DerivativeFitch

Structured Credit
Europe
Presale Report

Lancelot 2006 B.V.

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Expected Ratings[a]

Class	Amount (EURm)	Legal Final Maturity	Rating	CE[b] (%)
A	538.35	Aug 2073	AAA	12.00
B	21.41	Aug 2073	AA	8.50
C	19.88	Aug 2073	A	5.25
D	19.88	Aug 2073	BBB	2.00
E	12.24	Aug 2073	BB	0.00

[a] Expected ratings do not reflect final ratings and are based on information provided by the originator and its experts as of 16 November 2006. Final ratings are contingent on final documents conforming to information already received, as well as on satisfactory legal opinion. Ratings are not a recommendation to buy, sell or hold any security. All offering material should be reviewed prior to any purchase.
The collateral information and the analysis are based on a provisional loan pool provided by the originator and its experts as of 30 September 2006.
[b] Credit enhancement presented is subordination at closing only. The transaction benefits from 0.60% available excess margin and a reserve account which will build up to 0.70% of the initial notes balance.

Summary

This is a EUR611m cash flow securitisation of a pool of commercial mortgage loans ("the collateral") granted by F. Van Lanschot Bankiers N.V. ("VLB", "the originator" or "the servicer", rated 'A/F1') to 159 private individuals, small to medium-sized entities ("SMEs") and special-purpose vehicles established by SMEs or individuals in the Netherlands. Fitch has assigned expected ratings as indicated above to the notes to be issued by Lancelot 2006 B.V. ("Lancelot" or "the issuer"), a public limited-liability company incorporated under the laws of the Netherlands.

This is the first commercial mortgage-backed SME loan cash securitisation to be launched by VLB.

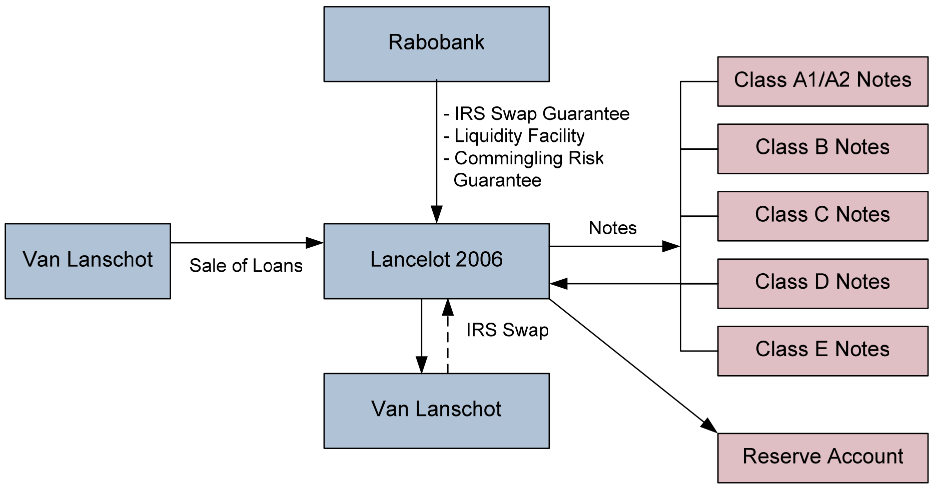
The transaction is static; the mortgage loan receivables will be sold at the outset by the originator to the issuer. The mortgage loans have a weighted average life of 7.8 years and are primarily secured by more than 700 commercial real estate properties in the Netherlands. The purpose of the loans is to finance the operations or investments of SMEs, leverage the borrowers' investment property, or achieve favourable tax treatment of borrowers' estates. The transaction benefits from structural protection via a principal deficiency ledger ("PDL") to trap excess margin from the time a loan has defaulted up to its outstanding balance.

The transaction benefits from a swap agreement that addresses any interest rate mismatch between the mortgage loan portfolio and the notes. The effect of the swap is to lock in a predefined excess margin over the issuer's cost of funds on the performing loan balance.

The expected ratings are based on the quality of the collateral, available credit enhancement ("CE"), the financial structure of the transaction, the underwriting and servicing of the collateral and the transaction's legal structure.

The expected ratings address timely payment of interest and the repayment of principal by legal final maturity on the class A to D notes and ultimate payment of interest and the repayment of principal by legal final maturity on the class E notes in accordance with the terms and conditions of the documentation.

