Redemption Call or Clean-Up Call may be exercised at the option of the Issuer provided in each case that:

(a) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(b) prior to giving any such notice, the Issuer shall have provided to the Security Agent a certificate signed by two directors of the Issuer to the effect that it will have the funds in the Transaction Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Collateralized Notes and any amounts required under the Pledge Agreement to be paid in priority to the Collateralized Notes in accordance with these Conditions;

(c) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer will be able to discharge such liabilities as provided in the Conditions;

(d) the Issuer undertakes that all payments that are due and payable in priority to such Notes will be made at such date;

(e) in respect of the Class C Notes, any amount outstanding of principal or interest, shall only be payable by the Issuer to the extent that sufficient funds are available after the liabilities referred to under (b) above have been satisfied (including all costs, fees and expenses

ranking in priority to the specified Class C Notes in accordance with the applicable Priority of Payments).

The amount of principal and accrued interest (and Coupon Excess Consideration, if any) payable by the Issuer to the Noteholders upon such redemption pursuant to an Optional Redemption Call or a Clean-Up Call will be equal to the Optional Redemption Amount.

Optional Redemption Amount shall, in all cases of early redemption in full of the Notes, be equal to:

(a) in respect of the Class A Notes and the Class B Notes, the aggregate Principal Amount Outstanding of the relevant Class(es) of Notes, *plus* all accrued and unpaid interest (including, for the avoidance of doubt Coupon Excess Consideration) thereon up to, but excluding, the date of the redemption; and

(b) in respect of the Class C Notes, the lower of:

(i) the aggregate Principal Amount Outstanding of the Class C Notes, plus all accrued and unpaid interest thereon up to, but excluding, the date of the redemption; and

(ii) the amount of available funds determined in accordance with Condition 4.5(f).

The amounts payable by the Issuer upon such redemption will be calculated by the Issuer Administrator. For these purposes, interest will accrue on the Notes up to, but excluding, the date of redemption.

(g) Optional Redemption for Tax Reasons

The Issuer shall have the right (but not the obligation) to redeem all of the Collateralized Notes in whole, but not in part, at the Optional Redemption Amount, on any Quarterly Payment Date, on the occurrence of one or more of the following circumstances:

(a) If, on the next Quarterly Payment Date, the Issuer, the Securities Settlement System Operator, the Domiciliary Agent or any other person is or would become required to deduct or withhold any amounts for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed by the Kingdom of Belgium (or any sub-division thereof or therein) or of any authority therein or thereof having power to tax from any payment of principal or interest in respect of Notes of any Class held by or on behalf of any Noteholder who would, but for any amendment to, or change in, the tax laws or regulations of the Kingdom of Belgium (or any sub-division thereof or therein) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations after the Closing Date, have been an Eligible Investor; or

(b) if, on the next Quarterly Payment Date, the Issuer, the Securities Settlement System Operator, the Domiciliary Agent or any other person is or would become required to deduct or withhold any amounts for or on account of FATCA in respect of any payment of principal or interest in respect of Notes of any Class held by or on behalf of any Noteholder; or

(c) if, on the next Quarterly Payment Date, the Issuer, the Cap Provider or any other person would be required to deduct or withhold any amounts pursuant to an agreement described in Section 1471(b) of the **Code**) or pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (**FATCA**) and/or of any present or future taxes, duties assessments or governmental charges of whatever nature imposed by the

Kingdom of Belgium (or any sub-division thereof or therein) or of any authority therein or thereof having power to tax or any other sovereign authority having the power to tax, in respect of any payment under the Cap Agreement; or

(d) if, the total amount payable in respect of a Quarterly Calculation Period as interest on any of the Loans ceases to be receivable by the Issuer during such Quarterly Calculation Period due to withholding or deduction for or on account of FATCA and/or of any present or future taxes, duties, assessments or governmental charges of whatever nature in respect of such payments; or

(e) if, after the Closing Date, the Belgian tax regulations introducing income tax, withholding tax and VAT concessions for Belgian companies for investment in receivables (including the Issuer) (the **IIR Tax Regulations**) are changed (or their application is changed in a materially adverse way to the Issuer or in the event that the IIR Tax Regulations would no longer be applicable to the Issuer);

after payment of all amounts that are due and payable in priority to the Collateralized Notes subject to and in accordance with the Conditions and provided that it has sufficient funds available to redeem all the Collateralized Notes on such date (an **Optional Redemption for Tax Reasons**), by giving not more than sixty (60) calendar days' nor less than thirty (30) calendar days' notice in accordance with Condition 4.14 (*Notices*) prior to the relevant Quarterly Payment Date, provided that:

(i) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(ii) prior to giving such notice, the Issuer Administrator shall have provided to the Security Agent a certificate signed by two directors of the Issuer to the effect that it will have the funds in the Transaction Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Collateralized Notes and any amounts required under the Pledge Agreement to be paid in priority to the Collateralized Notes in accordance with these Conditions;

(iii) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer will be able to discharge such liabilities as provided in the Conditions;

(iv) the Issuer undertakes that all payments that are due and payable in priority to such Notes will be made at such date; and

(v) no Class of Notes may be redeemed under such circumstances unless the higher ranking Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

The amounts payable by the Issuer upon such redemption will be calculated by the Issuer Administrator and, for these purposes interest will accrue on the Notes up to but excluding the date of redemption. The amounts payable to the Noteholders shall be equal to the Optional Redemption Amount (as defined in Condition 4.5(f)).

(h) Optional Redemption in case of Change of Law

In addition, on each Quarterly Payment Date, the Issuer may at its option (but shall not be under any obligation to do so) redeem all (but not some only) of the Notes at the Optional Redemption Amount, if there is a change in, or any amendment to the laws, regulations, decrees or guidelines of the Kingdom of Belgium or of any authority therein or thereof having legislative or regulatory powers or in the interpretation by a relevant authority or a court of, or in the administration of, such

laws, regulations, decrees or guidelines after the Closing Date which would or could affect participation of the Issuer or the Seller in the Transaction in a materially adverse way (including, but without limitation, the regulatory requirements to be adhered to by the Issuer or the Seller in order to be able to lawfully perform their obligations under the Transaction and the laws and regulations (other than the regulations referred to in connection with the Regulatory Call Option) governing the validity, enforceability and effectiveness of the rights and obligations of the Issuer, Seller and Secured Parties under the Transaction Documents (a **Change of Law**). In order to exercise this option, the Issuer shall give not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 4.14 (*Notices*) in which it states the reasons for the exercise of the optional redemption, before the Optional Redemption Date, prior to the relevant Quarterly Payment Date, provided that:

(a) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(b) prior to giving such notice, the Issuer Administrator shall have provided to the Security Agent a certificate signed by two directors of the Issuer to the effect that it will have the funds in the Transaction Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Collateralized Notes and any amounts required under the Pledge Agreement to be paid in priority to or *pari passu* with the Collateralized Notes in accordance with these Conditions;

(c) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer will be able to discharge such liabilities as provided in the Conditions;

(d) the Issuer undertakes that all payments that are due and payable in priority to such Notes will be made at such date; and

(e) no Class of Notes may be redeemed under such circumstances unless the higher ranking Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

The amounts payable by the Issuer upon such redemption will be calculated by the Issuer Administrator and, for these purposes interest will accrue on the Notes up to but excluding the date of redemption. The amounts payable to the Noteholders shall be equal to the Optional Redemption Amount (as defined in Condition 4.5(f)).

(i) Regulatory Call Option

On any Quarterly Payment Date, the Issuer shall redeem all (but not some only) of the Notes in each Class (the **Regulatory Call Option**), if the Seller exercises its option to repurchase the Loans from the Issuer upon the occurrence of a change published after the Closing Date in the Basel Capital Accords promulgated by the Basel Committee on Banking Supervision (the Basel Accords) or in the international, European or Belgian regulations, rules and instructions (which includes the solvency regulation of the NBB or the ECB as applicable) (the **Bank Regulations**) applicable to the Seller (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basel Accord) or a change in the manner in which the Basel Accords or such Bank Regulations are interpreted or applied by the Basel Committee on Banking Supervision or by any relevant competent international, European or national body (including the NBB or any relevant international, European 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 its cost or reducing its benefit with respect to the transaction contemplated by the Notes (a **Regulatory Change**).

In order to exercise the Regulatory Call Option the Issuer shall give not more than sixty (60) calendar days' notice nor less than thirty (30) calendar days' notice in accordance with Condition 4.14. Furthermore, in order for the Seller to exercise its option to repurchase the Loans upon the occurrence of a Regulatory Change and, consequently, for the Issuer to exercise the Regulatory Call Option, the following conditions need to be satisfied:

(a) prior to giving any such notice, no Enforcement Notice has been served by the Security Agent in respect of any of the Notes;

(b) the Issuer will have (upon repurchase of the Mortgage Receivables by the Seller) the funds in the Transaction Accounts, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Collateralized Notes and any amounts required under the Pledge Agreement to be paid in priority to the Collateralized Notes in accordance with these Conditions (if this condition is satisfied, prior to giving the notice of exercise of the Regulatory Call Option, the Issuer Administrator shall have provided to the Security Agent a certificate signed by two directors of the Issuer to the effect that it will have the necessary funds in the Transaction Accounts as set out in this paragraph);

(c) the Security Agent is satisfied in its reasonable opinion, following such certification, that the Issuer is able to discharge such liabilities as provided in the Conditions;

(d) the Issuer undertakes that all payments that are due and payable in priority to such Notes will be made at such date; and

(e) taking into account that no Class of Notes may be redeemed under such circumstances unless the higher ranking Classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

The amounts payable by the Issuer upon such redemption will be calculated by the Issuer Administrator and, for these purposes interest will accrue on the Notes up to but excluding the date of redemption. The amounts payable to the Noteholders shall be equal to the Optional Redemption Amount (as defined in Condition 4.5(f)).

