

THE DATE OF THIS SELLING MEMORANDUM IS 09 JUNE 1997

**ATRIUM-2 N.V.  
OPENBARE VBS NAAR BELGISCH RECHT  
ISSUER  
Transaction DOMUS**

**Registered Office at 40 Koloniënstraat, 1000 Brussels, Belgium  
Trade Register Brussels 613.837**

**SECURITISATION OF SOCIAL HOUSING LOANS**

**GUARANTEED BY THE FLEMISH REGION**

**PUBLIC OFFER FOR SALE**

**AND**

**LISTING ON THE FIRST MARKET OF  
THE BRUSSELS STOCK EXCHANGE**

---

**BEF 5,175,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF  
CLASS A-1 AND CLASS A-2 NOTES**

**WITH FIXED INTEREST PAYABLE QUARTERLY IN ARREARS**

<b>Class</b>	<b>Original Principal Amount</b>	<b>Interest rate per annum</b>	<b>Final maturity</b>	<b>Average life</b>	<b>Expected rating Moody's</b>
<b>A-1</b>	<b>BEF 1,000,000,000</b>	<b>4.40 %</b>	<b>Sept. 2003</b>	<b>3.36 years</b>	<b>Aa2</b>
<b>A-2</b>	<b>BEF 4,175,000,000</b>	<b>6.46 %</b>	<b>June 2017</b>	<b>14.13 years</b>	<b>Aa2</b>

**SUBSCRIBERS**

**BACOB BANK c.v.**

**BACOB BANK LUXEMBOURG S.A.**

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**BACOB BANK c.v.**

**BACOB BANK LUXEMBOURG S.A.**

**RATING AGENT**

**MOODY'S INVESTORS SERVICE, INC.**

*The Notes will not be obligations or responsibilities of, or guaranteed by, any person other than the Issuer or its Compartment DOMUS (at the moment subdivisions will be created). In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, each other Compartment of the Issuer (if any), BACOB Bank c.v. (“BACOB”), Bacob Bank Luxembourg S.A. (“BACOB LUX”), the Flemish Region, the Management Company or the Supervision Company (as defined below). None of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due in respect of the Notes.*

*This selling memorandum does not constitute the prospectus for the purposes of the public offer in Belgium. The prospectus (in Dutch), copies of which are available at the offices of the subscribers, dated 09 June 1997 (the “Prospectus”) has been approved by the Commission bancaire et financière (the Belgian Banking and Finance Commission) (the “CBF”) on 27 May 1997 in accordance with article 129, §1 of the Loi du 4 décembre 1990 relative aux opérations financières et aux marchés financiers (Law of 4 December 1990 relating to financial transactions and financial markets). This approval carries no assessment whatsoever of the appropriateness or quality of the transaction (the “Transaction”), nor is it indicative of the circumstances of the Issuer. This selling memorandum contains the information set out in the Prospectus together with a more detailed description of certain issues. In case of any difference between the Prospectus and this selling memorandum, priority has to be given to the Prospectus.*

*Application has been made to list the Notes on the first market of the Brussels Stock Exchange.*

*Other than the approval of the Prospectus by the CBF and the approval in principle by the comité de direction (management committee) of the Brussels Stock Exchange of the listing of the Notes on the first market of the Brussels Stock Exchange, no action has or will be taken to permit a public offering of the Notes or the distribution of this document or the Prospectus in any jurisdiction.*

*The distribution of this document and the Prospectus, and the offering of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this document or the Prospectus (or any part hereof or thereof) comes are required by the Issuer and the Subscribers to inform themselves about, and to observe, any such restrictions. Neither this document nor any part hereof nor the Prospectus nor any part thereof constitutes an offer to sell or the solicitation of an offer to buy any of the Notes, and neither this document nor any part hereof nor the Prospectus nor any part thereof may be used for the purpose of or in connection with any offer or a solicitation by any person, in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.*

*A more detailed description of the restrictions on offers, sales and deliveries of Notes and the distribution of the Prospectus and this selling memorandum is set out in Chapter II, E. Subscription and in Chapter II, F. Sale.*

*All references in this document to “Belgian Francs” or “BEF” are to the lawful currency of Belgium.*

*If the Belgian Franc shall have been substituted by or if payments in Belgium are allowed to be made in euro, in accordance with the provisions of the Treaty Establishing the European Community (as amended by the Treaty on European Union) as a consequence of Belgium participating in the third stage of European monetary union, the euro shall or can at the option of the Issuer be used for the purpose of making calculations and payments. In converting Belgian Francs to euro, the Issuer will give a reasonable solution to rounding off payments and calculations by acting in good faith and taking into account the criteria applied by the Clearing System Operator or an Alternative Clearing System (as defined in Annex 2) even if such solution differs from*

***European regulation. The proposed solution will be submitted for approval to the Supervision Company.***

***On issue, the Notes are expected to be assigned an “Aa2” rating by Moody's Investors Service, Inc. (“Moody's”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.***

***BACOB intends to act as market-maker in respect of the Notes, without any obligation to do so. Such market-making, if commenced, may be discontinued at any time.***

***In connection with the issue and sale of the Notes, BACOB may over-allot or effect transactions which stabilise or maintain the market prices of the Notes at levels which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.***

Copies of the Prospectus, this selling memorandum and the by-laws will be available at the office of BACOB indicated in this document.

BACOB and BACOB LUX (the “Subscribers”) shall be entitled to cancel the issue of the Notes and the offer for sale at any time on or before the Closing Date if:

- (i) in the opinion of BACOB LUX or BACOB (with the prior consent of BACOB LUX) after consultation with the Issuer and each other if practicable, there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market; or
- (ii) the conditions precedent for the underwriting of the Notes as described in the Subscription Agreement are not satisfied on the Closing Date.

Such cancellation shall be published in the financial press on the following day. As a consequence of such cancellation, the issue of the Notes and all acceptances and sales shall be cancelled automatically and the Issuer and the Subscribers are released and discharged from their obligations and liability in connection with the issue and sale of the Notes.

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## CHAPTER I - RESPONSIBILITY FOR THIS SELLING MEMORANDUM

### THE ISSUER

ATRIUM-2, N.V., openbare V.B.S. naar Belgisch recht (the “*Issuer*”), represented by Mr. H. Lyben, Director, and Mr. M. Vercruyssen, Director, is responsible for the contents of this selling memorandum. To the best of its knowledge, the information stated herein is true and accurate and there are no material facts the omission of which could change the import of such information.

### AUDITORS

Deloitte & Touche b.c.v. of Britselei 23-25, 2000 Antwerp (the “*Auditors*”) represented by Mr. Frank Verhaegen have been appointed as statutory auditor of the Issuer and such appointment has been approved by the CBF in accordance with the royal decree of 29 November 1993 on institutions for investment in receivables. No annual accounts of the Issuer have been prepared since its incorporation. The Issuer's accounting reference date will be 31 December of each year and the first annual accounts will be drawn up for the period ending on 31 December 1997.

The Auditors have reviewed the financial plan attached as Annex 1 (the “*Financial Plan*”) and the amortisation schedules of the notes as set out in Condition 17 (the “*Amortisation Schedules of the Notes*”) and have confirmed that based on certain assumptions the calculations underlying the Financial Plan and the Amortisation Schedules of the Notes are correct.

The information contained in this selling memorandum with respect to the interest rate on the Notes (the “*Interest Rate*”), the total amount of the issue, the number of Notes, the Sale Price, the average life, the Financial Plan attached as Annex 1 and the Amortisation Schedules of the Notes as set out in Condition 17 to this selling memorandum is subject to change depending on market conditions on 11 June 1997. Any change as to the Interest Rate, the total amount of the issue, the number of Notes, the Sale Price and the average life will be published in the financial press with general circulation in Belgium (which are expected to be the *Financieel Economische Tijd* and the *Echo de la Bourse*), on 12 June 1997 (the “*Offering Day*”).

In case of significant changes to the terms of the Transaction, an addendum to this selling memorandum will be made available in the same way as this selling memorandum.

## CHAPTER II - THE NOTES

### A. DESCRIPTION OF THE NOTES

The following is a summary of certain provisions governing the Notes, the terms and conditions of which (the “*Conditions*”) are set out in full in Annex 2.

By subscribing for or otherwise acquiring the Notes, the Noteholders shall be deemed to have knowledge of, accept and be bound by the Conditions.

The main characteristics of the Notes are described under this Chapter II, A.

#### TOTAL AMOUNT AND DENOMINATION

The Board of Directors of the Issuer has resolved to issue two classes of bearer Notes :

- 200 Class A-1 Notes in an aggregate nominal amount of BEF 1,000,000,000 each in the denomination of BEF 5,000,000 serially numbered 1 to 200;
- 835 Class A-2 Notes in an aggregate nominal amount of BEF 4,175,000,000 each in the denomination of BEF 5,000,000 serially numbered 1 to 835;

The two classes of Notes shall be referred to collectively as the “*Notes*” which expression shall include the Permanent Global Notes referred to below, and the holders of the Notes shall be referred to collectively as the “*Noteholders*”.

#### FORM OF THE NOTES

Each class of Notes will be represented by a Permanent Global Note. Each Permanent Global Note may in limited circumstances be replaced, in whole but not in part, with Notes in definitive form. The delivery and clearing of the Permanent Global Notes and the delivery of Notes in definitive form are more fully described herein under the section “**Delivery and Clearing of the Notes**”.

#### SUBSCRIPTION

All Notes of each class of Notes will be fully subscribed by the Subscribers at the subscription price (the “*Subscription Price*”) in respect of that class of Notes which shall be their nominal amount or a fixed percentage of their nominal amount as determined by the Subscribers on the evening before the Offering Day. Subject to the final determination of the Subscription Price the proceeds of the issue are expected to be approximately BEF 5,175,000,000.

#### SALE PRICE

The price for sale of the Notes by the Subscribers (the “*Sale Price*”) shall be determined as a fixed percentage of their nominal amount the evening before the Offering Day and shall be published, among others, on the Offering Day in the financial press with general circulation in Belgium (which is expected to be the *Financieel Economische Tijd* and the *Echo de la Bourse*).

## **INTEREST AND INTEREST RATE**

The Notes will bear interest on their principal amount outstanding quarterly in arrears as follows :

- 200 Class A-1 Notes at the rate of 4.40 per cent. per annum;
- 835 Class A-2 Notes at the rate of 6.46 per cent. per annum;

The Interest Rate is subject to change prior to the Offering Day depending on market conditions on 11 June 1997.

The period beginning on (and including) 19 June 1997 and ending on (but excluding) the first Payment Date and each successive period beginning on (and including) a Payment Date and ending on (but excluding) the next Payment Date is called an interest period (each an “*Interest Period*”).

Interest in respect of any Interest Period (or any other period) will be calculated on the basis of the number of days in the Interest Period (or such other period) and divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the last day of the Interest Period).

## **DEFAULT INTEREST**

If any amount of principal is not paid in respect of a Note on the date when it is due and payable (other than because the due date is not a Business Day as defined below), such unpaid principal shall continue to bear interest at the rate of interest applicable to such Note plus a default interest. Such default interest shall be payable only to the extent the Issuer receives default interest from the Borrower or Guarantor pursuant to the Long Term Facility Agreement or the Guarantee Decrees and has to be paid up to (but excluding) the date on which the corresponding amount of principal in respect of the Note is available for payment.

## **REDEMPTION AND MATURITY OF THE NOTES**

### **Mandatory Redemption in Part**

Unless previously redeemed or cancelled, the Issuer will make the payment of interest and (if applicable) the repayment of principal set opposite each payment date (each such date a “*Payment Date*”) on such Payment Date as set out in Condition 17. If the due date for payment of any amount of principal or interest in respect of any Note or Coupon is not a Business Day and payment is not made until the next succeeding Business Day, the holder thereof shall not be entitled to any further interest or other payment in respect of such delay. The expression “*Business Day*” means any day (other than a Saturday or a Sunday) on which banks are open for business in Brussels and, prior to the exchange of the entire Permanent Global Note for definitive Notes, on which the Clearing System Operator (as defined in the Permanent Global Note) is open for business.

The Notes are structured sequentially so that Moneys shall be applied in the amounts required first to pay expenses, second to pay interest on both classes of Notes, third in paying principal on the Class A-1 Notes until all the Class A-1 Notes shall have been redeemed in full and fourth, after all the Class A-1 Notes shall have been redeemed in full or provision has been made for the redemption in full of the Class A-1 Notes on that Payment Date, in paying principal on the Class A-2 Notes until all the Class A-2 Notes have been redeemed in full.

## Optional Redemption

In addition, the Issuer may at its option (without any obligation to do so) redeem all (but not some only) of the Notes at their principal amount outstanding at the date of redemption together with accrued interest at the date of redemption on any subsequent Payment Date, as follows:

- (i) if on the next Payment Date the Issuer or the Clearing System (as defined below) or the Paying Agent would be required to deduct or withhold from any payment of principal or interest in respect of Notes of any class held by or on behalf of any Noteholder which would, but for any amendment to, or change in, the tax laws or regulations in Belgium 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 (as defined below); or
- (ii) if the Issuer is subject to any circumstance (whether by reason of any law, regulations, regulatory requirement or double-taxation convention or the interpretation or application thereof or otherwise) or to a tax charge (whether by direct assessment or by withholding at source) or other imposition by Belgium or any political sub-division thereof or any authority thereof or therein which would materially increase the cost to it of complying with its obligations under the Paying Agency Agreement or under the Notes or the Coupons or materially increase the operating or administrative expenses of the Issuer or reduce the amount of any sums received or receivable under the Transaction Documents (as defined below) or otherwise oblige the Issuer to make any payment on, or calculated by reference to, the amount of any sum received or receivable by the Issuer,

on the Issuer giving not more than 60 nor less than 30 days' notice in accordance with Condition 15, provided that:

- (a) prior to giving any such notice, no Enforcement Notice has been served;
- (b) prior to giving any such notice, the Issuer shall have provided to the Supervision Company a certificate signed by two directors of the Issuer or the Management Company on behalf of the Issuer to the effect that it will have the funds, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Notes;
- (c) the Supervision Company is satisfied in its discretion, following such certification, that the Issuer is able to discharge such liabilities.

Any such notice shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at their principal amount outstanding at the date of redemption together with accrued interest at the date of redemption.

## Final Maturity

On the assumption that the Borrower (or the Guarantor) makes repayments on the due dates in respect of the Purchased Loans (as defined below) the final repayment of principal of the Notes will be due as follows:

- Class A-1 Notes on September 2003;
- Class A-2 Notes on June 2017;

## **Average Life**

On the assumption that the Borrower (or the Guarantor) makes repayments on the due dates in respect of the Purchased Loans the Notes will have an average life as follows:

- Class A-1 Notes: 3.36 years;
- Class A-2 Notes: 14.13 years.

## **PAYMENTS**

### **Paying Agent**

BACOB shall act as paying agent (in such capacity the “*Paying Agent*”) for the Notes.

The Paying Agent will, as agent of the Issuer, arrange for sending notices to the Noteholders.

### **Permanent Global Notes**

In order to provide for the payment of principal, interest and other amounts (if any) in respect of the Permanent Global Notes as the same shall become due, the Issuer shall against presentation of a Permanent Global Note to the Paying Agent unconditionally pay or cause to be paid to the National Bank of Belgium in Belgian Francs in same day funds no later than 11.15 a.m. (Brussels time) on each date on which any payment in respect of such Permanent Global Note becomes due an amount sufficient to pay all amounts becoming due in respect of the Notes represented by such Permanent Global Note on such date.

Upon receipt of such payment, the National Bank of Belgium shall cause the amounts due to the relevant Noteholders to be credited to the accounts of the participating members of the Clearing System who shall cause the same amounts to be credited to the Noteholders' accounts.

If the due date for payment of any amount of principal or interest in respect of the Notes is not a Business Day, payment will be made on the next business day, but the holders thereof shall not be entitled to any further interest or other payment in respect of such delay.

### **Definitive Notes**

If a Permanent Global Note is exchanged for Definitive Notes, payments in respect of such Notes will be made to Noteholders against presentation of the relevant Coupon or, as the case may be, Note at the offices of BACOB as Paying Agent or at the offices of any other paying agent appointed from time to time.

## **RATING**

On issue, the Notes are expected to be assigned an “Aa2” rating by Moody’s.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
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## **RISK WEIGHTING**

The CBF will apply a 0 per cent. risk weighting to the Notes for the purposes of the applicable capital adequacy regulations. This 0 per cent. risk weighting only applies to Noteholders that are subject to

the regulatory supervision of the CBF. The approved weighting expressly relies and depends on the following characteristics of the Transaction:

- the Noteholders benefit at all times from a pledge over the Pledged Assets; and
- cash flows used for payments to the Noteholders originate from 0 per cent. risk weighted assets, i.e. the Purchased Loans (each as defined below).

Noteholders that are not, or not exclusively, subject to the regulatory supervision of the CBF should consult their competent supervising authorities on the issue of the applicable risk weighting.

#### **INVESTMENT BY INSURANCE COMPANIES**

The *Controledienst voor Verzekeringen/Office de Contrôle des Assurances* (the “**CDV**”) confirms that the Notes can be held by insurance companies subject to its supervision under the Insurance Control Act (*Wet van 9 juli 1995 betreffende de controle der verzekeringsondernemingen / Loi relative au contrôle des entreprises d'assurances*) to constitute technical reserves (*dekkingswaarden / valeurs représentatives*) subject to:

- (a) the restrictions provided for in the Royal decree of 22 February 1991 on the General Regulation on the control of insurance companies (*K.B. 22 februari 1991 houdende algemeen reglement betreffende de controle op de verzekeringsondernemingen/ A.R. 22 février 1991 portant règlement général relatif au contrôle des entreprises d'assurances*); and
- (b) an individual approval by the CDV for each insurance company of such investment.

Noteholders that are not, or not exclusively, subject to the regulatory supervision of the CDV should consult their competent supervising authorities on the issue of the applicable treatment.

#### **DELIVERY AND CLEARING OF THE NOTES**

The Notes have been accepted for clearance through the X/N securities clearing system currently operated by the National Bank of Belgium (the “**Clearing System**”) under the following ISIN numbers:

- Class A-1 Notes: BE 0002308774;
- Class A-2 Notes: BE 0002309780;

Each class of Notes will be represented by a Permanent Global Note, in bearer form, which will be deposited with the National Bank of Belgium on 19 June 1997 or such later date as may be agreed between the Issuer and the Subscribers of the issue of the Notes (the “**Closing Date**”).

Access to the Clearing System is available through those of its participants whose membership extends to securities such as the Notes (the “**Participants**”). Participants include certain Belgian banks, stock brokers (*société de bourse*) and Morgan Guaranty Trust Company of New York, as operator of the Euroclear System (“**Euroclear**”). Cedel Bank société anonyme (“**Cedel Bank**”) participates in the Clearing System indirectly.

Transfers of interests in the Notes will be effected between Participants in accordance with the rules and operating procedures of the Clearing System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Participants through which they hold their Notes.

The Issuer and the Paying Agent will not have any responsibility for the proper performance by the Clearing System or its Participants of their obligations under their respective rules, operating procedures and calculation methods.

A Permanent Global Note may only be exchanged for Notes in definitive form (“*Definitive Notes*“) if:

- (i) the Permanent Global Note is held by or on behalf of the National Bank of Belgium or an Alternative Clearing System (as defined in Annex 2) and the Clearing System or an Alternative Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Supervision Company is available; or
- (ii) the principal amount of the Notes of any class becomes immediately due and repayable pursuant to Condition 9; or
- (iii) as a result of any amendment to, or change in, the laws or regulations of Belgium (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations by a revenue authority or a court which becomes effective on or after the Closing Date, the Issuer, the Paying Agent, the Clearing System or any of its Participants is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes to an Eligible Investor (as defined in Condition 5 (c)) which would not be required were the Notes in definitive form.

In such event, the Issuer will at the cost and expense of the Noteholders issue Definitive Notes relating to the class of Notes represented by such Permanent Global Note in exchange for the whole, but not part only, of the principal amount outstanding thereof within 60 days of the occurrence of the relevant event.

Upon any exchange of a Permanent Global Note for Definitive Notes:

- (a) the Issuer shall procure that the Paying Agent shall deliver, in exchange for the then outstanding principal amount of the relevant Permanent Global Note, an equal principal amount of Definitive Notes and coupons in bearer form and otherwise complying with the requirements of the Paying Agency Agreement; and
- (b) the principal amount thereof shall be reduced for all purposes to zero and the Paying Agent shall procure that the relevant Permanent Global Note is cancelled.

Definitive Notes for which interests in the Permanent Global Note have been exchanged shall have attached thereto coupons in respect of interest which has not already been paid against presentation of the Permanent Global Note.

