Structured Finance Watch

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EUROPEAN STRUCTURED FINANCE MONITOR

- Dozen deals price but pipeline still boasts over EUR 40bln
- Fortis unveils new Dutch master trust, ready to inaugurate with EUR 4bln RMBS
- Guidance released on Holmes, 9-10bp the target for 3.9-year Triple As
- Barclays, Merrill and SG announce new conduit CMBS trades

Primary round-up for week of November 6

Over EUR 12bln equivalent has priced over the course of the week, but with EUR 42bln still in the pipeline, it will be some time yet before any signs of slowing become apparent.

UK, Dutch, German, Russian, Portuguese and Australian deals have priced this week, presenting investors with a few diversification opportunities. And despite still being faced with a daunting pipeline, the majority of deals came through basically unscathed.

Spreads may be 1-2bp wider than where they were in September as supply has had an affect on some sectors, but the market in general continues to hold up well, offering originators some form of comfort.

Order books are still being fully covered and some tranches are even trading up in the secondary market, albeit most of these priced at the wide end of guidance in the first place.

Lead managers are still attempting to test the tight end of the range if there is sufficient guidance, especially at the lower end of the structure where tranches are still benefiting from investor hunger for mezzanine paper. With some Triple As, however, there is little room for manoeuvre.

This was borne out in a few of the week's deals where investors have not been willing to move too tight, particularly when short-dated tranches with single digit spreads are concerned.

One example is **Silver Arrow 2,** the EUR 1.5bln German auto loan ABS from DaimlerChrysler Bank. BayernLB and SG led the issue, which included a fairly large Triple A note at EUR 1.432bln.

The 1.28-year tranche was talked at 1ME+6bp area, but 6bp was deemed a little too tight for investors, and a 7bp print resulted. The split rated Aa2/A note was EUR 67.5mm in size and was heavily oversubscribed.

Sources suggest that while a 15bp print was looking likely given the demand, the leads were able to take it one step further and trim another basis point from the spread to 17bp.

This outcome was almost the opposite to Driver Three from October. Originated by Volkswagen Bank, the issued priced at the tight end of guidance at the Triple A, but at the wide end at the Single A. VW's Driver deal was three years longer than Silver Arrow at 4.2-years, and priced its Triple A at 10bp having been talked at 10bp area and its Single A at 19bp having been talked at 18bp area.

Also pricing in the auto loan sector was a EUR 255.8mm deal from Russian Standard Bank. **Russian Car Loans 1**, via HVB and JP Morgan, was backed by RUB-denominated loans to Russian obligors, 91.85% if which were used for the purchase of new cars.

The capital structure only went as high as a Baa1/A– price, which priced towards the tighter end of its 1ME+110-130bp guidance range at 115bp. The Triple B piece squeezed inside its 160bp area indication to print at 155bp while the Double B note was preplaced at 300bp.

More frequently issued than Russian auto loan ABS are Dutch RMBS, although there was some diversity value on offer from its as it was only HBOS' second deal.

Candide Financing 2006-B, via ABN AMRO and Morgan Stanley, priced mid week in line with expectations. EUR 2bln in size, the transaction featured three Triple A tranches, although one was pre-placed.

The short 1.49-year EUR 400mm piece priced on top of 5bp area guidance at 5bp while the longer 5.89-year EUR 1.125bln Class A3 priced at the tight end of its 12-13bp range at 12bp. And it has since crept around 0.5bp tighter in secondary trading.

At 12bp, it is 2bp inside DSB's Monastery and matched Hermes XII's long Triple A print. Candide's Triple Bs came 7bp tighter than Monastery at 48bp, but wide of Hermes which came at 39bp, although it was a split-rated A2/BBB+/A–.

GMAC-RFC inaugurated a new issuance shelf with a EUR 800mm **E-MAC Program BV Compartment NL 2006-III** RMBS. The deal priced in line with talk for all tranches except the 6.78-year Double A piece, which came at 17bp having been talked at 16bp area.

The short Triple A, with a WAL of only 0.92-years priced at 4bp while the 5.38-year printed 1bp wide of Candide at 13bp.

One other transaction that came at the wide end of talk at the Triple A level but in line, or tighter, at the mezzanine position was **Cordusio RMBS 3**, the EUR 2.5bln RMBS from the Unicredit Group.

Led by Citigroup, HVB, RBS and UBM the transaction pools 35,895 first lien mortgages originated by Unicredit subsidiary UniCredit Banca per la Casa with 42-months seasoning and a WACLTV of 62.45%.

An official at UBM reported a positive investor response with a book containing around 90 accounts in total. The leads did have the opportunity to push pricing to the tight end, but decided against grabbing the last basis point, which could have placed some pressure on the bonds in the secondary market.

In the 1.88-year and 8.9-year Triple A notes, investors were split roughly into 50% of those that were happy to accept spreads of 6bp and 15bp, and the other half of the group held out for 7bp and 16bp. In the end the decision was taken to price a 7bp and 16bp, which were considered to be fair prices. The short Triple A was

said to be around 1.5 times done, and the longer EUR 1.735bln tranche around 1.2 times covered.
The Double As were talked at high 20s and priced at 26bp, while the Single As met 40bp price talk. The Triple B bonds, talked at 75-80bp were around three times done at the pricing spread of 73bp.

Triple A execution was not as smooth for **MPS 4,** the GBP 600mm non-conforming RMBS originated by Money Partners and Kensington Mortgages. RBS and WestLB were the leads.

Talked at 17bp area, the 2.3-year GBP and EUR-denominated Triple A bonds priced at 19bp, wide of recent prints from competing issuers.

MPS's remaining tranches did, however, all meet price talk pricing at 32bp for the Double As, 60bp for the Single As, 90bp for the Triple Bs and 380bp for the Double B tranche.

Two other UK deals to price were from the CMBS sector. Merrill Lynch priced another trade from its Taurus conduit, which was backed by eight loans secured on 153 commercial and four residential properties.

Taurus CMBS UK 2006-2 was GBP 447.15mm in size and mainly concentrated in the office sector, which accounted for 72.1% of the portfolio.

The pricing levels achieved are broadly in line with where it was expected to come, achieving 19bp at the Triple A level with a 5.4-year average life on the tranche rated by Moody's, Fitch and S&P. Taurus' Double A priced at 35bp, its Single A at 52bp and its Triple B at 90bp.