(j) Notice of Redemption

Any such notice as is referred to in Conditions 4.5(f), 4.5(g), 4.5(h) and 4.5(i) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem (as the case may be):

(i) the Collateralized Notes (in case of Condition 4.5(f) (without prejudice to (ii) below) and 4.5(g))

(ii) the Class A Notes (in case of Condition 4.5(f), as from the Third Optional Redemption Date) or

(iii) all the Notes (in case of Conditions 4.5(h) and 4.5(i)),

in each case at their Principal Amount Outstanding together with accrued interest.

(k) Cancellation

All Notes redeemed in full pursuant to the foregoing provisions, or in part (in the event that any claim on the Notes remains unsatisfied after the enforcement of the Security and the application of the proceeds in accordance with the Post-Enforcement Priority of Payments) or otherwise

surrendered, will be cancelled upon such redemption or surrender of rights or title to the Notes and may not be resold or re-issued.

4.6 Payments

(a) All payments of principal or interest (including the Coupon Excess Consideration) (if any) owing under the Notes shall be made through the Domiciliary Agent and the Securities Settlement System in accordance with the rules of the Securities Settlement System.

(b) No commissions or expenses shall be charged by the Domiciliary Agent to the Noteholders in respect of such payments.

(c) Payments of principal and interest in respect of the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, without prejudice to Condition 4.8 (*Taxation – No Grossing-Up*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

(d) If the due date for payment of any amount of principal or interest (including the Coupon Excess Consideration) in respect of any Note is not a Business Day in the jurisdiction where payment is to be received, no further payments of additional amounts by way of interest, principal or otherwise shall be due.

4.7 Prescription ("verjaring/Prescription")

Claims for principal or interest under the Notes shall become time barred ten years after their relevant due date in respect of the principal and five years in respect of the interests.

4.8 Taxation – No Grossing-Up

All payments of, or in respect of, principal of and interest (including Coupon Excess Consideration) on, the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium, any authority therein or thereof having power to tax (a **Tax Deduction**), unless the Tax Deduction is required by law. In that event, the Issuer, the Securities Settlement System Operator, or the Domiciliary Agent or any other person (as the case may be) will make the required Tax Deduction for the account of the Noteholders, as the case may be, and shall not pay any additional amounts to such Noteholders in respect of any such withholding or deduction. Neither the Issuer, nor any Domiciliary Agent nor the Securities Settlement System Operator nor any other person will be obliged to gross up the payments in respect of the Notes of any Class or to make any additional payments to any Noteholders.

The Issuer, the Securities Settlement System Operator, the Domiciliary Agent or any other person being required to make a Tax Deduction shall not constitute an Event of Default.

4.9 Events of Default

The Security Agent:

(a) may at its discretion; and

(b) if (A) so requested in writing by the holders of not less than twenty-five (25) per cent. in aggregate Principal Amount Outstanding of the Highest Ranking Class of Notes then

outstanding; or (B) if so directed by or pursuant to an Extraordinary Resolution of the holders of the Highest Ranking Class of Notes; it must,(subject, in each case, to being indemnified to its satisfaction) (but in the case of the events mentioned in Condition 4.9(c), (e) and (f) below, only if the Security Agent shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders of the Highest Ranking Class of Notes then outstanding), shall be required to,

give notice (an **Enforcement Notice**) to the Issuer declaring the Notes to be immediately due and payable at their Principal Amount Outstanding together with Accrued Interest (and Coupon Excess Consideration, if any) at any time after the occurrence of an Event of Default. A copy of such notice shall be sent to, amongst others, the Issuer Administrator, the MPT Provider and the Rating Agencies.

Each of the following events is an **Event of Default**:

(a) default is made (i) for a period of ten (10) Business Days or more in any payment of principal in respect of the Class A Notes when due to be paid in accordance with the Conditions or default is made (ii) for a period of ten (10) Business Days or more in any payment of Accrued Interest in respect of the Class A Notes when due to be paid in accordance with the Conditions (for the avoidance of doubt: (x) to the extent that there is any Class A Principal Deficiency, Class B Interest Deficiency, any Class B Principal Deficiency, any Class C Interest Deficiency or any Coupon Excess Consideration Deficiency, such deficiencies shall not be construed to be an Event of Default; and (y) any suspension of payment of interest in accordance with Condition 3 shall not be construed as an Event of Default); or

(b) an order being made or an effective resolution being passed for the winding up (*ontbinding/dissolution*) of the Issuing Company or Compartment No. 4 except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Security Agent in writing or by an Extraordinary Resolution of the Noteholders; or

(c) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (b) above, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business or the Issuer being unable to pay its debts allocated to Compartment No. 4 as and when they fall due or the value of its assets allocated to Compartment No. 4 falling to less than the amount of its liabilities or otherwise becomes insolvent; or

(d) proceedings shall be initiated against or by the Issuing Company or Compartment No. 4 under any applicable liquidation, reorganisation, insolvency or other similar law including the *Faillissementswet/Loi sur les faillites* (Law on Bankruptcies of 8 August 1997) and the *Wet betreffende de continuïteit van ondernemingen/Loi relative à la continuité des entreprises* (Laws on Continuity of Enterprises of 31 January 2009) or an administrative receiver or other receiver, administrator or other similar official (including a *voorlopig bewindvoerder/administrateur provisoire* (ad hoc administrator)) has been appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer or a *bevel tot betalen* (notice of demand) is notified to the Issuer under Articles 1499 or 1564 of the *Gerechtelijk Wetboek/Code Judiciaire* (Judicial Code), or *uitvoerend beslag/saisie exécutoire* (distraint) is carried out in respect of the whole or any substantial part of the undertaking or assets allocated to Compartment No. 4 and in any of the foregoing cases it can not be discharged within thirty (30) Business Days; or

(e) the Issuer fails to perform or observe any of its other obligations or is in breach under any of the representations and warranties under or in respect of the Notes or the other Transaction

Documents and, except where such failure or breach, in the reasonable opinion of the Security Agent, is incapable of remedy, such default or breach continues for a period of one thirty (30) Business Days (or such longer period as the Security Agent may agree) after written notice by the Security Agent to the Issuer requiring the same to be remedied (save that if the Issuer fails to comply with the order of the Priority of Payments prior to the service of an Enforcement Notice), such period being reduced to fifteen calendar days to rectify any technical errors); or

(f) any action is taken by any authority, court or tribunal, which has resulted in the loss of the Issuer of its status as an "institutional VBS" or which in the reasonable opinion of the Security Agent, after consultation with the Issuer and the Issuer Administrator, is very likely to result in the loss of such status and would adversely affect the Transaction.

Upon any declaration being made by the Security Agent in accordance with Condition 4.9 above that the Notes are due and repayable, the Notes shall, subject to Condition 4.10 (*Subordination*), immediately become due and repayable at their Principal Amount Outstanding together with Accrued Interest (and Coupon Excess Consideration, if any) as provided in these Conditions and the Agency Agreement.

If an Event of Default has occurred, and unless the Security Agent shall be bound to give an Enforcement Notice in accordance with Condition 4.9 above, the Security Agent may call a meeting of Noteholders and propose to the Noteholders (a) not to give an Enforcement Notice, (b) to proceed with an amicable sale of the Portfolio of Loans (part of the Security), and where practical other Collateral, pursuant to a limited private auction procedure on terms set out in the Pledge Agreement (the private auction sale), and (c) to redeem in full all, but not some only, of the Notes of all Classes, after completion of the sale of the Portfolio, in accordance with the priority of payments (**Enforcement**) set out in Condition 4.2 (*Status, Security and Priority*). Such proposal shall be deemed approved if the holders of the Collateralized Notes shall have approved the proposal in accordance with the provisions (including the required majority and quorum) for a Basic Term Modification (but for the avoidance of doubt, such provisions are to be applied so that the Class C Noteholders shall be invited to the meeting, but that no approval of the Class C Noteholders is required and the Class C Notes shall not be taken into account to determine the minimum required quorum). Notwithstanding any other provision in these Conditions, such decision shall be binding on all Class C Noteholders and all other Secured Parties.

4.10 Subordination

(a) Class A Notes

The Class A Notes will be senior to each of the Class B Notes and the Class C Notes.

Within the Class A Notes, any Notes Redemption Available Amount remaining after item (a) of the Principal Priority of Payments will be used (i) first to redeem the Class A1 Notes, until fully redeemed; and (ii) second to redeem the Class A2 Notes, until fully redeemed.

In respect of:

(a) payment of interest prior to enforcement on the Class A Notes;

(b) payment of Coupon Excess Consideration; and

(c) payment of any amount due in respect of the Class A Notes in case of enforcement,

the Class A1 Notes and the Class A2 Notes shall rank *pari passu* and be paid *pro rata*.

(b) Class B Notes

The Class B Notes will be subordinated to the Class A Notes (including, as from the First Optional Redemption Date, if applicable, to the Coupon Excess Consideration payable in respect to the Class A Notes) as follows:

(a) no payment of principal by the Issuer on the Class B Notes will be made whilst any Class A Note remains outstanding or, after the First Optional Redemption Date, any shortfall on the Coupon Excess Consideration Deficiency Ledgers remains outstanding;

(b) interest on the Class B Notes will only be paid in accordance with the Interest Priority of Payments; and

(c) in case of the service of an Enforcement Notice by the Security Agent of any amount due in respect of the Class B Notes, any amounts due in respect of the Class A Notes and, after the First Optional Redemption Date, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers will rank in priority to any amounts due in respect of the Class B Notes, in accordance with the Post-enforcement Priority of Payments.

(c) Class C Notes

The Class C Notes will be subordinated to (i) the Class A Notes (including, as from the First Optional Redemption Date, if applicable, to the Coupon Excess Consideration payable in respect to the Class A Notes); and (ii) the Class B Notes as follows:

(a) principal and interest on the Class C Notes will only be paid by the Issuer in accordance with the Interest Priority of Payments; and

(b) in case of the service of an Enforcement Notice by the Security Agent, any amount due in respect of the Class C Notes will rank after any amounts due in respect of the Class A Notes, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and the Class B Notes in accordance with the Post-enforcement Priority of Payments.