#### **STATUS AND SECURITY**

The Notes will be constituted by a paying agency agreement (the “*Paying Agency Agreement*“) to be entered into between the Issuer and Bacob Bank c.v. on or about 19 June 1997.

The Notes and the Coupons will constitute direct obligations of the Issuer, secured by and pursuant to a pledge agreement to be dated on or about 19 June 1997 and made between the Issuer, Bacob Bank c.v., the Supervision Company and the Management Company (each as defined below) (the “*Pledge Agreement*“).



All Notes rank *pari passu* without any preference or priority amongst themselves.

The Noteholders will be entitled to the benefit of the Pledge Agreement and the Paying Agency 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 Supervision Company as agent of the Noteholders to hold the Pledged Assets and to exercise the Noteholders' rights under the Pledge Agreement.

The Noteholders shall be entitled to exercise recourse only against the assets listed in clauses 5.1 and 5.2(c) of the Pledge Agreement (as more fully described below) and not against any other assets of the Issuer.

As beneficiaries of the Pledge Agreement the Noteholders shall, through the Supervision Company as their agent, be entitled to collect payments under the Long Term Facility directly from the Borrower or, after a call has been made under the Guarantee, from the Guarantor.

These aspects of the security structure are more fully described herein under section B below.

## TAX STATUS

The statements in this section apply to Belgian tax and are intended only as a general guide to current Belgian law and practice. Any person who is in doubt as to his taxation position or who requires more detailed information than that outlined below or who is resident for tax purposes in a jurisdiction other than or in addition to Belgium should consult his own professional adviser.

### 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 or any Paying Agent is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature in respect of any payment in respect of the Notes, the Issuer or such Paying Agent (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 nor any Paying Agent 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.

### Belgian withholding tax

Under current Belgian withholding tax legislation, all payments of interest in respect of Notes will be subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 15 per cent.

However, payments by or on behalf of the Issuer of principal and interest on the Notes may be made without deduction of withholding tax for Notes held by Eligible Investors ("*Eligible Investors*") in an exempt account (an "*X-Account*") with the Clearing System or with a Participant in the Clearing System. The Clearing System operates under the law of 6 August 1993 establishing an X/N System. Up to now, the National Bank of Belgium is the only recognised administrator of an X/N System (the "*Administrator of the X/N System*").

Eligible Investors are those entities referred to in *Article 4 of the 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 of withholding tax ) which include inter alia:

- (i) Belgian resident companies subject to corporate income tax;
- (ii) institutions, associations or companies referred to by article 2 § 3 of the law of 9 July 1975 on the supervision of insurance businesses;
- (iii) semi-public governmental social security institutions or institutions assimilated thereto referred to in article 105, 2° of the Royal Decree of 27 August 1993 implementing the 1992 Income Tax Code (“*RD/ITC*”);
- (iv) non-resident savers referred to in article 105, 5° of the RD/ITC;
- (v) investment funds referred to in article 115 of the RD/ITC approved in the context of pension savings;
- (vi) companies, associations and other taxpayers referred to in article 227, 2° of the 1992 Income Tax Code which are subject to taxation of non-residents and which purchase and hold the Notes in the course of the exercise of their professional activity in Belgium;
- (vii) the Belgian State as regards its investments exempted from withholding tax;
- (viii) foreign law collective investment schemes which comprise an undivided estate managed by a management company for the account of the holders of certificates representing an interest in such collective investment schemes, when such certificates have not been the subject of a public issue in Belgium and are not being traded in Belgium; and
- (ix) resident companies not referred to in (i) above, the exclusive or principal activity of which consists of the granting of credit or loans.

Eligible Investors do not include, inter alia, Belgian resident investors who are individuals or non-profit organisations, other than those referred to under (ii) above.

Upon opening an X-Account with the Clearing System or a Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Minister of Finance. There are no ongoing declaration requirements for Eligible Investors. However, Participants are required to make annual declarations to the Administrator of the X/N System as to the eligible status of each investor for whom they opened an X-Account during the previous calendar year.

An X-Account may be opened by an intermediary in respect of Notes that such intermediary holds for the account of its clients, provided that such clients are Eligible Investors. In such case, the intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that (i) the intermediary itself is an Eligible Investor and (ii) the relevant client holding its Notes through the Participant is also an Eligible Investor.

In the event of any changes made in the laws or regulations governing the exemption for Eligible Investors, the Issuer will not be obliged to make any additional payment in the event that the Issuer, the Clearing System or its Participants are required to make any withholding or deduction in respect of the payments due on the Notes. If any such withholding or deduction is required by law, the Issuer may, at its option, redeem the Notes in accordance with Condition 5(c).

In the case of transactions within the Clearing System, where the buyer of a Note transfers to the seller an amount equal to the agreed price plus gross accrued interest (without retaining any withholding tax), the Administrator of the X/N System will, to the extent required, levy withholding tax calculated on the amount of the accrued interest or make a payment equal to such withholding tax in accordance with the following rules:

- (a) in the case of a transfer of Notes between holders of X-Accounts, no withholding tax whatsoever shall be levied by the Administrator of the X/N System in respect of the accrued interest, nor shall it make a payment equal to such withholding tax, because the Coupon will be paid gross;
- (b) in the case of a transfer of Notes between holders of non-exempted accounts (*N-Accounts*), on the day of the settlement of the transaction, (i) withholding tax is due from the seller on the amount of interest accrued and is charged by the Administrator of the X/N System to the seller because the interest accrued on a non-exempt account and (ii) the buyer receives from the Administrator of the X/N System a payment equal to the withholding tax due on the accrued interest;
- (c) in the case of a transfer of Notes from a holder of an X-Account to a holder of an N-Account, on the day of the settlement of the transaction, (i) the seller will receive from the buyer the amount of gross interest accrued and no withholding tax whatsoever will be levied by the Administrator of the X/N System because the interest accrued on an exempt account and (ii) the buyer will receive from the Administrator of the X/N System a payment equal to withholding tax on the amount of interest accrued on the condition that the price of the transaction does not differ significantly from the market value of the Notes transferred;
- (d) in the case of a transfer of Notes by a holder of an N-Account to a holder of an X-Account, withholding tax will be levied by the Administrator of the X/N System on the day of settlement in respect of the amount of interest accrued which is included in the price which the buyer pays to the seller, while the purchaser will receive the interest gross on the interest payment date.

In cases (b) and (c) above, the payment equal to the withholding tax on the amount of the interest which is paid to the holder of the N-Account by the Administrator of the X/N System is justified by the fact that the buyer will incur the retention by the Administrator of the X/N System of an amount equal to the withholding tax calculated on (i) the total amount of interest payable on its due date or (ii) the total amount of interest accrued which it will receive if it resells the Notes prior to the due date for the payment of interest, including the interest accrued in the period during which the buyer did not own the Notes.

All payments of withholding taxes or any payment in respect thereof arising out of a transaction mentioned above will be made on the settlement date of the transaction.

In the case of the entry or exit of Notes into or out of the Clearing System, the following rules will apply:

- (a) the deposit in an N-Account or the withdrawal from an N-Account will not give rise to any withholding tax charge on the accrued interest;
- (b) in the case of withdrawal of Notes from an X-Account, no withholding tax whatsoever will be charged on the amount of interest accrued on the date of the withdrawal. Withholding tax will be retained on the total amount of interest payable on its due date. On the due date for the payment of interest, the holder of the X-Account will be entitled to compensation, at the expense of the Belgian Treasury, in an amount equal to the withholding tax charged on the

amount of interest accrued up to the date of withdrawal, which will be paid to it by the Administrator of the X/N System;

- (c) in the case of a deposit in the X-Account of Notes which were held outside the Clearing System, withholding tax will be charged by the Administrator of the X/N System on the amount of interest accrued prior to the date of deposit on that X-Account. On the due date for the payment of interest, the amount of such interest will be paid to the holder of the X-Account without any deduction on account of withholding tax.

### **Capital Gains and Income Tax**

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian establishment and do not invest the Notes in the course of their Belgian professional activities (as defined in the Income Tax Code 1992) 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 exempt account.

### **Transfer Tax**

A *taxe sur les opérations de bourse* (tax on stock exchange transactions) at the rate of 0.07 per cent., (subject to a maximum amount of BEF 10,000 per party and per transaction) will be due upon the sale and the purchase of Notes entered into or settled in Belgium in which a professional intermediary acts for either party; a separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary.

A *taxe sur les reports* (tax on sale and repurchase transactions) at the rate of 0.085 BEF per cent., (subject to a maximum of BEF 10,000 per party and per transaction) will be due from each party to any sale and repurchase transaction in which a stockbroker acts for either party.

However, neither of the taxes referred to above will be payable by exempt persons acting for their own account, including investors who are not Belgian residents and certain Belgian institutional investors as defined in article 126.1, 2° of the *Codes des taxes assimilées au timbre* (Code of taxes assimilated to stamp tax).

### **Special tax on physical delivery of the Notes**

In the event that (i) the Permanent Global Notes are exchanged for Definitive Notes and (ii) these Definitive Notes are physically delivered to the Noteholders through the Paying Agent or otherwise (including a release of the Notes from an open deposit with a credit institution, a stock brooking company or an investment management company), a special tax will be due on such delivery at the rate of 0.20 BEF per cent. The tax will be calculated by reference to the last published quotation of the Notes on the Brussels Stock Exchange prior to the delivery and will be payable by the Paying Agent or any other professional intermediary intervening in the physical delivery of the Notes. In such event the Paying Agent will be entitled to recover this tax from the Noteholders.

### **PRESCRIPTION**

All amounts of interest, principal or other amounts due with respect to any Note or coupon relating to such Note (each a “*Coupon*”) that is not surrendered for payment within six months of the due date shall be transferred by the Issuer to the Belgian *Caisse de Dépôt et de Consignation* in accordance with article 45 of the law of 24 July 1921 on the involuntary loss of securities, as amended, where they will remain in custody for the holder of the relevant Note or Coupon.

## **OPPOSITION**

If with respect to any lost Note or Coupon which is the subject of an opposition procedure under the law of 24 July 1921 on the involuntary loss of securities any amounts become due and payable or if such Note or Coupon is redeemed or cancelled as a consequence of the liquidation of the Issuer, then the due amount will be reinvested by the Issuer in Belgian government notes in accordance with article 19 of the Law of 24 July 1921 on the involuntary loss of securities.

## **B. LEGAL ISSUES**

### **RESOLUTION OF THE BOARD OF DIRECTORS**

The issue of the Notes (which expression includes, unless the context otherwise requires, the Permanent Global Notes) was authorised by a resolution of the Board of Directors of the Issuer passed on 05 June 1997.

The Board of Directors of the Issuer has resolved to issue two classes of bearer Notes for a total aggregate principal amount of BEF 5,175,000,000 :

- 200 Class A-1 Notes in an aggregate nominal amount of BEF 1,000,000,000, each in the denomination of BEF 5,000,000, serially numbered 1 to 200;
- 835 Class A-2 Notes in an aggregate nominal amount of BEF 4,175,000,000, each in the denomination of BEF 5,000,000, serially numbered 1 to 835;

The Board of Directors further resolved that the total aggregate principal amount may still be varied depending on market conditions on 11 June 1997.

### **THE LEGAL CONCEPT OF COMPARTMENTS**

The Issuer may in the future decide to act as issuer for other asset backed securities and to acquire additional portfolios of receivables for that purpose.

Upon the acquisition of an additional portfolio the Board of Directors of the Issuer will create separate subdivisions of the Issuer (each a “*Compartment*”), thus segregating the assets and liabilities relating to each such securitisation transaction in accordance with article 119<sup>septies</sup> of the Law of 4 December 1990 on financial transactions and financial markets. A new Compartment will be created for each further portfolio and securitisation transaction. The Pledged Assets and all liabilities of the Issuer relating to the Transaction will thus constitute a separate segregated subdivision and the parties involved in further securitisation transactions will not have recourse to the Pledged Assets.

It must be pointed out that the creation of a new compartment requires the prior approval of the CBF because such decision amends the articles of the company.

### **TRANSACTION DOCUMENTS**

The Notes will be constituted by the Paying Agency Agreement.

BACOB will be the initial Paying Agent for the Notes.

Copies of the Paying Agency Agreement together with copies of the other Transaction Documents (as defined below) other than the Notes and the Coupons will be available, upon prior request, for inspection at the principal office of the Paying Agent (being, at the date hereof, 25 Rue de Trèves, 1040 Brussels, Belgium).

The statements set out below include summaries of, and are subject to, the detailed provisions of the Paying Agency Agreement and the Pledge Agreement.

By subscribing for or otherwise acquiring the Notes, the Noteholders will be entitled to the benefit of, and will be deemed to have knowledge of, accept and be bound by all the provisions of the Paying Agency Agreement, the Pledge Agreement, the Management Agreement, the Servicing Agreement, the Custody Agreement, the Supervision Company Agreement, the Clearing Agreement, the Liquidity Facility Agreement, the Loan Sale Agreement and the Co-ordination Agreement (as these are defined below).

#### **THE PLEDGE AGREEMENT**

As provided in the Pledge Agreement, the Issuer's obligations under the Notes, are secured by a first priority commercial pledge of:

- (a) all Purchased Loans, as transferred by the Originator to the Issuer pursuant to the Loan Sale Agreement, and the related benefit of the Guarantee and all payments (including all principal, interest and any other amounts payable) with respect to the Purchased Loans;
- (b) all Moneys and all interest accrued or accruing thereon;
- (c) the bank account of the Issuer into which all moneys of the Issuer will be payable from time to time (the "**Issuer Collection Account**"), which is and will be maintained with the Custodian (as defined below) as at and from the date hereof or at any other bank approved by the Supervision Company to which the Issuer Collection Account may be transferred in accordance with the Custody Agreement;
- (d) all investments of the Issuer made in accordance with its by-laws, the Pledge Agreement and the Servicing Agreement including the Treasury Bills (as defined below) held in a special securities account maintained with the Custodian;
- (e) all the rights of the Issuer under the Transaction Documents (as defined below);

(collectively, the "**Pledged Assets**").

The Pledged Assets shall be held for the Noteholders by the Supervision Company and actual custody of the Pledged Assets is delegated to the Custodian.

Until the Supervision Company shall have served an Enforcement Notice (as defined in clause 5.16 of the Pledge Agreement) on the Issuer:

- (a) the Issuer, the Custodian and the Servicer shall be entitled to collect payments with respect to the Pledged Assets and to deal with the Pledged Assets as provided in the Custody Agreement and the Servicing Agreement; and
- (b) payments out of the Issuer Collection Account may be made in accordance with clause 5.12 of the Pledge Agreement, but not otherwise, except with the prior written consent of the Supervision Company.

Following an Enforcement Notice:

- (a) the Supervision Company shall be entitled, but not obliged, to collect all payments due to the Issuer under or in relation to the Pledged Assets; the Servicer and the Custodian will continue to provide their services as directed by the Supervision Company;

- (b) amounts will only be withdrawn from the Issuer Collection Account upon the written instructions of the Supervision Company; and
- (c) the amounts collected by the Servicer or the Supervision Company shall be applied in accordance with the priority of payments established pursuant to clause 5.21 of the Pledge Agreement as described below.

After the service of an Enforcement Notice Moneys shall be applied in the amounts required and to the extent that such payment does not cause the Issuer's accounts to become overdrawn, in the following order of priority:

- (a) firstly, to pay all amounts of remuneration and the payment of any amount by way of indemnification due to the Supervision Company pursuant to the Supervision Company Agreement and all amounts due in respect of legal fees and other costs, charges, liabilities, expenses, losses, damages, proceedings, claims and demands incurred by the Supervision Company under or in relation to the Pledge Agreement, the Supervision Company Agreement or any other Transaction Document;
- (b) secondly, to pay pro rata to the respective amounts thereof:
  - (i) the fees and expenses of the Servicer then due under the Servicing Agreement;
  - (ii) the fees and expenses of the Custodian then due under the Custody Agreement;
  - (iii) the fees and expenses of the Paying Agent then due under the Paying Agency Agreement;
  - (iv) the fees and expenses of the Management Company then due under the Management Agreement;
  - (v) all amounts of interest and/or principal due under the Liquidity Facility Agreement;
  - (vi) all amounts of remuneration due and payable to the National Bank of Belgium under the Clearing Agreement;
  - (vii) all amounts due and payable to the CBF and the Auditor(s); and
  - (viii) all amounts due and payable related to the social security contribution of the Issuer; and
  - (ix) all other amounts due and payable by the Issuer for services provided and costs and expenses arising in connection with the operation of the Transaction provided such payment is made only with the express permission of the Supervision Company;
- (c) thirdly, to pay pari passu all interest due and payable by the Issuer with respect to the Notes;
- (d) fourthly, to pay pari passu all principal amounts due in respect of the Notes;
- (e) fifthly, to pay to BACOB all amounts due to it pursuant to the Loan Sale Agreement;
- (f) finally, the surplus (if any) to the Issuer.

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 Supervision Company as agent of the Noteholders to hold the Pledged Assets and to exercise the Noteholders' rights under the Pledge Agreement.

The Pledge Agreement will, upon request, be available after the Closing Date for inspection by members of the public at the registered office of the Paying Agent.

As beneficiaries of the Pledge Agreement the Noteholders will, through the Supervision Company as their agent, be entitled to collect payments directly from the Borrower or, after a call has been made under the Guarantee, from the Guarantor.

#### **REPRESENTATION BY THE SUPERVISION COMPANY**

By subscribing or otherwise acquiring any Notes each Noteholder shall accept, confirm and ratify the appointment of the Supervision Company to hold the Pledged Assets and to exercise the Noteholders' rights with respect to the Pledged Assets and in general to represent the Noteholders, all as provided in the Pledge Agreement.

The Supervision Company may without the consent of the Noteholders, at any time and from time to time, concur with the Issuer and the other parties thereto in making (i) any modification to the Notes and the Transaction Documents which in the opinion of the Supervision Company may be proper provided that the Supervision Company is of the opinion that such modification is not materially prejudicial to the interests of Noteholders or (ii) any modification to the Notes and the Transaction Documents which in the opinion of the Supervision Company is of a formal, minor, or technical nature or is to correct a manifest error or comply with the mandatory provisions of Belgian law. In no event shall such modification be a Basic Terms Modification. The Supervision Company shall not be bound to give notice to Noteholders of any modifications to the Transaction Documents pursuant to this paragraph.

In determining whether any proposed change will be materially prejudicial to the interests of Noteholders the Supervision Company shall be entitled to rely on, and act on any advice or opinion of or any certificate obtained from, any lawyer, valuer, accountant, banker, broker, securities company or other company whether obtained by itself or the Issuer and shall not be responsible for any loss occasioned by so acting.

All variations or amendments of, or additions to, the Transaction Documents will be notified to the CBF.

Only the Supervision Company may enforce the security interests created by or pursuant to the Pledge Agreement or declare the Notes or any class of the Notes to be due and payable following an Event of Default, and no Noteholder or holder of a Permanent Global Note 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 or declare the Notes or any class of the Notes to be due and payable unless the Supervision Company, having become bound to take such steps as provided in the Pledge Agreement, fails to do so within a reasonable period (60 days being deemed for this purpose to be a reasonable period) and such failure shall be continuing. The Supervision Company shall be bound to take steps to enforce the security interests created by or pursuant to the Pledge Agreement or to declare the Notes to be due and payable following an Event of Default if directed or requested to do so (i) by an Extraordinary Resolution of the Noteholders or the Class A-1 Noteholders, or the Class A-2 Noteholders as appropriate, or (ii) in writing by the holders of at least one quarter of the aggregate principal amount outstanding of the Notes or the Class A-1 Notes, or the Class A-2 Notes, as appropriate, and in either



case then only if the Supervision Company shall be indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing. Each of the following events is an “**Event of Default**“:

- (a) default is made for a period of five (5) Business Days or more in the payment on the due date of any principal due on the Notes or any of them or for a period of seven (7) Business Days or more in the payment on the due date of any interest upon the Notes or any of them; or
- (b) default is made by the Issuer in the performance or observance of any material obligation, condition or provision binding on it under the Notes or the Paying Agency Agreement or the Pledge Agreement (other than any obligation for the payment of any principal or interest on the Notes) and such default (if capable of remedy) continues for 30 days after written notice given to the Issuer at the specified office of the Paying Agent requiring the same to be remedied; or
- (c) an order is made or an effective resolution is passed for the winding up of the Issuer or the Compartment DOMUS except a winding up for the purpose of a merger, reconstruction or amalgamation, the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders; or
- (d) proceedings shall be initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws including, for the avoidance of doubt, any *liquidation volontaire ou forcée/vrijwillige of gedwongen vereffening, faillite/faillissement, concordat judiciaire/gerechtigd akkoord* or an execution, *saisie* or other process shall be levied or enforced upon or sued out against the whole of the undertaking or assets of the Issuer or the Compartment DOMUS and in any of the foregoing cases it shall not be discharged within 60 days or if the Issuer shall initiate or consent to judicial proceedings relating to itself or the Compartment DOMUS under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or shall make a conveyance or assignment for the benefit of its creditors generally.