Following Taurus into the UK CMBS market was the refinancing of **Telereal Securitisation.** Proceeds from the refinancing will be used, among other things, to redeem existing bonds

Citigroup and Goldman Sachs led the exercise, and offered GBP 478mm of bonds to the public. Two floating rate Triple As priced at 3ML+22bp, while the fixed rate Triple A priced with a coupon of 4.9741% to give a spread of Gilts +51bp.

Three tranches for around GBP 379mm were repurchased and held by Citibank NA as custodian to Telereal Securitisation plc.

Telereal was originally launched in 2001, using the proceeds to purchases a property portfolio from BT, including telephone exchanges and radio transmission stations.

Also pricing during the week was the first Portuguese SME CLO from Banco Espirito Santo. **Lusitano SME No. 1** was led by ESI, ABN AMRO, HSBC and Lehman Brothers. 20% of the Class A were said to have been pre-placed, as were all other tranches.

The Class A priced in line with 15bp area guidance at 15bp, while the smaller tranche guaranteed by the EIF priced at 5bp. These levels were broadly in line with where Spanish SME CLOs, the mainstay of this sector, have priced. At 15bp Lusitano was, however, 1bp tighter than the Anaptyxi Greek small business loan deal from EFG Eurobank.

EUR 12bln out, EUR 15bln in

The above deal pricings led to a temporary trimming of the pipeline, but the number of new deals being talked about reaching double figures the net effect on the pipeline is an additional EUR 3bln.

RMBS is busy as always, and now welcomes a new structure. Fortis Hypotheekbank announced the first Dutch prime RMBS master trust and will inaugurate it with a sizeable EUR 4bln deal.

Beluga Master Issuer 2006-1 roadshows until November 13 and is expected to price the end of next week. Fortis Bank is sole bookrunner for the deal, which could be the first in a series of deals where potentially any member of the Fortis group could securitise mortgages.

EUR 3.6bln of Triple A notes head the structure, split between EUR 1bln of 2.9-years and EUR 2.6bln of 5.4-years – and both may be issued in fixed or floating rate format. Collateral is mortgages granted to high net worth individuals.

Northern Rock is also waiting with a chunky deal, having released the structure on the GBP 3.25bln **Granite 06-4** on Wednesday via joint lead managers Deutsche Bank, Lehman Brothers and Merrill Lynch. Roadshows commence next week.

The structure contains a mix of USD, EUR and GBP bonds, and even a CAD tranche for CAD 350mm that has been pre-placed. The average lives range from 0.99-years at the short end out to 5.06-years.

Price guidance was released on another UK master trust deal; **Holmes 2006-1.** Barclays, Citigroup and Deutsche Bank are running the GBP 3.5bln deal for Abbey, and are talking the 3.9-year EUR and GBP Triple A at 9-10bp.

If it manages to price at 9bp it will have shaved a basis point off the execution achieved by Gracechurch Mortgages and Arkle 2006-1, although Arkle was one year longer than Gracechurch.

In keeping with the repeat issuer theme, Lehman Brothers announced a GBP 750mm deal from its Eurosail near-prime and non-conforming shelf. The new **Eurosail 2006-4NP** is unusual in that it combines collateral originated by SPML (64.16%), GMAC-RFC (22.89%) and Preferred Mortgages (12.95%)

As with previous deals in the series, currency flexibility is maintained in EUR, GBP and USD.

A debut deal has also been announced for Novobank of Greece. A wholly-owned subsidiary of Millennium BCP, Novobank is readying a EUR 600mm RMBS via Deutsche Bank and UBS.

Kion Mortgage Finance roadshows next week. It is backed by 11,167 mortgages with a WALTV of 57.34%. A EUR 553.8mm 4.8-year Triple A tranche makes up the most of the structure.

In CMBS, three conduit deals hit the screens from Merrill Lynch, SG and Barclays Bank.

Merrill announced a EUR 449.8mm pan-European deal the day it priced its UK Taurus deal. **Taurus CMBS (Pan Europe) 2006-3** is backed by seven loans secured on 29 properties with 310 tenants.

Around two thirds of the properties are located in Switzerland, with the rest spread across France and Germany. It is expected to price the week of November 20 and settle on November 30.

SG announced its fifth White Tower deal on Tuesday. **White Tower 2006-3** is GBP 1.15bln in size and is backed by a single loan secured on nine office properties let to nine main tenants. It will roadshow next week via SG and ING.

The final conduit announcement is Barclays' **Hercules (Eclipse 2006-4).** This trade pools seven amortising loans on 175 properties with over 140 distinct tenants. Over 30% of them are investment grade, including Goldman Sachs, IXIS CIB, Old Mutual and Boots.

43% of the pool is office space, 38% retail, 15% nursing homes and 4% mixed. 47% is in Greater London.

In the CDO sector new deals came to light from DWS-Finanz Service, which is readying its debut leveraged loan CLO (EUR 400mm **eleX Alpha** via Barclays Capital), Indicus Advisors (EUR 400mm **Queen Street CLO I** via JP Morgan) and Blackstone is also approaching with a EUR 400mm **Green Park** CLO via Credit Suisse.

RMBS

* **Granite 06-4** will roadshow next week in the US and Europe and is expected to price the week of November 20. Capital structure as follows:

CL	SIZE	M/S/F	CE%	WAL	Index
A1	USD 786.2mm	Aaa/AAA/AAA	11.62	0.99y	1ML
A2	EUR 617.2mm	Aaa/AAA/AAA	11.62	0.99y	3ME
B1	USD 60.6mm	Aa3/AA/AA	8.37	2.06y	3ML
M1	USD 47.8mm	A2/A/A	5.09	2.06y	3ML
C1	USD 32.6mm	Baa2/BBB/BBB	1.65	2.06y	3ML
A3	USD 704.3mm	Aaa/AAA/AAA	11.62	2.88y	3ML
A4	CAD 350.0mm	Aaa/AAA/AAA	11.62	2.88y	PREPLACED
A5	USD 753.6mm	Aaa/AAA/AAA	11.62	4.91y	3ML
A6	EUR 796.1mm	Aaa/AAA/AAA	11.62	4.91y	3ME
A7	GBP 729.6mm	Aaa/AAA/AAA	11.62	4.91y	3ML
B2/4	GBP 42.2mm	Aa3/AA/AA	8.37	5.06y	3ML/E/GBP
M2/4	GBP 62.3mm	A2/A/A	5.09	5.06y	3ML/E/GBP
C2/4	GBP 50.3mm	Baa2/BBB/BBB	1.65	5.06y	3ML/E/GBP