Structure Diagram



Source: Transaction documents

Credit Committee Highlights

- The portfolio is significantly more granular than typical multiborrower CMBS. It consists of loans to 159 borrowers with an average balance of approx EUR4m. Moreover, the capital structure will pay down on a sequential basis, ensuring that any drop in diversity leads to a degree of deleveraging. Hence the analysis departed from a CMBS analysis to account for this portfolio effect.
- Fitch has derived pool default rates based on a loan-by-loan analysis. The equity level (imputed from the original loan-to-value, using a more conservative valuation when considered appropriate) and the liquidity to service the debt (debt-to-income) combine to produce a base default probability. Default adjustments are applied based on (a) the volatility of the income (based on property type), (b) the loan structure and type (i.e., refinance risk/bullet nature, payment frequency, interest rate risk) (c) the borrower type, which takes account of the stability of borrowers' income and the personal guarantee level.
- The loans are secured by more than 700 commercial properties distributed across the Netherlands. Fitch has received appraised values, rental income, property descriptions and property details for each underlying property. This allowed Fitch to determine a stressed value for each property.
- Fitch derived recoveries from loans granted to the largest 10 loans by underwriting the available security and deriving stressed market values based on rental value declines ("RVDs") and stressed cap rate ("yield shift") assumptions. Base case cap rates are based on data received from DTZ Research, Raad voor Onroerende Zaken ("ROZ Index") and Investment Property Databank ("IPD"). Fitch has conducted a more generic market value decline ("MVD") analysis to derive the recovery rates on the remaining part of the pool, using assumptions provided by its CMBS group.
- The top 10 borrowers represent approximately 34% of the total pool balance. Fitch has performed an asset concentration test to ensure that the credit enhancement beneath each note covers the total losses-given-default for the larger assets in the portfolio in a number commensurate with the rating stress.
- Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. acts as the swap counterparty, liquidity facility provider, issuer account bank and commingling guarantor. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("Rabobank") is a wholly-owned subsidiary of Rabobank Group rated 'AA+/F1+' and benefits from cross guarantees in place to ensure joint and several liability.

- There is a swap agreement in place with Rabobank, the effect of which is to hedge interest rate and basis risk. Moreover, the swap ensures that excess margin of 0.60% on the performing balance of the loans as well as prepaid principal (in excess of what is permitted under the loan agreements) is available as credit enhancement. This negates the need to run high prepayments (to compress the volume of excess margin) at certain rating stresses; however owing to the non-market feature of the swap, high prepayments were modelled since no credit was given above the rating of the counterparty to excess margin being available on prepaid principal.
- The reserve account will build from zero at closing up to 0.70% of the initial balance by trapping excess margin available in the interest waterfall.
- Commingling risk is addressed via a guarantee from Rabobank on all monies held in the seller collection account. For details, see the section on the commingling guarantor on page 6.
- Set-off risk is addressed via a downgrade trigger of VLB (as holder of all current accounts and deposits). Should its rating fall below 'A/F1', 150% of the amounts which could potentially be set-off by the borrowers will be collateralised and credited on a monthly basis to a predefined set-off reserve account in the name of the issuer.

Key Information

Collateral Characteristics

Provisional Portfolio Characteristics
(As at June 2006)

Number and Type of Loans: 356 loans to 159 individuals, SMEs and investment companies in the Netherlands

Total Amount: EUR611,762,513

Issuer: Lancelot 2006 B.V.

Originator: F. Van Lanschot Bankiers N.V. ("VLB", rated 'A/F1')

Pool and Defaulted Loan Servicer: VLB

Joint-lead Arranger: Rabobank International, London Branch

Principal Paying Agent: Deutsche Bank AG, Amsterdam Branch (rated 'AA-/F1+')

Seller Collection Accounts Bank: VLB

Issuer Accounts Bank: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (a wholly owned subsidiary of Rabobank Group rated 'AA+/F1+')

Commingling Guarantor: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Trustee: Stichting Security Trustee Lancelot 2006

Swap Counterparty: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Liquidity Facility: Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Directors: ATC Management B.V.

Final Legal Maturity: August 2073

Legal Structure

Lancelot is a private company with limited liability ("*besloten vennootschap met beperkte aansprakelijkheid*") and is incorporated under the laws of the Netherlands. As a special purpose vehicle its objectives are (a) to acquire, purchase, conduct the management of, dispose of and encumber assets and to exercise any rights connected to such assets, (b) to take up loans by way of issue of securities or by entering into loan agreements to acquire the assets, (c) to invest and on-lend any funds held by the issuer, (d) to mitigate interest rate and other financial risks, among others, by entering into derivative agreements, such as swaps and options, (e) if incidental to the foregoing, to take up loans by issuing securities or by entering into loan agreements, among others, to repay the principal sum of the securities mentioned under (b) and to grant security rights, and (f) to perform all activities which are incidental to or which may be conducive to any of the foregoing.