The Supervision Company shall not be liable 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 therefrom except that the Supervision Company shall be liable for such loss or damage that is caused by its gross negligence or wilful misconduct.

#### **GOVERNING LAW AND JURISDICTION**

The Notes and Coupons are governed by, and shall be construed in accordance with, Belgian law. The courts of Brussels will have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Notes.

#### **MEETINGS OF NOTEHOLDERS**

The articles 91 to 101 of the Belgian Co-ordinated Laws on Commercial Companies shall only apply to the extent the by-laws of the Issuer, the Conditions or the Transaction Documents do not provide otherwise.

### **C. THE LISTING**

Application has been made for the Notes to be listed on the first market of the Brussels Stock Exchange.

#### **D. USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be approximately BEF 5,175,000,000 and these sums will be applied towards payment to BACOB of the purchase price for the Purchased Loans on the Closing Date. It should be noted that the purchase price takes into account that all initial costs of the Transaction and in particular those set out in the Loan Sale Agreement shall be borne by BACOB.

#### **E. SUBSCRIPTION**

Pursuant to a subscription agreement (the “*Subscription Agreement*”) dated 09 June 1997, the Subscribers have agreed to subscribe the entire issue of the Notes on the Offering Day.

#### **F. SALE**

The Notes will be offered by the Subscribers for sale at the Sale Price.

#### **OFFERING DAY**

The Notes will be offered for sale and acceptances of such offer will be received on 12 June 1997 from 9.00 a.m. until 4.00 p.m. Brussels time.

The Subscribers shall be entitled to terminate the offering of, and refuse receipt of acceptances in respect of, any class of Notes at any time during the Offering Day as soon as all Notes of such class shall have been sold.

Any decision to terminate the offering early will be published the next day in the financial press with general circulation in Belgium (which is expected to be the *Financieel Economische Tijd* and the *Echo de la Bourse*.)

#### **ENTERING OF ACCEPTANCES**

Acceptances may be lodged on the Offering Day from 9:00 a.m. until 4:00 p.m. Brussels time exclusively at the office of Bacob Bank c.v., Rue de Trèves 25, 1040 Brussels.

Acceptances may be lodged either by duly completing and submitting the acceptance forms or by way of any other formality acceptable to the Subscribers.

The price for the Notes which have been allocated to any buyer shall be payable to the Subscriber, with whom the acceptance has been entered, prior to 4.00 p.m. 19 June 1997 by transfer to the bank account of the relevant Subscriber or as otherwise directed by the relevant Subscriber.

#### **ALLOCATION OF NOTES**

Provided the offering of the Notes and receipt of acceptances are not terminated early, the Subscribers will on the evening of 12 June 1997 calculate the total number of Notes for which valid acceptances have been received. If such number exceeds the number of Notes offered for sale, the Subscribers shall be entitled to apportion the Notes between applicants from whom valid acceptances have been received in accordance with rules agreed between the Subscribers.

If the offering of the Notes and receipt of acceptances are terminated early and the number of acceptances nevertheless exceeds the number of Notes, the Subscribers shall use their reasonable endeavours to allot Notes to all investors who have entered acceptances no later than the time of termination of the offering.

## **CANCELLATION OF THE OFFER**

The Issuer or the Subscribers shall be entitled to cancel the issue of the Notes and the offer for sale at any time on or before the Closing Date if:

- (a) the conditions precedent for subscription (as provided in the Subscription Agreement) are not met on the Closing Date; or
- (b) in the opinion of BACOB LUX or BACOB (with the prior consent of BACOB LUX) after consultation with the Issuer and each other if practicable, there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market.

Such cancellation shall be published in the financial press on the following day. As a consequence of such cancellation, the issue of the Notes and all acceptances and sales shall be cancelled automatically and the Issuer and the Subscribers shall be released and discharged from their obligations and liability in connection with the issue and sale of the Notes.

## **EXPENSES OF THE OFFER**

The expenses related to the offering of the Notes will be paid by BACOB.

The tax on stock exchange transactions (“*beurstaks*”) and all similar expenses related to the Notes due in accordance with Belgian law shall be borne by each Noteholder.

## **G. INFORMATION TO NOTEHOLDERS**

The Management Company will prepare a yearly, six-monthly and a three-monthly report.

The Noteholders will be notified of the availability of the reports by way of an appropriate notice published in one leading daily newspaper printed in the Dutch language and one in the French language, and with general circulation in Belgium (which are expected to be the *Financieel Economische Tijd* and the *Echo de la Bourse*) and in another leading English language newspaper having general circulation in Europe (which is expected to be *The Financial Times*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in the newspaper referred to above. Notices of meetings of Noteholders shall in addition be published in the *Moniteur Belge/Belgisch Staatsblad*.

As long as the Notes are represented by a Permanent Global Note and the Permanent Global Note is held by or on behalf of the Administrator of the X/N System and/or another securities clearing system operator, notices to Noteholders of the availability of the reports will be given by delivery of the relevant notice to that clearing system operator for communication by it to the entitled account holders.

All reports referred to above will be made available upon request at the offices of the Paying Agent, currently being BACOB, 25, Rue de Trèves, 1040 Brussels, Belgium, and at the offices of T.B.E. S.A., 3 Montagne du Parc, 1000 Brussels, Belgium.

## CHAPTER III - BACKGROUND OF THE ISSUE

### A. SPECIAL PURPOSE VEHICLE

The Belgian law of 4 December 1990 on financial transactions and financial markets (the “**Law**”) and the royal decree of 29 November 1993 on institutions for investment in receivables (the “**Royal Decree**”) provide a detailed framework for securitisation structures. This framework offers a dedicated special purpose vehicle, the “*vennootschap voor belegging in schuldvorderingen*” (a “**VBS**”) which has the opportunity to attract its means of financing either partially public (“*openbare V.B.S.*”) or non-public (“*private V.B.S.*”).

A “*openbare vennootschap voor belegging in schuldvorderingen*” requires the involvement of a rating agency, a custodian to hold the assets of the vehicle and a supervision company to supervise the structure. It can appeal to the services of a management company to assist in the management of the vehicle.

The main advantages of the dedicated structure are:

- its special tax status, which is designed to make the structure tax neutral;
- particular regulations that provide for strict rules on investor protection and bankruptcy remoteness; and
- particularly flexible rules for the assignment of Belgian residential mortgage loans and consumer credit receivables.

### B. TRANSACTION PARTIES

In order to manage and operate the securitisation Transaction the Issuer has entered into agreements with a number of additional parties, and in particular with T.B.E. S.A. as management company (the “**Management Company**”), BACOB as servicer (the “**Servicer**”), custodian (the “**Custodian**”) and paying agent (the “**Paying Agent**”) and Bankers Trustee Company Limited as supervision company (the “**Supervision Company**”).

More detailed information on some of these parties and their precise role in the Transaction is contained in Chapter V below.

### C. THE PURCHASED LOANS

#### THE PURCHASED LOANS

BACOB (the “**Originator**”) has granted 129 loans (the “**Loans**”) to Domus Flandria N.V. (the “**Borrower**”) guaranteed by the Flemish Region (the “**Guarantor**”) pursuant to a long term credit facility (the “**Long Term Facility**”). This portfolio of loans (the “**Portfolio**”) has been split up in two sub-portfolios.

In April 1996, BACOB launched the first public asset-backed securitisation in Belgium, i.e. Atrium-1 N.V., *openbare V.B.S.*, a BEF 7.585 billion fixed rate issue backed by 70 loans (the “**Sold Loans**”) of the above mentioned Portfolio. The corresponding subportfolio will be referred to as the initial portfolio (the “**Initial Portfolio**”).

The subportfolio of loans to be purchased by the Issuer (the “**Remaining Portfolio**“) will consist of the remaining 59 loans (the “**Purchased Loans**“) comprising a principal amount of BEF 4,459,452,507 in aggregate.

The Purchased Loans will be sold by the Originator to the Issuer pursuant to a loan sale agreement to be entered into between the Originator, the Issuer and the Supervision Company (the “**Loan Sale Agreement**“).

The sale will include all accrued but unpaid interest on the Purchased Loans.

Each Purchased Loan represents a fixed rate, non-prepayable, annuity-style obligation over twenty years.

All Purchased Loans are listed individually in Annex 3 to this Selling Memorandum.

### **THE LONG TERM FACILITY**

The Long Term Facility is a facility which allows the Borrower to request for individual loans (each a “**Loan**“) up to a maximum aggregate principal amount of BEF 13.5 billion which are governed by the terms and conditions of a long term facility agreement entered into by the Originator and the Borrower on 20 January 1994 (the “**Long Term Facility Agreement**“). All requests for Loans were made and approved prior to 31 December 1995 and thus Loans have been requested for a total aggregate amount of BEF 11.1 billion. BACOB has no further obligation to make any further loans to the Borrower.

The Long Term Facility Agreement expressly provides that the Originator is entitled to assign or transfer all or any part of its rights under the Long Term Facility without the prior approval of the Borrower or the Guarantor. Notice prior to the sale of the Purchased Loans to the Issuer will be given to the Borrower and the Guarantor in accordance with the terms of the Long Term Facility Agreement and the Guarantee (as defined below).

The Remaining Loans which will be sold by the Originator to the Issuer, will exclusively secure the securities issued as a result of this Transaction and the holders of such securities shall not be entitled to exercise any recourse against the Pledged Assets with respect to the Atrium-1 securitisation.

### **BORROWER - DOMUS FLANDRIA N.V.**

The Borrower is a Belgian limited liability company set up on the instruction of the Flemish Region.

Pursuant to an agreement of 23 December 1993 between the Flemish Region, the Vlaamse Huisvestingsmaatschappij N.V. (“**VHM**“) and the Borrower, the Borrower was charged with the implementation of the Flemish Region's social housing emergency programme (the “**Emergency Programme**“). The Emergency Programme provides for the creation of more than 10,000 social housing units in Flanders.

The Borrower's main tasks are the financing of appropriate social housing construction or renovation projects, assistance in respect of the payment of subsidies for social housing and supervision of social housing construction projects.

The current shareholders of the Borrower are:

- VHM (25.06 per cent.)
- Habifin N.V. (25.06 per cent.);

- CGER Banque (11.22 per cent.);
- Vlaams Woningfonds c.v. (11.22 per cent.);
- Bacob Bank c.v. (9.98 per cent.);
- Kredietbank N.V. (9.98 per cent.);
- Crédit Communal (7.48 per cent.).

VHM and Habifin N.V. are each directly or indirectly controlled by the Flemish Region.

In addition to the Long Term Facility the Borrower has another credit facility with the Originator in the amount of BEF 555 million (the “*Standby Facility*”).

The Standby Facility and the Loans benefit from a guarantee by the Flemish Region (the “*Guarantee*”).

The Long Term Facility provides the principal financing for social housing projects and the Standby Facility is designed to provide liquidity and to minimise the potential for draws under the Guarantee.

## **D. THE GUARANTEE**

### **SECURED LIABILITIES**

All Loans benefit from the Guarantee issued by the Flemish Region.

Under the Guarantee the Flemish Region guarantees repayment of principal up to a maximum amount of BEF 14 billion under the Long Term Facility and the Standby Facility and payment of all interest due under both facilities.

With respect to the Long Term Facility, the Guarantee has entered into force on a loan-by-loan basis. Payments made by the Guarantor in respect of amounts due under the Standby Facility do not reduce its liability under the Guarantee in respect of amounts payable under the Long Term Facility.

### **MECHANICS OF THE GUARANTEE**

If a serious and continuing default occurs with respect to the Long Term Facility or the Loans, the Issuer will be entitled to require the Flemish Region to take over all the obligations of the Borrower under the Long Term Facility with respect to each Loan.

If the Guarantee is called, the Flemish Region shall become primary debtor under the Loans and will be liable to continue payments of principal and interest in full accordance with the terms of the Loans as set out in the Long Term Facility Agreement.

Both the Long Term Facility and the Standby Facility provide for a list of particular events upon occurrence of which the Originator is entitled to call the Guarantee (see subsection “**Events of Default under the Guarantee**” below). The terms and conditions of both facility agreements have been expressly approved and accepted by the Flemish Region.

The terms and conditions of the Guarantee expressly provide that it can be transferred in whole or in part together with the Loans.

As assignee of the Purchased Loans, the Issuer will benefit directly from the Guarantee.

The Issuer will pledge the Purchased Loans together with its entitlement to the Guarantee to the Noteholders.

#### **EVENTS OF DEFAULT UNDER THE GUARANTEE**

If any of the following events (each a “*Loan Default*“) occurs and is continuing, the Guarantee will be called without delay:

- (a) in the event of failure to pay on the date that they are due any instalments in respect of any Loan made under the Long Term Facility Agreement;
- (b) in the event of certain insolvency related events in relation to the Borrower;
- (c) in all cases in which a certain and fixed debt of the Borrower to the tax authorities or a social security body would exceed the amount of its normal annual tax or quarterly contribution; or
- (d) in all cases of automatic acceleration provided or to be provided by Belgian law.

Other events of default (including breach of warranties, merger or amalgamation and transfers of a substantial part of its assets) require a formal default notice to the Borrower and a period of one month to allow the Borrower to remedy the default. Upon a Loan Default the Flemish Region will promptly receive a copy of the default notice.

#### **GUARANTOR - THE FLEMISH REGION**

The Flemish Region is one of the sovereign subdivisions which together form the Belgian federal state. It has its own legislature, executive and civil service and, subject to appropriate delegations by its legislature, the executive may enter into financial transactions, including the issuing of guarantees.

Flanders has an important role in Belgium's economy and ample capacity to generate tax revenues.

The Flemish Region's long term debt is as of the date of this offering rated Aa2 by Moody's.

### **E. THE CREDIT STRUCTURE**

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

#### **LIABILITIES UNDER THE NOTES**

The Notes will not be obligations or responsibilities of, or guaranteed by, any person other than the Issuer or its Compartment DOMUS (at the moment subdivisions will be created). In particular, the Notes will not be obligations or responsibilities of, or guaranteed by each other Compartment of the Issuer (if any), the Originator, BACOB LUX, the Supervision Company, the Flemish Region or the Management Company. None of such persons accepts any liability whatsoever in respect of any failure of the Issuer to make payment of any amount due on the Notes.

## CREDIT AND LIQUIDITY SUPPORT

### Asset quality

The principal credit and liquidity support for the Notes will be the quality of the Purchased Loans and the Guarantee.

Each Purchased Loan is an obligation of the Borrower as to principal and interest and is guaranteed by the Guarantor under the Guarantee.

All payments with respect to the Loans made under the Long Term Facility will be collected by the Servicer debiting the Borrower's bank account with the Originator. The proceeds will be applied by the Servicer pro rata to all Loans under the Long Term Facility, whether owned by Atrium-1, N.V., openbare V.B.S. ("*Atrium-1*") (i.e. the Sold Loans) or the Issuer (i.e. the Purchased Loans), in respect of which payments are due on the same date.

All payments with respect to the Purchased Loans collected by the Servicer on behalf of the Issuer and all other moneys related to this Transaction shall be held in an account in the name of the Transaction DOMUS of the Issuer with the Custodian (the "*Issuer Collection Account*"). This account will be pledged to the Noteholders.

Between Payment Dates all moneys not required to meet current costs will be reinvested in Belgian federal government treasury bills (the "*Treasury Bills*"), which mature prior to the next Payment Date. If at any time no suitable Belgian treasury bills are available or if the investment in Treasury Bills would prejudice the rating of the Notes, the Issuer shall be entitled to invest in accordance with its by-laws the available moneys in other financial instruments which under the Belgian regulations have a 0 per cent. risk weighting, provided such investments do not otherwise prejudice the rating of the Notes.

The Treasury Bills will be held in a dematerialised government securities account which is pledged to the Noteholders (the "*Issuer Treasury Bill Pledged Account*").

It should be noted that Noteholders will not have recourse to any assets of the Issuer other than the Pledged Assets.

In addition, credit and liquidity support is provided as follows.

### Standby Facility

Under the Standby Facility the Originator has entered into a commitment to provide loans to the Borrower up to a maximum aggregate amount of BEF 555 million. The Standby Facility is available until 30 June 2017 and cannot be cancelled as long as the Long Term Facility and the Loans are in place.

The Borrower may draw under the Standby Facility to discharge its obligations under the Loans on a scheduled payment date for the Loans. Such draws are only allowed to the extent the Borrower has no liquidity of its own to cover the payments.

The Originator is entitled to operate a draw down under the Standby Facility and to make payment directly to the Issuer using the proceeds of such draw down to the extent that on any scheduled payment date for the Loans, the moneys available in the Borrower's bank account for payment in respect of the Loans are insufficient to make full payment.

The Standby Facility may only be used to cover a maximum of four consecutive scheduled payments under the Loans.



The Guarantor, the Management Company, the Issuer and the Supervision Company will be informed immediately of each draw down or repayment under the Standby Facility. Therefore, each of these parties, including in particular the Guarantor, will be informed of any liquidity shortfall as from its occurrence and will have four months to assess the situation and take appropriate action.

On and up to the date of this selling memorandum no draw down under the Standby Facility has occurred or been requested.

The Standby Facility will not be transferred to the Issuer.

### **Liquidity Facility**

The Issuer will enter into a liquidity facility agreement (the “*Liquidity Facility Agreement*”) with the Originator, dated on or about 19 June 1997, whereby the Originator will make available to the Issuer a revolving credit facility in the maximum aggregate principal amount of BEF 100 million (the “*Liquidity Facility*”) for the purpose of enabling the Issuer to make payments falling due in respect of the Notes in the event of late payment by the Borrower of any amount falling due in respect of the Purchased Loans, or non-payment by the Borrower of any such amount pending payment in respect thereof under the Guarantee. The amount of the Liquidity Facility equals the highest aggregate amount payable on any monthly payment date in respect of the Purchased Loans.

This Liquidity Facility relates exclusively to and may only be used in relation to the Transaction and not for the purposes of any other transaction entered into by the Issuer or any other Compartment of the Issuer.

### **LONG TERM FACILITY**

The Purchased Loans and the Sold Loans will continue to rank *pari passu*. The Servicer will collect payments from the Borrower by debiting the Borrower's account with the Servicer. All amounts thus collected on the same day will be applied pro rata to the Loans in respect of which payments are due that day.

### **CO-ORDINATION AGREEMENT**

Atrium-1, the Issuer, BACOB, the Management Company and the Supervision Company will enter into a co-ordination agreement (the “*Co-ordination Agreement*”) in order to settle the rights and obligations of Atrium-1, the Issuer and BACOB towards each other in order to avoid conflicts between the concerned parties and to co-ordinate any actions to be taken in which both transactions have a mutual interest.

Moreover, the Originator will continue to make the Standby Facility available and any action against the Guarantor in respect of the Standby Facility will be taken in co-operation between Atrium-1, the Issuer and the Originator. Any drawing under the Standby Facility will be applied *pari passu* and *pro rata* to Atrium-1 and the Issuer.

Furthermore, as assignee of the Purchased Loans under the Long Term Facility, the Issuer will enter into all BACOB's rights relating to these Loans as provided for in the transaction documents of Atrium-1. Therefore the Issuer exercises BACOB's rights in respect of the Purchased Loans and the Long Term Facility including in particular any rights against the Guarantor. Atrium-1 and the Issuer are each bound not to accelerate any of the Loans or to make a call under the Guarantee upon any Loan Default, without prior consent of the other and the Supervision Company.

Following an enforcement of the pledged assets, all amounts recovered by the Supervision Company under the Guarantee Decrees will be applied *pari passu* and *pro rata* between Atrium-1 and the Issuer.

## TRUE SALE

The Originator shall assign to the Issuer by way of a sale (i) the full economic benefit of, and the legal title to the Purchased Loans under the Long Term Facility and, (ii) its interests in the Guarantee to the extent it relates to the Purchased Loans.

The sale of the Purchased Loans and the related benefits and interests will be a true sale to the effect that, upon the insolvency or bankruptcy of the Originator, the Purchased Loans will not form part of the insolvent estate or be subject to claims by the Originator's liquidator or creditors.