(d) General Subordination following enforcement

Following an Enforcement Notice being served:

(a) any amount due or overdue in respect of the Class B Notes will:

(i) in terms of payment and security, rank lower in priority than any amount due or overdue in respect of the Class A Notes and any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers; and

(ii) only become payable after any amounts due in respect of any Class A Notes and any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers, have been paid in full;

(b) any amount due or overdue in respect of the Class C Notes will:

(i) in terms of payment and security, rank lower in priority than any amount due or overdue in respect of the Class A Notes, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and the Class B Notes; and

(ii) only become payable after any amounts due in respect of any Class A Note, any amount remaining outstanding in respect of the Coupon Excess Consideration Deficiency Ledgers and any Class B Notes, sequentially have been paid in full;

(e) Waiver in case of lack of funds on the Final Maturity Date

Subject to Condition 4.11(b), to the extent that available funds are insufficient to repay any principal and Accrued Interest (and Coupon Excess Consideration, if any) outstanding on any Class of Notes on its Final Maturity Date or following enforcement of the Security and payment of all claims ranking in priority to the Notes, any amount of the Principal Amount Outstanding of, and Accrued Interest on (and any Coupon Excess Consideration), such Notes in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer and the Issuer shall be under no obligation to pay any interest or damages or other form of compensation to Noteholders in respect of any amounts of interest that remain unpaid as a result.

(f) Principal Deficiencies and Allocation

Principal Deficiency Ledgers

A principal deficiency ledgers comprising two sub-ledgers will be established on behalf of the Issuer by the Issuer Administrator in respect of the Class A Notes (**Class A Principal Deficiency Ledger**) and the Class B Notes (**Class B Principal Deficiency Ledger**) (the **Principal Deficiency Ledger**), in order to record (i) a Class A Interest Shortfall; (ii) a Principal Deficiency; and (iii) any Notes Redemption Available Amount which in accordance with the Principal Priority of Payments is used to cover any Coupon Excess Consideration Deficiency.

Allocation

On each Quarterly Calculation Date, first, the Class A Interest Shortfall and thereafter, the Quarterly Principal Deficiency and thereafter any Notes Redemption Available Amount which in accordance with the Principal Priority of Payments is used to cover any Coupon Excess Consideration Deficiency will be debited to the Class B Principal Deficiency Ledger (such debit items, together with the debit balance, if any, on the Class B Principal Deficiency Ledger on the immediately preceding Quarterly Payment Date being credited at item (vii) of the pre-FORD Interest Priority of Payments or at item (ix) of the Post-FORD Interest Priority of Payments, to the extent any part of the Notes Interest Available Amount is available for such purpose) so long as the debit balance on such ledger is less than Principal Amount Outstanding of the Class B Notes (the **Class B Principal Deficiency Limit**) and thereafter first, the Class A Interest Shortfall and thereafter, the Quarterly Principal Deficiency and thereafter any Notes Redemption Available Amount which in accordance with the Principal Priority of Payments is used to cover any Coupon Excess Consideration Deficiency will be debited to the Class A Principal Deficiency Ledger (such debit items, together with the debit balance, if any, on the Class A Principal Deficiency Ledger on the immediately preceding Quarterly Payment Date being credited at item (iv) of the Pre-FORD Interest Priority of Payments or at item (iv) of the Post-FORD Interest Priority of Payments, to the extent that any part of the Notes Interest Available Amount is available for such purpose) (the **Class A Principal Deficiency Limit**).

Principal Deficiency means, on any Quarterly Calculation Date, the sum of:

(i) the Quarterly Principal Deficiency calculated on such Quarterly Calculation Date; and

(ii) the debit balance, if any, on the Principal Deficiency Ledger on the immediately preceding Quarterly Payment Date (after application of the Notes Interest Available Amount in accordance with the Interest Priority of Payments on that Quarterly Payment Date).

Quarterly Principal Deficiency means, on any Quarterly Calculation Date, the aggregate Realised Losses.

Class A Interest Shortfall means, in relation to any Quarterly Payment Date, any shortfall of the aggregate amount under items (i) to (x) (inclusive) of Notes Interest Available Amount to pay Accrued Interest on the Class A Notes on the relevant Quarterly Payment Date and any other amount as referred to in items (i) and (ii) of the Pre-FORD Interest Priority of Payments or items (i) and (ii) of the Post-FORD Interest Priority of Payments.

Realised Losses means, on any Quarterly Calculation Date, the sum of:

(i) the amount corresponding to the difference between (i) the aggregate Outstanding Principal Amount of Mortgage Receivables in respect of which the foreclosure procedure or amicable sale procedure on the relevant Mortgage Assets has been completed or insurance policy collections have been received during the immediately preceding Quarterly Calculation Period and (ii) the sum of the Net Proceeds on such Mortgage Receivables; and

(ii) with respect to Mortgage Receivables sold by the Issuer during the immediately preceding Quarterly Calculation Period, the amount of the difference, if any, between (x) the aggregate Outstanding Principal Amount of such Mortgage Receivables at the sale date and (y) the purchase price received in respect of such Mortgage Receivables to the extent relating to the principal amount of such Mortgage Receivables.

Mortgaged Asset means the Real Estate over which a Mortgage and/or a Mortgage Mandate is granted.

4.11 Enforcement of Security and/or Notes – Limited Recourse, Waiver and Non-Petition

(a) Enforcement of the Security Interests

At any time after the Notes have become due and repayable the Security Agent may, at its discretion and without further notice, take such steps and proceedings against the Issuer as it may think fit to enforce the Security and to enforce repayment of the Notes together with payment of Accrued Interest (and Coupon Excess Consideration, if any), but it shall not be bound to take any such proceedings unless:

(a) it shall have been so directed by an Extraordinary Resolution of the highest ranking Class of Notes then outstanding or so requested in writing by the holders of at least twenty-five (25) per cent. in aggregate Principal Amount Outstanding of the highest ranking Class of Notes at such date; and

(b) it shall have been indemnified to its satisfaction.

Only the Security Agent may enforce the security interests created by or pursuant to the Pledge Agreement and no other Secured Party or Noteholder shall be entitled to enforce such security or proceed against the Issuer to enforce the performance of any of the provisions of the Pledge Agreement, unless the Security Agent, having become bound to take such steps as provided in the Pledge Agreement, fails to do so within a reasonable period (thirty (30) Business Days being deemed for this purpose to be a reasonable period) and such failure shall be continuing.

The Security Agent cannot, while any of the Notes are outstanding, be required to enforce the Security at the request of any Secured Party under the Pledge Agreement other than the Noteholders of the Highest Ranking Class of Notes.

(b) Limited Recourse

If, on the earlier of (a) the Final Maturity Date; (b) or the date on which a Class of Notes is redeemed in full in accordance with Condition 4.5(b)(i), 4.5(b)(ii), 4.5(b)(iv) or 4.5(b)(vi); or (c) the date following the enforcement of the Security and after payment of all other claims ranking in priority to the Notes under the Pledge Agreement in accordance with the Post-Enforcement Priority of Payments, to the extent that Notes Redemption Available Amount and Notes Interest Available Amount are insufficient to repay any principal and Accrued Interest (and accrued Coupon Excess Consideration) outstanding on any Class of Notes, any amount of the Principal Amount Outstanding of, and Accrued Interest (and accrued Coupon Excess Consideration) on, such Notes in excess of the amount available for redemption or payment at such time, will cease to be payable by the Issuer. Each of the Noteholders of the Notes agrees with the Issuer and Security Agent that all obligations of the Issuer to the Noteholders and all other Secured Parties are limited in recourse such that only the assets of the Issuer allocated to Compartment No. 4 subject to the relevant Security will be available to meet the claims of the Noteholders and the other Secured Parties.

Any claim remaining unsatisfied after the enforcement and realisation of the Security and the application of the proceeds thereof in accordance with the Post-enforcement Priority of Payments shall be extinguished and all unpaid liabilities and obligations of the Issuer will cease to be payable by the Issuer. Except as otherwise provided by Condition 4.11 (*Enforcement of Security and/or Notes – Limited Recourse, Waiver and Non-Petition*) or in Condition 4.12 (*The Security Agent*), none of the Noteholders or any other Secured Party shall be entitled to initiate proceedings or take any other steps to enforce any relevant Security.

(c) Waiver

The Noteholders waive, to the fullest extent permitted by law (i) all their rights whatsoever pursuant to Article 1184 of the Belgian Civil Code to rescind (*ontbinden/dissoudre*), or demand in legal proceedings the rescission (*ontbinding/dissolution*) of, the Notes and (ii) all rights whatsoever in respect of the Notes pursuant to Article 487 of the Belgian Companies Code (right to rescind (*ontbinden/dissoudre*)).

(d) Non-Petition

Except as otherwise provided in this Condition 4.11 (*Enforcement of Security and/or Notes – Limited Recourse, Waiver and Non-Petition*) or in Condition 4.12 (*The Security Agent*), no Noteholder or any of the other Secured Parties, shall be entitled to take any steps:

(a) to direct the Security Agent to enforce the relevant Pledged Assets;

(b) to take or join any person in taking steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it;

(c) to initiate or join any person in initiating against the Issuer any bankruptcy, winding up, reorganisation, arrangement, insolvency or liquidation proceeding under any applicable law until the expiry of a period of 1 (one) year after the last maturing Note is paid in full;

(d) to take any steps or proceedings that would result in any applicable Priority of Payments not being observed; or

(e) take any action or exercise any rights directly against the Issuer or in connection with the Security.

4.12 The Security Agent

(a) Appointment

The Security Agent has been appointed by the Issuer as representative of the Noteholders in accordance with Article 271/12, §1, first to seventh indent of the Securitisation Act and as irrevocable agent and attorney (*mandataire/mandataris*) of the other Secured Parties upon the terms and conditions set out in the Common Representative Appointment Agreement and herein.