Interest and principal collections are dealt with in accordance with the priority of payments described on page 5 and 6.

Portfolio

The provisional portfolio as of September 2006 consisted of 159 borrowers with an average balance of approximately EUR4m. The top 10 borrowers represent approximately 33% of the total pool balance. The loans are secured by more than 700 commercial properties distributed across the Netherlands.

The properties are relatively well diversified with an above-average exposure to industrial buildings.

Portfolio Regional Concentration

Regions (%)	Total (%)
Noord-Brabant	27.61
Noord-Holland	15.55
Zuid-Holland	17.01
Gelderland	12.44
Limburg	11.01
Utrecht	9.35
Other	7.03
Total	**100.00**

Source: VLB; portfolio data provided as of 30 September 2006

Portfolio Collateral Breakdown

Collateral Type Total	(%)
Industrial	41.31
Mixed	43.19
Office	11.33
Residential	3.87
Retail	0.30
Grand Total	**100.00**

Source: VLB; portfolio data provided as of 30 September 2006

The purpose of the loans is to finance the operations or investments of SMEs, leverage the borrowers' real estate investments, or achieve favourable tax treatment of borrowers' estates. Fitch has determined conservative values for the properties primarily based on rental income, property type and location appraisal.

The portfolio breakdown was the basis for Fitch's treatment of the collateral in determining the recovery assumptions (see *Recovery Analysis*).

Some 46% of the portfolio consists of loans with recourse to private individuals. The remainder consists of loans granted to SMEs or real estate investment vehicles established by SMEs with a substantial amount in equity.

Borrower Type

Borrower Type	(%)
Companies	53.93
Companies with personal guarantees	4.86
Companies with personal residence as security	4.96
Private Individuals	36.25
Grand Total	**100.00**

Source: VLB; portfolio data provided as of 30 September 2006

Based on Fitch's re-evaluation of the properties, the original loan to value ("OLTV") is 68.79% while the current loan-to-value ("CLTV") is 64.59%. The weighted average seasoning of the loans is approximately three years. Approximately 32% of the portfolio comprises bullet loans while 60.30% of the portfolio consists of floating-rate loans.

Structural Protection

The transaction benefits from certain structural features aimed at achieving a minimum portfolio quality, recording default events on the assets and diverting cash flows in order to meet the expected rating of the notes.

Eligibility Criteria

VLB has covenanted that, at the time of its inclusion, the following criteria are met:

- The borrowers are not employees of the seller or of any company belonging to the same group of companies as the seller;
- Each borrower is a resident in the Netherlands;
- the interest rate of each mortgage loan is fixed or floating or a combination of fixed and floating, subject to a reset from time to time;
- the legal final maturity of each mortgage loan, does not extend beyond January 2071;
- all mortgage loans are fully disbursed and none of the properties are in the construction/development phase;
- each mortgage loan was originated by VLB;
- in respect of each mortgage loan, at least one (interest) payment has been received prior to the closing date or, in respect of replacement mortgage receivables, the relevant quarterly payment date; and
- each mortgage receivable is denominated in euros.

Interest Distributable Amount/Excess Margin

The transaction benefits from an interest rate swap which exchanges the interest income on the mortgage loans (less 0.60% (excess margin) of the outstanding notes balance) into the weighted average cost of funds on the notes plus senior expenses (for details, see *Swap Agreements*). Given a 0% delinquency/default scenario, the amounts available for the interest waterfall will be three-month Euribor plus the weighted average spread of the notes plus 0.60% based on the outstanding balance of the notes plus all senior expenses.

Should the transaction experience delinquencies or defaults, the amounts due by the swap counterparty will be reduced equal to the difference between (i) the scheduled interest due on all assets on this payment period and (ii) the interest actually received from all borrowers. In this way, the excess margin is available on the performing loan balance only.

The Principal Deficiency Ledger Mechanism

The transaction benefits from a provisioning mechanism that records a specified amount of defaulted loans in five hierarchical PDLs pertaining to each class of notes. Any principal deficiency will be debited firstly to the class E PDL so long as the debit balance on the class E PDL is not greater than the principal balance of the class E notes. Thereafter, following the same logic, additional uncovered principal deficiencies will be debited to the class D PDL followed by the class C PDL; thereafter to the class B PDL and finally the class A PDL.

