

Confidential

EETI Quarterly Review

QUARTER ENDED 30/09/2014

October 2014

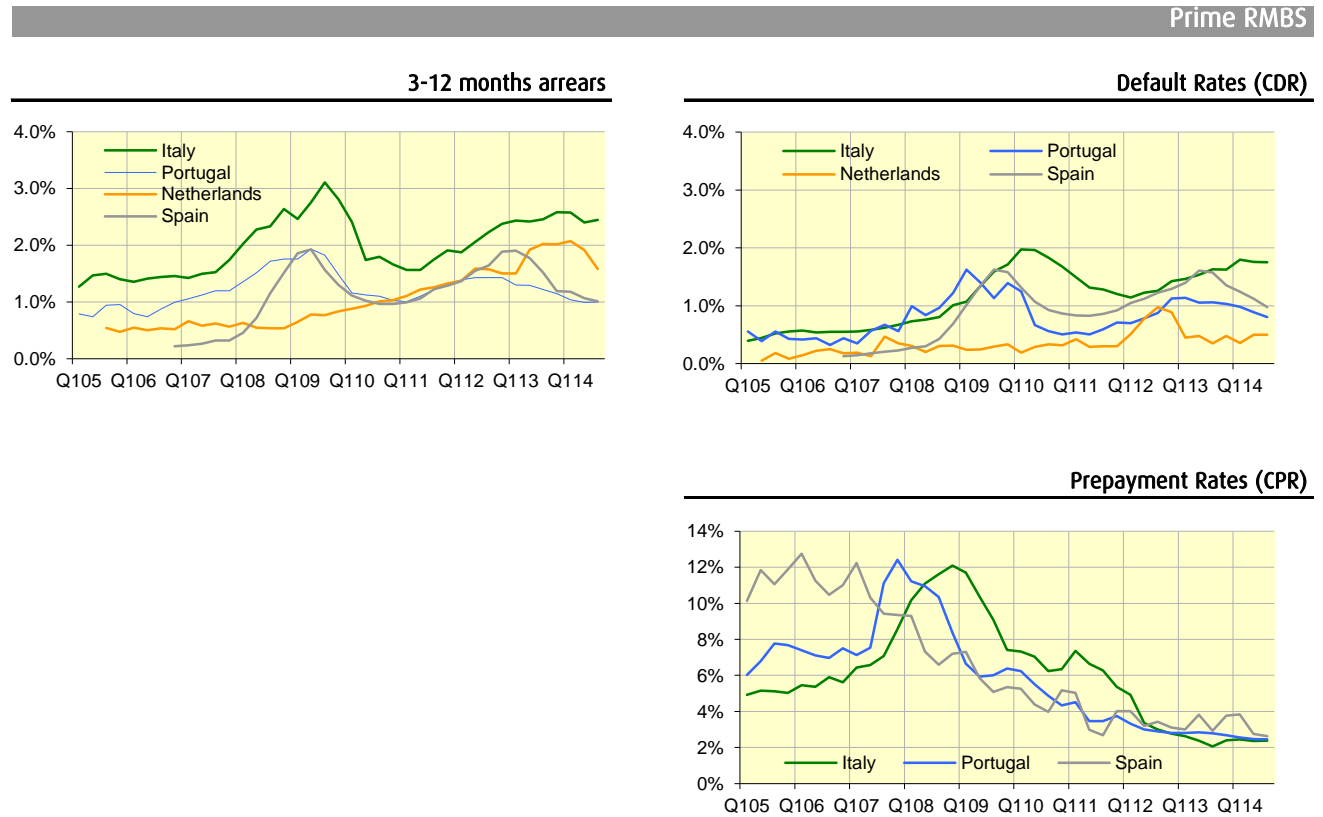
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1 EUROPEAN ABS / RMBS ACTIVITY AND PERFORMANCE

Prime European RMBS performance

- ▶ Arrears and default levels in the periphery continue their gradual improvement amidst a continued decline in prepayment rates.