(b) Powers, authorities and duties

The Security Agent, acting in its own name and on behalf of the Noteholders and the other Secured Parties, shall have the power:

(a) to accept the Security (on behalf of the Noteholders and the other Secured Parties);

(b) upon service of an Enforcement Notice, to proceed against the Issuer to enforce the performance of the Transaction Documents (including the Notes) and to enforce the Security;

(c) to collect all proceeds in the course of enforcing the Security;

(d) to apply or to direct the application of the proceeds of enforcement in accordance with the Conditions and the provisions of the Common Representative Appointment Agreement and the Pledge Agreement;

(e) to open an account in the name of the Secured Parties or in the name of the Domiciliary Agent (or any substitute domiciliary agent appointed in accordance with the provisions of the Agency Agreement) with a credit institution with a rating by the Rating Agencies equal or equivalent to the minimum rating imposed on the Floating Rate GIC Provider from time to time pursuant to the Transaction Documents (an **Eligible Institution**) for the purposes of depositing the proceeds of enforcement of the Security and to give all directions to the Eligible Institution and/or the Domiciliary Agent (or its substitute) to administer such account;

(f) to exercise all other powers and rights and perform all duties given to the Security Agent under the Transaction Documents; and

(g) generally, to do all things necessary in connection with the performance of such powers and duties.

The Security Agent may delegate the performance of any of the foregoing powers to any persons (including any legal entity) whom it may designate. Notwithstanding any sub-contracting or delegation of the performance of its obligations under the Common Representative Appointment Agreement, the Security Agent shall not thereby be released or discharged from any liability hereunder and shall remain responsible for the performance of the obligations of the Security Agent under the Common Representative Appointment Agreement and shall be jointly and severally liable for the performance or non-performance or the manner of performance of any sub-contractor, agent or delegate.

The Security Agent shall not be bound to take any action under its powers or duties other than those referred to in clauses (a), (c) and (e) above unless:

(a) it shall have been directed to do so by (i) an Extraordinary Resolution of the highest ranking Class of Notes then outstanding; or (ii) a request in writing of the holders of not less than twenty-five (25) per cent. in aggregate Principal Amount Outstanding of the highest ranking Class of Notes; and

(b) it shall in all cases have been indemnified to its satisfaction against all liability, proceedings, claims and demands to which it may be or become liable, save where these are due to its own Gross Negligence, wilful misconduct or fraud and all costs, charges and expenses which may be incurred by it in connection therewith.

Whenever the interests of the Noteholders are or can be involved in the opinion of the Security Agent, the Security Agent may, if indemnified to its satisfaction, take legal action on behalf of the Noteholders and represent the Noteholders in any bankruptcy (*faillissement/faillite*), liquidation (*vereffening/liquidation*), judicial reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*) and any other legal proceedings initiated against the Issuer or any other party to a Transaction Document.

(c) Amendments to the Transaction Documents

The Security Agent may on behalf of the Noteholders without the consent of the Noteholders and (subject to Condition 4.12(g)) the other Secured Parties, at any time and from time to time, concur with the Issuer and the other parties thereto in making:

(a) any modification to the Transaction Documents which in the opinion of the Security Agent may be proper provided that the Security Agent is of the opinion that such modification is not materially prejudicial to the interests of the Noteholders or

(b) any modification to the Transaction Documents which in the opinion of the Security Agent is of a formal, minor, or technical nature or is to correct a manifest error or to comply with the (mandatory) provisions of Belgian law.

Any such modification shall be binding on the Noteholders. In no event may such modification be a Basic Term Modification (as defined in Condition 4.13(l)). The Issuer shall cause notice of any such modification to be given to the Rating Agencies and, if the Security Agent so requires, to the Noteholders.

In determining whether or not any proposed change, event or action will be materially prejudicial to the interests of Noteholders, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself, any of the Transaction Parties, or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud.

If, in the Security Agent's opinion it is not sufficiently established that the proposed amendment or variation can be approved by it in accordance with this paragraph, it will determine in its full discretion whether to submit the proposal to a duly convened meeting of Noteholders (in accordance with Schedule 2 to the Common Representative Appointment Agreement) or to refuse the proposed amendment or variation or other proposal, or, in case of a Basic Term Modification, to ask for an approval of such Basic Term Modification by an Extraordinary Resolution by the relevant Class of Notes.

(d) Waivers

The Security Agent may, without the consent of the Secured Parties or the Issuer, without prejudice to its right in respect of any breach, condition, event or act from time to time and at any time, but only if and in so far as in its opinion the interests of Noteholders will not be materially prejudiced thereby, (i) authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed or actual breach of any of the covenants or provisions or any action to take pursuant to the covenants or provisions (and agree to extend any contractually agreed cure period) contained in or arising pursuant to the Common Representative Appointment Agreement, these Conditions or any

of the other Transaction Documents or (ii) determine that any breach, condition, event or act which constitutes (and/or which, with the giving of notice or the lapse of time and/or the Security Agent making any relevant determination and/or issuing any relevant certificate would constitute), but for such determination, an Event of Default shall not, or shall not subject to specified conditions, be treated as such for the purposes of the Common Representative Appointment Agreement.

Any such authorisation, waiver or determination pursuant to this clause shall be binding on the Noteholders and if, but only if, the Security Agent shall so require, notice thereof shall be given to the Noteholders and the Rating Agencies. In determining whether or not the interests of the Noteholders will be materially prejudiced, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself, any of the Transaction Parties or the Issuer and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud.

If in the Security Agent's opinion any proposed variation or amendment of, or addition to, any of the Transaction Documents could lead to a material negative change in the position of the Cap Provider under the Cap Agreement, the Security Agent will submit the proposal to the prior approval of the Cap Provider.

The Security Agent shall not exercise such any powers to waive, authorise or determine, and no resolution will be binding, without the prior written consent of the Cap Provider, as applicable, if the change proposed (by a party other than the Noteholders) to be made qualifies as one of the Basic Term Modifications listed under Condition 4.13(l), (i) to (iv)(inclusive). The Cap Provider may not unreasonably withhold such consent.

(e) Conflicts of interest

The Security Agent shall take account of the interests of the Secured Parties to the extent that there is no conflict amongst them. If:

(a) an actual conflict exists or is likely to exist between the interests of Secured Parties in relation to any material action, decision or duty of the Security Agent under or in relation to the Common Representative Appointment Agreement and the Conditions; and

(b) any of the Transaction Documents and the Conditions give the Security Agent a material discretion in relation to such action, decision or duty;

the Security Agent shall always have regard to the interests of the Noteholders in priority to the interests of the other Secured Parties. In connection with the exercise of its powers, authorities and discretions, the Security Agent shall have regard to the interests of the Noteholders as a Class and shall not have regard to the consequence of such exercise for individual Noteholders.

Class A Noteholders

For so long as there are any Class A Notes outstanding, the Security Agent is to have regard solely to the interests of the Class A Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of: (a) the Class A Noteholders and (b) the holders of any of the other Classes of Notes and/or any other Secured Parties.

Class B Noteholders

If there are no longer any Class A Notes outstanding, but for so long as there are any Class B Notes outstanding, the Security Agent is to have regard solely to the interests of the Class B Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Class B

Noteholders and (b) the holders of any of the other Classes of Notes and/or any other Secured Parties.

Class C Noteholders

For as long as only Class C Notes remain outstanding, the Security Agent is to have regard solely to the interests of the Class C Noteholders if, in the Security Agent's opinion, there is a conflict between the interests of (a) the Class C Noteholders and (b) any Secured Parties.

Other Secured Parties

If, in the Security Agent's opinion, there is a conflict of interest in respect of the Secured Parties other than the Noteholders, the applicable Priority of Payments shall determine which interests shall prevail.

Issuer and Secured Parties

Further, to the extent that:

(a) an actual conflict exists or is likely to exist between the interests of the Issuer and the Secured Parties, and the interests of the Seller in relation to any material action, decision or duty of the Security Agent under or in relation to the Common Representative Appointment Agreement and any other Transaction Document; and

(b) the Common Representative Appointment Agreement and any other Transaction Document gives the Security Agent a material discretion in relation to such action, decision or duty,

then the Security Agent shall have regard to the interests of the Issuer and the other Secured Parties (other than the Seller) in priority to the interests of the Seller.

In relation to any duties, obligations and responsibilities of the Security Agent to the other Secured Parties in its capacity as agent of the Secured Parties in relation to the Pledged Assets and under or in connection with the Common Representative Appointment Agreement and any other Transaction Document, the Security Agent shall discharge these by performing and observing its duties, obligations and responsibilities as representative of the Noteholders in accordance with the provisions of the Common Representative Appointment Agreement, the other Transaction Documents and the Conditions.

(f) Replacement of the Security Agent

The Noteholders shall be entitled to terminate the appointment of the Security Agent by an Extraordinary Resolution notified to the Issuer and the Security Agent, provided:

(a) in the same resolution a substitute security agent is appointed; and

(b) such substitute security agent meets all legal requirements, if any, to act as security agent in respect of an Institutional VBS and accepts to be bound by the terms of the Common Representative Appointment Agreement and all other Transaction Documents in the same way as its predecessor.