For defaulted loans, the provisioning amount in the PDLs applies to 100% of the outstanding loan balance at the time of default (90 days past due).

Any interest proceeds received through the interest waterfall will be available to credit the PDL to zero. The amounts credited to the PDL will be available in the principal waterfall – i.e., the amounts credited to the PDL will be used to pay down the notes in sequential order of seniority.

Interest Priority of Payments

On each quarterly payment date, commencing in February 2007, the interest priority of payments will be as follows:

1. taxes, servicing fees and expenses;
2. payment under the swap agreement (if applicable);
3. any amounts due under the liquidity facility agreement;
4. class A interest pari passu on a pro rata basis;
5. class A PDL;
6. class B interest pari passu on a pro rata basis;
7. class B PDL;
8. class C interest pari passu on a pro rata basis;
9. class C PDL;
10. class D interest pari passu on a pro rata basis;
11. class D PDL;
12. class E interest pari passu on a pro rata basis;
13. class E PDL;
14. cash reserve account top-up to required balance;
15. other subordinated payments.

Principal Priority of Payments

The principal proceeds from the underlying mortgage receivables as well as any interest credited to the PDL will be used to pay down the notes in sequential order of seniority (class A to E).

Reserve Funds

A reserve fund, initially unfunded, will be included to trap excess margin whenever it is below its required level (the "required reserve amount"). The amounts available in the reserve account (including any interest earned thereon) will be included in available interest used to service the interest waterfall.

The required reserve amount will be equal to 0.70% of the initial aggregate outstanding principal amount of the notes at closing and will not amortise. Only after the notes have been fully amortised will amounts in the reserve account be finally released to the originator.

Call Option

All notes are subject to a clean-up call option when less than 10% of the initial collateral balance remains outstanding. The clean-up call will only be executed if all classes of notes are redeemed in full.

VLB has the right to exercise its call option as a result of less favourable regulatory treatment or upon a tax event. Upon such a regulatory event, VLB has the option to re-purchase all outstanding notes at par plus interest accrued on all loans.

Counterparty Risk

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. acts as the swap counterparty, liquidity facility provider, issuer account bank and commingling guarantor. Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("Rabobank") is a wholly-owned subsidiary of Rabobank Group rated 'AA+/F1+' benefiting from cross guarantees in place to ensure joint and several liability.

Commingling Guarantor

All borrowers will make payments into the seller collection account held by VLB. On a monthly basis, all collections will be transferred into the issuer collection account held by the issuer. Should VLB be subject to insolvency proceedings, amounts held in the seller collection account would fall into its bankruptcy estate.

To address this commingling risk, Rabobank has issued a guarantee on all amounts held in the seller collection account in favour of the issuer.

Should the rating of Rabobank (or any subsequent commingling reserve guarantor) fall below 'F1', the guarantor will either be replaced or an amount equal to the expected collections over the following three months will be collateralised.

Swap Agreement

Rabobank will serve as swap counterparty and will hedge any interest rate or basis risk arising from the mismatch between the loans and the notes.

Under the swap agreement, broadly speaking, the issuer will pay the swap counterparty the scheduled interest from the underlying loans minus 0.60% p.a. of the outstanding balance of the notes and senior expenses. Additionally the issuer would retain 0.60% p.a. of any principal prepaid to date in excess of what is permitted under the loan agreements. In return the swap counterparty will pay to the issuer the weighted average cost of funds on the notes.

The amount due by the swap counterparty will be reduced for any scheduled interest not received by the issuer.

The main effect of the swap is to lock in excess margin of 0.60% p.a. (after all of the issuer's senior and funding costs) on the performing loan balance plus prepayments to date above any permitted amount. The hedge against prepayments is not considered by Fitch to be a market standard and therefore no credit was given to this feature above the rating of Rabobank.

If the swap counterparty is downgraded below 'A/F1' (Downgrade Trigger 1), it will be required to take one of the following steps within 30 days:

- find an entity rated at least 'A/F1' to guarantee its obligations under the swap agreement;
- find a replacement counterparty rated at least 'A/F1'; or
- cash- or security-collateralise its obligations in an amount sufficient to comply with existing Fitch criteria.

If the rating of the swap counterparty falls below 'BBB+/F2' (Downgrade Trigger 2) and the swap counterparty has elected to collateralise its obligations, the security collateral should be verified by a third party.

If the rating of the swap counterparty falls below 'BBB-' (Downgrade Trigger 3), only the first two options mentioned above will apply (though collateral will continue to be posted pending discharging of this obligation).