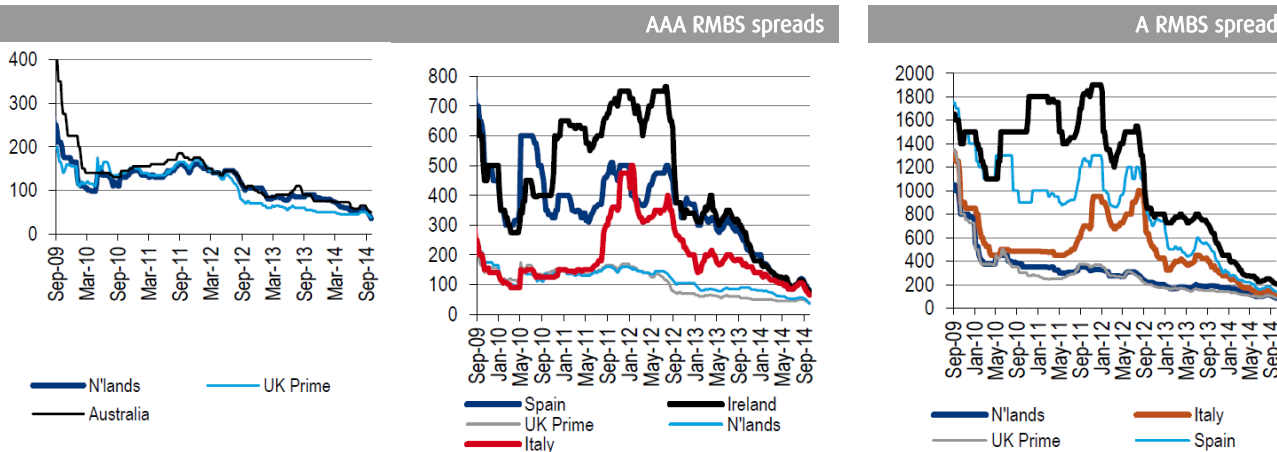


Note: Indices based on own data collection of a broad sample of seasoned RMBS transactions.
 Source: Trustee reports and Cartesia.

European ABS / RMBS market activity

- ▶ European ABS is now trading at the same levels as corporate and financial issuers of similar credit quality with the risk / illiquidity premium that prevailed since the crisis having essentially vanished. The inclusion of some ABS among eligible assets for ECB purchases has added further support to the senior / first pay bonds.
 - Top UK/Dutch AAAs (first pay bonds) trade around EUR3M + 40-50bps;
 - Peripheral first pay bonds further tightened and trade around EUR3M + 80bps;
 - Mezzanine and subordinated bonds continue to be actively traded, with IRRs very rarely exceeding 6-7% even for distressed issues.

EVOLUTION OF RMBS SPREADS OVER EUR3M



Source: Merrill Lynch BOA for 3-5 year WAL bonds.

2 PORTFOLIO PERFORMANCE

A. Cash Flow

Cash flow receipts for the quarter ended 30/09/2014

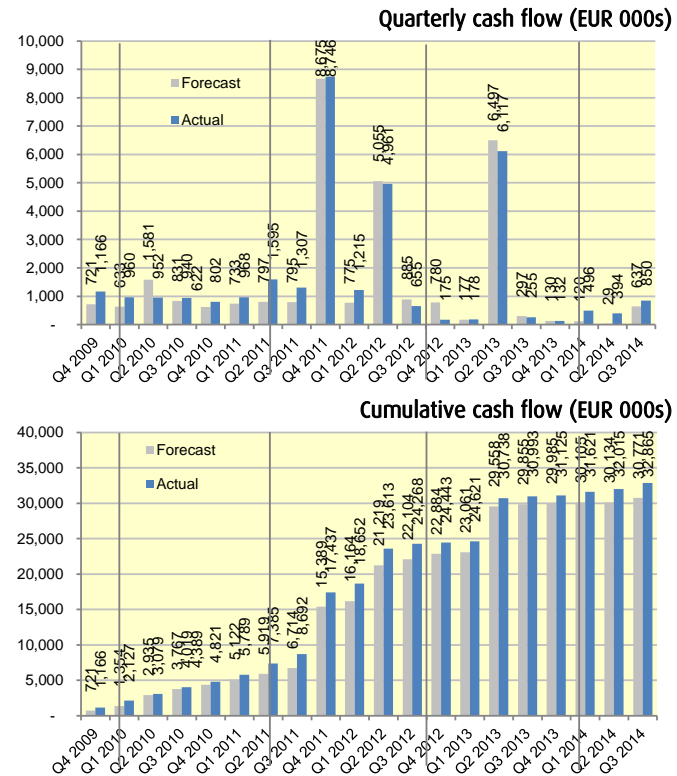
- ▶ Quarterly cash flow amounted to EUR 850k, derived primarily from the Ludgate and Lusitano 3 residual positions.