The sale shall have the following characteristics:

- (a) the Issuer shall have no recourse to the Originator except in respect of the representations and warranties given in relation to the Purchased Loans and the Guarantee (to the extent it relates to the Purchased Loans);
- (b) the Originator will make the following representations and warranties among others, in relation to the Purchased Loans:
  - (i) each of the Purchased Loans exists and is valid;
  - (ii) each of the Purchased Loans has been originated under the Long Term Facility;
  - (iii) each of the Purchased Loans is granted for a fixed term and the applicable interest rate is fixed for the full term of the Purchased Loan;
  - (iv) no Purchased Loan is in arrears on Closing Date;
  - (v) no Purchased Loan has a maturity date later than the final maturity date of the Notes; and
  - (vi) each of the Purchased Loans is guaranteed by the Guarantor under the Guarantee Decreases.
- (c) the Originator may be required to repurchase Purchased Loans in relation to which there is a breach of warranty at the time of the transfer of the Purchased Loans and such breach (if capable of remedy) has not been remedied within the specified time;
- (d) a breach of contract cannot entail the unwinding of the agreement, merely a liability for damages or the obligation to buy back certain Purchased Loans.

## SECURITY

The Issuer will pledge to the Noteholders all of the assets that derive from or relate to the Transaction, including the Purchased Loans, the related entitlement to the Guarantee, all moneys and investments and any rights under the Transaction Documents. The Supervision Company will hold the Pledged Assets as agent of the Noteholders.

## F. RISK FACTORS

### FLEMISH REGION GUARANTEE

The main risk to which the Notes are subject is the Flemish Government defaulting (i) in assuming the payment liabilities of the Borrower or (ii) after having assumed the liabilities of the Borrower in making timely payment in accordance with the terms of the Purchased Loans.

The Guarantor will be notified of each drawing under the Standby Facility so that the Guarantor is aware of any financial difficulties of the Borrower at least four months prior to the exhaustion of the Standby Facility.

If at any time the Standby Facility is exhausted and a serious default occurs and is continuing under the Purchased Loans, the Guarantee will be called by the Servicer or the Supervision Company on behalf of the Issuer. If the Guarantor does not provide immediate payment of the amounts due under the Purchased Loans, the Issuer will nevertheless be able to meet its obligations on the next Payment Date by making drawings under the Liquidity Facility. To the extent the Guarantor continues to default under the Guarantee thereafter the only moneys available to the Issuer for making payments to the Noteholders will be the amounts collected on the defaulted Purchased Loans.

It should be noted that the controlling shareholders of the Borrower are directly or indirectly controlled by the Flemish Region.

The Guarantor's long term debt is currently rated Aa2 by Moody's.

### BACOB BANK C.V.

The Issuer's accounts (cash account and securities account) are currently held with BACOB as Custodian. In addition, BACOB is also the provider of the Liquidity Facility and provider of the Standby Facility.

BACOB's short term, unsecured, unsubordinated and unguaranteed debt is currently rated P-1 by Moody's and its long-term, unsecured, unsubordinated and unguaranteed debt is currently rated A2 by Moody's. If on any day either of such ratings is downgraded, BACOB will be required:

- (a) to transfer the Issuer's accounts to another bank with a P-1 and A2 or higher rating for its unsecured, unguaranteed and unsubordinated debt; and
- (b) to
  - (i) transfer the Liquidity Facility and the Standby Facility to another bank with a P-1 and A2 or higher rating for its unsecured, unsubordinated and unguaranteed debt or procure that such bank or banks shall provide new facilities on substantially identical terms and conditions; or
  - (ii) provide collateral so that its full commitment under the Liquidity Facility and the Standby Facility is secured; or
  - (iii) take any other action necessary to maintain the then current rating of the Notes.

### REPRESENTATION OF THE NOTEHOLDERS

Article 119*nonies* § 1 in fine of the Law of 4 December 1990, as amended, provides that agents representing the Noteholders must be recognised by the CBF and that for companies of the type of the

Issuer (i.e. a *vennootschap voor belegging in schuldvorderingen* which issues securities to the public in Belgium) the recognition, the publication of the appointment, the powers and the dismissal of the agents and the requirements for independence of the agents in relation to the other parties concerned, will be regulated in more detail by a Royal Decree.

Such Royal Decree has not yet been adopted.

Notwithstanding the fact that such Royal Decree has not yet been adopted, the Issuer has already appointed in good faith and in the interest of the Noteholders Bankers Trustee Company Limited as agent representing the Noteholders for this Transaction.

As from the moment that the Royal Decree will be effective, the Issuer will ask the CBF to approve the appointment of Bankers Trustee Company Limited as agent of the Noteholders for the Transaction.

In the event that such approval would be refused, the Management Company, acting on behalf of the Issuer, will appoint another company that will act as agent of the Noteholders.

## **TAX**

If the Issuer or any Paying Agent is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature in respect of any payment in respect of the Notes, the Issuer or such Paying Agent (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 nor any Paying Agent 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.

## **ACCELERATION**

The amounts payable to the Issuer following an early termination of the Long Term Facility may not be sufficient, when reinvested, to pay all amounts of principal and interest due in respect of the Notes.

All Purchased Loans secured by the Guarantee are non-prepayable, annuity-style obligations over twenty years.

The Issuer is bound by the obligations provided for in the Co-ordination Agreement not to terminate the Long Term Facility Agreement nor to accelerate any Purchased Loan upon the occurrence of a Loan Default but instead to make a call under the Guarantee.

The Guarantee protects the Issuer against the risk of acceleration upon bankruptcy of the Borrower.

Termination of the Long Term Facility Agreement and acceleration of the amounts due to the Issuer may occur upon it becoming unlawful to allow all or part of the Loans to remain outstanding or to continue the Long Term Facility Agreement.

## CHAPTER IV - THE ISSUER

### A. NAME AND STATUS

The Issuer is incorporated under the name “*Atrium-2*”, openbare V.B.S. naar Belgisch recht as a ‘*naamloze vennootschap*’ (limited liability company)

The Issuer has been duly licensed by the CBF on 27 May 1997 as a *vennootschap voor belegging in schuldvorderingen* pursuant to the Law and the Royal Decree.

Its registered office is at Koloniënstraat 40, 1000 Brussels, Belgium.

The Issuer has the capacity of a limited company which makes or has made a public appeal on savings as described in article 26 of the Law on Commercial Companies.

According to the Law, the Royal Decree and its incorporation documents and by-laws (‘*statuten*’) the Issuer:

- (a) may not engage in any activity other than the securitisation transaction(s) to which it is dedicated, and may not hold assets nor incur liabilities for any other purpose;
- (b) may not amend its by-laws without the prior approval of the CBF;
- (c) must be managed exclusively in the interests of the investors; and
- (d) may only invest in receivables and, save for limited exceptions, shall invest its cash in short term government securities which mature prior to the next Payment Date or other 0 per cent. risk weighted securities that are traded on a regulated market.

The Issuer is independent of, and bankruptcy remote from, the Originator.

The directors of the Issuer will not be officers, directors or employees of the Originator or any company affiliated with the Originator.

The Board of Directors of the Issuer may decide to ring-fence different portfolios or assets, each of which will constitute a separate compartment of the Issuer. The assets of the compartment will be the only collateral of the financial instruments representative of such compartment, excluding the assets of all other compartments. The compartment and/or the financial instruments will hold the rights and bear the costs as is determined in the by-laws or will be determined by the Board of Directors when creating the compartment. Each commitment or transaction will be clearly allocated to a compartment. Each compartment will have its own accountancy.

Whenever the Board of Directors decides to use for the first time its authority to create a new Compartment, all then existing assets of the Issuer, merely constituted by a portfolio of receivables acquired from BACOB according to the Loan Sale Agreement, and in particular consisting of loans advanced by BACOB to Domus Flandria N.V. and all other connected assets and liabilities, will constitute the first Compartment of the Issuer. This first Compartment will be named “**Domus**”. It should be noted that the creditors of another compartment will have no recourse to the assets of this first compartment, i.e. “**Domus**”.

## **B. INCORPORATION**

The Issuer was incorporated on 29 May 1997 for an unlimited period of time.

A copy of the deed of incorporation and the by-laws of the Issuer will be available upon prior request for inspection by the public at the registered office of the Paying Agent, which for the time being is at 25 Rue de Trèves, 1040 Brussels, Belgium.

## **C. TRANSACTION DOCUMENTS**

The transaction documents comprise the Loan Sale Agreement, the Subscription Agreement, the Servicing Agreement, the Custody Agreement, the Supervision Company Agreement, the Management Agreement, the Pledge Agreement, the Paying Agency Agreement, the Issuer Collection Account Agreement, the Issuer Treasury Bill Account Agreement, the Liquidity Facility Agreement, the Clearing Agreement, the Co-ordination Agreement (collectively the “*Transaction Documents*”).

## **D. TAX POSITION OF THE ISSUER**

### **REGISTRATION DUTIES**

Contributions to the capital of the Issuer are exempt from the usual 0.5 BEF per cent. registration duty.

### **WITHHOLDING TAX ON MONEYS COLLECTED BY THE ISSUER**

Receipts of moveable income (in particular interest) by the Issuer are exempt from withholding tax. Therefore no such tax is due on payments of interest received by the Issuer from the Borrower.

Similarly a withholding tax exemption will be available for interest paid to the Issuer on investments or cash balances.

### **CORPORATION TAX**

The Issuer is subject to corporation tax at the ordinary rate of 40.17 BEF per cent. However its tax base is notional: it can only be taxed on any disallowed expenses and any abnormal or gratuitous benefits received by it. The Issuer does not anticipate incurring any such expenses or receiving any such benefits.

### **VAT**

The Issuer does not qualify as a VAT taxpayer. Any VAT payable by the Issuer (at the current rate of 21 per cent.) is therefore not recoverable.

Services supplied to the Issuer by the Servicer, the Custodian, the Management Company, the Supervision Company, the Paying Agent and by Moody's will, in general, be subject to VAT. However, fees paid in respect of the management of the Issuer and its assets including fees paid for the receipt and collection of payments on behalf of the Issuer as well as transactions with receivables, securities and liquid assets are exempt from VAT, save for fees paid in connection with the forced collection of receivables in arrears or in default.

### **ANNUAL TAX ON ASSETS**

The Issuer is exempt from the 0.06 BEF per cent. annual tax on the value of its net assets, to which other Belgian collective investment institutions are subject.

## E. BALANCE SHEET

The Issuer's accounting year ends on the 31 December of each year. The Issuer's first accounting year will end on 31 December 1997. The Issuer has not prepared any accounts since its incorporation.

On Closing Date the following items will figure on the balance sheet of the Issuer (\*)

### Assets

The Purchased Loans at purchase price	BEF 5,175,000,000
Bank account: an amount equal to the Issuer's share capital	BEF 2,500,000

### Liabilities

Share capital	BEF 2,500,000
The Notes (for an amount equal to their nominal amount)	BEF 5,175,000,000

(\*) *The total amount of the issue is still subject to change depending on market conditions on 11 June 1997.*

## F. AUDITORS

Pursuant to its by-laws, the Issuer's accounts will be audited by its statutory auditor which is currently Deloitte & Touche b.c.v. of Britselei 23-25, 2000 Antwerpen represented by Mr. Frank Verhaegen.

## G. BOARD OF DIRECTORS

Pursuant to its by-laws, the Board of Directors of the Issuer consists of at least three directors. The Board of Directors of the Issuer currently consists of the following persons:

- Mr. H. Lyben, General Manager (“Administrateur-Generaal”), Vlaamse Huisvestingsmaatschappij N.V. (“VHM”);
- Vlaamse Huisvestingsmaatschappij N.V., represented by Mr. M. De Moor, Head of Treasury and Finance (“Diensthooft Thesaurie en Financiering”), Vlaamse Huisvestingsmaatschappij N.V.;
- Mr. M. Vercruysse, Head Senior Investment Manager (“Hoofd Senior Investeringsmanager”), Investeringsmaatschappij voor Vlaanderen N.V. (“GIMV”);
- Mr. G. Fierens, Senior Investment Manager (“Senior Investeringsmanager”), Investeringsmaatschappij voor Vlaanderen N.V.;

SYMBOLMr. J. Vannieuwenhuyze, Partner (“Venoot”), Lessius Management c.v.;

Mr. M. Vercruysse is also member of the board of directors of the Borrower.

The Issuer has no other management bodies, save that pursuant to a management agreement certain aspects of the management have been mandated to the Management Company (see Chapter V below).

## H. CAPITAL

The Issuer has a total share capital of BEF 2.5 million which is represented by 1.000 ordinary registered shares, each fully paid up. The shares of the Issuer are owned as follows:

- VHM N.V., a limited liability company, of Koloniënstraat 40, 1000 Brussels, owns 410 ordinary shares representing 41 per cent. of the voting rights. The VHM is charged with the implementation and execution of the social housing policy in Flanders. The VHM fulfils its role through a network of approximately 130 local social housing companies. The social housing companies build either rented houses or houses that will be sold to individuals. They also provide for social mortgage loans.
- GIMV N.V., a limited liability company, of Karel Oomsstraat 37, 2018 Antwerp, owns 400 ordinary shares representing 40 per cent. of the voting rights. The GIMV was established in 1980; the main shareholders are the Flemish Region (85 %), Crédit Communal (4 %), CGER Banque (1 %) and institutional investors (10 %). The main role of the GIMV consists of participating in companies from their start-up until (as the case may be) an introduction on the Stock Market. The GIMV is also one of the co-founders of Domus Flandria N.V..
- LESSIUS N.V., a limited liability company, of Franklin Rooseveltlaan 37, 1050 Brussels, owns 190 ordinary shares representing 19 per cent. of the voting rights. The Lessius Group was established in 1988 by a number of Flemish industrialists and entrepreneurs; the group remains completely independent of national and international credit institutions and banks; the main activities of Lessius N.V. are management consultancy, mergers and acquisitions and financial engineering; it also provides risk capital either through funds managed by itself or directly in syndicates with other investors;

## I. TERMS AND CONDITIONS OF THE NOTES

If Notes in a definitive form were to be issued, the terms and conditions (subject to amendment and alteration) set out on each Note would be as set out in Annex 2.

While the Notes remain in global form the same terms and conditions govern them, except to the extent that they are appropriate only to Notes in definitive form, together with certain terms and conditions set out in the Permanent Global Notes.

Chapter II above contains a summary of the main provisions of the terms and conditions of the Notes (the “*Conditions*”).

## J. EXPENSES

In case other compartments will be created then expenses will be related to the different compartments in accordance with article 119<sup>septies</sup> of the Law and the by-laws of the Issuer.

## MANAGEMENT COMPANY

The Issuer shall pay to the Management Company a fee of 0.05 BEF per cent. per annum which shall be payable quarterly in arrears and calculated on the principal amount outstanding under the Purchased Loans at the start of the relevant quarter.



## **CUSTODIAN**

The Issuer shall pay to the Custodian a fee of 0.02 BEF per cent. per annum which shall be payable quarterly in arrears and calculated on the principal amount outstanding under the Purchased Loans at the start of the relevant quarter.

## **SUPERVISION COMPANY**

Under the Supervision Company Agreement, the Issuer shall pay to the Supervision Company a quarterly fee not exceeding BEF 50,000 which shall be payable quarterly in arrears.

The Issuer shall pay to the Supervision Company for its services as agent for the Noteholders under the Pledge Agreement a quarterly fee not exceeding BEF 50,000 which shall be payable quarterly in arrears.

## **SERVICER**

The Issuer shall pay to the Servicer a fee of 0.14 BEF per cent. per annum for general servicing and a fee of 0.01 BEF per cent. per annum for forced collection and secretarial corporate services. Both fees shall be payable quarterly in arrears and calculated on the principal amount outstanding under the Purchased Loans at the start of the relevant quarter.

## **K. OTHER EXPENSES PAYABLE BY THE ISSUER**

The Issuer shall in addition pay the following ongoing expenses:

- (a) to the Paying Agent a total fee of 0.02 BEF per cent. per annum which shall be payable quarterly in arrears and calculated on the principal amount outstanding under the Purchased Loans at the start of the relevant quarter;
- (b) to the Auditors a quarterly fee not exceeding BEF 68,750;
- (c) to the Liquidity Facility Provider a commitment fee of 0.25 BEF per cent. per annum which shall be calculated on the daily portion of the unused commitment under the Liquidity Facility and shall be payable quarterly in arrears;
- (d) to the National Bank of Belgium an annual fee per Class of Notes equal to 0.06 BEF per thousand of the face amount at issuance of the Notes of the said Class plus value added tax at the rate of 21 per cent. on the said fee; as from the second year this fee shall be subject to a maximum per Class of Notes of BEF 200,000 increased by 21 per cent. VAT. This fee will be payable on every Class of Notes whilst they remain outstanding.
- (e) to the CBF, a non-recurrent fee of 0.02 BEF per thousand calculated on the aggregate principal amount of the Notes placed in Belgium;
- (f) to the CBF, an additional annual fee equal to the lower of (i) 0.10 BEF per thousand on the own funds of the Issuer as mentioned in the Issuer's most recent annual accounts and (ii) 0.5 BEF per thousand on the aggregate principal amount outstanding under the Notes on 31 December of the previous year;  
with a minimum annual fee of BEF 10,000.
- (g) an annual social security contribution, the amount of which is currently BEF 12,500; this amount has to be related to the consumption index figure.

## **L. EXPENSES OF THE OFFER**

The expenses relating to the issue of the Notes will be paid by BACOB.

## CHAPTER V - TRANSACTION PARTIES

### A. THE ORIGINATOR - BACOB BANK C.V.

#### NAME AND STATUS

BACOB Bank c.v. (“**BACOB**”) is a “*coöperatieve vennootschap*” under Belgian law, duly licensed as a credit institution and a bank in Belgium. Its registered office is at 25 Rue de Trèves, 1040 Brussels, Belgium.

#### SHARE CAPITAL

The share capital of BACOB is partly fixed and partly variable and is represented by a variable number of shares, with a nominal value of BEF 1,000 per share. The fixed amount of capital may never be less than BEF 1 billion and must at all times be fully paid up. On 31 December 1996 the share capital of BACOB was BEF 10,500,000,000 represented by 10,500,000 shares of BEF 1,000 each, fully paid up. On 31 December 1996, 65.6 per cent. of the share capital of BACOB was held by Arcofin c.v., a Belgian “*coöperatieve vennootschap*”. 29.9 per cent. of the share capital is held by individuals most of whom do not own more than 50 shares each.

#### HISTORY

BACOB was established in 1924 for, initially, a period of 30 years (which, in 1954, was converted into a period of unlimited duration) and merged with a number of Belgian local savings banks and co-operatives affiliated with the Christian Workers’ Movement.

In accordance with the Royal Decree of 9 July 1935, BACOB was established as a private savings bank (*caisse d’épargne* in French and *spaarkas* in Dutch). Pursuant to that Decree, a distinction was made between commercial banks, under the control of the Banking and Finance Commission, and savings banks, which had a far more restricted range of activities, under the control of a special-purpose agency.

Before 1967, BACOB’s business had been primarily the promotion of long-term savings in Belgium and the provision of home mortgage loans. The reorganisations within the financial sector and the changes in law relating to private savings banks in 1967 and 1975 extended the scope of savings bank activities to include a wider range of banking operations and subjected the savings banks, together with commercial banks, to the common control of the Banking and Finance Commission. The law of 30 June 1975 stated for the first time the objective of merging the savings bank sector with the commercial bank sector.

In 1976 BACOB obtained authorisation from the Belgo-Luxembourg Foreign Exchange Institute to engage in international operations for its customers, and since 1981 BACOB has been permitted to carry out international banking activities for its own account, thus improving its access to the international financial markets. In 1990 BACOB was appointed by the Belgian monetary authorities as one of the primary dealers in the official market for Belgian government securities.

Any remaining differences between commercial banks and savings banks were removed pursuant to the law of 22 March 1993. Consequently, with effect from 15 December 1993, BACOB changed its name from BAC/COB Savings Bank s.c. to Bacob c.v. and with effect from 1 January 1994 it changed its status from savings bank to bank.

## BUSINESS

BACOB's business has gradually evolved with the broadening of the scope in operations permitted by law. As described in its Statutes, BACOB's objectives consist of carrying out a broad range of banking activities both for its own account and that of third parties and both in Belgium and abroad, including the receipt of deposits and other repayable funds, the granting of credit, the execution of all financial, stock exchange, foreign exchange, brokerage and commission transactions, participation in the issue of securities and letting of safe deposit boxes. BACOB may also provide consulting services and carry out research for third parties as part of the above-mentioned activities. In addition, it may carry out all other activities which are permitted by the legislation and regulations relating to credit institutions.