An event of default may be called by the issuer should any of the conditions above not be met within the given time frame.

Issuer Account Bank and Principal Paying Agent

Rabobank will act, inter alia, as the principal paying agent, the account bank and the issuer account bank provider.

For the protection of investors, if the rating of the accounts bank provider is downgraded below the minimum short-term rating of 'F1', Rabobank must transfer the accounts to a bank whose short-term rating meets or exceeds the minimum rating within 30 calendar days of the downgrade. Alternatively, the accounts bank must procure a suitable guarantee from a financial institution rated at least 'F1'.

Liquidity Facility

Under the liquidity facility agreement between the issuer and Rabobank ("the liquidity facility provider"), the issuer will be entitled to make drawings in order to meet certain shortfalls in its available revenue receipts. Any drawing made under the liquidity facility agreement will be debited from an account maintained with the liquidity facility provider and credited to the issuer collection account. The liquidity facility provider will be compensated for such drawings in the following payment period senior in the interest waterfall.

The liquidity facility will be sized at 2.00% of the outstanding notes balance. A drawing to pay interest under each class of the notes is subject to certain PDL lock-out triggers – i.e., should a tranche PDL balance exceed the pre-defined amount, no drawing under the liquidity facility can be made to pay the interest due on such tranche. The PDL lock-out triggers range from 100% for the class A notes and 20% on the class E notes. Effectively, if the outstanding PDL balance exceeds 20% of the outstanding balance of the class E notes, no drawing can be made to meet any interest shortfalls on the class E notes, thereby preventing excessive senior leverage being added to the issuer.

Set-off Risk

On a quarterly basis, the servicer will calculate the total amount ("the potential set-off amount") of all current accounts and deposits held by all borrowers relevant to this transaction. The potential set-off amount will be reported in the quarterly investor report.

Should the rating of the originator (as holder of all current accounts and deposits) fall below 'A/F1', 150% of the potential set-off amount will be collateralised and credited on a monthly basis to a predefined set-off reserve account ("trigger reserve account") held by the issuer.

Origination and Servicing

Corporate Profile and Business Lines

VLB is an independent bank headquartered in the Netherlands with approximately 2,300 employees. It is owned by a holding company, Van Lanschot N.V., the main shareholders of which are Freisland Bank (approximately 20%) and Delta Lloyd (approximately 20%). Some 20% of the company is family-owned and approximately 15% of the shares are in free float. VLB's rating was affirmed at 'A/F1' in December 2005.

The bank has a well-established domestic private banking franchise targeting wealthy private individuals (those with income of EUR100,000+) and is also extending its reach in the Belgian private banking market. It also provides a range of banking services to medium-sized, family-owned businesses and specialist services to large corporate institutions. The bank is also active in asset management and securities brokerage.

Development and Strategy

VLB has developed a strong reputation by positioning itself as a credible alternative to large banks. It provides a full range of services to its clients while at the same time remaining small enough to focus on its primary aim to provide a high-quality, personal and customised service. The overlap between the high net worth individuals and family businesses is important to VLB from a cross-selling point of view. The last few years have seen consistent performance and sound profitability from the bank despite the difficult operating environment. The bank's revenues are well diversified between interest and non-interest sources.

The bank acquired CenE Bankiers ("CenE") in September 2004 from ING. CenE also services high net worth individuals and family-run businesses, but focuses primarily on the healthcare sector. The bank expects to complete its second acquisition – of Kempen & Co, specialising in asset management, corporate advisory service and securities brokerage to a similar client base – by mid-October 2006. This acquisition should help lessen the pressure on interest rate margins in an increasingly competitive environment as most of Kempen & Co's revenue is generated from fee-related services.

Lending Business – Principles and Processes

VLB has comprehensive and streamlined procedures in place for analysing, underwriting, approving and monitoring loans. The bank also has adequate administration processes in place for data capturing and carrying out legal requirements..

Client Sourcing: Clients are sourced primarily by word of mouth and referrals from existing clients. The loan approval ratio is relatively high as most loans have been requested by long-established clients of the bank.

Organisational Set-Up: The credit risk management ("CRM") department consists of approximately 36 employees and is split into three departments – credit assessment (16 employees), recovery (11) and the international division (five), all managed by a senior manager. The credit assessment department is further split into sub-departments by regions, covering the western, middle and eastern areas of the country. Each sub-department comprises a team leader, a senior credit officer and three (junior) credit officers. Experience is mixed with both long-established and relatively new members of staff, some of whom have experience of working at VLB and/or other banks.