Cash flow receipt for the quarter

(EUR)

Transactions	Actual	Forecast	Delta
Lusitano 3	246,911	100,000	146,911
Lusitano 5	-	-	-
Pastor 2	-	-	-
Pastor 3	-	-	-
Pastor 4	-	-	-
Pastor 5	-	-	-
Sestante 4 A1	13,109	11,058	2,051
Gems	12,778	12,000	778
Ludgate	577,237	513,452	63,785
TOTAL	850,035	636,510	213,525

Actual vs. forecast since Q4 2009



Forecast cash flow

Forecast cash flow from Q4 2014 onwards

(EUR 000s)

Period	Period CF	Cumulative CF	% Total	Cumulative % Total
Q4 2014	617	617	1.5%	1.5%
2015	2,614	3,231	6.3%	7.8%
2016	2,893	6,123	7.0%	14.7%
2017	3,110	9,233	7.5%	22.2%
2018	7,973	17,207	19.2%	41.4%
2019	6,705	23,911	16.1%	57.5%
2020	7,403	31,315	17.8%	75.4%
2021	3,800	35,115	9.1%	84.5%
2022	601	35,716	1.4%	85.9%
Beyond	5,842	41,558	14.1%	100.0%
TOTAL	41,558		100.0%	

Total forecast cash flow of
EUR 41.5m

Net present values at different discount rates

(EUR 000s)

Net present values at different discount rates											
Discount Rate	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Gems	Minotaure	Ludgate	Total
6.61%	3,786	-	683	-	6,751	5,348	105	3,648	1,995	7,630	29,708
8.11%	3,525	-	598	-	6,339	4,913	104	3,363	1,815	7,349	27,969
13.11%	2,802	-	389	-	5,230	3,797	100	2,589	1,338	6,539	23,186
15.11%	2,564	-	329	-	4,875	3,456	98	2,340	1,188	6,261	21,627
17.11%	2,350	-	280	-	4,559	3,159	97	2,119	1,058	6,004	20,229
19.11%	2,158	-	238	-	4,277	2,898	95	1,924	944	5,768	18,972
21.11%	1,985	-	203	-	4,023	2,668	94	1,749	843	5,549	17,839
Valuation	3,525	-	389	-	6,339	3,797	105	3,648	1,338	6,539	25,680

Cash flow multiples at different discount rates (total cash flow / net present value)											
Discount Rate	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Gems	Minotaure	Ludgate	Total
6.61%	1.4x	--	1.8x --	--	1.4x	1.5x	1.1x	1.5x	1.5x	1.2x	1.4x
8.11%	1.5x	--	2.1x --	--	1.5x	1.7x	1.1x	1.6x	1.7x	1.2x	1.5x
13.11%	1.9x	--	3.2x --	--	1.8x	2.2x	1.1x	2.0x	2.3x	1.4x	1.8x
15.11%	2.0x	--	3.8x --	--	1.9x	2.4x	1.1x	2.3x	2.6x	1.5x	1.9x
17.11%	2.2x	--	4.5x --	--	2.0x	2.6x	1.2x	2.5x	2.9x	1.5x	2.1x
19.11%	2.4x	--	5.3x --	--	2.2x	2.8x	1.2x	2.8x	3.3x	1.6x	2.2x
21.11%	2.6x	--	6.2x --	--	2.3x	3.1x	1.2x	3.0x	3.6x	1.6x	2.3x
Valuation	1.5x	--	3.2x --	--	1.5x	2.2x	1.1x	1.5x	2.3x	1.4x	1.6x

Note: Net present values presented in the above tables marginally differ from accounting book values as their calculation is based on simplified assumptions of end of quarter cash flow receipts and quarterly compounding.

