

EUROPEAN STRUCTURED FINANCE MONITOR

- Holmes and Celtic keep RMBS pipeline moving
- No sign of CMBS abatement as REC Plantation Place and Quokka Finance announce
- Commerzbank takes new approach to German SME CLO

Primary round-up for week of July 17

New issuance tailed off last week, but the final week of July and the first few days of August should be a lot more fruitful. The size of the CMBS pipeline has been well documented of late, and two newcomers have pitched in. Additionally, three new RMBS have also joined the fray.

Just four new deals priced by Thursday afternoon, two CMBS, a German lease deal and also from Germany a new brand of German SME CLO from Commerzbank.

Commerzbank's new CLO is an innovative take on a firmly established asset class, and one which could become a regular feature of the German securitisation market. Deutsche Bank is setting up a similar programme and at least two other German institutions are understood to be doing the same.

In some ways Commerzbank's deal, **TS Co.mit One GmbH**, resembles a conduit CMBS. Commerzbank has originated the loans specifically for securitisation, and has been warehousing them prior to bringing the transaction.

The programme gives Mittelstand companies an opportunity to access the capital markets and diversify funding, as well as providing fully-funded exposure to the sector for investors. It also allows Commerzbank to channel more lending to companies where its lending lines are clogged.

"This looks very attractive from a diversification point of view given that people are inundated with different European leveraged loan CLOs," says one investor.

Another noted that the true sale nature of the deal – it is issued off the True Sale International's platform – made it much more interesting for him than the partially-funded synthetic balance sheet trades like the Promise securitisations, which have long dominated the German SME CLO market.

The deal was priced yesterday via joint leads Commerzbank and Ixis-CIB, who sold EUR 503.2mm of notes from Triple A all the way down the Single B equity piece, giving Commerzbank the maximum possible regulatory capital relief.

The EUR 446.3mm Triple As, with 2.58-year average lives, came 2.3x subscribed at 3ME+13bp after 12-13bp price guidance, while the other tranches came several times oversubscribed at the tight end or inside talk.

Around 75% of the transaction was sold outside of Germany, demonstrating strong demand for exposure to German assets and the German Mittelstand in particular. French investors, largely money-market funds attracted by the relatively short-dated senior notes, accounted for 47% of the book, with Germany at 27% and the UK at 19%.

The bonds are backed by a portfolio comprising 396 loans to 373 companies. As such it is considerably more granular than

Thursday summary

A day for CMBS updates as details of the capital structure for Deutsche Bank latest conduit CMBS were released. DECO 9 Pan Europe 3 is backed by German and Swiss assets and features three Triple A tranches.

Joining DECO and the other CMBS in the pipeline is REC Plantation Place. NM Rothschild and Merrill Lynch yesterday announced the GBP 435mm deal which is backed by one loan on the Plantation Place office and retail building in London.

Price guidance was also released on Cornerstone TITAN 2006-1, the GBP 564mm CMBS from Credit Suisse. The Triple A note is talked at 3ML+19-20bp. And Citigroup's EuroProp (EMC) pan-European deal also priced. There was also some ABS supply in the form of a EUR 250mm German lease ABS from Grenkeleasing.

mezzanine capital deals such as PREPS, but less so than a typical Promise deal which might pool around 1,000 loans. Commerzbank selected the companies using its regular lending criteria, and 80% are existing customers. Rather than regular loans the deal securitises *Schuldscheine* – loans certified by certificates of indebtedness.

"*Schuldscheine* are well-understood as instruments where you advance money to your debtor and then sell on the instrument to a third party," says Nicolaus Trautwein, Commerzbank co-head of securitisation, Frankfurt. "Using *Schuldscheine* makes it clear right from the start to the debtor that this is a capital market instrument with a transfer clause, and is going to be sold on."

An alternative might have been pooling small corporate bonds, and this has not been ruled out for the future.

"There are many areas where it makes more sense than a Promise deal," Trautwein. "We achieve both regulatory relief and off-balance sheet treatment. We also benefit from excess spread mechanics which wouldn't work in a synthetic, and we end up with a fee income rather than a margin income".

Repeat securitisations are part of Commerzbank strategy in the future, particularly given that the implementation of Basel II will make such loans more expensive to keep on balance sheet. And the nature of the transaction reflects efforts by banks to combine origination with exit opportunities.

Deutsche Bank's planned programme will securitise mid-cap loans with five-year and seven-year maturities, which are expected to be warehoused on balance-sheet. Timing is uncertain with the first securitisation expected later this year or in 2007.