Credit Risk Management Committees ("CRMC"): The CRMC comprises three committees – the credit committee ("CC") (which comprises the management board, the head of CRM and the head of private and business banking), the credit and risk committee ("CRC") (which comprises three members of the supervisory board) and the credit policy committee ("CPC") (which is responsible for credit policy).

Loan Origination

Loans are granted in consideration of relationship tenor, the capacity to pay (i.e., cash flow predictability), the solvency rate, the collateral quality and the sector focus. Certain sectors are particularly avoided, such as logistics, graphic design and automotive. The quality of the tenant and the term of the lease agreement are key factors in determining cash flow predictability for loans granted to clients for the purposes of investing in commercial real estate.

VLB rates its corporate credits on a scale of '1' to '5', with '1' denoting "very good", '2' "good", '3' "special attention", '4' "recovery section monitoring" and '5' "recovery section handling". The internal rating scale is a function of solvency, collateral and profitability. Only applications from credits that have an internal rating of '1' or '2' are approved. Loan approvals are subject to a hierarchy of authorisation limits. While low exposures can be granted by (junior) credit officers, applications which exceed certain authorisation limits by amount and rating require more senior authority, ranging from the senior credit officer through to the head of CRM. All credit approval decisions are made on a unanimous basis.

The timing of approvals can vary widely from as little as two days to a few weeks. VLB seeks to grant approval within a maximum period of two weeks. Historically, decisions have been made within three days as most of the loan requests have been from existing clients.

Periodic Reviews/Monitoring

Once approved, responsibility for monitoring credit risk rests with the credit management department. Loans are reviewed at least once a year, with loans to new borrowers reviewed after six months. High-risk credits (i.e., those rated '3' or '4') are monitored quarterly. Loans rated '5' are reviewed by the recovery section of the bank.

Recoveries and Write-Offs

Loans that are in arrears for three months or more (90+ days) are handled by the recovery section. Changes in provisions based on the outcome of quarterly checks. Methods of recovery range from managing client relationship and restructuring to foreclosure and sale. Only for loans where the underlying property has been sold and there is nothing further to gain will the related balance be written off.

Up to 300 cases have been dealt by the recovery department so far (200 private and 100 corporate), of which only about 10 were loans granted to clients for leveraging its commercial real estate investments. Only one loan of EUR1.85m and representing 0.15% of the total portfolio has not been fully recovered. Expected recoveries on all loans with special credit are 89%.

Credit Analysis

The credit analysis followed a two-step process to determine whether the capital structure could achieve the targeted rating. In the first step, the rating default rates ("RDRs") and recovery rates ("RRRs") were determined as an input for the cash-flow model.

In the second step, the structural protection (transaction covenants, PDLs and the waterfall) and excess margin were analysed in a custom-built cash flow model. The resulting breakeven default rates (which show the maximum default rate a tranche could withstand without loss) for each tranche and rating level were compared to the hurdle rates. For a tranche to pass, the hurdle rate had to be below the breakeven default rate.

Default Analysis

In order to estimate the default probability (portfolio hurdle rates) Fitch has derived base case defaults from the equity in the properties (imputed from the OLTV) and the liquidity measured by the debt service over the rental income ("DTI").

The AAA Default Profitability matrix below is applied to residential mortgage loans and was derived from default vintage data in the Netherlands based on OLTV and DTI.

AAA Default Profitability

	DTI CLASS				
LTV (%)	Class 1	Class 2	Class 3	Class 4	Class 5
0	3.5	3.9	4.5	5.8	7.7
40	3.9	4.3	4.9	6.4	8.6
50	4.3	4.7	5.5	7.1	9.5
60	4.7	5.2	6.0	7.9	10.5
70	5.2	5.8	6.7	8.7	11.6
75	6.4	7.1	8.2	10.7	14.2
80	7.8	8.7	10.0	13.1	17.4
85	9.6	10.7	12.3	16.0	21.3
90	11.8	13.1	15.0	19.6	26.1
95	13.0	14.4	16.6	21.6	28.8
100	14.4	16.0	18.4	24.0	32.0
105	15.9	17.7	20.3	26.5	35.4
110	17.6	19.6	22.5	29.4	39.2

Source: Fitch

Based on the expected volatility of the property income, Fitch has applied a default adjustment between 1.3 and 1.5 to the base case default probability – e.g., Fitch has increased the base default probability from the matrix above by 1.5 for offices or mixed properties. Fitch has used its CMBS RVD assumptions as a measure of expected volatility.