Net present values at different cash flow vs. base case

(EUR 000s)

Net present values at different forecast cash flow

% Actual Cash Flow vs. Base Case	Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Gems	Minotaure	Ludgate	Total	Delta
170.0%	5,993	-	661	-	10,776	6,455	179	6,201	2,274	11,116	43,656	70.0%
165.0%	5,817	-	642	-	10,460	6,265	174	6,019	2,207	10,789	42,372	65.0%
160.0%	5,640	-	622	-	10,143	6,075	168	5,836	2,140	10,463	41,088	60.0%
155.0%	5,464	-	603	-	9,826	5,885	163	5,654	2,073	10,136	39,804	55.0%
150.0%	5,288	-	584	-	9,509	5,695	158	5,471	2,007	9,809	38,520	50.0%
145.0%	5,112	-	564	-	9,192	5,506	153	5,289	1,940	9,482	37,236	45.0%
140.0%	4,935	-	545	-	8,875	5,316	147	5,107	1,873	9,155	35,952	40.0%
135.0%	4,759	-	525	-	8,558	5,126	142	4,924	1,806	8,828	34,668	35.0%
130.0%	4,583	-	506	-	8,241	4,936	137	4,742	1,739	8,501	33,384	30.0%
125.0%	4,407	-	486	-	7,924	4,746	131	4,560	1,672	8,174	32,100	25.0%
120.0%	4,230	-	467	-	7,607	4,556	126	4,377	1,605	7,847	30,816	20.0%
115.0%	4,054	-	447	-	7,290	4,366	121	4,195	1,538	7,520	29,532	15.0%
110.0%	3,878	-	428	-	6,973	4,177	116	4,012	1,471	7,193	28,248	10.0%
105.0%	3,701	-	409	-	6,656	3,987	110	3,830	1,405	6,866	26,964	5.0%
100.0%	3,525	-	389	-	6,339	3,797	105	3,648	1,338	6,539	25,680	0.0%
95.0%	3,349	-	370	-	6,022	3,607	100	3,465	1,271	6,212	24,396	-5.0%
90.0%	3,173	-	350	-	5,705	3,417	95	3,283	1,204	5,885	23,112	-10.0%
85.0%	2,996	-	331	-	5,388	3,227	89	3,100	1,137	5,558	21,828	-15.0%
80.0%	2,820	-	311	-	5,071	3,038	84	2,918	1,070	5,231	20,544	-20.0%
75.0%	2,644	-	292	-	4,754	2,848	79	2,736	1,003	4,904	19,260	-25.0%
70.0%	2,468	-	272	-	4,437	2,658	74	2,553	936	4,577	17,976	-30.0%
65.0%	2,291	-	253	-	4,120	2,468	68	2,371	870	4,250	16,692	-35.0%
60.0%	2,115	-	233	-	3,803	2,278	63	2,189	803	3,923	15,408	-40.0%
55.0%	1,939	-	214	-	3,487	2,088	58	2,006	736	3,596	14,124	-45.0%
50.0%	1,763	-	195	-	3,170	1,898	53	1,824	669	3,270	12,840	-50.0%
45.0%	1,586	-	175	-	2,853	1,709	47	1,641	602	2,943	11,556	-55.0%
40.0%	1,410	-	156	-	2,536	1,519	42	1,459	535	2,616	10,272	-60.0%
35.0%	1,234	-	136	-	2,219	1,329	37	1,277	468	2,289	8,988	-65.0%
30.0%	1,058	-	117	-	1,902	1,139	32	1,094	401	1,962	7,704	-70.0%

Note: The table presents the net present value of each investment at its base case discount rate, assuming an increase/decrease in actual cash flow received vs. base case. Net present values marginally differ from accounting book values as their calculation is based on simplified assumptions of end of quarter cash flow receipts and quarterly compounding.