Repeat issuance also characterised the other two transactions. First to price was **Opera France One FCC**, the first French CMBS from arranger Eurohypo.

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It was backed by one loan on three office properties in the Paris suburbs and sold as a single tranche, and the simplicity of the structure seemed to appeal to investors as it priced at the tight end of the 3ME+20-22bp guidance range.

The loan was split into senior and junior parts, each of which as sub-divided into two. The Tranche A and B senior loans were for EUR 199.9mm and EUR 180mm respectively.

The junior loan was as good as halved into EUR 45mm of Tranche C and EUR 43mm of Tax Funding Loan. Both were used to partially refinance the payment of exit tax incurred by the borrower, CeGeREAL, on its conversion to a societe d'investissements immobiliers cotee, the French equivalent of a REIT.

The benefit of converting to a SIIC is that entities will be exempt from French corporate tax on rental income and real estate gains, should certain conditions be satisfied.

As of May 2006 CeGeREAL was 66.99% owned by Commerz Grundbesitz Investmentgesellschaft (CGI) – which are three property companies previously within the Commerzbank Group – and 33.01% publicly owned.

Commerzbank was joint bookrunner on the deal with Citigroup and took around a week and a half between announcement, bookbuilding and pricing. At pricing, the bonds were said to be well subscribed, although not to the extent that pricing could be pushed inside 20bp.

Nonetheless, pure French CMBS is rare, and coupled with some high profile tenants and a low LTV of 43.79%, investors appeared to be comfortable with the structure.

A day later, Citigroup priced its own CMBS, **EuroProp (EMC) SA Compartment 1**. EUR 648.5mm in size, the deals was backed by eight loans stretching across Germany, France, Sweden, Portugal and Belgium.

At guidance of 3ME+18-20bp for the 4.3-year Triple A bond investors probably found it a little too tight bearing in mind it was a multi-loan, multi-jurisdiction deal. And the number of competing deals out there would have also had some influence in pushing the final execution level to 3ME+21bp.

The remaining tranches all came in at the tight end, however, at 30bp for the Double A, 50bp for the Single A, 95bp for the Triple B, 137.5bp for the Triple B minus and 350bp for the Double B.

Guidance on another CMBS, Credit Suisse's **Cornerstone TITAN 2006-1**, points to a potential tighter print that EuroProp. Although competing supply could yet take its toll.

The Class A note is rated by all three agencies and is being shown at 3ML+19-20bp, for a 5.1-year average life. The Class B note, also Triple A but by S&P and Fitch only, is a few basis points back at 3ML+22-23bp.

The deal pools loans backed mainly by office buildings, which account for around 79% of the total 35 properties.

Joining the pipeline are another UK deal and a German multi-family trade. The former is **REC Plantation Place**, a GBP 435mm "trophy" property securitisation of one loan on the 1 Plantation Place address in London.

Merrill Lynch is bookrunner on the issue and is joined by arranger NM Rothschild, which originated the loan, as joint lead manager.

The property contains four office tenants and eight retail tenants and the mortgage has an initial LTV of 77.68%.

It roadshows from July 24 to 28 and is expected to price by August 4. **Quokka Finance 1** will keep the German multi-family theme going with a EUR 617.5mm deal through Barclays Capital.

The deal is for **BGP Investment**, a joint venture between Babcock & Brown and the GPT Group. The portfolio contains 18,979 residential units, 554 commercial and 4,723 parking spaces mostly in North and Western Germany.

In the RMBS sector, Abbey and First Active both announced the tenth deals from their respective programmes.

Holmes 10 is GBP 3.4bln equivalent and contains a mix of GBP, EUR and USD bonds across various ratings and average lives.

The USD tranches have not yet been disclosed by lead managers Citigroup, Deutsche Bank and HSBC but should be soon once legal clearance is obtained.

The other classes, however, are public and show EUR 1.005bln and GBP 600mm of Triple A bonds. Currency flexibility has been retained in EUR and GBP for the Double A, Single A and Triple Bs.

Roadshows get underway today for another newcomer to the RMBS list, **Celtic 10**. RBS is sole lead for the Irish deal and will be selling EUR 477.5mm of 0.98-year and EUR 1.253bln of 4.92-year Triple A notes in addition to EUR 89.5mm of Single A.

One other RMBS to hit the screens is only the second Russian deal yet. CityMortgage Bank is planning a USD 135mm transaction, although that includes USD 64.3mm on interest only notes.

Moscow Narodny Bank and Greenwich Financial Services are bringing **CityMortgage MBS Finance** into this fledgling market.