As a primary dealer, BACOB has the opportunity to make the most of its links with the personal savings market by offering additional products such as derivative products. In 1991, BACOB was the first Belgian bank to guarantee an issue with a redemption price linked to the Belgian stock exchange and to launch an issue of call option certificates on a Belgian government note. BACOB is also involved in capital market activities. BACOB acts as an underwriter of floating and fixed rate Euronote issues. As an active issuer in the international financial markets, BACOB guarantees a commercial paper programme and a programme for the issuance of debt instruments. In addition to these programmes, BACOB also issues notes in the Euromarket from time to time. BACOB runs an investment portfolio for its own account in Belgian Francs and foreign currencies. For several years BACOB has enjoyed a reputation as a prime investor on the continent in securitised loans. The composition of the portfolio takes account of the strict limits regarding the credit risk, the market value risk and the liquidity risk. In 1996, a programme was launched to use MBS agency-paper from the USD portfolio for repo-transactions.

BACOB is an important player in the Belgian repomarket. In the past it had the first well developed repo desk BEF in Belgium. Today, although competing against many more players, BACOB has built up extensive experience and still plays an innovative role.

BACOB is the main innovator in the Belgian securitisation markets. In April 1996, BACOB launched the first public Asset Backed transaction in Belgium, i.e. Atrium-1, a BEF 7.585 billion fixed rate issue in two tranches (average life 5.5 and 15.4 years respectively) backed by loans to Domus Flandria N.V.

The first public Mortgage Backed transaction in Belgium has been launched by BACOB in January 1997, i.e. MBS-1. This BEF 9.500 billion four-pronged floating rate transaction is backed by performing residential mortgages granted by BACOB and generated as from 02 January 1995.

The Belgian banking sector has experienced a high level of competition in the corporate sector since the 1960s with the advent of foreign banks, and in the retail sector as a consequence of the integration of European financial markets. BACOB competes with other credit institutions in Belgium and according to the Association Belge des Banques and the July 1996 edition of *The Banker* ranks as follows:

- Sixth among Belgian credit institutions by size of its balance sheet as of 31 December 1996;
- Seventh among Belgian credit institutions by size of tier 1 equity as of 31 December 1996;
- 289th among the world's banks by size of equity as of 31 December 1995;

In 1996 BACOB acquired 33.33 per cent. of the "Landbouwkrediet/Crédit Agricole".

As from 14 May 1997 BACOB has also taken a participation of 75 % in the Belgian brokerage company Smeets, Verbaet & Co., N.V.

At 31 December 1996 BACOB had total assets of BEF 1,412 billion (1995: BEF 1,162 billion) and capital and reserves totalling BEF 31,669 million (1995: BEF 28,578 million). After tax profit for 1996 amounted to BEF 3,104 million (1995: BEF 2,241 million).

BACOB employs a staff of over 3,600 employees located in some 560 branches. Its main business concentration is in the Flemish speaking region of Belgium with lesser exposure in the Walloon and Brussels areas. BACOB does not have branches in the Gent and Eeklo region.

Since 18 June 1992 BACOB's long term, unsecured, unsubordinated and unguaranteed debt has been assigned a rating of A2 and its short term, unsecured, unsubordinated and unguaranteed debt a rating of P1 by Moody's. Standard & Poor's assigned a rating of A-2 to its short term, unsecured, unsubordinated and unguaranteed debt in January 1992. In June 1996 IBCA assigned a rating of A to its long term, unsecured, unsubordinated and unguaranteed debt, and a rating of A1 to its short term, unsecured, unsubordinated and unguaranteed debt. Thomson BankWatch has assigned a long term rating of A+ and a short term rating of TBW1 in June 1996.

Following the announcement that the ARCO-Group (BACOB's 66 % shareholder) and Compagnie Financière de Paribas (PARIBAS-Group) have signed a Memorandum of Agreement regarding the intention of the ARCO-Group to acquire 47 % of Banque Paribas Belgique, Moody's Investors Service has placed the different ratings of BACOB under review for possible downgrade. Standard & Poor's, IBCA as well as Thomson BankWatch have decided to maintain the current ratings of BACOB.

## B. THE MANAGEMENT COMPANY

### NAME AND STATUS

Pursuant to an agreement to be entered into on 9 June 1997 (the "**Management Agreement**"), the Issuer will appoint *Titrisation belge - Belgische effectiserende S.A.*, in short T.B.E. S.A., as the management company (the "**Management Company**") of the Transaction DOMUS.

The Management Company is a "*naamloze vennootschap*" (limited liability company) under Belgian law. The appointment of which has obtained the approval of the CBF.

The Management Company was incorporated on 12 March 1996 and its registered office is at 3 Montagne du Parc, 1000 Brussels, Belgium.

### ACTIVITIES

The Management Company will be charged under the Management Agreement with management tasks delegated by the Issuer to be executed in the best interests of the Noteholders.

Its responsibilities will include:

- (a) the administrative management of the Issuer;
- (b) the accounting and financial reporting of the Issuer;
- (c) the management of the assets of the Issuer;
- (d) the listing and the servicing of the Notes;
- (e) entering into contracts with, *inter alia*, the Custodian, the Servicer and the Supervision Company in the name and on behalf of the Issuer; and

- (f) representing the Issuer as its agent in dealings with third parties generally in relation to the Transaction.
- (g) provide various reports to the transaction parties, in particular reports in relation to each Payment Date describing the performance of the Purchased Loans, the cash flow within the reporting period, the account balances and the payments to Noteholders.

#### **SHARE CAPITAL**

The share capital of the Management Company amounts to BEF 15,000,000 represented by 15,000 shares of BEF 1,000 each fully paid up.

#### **MAIN SHAREHOLDERS**

The current shareholders of the Management Company are :

- Bacob Bank c.v.;
- Banque Bruxelles Lambert S.A.;
- Bear Stearns Global Securitisation Ltd. (a UK limited liability company); and
- Générale de Banque S.A.;

each holding one fourth of the shares.

#### **DIRECTORS**

- Albert Roggemans, Director Credits, Banque Bruxelles Lambert S.A.
- Philippe Goosse, Director Assets & Liabilities Management, Générale de Banque S.A.
- Robert L. Sheehy, Senior Managing Director, Bear Stearns & Co. Inc.
- Patrick Van den Eynde, Head of Securitisation, BACOB Bank c.v.

#### **REPLACEMENT**

In certain events, including the event that the Management Company defaults in the performance or observance of any of its material covenants and obligations under the Management Agreement, the Issuer shall be entitled to terminate the appointment of the Management Company.

The Management Company may only be replaced by the Issuer:

- (a) with the prior consent of the Supervision Company, such consent not to be unreasonably withheld or delayed; and
- (b) with the prior approval of the CBF.

To the extent required, the Management Company shall continue its duties until:

- (a) it has been replaced by a successor management company; and

- (b) such successor company is in a position fully to perform and exercise the rights, powers, duties, authorities and discretions vested in it pursuant to the Management Agreement.

#### **OTHER INVESTMENT INSTITUTIONS**

On the date of this Selling Memorandum the Management Company is also charged with the management of Atrium - 1, N.V., *Openbare V.B.S. naar Belgisch recht*, B-Cars N° 1, N.V., *Openbare V.B.S. naar Belgisch recht* and MBS-1, N.V., *Openbare V.B.S. naar Belgisch recht*.

### **C. THE CUSTODIAN**

#### **NAME AND STATUS**

BACOB will be duly appointed as Custodian of the Issuer in accordance with the Law and the Royal Decree pursuant to an agreement to be entered into on the Closing Date (the “*Custody Agreement*”).

BACOB is a “*coöperatieve vennootschap*” under Belgian law, duly licensed as a credit institution and a bank in Belgium and duly approved by the CBF in accordance with the Law and the Royal Decree to act as custodian for the Transaction.

Its registered office is at Rue de Trèves 25, 1040 Brussels, Belgium.

#### **ACTIVITIES**

The Custodian is a commercial bank which provides its clients with a full range of banking services, including custodial services.

The Custodian's duties will mainly consist of the safekeeping of physical instruments evidencing the Purchased Loans and cash balances and investments of the Issuer.

#### **SHARE CAPITAL**

See section A above.

#### **MAIN SHAREHOLDERS**

See section A above.

#### **REPLACEMENT OR TRANSFER**

In certain events, including (i) in the event that the Custodian defaults in the performance or observance of any of its material covenants and obligations under the Custody Agreement, or (ii) in the event of a downgrading of the Custodian's credit rating which might have an adverse effect on the rating of the Notes, the Issuer shall be entitled to terminate the Custody Agreement and to replace the Custodian.

The appointment of a successor custodian by the Issuer is subject to:

- (a) the prior written consent of the Supervision Company, such consent not to be unreasonably withheld or delayed; and
- (b) the prior approval of the CBF.

At any time after an Enforcement Event (as this term is defined in the Pledge Agreement) has occurred, the Supervision Company shall be entitled to terminate the appointment of the Custodian and to replace the Custodian with the prior approval of the CBF.

To the extent required, the Custodian shall continue its duties until:

- (a) it has been replaced by a successor custodian; and
- (b) such successor custodian is in a position fully to perform and exercise the rights, powers, duties, authorities and discretions vested in it pursuant to the Custody Agreement, the Law and the Royal Decree.

#### **D. THE SUPERVISION COMPANY**

##### **NAME AND STATUS**

Bankers Trust Company Limited will be appointed as Supervision Company pursuant to an agreement to be entered into on the Closing Date (the “*Supervision Company Agreement*”).

The Supervision Company is a limited liability company under English law, duly approved by the CBF in accordance with the Law and the Royal Decree to act as supervision company for the Transaction.

Established in 1938, the Supervision Company is a wholly owned subsidiary of Bankers Trust Company.

Its registered office is at 1 Appold Street, Broadgate, London EC2A 2HE, England.

The Supervision Company's balance sheet total for 1995 amounted to £ 7,248,658 and its profit for the same financial year amounted to £ 555,300.

##### **ACTIVITIES**

The Supervision Company's primary business is acting as trustee for euronotes, securitised debt issues, loan capital and syndicated bank loans to corporate borrowers, financial institutions, governments and government agencies, supranational organisations and municipalities. The Supervision Company has considerable experience as security trustee of euronotes and other debt issues where security is taken over underlying assets.

The Supervision Company has pursuant to the Supervision Company Agreement been appointed to act as supervision company under the Law and the Royal Decree.

In addition it has been appointed in the Pledge Agreement to hold the Pledged Assets as agent on behalf of the Noteholders.

The Supervision Company will, for the benefit of the Noteholders:

- (a) oversee the issue, sale and repayment of the Notes;
- (b) oversee the Transaction in accordance with the Financial Plan and the Transaction Documents;
- (c) exercise certain rights as to the termination of the appointment or the replacement of certain of the other parties to the Transaction; and



- (d) as agent of the Noteholders hold, and if necessary enforce, the Pledged Assets.

#### **REPLACEMENT AS SUPERVISION COMPANY UNDER THE LAW**

In certain events, including in the event the Supervision Company defaults in the performance and observance of any material covenants or obligations under the Supervision Company Agreement, the Issuer and the Noteholders will be entitled to terminate the Supervision Company Agreement and to replace the Supervision Company. Any replacement requires the prior approval of the CBF.

To the extent required the Supervision Company shall continue its duties until:

- (a) it has been replaced by an independent successor supervision company in accordance with the Royal Decree; and
- (b) such successor supervision company is in a position fully to perform and exercise the rights, powers, duties, authorities and discretion vested in it pursuant to the Supervision Company Agreement, the Law and the Royal Decree.

#### **REPLACEMENT AS AGENT OF THE NOTEHOLDERS**

The appointment of the Supervision Company as agent of the Noteholders shall be terminated on the date of termination of the appointment of the Supervision Company as supervision company under the Supervision Company Agreement. The successor supervision company appointed pursuant to the terms of the Supervision Company Agreement shall also replace and succeed the Supervision Company as agent of the Noteholders under the Pledge Agreement, unless it is decided by an Extraordinary Resolution of Noteholders that the Supervision Company may continue its duties under the Pledge Agreement irrespective of its replacement under the Supervision Company Agreement.

The Noteholders shall be entitled by Extraordinary Resolution to terminate the Supervision Company's appointment and to appoint another agent and attorney for the purposes of the Pledge Agreement:

- (a) in the event the Supervision Company defaults in the performance or observance of any of its material covenants and obligations under the Pledge Agreement, and an Extraordinary Resolution of a Meeting of Noteholders resolves that such default is materially prejudicial to the interests of the Noteholders;
- (b) provided the Management Company approves the choice of the new agent and attorney; and
- (c) in the event the Issuer or the Management Company does not comply with the obligations set out in clause 4.16 of the Pledge Agreement.

To the extent required the Supervision Company shall continue its duties under the Pledge Agreement until a successor supervision company is in a position fully to perform and exercise the rights, powers, duties, authorities and discretions vested in it pursuant to the Pledge Agreement.

### **E. THE SERVICER**

#### **NAME AND STATUS**

The Management Company will appoint BACOB as servicer of the assets of the Transaction DOMUS of the Issuer pursuant to an agreement to be entered into on the Closing Date (the “*Servicing Agreement*”).

BACOB is a “*coöperatieve vennootschap*” under Belgian law, duly licensed as a credit institution and a bank in Belgium.

Its registered office is at Rue de Trèves 25, 1040 Brussels, Belgium

#### **ACTIVITIES**

The Servicer is a commercial bank which provides its clients with a full range of banking services. It has considerable experience in advancing loans within Belgium, in particular mortgage loans and loans to public and social sector entities, and of managing and administering loan portfolios.

The Servicer has invested substantially in the development of its servicing capacity for securitised assets.

The Servicer will have the following principal duties under the Servicing Agreement:

- (a) to collect payments of interest and principal in respect of the Purchased Loans;
- (b) to monitor and, where appropriate, pursue arrears and enforce the Guarantee;
- (c) subject to instructions from the Management Company to operate the Issuer's banking arrangements, including instructions to make payments of expenses and amounts due to the Noteholders;
- (d) subject to instructions from the Management Company to intervene in the investment of moneys between Payment Dates in respect of the Notes;
- (e) subject to instructions from the Management Company to intervene in the payments of principal and interest to Noteholders; and

#### **SHARE CAPITAL**

See section A above.

#### **MAIN SHAREHOLDERS**

See section A above.

#### **REPLACEMENT OR TRANSFER**

The Servicer may be replaced with another servicer by the Management Company with the prior written consent of the Supervision Company. Such termination of appointment and replacement may be effected only in the circumstances specified in the Servicing Agreement. These events mainly relate to the Servicer defaulting under its obligations under the Transaction Documents or other events which may threaten the Servicer's ability duly to perform its duties. The successor servicer will need to be approved by the CBF.

The Servicer may assign and transfer its rights and obligations under the Servicing Agreement to a bank whose activities include the business of advancing loans within Belgium and of servicing and managing loan portfolios, provided:

- (a) such transfer and assignment comprises all rights and obligations of the Servicer under the Servicing Agreement;

- (b) the Servicer notifies the Management Company, the Supervision Company, Moody's and the CBF in writing prior to such transfer and assignment;
- (c) Moody's confirms prior to such transfer and assignment that the then current ratings of the Notes will not thereby be affected.

#### **F. THE RATING AGENT**

Moody's Investors Service, Inc., having its registered office at 99 Church Street, New York, NY 10007, United States of America, has been requested to rate the Notes.

## ANNEX 1 - FINANCIAL PLAN (\*)

### ATRIUM-2 N.V.

#### *Openbare vennootschap voor belegging in schuldvorderingen naar Belgisch recht Transaction DOMUS*

#### Subject to Amendment

1. Atrium-2, N.V., *openbare V.B.S. naar Belgisch recht* (the “Issuer”) was incorporated on 29 May 1997. Its share capital of BEF 2,500,000 has been fully subscribed and paid up by VHM N.V. (41 %), GIMV N.V. (40 %) and Lessius N.V. (19 %). The Issuer was incorporated for the purpose of (i) purchasing a portfolio of loans (the “Purchased Loans”) comprising an aggregate principal amount of BEF 4,459,452,507 advanced by Bacob Bank c.v. (the “Originator”) to Domus Flandria N.V. pursuant to a long term credit facility for the amount of BEF 13.5 billion (the “Long Term Facility”) dated 20 January 1994 and (ii) issuing securities backed by such Purchased Loans.

The Purchased Loans will be sold by the Originator to the Issuer pursuant to a loan sale agreement to be entered into between the Issuer and the Originator (the “Loan Sale Agreement”).

Each Purchased Loan represents a fixed rate, non-prepayable, annuity-style obligation over twenty years.

The Purchased Loans are guaranteed by the Flemish Region (such guarantee, the “Guarantee”). The Purchased Loans as well as the benefit of the Guarantee will be pledged to the Noteholders.

2. This Financial Plan comprises the cash flows and their allocation during the lifetime of the Transaction. The Issuer will issue the following Notes:

Class	Original Principal Amount	Interest Rate Per Annum (Payable quarterly in arrears)	Average Life	Final Maturity
A-1	BEF 1,000,000,000	4.40 %	3.36 years	Sept. 2003
A-2	BEF 4,175,000,000	6.46 %	14.13 years	June 2017

All Notes have equal rights (rank *pari passu*) with respect to the Purchased Loans and the associated Guarantee.

3. The Purchased Loans have been advanced at different dates since 25 April 1995, which results in payments being due with respect to different Purchased Loans each month. The Issuer will therefore pay quarterly interest and principal on the Notes by regrouping the incoming monthly cash flows. The payment schedule with respect to principal and interest will be fixed for each class of Notes (see Annex 2 - Condition 17).

4. Due to the fixed rate, non-prepayable nature of the Purchased Loans and the high relative interest rates on the Purchased Loans, the original principal amount of the Notes will be higher than the aggregate principal amount of the Purchased Loans.
5. The Notes are structured sequentially so that the payments in respect of the Purchased Loans shall first be used to pay expenses, then to pay interest on both classes of Notes, third to repay principal on the Class A-1 Notes and fourth, once the Class A-1 Notes shall have been repaid, to repay principal on the Class A-2 Notes.

On each date a payment is due with respect to the Notes (each a “Payment Date”), all payments to the Noteholders shall in point of priority be made after the ongoing expenses of the Transaction have been paid.

6. All up front expenses will be paid by the Originator.

Reinvestment proceeds as well as proceeds which will result from rounding down the principal payable to the Noteholders to the nearest BEF 1,000 will not be distributed to the Noteholders but will instead be paid to the Originator as part of the deferred price.

The deferred price will be equal to all excess cash flows minus an amount of BEF 250,000. Each year, the amount of BEF 250,000 will be paid to the shareholders of the Issuer on the Payment Date following the yearly General Meeting of Shareholders.