* Price guidance is out on **Abbey**'s latest multi-tranche, multi-currency RMBS, the GBP 3.5bln equivalent **Holmes 2006-1**. Barclays, Citigroup and Deutsche Bank are the leads. The capital structure is as follows:

CL	SIZE	S/M/F	WAL	LEGAL	Guidance
1A	USD 1.5bln	A1+/P1/F1+	0.9y	01/16	1ML-2bp area
1B	USD 45mm	AA/Aa3/AA	0.9y	07/40	3ML+9-10bp
1C	USD 45mm	BBB/Baa2/BBB	0.9y	07/40	3ML+mid/hi 20s
2A	USD 1.5bln	AAA/Aaa/AAA	2.8y	07/21	3ML+5-6bp
2B	USD 35mm	AA/Aa3/AA	2.9y	07/40	3ML+low teens
2M	USD 30mm	A/A2/A	2.9y	07/40	3ML+20bp area
2C	USD 40mm	BBB/Baa2/BBB	2.9y	07/40	3ML+40/low 40s
3A1	USD 900mm	AAA/Aaa/AAA	3.9y	07/40	3ML+9bp area
3A2/3	GBP 1.15bln	AAA/Aaa/AAA	3.9y	07/40	3ML/E+9-10bp
3B2/3	GBP 45mm	AA/Aa3/AA	3.9y	07/40	3ML/E+15bp ar
3M2/3	GBP 36mm	A/A2/A	3.9y	07/40	3ML/E+25bp ar
3C2/3	GBP 54mm	BBB/Baa2/BBB	3.9y	07/40	3ML/E+45bp ar

* **Novobank SA**, a wholly owned subsidiary of Millennium BCP, has announced a EUR 600mm Greek RMBS via joint bookrunners Deutsche Bank and UBS. Deutsche is sole arranger. Roadshows commence next week for **Kion Mortgage Finance**. The capital structure is as follows:

Cl	Size	F/M/S	WAL	LEGAL	CPN
A	EUR 553.8mm	AAA/Aaa/AAA	4.8y	Jul-51	3ME
B	EUR 28.2mm	AA/A2/A-	7.1y	Jul-51	3ME
C	EUR 18.0mm	A-/Baa3/BBB-	7.1y	Jul-51	3ME

- 0.8% initial cash reserve funded by a subordinated loan from Novobank. Cash reserve builds to 1.8% with excess spread. Backed by 11,167 mortgages with a WALTV of 57.34%

* **Lehman Brothers** has announced a GBP 750mm UK RMBS, the fourth deal from its Eurosail shelf. SPML (64.16%), GMAC-RFC (22.89%) and Preferred Mortgages (12.95%) provide the collateral. Lehman Brothers is sole bookrunner on **Eurosail 2006-4NP**, and is aiming to price mid/end next week.
The capital structure is as follows:

CL	SIZE	M/S/F	WAL	LEGAL	CPN
A1	GBP 234.675mm eq	Aaa/AAA/AAA	0.95y	06/24	3M
A2	GBP 171.350mm eq	Aaa/AAA/AAA	1.98y	12/44	3M
A3	GBP 216.795mm eq	Aaa/AAA/AAA	4.18y	12/44	3M
M1	GBP 35.015mm eq	Aa1/AAA/AAA	4.43y	12/44	3M
B1	GBP 42.465mm eq	/AA/AA	4.43y	12/44	3M
C1	GBP 21.605mm eq	/A/A	4 43y	12/44	3M
D1	GBP 16.390mm eq	/BBB/BBB	4.43y	12/44	3M
DTc	GBP 7.450mm -	/BBB/BBB	0.55y	12/44	3M
E1c	GBP 6.705mm	/BB/BB	4.43y	12/44	3M

- Collateral SPML (64.16%), GMAC-RFC (22.89%) and Preferred Mortgages (12.95%).- 22.89% prime and 77.11% near-prime. - Classes A1, A2, A3, M1, B1, C1, and D1 may be offered in EUR, GBP and USD. - Reserve fund of 0.5% fully funded at closing.

* **Beluga Master Issuer 2006-1**, a EUR 4bln Dutch RMBS originated by **Fortis Hypotheek Bank**, has been announced via sole arranger and bookrunner Fortis Bank. The deal roadshows from November 7 to 13 and is expected to price the end of next week. The capital structure is as follows:

CL	S&P/F/M	Size	WAL	STEP UP	BENCH
A1*	AAA/AAA/Aaa	EUR 1bln	2.9y	3mEUR+60	3mEUR
A2*	AAA/AAA/Aaa	EUR 2.61bln	5.4y	3mEUR+60	3mEUR
B	AA/AA/-	EUR 158mm	5.4y	3mEUR+75	3mEUR
C	A/A/-	EUR 144mm	5.4y	3mEUR+100	3mEUR
D	BBB/BBB	EUR 88mm	5.4y	3mEUR+175	3mEUR
E	-/BBB-/	- EUR 36mm	5.4y	3mEUR+300	3mEUR

* Classes A1 and A2 available in fixed or floating format.
- Collateral is mortgages provided to liberal professionals and high net worth individuals. 83.49% WA LTMV and 2.28-years seasoning.

* Price guidance is out on **Unicredit Group**'s EUR 2.5bln securitisation of performing Italian residential mortgages. **Cordusio RMBS 3**, led by Citigroup, HVB, RBS and UBM, is expected to price by the end of the week. The loans are originated by UniCredit subsidiary UniCredit Banca per la Casa. The capital structure is as follows:

Cl	Size	M/S/F	WAL	Guidance
A1	EUR 600mm	Aaa/AAA/AAA	1.88y	3ME+6-7bp
A2	EUR 1.735bln	Aaa/AAA/AAA	8.9y	3ME+15-16bp
B	EUR 75mm	Aa1/AA/AA	17.12y	3ME+high 20s
C	EUR 25mm	A1/A+/A+	17.12y	3ME+40bp area
D	EUR 48mm	Baa2/BBB+/BBB+%	17.12y	3ME+75-80bp
E	EUR 12.97mm	NR		n/a

- Cash reserve of EUR 14.97mm.
- Pools 35,895 first lien fully amortising loans with average current balance of EUR 72,616. WA seasoning is 42 months and WA current LTV is 62.45%.
- North of Italy accounts for 60.69%; centre 22.38%; south 16.93%.