And in the ABS sector, a EUR 220.49mm securitisation of unsecured loans originated by Credifarma to Italian pharmacies has been announced via joint leads BNL, Credit Suisse and UBM. The transaction is called **Arcobaleno Finance**.

Grenkeleasing also priced a EUR 250mm securitisation of I.T. lease receivables via Deutsche Bank and West LB, **Goals 2006-1**

Lease issuance has been light this year so this deal would have stood out in a sea of CMBS and CDOs. Talked at 3ME+9-10bp, the EUR 212.5mm 1.19-year note priced at 8bp. The split rated Aa1/A piece came at 22bp and the Double B at 50bp.

RMBS

* **Abbey** is returning to its Holmes mastertrust with a GBP 3.4bln equivalent UK RMBS, **Holmes 10**. Citigroup, Deutsche and HSBC are joint leads. Roadshows end on Monday. The EUR and GBP capital structure is below.

CI	Size	CCY	WAL	M/S/F	Index
3A	EUR 1bln	EUR	2.81y	Aaa/AAA/AAA	3mE
3B	GBP 40mm	EUR/GBP	2.94y	Aa3/AA/AA	3mE/GBP
3M	GBP 40mm	EUR/GBP	2.94y	A2/A/A	3mE/GBP
3C	GBP 40mm	EUR/GBP	2.94y	Baa2/BBB/BBB	3mE/GBP
4A2	GBP 600mm	GBP	4.19y	Aaa/AAA/AAA	3mGBP

- USD details expected later.

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* **Celtic Residential Mortgages 10**, a EUR 1.79bn Irish RMBS from **First Active**, has been announced via RBS. European roadshows run from July 21 to 25. Expected pricing the week of July 31. The capital structure is as follows:

CI	M/S	SIZE	WAL	WIN	Legal	Index
A1	Aaa/AAA	EUR 477.5mm	0.98y	2-23	2048	3MEUR
A2	Aaa/AAA	EUR 1,253mm	4.92y	23-74	2048	3MEUR
B	A2/A	EUR 89.5mm	5.99y	56-74	2048	3MEUR

-Sequential pass through, switching to pro-rata. 15% CPR. Call option at step-up date in Oct 2012.
- It is backed by a pool of 100% owner-occupied mortgages with a 68.24% WALTV and 26.6-months seasoning. Also includes EUR 169.894 of pre-funding.

* Russia's **CityMortgage Bank** is planning a USD 135mm RMBS via Moscow Narodny Bank and Greenwich Financial Services. **CityMortgage MBS Finance** is backed a pool of USD-denominated fixed rate mortgages originated in the Moscow and St. Petersburg regions. The capital structure is as follows:

Class	Size	Moody's	Final	Index
A-FL	USD 64.3mm	Baa2	2033	3ML
A-IIO	EUR 64.3mm	Baa2	2033	3ML
B	EUR 6.40mm	B1	2033	3ML

- Backed by around 1,300 mortgages in the Moscow and St. Petersburg regions. CityMortgage Bank will service the deal but ZAO Raiffeisen Austria will act as back-up servicer.

* Despite **Farringdon Mortgages 1** drawing on its reserve fund for the second time, Fitch has said it will not take any action on the transaction just yet. And S&P has affirmed the deal, saying that despite the reserve fund draw the transaction has actually shown some sign of improvement over the last quarter.

The UK non-conforming market has been under a little strain, highlighted by the release of Kensington's results last week which included a doubling of bad debt provisions, and some deals from Kensington's RMS programme have already drawn on reserve funds.

Rooftop Mortgages, which is behind the Farringdon deals, has already seen a downgrade of the first Farringdon deal in May, and now the second deal is also undergoing a review. GBP 96,684.59 was drawn from reserve fund of Farringdon Mortgages 1, and total drawing now amounts to GBP 312,872 or 22.81% of the maximum balance achieved by the reserve fund of GBP 1.3715mm.

The reserve fund equates to 0.85% of the total note balance, below the 0.98% level at closing, and Fitch also says that excess spread has been hit by the detachable coupons (DAC) linked to the Class A notes that pay a 2.59% coupon.

Farringdon Mortgages 2 is also underperforming with arrears greater than three months now at 12.21% of the balance. DAC payments of 2.13% are also affecting the reserve fund in addition to eroding excess spread levels.

The reserve fund is currently GBP 2.13mm, and according to Fitch is "showing little sign of attaining the target of GBP 4.44mm."