B. Performance and Valuation

Quarterly performance indicators

Transactions	90d+ arr.		CDR		CPR		Recoveries		Reserve			Cum. loss rate	
	Act.	Fcast	Act.	Fcast	Act.	Fcast	Act.	Fcast	Act.	Fcast	Min.	Act.	Fcast
Lusitano 3	1.3%	n/a	0.9%	1.4%	1.5%	1.6%	1,512	1,250	7,819	7,819	7,819	n/a	n/a
Lusitano 5	1.3%	n/a	1.2%	1.8%	1.2%	1.3%	2,645	1,600	(7,562)	(7,399)	11,900	n/a	n/a
Pastor 2	0.4%	n/a	0.6%	0.4%	2.9%	4.3%	329	245	4,824	4,776	5,000	n/a	n/a
Pastor 3	2.2%	n/a	1.4%	0.0%	2.8%	0.0%	1,284	300	(46,896)	n/a	9,000	n/a	n/a
Pastor 4	1.8%	n/a	2.7%	3.0%	3.4%	3.3%	1,187	910	(36,205)	(36,986)	5,520	n/a	n/a
Pastor 5	1.3%	n/a	2.9%	3.5%	2.5%	2.9%	1,093	500	(26,312)	n/a	10,500	n/a	n/a
Sestante 4 A1	9.4%	0.0%	4.0%	3.7%	1.0%	13.1%	819	5,567	(40,135)	n/a	6,200	n/a	n/a
Gems	n/a	n/a	-2.7%	0.0%	n/a	n/a	n/a	n/a	24,354	24,007	n/a	3.85%	3.88%
Ludgate	n/a	n/a	0.5%	1.0%	5.1%	5.0%	n/a	n/a	1,149	1,149	1,149	n/a	n/a

Notes: Negative reserve indicates unpaid amounts to the senior notes (unpaid PDLs). Reserve amounts are highlighted in red when negative or below minimum, even if better than forecast.

Transactions are overall performing slightly better than anticipated with meaningful recoveries in Portugal as well as Spain

Revised valuation assumptions (24-month averages)

- Changes in credit assumptions are limited this quarter and IRRs have been tightened by a further 30 to 40 bps, in line with the prevailing methodology.

SUMMARY OF MAIN VALUATION INPUTS

Positions	CDR					CPR					Loss Severity					Recovery Lag					Discount Rate				
	Q4 2012	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2012	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2012	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2012	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2012	Q4 2013	Q1 2014	Q2 2014	Q3 2014
Lusitano 3	0.90%	1.35%	1.39%	1.39%	1.38%	2.50%	1.70%	1.68%	1.58%	1.56%	20%	20%	20%	20%	20%	10	10	10	10	10	10.00%	9.00%	8.77%	8.49%	8.11%
Lusitano 5	1.30%	1.71%	1.79%	1.77%	1.72%	2.20%	1.50%	1.36%	1.27%	1.24%	20%	20%	20%	20%	20%	10	10	10	10	10	15.00%	14.00%	13.77%	13.49%	13.11%
Pastor 2	0.20%	0.35%	0.39%	0.47%	0.53%	5.10%	4.60%	4.40%	4.31%	3.97%	20%	20%	20%	30%	30%	10	10	10	10	10	10.00%	9.00%	8.77%	8.49%	8.11%
Pastor 3	2.40%	3.93%	4.11%	4.02%	3.75%	3.10%	3.00%	3.00%	3.21%	3.09%	20%	20%	20%	30%	30%	10	10	10	10	10	15.00%	14.00%	13.77%	13.49%	13.11%
Pastor 4	2.20%	3.06%	3.10%	2.97%	3.10%	3.20%	3.00%	3.10%	3.25%	3.17%	20%	20%	20%	30%	30%	10	10	10	10	10	15.00%	14.00%	13.77%	13.49%	13.11%
Pastor 5	2.00%	3.07%	3.31%	3.50%	3.63%	3.30%	2.80%	2.80%	2.86%	2.83%	20%	20%	20%	30%	30%	10	10	10	10	10	15.00%	14.00%	13.77%	13.49%	13.11%
Gems	0.00%	0.00%	0.00%	0.00%	0.00%	nm	nm	nm	nm	nm	95%	95%	95%	95%	95%	nm	nm	nm	nm	nm	8.50%	7.50%	7.27%	6.99%	6.61%
Minotaure	0.20%	0.22%	0.23%	0.26%	0.20%	4.58%	4.16%	4.20%	4.30%	4.15%	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	15.00%	14.00%	13.77%	13.49%	13.11%
Sestante 4 A1																					8.50%	7.50%	7.27%	6.99%	6.61%
Ludgate				1.00%	1.00%					5.00%					30%	30%								13.49%	13.11%