## *FINANCIAL PLAN (\*\*)*

### *Summary of Cash Flows Transaction DOMUS*

Payment Date	Cash Flow Purchased Loans	Fees & Others	Note Interest	Note Principal	Residual
19-Sep-97	90,384,755	3,032,441	78,426,250	8,800,000	126,064
19-Dec-97	155,104,980	3,022,091	78,329,450	73,600,000	153,439
19-Mar-98	87,413,385	3,045,499	77,519,850	6,800,000	48,036
19-Jun-98	137,483,510	3,330,383	77,445,050	56,600,000	108,077
19-Sep-98	90,384,755	2,913,408	76,822,450	10,600,000	48,897
19-Dec-98	155,104,980	2,902,167	76,705,850	75,400,000	96,963
19-Mar-99	87,413,385	2,883,048	75,876,450	8,600,000	53,887
19-Jun-99	137,483,510	3,210,805	75,781,850	58,400,000	90,855
19-Sep-99	90,384,755	2,852,116	75,139,450	12,200,000	193,189
19-Dec-99	155,104,980	2,839,904	75,005,250	77,200,000	59,826
19-Mar-00	87,413,385	2,819,127	74,156,050	10,400,000	38,208
19-Jun-00	137,483,510	3,147,431	74,041,650	60,200,000	94,429
19-Sep-00	90,384,755	2,785,663	73,379,450	14,200,000	19,642
19-Dec-00	155,104,980	2,772,399	73,223,250	79,000,000	109,331
19-Mar-01	87,413,385	2,749,819	72,354,250	12,200,000	109,316
19-Jun-01	137,483,510	3,078,740	72,220,050	62,000,000	184,720
19-Sep-01	90,384,755	2,713,615	71,538,050	16,000,000	133,090
19-Dec-01	155,104,980	2,699,208	71,362,050	81,000,000	43,722
19-Mar-02	87,413,385	2,674,667	70,471,050	14,200,000	67,668
19-Jun-02	137,483,510	3,004,286	70,314,850	64,000,000	164,374
19-Sep-02	90,384,755	2,635,496	69,610,850	18,000,000	138,409
19-Dec-02	155,104,980	2,619,847	69,412,850	83,000,000	72,283
19-Mar-03	87,413,385	2,593,177	68,499,850	16,200,000	120,358
19-Jun-03	137,483,510	2,923,588	68,321,650	66,200,000	38,272
19-Sep-03	90,384,755	2,568,949	67,593,450	20,210,000	12,356
19-Dec-03	155,104,980	2,533,800	67,345,255	85,170,000	55,925
19-Mar-04	87,413,385	2,504,813	65,970,010	18,370,000	568,562
19-Jun-04	137,483,510	2,763,518	65,673,585	68,470,000	576,407
19-Sep-04	90,384,755	2,458,965	64,567,210	22,545,000	813,580
19-Dec-04	155,104,980	2,440,496	64,203,150	87,675,000	786,334
19-Mar-05	87,413,385	2,408,995	62,786,990	21,710,000	507,400
19-Jun-05	137,483,510	2,668,708	62,437,125	71,810,000	567,677
19-Sep-05	90,384,755	2,359,393	61,277,310	26,720,000	28,052
19-Dec-05	155,104,980	2,339,331	60,845,615	91,850,000	70,034
19-Mar-06	87,413,385	2,305,094	59,361,820	25,050,000	696,471
19-Jun-06	137,483,510	2,565,942	58,957,680	75,150,000	809,888
19-Sep-06	90,384,755	2,251,429	57,743,590	30,060,000	329,736
19-Dec-06	155,104,980	2,229,633	57,258,455	95,190,000	426,892
19-Mar-07	87,413,385	2,192,424	55,721,220	29,225,000	274,741
19-Jun-07	137,483,510	2,454,553	55,249,445	79,325,000	454,512
19-Sep-07	90,384,755	2,134,362	53,967,720	34,235,000	47,673

## *Summary of Cash Flows Transaction DOMUS*

*(Cont'd.)*

19-Dec-07	155,104,980	2,110,685	53,414,950	99,365,000	214,345
19-Mar-08	87,413,385	2,070,244	51,810,080	33,400,000	133,061
19-Jun-08	137,483,510	2,333,812	51,270,670	83,500,000	379,028
19-Sep-08	90,384,755	2,007,426	49,922,145	38,410,000	45,184
19-Dec-08	155,104,980	1,981,707	49,301,740	103,540,000	281,533
19-Mar-09	87,413,385	1,937,751	47,630,070	37,575,000	270,564
19-Jun-09	137,483,510	2,202,934	47,023,025	87,675,000	582,551
19-Sep-09	90,384,755	1,869,787	45,606,865	42,585,000	323,103
19-Dec-09	155,104,980	1,841,846	44,919,660	107,715,000	628,474
19-Mar-10	87,413,385	1,794,072	43,179,520	41,750,000	689,793
19-Jun-10	137,483,510	2,061,073	42,505,675	92,685,000	231,762
19-Sep-10	90,384,755	1,720,540	41,008,520	47,595,000	60,695
19-Dec-10	155,104,980	1,690,184	40,240,320	112,725,000	449,476
19-Mar-11	87,413,385	1,638,259	38,419,185	46,760,000	595,941
19-Jun-11	137,483,510	1,907,301	37,664,345	97,695,000	216,864
19-Sep-11	90,384,755	1,558,704	36,086,195	52,605,000	134,856
19-Dec-11	155,104,980	1,525,725	35,237,000	117,735,000	607,255
19-Mar-12	87,413,385	1,469,288	33,335,705	52,605,000	3,392
19-Jun-12	137,483,510	1,740,616	32,485,675	102,705,000	552,219
19-Sep-12	90,384,755	1,383,213	30,827,365	57,615,000	559,177
19-Dec-12	155,104,980	1,347,385	29,897,175	123,580,000	280,420
19-Mar-13	87,413,385	1,286,044	27,900,690	57,615,000	611,651
19-Jun-13	137,483,510	1,559,932	26,970,500	108,550,000	403,078
19-Sep-13	90,384,755	1,192,914	25,217,835	63,460,000	514,006
19-Dec-13	155,104,980	1,153,992	24,192,455	129,425,000	333,533
19-Mar-14	87,413,385	1,087,320	22,102,450	63,460,000	763,615
19-Jun-14	137,483,510	1,364,074	21,077,070	114,395,000	647,366
19-Sep-14	90,384,755	986,558	19,230,050	70,140,000	28,147
19-Dec-14	155,104,980	944,270	18,096,955	135,270,000	793,755
19-Mar-15	87,413,385	871,801	15,912,595	70,140,000	488,989
19-Jun-15	137,483,510	1,151,768	14,779,500	121,075,000	477,242
19-Sep-15	90,384,755	762,781	12,824,765	75,985,000	812,209
19-Dec-15	155,104,980	716,837	11,597,315	142,785,000	5,828
19-Mar-16	87,413,385	638,068	9,291,045	76,820,000	664,272
19-Jun-16	137,483,510	921,626	8,051,070	127,755,000	755,814
19-Sep-16	90,384,755	520,112	5,987,785	83,500,000	376,858
19-Dec-16	155,104,980	470,198	4,639,260	149,465,000	530,522
19-Mar-17	87,413,385	447,080	2,225,275	84,335,000	406,030
19-Jun-17	75,294,335	734,650	863,390	53,440,000	20,256,295

(\*) Capitalised terms used but not defined herein shall have the meaning given to such terms in the Selling Memorandum.

(\*\*) In converting Belgian Francs to euro, the Issuer will give a reasonable solution to rounding off payments and calculations by acting in good faith and taking into account the criteria applied by the Clearing System Operator or an Alternative Clearing System (as defined in Annex 2) even if such solution differs from European regulation. The proposed solution will be submitted for approval to the Supervision Company.

## ANNEX 2 - TERMS AND CONDITIONS OF THE NOTES

### DESCRIPTION OF THE NOTES

*The following are the Terms and Conditions (the “Conditions”) of the Notes in the form (subject to amendment) in which they will appear in the Paying Agency Agreement.*

#### General

The BEF Class A-1 4.40 per cent. Notes due September 2003 (the “**Class A-1 Notes**”) and the BEF Class A-2 6.46 per cent. Notes due June 2017 (the “**Class A-2 Notes**”), together referred to as the Notes of the transaction DOMUS (the “**Transaction**”) of ATRIUM-2, N.V., openbare VBS naar Belgisch recht (the “**Issuer**”) are constituted by a paying agency agreement expected to be dated 19 June 1997 (the “**Paying Agency Agreement**”, which expression includes such paying agency agreement as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made between the Issuer and Bankers Trustee Company Limited (the “**Supervision Company**”, which expression includes any further or other supervision company of the Supervision Company Agreement) as Supervision Company for, *inter alios*, the holders for the time being of the Notes (the “**Noteholders**”) and the holders for the time being of the Coupons (as defined below) (the “**Couponholders**”) and BACOB Bank c.v. (“**BACOB**”) as paying agent (the “**Paying Agent**”, and together with any further or other paying agents for the time being appointed in respect of the Notes, the “**Paying Agents**”) and by which agreement provision is made for the payment of principal and interest in respect of the Notes. The security for the Notes is created pursuant to, and on the terms set out in, a pledge agreement (the “**Pledge Agreement**”, which expression includes such pledge agreement as from time to time modified in accordance with the provisions therein contained and any other document expressed to be supplemental thereto as from time to time modified) expected to be dated 19 June 1997 and made between, *inter alios*, the Issuer and the Supervision Company. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Supervision Company Agreement, the Paying Agency Agreement and the Pledge Agreement.

Copies of the Supervision Company Agreement, the Paying Agency Agreement, the Pledge Agreement and the other Transaction Documents (as defined below) are upon request available for inspection at the principal office for the time being of the Supervision Company, being at the date hereof at 1 Appold Street, Broadgate, London EC2A 2HE and at the specified offices of the Paying Agents. By subscribing for or otherwise acquiring the Notes, the Noteholders will be entitled to the benefit of, and will be deemed to have knowledge of, accept and be bound by all the provisions of the Supervision Company Agreement, the Pledge Agreement, the Paying Agency Agreement, the Management Agreement, the Servicing Agreement, the Custody Agreement, the Clearing Agreement, the Loan Sale Agreement, the Co-ordination Agreement and all other Transaction Documents.

The issue of the Notes was authorised by resolution of the Board of Directors of the Issuer passed on 05 June 1997.

#### Global Notes

The Notes, each in a denomination of BEF 5,000,000, of each class are represented by (i) in the case of the Class A-1 Notes, a Permanent Global Class A-1 Note in the principal amount of BEF 1,000,000,000, (ii) in the case of the Class A-2 Notes, a Permanent Global Class A-2 Note in the



principal amount of BEF 4,175,000,000, in each case without Coupons (each a “**Permanent Global Note**” and, together, the “**Permanent Global Notes**”). Each Permanent Global Note will be deposited on behalf of the subscribers of each class of Notes with the National Bank of Belgium (the “**Administrator of the X/N System**”) as operator of the X/N securities clearing system (the “**Clearing System**”) on the date of issue of the Notes (the “**Closing Date**”) which is expected to be 19 June 1997 or such later date as may be agreed between the Issuer and the Subscribers. Upon deposit of each Permanent Global Note, the National Bank of Belgium will credit the account of the Paying Agent with the amount of Notes representing an interest in each Permanent Global Note. The Paying Agent shall credit each of BACOB and Bacob Bank Luxembourg S.A. (“**BACOB LUX**”) (each a “**Subscriber**”) with a principal amount of Notes equal to the principal amount thereof for which the Subscriber has subscribed and paid. Each Subscriber shall cause each buyer of such Notes to be credited with a principal amount of Notes equal to the principal amount thereof which such buyer has bought and paid for. Each Permanent Global Note will be transferable by physical delivery. The Permanent Global Notes will not be exchangeable for definitive bearer Notes (each a “**Definitive Note**”) except in the limited circumstances described below.

Each of the persons appearing from time to time in the records of the Clearing System as the holder of a Note will be entitled to receive any payment so made in respect of that Note in accordance with the respective rules and procedures of the Clearing System. Such persons shall have no claim directly against the Issuer in respect of payment due on the Notes. Any claim which such person has, must be made by the holder of the relevant Permanent Global Note, as long as such Permanent Global Note is outstanding.

If a Permanent Global Note is lost, stolen or destroyed, it shall, upon satisfactory evidence of, and indemnity for, such loss, theft or destruction being given to the Issuer be replaced with a duly executed replacement Permanent Global Note delivered by the Issuer to the National Bank of Belgium.

As long as the Notes are represented by the Permanent Global Notes, the Notes will be transferable in accordance with the rules and procedures of the Clearing System, as amended from time to time.

The Issuer and the Paying Agent will not have any responsibility for the proper performance by the Clearing System or its participants (the “**Participants**”) of their obligations under their respective rules and operating procedures.

As long as the Notes are represented by the Permanent Global Notes, each person who is for the time being shown in the records of the Clearing System as the holder of a particular principal amount of Notes (each such person an “**Accountholder**”) will be entitled to be treated by the Issuer and the Supervision Company as the holder of such principal amount of Notes and the expression “**Noteholder**” shall be construed accordingly, but without prejudice to the entitlement of the bearer of the relevant Permanent Global Note to be paid principal and interest thereon in accordance with its terms.

Principal and interest on a Permanent Global Note will be payable against presentation of the Permanent Global Note at the specified office of the Paying Agent or as directed by the Paying Agent, provided that no payment of interest on a Permanent Global Note may be made by, or upon presentation of the Permanent Global Note to, any Paying Agent in the United States of America. A record of each payment made on a Permanent Global Note, distinguishing between any payment of principal and interest, will be endorsed on or attached to the Permanent Global Note by the Paying Agent, and such record shall be *prima facie* evidence that the payment in question has been made.

If:

- (a) the Permanent Global Note is held by or on behalf of the National Bank of Belgium or an Alternative Clearing System (as defined below) and the Clearing System or an Alternative Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other alternative clearing system satisfactory to the Supervision Company is available; or
- (b) the principal amount of the Notes of any class becomes immediately due and repayable pursuant to Condition 9; or
- (c) as a result of any amendment to, or change in, the laws or regulations of Belgium (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations by a revenue authority or a court which becomes effective on or after the Closing Date, the Issuer, any Paying Agent, the Clearing System or any of its Participants is or will be required to make any deduction or withholding on account of tax from any payment in respect of the Notes to an Eligible Investor (as defined in Condition 5 (c)) which would not be required were the Notes in definitive form;

then the Issuer will at the cost and expense of the Noteholders issue Definitive Notes relating to the class of Notes represented by such Permanent Global Note in exchange for the whole, but not part only, of the principal amount outstanding thereof within 60 days of the occurrence of the relevant event.

Upon any exchange of a Permanent Global Note for Definitive Notes:

- (a) the Issuer shall procure that the Paying Agent shall deliver, in exchange for the then outstanding principal amount of the relevant Permanent Global Note, an equal principal amount of Definitive Notes and coupons in bearer form and otherwise complying with the requirements of the Paying Agency Agreement; and
- (b) the principal amount thereof shall be reduced for all purposes to zero and the Paying Agent shall procure that the relevant Permanent Global Note is cancelled.

Definitive Notes for which interests in the Permanent Global Note have been exchanged shall have attached thereto coupons in respect of interest which has not already been paid against presentation of the Permanent Global Note.

If at any time the Notes are transferred to another clearing system, not operated or not exclusively operated by the National Bank of Belgium, these provisions shall apply *mutatis mutandis* to such successor clearing system and successor clearing system operator or any additional clearing system and additional clearing system operator (any such clearing system an “**Alternative Clearing System**”).

### **Terms and Conditions of the Notes**

If Notes in definitive form were to be issued, the terms and conditions (subject to amendment and completion) set out on each Note would be as set out below. While the Notes remain in global form, the same terms and conditions govern such Notes, except to the extent that they are appropriate only to Notes in definitive form.

Except where the context otherwise requires, each of the Conditions will apply to each class of the Notes and reference herein to “Notes”, except where the context requires otherwise, means the Notes

of that class. Any reference to the Issuer in the Conditions refers to the Transaction DOMUS of the Issuer unless the context otherwise requires.

By subscribing for or otherwise acquiring the Notes, the holders thereof shall be deemed to have knowledge of, accept and be bound by the Conditions.

## 1. Form, Denomination and Title

- (a) The Notes, which are serially numbered, are issued in bearer form in the denomination of BEF 5,000,000 each with interest coupons (“**Interest Coupons**” which expression includes the talons referred to below, except where the context otherwise requires) and principal coupons (“**Principal Coupons**” which expression includes the talons referred to below, except where the context otherwise requires, and together with Interest Coupons, “**Coupons**”). Title to the Notes and Coupons shall pass by delivery.
- (b) The holder of any Note and the holder of any Coupon may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note or Coupon, as the case may be, regardless of any notice of ownership, theft or loss, or other interest therein or of any writing thereon.
- (c) The holder of each Coupon (whether or not the Coupon is attached to the relevant Note) in his capacity as such shall be subject to and bound by all the provisions contained in the relevant Note.

## 2. Status, Security and Priority

### *Status and Priority*

- (a) The Notes and the Coupons constitute direct, secured and unconditional obligations of the Transaction DOMUS of the Issuer and rank (subject to the provisions of Condition 5) *pari passu* without preference or priority amongst themselves. The rights of the Class A-1 Notes and the Class A-2 Notes (the “Notes”) in respect of priority of payment of principal are set out in Condition 10.
- (b) The Supervision Company Agreement and the Pledge Agreement contain provisions requiring the Supervision Company to have regard to the interests of the Noteholders as regards its powers, authorities, duties and discretions (except where expressly provided otherwise).

### *Security*

As security for the payment of all moneys payable in respect of the Notes and Coupons, the Issuer will enter into a pledge agreement dated on or about 19 June 1997 and made between, *inter alios*, the Issuer and the Supervision Company (the “**Pledge Agreement**”) creating the following pledge (the “**Pledge**”) in favour of the Noteholders: a first priority commercial pledge under Title VI, Book I of the Commercial Code in accordance with the article 119nonies, § 2 of the Law, over all its rights and title in and to:

- (a) the Acquired Loans and the related benefit of the Guarantee;
- (b) all proceeds (including all principal, interest and any other amounts payable) of the Acquired Loans;
- (c) all Moneys and all interest accrued or accruing thereon;

- (d) all Financial Instruments and all Investments at any time acquired by the Issuer with or as reinvestment of any other Pledged Assets;
- (e) the Issuer's Accounts and all moneys and Financial Instruments standing to the credit of these accounts; and
- (f) its rights under the Transaction Documents to which the Issuer is a party.

The assets of the Transaction DOMUS of the Issuer which will constitute the security for all of the Notes are referred to as the “**Pledged Assets**”. The Noteholders shall have no recourse to any assets of the Issuer other than the Pledged Assets. After service of an Enforcement Notice (as defined in Condition 9), payments will be made and the proceeds of enforcement will be applied in the following order of priority:

- (a) firstly, to pay all amounts of remuneration and the payment of any amount by way of indemnification pursuant to the Supervision Company Agreement due to the Supervision Company and all amounts due in respect of legal fees and other costs, charges, liabilities, expenses, losses, damages, proceedings, claims and demands incurred by the Supervision Company under or in relation to the Pledge Agreement, the Supervision Company Agreement or any other Transaction Document;
- (b) secondly, to pay pro rata to the respective amounts thereof:
  - (i) any amounts of remuneration payable by the Issuer to the Servicer under the Servicing Agreement;
  - (ii) any amounts of remuneration payable by the Issuer to the Custodian under the Custody Agreement;
  - (iii) any amounts payable by the Issuer to the Paying Agent with respect to its fees and expenses under the Paying Agency Agreement;
  - (iv) any amounts of remuneration payable by the Issuer to the Management Company under the Management Agreement;
  - (v) all amounts due and payable by the Issuer with respect to the Liquidity Facility Agreement;
  - (vi) all amounts of remuneration due and payable to the National Bank of Belgium under the Clearing Agreement;
  - (vii) all amounts of remuneration due to the Belgian Banking and Finance Commission and the Auditor(s);
  - (viii) all amounts due and payable related to the social security contribution of the Issuer; and
  - (ix) all other amounts due and payable (other than to the Supervision Company) by the Issuer for services provided and costs and expenses arising in connection with the operation of the Transaction provided such payment is made only with the express permission of the Supervision Company;

- (c) thirdly, to pay pari passu all interest amounts due and payable by the Issuer with respect to the Notes;
- (d) fourthly, to pay pari passu all principal amounts due in respect of the Notes;
- (e) fifthly, to pay to BACOB all amounts due to it pursuant to the Loan Sale Agreement;
- (f) finally, the surplus (if any) to the Issuer.

Prior to enforcement of the Security Interests created by or pursuant to the Pledge Agreement in accordance with clause 5.20 of the Pledge Agreement, the amounts set out in (a) to (e) (inclusive) above shall, subject to the priority set out in this clause, be payable on their normal date due as such due date is determined in the Pledge Agreement or any other Transaction Document.

The Issuer may in the future decide to act as issuer for other asset backed securities and to acquire additional portfolios of receivables for that purpose.

Upon the acquisition of an additional portfolio the Board of Directors of the Issuer will create separate subdivisions of the Issuer (a “**Compartment**”), thus segregating the assets and liabilities relating to each such securitisation transaction in accordance with article 119<sup>septies</sup> of the Law. A new Compartment will be created for each further portfolio and securitisation transaction. The Pledged Assets and all liabilities of the Issuer relating to the Transaction will thus constitute a separate segregated subdivision and the parties involved in further securitisation transactions will not have recourse to the Pledged Assets.

Whenever the Board of Directors decides to use for the first time its authority to create a new Compartment, all then existing assets of the company, merely constituted by a portfolio of receivables acquired from BACOB according to the Loan Sale Agreement, and in particular consisting of loans advanced by BACOB to Domus Flandria, at Plantin en Moretuslei 285, bus 5, 2140 Antwerp and all other connected assets and liabilities, will constitute the first compartment of the Issuer. This first compartment will then be named “Domus”.