If any of the following events (each a **Common Representative Termination Event**) shall occur, namely:

(i) an order is made or an effective resolution is passed for the dissolution (*ontbinding/dissolution*) of the Security Agent except a dissolution (*ontbinding/dissolution*) for the purpose of a merger where the Security Agent remains solvent; or

(ii) the Security Agent ceases or threatens to cease to carry on its business or a substantial part of its business or stops payment or threatens to stop payment of its debts or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent; or

(iii) the Security Agent defaults in the performance or observance of any of its material covenants and obligations under this Agreement or any other Transaction Document and (except where such default is incapable of remedy, when no such continuation and/or notice shall be required) such default continues unremedied for a period of thirty (30) Business Days after the earlier of the Security Agent becoming aware of such default and receipt by the Security Agent of written notice from the Issuer requiring the same to be remedied; or

(iv) the Security Agent becomes subject to any bankruptcy (*faillissement/faillite*), judicial reorganisation (*gerechtelijke reorganisatie/réorganisation judiciaire*) or other insolvency proceeding under applicable laws;

(v) the Security Agent is rendered unable to perform its material obligations under the Common Representative Appointment Agreement for a period of twenty (20) Business Days by circumstances beyond its reasonable control or *force majeure*, or

(vi) the management (*bestuur*) of the Security Agent is in one of the circumstances as set out under (ii) or (iv) above;

then the Issuer may by notice in writing terminate the powers delegated to the Security Agent under the Common Representative Appointment Agreement and the Transaction Documents with effect from a date (not earlier than the date of the notice) specified in the notice and appoint a substitute security agent selected by the Issuer which shall act as security agent until a new security agent is appointed by the general meeting of Noteholders which shall promptly be convened by the Issuer. Upon such selection being made and notified by the Issuer to the Secured Parties in a way deemed appropriate by the Issuer, all rights and powers granted to the company then acting as Security Agent shall terminate and shall automatically be vested in the substitute security agent so selected. All references to the Security Agent in the Transaction Documents shall where and when appropriate be read as references to the substitute security agent as selected and upon vesting of rights and powers pursuant this Condition.

Such termination shall also terminate the appointment and power of attorney by the other Secured Parties. The other Secured Parties hereby irrevocably agree that the substitute security agent shall from the date of its appointment act as attorney (*mandataris*/*mandataire*) of the other Secured Parties on the terms and conditions set out in these Conditions and the Transaction Documents.

(g) Accountability, Indemnification and Exoneration of the Security Agent

With respect to the exercise of its powers, authorities and discretions the Security Agent shall have regard to the interests of the Noteholders of a particular Class as a Class and shall not have regard to the consequences of such exercise for individual Noteholders.

If so requested in advance by the board of directors or the Noteholders, the Security Agent shall report to the general meeting of Noteholders on the performance of its duties under the Common Representative Appointment Agreement provided such request is notified by registered mail no later than ten (10) Business Days prior to the relevant general meeting of Noteholders. The board of directors shall require such report if so requested by those Noteholders who have requested that such general meeting be convened.

In determining whether or not the exercise of any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents will be materially prejudicial to the interests of Noteholders, the Security Agent shall be able to rely on, and act on any advice or opinion of or any certificate obtained from a valuer, accountant, banker, broker, securities company or other company other than the Rating Agencies whether obtained by itself or the Issuer or any other Transaction Party and it shall not be liable for any loss occasioned by such action, save where such loss is due to its Gross Negligence, wilful misconduct or fraud.

The Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Security Agent and providing for its indemnification in certain circumstances, including provisions relieving the Security Agent from taking enforcement proceedings or enforcing the Security unless indemnified to its satisfaction.

The Security Agent shall not be liable to the Issuer, the Noteholders or any of the other Secured Parties in respect of any loss or damage which arises out of the exercise, or the attempted exercise of, or the failure to exercise any of its powers or any loss resulting there from, except that the Security Agent shall be liable for such loss or damage that is caused by its Gross Negligence, wilful misconduct or fraud.

The Security Agent shall not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Pledged Assets, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the MPT Provider or any agent or related company of the MPT Provider or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Security Agent.

The Security Agent shall have no liability for any breach of or default under its obligations under the Common Representative Appointment Agreement and under any other Transaction Document if and to the extent that such breach is caused by any failure on the part of the Issuer to perform any of its material obligations under the Common Representative Appointment Agreement or by any failure on the part of the Issuer or any of the Secured Parties to duly perform any of its material obligations under any of the other Transaction Documents. In the event that the Security Agent is rendered unable to duly perform its obligations under any of the Transaction Documents by any circumstances beyond its control, the Security Agent shall not be liable for any failure to carry out the obligations under the Transaction Documents which are thus affected by the event in question and, for so long as such circumstances continue, its obligations under the Common Representative Appointment Agreement and under any other Transaction Documents which are thus affected will be suspended without liability for the Security Agent.

The Security Agent shall not be responsible for ensuring that any Security is created by, or continues to be managed by, the Issuer, the Security Agent, or any other person in such a manner as to create or maintain sufficient control to obtain the type of Security described in the Pledge Agreement in relation to the assets of the Issuer which are purported to be secured thereby.

The Security Agent may, until it has actual knowledge or express notice to the contrary, assume the Issuer is observing and performing all its obligations under the Common Representative Appointment Agreement or any other Transaction Documents and in any notices or acknowledgements delivered in connection with any such documents.

If in the Security Agent's opinion any proposed variation or amendment of, or addition to, any of the Transaction Documents can lead to a material negative change in cash flows under the Cap Agreement, it will determine in its full discretion whether to submit the proposal to the prior approval of the Cap Provider.

(h) Parallel Debt

In the Parallel Debt Agreement the Issuer will irrevocably and unconditionally undertake to pay to the Security Agent (the **Parallel Debt**) amounts which will be equal to the aggregate amount due (*verschuldigd/dû*) by the Issuer:

(a) to the Noteholders;

(b) as fees or other remuneration to the Directors, under the Management Agreements;

(c) as fees and expenses to the MPT Provider under the Issuer Services Agreement;

(d) as fees and expenses to the Issuer Administrator under the Issuer Services Agreement;

(e) as fees and expenses to the Domiciliary Agent, the Reference Agent and the Listing Agent under the Agency Agreement;

(f) to the Seller under the Mortgage Receivables Purchase Agreement;

(g) to the Cap Provider under the Cap Agreement;

(h) to the Floating Rate GIC under the Floating Rate GIC;

(i) to the Subordinated Loan Provider under the Subordinated Loan Agreement; and

(j) to the Expenses Subordinated Loan Provider under the Expenses Subordinated Loan Agreement;

(together the **Secured Parties**).

The Parallel Debt constitutes the separate and independent obligations of the Issuer and constitutes the Security Agent's own separate and independent claim (*eigen en zelfstandige vordering/créance propre et indépendante*) to receive payment of the Parallel Debt from the Issuer. Upon receipt by the Security Agent of any amount in payment of the Parallel Debt, the payment obligations of the Issuer to the Secured Parties shall be reduced by an amount equal to the amount so received.

To the extent that the Security Agent irrevocably and unconditionally receives any amount in payment of the Parallel Debt, the Security Agent shall distribute such amount among the Secured Parties in accordance with the then applicable Priority of Payments.

4.13 Meetings of Noteholders, Modifications and Waivers

(a) General

The Articles 568 to 580 of the Belgian Company Code shall not apply as the Conditions, the by-laws of the Issuer or the Transaction Documents contain provisions which differ from the provisions contained in such articles. The Transaction Documents contain in particular, but without limitation, the following provisions which differ from the provisions of the Belgian Company Code:

(a) the board of directors or the Auditor may at all times convene a meeting of Noteholders and will be required to convene a meeting of the Noteholders at the request of the Security Agent

or of Noteholders representing not less than one-tenth of the aggregate Principal Amount Outstanding of the Notes of the relevant Class(es);

(b) the provisions of Article 570 of the Belgian Company Code will not apply and the notices in relation to meetings of the Noteholders will be published as set out in Condition 4.14 (*Notices*);

(c) in addition to the provisions of Article 568 of the Belgian Company Code, the meeting of Noteholders and the Security Agent shall have all the powers given to them in the Transaction Documents, including, but not limited to, those given to them in the Conditions; and

(d) the reasons for convening a meeting of Noteholders is not limited to the reasons set out in the Belgian Company Code.

Notwithstanding the provisions of Article 568 of the Belgian Company Code, the meeting of Noteholders and the Security Agent shall have all the powers given to them in the Transaction Documents, including, but not limited to, those given to them in these Conditions.

(b) Time and place

Every meeting shall be held at a time and place approved by the Security Agent.

(c) Notice and management

At least 15 calendar days' notice (exclusive of the day on which the notice is given and of the day on which the relevant meeting is to be held) specifying the date, time and place of the meeting shall be given to the Noteholders in accordance with Condition 4.14 (*Notices*) with a copy to the Issuer or the Security Agent, as the case may be. The notice shall set out the full text of any resolutions to be proposed. In addition, the notice shall explain how Noteholders may obtain Voting Certificates and use a Block Voting Certificate and the details of the time limits applicable.

The chairman may with the consent of (and shall if directed by) any general meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned general meeting except business which could have been transacted at the general meeting from which the adjournment took place.

If the general meeting has been reconvened through want of quorum, at least ten (10) calendar days' notice of such new meeting shall be given in the same manner as for an original general meeting, and such notice shall state the quorum required at the adjourned general meeting. Except in case of a meeting to consider an Extraordinary Resolution it shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason than by want of quorum. An **Extraordinary Resolution** means a decision approved or to be approved by a resolution with a majority consisting of not less than 75 per cent. of the votes cast of the Notes thereat, whether by show of hand or a poll.

(d) Chairman

The chairman of a meeting shall be such person (who may, but need not be, a Noteholder) as the Issuer or the Security Agent (as applicable) may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders, the meeting shall be chaired by the person elected by the majority of the voters present, failing which, the Noteholders' Representative shall appoint a chairman. The chairman of an adjourned meeting need not be the same person as was chairman at the original meeting.

(e) Access to meetings of Noteholders

Save as expressly provided otherwise herein, no person shall be entitled to attend or vote at any general meeting of the Noteholders unless, he produces an appropriate voting certificate or block voting certificate which has been issued by the Recognised Accountholder or Securities Settlement System (or any Alternative Securities Settlement System).

A **Recognised Accountholder** means, in relation to one or more Notes, the recognised accountholder (*erkende rekeninghouder/teneur de compte agréé*) within the meaning of Article 468 of the Belgian Companies Code with which a Noteholder holds such Note on a securities account.