CMBS

* **REC Plantation Place Ltd**, a GBP 435mm UK CMBS has been announced via arranger and joint lead NM Rothschild and sole bookrunner Merrill Lynch. Roadshows run from July 24 to 28. The capital structure is as follows:

Cl	Size	F/S	Exp	Legal	WAL	Index
A	GBP 295mm	AAA/AAA	Jul-13	Jul-16	6.77y	3ML
B	GBP 40mm	A/AA	Jul-13	Jul-16	6.87y	3ML
C	GBP 45mm	A/A	Jul-13	Jul-16	6.87y	3ML
D	GBP 40mm	BBB/BBB	Jul-13	Jul-16	6.87y	3ML
E	GBP 15mm	BBB/BBB-	Jul-13	Jul-16	6.87y	3ML

- Collateral: Single property, 1 Plantation Place, in London EC3 with 4 office tenants and 8 retail tenants. Initial LTV 77.68%. Initial ICR 119%. Pricing expected by August 4 with settlement anticipated for August 17.

* The capital structure on **Deutsche Bank's** EUR 1.16bn **DECO 9 Pan Europe 3** CMBS is now available.

CI	F/S/M	Size	LTV	WAL	Legal
A1	AAA/AAA/Aaa	EUR 649.95mm	33.60%	5.4y	07/2016
A2	AAA/AAA/Aaa	EUR 312.0mm	49.70%	6.9y	07/2016
B	AAA/AAA/NR	EUR 44.0mm	52.00%	6.6y	07/2016
C	AA/AA/NR	EUR 41.5mm	54.20%	7.1y	07/2016
D	AA/A+/NR	EUR 16.8mm	55.00%	7.1y	07/2016
E	A/A/NR	EUR 23.7mm	56.30%	7.1y	07/2016
F	BBB/BBB/NR	EUR 37.7mm	58.20%	7.1y	07/2016
G	BBB-/BBB-/NR	EUR 7.4mm	58.60%	7.1y	07/2016
H	BB/BBB-/NR	EUR 11.025mm	59.20%	7.1y	07/2016
J	BB-/BB/NR	EUR 10.879mm	59.70%	7.1y	07/2016

- 11 loans. 500 properties and over 3,600 tenants. German (90.8%) and Swiss (9.2%) assets. Office 48.6%, retail 33.4% and multifamily 7.7%. 60.1% WALTV and WA occupancy 90.9%. Largest loan EUR 420mm, (41% LTV) on 300 offices let to Dresdner Bank in Germany.

* **Quokka Finance**, a EUR 617.5mm German multifamily CMBS from **BGP Investment**, a joint venture between Babcock & Brown and the GPT Group, has been announced via Barclays. Roadshows commence on Monday. The capital structure is as follows:

CI	S/M	Size	CE%	LTV%	WAL	Index
A	AAA/Aaa	EUR 400.0mm	35.2	49.9	4.2y	3mE
B	AAA/Aaa	EUR 78.9mm	22.4	59.7	5.2y	3mE
C	AA/Aa1	EUR 40.1mm	16.0	64.7	5.2y	3mE
D	A/Aa3	EUR 58.5mm	6.5	72.0	5.2y	3mE
E	BBB/Baa2	EUR 40.0mm	0.0	77.0	5.2y	3mE

-Legal final Sep 2016. 18,979 residential, 554 commercial and 4,723 parking units mostly North and West Germany with 65% in Salzgitter, Berlin, Kiel and Cologne. 11 borrowers with cross-guarantees. Liquidity facility of 9% of the issue.

* Guidance is out on **Credit Suisse's** GBP 564mm UK CMBS, **Cornerstone Titan 2006-1**. According to Fitch it is backed by 10 loans on 35 mainly office properties with 208 tenants. Pricing is expected next week. The capital structure is as follows:

CI	Size	S/F/M	WAL	Legal	Guidance
A	GBP 393.43mm	AAA/AAA/Aaa	5.1y	2015	L+19-20bp
B	GBP 49.937mm	AAA/AAA/-	5.7yr	2015	L+22-23bp
C	GBP 20.250mm	AA/AA/-	5.7yr	2015	L+30bp area
D	GBP 25.539mm	A+/AA/-	5.7yr	2015	L+40bp area
E	GBP 20.748mm	A/A/-	5.6yr	2015	L+50bp area
F	GBP 31.366mm	BBB/BBB/-	5.4yr	2015	L+90bp area
G	GBP 13.817mm	BBB-/BBB/-	5.4yr	2015	L+105-110bp
H	GBP 5.500mm	BB/BB/-	5.4yr	Private	
J	GBP 3.472mm	B/B/-	5.4yr	Private	

- Around 79% office.