### 3. Covenants

Save as provided in or envisaged by any of Transaction Documents (as defined below) the Issuer shall not, so long as any Note remains outstanding ( as defined in the Paying Agency Agreement):

- (a) carry on any business other than (i) as described in the Prospectus and the Selling Memorandum, each dated 09 June 1997, relating to the issue of the Notes of each class and the related activities described therein or (ii) related to other securitisation transactions where the Issuer acts as issuer and provided each such transaction duly structured as a separate Compartment and the Issuer enters into covenants equivalent to the covenants set out herein, and in respect of the business referred to in (i) the Issuer shall not 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 Loan Sale Agreement, the Notes and the related coupons, the subscription agreement relating to the Notes and the other agreements relating to the issue of the Notes (or any class of them), the Paying Agency Agreement, the Pledge Agreement, the Management Agreement, the Servicing Agreement, the Custody Agreement, the Supervision Company Agreement, the Liquidity Facility Agreement,

the Issuer Collection Account Agreement, the Issuer Treasury Bill Account Agreement, the Co-ordination Agreement and the clearing agreement to be dated on or about 19 June 1997 between the Issuer, BACOB and the National Bank of Belgium (the “**Clearing Agreement**”), (together 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;
- (b) save as permitted by the Transaction Documents or in relation to new Compartments incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness;
  - (c) create or permit to exist any mortgage, charge, pledge, lien or other Security Interest (as defined in the Master Definitions Schedule attached as Schedule 2 to the Pledge Agreement) whatsoever over any of its assets, or sell or otherwise dispose of any part of its assets or undertaking, present or future (including any Pledged Asset), other than as expressly contemplated by the Transaction Documents or in relation to new Compartments;
  - (d) consolidate or merge with 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 Paying Agency Agreement or the Pledge Agreement;
  - (e) permit the validity or effectiveness of the Pledge Agreement or the priority of the Pledged Assets 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;
  - (f) amend, supplement or otherwise modify its *Statutes* (Articles of Association) save for any amendment, supplement or modification pursuant to or reasonably required for the creation and operation of a new Compartment as provided in Condition 2;
  - (g) have any employees or premises or own shares in any subsidiary or any company allowing the Issuer to exercise a significant influence on the management of the company within the meaning of the *Arrêtée royal du 4 mars 1991 relatif à certains organismes de placement collectif* (Royal decree of 4 March 1991 on certain collective investment schemes);
  - (h) have an interest in any bank account, other than the Issuer Collection Account and the Issuer Treasury Bill Account, unless such account or interest is pledged or charged to the Noteholders on terms acceptable to the Supervision Company, save that the Issuer may have an interest in other bank accounts provided such accounts relate to other Compartments of the Issuer and appropriate measures are put in place to strictly segregate cash flows which relate to the different Compartments;
  - (i) issue any further notes or any other type of debt security other than notes or debt securities issued in relation to new Compartments, provided the recourse of the holders of such new notes or debt securities is limited to the assets of the Compartment in relation to which they are issued;
  - (j) have an established place of business in any other jurisdiction than Belgium.

So long as any of the Notes remains outstanding the Issuer will procure that there will at all times be a management company for the Acquired Loans, a servicer and a custodian in respect of such assets and a supervision company. Any appointment of a management company, a servicer, a supervision company or a custodian is subject to the prior written approval of the Belgian Commission for Banking and Finance (the “CBF”) and, in the case of a substitute servicer, must be of a person with experience of administration of social housing loans in Belgium and, in the case of a substitute custodian, a person with experience of providing custodian services in Belgium. The appointment of the Management Company, Servicer, Custodian or Supervision Company may be terminated only as provided in the Transaction Documents.

In giving any consent to any of the foregoing, the Supervision Company may 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 Supervision Company may deem expedient (in its absolute discretion) in the interests of the Noteholders.

#### **4. Interest**

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

Each Note bears interest on its principal amount outstanding (as defined in Condition 5 (b)) from (and including) the Closing Date. Interest 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, upon due presentation, 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 judgement) 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 day after notice is duly given by the Paying Agent to the holder thereof (in accordance with Condition 15) 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 below)), such interest shall be calculated on the basis of the number of days of the Interest Period and divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30 day months, without regard to the date of the last day of the relevant period).

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

Interest on the Notes is payable quarterly in arrears on each day which is the 19th day of March, June, September and December in every year (or, if such day is not a business day, the next succeeding business day) (each a “**Payment Date**”) the first Payment Date being the 19th day of September 1997. The period from (and including) a Payment Date (or the Closing Date in respect of the first Interest Period) to (but excluding) the next following (or first) Payment Date is called an “**Interest Period**” in these Conditions and “**business day**” shall in these Conditions (other than Condition 6) mean a day (other than a Saturday or Sunday) on which banks are open for business in Brussels.

##### *(c) Rate of Interest*

The Class A-1 Notes bear interest at the rate of 4.40 % per annum.

The Class A-2 Notes bear interest at the rate of 6.46 % per annum.

(d) *Publication of Rate of Interest, Interest Amount and other Notices*

The Issuer will cause the Rate of Interest and the Interest Amount applicable to each class of Notes for each Interest Period and the Payment Date falling immediately following the end of such Interest Period to be notified to the National Bank of Belgium, the Servicer, the Supervision Company, the Paying Agent and each stock exchange (if any) on which the Notes are then listed and will cause notice thereof to be given to the relevant class of Noteholders in accordance with Condition 15. The Interest Amount and Payment Date so notified may subsequently be amended without notice in the event of manifest error. If the Issuer does not at any time for any reason notify the Rate of Interest, the Interest Amount or the Payment Date in respect of each class of Notes in accordance with the preceding provisions of this paragraph, such Rate of Interest, Interest Amount and Payment Date as determined in Condition 17 will be conclusive.

(e) *Notifications to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agent and all Noteholders and Couponholders and (in such absence as aforesaid) no liability to the Noteholders or Couponholders shall attach to the Issuer or the Paying Agent in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(f) *Paying Agent*

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be a Paying Agent having a specified office in Brussels. The initial Paying Agent is BACOB at its office at Rue de Trèves, 25, 1040 Brussels, Belgium.

## **5. Redemption, Purchase and Cancellation**

(a) *Mandatory Redemption*

Unless previously redeemed or cancelled as provided in this Condition, the Issuer will redeem the Notes by the payment of principal on Payment Dates as provided in Condition 6.

The Issuer may not redeem Notes in whole or in part prior to that date except as provided in paragraph (c) of this Condition but without prejudice to Condition 9.

(b) *Calculation of payments of principal, principal amount outstanding and Bond Factor*

The Issuer shall determine (or cause the Management Company to determine) (i) the amount of any payment of principal due in respect of each Note of each class of Notes on the Payment Date next following, (ii) the principal amount outstanding of each Note of each class of Notes on the next following Payment Date (after taking account of the amount in (i)) and (iii) the fraction expressed as a decimal to the twelfth point (the “**Bond Factor**”), of which the numerator is the principal amount outstanding of a Note of each class of Notes (as referred to in (ii) above) and the denominator is the principal amount outstanding of a Note of such class of Notes on the Closing Date. Each determination by or on behalf of the Issuer of any payment of principal, the principal amount outstanding of a Note of each class of Notes and the Bond



Factor of each class of Notes shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The Issuer will cause each determination of the payments of principal in respect of each class of Notes, the Principal Amounts Outstanding and the Bond Factors in respect of each class of Notes to be notified forthwith to the Supervision Company, the Paying Agent, the Servicer, the Clearing System Operator and (for so long as the Notes or any class of Notes are listed on one or more stock exchanges) the relevant stock exchanges, and will immediately cause notice of each determination of the payments of principal, the Principal Amounts Outstanding and the Bond Factors in respect of each class of Notes to be given in accordance with Condition 15 by not later than two business days prior to the relevant Payment Date.

If the Issuer does not at any time for any reason determine (or cause the Management Company to determine) a payment of principal, the principal amount outstanding or the Bond Factor in respect of any class of Notes in accordance with the preceding provisions of this paragraph, such payment of principal, principal amount outstanding and Bond Factor as determined in Condition 17 will be conclusive.

(c) *Optional Redemption for Tax Reasons*

If the Issuer satisfies the Supervision Company immediately prior to giving the notice referred to below that either:

- (i) on the next Payment Date the Issuer or the Clearing System or the Paying Agent would be required to deduct or withhold from any payment of principal or interest in respect of Notes of any class held by or on behalf of any Noteholder which would, but for any amendment to, or change in, the tax laws or regulations in Belgium 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 (as defined below); or
- (ii) the Issuer is subject to any circumstance (whether by reason of any law, regulations, regulatory requirement or double-taxation convention or the interpretation or application thereof or otherwise) or to tax charge (whether by direct assessment or by withholding at source) or other imposition by Belgium or any political sub-division thereof or any authority thereof or therein which would materially increase the cost to it of complying with its obligations under the Paying Agency Agreement or under the Notes or the Coupons or materially increase the operating or administrative expenses of the Issuer or reduce the amount of any sums received or receivable under the Transaction Documents or otherwise oblige the Issuer to make a payment on, or calculated by reference to, the amount of any sum received or receivable by the Issuer,

then the Issuer may, having given not more than 60 nor less than 30 days notice in accordance with Condition 15, redeem all, but not some only, of the Notes at their principal amount outstanding together with accrued interest at the date of redemption on any subsequent Payment Date, provided that:

- (A) prior to giving any such notice, no Enforcement Notice has been served;
- (B) prior to giving any such notice, the Issuer shall have provided to the Supervision Company a certificate signed by two directors of the Issuer or the Management Company on behalf of the Issuer to the effect that it will have the funds, not subject to the interest of any other person, required to discharge all its liabilities in respect of the Notes;

- (C) the Supervision Company is satisfied in its discretion, following such certification, that the Issuer is able to discharge such liabilities.

An “Eligible Investor” includes all entities referred to in Article 4 of the *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 of withholding tax).

(d) *Notice of Redemption*

Any such notice as is referred to in paragraph (c) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at their principal amount outstanding at the date of redemption together with accrued interest at the date of redemption.

(e) *Purchase*

The Issuer may not purchase Notes.

(f) *Cancellation*

All Notes redeemed in full pursuant to the foregoing provisions will be cancelled upon redemption, together with any unmatured Coupons appertaining thereto and attached thereto or surrendered therewith, and may not be resold or re-issued.

## **6. Payments**

### 6.1. Scheduled payments

The Issuer will make the payment of interest and (if applicable) the repayment of principal set opposite each Payment Date on such Payment Date as set out in Condition 17.

### 6.2. Payments against presentation

- (a) Payments of principal in respect of the Notes will be made against presentation and surrender of Principal Coupons and, if after such payment the principal amount outstanding of a Note would be zero (including as a result of any other payment due in respect of such Note), surrender of the relevant Note at the specified office of the Paying Agent. Payments of interest in respect of the Notes will (subject as provided in paragraphs (c) and (d) below) be made only against presentation and surrender of Interest Coupons at the specified office of any Paying Agent. Payments will be made in Belgian Francs at the specified office of any Paying Agent by Belgian Franc cheque drawn on, or, at the option of the holder, by transfer to a Belgian Franc account maintained by the payee with, a branch of a bank in Brussels.
- (b) Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.
- (c) Upon the date upon which any Note becomes due and payable in full, unmatured Coupons appertaining thereto (whether or not attached to such Note) shall become void and no payment or, as the case may be, exchange shall be made in respect thereof. If the due date for redemption of any Note is not a Payment Date, accrued interest will be paid only against presentation and surrender of such Note.

- (d) If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 4(a) will be paid against presentation of such Note or Principal Coupon at the specified office of any Paying Agent. If any amount of principal is not paid in respect of a Note on the date when it is due and payable (other than because the due date is not a Business Day as defined above), such unpaid principal shall continue to bear interest at the rate of interest applicable to such Note plus a default interest until such amount of principal thereon is available for payment and notice thereof has been duly given in accordance with Condition 15. Such default interest shall be payable only to the extent the Issuer receives default interest from the Borrower or Guarantor pursuant to the Long Term Facility Agreement or the Guarantee Decrees and only until the amount of principal in respect of the Note is available for payment.
- (e) The initial Paying Agent is BACOB and its initial specified office is at 25 rue de Trèves, 1040 Brussels. The Issuer reserves the right, subject to the prior written approval of the Supervision Company, at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other Paying Agents. The Issuer will at all times maintain a paying agent with a specified office in Brussels. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents or their specified offices to be given in accordance with Condition 15.
- (f) On or after the Payment Date for the final Coupon forming part of any Coupon sheet, the talon forming part of such Coupon sheet may be surrendered at any specified office of the Paying Agent in exchange for a further Coupon sheet (including a further talon but excluding any Coupons which shall have become void).
- (g) If the due date for payment of any amount of principal or interest in respect of any Note is not a business day, no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of the relevant Coupon or, as the case may be, such Note. In this Condition 6, the expression "business day" means a day (other than a Saturday or Sunday or a public holiday) on which banks are open for business in the place where the specified office of the Paying Agent at which the Note or Coupon is presented for payment is situated.
- (h) If the Belgian Franc shall have been substituted by or if payments in Belgium are allowed to be made in euro, in accordance with the provisions of the Treaty Establishing the European Community (as amended by the Treaty on European Union) as a consequence of Belgium participating in the third stage of European monetary union, the euro shall or can at the option of the Issuer be used for the purpose of making payments hereunder. In converting Belgian Francs to euro, the Issuer will give a reasonable solution to rounding off payments and calculations by acting in good faith and taking into account the criteria applied by the Clearing System Operator or an Alternative Clearing System even if such solution differs from European regulation. The proposed solution will be submitted for approval to the Supervision Company.

## **7. Prescription**

All amounts of interest and principal or otherwise due with respect to any Note or Coupon that is not surrendered for payment within six months of the Relevant Date ( as defined below) shall be transferred by the Issuer to the Belgian *Caisse de Dépôt et de Consignation* in accordance with article 45 of the Law of 24 July 1921 on the involuntary loss of securities ,as amended, where they will remain in custody for the holder of the relevant Note or Coupon for 30 years, during which period no interest will accrue for the benefit of the holder of the Note or Coupon.

In this Condition, the “relevant date”, in respect of a Note or Coupon, is the date on which a payment in respect thereof first becomes due or (if the full amount of the moneys payable in respect of all the Notes and/or Coupons due on or before that date has not been duly received by the Paying Agent on or prior to such date) the date on which the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

## 8. Taxation

All payments in respect of the Notes of each class will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law to make any payment in respect of the Notes of such class subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer or such Paying Agent (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 nor the Paying Agents nor any other person will be obliged to make any additional payments to any Noteholders or Couponholders in respect of any such withholding or deduction.

## 9. Events of Default

- (a) If any of the following events ( each an “**Event of Default**”) shall have occurred and be continuing, the Supervision Company may at its discretion and if directed or requested to do so (i) by an Extraordinary Resolution of the Noteholders or the Class A-1 Noteholders, or the Class A-2 Noteholders as appropriate, or (ii) in writing by the holders of at least one quarter of the aggregate principal amount outstanding of the Notes or the Class A-1 Notes, or the Class A-2 Notes, as appropriate, and (in either case then only if the Supervision Company shall be indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing) it shall give notice to the Issuer (an “**Default Notice**”) , a copy of which shall be sent to the Management Company and the Servicer, declaring the Notes to be due and repayable at their principal amount outstanding together with the accrued interest to the date of repayment:
- (i) default is made for a period of five (5) Business Days or more in the payment on the due date of any principal due on the Notes or any of them or for a period of seven (7) Business Days or more in the payment on the due date of any interest upon the Notes or any of them. For these purposes, the expression “Business Day” means any day (other than a Saturday or Sunday) on which banks are open for business in Belgium; or
  - (ii) default is made by the Issuer in the performance or observance of any material obligation, condition or provision binding on it under the Notes or the Paying Agency Agreement or the Pledge Agreement (other than any obligation for the payment of any principal or interest on the Notes) and such default (if capable of remedy) continues for 30 days after written notice given to the Issuer at the specified office of the Paying Agent requiring the same to be remedied; or
  - (iii) an order is made or an effective resolution is passed for the winding up of the Issuer or the Compartment DOMUS except a winding up for the purpose of a merger, reconstruction or amalgamation, the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders; or

- (iv) proceedings shall be initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws including, for the avoidance of doubt, any *liquidation volontaire ou forcée/vrijwillige of gedwongen vereffening, faillite/faillissement, concordat judiciaire/gerechtigd akkoord* or an execution, *saisie* or other process shall be levied or enforced upon or sued out against the whole of the undertaking or assets of the Issuer or the Compartment DOMUS and in any of the foregoing cases it shall not be discharged within 60 days or if the Issuer shall initiate or consent to judicial proceedings relating to itself or the Compartment DOMUS under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or shall make a conveyance or assignment for the benefit of its creditors generally.

The Supervision Company shall not be liable 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 therefrom except that the Supervision Company shall be liable for such loss or damage that is caused by its gross negligence or wilful misconduct.

- (b) No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Supervision Company having become bound to take such steps as provided in the Pledge Agreement, fails to do so within a reasonable period (60 days being deemed for this purpose to be a reasonable period) and such failure shall be continuing

## **10. Sequential structure**

Save as provided in Condition 11, the Notes are structured sequentially so that Moneys shall be applied in the amounts required first to pay expenses, second to pay interest on both classes of Notes, third in paying principal on the Class A-1 Notes until all the Class A-1 Notes shall have been redeemed in full and fourth, after all the Class A-1 Notes shall have been redeemed in full or provision has been made for the redemption in full of the Class A-1 Notes on that Payment Date, in paying principal on the Class A-2 Notes until all the Class A-2 Notes have been redeemed in full.

## **11. Enforcement of Notes**

At any time after the Notes have become due and repayable the Supervision Company may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce the Pledge and to enforce repayment of the Notes together with payment of accrued interest, 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 Class A-1 Noteholders or, if there are no Class A-1 Notes outstanding, the Class A-2 Noteholders or so requested in writing by the holders of at least 25 per cent. in aggregate principal amount outstanding of the Class A-1 Notes or, if there are no Class A-1 Notes outstanding, the Class A-2 Notes and (b) it shall have been indemnified to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Supervision Company, having become bound to do so, fails to do so within a reasonable period (a period of 60 days being deemed a reasonable period) and such failure shall be continuing.

In the event that the Pledge is enforced, and after payment of all other claims ranking in priority to the Notes and the Coupons under the Pledge Agreement, the remaining proceeds of such enforcement are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes and all other claims ranking *pari passu* therewith, then

the Noteholders' and Couponholders' claims against the Issuer in respect of the Notes and the Coupons (as appropriate) shall be limited to their respective shares of such remaining proceeds (as determined in accordance with the provisions of the Pledge Agreement) and, after payment to each Noteholder or Couponholder (as the case may be) of its respective share of such remaining proceeds, the obligations of the Issuer to such Noteholder or Couponholder (as the case may be) under the relevant Note or Coupon shall be discharged in full.

The Pledge will become enforceable upon the occurrence of an Event of Default (as defined in Condition 9(a)), provided that, if the Pledge has become enforceable otherwise than by reason of a default in payment of any amount in principal or interest due on the Notes, the Supervision Company will not be entitled to dispose of the assets comprised in the Pledge or any part thereof unless (i) either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and the Couponholders or (ii) the Supervision Company is of the opinion, which shall be binding on the Noteholders and the Couponholders, reached after considering at any time and from time to time the advice of a merchant bank or other financial adviser selected by the Supervision Company, that the cash flows prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and the Couponholders.

## 12. Meetings of Noteholders, Modification and Waiver

- (a) The Pledge Agreement and the Paying Agency 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.
- (b) The articles 91 to 101 of the Belgian Co-ordinated Laws on Commercial Companies shall only apply to the extent the by-laws of the Issuer, the Conditions or the Transaction Documents do not provide otherwise.
- (c) Subject as provided below or as otherwise provided in these Conditions, the Class A-1 Notes and the Class A-2 Notes shall be regarded as a single class of Notes.
- (d) Subject as provided below, the quorum at any meeting of Noteholders for passing an Extraordinary Resolution will be one or more persons holding or representing over 50 per cent. of the aggregate principal amount outstanding of the then outstanding or at any adjourned meeting one or more persons being or representing Noteholders whatever the aggregate principal amount outstanding of the Notes then outstanding so held or represented. The quorum at any meeting of Noteholders for passing an Extraordinary Resolution in respect of a Basic Terms Modification shall be one or more persons holding or representing not less than three quarters of the aggregate principal amount outstanding of the Notes then outstanding or, at any adjourned meeting, one or more persons representing not less than one quarter of the aggregate principal amount outstanding of the Notes then outstanding.

Any variation, modification, abrogation, cancellation or waiver of certain terms, including the date of maturity of the Notes or a modification which would have the effect of postponing any day for payment of interest thereon, reducing or cancelling any amount of principal payable in respect of the Notes or any rate of interest applicable to the Notes or altering the majority required to pass an Extraordinary Resolution or altering the currency of payment of the Notes (otherwise than provided in Condition 6.2 (h)) or any alteration of the date or priority of redemption of the Notes is referred to herein as a “**Basic Terms Modification**”.