(f) Voting Certificates

A Voting Certificate shall:

(a) be issued by a Recognised Accountholder or the Securities Settlement System;

(b) state that on the date thereof (i) Notes (not being Notes in respect of which a Block Voting Certificate has been issued which is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding (to the satisfaction of the Recognised Accountholder or Securities Settlement System) were held to its order or under its control and blocked by it and (ii) that no such Notes will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such Voting Certificate or, if applicable, any such adjourned meeting; and

(ii) the surrender of the Voting Certificate to the Recognised Accountholder or Securities Settlement System who issued the same; and

(c) further state that until the release of the Note represented thereby the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Notes represented by such certificate.

(g) Block Voting Certificates

A Block Voting Certificate shall:

(a) be issued by a Recognised Accountholder or Securities Settlement System;

(b) certify that (i) Notes (not being Notes in respect of which a Voting Certificate has been issued which is outstanding in respect of the meeting specified in such Block Voting Certificate and any such adjourned meeting) of a specified principal amount outstanding (to the satisfaction of the Recognised Accountholder or Securities Settlement System) were held to its order or under its control and blocked by it and (ii) that no such Notes will cease to be so held and blocked until the first to occur of:

(i) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and

(ii) the giving of notice by the Recognised Accountholder or Securities Settlement System to the Issuer, stating that certain of such Notes cease to be held with it or under its control and blocked and setting out the necessary amendment to the Block Voting Certificate;

(c) certify that each holder of such Notes has instructed such Recognised Accountholder or Securities Settlement System that the vote(s) attributable to the Notes so held and blocked should be cast in a particular way in relation to the resolution or resolutions which will be put to such meeting or any such adjourned meeting and that all such instructions cannot be revoked or amended during the period commencing 3 Business Days prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof;

(d) state the principal amount outstanding of the Notes so held and blocked, distinguishing with regard to each resolution between (i) those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution, (ii) those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution and (iii) those in respect of which instructions have been so given to abstain from voting; and

(e) naming one or more persons (each hereinafter called a "proxy") as being authorised and instructed to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (d) above as set out in such document.

The Security Agent and the Issuer (through their respective officers, employees, advisers, agents or other representatives) and their respective financial and legal advisers shall be entitled to attend and speak at any meeting of the Noteholders. Proxyholders need not be Noteholders.

Formalities and procedures in respect of the Registered Notes will be such as described in the relevant notice to the relevant Noteholders.

Schedule 2 of the Common Representative Appointment Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting the interests of Noteholders, including proposals by Extraordinary Resolution to modify, or to sanction the modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents or to consider matters affecting the Transaction otherwise.

(h) Conflicts of interests

The following provisions shall apply where outstanding Notes belong to more than one Class:

(a) business which in the opinion of the Security Agent affects the Notes of only one Class shall be transacted at a separate meeting of the Noteholders of that Class;

(b) business which in the opinion of the Security Agent affects the Notes of more than one Class but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class and the Noteholders of any other Class shall be transacted either at separate meetings of the Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes as the Security Agent shall in its absolute discretion determine;

(c) business which in the opinion of the Security Agent affects the Notes of more than one Class and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class and the Noteholders of any other such Class shall be transacted at separate meetings of the Noteholders of each such Class; and

(d) as may be necessary to give effect to the above provisions, the preceding paragraphs shall be applied as if references to the Notes and Noteholders were to the Notes of the relevant Class and to the Noteholders of such Notes.

(i) Binding Resolutions

Any resolution passed at a meeting of the Noteholders of a particular Class of Notes duly convened and held in accordance with the Conditions shall be binding upon all the Noteholders of such Class whether present or not present at such meeting and whether or not voting, provided that:

(a) no Basic Term Modification (as defined below) shall be effective unless the modification is approved by a resolution with a majority consisting of not less than 75 per cent. of the votes cast on that resolution, whether by show of hand or a poll (an ***Extraordinary Resolution***) passed at a general meeting of the Noteholders of the relevant Classes duly convened and held in accordance with the rules set out in Schedule 2 of the Common Representative Appointment Agreement for approving a Basic Term Modification;

(b) no Extraordinary Resolution of the Class B Noteholders shall be effective unless (a) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders; or (b) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders; or (c) none of the Class A Notes remain outstanding;

(c) no Extraordinary Resolution of the Class C Noteholders shall be effective unless (a) the Security Agent is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders and the Class B Noteholders; or (b) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders and the Class B Noteholders; or (c) none of the Class A Notes and the Class B Notes remain outstanding;

(d) any resolution passed at a meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders and the Class C Noteholders irrespective of its effect upon such persons, except an Extraordinary Resolution to sanction a Basic Term Modification, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Class B Noteholders, and an Extraordinary Resolution of the Class C Noteholders.

(j) Written Resolutions

A resolution in writing signed by or on behalf of Noteholders, representing at least seventy-five (75) per cent. of the aggregate Principal Amount Outstanding of the Notes in case of a Basic Term Modification, who for the time being are entitled to receive notice of a general meeting in accordance with the provisions contained in the Conditions shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions contained in the Conditions. A resolution in written signed by or on behalf of at least fifty (50) per cent. of the aggregate Principal Amount Outstanding of the Notes shall take effect as if it were any resolution other than Extraordinary Resolution, in case it does not relate to a Basic Term Modification.

(k) Requisitions

The board of directors or the Auditor for the time being of the Issuer may at any time and must upon a request in writing of (a) Noteholders holding not less than one-tenth of the aggregate Principal Amount Outstanding of the Notes of the relevant Class or (b) the Security Agent (subject to its being indemnified to its satisfaction against all costs and expenses thereby occasioned), convene a general meeting of the Noteholders of the relevant Class of Notes.

(l) Basic Term Modification

(i) Any modification of the date or priority of redemption of any of the Notes, (ii) any modification which would have the effect of postponing any day for payment of interest on the Notes, (iii) any

modification which would have the effect of reducing or cancelling the amount of principal payable in respect of the Notes or the rate of interest applicable thereto, (iv) any modification which would have the effect of altering the currency of payment thereof, (v) any modification which would have the effect of altering the majority required to pass an Extraordinary Resolution, (vi) any modification which would have the effect of altering the definition of an Event of Default, or (vii) any modification which would have the effect of altering the Security Agent's duties in respect of the Security, is referred to herein as a **Basic Term Modification**.

(m) Quorum

The quorum at any general meeting of Noteholders of the relevant Class (other than where the business of such meeting includes the proposal of a Basic Term Modification (as defined above)) will be one or more persons present in person holding voting certificates and/or being proxies and being or representing in the aggregate (the Noteholders of) fifty (50) per cent. or more of the aggregate Principal Amount Outstanding of the Notes of the relevant Class of Notes at the time of the meeting and no business (other than the choosing of a chairman) shall be transacted at any such meeting unless the requisite quorum be present at the commencement of business.

The quorum at any general meeting of Noteholders for passing an Extraordinary Resolution in respect of a Basic Term Modification shall be one or more persons present in person holding voting certificates and/or being proxies and being or representing in the aggregate (the Noteholders of) seventy-five (75) per cent. or more of the aggregate Principal Amount Outstanding of the Notes of the relevant Class of Notes at the time of the meeting and no business (other than the choosing a chairman) shall be transacted at any such general meeting unless the requisite quorum be present at the commencement of business.

If within half an hour from the time appointed for any such general meeting of Noteholders a quorum is not present, the general meeting of Noteholders shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall be adjourned for such period being not less than fourteen (14) days nor more than forty-two (42) days, and at such place as may be appointed by the chairman and approved by the Security Agent.

At any adjourned meeting (other than a meeting convened at the request of the Noteholders) the quorum for:

(a) approving a Basic Term Modification at the general meeting shall be more persons present in person holding voting certificates and/or being proxies and being or representing in the aggregate (the Noteholders of) twenty-five (25) per cent. or more of the aggregate Principal Amount Outstanding of the relevant Class of Notes at the time of the meeting; and

(b) approving any other resolution shall be one or more persons present in person holding Notes and/or voting certificates and/or being proxies whatever the Principal Amount Outstanding of the Notes is held or represented.

(n) Voting

At any meeting (a) on a show of hands every Noteholder (being an individual) who is present in person and produces a declaration of a Securities Settlement or Recognised Account Holder of its Notes being blocked until that date of the meeting (voting certificate or block voting certificate) or, with regard to the Registered Notes, is identified as a Noteholder in the notes register held with the Issuer, its registrar or is a proxy, shall have one vote in respect of each Note and (b) on a poll every person who is so present shall have one vote in respect of each EUR 10,000 of Principal Amount Outstanding of Notes referred to on the blocking certificate or registered as Noteholder in the notes register or in respect of which that person is a proxy.

(o) Majorities

The majority required for an Extraordinary Resolution shall be seventy-five (75) per cent. of the votes cast on that resolution, whether on a show of hands or a poll.

The majority for every resolution other than an Extraordinary Resolution shall be a simple majority.

(p) Powers

The meeting shall have all the powers expressly given to it in the Conditions, the by-laws of the Issuer, the Common Representative Appointment Agreement or any other Transaction Document. The following powers may only be exercised by way of an Extraordinary Resolution, and with the consent of the Issuer, except for (e), (f), (g), (h) and (j):

(a) power to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement or waiver in respect of, the rights of the Noteholders against the Issuer, whether such rights shall arise under the Conditions, the Notes or otherwise;

(b) power to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement or waiver in respect of any of its material obligations under the Transaction Documents or Notes;

(c) power to sanction the exchange or substitution of the Notes or the conversion of the Notes into shares, stock, convertible notes, or other obligations or securities of the Issuer or any other body corporate formed or to be formed;

(d) power to assent to any alteration of the provisions contained in these Conditions, the Notes, the Common Representative Appointment Agreement (including Schedule 2 thereto) or any of the Transaction Documents or which shall be proposed by the Issuer and/or the Security Agent;

(e) power to authorise the Security Agent to concur in and execute and do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;

(f) power to discharge or exonerate the Security Agent from any liability in respect of any act or omission for which the Security Agent may have become responsible under or in relation to these Conditions, the Notes, the Common Representative Appointment Agreement or any of the Transaction Documents;

(g) power to give any authority, direction or sanction, which under the provisions of the Conditions or the Notes is required to be given by Extraordinary Resolution;

(h) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;

(i) power to sanction the release of the Issuer or of the whole or any part of the Pledged Assets from all or any part of the principal moneys and interest owing in respect of the Notes;

(j) power to authorise the Security Agent or any receiver appointed by it where it or he shall have entered into possession of the Pledged Assets or otherwise enforced the Security in relation thereto, to discontinue enforcement of any security constituted by the Pledge Agreement either unconditionally or upon any Conditions; and

(k) power to change a date fixed for payment of principal or interest or to cancel an amount, or the method for calculation on the date of payment.