Fitch has also increased the default probability for interest-only loans ("bullet loans"), floating-rate loans and loans which pay less frequently than monthly.

Approximately 54% of the portfolio is granted to SME companies without recourse to an individual or to personal property ("non-recourse loans"). Fitch has taken the profitability and key financials ratios of the companies into account when assessing the credit quality. Non-recourse loans have mitigants in place versus recourse loans: for example, they are typically shorter-dated, amortising loans with lower OLTVs and CLTVs as well as higher DTI ratios. Nonetheless, Fitch has increased the base case default probability of non-recourse loans to account for the lack of any corporate credit at the borrower level.

Recovery Analysis

The other key area of Fitch's analysis was a review of the available collateral on a loan-by-loan basis to derive tiered recovery rates for each loan.

Fitch has received appraised values, rental income, property descriptions and property details for each property providing security for loans in the portfolio. The market value taken by Fitch is the lower of the appraised value (provided it was after 2001) and the value derived by capitalising the rental income generated (as calibrated on the basis of either gross or passing rent).

The value from gross rent has been derived by cap rate assumptions (gross yields) on a property-specific and regional basis from data provided by DTZ Research, ROZ Index and IPD. Fitch has assumed an over-rented market for offices in the Netherlands and reduced the gross passing rent to derive the estimated gross rental value ("ERV"). Appraisals before 2001 proved to be out-dated; consequently, Fitch has used the value derived from rental income if the evaluation dates back by more than five years.

As part of its asset-specific recovery analysis for loans secured by real estate, Fitch applied an MVD at each rating stress level depending on the underlying property type. The MVDs are those suggested by the commercial mortgage-backed securities and residential mortgage-backed securities groups.

In order to conduct the MVD analysis, Fitch reviewed market-specific data provided by DTZ, ROZ Index and IPD. The data provided also allowed Fitch to apply property type and regional specific yield shifts. The properties attached to the largest 10 loans have been re-underwritten by reviewing the appraisals more intensively. Fitch has applied property-specific RVDs and yield shifts to derive the liquidation value of each property upon loan default. Fitch has also applied a deduction to gross rent to account for property quality, capital expenditures, void periods and re-letting probability.

Credit Analysis

(%)	Rating Default Rate (RDR)	Rating Recovery Rate (RRR)	Rating Loss Rate (RLR)
AAA	38.00	69.10	11.75
AA	31.00	76.20	7.40
A	23.30	82.00	4.20
BBB	14.90	82.30	2.65
BB	12.50	90.05	1.25

Source: Fitch

Asset Concentration Test

The top five borrowers represent approximately 21% of the total pool balance while the top ten borrowers represent approximately 34%. Given the concentration in the pool, Fitch has tested for obligor concentrations by assuming that a number of loans with the largest loss severities go on to default. Effectively, in a 'BB' liability rating, Fitch has assumed that the five largest borrowers in terms of loss severity will default while the credit enhancement beneath 'BBB' rated notes must be sufficient to absorb losses from the seven largest borrowers in terms of loss severity.

Cash Flow Modelling

Fitch modelled the cash flows of this transaction using the default probabilities and recovery rates detailed above.

The analysis calculated the cost of carrying defaulted loans as the difference between the performing balance of the collateral and the notional note balance until all the recovery proceeds are collected. Excess margin, the reserve fund and principal collections must be sufficient to cover the carrying cost until all recoveries are received. Interest rates were stressed over time as per the criteria definitions detailed in the report "*Global Rating Criteria for Collateralised Debt Obligations*", dated 4 October 2006 and available at www.fitchratings.com. Fitch's recovery calculation assumed a one-year lapse between the date of default and the recovery date.

Default Timing

The structure was tested on both front- and back-loaded default sequences. A back-loaded default sequence is generally more stressful, as substantial amounts of excess margin would have already been paid out by the structure before any provisioning mechanism was triggered. However, this is mitigated by the degree to which loans de-lever over their life, therefore reducing loss severity.

Prepayments

The level of prepayments was also modelled and stressed to test the robustness of the transaction. Prepayments lower the absolute amount of excess margin, which is crucial to the total CE for this structure and is the sole protection available to the class E notes. Prepayments of loans in this portfolio should be relatively minimal because (1) some 60% of the loans are floating rate loans, (2) borrowers are typically long-term clients with VLB and (3) loans have penalties for prepayments above predefined amounts.