It shall be necessary for the effectiveness of a Basic Terms Modification that it can be sanctioned by Extraordinary Resolution of the holders of each class of Notes (rather than by an Extraordinary Resolution of the Noteholders passed at a single meeting) passed at separate class meetings convened for that purpose unless an Enforcement Notice has been served by the Supervision Company, in which case a Basic Terms Modification can be sanctioned by an Extraordinary Resolution of the Noteholders passed at a separate meeting, provided further that in respect of a Basic Terms Modification proposed in relation to one class only of the Notes, if the Supervision Company is of the opinion that its becoming effective will not be materially prejudicial to the interest of the holders of the other class of Notes, the Basic Terms Modification shall be effective if sanctioned by an Extraordinary Resolution of the holders of the first-mentioned class of the Notes (and the rules relating to meetings of Noteholders, including matters relating to quorums and resolutions, shall apply *mutatis mutandis* to any meeting of any class of Noteholders).

The majority required for an Extraordinary Resolution shall be 75 per cent. of the votes cast on that resolution, whether on a show of hands or a poll.

The Issuer may 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.

- (e) The Supervision Company may agree, without the consent of the Noteholders, to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Supervision Company, is not materially prejudicial to the interests of the Noteholders or to any modification which, in the opinion of the Supervision Company, is to correct a manifest error or is of a formal, minor or technical nature. The Supervision Company may also, without the consent of the Noteholders or the Couponholders, determine that an Event of Default shall not, or shall not subject to specified conditions, be treated as such. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Supervision Company agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15.
- (f) The Supervision Company shall be entitled to rely on the Rating Agent's opinion, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders if the Rating Agent (as defined in Schedule 2 to the Pledge Agreement) has confirmed that the then current ratings of the Notes would not be adversely affected by such exercise.

### **13. Indemnification and Exoneration of the Supervision Company**

The Pledge Agreement contains provisions governing the responsibility (and relief from responsibility) of the Supervision Company and providing for its indemnification in certain circumstances, including provisions relieving the Supervision Company from taking enforcement proceedings or enforcing the Pledge unless indemnified to its satisfaction. The Supervision Company and its related companies are entitled to enter into business transactions with the Issuer and the Servicer and/or the related companies of any of them without accounting for any profit resulting therefrom. The Supervision Company will not be responsible for any loss, expense or liability which may be suffered as a result of any 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 Servicer or any agent or related company of the Servicer or

by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Supervision Company.

#### **14. Replacement of Definitive Notes and Coupons**

If any Note or Coupon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Note or Coupon will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before new ones will be issued.

#### **15. Notice to Noteholders**

All notices, other than notices given in accordance with the next following paragraph, to Noteholders of any class shall be deemed to have been duly given if published in two leading daily newspapers with general circulation in Belgium, one printed in the French language (which is expected to be *L'Echo de la Bourse*) and the other printed in the Dutch language (which is expected to be *De Financieel Economische Tijd*) and a leading English language newspaper having general circulation in Europe (which is expected to be the *Financial Times*). If any such publication is not practicable, publication may be in another leading newspaper printed in the relevant language having general circulation in Europe or Belgium, as the case may be, previously approved in writing by the Supervision Company. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in one of the newspapers referred to above. Notices of meetings of Noteholders shall be published twice, with an interval of eight days between each publication, the second publication being at least eight days before the date of the meeting, in the newspapers referred to above and in the *Moniteur belge* (Belgian Official Gazette) but the Supervision Company shall not be responsible for any failure to comply with such publication requirements if nevertheless any meeting of Noteholders is duly convened and held.

Any notice specifying a Payment Date, a Rate of Interest, an Interest Amount, a payment of principal, a principal amount outstanding or a Bond Factor shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reuters Screen BACABS or such other medium for the electronic display of data as may be approved by the Supervision Company and notified to the Noteholders or each relevant class (the “**Relevant Screen**”). 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.

Couponholders will be deemed for all purposes to have notice of the contents of notices given to Noteholders in accordance with this Condition.

#### **16. Governing Law**

The Notes and Coupons, the Paying Agency Agreement and the Pledge Agreement are governed by and shall be construed in accordance with Belgian law.

The courts of Brussels, Belgium are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Notes.



## 17. Repayment Schedules

***Repayment Schedule 1 : Class A-1, 4.40 % Notes \****

Payment Date	Balance	Interest	Principal	Projected Bond Factor
	1,000,000,000			
19/09/97	991,200,000	11,000,000	8,800,000	1.000000000000
19/12/97	917,600,000	10,903,200	73,600,000	0.991200000000
19/03/98	910,800,000	10,093,600	6,800,000	0.917600000000
19/06/98	854,200,000	10,018,800	56,600,000	0.910800000000
19/09/98	843,600,000	9,396,200	10,600,000	0.854200000000
19/12/98	768,200,000	9,279,600	75,400,000	0.843600000000
19/03/99	759,600,000	8,450,200	8,600,000	0.768200000000
19/06/99	701,200,000	8,355,600	58,400,000	0.759600000000
19/09/99	689,000,000	7,713,200	12,200,000	0.701200000000
19/12/99	611,800,000	7,579,000	77,200,000	0.689000000000
19/03/00	601,400,000	6,729,800	10,400,000	0.611800000000
19/06/00	541,200,000	6,615,400	60,200,000	0.601400000000
19/09/00	527,000,000	5,953,200	14,200,000	0.541200000000
19/12/00	448,000,000	5,797,000	79,000,000	0.527000000000
19/03/01	435,800,000	4,928,000	12,200,000	0.448000000000
19/06/01	373,800,000	4,793,800	62,000,000	0.435800000000
19/09/01	357,800,000	4,111,800	16,000,000	0.373800000000
19/12/01	276,800,000	3,935,800	81,000,000	0.357800000000
19/03/02	262,600,000	3,044,800	14,200,000	0.276800000000
19/06/02	198,600,000	2,888,600	64,000,000	0.262600000000
19/09/02	180,600,000	2,184,600	18,000,000	0.198600000000
19/12/02	97,600,000	1,986,600	83,000,000	0.180600000000
19/03/03	81,400,000	1,073,600	16,200,000	0.097600000000
19/06/03	15,200,000	895,400	66,200,000	0.081400000000
19/09/03	0	167,200	15,200,000	0.015200000000

(\*) Capitalised terms used but not defined herein shall have the meaning given to such terms in the Selling Memorandum.

The Amortisation Schedules of the Notes are subject to the calculation methods used in the Clearing System involved. In converting Belgian Francs to euro, the Issuer will give a reasonable solution to rounding off payments and calculations by acting in good faith and taking into account the criteria applied by the Clearing System Operator or an Alternative Clearing System even if such solution differs from European regulation. The proposed solution will be submitted for approval to the Supervision Company.

(\*\*) The Class A-1 Bond Factor as at any particular time and at a particular Interest Period means the percentage of the principal amount outstanding of the Class A-1 Notes in relation to the initial nominal amount of the Class A-1 Notes.

**Repayment Schedule 2 : Class A-2, 6.46 % Notes \***

Payment Date	Balance	Interest	Principal	Projected Bond Factor
	4,175,000,000			
19/09/97	4,175,000,000	67,426,250	0	1.000000000000
19/12/97	4,175,000,000	67,426,250	0	1.000000000000
19/03/98	4,175,000,000	67,426,250	0	1.000000000000
19/06/98	4,175,000,000	67,426,250	0	1.000000000000
19/09/98	4,175,000,000	67,426,250	0	1.000000000000
19/12/98	4,175,000,000	67,426,250	0	1.000000000000
19/03/99	4,175,000,000	67,426,250	0	1.000000000000
19/06/99	4,175,000,000	67,426,250	0	1.000000000000
19/09/99	4,175,000,000	67,426,250	0	1.000000000000
19/12/99	4,175,000,000	67,426,250	0	1.000000000000
19/03/00	4,175,000,000	67,426,250	0	1.000000000000
19/06/00	4,175,000,000	67,426,250	0	1.000000000000
19/09/00	4,175,000,000	67,426,250	0	1.000000000000
19/12/00	4,175,000,000	67,426,250	0	1.000000000000
19/03/01	4,175,000,000	67,426,250	0	1.000000000000
19/06/01	4,175,000,000	67,426,250	0	1.000000000000
19/09/01	4,175,000,000	67,426,250	0	1.000000000000
19/12/01	4,175,000,000	67,426,250	0	1.000000000000
19/03/02	4,175,000,000	67,426,250	0	1.000000000000
19/06/02	4,175,000,000	67,426,250	0	1.000000000000
19/09/02	4,175,000,000	67,426,250	0	1.000000000000
19/12/02	4,175,000,000	67,426,250	0	1.000000000000
19/03/03	4,175,000,000	67,426,250	0	1.000000000000
19/06/03	4,175,000,000	67,426,250	0	1.000000000000
19/09/03	4,169,990,000	67,426,250	5,010,000	1.000000000000
19/12/03	4,084,820,000	67,345,255	85,170,000	0.998800000000
19/03/04	4,066,450,000	65,970,010	18,370,000	0.978400000000
19/06/04	3,997,980,000	65,673,585	68,470,000	0.974000000000
19/09/04	3,975,435,000	64,567,210	22,545,000	0.957600000000
19/12/04	3,887,760,000	64,203,150	87,675,000	0.952200000000
19/03/05	3,866,050,000	62,786,990	21,710,000	0.931200000000
19/06/05	3,794,240,000	62,437,125	71,810,000	0.926000000000
19/09/05	3,767,520,000	61,277,310	26,720,000	0.908800000000
19/12/05	3,675,670,000	60,845,615	91,850,000	0.902400000000
19/03/06	3,650,620,000	59,361,820	25,050,000	0.880400000000
19/06/06	3,575,470,000	58,957,680	75,150,000	0.874400000000
19/09/06	3,545,410,000	57,743,590	30,060,000	0.856400000000
19/12/06	3,450,220,000	57,258,455	95,190,000	0.849200000000
19/03/07	3,420,995,000	55,721,220	29,225,000	0.826400000000
19/06/07	3,341,670,000	55,249,445	79,325,000	0.819400000000
19/09/07	3,307,435,000	53,967,720	34,235,000	0.800400000000
19/12/07	3,208,070,000	53,414,950	99,365,000	0.792200000000
19/03/08	3,174,670,000	51,810,080	33,400,000	0.768400000000
19/06/08	3,091,170,000	51,270,670	83,500,000	0.760400000000
19/09/08	3,052,760,000	49,922,145	38,410,000	0.740400000000

**Repayment Schedule 2 : Class A-2, 6.46 % Notes \***

**(Cont'd.)**

19/12/08	2,949,220,000	49,301,740	103,540,000	0.731200000000
19/03/09	2,911,645,000	47,630,070	37,575,000	0.706400000000
19/06/09	2,823,970,000	47,023,025	87,675,000	0.697400000000
19/09/09	2,781,385,000	45,606,865	42,585,000	0.676400000000
19/12/09	2,673,670,000	44,919,660	107,715,000	0.666200000000
19/03/10	2,631,920,000	43,179,520	41,750,000	0.640400000000
19/06/10	2,539,235,000	42,505,675	92,685,000	0.630400000000
19/09/10	2,491,640,000	41,008,520	47,595,000	0.608200000000
19/12/10	2,378,915,000	40,240,320	112,725,000	0.596800000000
19/03/11	2,332,155,000	38,419,185	46,760,000	0.569800000000
19/06/11	2,234,460,000	37,664,345	97,695,000	0.558600000000
19/09/11	2,181,855,000	36,086,195	52,605,000	0.535200000000
19/12/11	2,064,120,000	35,237,000	117,735,000	0.522600000000
19/03/12	2,011,515,000	33,335,705	52,605,000	0.494400000000
19/06/12	1,908,810,000	32,485,675	102,705,000	0.481800000000
19/09/12	1,851,195,000	30,827,365	57,615,000	0.457200000000
19/12/12	1,727,615,000	29,897,175	123,580,000	0.443400000000
19/03/13	1,670,000,000	27,900,690	57,615,000	0.413800000000
19/06/13	1,561,450,000	26,970,500	108,550,000	0.400000000000
19/09/13	1,497,990,000	25,217,835	63,460,000	0.374000000000
19/12/13	1,368,565,000	24,192,455	129,425,000	0.358800000000
19/03/14	1,305,105,000	22,102,450	63,460,000	0.327800000000
19/06/14	1,190,710,000	21,077,070	114,395,000	0.312600000000
19/09/14	1,120,570,000	19,230,050	70,140,000	0.285200000000
19/12/14	985,300,000	18,096,955	135,270,000	0.268400000000
19/03/15	915,160,000	15,912,595	70,140,000	0.236000000000
19/06/15	794,085,000	14,779,500	121,075,000	0.219200000000
19/09/15	718,100,000	12,824,765	75,985,000	0.190200000000
19/12/15	575,315,000	11,597,315	142,785,000	0.172000000000
19/03/16	498,495,000	9,291,045	76,820,000	0.137800000000
19/06/16	370,740,000	8,051,070	127,755,000	0.119400000000
19/09/16	287,240,000	5,987,785	83,500,000	0.088800000000
19/12/16	137,775,000	4,639,260	149,465,000	0.068800000000
19/03/17	53,440,000	2,225,275	84,335,000	0.033000000000
19/06/17	0	863,390	53,440,000	0.012800000000

(\*) Capitalised terms used but not defined herein shall have the meaning given to such terms in the Selling Memorandum.

The Amortisation Schedules of the Notes are subject to the calculation methods used in the Clearing System involved. In converting Belgian Francs to euro, the Issuer will give a reasonable solution to rounding off payments and calculations by acting in good faith and taking into account the criteria applied by the Clearing System Operator or an Alternative Clearing System even if such solution differs from European regulation. The proposed solution will be submitted for approval to the Supervision Company.

(\*\*) The Class A-2 Bond Factor as at any particular time and at a particular Interest Period means the percentage of the principal amount outstanding of the Class A-2 Notes in relation to the initial nominal amount of the Class A-2 Notes.

## ANNEX 3 - THE PURCHASED LOANS

### *Domus Flandria N.V.*

File Number	Original Amount	Principal Repaid	Outstanding Balance	Interest Rate	Fixing Date	End of Withdrawal	Maturity Date
35	177,564,181	0	177,564,181	9.1042	25/04/95	01/08/96	01/08/16
40	114,575,186	0	114,575,186	9.1042	25/04/95	01/08/96	01/08/16
41	136,878,926	2,651,754	134,227,172	9.0794	25/04/95	03/06/96	01/06/16
50	517,068,314	0	517,068,314	9.1267	25/04/95	01/10/96	30/09/16
57	33,977,604	711,408	33,266,196	8.385	24/05/95	01/05/96	29/04/16
58	183,769,660	0	183,769,660	8.5141	28/06/95	02/12/96	01/12/16
60	41,808,733	0	41,808,733	8.476	28/06/95	02/09/96	01/09/16
61	154,069,291	0	154,069,291	8.4919	28/06/95	01/11/96	01/11/16
62	108,813,320	0	108,813,320	8.6079	28/06/95	01/10/96	30/09/16
63	21,794,262	0	21,794,262	8.4719	28/06/95	01/08/96	01/08/16
64	138,514,716	0	138,514,716	8.5021	28/06/95	01/11/96	01/11/16
65	8,348,927	0	8,348,927	8.4397	28/06/95	01/07/96	01/07/16
66	79,036,831	0	79,036,831	8.4398	28/06/95	01/07/96	01/07/16
69	48,844,062	0	48,844,062	8.4885	28/06/95	01/08/96	01/08/16
70	73,881,600	0	73,881,600	8.4878	28/06/95	01/10/96	30/09/16
71	26,000,000	0	26,000,000	8.4689	28/06/95	01/08/96	01/08/16
72	75,753,391	1,580,079	74,173,312	8.4191	28/06/95	01/05/96	29/04/16
73	106,713,726	0	106,713,726	8.4609	28/06/95	01/07/96	01/07/16
76	50,400,000	0	50,400,000	8.5215	28/06/95	01/10/96	30/09/16
78	51,227,176	0	51,227,176	8.4819	28/06/95	01/07/96	01/07/16
80	50,192,265	1,045,708	49,146,557	8.4295	28/06/95	03/06/96	01/06/16
83	47,398,852	0	47,398,852	8.4955	28/06/95	02/09/96	01/09/16
84	82,617,412	0	82,617,412	8.226	29/08/95	01/10/96	30/09/16
86	49,505,594	0	49,505,594	8.2037	29/08/95	01/08/96	01/08/16
91	11,625,218	0	11,625,218	8.2494	29/08/95	01/10/96	30/09/16
92	18,075,673	0	18,075,673	8.2687	29/08/95	01/10/96	30/09/16
95	32,541,861	0	32,541,861	8.2708	29/08/95	02/12/96	01/12/16
98	18,875,637	0	18,875,637	8.3292	29/08/95	03/02/97	01/02/17
99	127,488,090	2,741,708	124,746,382	8.1442	29/08/95	01/05/96	29/04/16
100	160,025,989	3,442,792	156,583,197	8.1407	29/08/95	01/05/96	29/04/16
103	22,078,664	0	22,078,664	8.2768	27/09/95	01/07/96	01/07/16
109	4,472,400	96,737	4,375,663	8.0923	27/10/95	01/05/96	29/04/16
110	51,059,126	0	51,059,126	8.1526	27/10/95	01/10/96	30/09/16
116	18,657,554	0	18,657,554	8.1646	27/10/95	01/11/96	01/11/16
117	62,829,489	0	62,829,489	8.0242	28/11/95	01/01/97	30/12/16
118	41,096,950	0	41,096,950	8.1837	28/11/95	03/02/97	01/02/17
119	61,168,368	0	61,168,368	8.0375	28/11/95	03/02/97	01/02/17
120	100,587,217	0	100,587,217	8.0462	28/11/95	01/04/97	31/03/17
121	98,250,000	0	98,250,000	8.2084	28/11/95	03/03/97	01/03/17
122	127,758,060	0	127,758,060	8.0285	28/11/95	03/02/97	01/02/17
123	45,546,445	0	45,546,445	8.0375	28/11/95	03/02/97	01/02/17
125	115,906,949	0	115,906,949	8.0898	28/11/95	01/05/97	01/05/17
126	54,272,921	0	54,272,921	8.1033	28/11/95	01/05/97	01/05/17

### ANNEX 3 THE PURCHASED LOANS

#### *DOMUS FLANDRIA N.V.* (CONT'D.)

File Number	Original Amount	Principal Repaid	Outstanding Balance	Interest Rate	Fixing Date	End of Withdrawal	Maturity Date
127	43,641,020	0	43,641,020	8.0511	28/11/95	03/02/97	01/02/17
128	144,245,384	0	144,245,384	8.1033	28/11/95	01/05/97	01/05/17
129	6,597,812	0	6,597,812	7.9856	28/11/95	02/12/96	01/12/16
130	17,798,841	0	17,798,841	8.0506	28/11/95	03/03/97	01/03/17
131	11,296,381	0	11,296,381	8.1566	28/11/95	01/05/97	01/05/17
132	26,383,158	0	26,383,158	8.0635	28/11/95	01/04/97	31/03/17
133	29,371,444	0	29,371,444	8.0379	28/11/95	01/01/97	30/12/16
134	121,078,516	0	121,078,516	8.0511	28/11/95	03/02/97	01/02/17
135	51,899,801	0	51,899,801	8.0527	28/11/95	03/03/97	01/03/17
136	194,982,745	0	194,982,745	8.1308	28/11/95	01/04/97	31/03/17
137	85,687,654	0	85,687,654	8.1689	28/11/95	02/06/97	01/06/17
138	41,603,020	0	41,603,020	8.0913	28/11/95	03/03/97	01/03/17
140	7,636,252	0	7,636,252	7.9422	28/11/95	01/08/96	01/08/16
141	2,585,782	57,128	2,528,654	7.901	28/11/95	01/05/96	29/04/16
142	91,736,086	0	91,736,086	8.158	28/11/95	01/01/97	30/12/16
143	44,165,285	0	44,165,285	7.9965	28/11/95	01/07/96	01/07/16
59	4,471,779,821	12,327,314	4,459,452,507				

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**REGISTERED AND HEAD OFFICE OF THE ISSUER**

**ATRIUM-2. N.V.. Openbare V.B.S. naar Belgisch Recht**

**Transaction DOMUS**

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1000 Brussels

Belgium

**MANAGEMENT COMPANY**

**Titrisation belge / Belgische effectisering (T.B.E.) S.A.**

3 Montagne du Parc

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Belgium

**SUPERVISION COMPANY**

**Bankers Trustee Company Limited**

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