Quarterly valuation

- ▶ Quarter-end book value amounts to EUR 25,647k excluding accruals, after a combined revaluation of EUR 1,169k. The main affected positions include:
 - The Lusitano residuals for a combined EUR 789k, due the continued improvement in their credit performance;
 - The Ludgate position by EUR 281k, reflecting a higher payout at the September IPD and an improvement in the spot EUR/GBP rate.

QUARTERLY BOOK VALUES AND REVALUATIONS

(EUR 000s)	31/12/2012		31/03/2013		30/06/2013		30/09/2013		31/12/2013		31/03/2014		30/06/2014		30/09/2014	
	Book Value	(Markdown)/Revaluation	Book Value	(Markdown)/Revaluation	Book Value	(Markdown)/Revaluation	Book Value	(Markdown)/Revaluation	Book Value	(Markdown)/Revaluation	Book Value	(Markdown)/Revaluation	Book Value	(Markdown)/Revaluation	Book Value	(Markdown)/Revaluation
Lusitano 3	6,070	13	5,947	(266)	5,862	(225)	5,581	(330)	5,803	228	5,769	132	6,129	317	6,338	331
Lusitano 5	2,762	627	2,430	(431)	2,631	116	3,009	206	2,841	(279)	2,926	81	3,244	224	3,796	448
Pastor 2	2,826	(520)	2,863	(24)	2,946	14	3,123	115	3,257	63	3,278	(42)	3,393	45	3,526	62
Pastor 3	502	(531)	184	(336)	287	97	68	(230)	68	(1)	0	(70)	0	0	0	0
Pastor 4	2,357	(459)	2,267	(172)	2,376	28	2,528	60	2,272	(344)	2,324	(13)	333	(2,067)	389	45
Pastor 5	855	23	903	18	1,165	229	1,199	(11)	448	(793)	427	(31)	0	(441)	0	0
Semper	6,720	(200)	6,719	(1)		(626)									0	0
Gems	3,208	1,234	3,397	136	4,119	663	4,269	52	4,504	163	4,654	110	3,577	(1,148)	3,648	22
Minotaure	920	(1,321)	1,010	58	1,070	23	1,131	22	1,190	20	1,245	18	1,308	22	1,338	(13)
Sestante 4 A1	173	(7)	163	(3)	153	0	150	3	137	(5)	127	0	123	6	105	(7)
Ludgate													6,590	6,590	6,507	281
TOTAL	26,394	(1,142)	25,884	(1,020)	20,608	319	21,059	(113)	20,521	(947)	20,751	186	24,697	3,548	25,647	1,169

Pastor investments

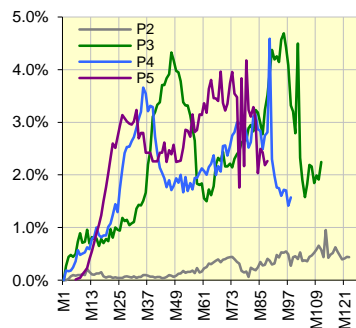
PERFORMANCE

- ▶ 90-day+ arrears appear to be stabilizing at approx. 1.5-2.0% in the Pastor 3, 4 and 5 transactions with defaults currently still elevated at 1.5-3.0% p.a..
- ▶ Recoveries have however started to crystallize in all Pastor transactions, with quarterly recoveries exceeding EUR 1m for Pastor 3, 4 and 4 and EUR 300k for Pastor 2.
- ▶ Owing to these recoveries, the draw on the reserve fund of the Pastor 2 issue has narrowed to approx. EUR 200k. The position is expected to resume cash flowing in early 2015.