(q) Compliance

The Issuer may with the consent of the Security Agent and without the consent of the Noteholders prescribe such other or further regulations regarding the holding of meetings of Noteholders and attendance and voting thereat as are necessary to comply with Belgian law.

(r) Conflicts of Interest

In order to avoid any potential conflict of interest, if and as long as any Notes are held by the Seller, all quorums and voting majorities set out above required to pass a Noteholders' resolution, will have to be met in respect of the group consisting of the Seller on the one hand and the group of all other Noteholders (excluding the Seller).

(s) Noteholders resolution

All decisions adopted by the Meeting of Noteholders shall be published on the website of the Issuer and notified to the Cap Provider (as soon as reasonably practicable) and, to the extent such decisions constitute regulated information as described in the royal decree of 14 November 2007 on the obligations of issuers of financial instruments which are admitted to trading on a Belgian regulated market (as amended, and/or replaced from time to time, the **November 2007 RD**), through such other channels as required to be in compliance with the November RD.

(t) Minutes

Minutes of all resolutions and proceedings at every such general meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer (failing which by the Security Agent), and any such minutes as aforesaid, if purporting to be signed by the chairman of the general meeting at which such resolutions were passed or proceedings transacted or by the chairman of the next succeeding general meeting of the Noteholders, shall be conclusive evidence of the matters therein contained, and until the contrary is proved every such general meeting in respect of the proceedings of which minutes have been made and signed as aforesaid shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.

4.14 Notices

(a) All notices to Noteholders of any Class shall be deemed to have been duly given if:

(i) in case of notices for convening meetings of Noteholders:

(A) all Noteholders receive an individualized invitation by registered letter or, subject to the explicit written approval of the individual Noteholder, by fax or e-mail; or

(B) such notices are published (x) in Dutch and English in a leading daily newspaper with general circulation in Belgium and (y), in addition thereto, in the Belgian State Gazette (*Belgisch Staatsblad/Moniteur Belge*), at least fifteen (15) calendar days before the date of the meeting, but the Security Agent shall not be responsible for any failure to comply with such publication requirements if nevertheless any meeting of Noteholders is duly convened and held in accordance with the Belgian Company Code, Condition 4.13 (*Meetings of Noteholders, Modifications and Waivers*) hereof and the relevant provisions contained in Schedule 2 of the Common Representative Appointment Agreement; or

(C) a communication has been sent through the Securities Settlement System;

(ii) in case such notice (other than a notice under (A)) does constitute regulated information as described in the November 2007 RD, a notice in English and Dutch is published:

(A) through such communication channels (which may include leading newspapers with general circulation in Belgium, communications sent through the Securities Settlement System, publication on Bloomberg,…) as would be in compliance of the November 2007 RD and appropriate in view of the type of regulated information; and

(B) on the website of the Issuer.

(iii) in case such notice does not constitute regulated information as described in the November 2007 RD, a notice in English and Dutch:

(A) is published on the website of the Issuer; and/or

(B) is published through Bloomberg; and/or

(C) is distributed by the Issuer (or the Issuer Administrator on its behalf), the Manager or the Security Agent to each individual Noteholder by fax, e-mail or registered letter.

(b) Notices specifying a Quarterly Payment Date, an Interest Rate, an Coupon Amount, a payment of principal (or absence thereof), a Principal Amount Outstanding or a Note Factor or relating generally to payment dates, payments of interest, repayments of principal and other relevant information with respect to the Notes shall be deemed to have been duly given (provided they do not constitute regulated information under the November 2007 RD) if the information contained in such notice appears in an Investor Report, on the website of the Issuer, on the relevant page of Bloomberg, or on such other medium for the electronic display of data as may be approved by the Security Agent and notified to the Noteholders (the **Relevant Screen**) or is distributed to the individual Noteholders as set out under paragraph (C) above at least two Business Days before a Quarterly Payment Date. Any such notice shall be deemed to have been given on the first date on which such information appeared on the Relevant Screen or if it is impossible or impracticable to give notice in accordance with this paragraph then notice of the matters referred to in this Condition shall be given in accordance with the preceding paragraph.

(c) Any notice (other than a notice referred to under Condition 4.14(b)) shall be deemed to have been given on:

(i) on the date of receipt of such notice (in the case of a notice to an individual Noteholder) whereby (x) notice by fax or e-mail will be deemed to have been received on the date of sending, if such date is a Business Day and the e-mail or fax has been sent before 17.00h Brussels time and no notice of non-delivery has been received and (ii) notice by registered letter will be deemed to have been received on the second Business Day after the day of sending;

(ii) in case of a publication on a website, through Bloomberg or in a newspaper: on the date of such publication or, if published more than once or on different dates in a newspaper, on the first date on which publication is made in the manner required in one of the newspapers referred to above;

(iii) in case of notice being sent through the Securities Settlement System, on the date of sending such notice; and

(iv) in case of notice being sent through another channel as mentioned under Condition 4.14(a)(ii), on the date which according to generally accepted market practice is the date of receipt of such notice or on such date which in the opinion of the Security Agent is to be considered the date of receipt of such notice.

4.15 Governing Law

These Conditions are governed by and shall be construed in accordance with, Belgian law.

The Dutch speaking (*Nederlandstalige/Néerlandophone*) courts of Brussels, Belgium have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Notes.

ANNEX 2 - QUALIFYING INVESTORS UNDER THE SECURITISATION ACT

Pursuant to Article 5, §3 and §3/1 of the Securitisation Act, Qualifying Investors are the "professional investors" (the **Professional Investors**). A royal decree may restrict or extend this definition. The professional investors are the professional clients listed under Annex A to the royal decree of 3 June 2007 and the eligible counterparties in the meaning of Article 3, §1 of the royal decree of 3 June 2007, namely:

(a) the Belgian and foreign legal entities that have a license or are regulated in order to be active on the financial markets including:

  (i) the credit institutions;

  (ii) the investment firms;

  (iii) the other financial institutions that have a license or are regulated;

  (iv) the insurance companies;

  (v) the collective investment undertakings and their management companies;

  (vi) the pension funds and their management companies;

  (vii) the traders in commodities futures and derivated instruments (*grondstoffen termijnhandelaren/intermediaries en matières premières et instruments dérivés sur celles-ci*);

  (viii) the local companies;

  (ix) the other institutional investors;

(b) the other companies than those contemplated in item (a) above, that satisfy at least two of the following three criteria, on individual basis:

  (i) total balance sheet of EUR 20 million;

  (ii) net annual turnover of more than EUR 40 million; and

  (iii) equity of more than EUR 2 million.

(c) national governments, Belgian state, Communities and Regions, national, regional and foreign authorities; public undertakings in charge of the public debt, central banks, international and supranational institutions as the World Bank, the IMF, the European Central Bank, the European Investment Bank, and other similar international institutions.

(d) other institutional investors whom the main activity is the investment in financial instruments, in particular entities in relation to assets securitisation and other financing operations.

The Royal Decree of 26 September 2006 (as amended by the Royal Decree of 26 September 2013) has further modified the definition of "professional investors" for the purposes of Article 5, §3/1 of the Securitisation Act as follows:

(a) private individuals are not considered as professional investors;

(b) professional investors that have elected to be treated as non-professional investors, as for the purposes of Article 5, §3/1 of the Securitisation Act are considered as professional investors.

ANNEX 3 – DEFINED TERMS

PART 1 – DEFINED TERMS

In addition to the terms defined in this Prospectus, the following terms have the following meaning:

Additional Security means with regard to any Mortgage Loan, all claims, whether contractual or in tort, against any Insurance Company, notary public, Mortgage Registrar, public administration, property expert, broker or any other person in connection with such Mortgage Loans or the related Mortgaged Assets or Loan Security or in connection with the Seller's decision to grant such Mortgage Loans, other than any Loan Security;

Agreed Form means, in relation to any document, the form of the document which has been agreed between the parties thereto;

CLTCV means the ratio between (i) the sum of (x) the aggregate outstanding amount of all Existing Loans secured by the same Mortgage as a Mortgage Receivable and (y) the Outstanding Principal Amount of such Mortgage Receivable, and (ii) the indexed value of the Mortgaged Assets;

Collateral Law means the Law of 15 December 2004 on financial collateral (*Wet van 15 december 2004 betreffende financiële zekerheden en houdende diverse fiscale bepalingen inzake zakelijke-zekerheidsovereenkomsten en leningen met betrekking tot financiële instrumenten/Loi du 15 décembre 2004 relative aux sûretés financières et portant des dispositions fiscales diverses en matière de conventions constitutives de sûreté réelle et de prêts portant sur des instruments financiers*), as amended from time to time;

Compartment means a compartment within the meaning of article 271/11 of the Securitisation Act;

Compartment No. 4 means the Compartment of the Issuer to which the assets and liabilities relating to the Mortgage Receivables and the Notes are allocated;