The level of stress due to prepayments is reduced because the swap counterparty will continue to pay the excess margin of 0.60% p.a. of prepayments to date in excess of what is allowed. Such a feature is rather unconventional, and therefore it may be difficult to find a replacement swap that provides this element of protection. In light of the credit quality of Rabobank, Fitch has tested the transaction for high prepayments only in its ‘AAA’ rating stresses.

Liquidity Facility

The liquidity facility plays a crucial role to cover a limited degree of temporary interest shortfalls. The liquidity facility lock-out triggers based on predefined PDL balances play a crucial role for the senior notes as they prevent a continuous drawing for the benefit of the subordinated notes.

Performance Analytics

Fitch will monitor the transaction regularly and as warranted by events. Its structured finance performance analytics team ensures that the assigned ratings remain, in the agency’s view, an appropriate reflection of the issued notes’ credit risk.

Details of the transaction’s performance will be available to subscribers at www.fitchresearch.com. Further information on this service is available at www.fitchratings.com.

Please call the Fitch analysts mentioned on the first page of this report with any queries regarding the initial analysis or the ongoing surveillance.

Lancelot 2006 B.V. — Netherlands/CDO

Capital Structure

Class	Rating	% of Total	Size (EURm)	CE (%)[1]	PMT Freq	Legal Maturity	Coupon
A	AAA	88.00	538.35	12.00	Quarterly	August 2073	Floating
B[1]	AA	3.50	21.41	8.50	Quarterly	August 2073	Floating
C	A	3.25	19.88	5.25	Quarterly	August 2073	Floating
D	BBB	3.25	19.88	2.00	Quarterly	August 2073	Floating
E	BB	2.00	12.24	0.00	Quarterly	August 2073	Floating
Total Debt Obligations		**100.00**	**611.76**				

[1] Credit enhancement presented is subordination at closing only. The transaction benefits from 0.60% available excess margin and a reserve account which will build up to 0.70% of the initial notes balance.

Key Information

		Role	Party (Trigger)
Closing Date	December 2006 (Expected)	Originator/ Servicer	F. Van Lanschot Bankiers N.V. (rated 'A/F1')
Country of Assets	Netherlands	Issuer	Lancelot 2006 B.V.
Structure	Pass through, sequential	Commingling Guarantor	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (a subsidiary of Rabobank Group; rated 'AA+/F1+')
Type of Assets	Private individuals, small to medium-sized entities ("SMEs") and special-purpose vehicles established by SMEs or individuals in the Netherlands.	Swap Counterparty	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (a subsidiary of Rabobank Group; rated 'AA+/F1+')
Currency of Assets	EUR	Joint-lead Arranger	Rabobank International, London Branch
Currency of Notes	EUR	Principal Paying Agent	Deutsche Bank AG, Amsterdam Branch (rated 'AA-/F1+')
Primary Analyst	markus.morlok@derivatefitch.com Tel: +44 20 7417 3479	Issuer Account Bank	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (a subsidiary of Rabobank Group; rated 'AA+/F1+')
Secondary Analyst	elmar.schoonbrood@fitchratings.com Tel: +44 20 7070 5839	Liquidity Facility Provider	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (a subsidiary of Rabobank Group; rated 'AA+/F1+')
Performance Analyst	christiane.kuti@derivatefitch.com Tel; +44 20 7862 4134	Trustee	Stichting Security Trustee Lancelot 2006

Collateral – Pool Characteristics as of June 2006

Pool Characteristics			
Current Principal Balance (EUR)	611,762,513	**Regional Concentration (%)**	
Average Current Loan Balance (EUR) per Borrower	3,847,563	Noord-Brabant	27.61
Number of Loans	356	**Property Characteristics (%)**	
Number of Borrowers	159	Industrial	36.61
WA Seasoning (months)	32.7	Office	9.61
Oldest Loan in Portfolio	1998	Residential	3.26
Most Recent Loan in Portfolio	2006	Retail	0.27
Top Five Obligors (%)	21.44	Mixed/Other	50.25
Top Ten Obligors (%)	33.86	**Borrower Characteristics (%)**	
Number of Loans	356	SME/Micro Finance Companies	53.92
		Companies with personal guarantee	9.82
Interest Rate Type (%)		Individuals	36.25
Variable	61.47	**Loan to Value (LTV) (%)**	
Fixed	38.53	- Original Loan-to-Value (revalued)	68.59
		- Current Loan-to-Value (revalued)	64.90

Source: VLB/RaboBank/Percentages in volume terms

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