* Price guidance is out on **Valencia Hipotecario 3**, the new Spanish RMBS from **Banco de Valencia**. Bancaja and Deutsche Bank are joint leads managers. DZ Bank and IXIS are co-lead managers. The capital structure is as follows:

CL	SIZE	M/F	WAL	EXP	GUIDANCE
A1	EUR 90.0mm	Aaa/AAA	0.55y	2007	3mE+2-3bp
A2	EUR 780.7mm	Aaa/AAA	6.35y	2020	3mE+14bp area

B	EUR 20.8mm	A2/A+	9.48y 2020	3mE+30bp area
C	EUR 9.1mm	Baa3/BBB	9.48y 2020	3mE+50bp area
D	EUR 10.4mm	RETAINED		

- The last deal in the series priced in December 2005.

CMBS

* **Merrill Lynch** has announced a EUR 449.8mm pan-European CMBS, having priced a UK deal earlier today. The new **Taurus CMBS (Pan Europe) 2006-3** is expected to price the week of November 20, and settle on November 30. The capital structure is as follows:

Cls	Size	S&P/F/M	WAL	Exp Mat	Coupon
A	EUR 337mmm	AAA/AAA/Aaa	3.7y	Feb-13	3mEUR
X1	EUR 0.05mm	AAA/AAA/NR	n/a	Feb-13	n/a
X2	CHF 0.10mm	AAA/AAA/NR	n/a	Feb-13	n/a
B	EUR 73.1mm	AA/AA/NR	4.1y	Feb-13	3mEUR
C	EUR 26.3mm	A/A/NR	4.1y	Feb-13	3mEUR
D	EUR 13.3mm	BBB/BBB/NR	4.1y	Feb-13	3mEUR

- Pan European collateral. 7 loans on 29 properties with 310 tenants. 72.3% WALTV. 2.29x WA ICR and 1.98x WA DSCR. Properties located in Switzerland (67.6%), France (18.2%) and Germany (14.1%). 8.2-months seasoning.

Barclays Bank has announced a GBP 814.95mm UK CMBS in the name of **Hercules (Eclipse 2006-4)**. Barclays Capital is sole bookrunner, and commences roadshows next Monday in London. The announcement comes just over a week after Barclays priced Gemini (Eclipse 2006-3), a GBP 918.8mm UK CMBS. The capital structure is as follows:

Cls	(F/M/S)	Size	CE	WAL	Bench
A	AAA/Aaa/AAA	GBP 666.0mm	18.30%	8.2y	3mL
B	AA+/Aa2/AA+	GBP 43.95mm	12.90%	8.7y	3mL
C	AA/nr/AA	GBP25.0mm	9.80%	8.7y	3mL
D	A/nr/A	GBP 51.0mm	3.60%	8.7y	3mL
E	BBB/nr/BBB	GBP 29.0mm		8.7y	3mL

- 7 amortising loans secured on 175 properties with over 140 distinct tenants. Over 30% are investment grade including Goldman Sachs, IXIS CIB, Old Mutual and Boots. 13.7y WA term to lease break. 43% office, 38% retail, 15% nursing homes and 4% mixed. 47% Greater London, 29% East of England, 7% South East, 4% Scotland and 13% Other.

* **SG** has announced the fifth CMBS from its White Tower programme. **White Tower 2006-3** is a GBP 1.15bln UK CMBS backed by a single loan on nine office properties let to nine tenants. SG is sole arranger, and is joint bookrunner with ING. Roadshows take place next week. The capital structure is as follows:

Cl	S/M/F	SIZE	WAL	LTV	EFM	CPN
A	AAA/Aaa/AAA	GBP 678.5mm	2.9y	37.0%	2009	n/a
B	AAA/-/AAA	GBP 171.5mm	2.9y	46.4%	2009	3mL
C	AA/-/AA	GBP 116.0mm	2.9y	52.7%	2009	3mL
D	A/-/A	GBP 116.0mm	2.9y	59.1%	2009	3mL
E	BBB/-/BBB	GBP 68.0mm	2.9y	62.8%	2009	3mL

- Collateral: Singe loan on nine prime commercial offices let to nine main tenants.

* Price guidance on **RBS**' GBP 253mm tap of its **Epic (More London Plc** CMBS was released earlier today. It is backed by office and retail buildings properties from the More London Development project, owned by London Bridge Holdings. Three properties are being added to the securitised portfolio, bringing the total to seven and the number of tenants from 15 to 27. Pricing expected the week of 13 November. Capital structure as follows:

Cl	Tap size	Total size	S/F	WAL	Guidance
A	GBP 1600mm	GBP 430mm	AAA/AAA	7.48y	L+23-24bp
B	GBP 20.45mm	GBP 60.45mm	AA / AA	7.67y	
C	GBP 44.35mm	GBP 101.35mm	A / A	7.67y	L+56bp ar
D	GBP 4.50mm	GBP 18.5mm	A- / A	7.67y	L+63-64bp
E	GBP 20.00mm	GBP 51mm	BBB /BBB	7.67y	L+82-85bp
F	GBP 3.70mm	GBP 8.7mm	BBB-/BBB	7.67y	L+92-95bp

- Original deal launched in April 2006. New total will be GBP 670mm.
- WA term to earlier of first break or lease expiry now 19.2 yrs. Overall leverage is reduced from 77% to 71%. Final maturity 2017, expected 2014.