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* Price talk is out for **Nemus Funding 1**, the GBP 178.54mm synthetic balance sheet CMBS from **HSBC**. Pricing is expected on 24/25 July. The capital structure is follows:

CI	M/S	Size	CE	WAL	Guidance
A	Aaa/AAA	GBP 35.73mm	16%	5.30y	3ML+20bp area
B	Aa1/AA	GBP 44.84mm	10.9%	5.30y	3ML+30bp area
C	A1/A	GBP 35.91mm	7%	5.30y	3ML+hi 40s
D	Baa3/BBB	GBP 40.38mm	2.4%	5.30y	3ML+90bp area
E	Ba3/BB	GBP 17.33mm	0.5%	5.30y	3ML+275bp area
F	nr/BB	GBP 4.47mm		5.30y	3ML+325bp area

- Backed by 23 loans on 272 properties. 55.5% office, 10.7% mixed, 10.3% mixed office/retail, 8.7% retail and 14.8% other. Total portfolio size GBP 896.374mm. 3.46-years WA seasoning. 56.43% WALTV. 72.27% London, 12.99% Manchester, 2.17% Glasgow and 12.57% other. Expected maturity Jan 2013, final maturity Oct 2014.

* Price guidance on **ABN AMRO's** EUR 738.9mm conduit CMBS backed by eight loans on German commercial properties is available. **Talisman Finance 4** is expected to price July 25. The capital structure is as follows:

CI	Size	S/F/M	LTV	WAL	Guidance
A	EUR 570.0mm	AA/AAA/Aaa	59.80%	5.49	E+20-22bp
B	EUR 48.4mm	AA/AA	64.90%	6.43	E+mid 30s
C	EUR 48.4mm	A/A	69.90%	6.43	E+mid 50s
D	EUR 31.45mm	BBB/BBB	73.20%	6.43	E+mid 90s
E	EUR 21.7mm	BBB/BBB-	75.50%	6.43	E+110bp area
F	EUR 17.05mm	BB/BB	77.30%	6.43	Preplaced
G	EUR 1.95mm	B/B	77.50%	6.99	Preplaced

- 41.2% Office, 5.8% Logistics, 33.8% Retail, 6.2% Residential, 4.4% Mixed, 8.6% other. >270 tenants across property portfolio (excluding residential). Strong covenants. All loans benefit from ICR and LTV covenants.

* Price guidance has been released on **LoRDS II**, the GBP 256mm UK CMBS for **London & Regional**, via Morgan Stanley. It is backed by 27 assets including three government offices, the Hilton hotel (Trafalgar Square) and The Empire on Leicester Square. Target pricing date is Friday July 21. The capital structure is as follows:

CI	F/M/S	Size	LTV	WAL	Guidance
A	AAA/Aaa/-	GBP 190.0mm	42.8%	7.0y	3ML+20-21bp
B	AAA/Aa2/-	GBP 16.0mm	46.4%	7.0y	3ML+26-28bp
C	AA-/A2/-	GBP 50.0mm	57.7%	7.0y	3ML+47-50bp

- 27 assets: 12 offices, 2 hotels, 7 leisure and 6 retail assets. 98% occupancy rate. 128 tenants. 13.8y WA lease to maturity. 14% rent from the government. 57.5% LTV.

* The **Telereal** and **Premiertel** securitisations have both been affected by the downgrade of **BT** to BBB+ from A- by Fitch. Both transactions are dependent upon the rental payments made by BT, and their rating have been moved lower accordingly.

Fitch earlier today said that the downgrade reflected the fact that despite headline revenue growing for BT, it continued to face challenges in its core business, which according to Fitch were unlikely to abate.

Class B of **Premiertel** plc and Classes B2, B3 and B4 of **Telereal** Securitisation plc have all been downgraded to BBB+, while all remaining tranches have been affirmed.

CDO

* **AXA IM** is expected to price a synthetic CDO referenced to a pool of mainly investment grade debt and synthetic assets next week. Around EUR 216.5mm of EUR-denominated notes will be sold alongside USD bonds. **IXIS CIB** and **Merrill Lynch** are the leads. The capital structure for **Jazz III CDO** is as follows:

Class	Size*	S&P	LFM	Guidance
S	EUR 70.0mm	AAA	Sep 2014	3ME+25bp
A	EUR 45.0mm	AAA	Sep 2014	3ME+40bp area
B	EUR 10.0mm	AA	Sep 2014	3ME+90bp area
C	EUR 10.0mm	A	Sep 2014	3ME+140bp area
D	EUR 12.0mm	BBB	Sep 2014	3ME+300bp area
E	EUR 12.0mm	BB	Sep 2014	3ME+500bp area
Sub	EUR 57.5mm	n	Sep 2014	n/a

- Maximum exposure to high yield bonds 20% and 3% to synthetic instruments.