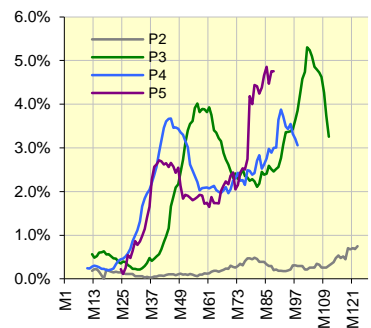
VALUATION

- ▶ The reduction in discount rates and broadly unchanged credit assumptions lead to a combined revaluation of EUR 107k for the four positions to EUR 3,915k.

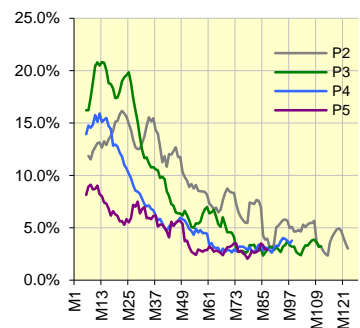
90d+ arrears (excl. defaults, as % CB)



12M average default rates (CDR as % CB)



6M average CPR



Note: Graphs expressed in months since issue.

Lusitano investments

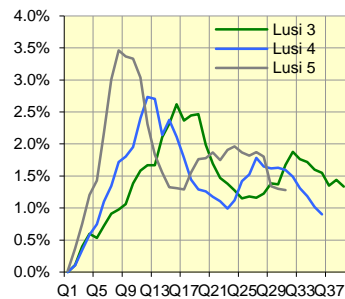
PERFORMANCE

- ▶ 90d+ arrears and default rates continued to improve marginally for Lusitano 3 and 5 deals with continuously strong recoveries (EUR 1.5m for Lusitano 3 and EUR 2.6m for Lusitano 5).
- ▶ The Lusitano 3 residual received EUR 247k vs. an expected EUR 100k, due to lower defaults and higher recoveries than forecast.

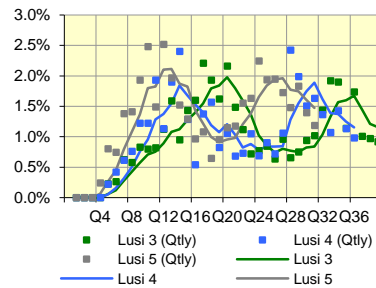
VALUATION

- ▶ Improved recoveries and the reduction in IRRs lead to a combined revaluation of EUR 779k for both positions to EUR 10,134k.

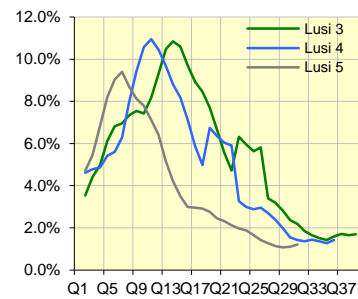
90d+ arrears (excl. defaults, as % CB)



Quarterly and average defaults (as % CB)



12M average CPR



Note: Graphs expressed in months since issue.

Ludgate

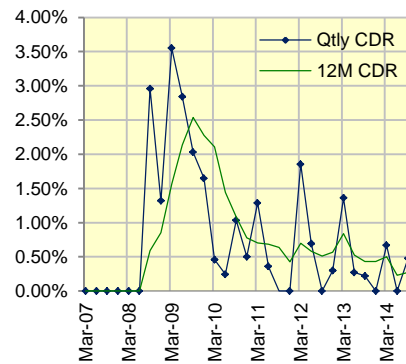
PERFORMANCE

- ▶ The Ludgate position generated a quarterly cash flow of EUR 577k vs. EUR 513k forecast ; excess cash flow reflected lower defaults and an improved exchange EUR / GBP rate.
- ▶ The credit performance of the position remains satisfactory with a default rate of 0.5% p.a. and a total redemption rate close to 5%. The underlying interest rate exposure (BBR vs. Libor) has remained neutral.

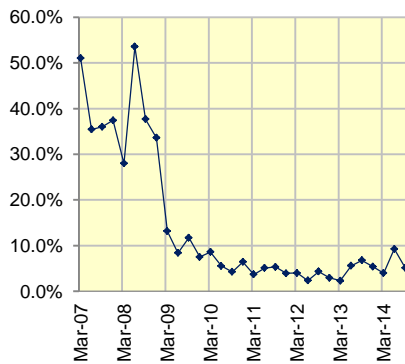
VALUATION

- ▶ The excess quarterly cash flow, the tightening of the discount rate and the application of the more favourable spot exchange rate lead to a revaluation of EUR 281k.