* Price guidance on Lehman Brothers" new German multi-family CMBS is 18-19bp for the three times Triple A rated tranche, and low 20s for the Fitch and S&P-rate piece. **Windermere IX (Multifamily)** is EUR 1.3bln in size and backed by two loans on over 74,000 residential units and 1,400 commercial units. The capital structure is as follows:

CL	SIZE	S&P/M/F	CE	WAL	Guidance
A1	EUR 845.0mm	AAA/Aaa/AAA	35.0%	5.52y	3ME+18-19bp
A2	EUR 216.5mm	AAA/-/AAA	18.4%	5.64y	3ME+low 20s
B	EUR 117.3mm	AA/-/AA	9.3%	5.64y	3ME+30/lo 30s
C	EUR 121.3mm	A/-/A		5.64y	3ME+60bp area

-47.3% of the pool is located in Dresden, 35.5% West Berlin and 17.2% East Berlin. 69.6% WALTV. Day 1 WA ICR 1.51x, WA DSCR 1.33x.

* Fitch has placed the Triple A and Double A ratings of classes A5 and B2 respectively of **SCIP 2**, the Italian real estate securitisation, on rating watch negative following the publication of the latest performance report for the quarter ending September 30.

The agency says that the report "reflects disappointing overall performance of cash collections, which has fallen behind Fitch"s base case assumptions." The main factor identified as causing the poor performance is the lower than expected sale prices on opted residential units, which represent 76% of the total units still to be sold.

According to the performance report, the average offer price for the residential units should have been EUR 120,000. But the latest report shows that the average price at which the units have been sold since April 2005 is EUR 85,000, representing a 30% shortfall.

Fitch says the difference between the offer price and the actual sale price considers basic discount rates of 30% and 40.5%, however it does not take into consideration the further discount granted by Law Decree 41/2004 and Fitch is now concerned the percentage of tenants able to benefit from the additional discount may exceed its expectations it had formed based on information received when the deal was restructured.

This continuing fall in the value of the portfolio is obviously a problem, and Fitch says that only a reversal of the downward trend would avoid a downgrade of the notes.

CDOs

* Market sources say **Indicus Advisors** is readying a EUR 400mm leveraged loan CLO via JP Morgan. **Queen Street CLO I** is expected to price later this month. The capital structure is as follows:

Class	Size	S/M	WAL	Index
A	EUR 266.0mm	AAA/Aaa	9.48y	Euribor
B	EUR 31.0mm	AA/Aa2	10y	Euribor
C	EUR 34.0mm	A-/A3	10y	Euribor
D	EUR 15.0mm	BBB-/Baa3	10y	Euribor
E	EUR 16.0mm	BB-/Ba3	10y	Euribor
Sub	EUR 38.0mm	NR/NR	n/a	Euribor

- 3y non-call and 6y reinvestment period. 16y final maturity. 85% senior secured loans, 10% second lien and 5% mezzanine loans.

* **DWS Finanz-Service GmbH** is readying its first leveraged loan CLO. Barclays Capital is leading **eleX Alpha**, which targets a minimum 90% senior secured loans. The capital structure is as follows:

Class	Size	Rating	CE	Final	Index
A-1**	EUR 80mm	AAA	33.56%	2022	6M
A-2	EUR 178mm	AAA	33.56%	2022	6ME
B	EUR 38mm	AA	23.78%	2022	6ME
C	EUR 20mm	A	18.63%	2022	6ME
D	EUR 22mm	BBB-	12.96%	2022	6ME
E	EUR 22mm	BB-	6.27%	2022	6ME
Sub	EUR 40mm	NR	N/A	2022	Residual

** May be drawn in EUR or GBP.
- 6y reinvestment period. 6-month ramp-up. WA portfolio rating of B and a minimum spread of 270bp. Country breakdown is UK with 25%, France 24%, Germany 15%, Spain 11%, Italy 10%, the Netherlands 8% and Ireland 6% according to the pre-sale. Telecoms is the largest industry concentration with 14%.

* (11/06) Price guidance on the EUR 871mm Portuguese SME CLO from **Banco Espirito Santo** is 3ME+15bp area. ESI, ABN AMRO, HSBC and Lehman Brothers are the leads and aim to price this week. The capital structure is as follows:

CL	SIZE	S&P/F	WAL	FINAL	Guidance
A*	EUR 759.525mm	AAA/AAA	4.73y	2038	3ME+15bp area
B	EUR 40.974mm	AAA/AAA	5.67y	2038	PREPLACED
C	EUR 34.073mm	BB/BB	5.67y	2038	PREPLACED
D	EUR 28.035mm	NR	5.67y	2038	NOT OFFERED
E	EUR 8.626mm	NR	NA	2038	NOT OFFERED

- 20% of Class A has been pre-placed.
- Class B is guaranteed by the EIF.

* **Banco Sabadell**'s EUR 1.25bln Spanish SME CLO, **GC FTPYME Sabadell 5 FTA**, has been formally announced via BNP Paribas, Lehman Brothers and Banco Sabadell. EUR 82.8mm of the issue is guaranteed by the Kingdom of Spain. Roadshows start this week, and bookbuilding will take place next week. Launch is expected the week of November 20 subject to CNMV. The capital structure is as follows:

Class	Size	M/F	Final	WAL	Index
A1	EUR 220mm	Aaa/AAA	Mar 2039	1.17y	3ME
A2	EUR 880.3mm	Aaa/AAA	Mar 2039	2.65y	3ME
A3(G)*	EUR 82.8mm	Aaa/AAA	Mar 2039	5.42y	3ME
B	EUR 40mm	A2/A+	Mar 2039	3.84y	3ME
C	EUR 26.9mm	Baa3/BBB	Mar 2039	3.84y	3ME

* Guaranteed by the Kingdom of Spain. Backed by 5,786 loans to 5,152 obligors. 22-months seasoning. Around 55% secured by mortgages (85% of which are first lien).

* **Banco Pastor** is talking the short Triple A note of its EUR 630mm Spanish SME CLO at 3ME+5bp area and the longer note at 3ME+17bp area. Banco Pastor, Calyon and Merrill are the leads and are aiming to price at the end of this week. The capital structure for **GC FTPYME Pastor 4** is as follows:

Cl	Size	M/S	WAL	Legal	Guidance
A1	EUR 260.0mm	Aaa/AAA	0.97y	Jul-45	3ME+5bp area
A2	EUR 256.6mm	Aaa/AAA	3.61y	Jul-45	3ME+13bp area
A3(G)	EUR 50.4mm	Aaa/AAA	7.14y	Jul-45	n/a
B	EUR 15.8mm	Aa2/AA	5.02y	Jul-45	3ME+20bp area
C	EUR 15.7mm	A2/A	5.02y	Jul-45	3ME+30bp area
D	EUR 18.9mm	Baa3/BBB	5.02y	Jul-45	3ME+mid 50s
E	EUR 12.6mm	Ba3/BB	5.02y July09/Jan14	Jul-45	3ME+low 200s

- WALs assume 10% CPR, 10% Clean up call.
- Pools over 6,136 loans to SMEs and self-employed individuals.
- Series A3(G) guaranteed by the Kingdom of Spain.
- Subject to CNMV approval.