* USD notes will also be sold for similar notional amounts.

* Having launched its debut arbitrage CDO in February, market sources say that **IKB** is planning to return with another leveraged loan CLO, **Bacchus 2006-2**. The first deal was EUR 400mm in size and pooled loans mainly from Germany, the UK and France.

* Fitch has unveiled Risk Analytics Platform for Credit Derivatives (**RAP CD**), a market risk assessment service for the synthetic CDO market.

RAP CD will permit market players to independently price and evaluate mark-to-model pricing and the key elements driving volatility, providing transparency throughout the life of an investment, according to the agency.

Kimberly Slawek said in a statement that RAP CD "is a solution to the most challenging aspects of managing credit derivatives instruments, managing and anticipating portfolio volatility."

RAP CD combines a number of analytics tools, such as **Algorithmics' Algo Risk** which provides a framework for pricing and stress testing credit derivatives/CDOs in addition to several pricing models from **Reoch Credit's CDO Model Suite** that provide benchmark valuations, and enables users to identify specific tranches for analysis.

Having entered a CDO structure, in addition to market data, the model provides pricing, stress testing and sensitivity analysis capturing the key drivers of price volatility, says Fitch.

RAP CD can be generated at tranche level or for an entire portfolio, and is not restricted to deals or tranches only rated by Fitch.

* Levels have been heard on **Duchess VI**, the EUR 450mm leveraged loan CLO from **Babson Capital**. **Citigroup** is the lead. The capital structure is as follows:

Class	Size	Ratings	Final	Guidance
A-1	EUR 193.5mm	Aaa/AAA	16y	3ME+21bp
Revolver	EUR 112.5mm	Aaa/AAA	16y	3ME+26-27bp
B	EUR 31.5mm	Aa2/AA	16y	3ME+35-36bp
C	EUR 22.5mm	A2/A	16y	3ME+60bp area
D	EUR 29.25mm	Baa3/BBB-	16y	3ME+140-145bp
E	EUR 13.5mm	Ba3/BB-	16y	3ME+365-370bp
F	EUR 47.25mm	nr/nr	16y	n/a

- 5-year non-call and 7-year reinvestment period. Expected pricing end July.

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* Guidance is available on **Adagio III**, a EUR 500mm leveraged loan CLO from **AXA IM**. Lehman Brothers is the lead manager. The capital structure is as follows:

CI SIZE	M/S	WAL	Legal	Guidance
A EUR 351.0mm	Aaa/AAA	8.9y	2022	6ME+23-25bp
B EUR 25.0mm	Aa2/AA	10.7y	2022	6ME+high 30s-40bp
C EUR 30.5mm	A2/A	11.1y	2022	6ME+60-low 60s
D EUR 28.0mm	Baa3/BBB-	11.4y	2022	6ME+155bp area
E EUR 17.0mm	Ba3/BB-	11.6y	2022	PREPLACED

* Final orders are being firmed up on **RMF Four Seasons**, the CFO managed by **RMF Investment Management**. IXIS CIB is the lead manager. The capital structure is as follows:

CI	Size	S/M/F	WAL	Final	Guidance
S	EUR 30mm	AAA/Aaa/AAA	5y	2013	E+37bp area
M1	EUR 24mm	AA/Aa1/AA+	5y	2013	E+70bp area
M2	EUR 15mm	A/Aa3/A	5y	2013	E+120bp area
M3	EUR 21mm	BBB/Baa1/BBB	5y	2013	E+210bp area
Equity	EUR 60mm	nr/nr/nr	5y	2013	n/a

- Target portfolio size is EUR 300mm.

ABS

* **Arcobaleno Finance S.r.l.**, a EUR 220.49mm securitisation of loans granted to Italian pharmacies, is readying for **Credifarma**. Joint leads are BNL, Credit Suisse and UBM. The capital structure is as follows:

Class	Size	Fitch	CE	Final	Index
A	EUR 184.1mm	AAA	16.5%	Oct 2030	3ME
B	EUR 18.7mm	A	8.02%	Oct 2030	3ME
C	EUR 6.40mm	BBB	5.12%	Oct 2030	3ME
M	EUR 11.29mm	nr	n/a	Oct 2030	

- Collateral is 2,106 unsecured loans to 794 pharmacists with WA seasoning of 2.27-years. 44% South Italy, 35% Central and 21% North. This deal is the term phase of an issue conducted in two stages. In March 2005 Nasaea S.r.l issued EUR 205.866mm of notes to purchase a portfolio of loans from Credifarma, and proceeds from the new notes will re-finance those, according to Fitch.