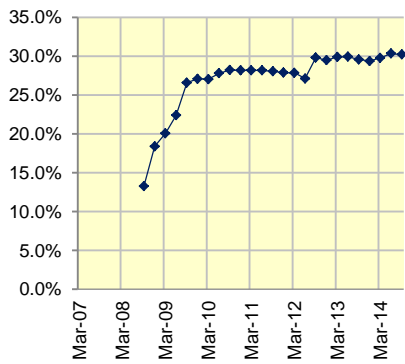
Quarterly and 12M default rate (CDR)



Quarterly total redemption rate (TRR)



Cumulative loss severity



Note: Graphs expressed in months since issue.

Other EETI investments

Gems

- ▶ Stable credit performance, slightly ahead of forecast. Quarterly revaluation of EUR 22k mainly due to the lower discount rate.

Minotaure

- ▶ Stable credit performance with a slight decline in prepayments leading to a marginal markdown of EUR 13k.

Sestante Class A1

- ▶ Slightly slower amortization than forecast lead to a revaluation of EUR 7k.

3 PROVISIONAL ACCOUNTING ITEMS

Accounting items for the quarter ended 30/9/2014

EETI QUARTERLY VALUATION REPORT AS AT 30/09/2014

From:	01/07/2014
To:	30/09/2014

All figures in Euros thousands

Investments	Payment date	CF receipts and breakdown			Accounting items			Valuation excl. accruals		Valuation incl. accruals		
		Actual CF received	of which: Interest	of which: Principal	Income (ex-accruals)	Capitalised interest	Accruals to report date	(Write-down) / Revaluation	Valuation	(Write-down) / Revaluation	Valuation	% Total
Lusitano 3	16/07/2014	247	126	121	126	0	116	331	6,338	331	6,454	24.7%
Lusitano 5	15/07/2014	-	-	-	104	104	99	448	3,796	448	3,895	14.8%
Pastor 2	22/09/2014	-	-	-	70	70	8	62	3,526	62	3,534	13.7%
Pastor 3	22/09/2014	-	-	-	0	0	0	0	0	0	0	0.0%
Pastor 4	22/09/2014	-	-	-	11	11	1	45	389	45	390	1.5%
Pastor 5	22/09/2014	-	-	-	0	0	0	0	-	0	0	0.0%
Gems	02/09/2014	13	13	-	61	49	23	22	3,648	22	3,671	14.2%
Minotaure	22/09/2014	-	-	-	42	42	2	(13)	1,338	(13)	1,340	5.2%
Ludgate	07/09/2014	577	214	363	214	0	48	281	6,507	281	6,555	25.4%
Sestante 4 A1	16/07/2014	13	2	11	2	0	2	(7)	105	(7)	107	0.4%
Total		850	354	496	630	276	300	1,169	25,647	1,169	25,947	100.0%

ACCOUNTING INCOME

Actual cash flow received in Q	850
Plus: Capitalised interest	276
Less: Amortisation of principal	(496)
Income excl. accruals	630
<i>check</i>	<i>0.0</i>
Less: Previous Q accruals	(251)
Plus: Current Q accruals	300
Income incl. accruals	679

WRITE-DOWNS / REVALUATIONS

Sum of write-downs excl. accruals	(20)
Sum of revaluations excl. accruals	1,189
Total excl. accruals	1,169
<i>check</i>	<i>0.0</i>
Sum of accruals included in write-downs	0
Sum of accruals included in revaluations	0
Total incl. accruals	1,169
<i>check</i>	<i>0.0</i>

VALUATION RECAP

Valuation excl. accruals	25,647
Valuation incl. accruals	25,947
<i>check</i>	<i>0.0</i>
Last Q valuation excl. accruals	24,697
Plus: Capitalised interest	276
Less: Amortisation of principal	(496)
Sum write-downs / reval. excl. accruals	1,169
Plus: Purchased in Q	
Current Q excl. accruals	25,647
<i>check</i>	<i>0.0</i>