* Price guidance on **Egret Funding CLO 1**, the leveraged loan CLO from SG-owned **Egret Capital**, places the Triple A note at 6mE+24bp area. SG is sole books and HBOS is a co-lead. The capital structure is as follows:

Cl	Size	S&P/M	WAL	LFM	BENCH
A	EUR 288.75mm	AAA/Aaa	9.3y	2022	6mE+24bp area
B	EUR 30.2mm	AA/Aa2	11.2y	2022	6mE+40bp area
C	EUR 24.6mm	A/A2	11.5y	2022	6mE+60-65bp
D	EUR 23.1mm	BBB-/Baa3	11.5y	2022	6mE+155bp area
E	EUR 12.3mm	BB-/Ba3	11.5y	2022	6mE+400bp area
Eq	EUR 43.0mm	NR -	10.19y		

- Target portfolio : 82.5% senior secured, 10% second lien, 7.5% mezzanine
- Target ramp at closing: 65%.
- Non-call period of four years, reinvestment period six years. A 20% annual trading bucket.

* **Blackstone Debt Advisors** is marketing a EUR 408mm leveraged loan CLO via Credit Suisse. **Green Park CDO** targets a minimum 90% senior secured loans. The capital structure is as follows:

Class	Size	Rating	CE	Index	Final
A	EUR 283.7mm	AAA	28.75%	6mE	2022
B	EUR 21.6mm	AA	23.33%	6mE	2022
C	EUR 24.5mm	A	17.17%	6mE	2022
D	EUR 25.3mm	BBB-	10.82%	6mE	2022
E	EUR 12.9mm	BB	7.58%	6mE	2022
M	EUR 40mm	NR	N/A	6mE	2022

- B+ WA portfolio rating. 260bp minimum spread. 90% minimum senior secured loans. 6-year reinvestment period and 6-month ramp-up.

ABS

* Russia's **MDM Bank** is readying a EUR 250mm DPR ABS via Dresdner Kleinwort and Merrill Lynch. **MDM DPR Finance Company** roadshows tomorrow through to early next week. USD bonds will be pre-placed. The capital structure is as follows:

Series	Amount	Mdy's	WAL	Final	Coupon
2006-A	EUR 250mm	Baa3	2.5y	5y	3mEUR
2006-B	USD*				

* USD notes to be pre-placed. The size of the EUR tranche is subject to demand. It is backed by off-shore hard currency payments obligations of third parties to accounts of MDM Bank and paid through highly rated correspondent banks. - DPR flows for MDM Bank in 2005 were EUR 7.7bln equivalent.