* S&P has commented that the new July 4 Law Decree N.223 passed in Italy could affect securitisations exposed to commercial real estate properties.

The agency states that one of the changes implemented in the decree relates to VAT applicable on deals that involve commercial real estate assets.

At present, the decree rules that real estate sales carried out five years after construction or refurbishment of the properties are not subject to VAT. In place of VAT, a proportional transfer tax is applied.

S&P says that companies in the past were able offset VAT debits against credits gained in goods and services purchases, effectively neutralising VAT.

But now, that transfer tax paid on property transactions cannot be reclaimed in a similar manner.

As a result, S&P views the provisions laid out by the decree as a possible cause of increased transaction costs, affecting the supply/demand balance.

And the companies likely to be the most affected are real estate companies and leasing outfits who have been requested to rectify deductions made before the passing of the new decree and could be required to repay VAT back to the government.

This could then have an impact on companies looking to securitise, as the higher tax liabilities could be passed on to potential borrowers - affecting their ability to repay as well as even causing a deterioration in borrower credit quality.

Under Italian law the decree must be converted into law within 60 days of publication.

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Primary market details for deals priced the week of July 17

CMBS						
19 Jul	Opera France One FCC (Eurohypo) via Citigroup/Commerzbank					
Class	Size	S/F	WAL	Legal	Coupon	Notes
A	EUR 379.9mm	AAA/AAA	6.6y	2016	3ME+20bp	French CMBS on three loans in the Paris suburbs. 20 tenants. Loan originated for the purpose of securitisation.
20 Jul	EuroProp EMC SA Compartment 1 (Citigroup) via Citigroup					
Class	Size	S/F	WAL	Legal	Coupon	Notes
A	EUR 485.0mm	AAA/AAA	4.3y	Apr 13	3ME+21bp	Backed by 8 loans from Germany,
X	EUR 0.05mm	AAA/AAA	4.6y	Apr 13	Not offered	France, Sweden, Portugal and
B	EUR 55.0mm	AA/AA	4.6y	Apr 13	3ME+30bp	Belgium. Offices make up 40%,
C	EUR 37.8mm	A/A	4.6y	Apr 13	3ME+50bp	retail 22%, residential multi-family
D	EUR 41.0mm	BBB/BBB	4.6y	Apr 13	3ME+95bp	17%, mixed use 8% and others
E	EUR 21.2mm	BBB-/BBB-	4.6y	Apr 13	3ME+137.5bp	13%.
F	EUR 8.0mm	BB/n/a	4.5y	Apr 13	3ME+350bp	
20 Jul	Goals 2006-1 (Grenkeleasing) via DB/WLB					
Class	Size	S/F	WAL	Legal	Coupon	Notes
A	Aaa/AAA	EUR 212.5mm	1.19y	Jul 14	3ME+8bp	German small ticket IT equipment
B	Aa1/A	EUR 20.0mm	3.04y	Jul 14	3ME+22bp	lease receivables. Average size
C	Baa1/BBB	EUR 12.5mm	3.45y	Jul 14	3ME+50bp	EUR 3,834. 14 months seasoning.
D	Ba3/BB	EUR 5.0mm	3.45y	Jul 14	Retained	
CLO						
19 Jul	TS Co.mit One GmbH (Commerzbank) via Commerzbank					
Class	Size	Ratings	WAL	Legal	Coupon	Notes
A	EUR 443.2mm	Aaa/AAA/AAA	2.58y	2013	3ME+13bp	Pools 396 Schuldscheine loans
B	EUR 15.0mm	Aa2/AA/AA	2.95y	2013	3ME+20bp	to 373 companies. Static portfolio
C	EUR 13.9mm	A2/A/A	2.95y	2013	3ME+30bp	with three year average remaining
D	EUR 10.2mm	Baa1/BBB/BBB	2.95y	2013	3ME+60bp	term.
E	EUR 11.3mm	Ba1/BB/BB	2.95y	2013	3ME+245bp	
F	EUR 6.3mm	B1/B/B	2.95y	2013		
11 Jul	Highlander Euro CDO (Highlander Capital Management) via JPM					
Class	Size	Ratings	WAL	Legal	Coupon	Notes
A1	Aaa/AAA	EUR 276.25mm	9.0y	June 2022	6ME+24bp	Leveraged loan CLO with minimum
A2	Aa1/AAA	EUR 48.75mm	10.0y	June 2022	6ME+35bp	75% senior secured loans. WA
B	Aa2/AA	EUR 45mm	10.5y	June 2022	6ME+45bp	rating is B+.
C	A3/A-	EUR 41.25mm	11.0y	June 2022	6ME+75bp	
D	Baa3/BBB-	EUR 25mm	11.5y	June 2022	6ME+175bp	
E	Ba3/BB-	EUR 13.75mm	12.0y	June 2022	6ME+410bp	
F1	nr/nr	EUR 24.5mm	n/a	June 2022	n/a	
F2	nr/nr	EUR 25.5mm	n/a	June 2022	n/a	