Contract Records means the file or files, books, magnetic tapes, disks, cassettes or such other method of recording or storing information from time to time relating to each Mortgage Loan and Related Security, containing, *inter alia*, (i) the Mortgage Deeds and all material records and correspondence relating to the Mortgage Loans, the Loan Security and Additional Security and/or the Borrower, (ii) the completed Standard Loan Documentation applicable to the Mortgage Loan and (iii) any payment, arrears and status reports maintained by the MPT Provider;

Credit Policies means the procedures, policies and practices applied by the Seller with regard to the origination, credit collection and administration and underwriting criteria of its Mortgage Loans, which includes the Stater Vademecum attached as Schedule 11 to the Mortgage Receivables Purchase Agreement, certified by the Seller to be a true, accurate and up-to-date reflection of its current credit policies, provided that if the Seller no longer acts as MPT Provider, any collection and administration procedures and policies to be agreed between the Issuer and the Sub-MPT Provider;

Cut-Off Date means 30 June 2017;

Disputed Mortgage Receivable means any Mortgage Receivable in respect of which payment is disputed (in whole or in part, with or without justification) by the Borrower of such Mortgage Loan, or in respect of which a set-off or counterclaim is being claimed by such Borrower; for the avoidance of doubt, a Mortgage Receivable shall not be a Disputed Mortgage Receivable by reason merely of the fact that any payment thereunder is not made, that the Borrower is in default, insolvent or subject to a *collectieve schuldenregeling*/*règlement collectif de dettes*, that the Borrower is seeking from the courts the benefit of a

grace period, or that there is a conciliation procedure (whether successful or not) in respect of this Mortgage Loan under article 59 of the Mortgage Credit Act;

EONIA means the Euro Overnight Index Average administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) displayed (before any correction, recalculation or republication by the administrator) on the relevant Thomson Reuters screen or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters;

Hazard Insurance Policy means an insurance covering fire and/or kindred perils in respect of any Mortgaged Assets;

Insurance Company means any insurance company granting a Hazard Insurance (in respect of the Mortgaged Assets) or a Life Insurance (in respect of a Mortgage Loan);

Insurance Policy means any and all Hazard Insurance Policy or Life Insurance Policy;

Life Insurance Policy means any insurance policy covering the risk of death of any Borrower of a Mortgage Loan;

Loan Security means in respect of a Mortgage Loan, any Mortgage and/or Mortgage Mandate and all rights, title, interest and benefit relating to any Insurance Policies, any guarantee provided for such Mortgage Loan, any Mortgage Promise provided in relation to a Mortgage Loan, any assignment of salaries (*loonsoverdracht/cession de salaire*) that the Borrower may earn and any other mortgage (*hypotheek/hypothèque*), privilege (*voorrecht/privilège*), pledge, encumbrance, assignment, right of retention, subordination, right of set-off or any security interest whatsoever, however so created or arising whether relating to existing or future assets, each (i) to the extent expressly referred to in the Contract Records governing the Mortgage Loan or (ii) with respect to a Mortgage and/or Mortgage Mandate, except with respect to a Mortgage created in favour of the Issuer pursuant to an exercise of a Mortgage Mandate or a Mortgage Promise or as a result of an exchange of Mortgage (*pandwissel/échange d'hypothèque*), to the extent listed in Schedule 4 of the Mortgage Receivables Purchase Agreement, as well as any amendments or substitutions to the security listed in Schedule 4 of the Mortgage Receivables Purchase Agreement after the Closing Date, whether or not these amendments or substitutions are reflected in Schedule 4;

Member State means a member state of the European Union;

Monthly Calculation Date means the tenth day, or if such day is not a Business Day, the next succeeding Business Day of each month;

Monthly Calculation Period means a period starting on the first day of each month and ending on the last day of such month;

Mortgage means, in relation to each Mortgage Loan and to the extent part of the Loan Security, a mortgage (*hypotheek*/*hypothèque*) as such term is construed under Belgian law securing the Mortgage Loan, together with the benefit of all rights relating thereto, including, for the avoidance of doubt, a mortgage created for the benefit of the Issuer pursuant to the exercise of a Mortgage Mandate or as a result of an exchange of Mortgage (*pandwissel/échange d'hypothèque*);

Mortgage Conditions means, in relation to a Mortgage Loan, the terms and conditions applicable to the Mortgage Loan, as set forth in the relevant Contract Records and/or in any applicable general terms and conditions of the Seller, as the case may be;

Mortgage Deed means notarially certified copies of the notarial deeds constituting the mortgage loans;

Mortgage Loans means the loans secured by (i) a first-ranking mortgage and/or (ii) a lower ranking Mortgage, provided that the benefit of all higher ranking Mortgage on the same Real Estate has been transferred to the Issuer pursuant to the Mortgage Receivables Purchase Agreement, and/or as the case may be, (iii) a mandate to create Mortgages over the Mortgaged Assets and entered into by the Seller or its legal predecessors and the relevant Borrowers which meet the criteria set forth in the Mortgage Receivables Purchase Agreement and which will be selected prior to or on the Closing Date;

Mortgage Mandate means, in relation to each Mortgage Loan and to the extent part of the Loan Security, an irrevocable power of attorney granted by a Borrower or a third party collateral provider to certain attorneys to create a mortgage as security for the Mortgage Loan and all other amounts which the Borrower owes or in the future may owe to the Seller;

Mortgage Promise means, in relation to each Mortgage Loan and to the extent part of the Loan Security, an irrevocable undertaking by a Borrower to create, at the Seller's first request, a mortgage as security for the Mortgage Loan and all other amounts which the Borrower owes or in the future may owe to the Seller;

Mortgage Registrar means the person (*hypotheekbewaarder/conservateur des hypothèques*) who registers mortgages in the Mortgage Register in accordance with the Mortgage Law;

Mortgaged Assets means the Real Estate over which a Mortgage and/or a Mortgage Mandate is granted;

Optional Repurchase Price means a price equal to the then Outstanding Principal Amount, together with accrued interest due but unpaid, if any, up to the relevant date of repurchase or reassignment and reasonable costs relating thereto (including any costs incurred by the Issuer in effecting and completing such repurchase and reassignment), except that with respect to Mortgage Receivables which are in arrears for a period exceeding 90 calendar days or in respect of which a foreclosure proceeding has been started, the purchase price shall be the lesser of (a) the sum of the Outstanding Principal Amount, together with accrued interest due but unpaid, if any, and any other amount due under the Mortgage Receivables up to the relevant date of such repurchase or reassignment and (b) the BGAAP value of the Mortgage Receivable, together with accrued interest due but unpaid;

Other Security means in respect of a Mortgage Loan, any Loan Security other than any Mortgage, Mortgage Mandate, any Insurance Policies and any assignment of salaries (*loonsoverdracht/cession de salaire*) created or existing in favour of the Seller, as security for a Mortgage Loan;

Privacy Commission means the Belgian Privacy Commission (*Commissie voor bescherming van de persoonlijke levenssfeer/Commission de la protection de la vie privée*);

Prospectus Law means the Law of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market (*Wet van 16 juni 2006 op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereglementeerde markt*/*Loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marchés réglementés*);

Real Estate means a real property or soil destined for real property construction located in Belgium;

Related Security means the Loan Security, the Additional Security and the Other Security;

Repurchase Price is the price to be paid for a repurchase of a Mortgage Receivable pursuant to Clause 10.3 of the MRPA and is equal to the then Outstanding Principal Amount of the Mortgage Receivable plus accrued interest thereon and costs (including any costs incurred by the Issuer for effecting and completing such repurchase and reassignment) up to (but excluding) the date of completion of the repurchase;

Standard Loan Documentation means (i) the standard documents and forms used for originating Mortgage Loans through the network and according to the procedures of the Seller and (ii) the general banking

conditions applicable to such Mortgage Loans, delivered by the Seller to the Issuer pursuant to Clause 6.2 of the Mortgage Receivables Purchase Agreement;

Stater Vademecum means the vademecum of the Sub MPT Provider dated 24 June 2010 regarding the mortgage payment transaction services delivered by the Sub MPT Provider to the MPT Provider and the cooperation agreement (*Samenwerkingsovereenkomst*) entered into between the Sub-MPT Provider and the MPT Provider on 9 September 2004, as amended or updated from time to time;

Tax Deduction means any deduction or withholding on account of any Tax, duties, assessment or charges of whatever nature imposed or levied by or on behalf of the Kingdom of Belgium or any political subdivision or authority thereof or therein.

PART 2 - INDEX OF DEFINED TERMS

REGISTERED OFFICES

ISSUER
B-Arena NV/SA
institutionele VBS naar Belgisch recht/SIC institutionelle de droit belge
acting through its Compartment No. 4
Koningsstraat 97, 4th floor
1000 Brussels

SELLER/MPT PROVIDER
Bank Nagelmackers NV/SA
Sterrenkundelaan 23
1210 Brussels

SECURITY AGENT
Stichting Security Agent B-Arena
Prins Bernhardplein 200
1097 JB Amsterdam

CAP PROVIDER
ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam

FLOATING RATE GIC PROVIDER
ABN AMRO Bank N.V., Belgian Branch
Roderveldlaan 5 bus 4
2600 Berchem

SUB-MPT PROVIDER
Stater Belgium NV
Kanselarijstraat 17A
1000 Brussels

ISSUER ADMINISTRATOR
Intertrust Administrative Services B.V.
Prins Bernhardplein 200
1097JB Amsterdam
the Netherlands

DOMICILIARY AGENT AND REFERENCE AGENT AND LISTING AGENT
BNP Paribas Securities Services SCA, Belgian Branch
Rue de Loxum 25
1000 Brussels

LEGAL ADVISER TO THE SELLER AND THE MANAGER
Allen & Overy (Belgium) LLP
Avenue de Tervueren 268 A
1150 Brussels

AUDITORS
PwC Bedrijfsrevisoren
Woluwedal 18
1932 Sint-Stevens-Woluwe

ARRANGER
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Pachecolaan 44
1000 Brussels

MANAGER
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Sterrenkundelaan 23
1210 Brussels