Primary market pricing details for the week of November 6

RMBS						
09 Nov	**Cordusio RMBS 3 (Unicredit) via Citigroup/HVB/RBS/UBM**					
Class	**Size**	**M/S/F**	**WAL**	**Final**	**Coupon**	**Notes**
A1	EUR 600mm	Aaa/AAA/AAA	1.88y	2042	3ME+7bp	Pools 35,895 first lien fully amortising
A2	EUR 1,735mm	Aaa/AAA/AAA	8.9y	2042	3ME+16bp	mortgages with 42-months seasoning
B	EUR 75mm	Aa1/AA/AA	17.12y	2042	3ME+26bp	and WACLTV of 62.45%.
C	EUR 25mm	A1/A+/A+	17.12y	2042	3ME+40bp	
D	EUR 48mm	Baa2/BBB+/BBB+	17.12y	2042	3ME+73bp	
09 Nov	**E-MAC Program BV Compartment NL 2006-III (GMAC-RFC) via Credit Suisse**					
Class	**Size**	**S/M/F**	**WAL**	**Final**	**Coupon**	**Notes**
A1	EUR 151.2mm	AAA/Aaa/AAA	0.92y	2016	3ME+4bp	First issue from a new RMBS
A2	EUR 604.8mm	AAA/Aaa/AAA	5.38y	2038	3ME+13bp	platform. Class E offered by
B	EUR 21.6mm	AA/Aa3/AA-	6.78y	2038	3ME+17bp	GMAC-RFC Securities. 91.6%
C	EUR 12.0mm	A/-/A-	6.78y	2038	3ME+40bp	WALFTV.
D	EUR 10.4mm	BBB/-/BBB-	6.78y	2038	3ME+60bp	
E	EUR 3.2mm	BB/-/BB	4.14y	2038	3ME+200bp	
09 Nov	**REDS 2006-1E (Bank of Queensland) via ABN AMRO/Deutsche Bank**					
Class	**Size**	**S/M**	**WAL**	**Final**	**Coupon**	**Notes**
A-1	EUR 500mm	AAA/Aaa	2.8y	2037	3ME+10bp	Pools fully income verified.
A-2	AUD 720mm	AAA/Aaa	2.7y	2037	1MBBSW+17bp	75.6% owner occupied. 62.89%
B	AUD 48.2mm	AA/Aa2	4.9y	2037	1MBBSW+25bp	current LTV. 19.47m seasoning.
08 Nov	**Candide Financing 2006-B (HBOS) via ABN AMRO/Morgan Stanley**					
Class	**Size**	**S/M/F**	**WAL**	**Final**	**Coupon**	**Notes**
A1	EUR 400.0mm	AAA/Aaa/AAA	1.49y	2051	3ME+5bp	Pools Dutch mortgages with a
A2	EUR 350.0mm	AAA/Aaa/AAA	3.32y	2051	3ME+8bp	WALTMV of 95.89% and
A3	EUR 1,125.0mm	AAA/Aaa/AAA	5.89y	2051	3ME+12bp	18.46-months seasoning. 12% CPR
B	EUR 47.0mm	AA/Aa2/AA	6.10y	2051	3ME+17bp	assumed.
C	EUR 40.0mm	A+/A1/A	6.10y	2051	3ME+22bp	
D	EUR 38.0mm	BBB/Baa2/BBB	6.10y	2051	3ME+48bp	
E	EUR 5.0mm	NR/Ba3/NR	6.10y	2051	NOT OFFERED	
F	EUR 11.0mm	NR/NR/NR	6.10y	2051	NOT OFFERED	
08 Nov	**Liberty 2006-2 (Liberty Financial) via Cedit Suisse and Deutsche Bank**					
Class	**Size**	**M/S**	**WAL**	**Final**	**Coupon**	**Notes**
A-1	AUD 440.0mm	P-1/A-1+	0.51y	2007	1mBBSW+11bp	Upsized to AUD 1.3bln from
A-2a	AUD 375.0mm	Aaa/AAA	2.20y	2038	1mBBSW+20bp	AUD 1.1bln. 4,679 non-conforming
A-2b	EUR 220.0mm	Aaa/AAA	2.20y	2038	1mE+14bp	mortgages with a 73.7% WACLTV
B	AUD 74.75mm	A2/A	2.85y	2038	1mBBSW+48bp	and 11.5-months seasoning. Includes
C	AUD 24.10mm	Baa1/BBB+	2.85y	2038	1mBBSW+70bp	loans from Liberty 2004-1 that will be
D	AUD 22.75mm	Ba2/BB	2.85y	2038	1mBBSW+290bp	called and repaid on November 7.
08-Nov	**MPS 4 (Money Partners and Kensington Mortgages) via RBS/West LB**					
Class	**Size**	**S/M/F**	**WAL**	**Final**	**Coupon**	**Notes**
A1a	GBP 292.5mm	AAA/Aaa/AAA	2.3y	2040	3ML+19bp	71.4% first charge mortgages,
A1b	EUR 303.5mm	AAA/Aaa/AAA	2.3y	2040	3ME+19bp	28.6% second charge.
M1a	GBP 19.2mm	AA/Aa2/AA	3.5y	2040	3ML+32bp	WALTV 75.4%
M1b	EUR 40.15mm	AA/Aa2/AA	3.5y	2040	3ME+32bp	
M2a	GBP 6.2mm	A-/A2/A	3.5y	2040	3ML+60bp	
M2b	EUR 31.0mm	A-/A2/A	3.5y	2040	3ME+60bp	
B1a	GBP 6.0mm	BBB/Baa2/BBB	3.5y	2040	3ML+90bp	
B1b	EUR 14.3mm	BBB/Baa2/BBB	3.5y	2040	3ME+90bp	
B2	GBP 14.75mm	BB/Ba2/BB	3.5y	2040	3ML+380bp	
CMBS						
08-Nov	**Taurus CMBS UK 2006-2 (Merrill Lynch) via Merrill Lynch**					
Class	**Size**	**M/S/F**	**WAL**	**Final**	**Coupon**	**Notes**
A	GBP 364mm	Aaa/AAA/AAA	5.4y	2024	3ML+19bp	Pools 8 loans on 153 commercial
X	GBP 0.05mm	nr/AAA/AAA	n/a	2024	Variable	and 4 residential properties. 36.6%
B	GBP 40.1mm	nr/AA/AA	5.6y	2024	3ML+35bp	Central London. 72.1% office. Six of
C	GBP 36mm	nr/A/A	5.6y	2024	3ML+52bp	the loans have additional debt in a
D	GBP 7mm	nr/BBB/BBB	7.0y	2024	3ML+90bp	subordinated B loan.

09-Nov	Telereal Securitisation tap (Telereal) via Citigroup/Goldman Sachs					
Class	**Size**	**S/M/F**	**WAL**	**Final**	**Coupon**	**Notes**
A-7*	GBP 93mm	AAA/Aaa/AAA	7.02y	2033	Coupon	Class B-6 priced with a spread
A-8*	GBP 190mm	AAA/Aaa/AAA	13.41y	2033	3ML+22bp	of 51bp
B-6*	GBP 195mm	AAA/Aaa/AAA	5.06y	2033	4.97%	
B-7**	GBP 193.404mm	BBB+/Baa2/BBB+		2033	3ML+22bp	
C-1**	GBP 128.268mm	BBB+/NR/BBB+		2033		
C-2**	GBP 57.973mm	BBB+/NR/BBB+		2033		
B7-Z	GBP 135mm	NR/NR/NR		2036		
C1-Z	GBP 89mm	NR/NR/NR		2036		
A2-Z	GBP 40mm	NR/NR/NR		2036		

CDO

09-Nov	Lusitano SME No. 1 (Banco Espirito Santo) via ESI/ABN AMRO/HSBC/Lehman Brothers					
Class	**Size**	**M/S/F**	**WAL**	**Final**	**Coupon**	**Notes**
A*	EUR 759.525mm	AAA/AAA	4.73y	2038	3ME+15bp	20% of Class A pre-placed. Class B
B	EUR 40.974mm	AAA/AAA	5.67y	2038	3ME+5bp	guaranteed by the EIF. Pools
C	EUR 34.073mm	BB/BB	5.67y	2038	3ME+220bp	Portuguese SME loans.
D	EUR 28.035mm	NR	5.67y	2038	3ME+475bp	
E	EUR 8.626mm	NR	NA	2038	n/a	

09-Nov	Euromax V (Collineo Asset Management) via Bear Stearns					
Class	**Size**	**S/F**	**WAL**	**Final**	**Coupon**	**Notes**
X	EUR 4.5mm	AAA/AAA	9.13y	2012	3ME+33bp	Backed by European ABS. 70% to be
A1	EUR 210mm	AAA/AAA	10.16y	2095	3ME+26bp	purchased at closing, the remaining
A2	EUR 20mm	AAA/AAA	10.16y	2095	3ME+34bp	over a 270 day ramp-up period.
A3	EUR 18mm	AA/AA	10.16y	2095	3ME+47bp	Max WAL 8y.
A4	EUR 21.5mm	A-/A	10.16y	2095	3ME+75bp	
B1	EUR 22mm	nr/BBB-	10.16y	2095	3ME+200bp	
B2	EUR 5mm	nr/BB-	10.16y	2095	3ME+440bp	
C	EUR 6.5mm	nr/nr		2095	n/a	

ABS

08 Nov	Silver Arrow 2 (DaimlerChrysler Bank) via BayernLB/SG					
Class	**Size**	**M/F**	**WAL**	**Final**	**Coupon**	**Notes**
A	EUR 1.4325bln	Aaa/AAA/AAA	1.28y	2014	1ME+7bp	Pools 109,610 German auto loans.
B	EUR 67.5mm	Aa2/A	1.28y	2014	1ME+14bp	14-months WA seasoning.