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Near-term ABS/MBS/CDO pipeline

Type	Deal description
ABS	Chapel 2006-1 EUR 550mm Dutch consumer loan ABS via Merrill
ABS	Arcobaleno Finance Credifarma EUR 220.4mm pharma ABS nears – BNL/CS/UMB
ABS	GRTN Italian electricity fee payments
CMBS	Cornerstone Titan 2006-1 Credit Suisse GBP 576mm UK CMBS
CMBS	Deco 9 EUR 1.16bln German/Swiss CMBS from Deutsche Bank
CMBS	GRAND Pic EUR 5.4bln Germany multi-family CMBS via BC/Citi
CMBS	IXIS CIB EUR 436mm Italian CMBS on two loans via IXIS CIB
CMBS	LoRDS II GBP 256mm UK CMBS from London & Regional via Morgan Stanley
CMBS	Nemus Funding 1 Synthetic balance-sheet CMBS from HSBC, GBP 178mm notes
CMBS	Quokka Finance EUR 617.5mm German multi-fam CMBS from BGP Investment - BC
CMBS	REC Plantation Place GBP 435mm UK CMBS via NM Rothschild/Merrill
CMBS	Talisman 4 Germany conduit CMBS worth EUR 738mm from ABN Amro
CMBS	Windermere Lehman EUR 1-1.5bln German multi-family CMBS expected autumn
RMBS	Aire Valley 2006-1 Bradford & Bingley UK RMBS set for Jul/Aug via Citi/CS
RMBS	Bluestone 2006-1 HVB's GBP 220mm UK non-conforming RMBS
RMBS	Celtic 10 First Active EUR 1.79bln Irish RMBS via RBS
RMBS	CityMortgage MBS Finance USD 135mm Russian RMBS from CityMortgage Bank
RMBS	Douro 2 Portuguese RMBS planned for after summer by Banco BPI
RMBS	IM Terrassa MBS 1 EUR 525mm mixed Spanish MBS via ABN/Ixis
RMBS	Grifonas Finance 1 EUR 950mm Greek RMBS from CDLF via JPM/NBG
RMBS	Holmes 10 GBP 3.4bln equiv master trust RMBS from Abbey via Citi/DB/HSBC
RMBS	TDA 25 EUR 265mm Spanish RMBS for Banco Gallego and Credifimo via Bear
CDO	Adagio III CLO EUR 500mm leveraged loan CLO for Axa IM via LB
CDO	Angel Court synthetic corporate CDO for JPM AM readying via Calyon
CDO	Bacchus 2006-2 IKB leveraged loan CLO heard
CDO	Confluents EUR 2.6bln multi-originator leveraged loans CLO via Calyon
CDO	Daphne Finance II partially-funded balance-sheet synthetic CLO for Calyon
CDO	Duchess VI EUR 450mm leveraged loan CLO for Babson via Citigroup
CDO	Eurocredit CDO V EUR 600mm leveraged loan CLO for Intermediate Capital
CDO	Euro-Galaxy CLO EUR 350mm leveraged loan CLO for AIG via MS
CDO	Jazz III Synthetic CDO from AXA via Ixis-CIB/Merrill
CDO	Lusitano SME EUR 800mm+ Portuguese SME deal for BES
CDO	Moorgate CLO III EUR 500mm leveraged loan CLO from Winchester Capital via DB
CDO	RMF Four Seasons EUR 150mm CFO from RMF IM via Ixis
CDO	Sciens CFO I Collateralised fund obligation from Sciens via Bear Stearns

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Informa Global Markets' Structured Finance Watch provides real-time analysis and new deal intelligence on the growing structured securities markets in the United States, Europe and Asia/Pacific. The service covers the full range of structured asset classes, including synthetic and funded CDOs, residential and commercial mortgages, equipment loans/leases, auto receivables, credit card and various other credit issues.

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