07-Nov	Russian Car Loans 1 (Russian Standard Bank)					
Class	**Size**	**M/S**	**WAL**	**Final**	**Coupon**	**Notes**
A	EUR 133.75mm	Baa1/A-	3y	2009	1ME+115bp	Pools 59,840 Russian auto loans.
B	EUR 35.0mm	Baa1/BBB	3y	2009	1ME+155bp	91.85% used to purchase new cars.
C	EUR 51.25mm	Ba2/BB	3y	2009	1ME+300bp	

Near-term ABS/MBS/CDO pipeline

Type	Deal description
ABS	**BBVA Consumo 2** EUR 1.5bln Spanish consumer loans – BBVA/DB/IXIS
ABS	**GRTN** Italian electricity fee payments
ABS	**MDM DPR Finance Co** EUR 250mm Russian DPR ABS via DK/ML
ABS	**Nitro International Securitisation** EUR 200mm South African auto ABS via MS
ABS	**Turquoise 2006-2/3** USD benchmark credit card ABS, 3 and/or 5y
CMBS	**DECO 10 Pan Europe 4** EUR 1.05bln Pan-European CMBS from Deutsche
CMBS	**Epic (Barchester)** GBP 572mm UK single tenant CMBS from RBS
CMBS	**Epic (More London)** GBP 253mm UK CMBS tap via RBS
CMBS	**Hercules (Eclipse 2006-4)** GBP 815mm UK CMBS from Barclays
CMBS	**Taurus CMBS Pan Europe 2006-3** EUR 449.8mm pan-European CMBS – ML
CMBS	**Van Lanschot** EUR 500mm Dutch CMBS planned for later this year
CMBS	**White Tower 2006-3** GBP 1.15bn UK CMBS from SG conduit
CMBS	**Windermere IX** EUR 1.55bln German multi-family CMBS via Lehman
RMBS	**AyT Caja Murcia Hipotecario II** EUR 315mm Spanish RMBS – ACF/BSCH/Murcia
RMBS	**Beluga 2006-1** EUR 4bln Dutch RMBS from Fortis Hypotheek Bank - Fortis
RMBS	**Candide Financing 2006** EUR 2bln HBOS Dutch RMBS via ABN/MS
RMBS	**Cordusio 3** EUR 2.5bln Italian RMBS for UniCredit
RMBS	**Eurosail 2006-4NP** GBP 750mm non-conf RMBS from Lehman Brothers
RMBS	**Fosse 2006-1** GBO 2.503bln UK RMBS for Alliance & Leicester via BarCap/Citigroup
RMBS	**Granite 06-4** GBP 3.25bln UK RMBS via Deutsche/Lehman/Merrill Lynch
RMBS	**Eurosail 2006-3NC** GBP 510mm non-conforming RMBS from SPML via Lehman
RMBS	**Holmes 2006-1** GBP 3.5bln UK RMBS from Abbey via Barclays/Citi/Deutsche
RMBS	**Kion Mortgage Finance** EUR 600mm Greek RMBS for Novobank via DB/UBS
RMBS	**Liberty 2006-2** AUD 1.1bln Aussie non-conforming RMBS via CS/DB
RMBS	**Ludgate Funding 2006-FF1** GBP 377mm UK non-conforming RMBS via ML
RMBS	**Madrid RMBS I FTA** EUR 2bln Spanish RBS from Caja Madrid via BC/RBS
RMBS	**MPS 4** GBP 600mm UK NC RMBS by Money Partners & Kensington via RBS/WLB
RMBS	**Puma Global 5** AUD 2.1bln Aussie RMBS from Macquarie via Citi/DB
RMBS	**Valencia Hipotecario 3** EUR 900.6mm Spanish RMBS via Bancaja/DB
CDO	**Amstel** EUR 10bln partially-funded corporate loan CDO from ABN via ABN/ML
CDO	**Angel Court** synthetic corporate CDO for JPM AM readying via Calyon
CDO	**Anthracite CRE CDO** EUR 342.5mm European CRE CDO via MS
CDO	**Aquilae CLO II Plc** Henderson leveraged loan CLO worth EUR 300mm via BoA
CDO	**AYT Deuda Subordinanda I** EUR 298 sub bond CDO from 9 Spanish banks
CDO	**Cairn CLO** EUR 350mm leveraged loan CLO from Cairn via CS
CDO	**Duchess VII** EUR 500mm leveraged loan CLO from Babson via RBS
CDO	**Egret Funding 1** EUR 410mm leveraged loan CLO from Egret Capital via SG

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CDO	**eleX Alpha** EUR 400mm debut leveraged loan CLO from DWS via Barclays
CDO	**GC FTPYME Pastor 4** EUR 630mm Spanish SME from Banco Pastor via Cal/ML
CDO	**GC FTPYME Sabadell 5** EUR 1.25bln Spanish SME CLO via BNPP/Lehman
CDO	**Green Park** EUR 400mm leveraged loan CLO via Credit Suisse
CDO	**GSC Euro CDO 1-R** EUR 350mm lev loan CLO refinancing via Lehman
CDO	**Highlander CDO II** EUR 500mm leveraged loan CLO via Goldman Sachs
CDO	**Investec** GBP 200mm CRE CDO via Bear Stearns
CDO	**Prime 2006-1** EUR 196.5mm German hybrid capital CLO via HSH/LBBW
CDO	**PYMES Banesto 2** EUR 1bln Spanish SME CLO for Banesto via JPM/SG
CDO	**Queen Street CLO I** EUR 400mm leveraged loan CLO via JP Morgan
CDO	**Recipes** DPDO from BNP Paribas
CDO	**Sciens CFO I** Collateralised fund obligation from Sciens via Bear Stearns
CDO	**START III CLO** USD 1.5bln synthetic balance sheet CLO for StanChart – StCh/LB
CDO	**Titian CDO I** synthetic corporate CDO for Fortis via DB

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