

Confidential

EETI Quarterly Review

QUARTER ENDED 30/09/2016

October 2016

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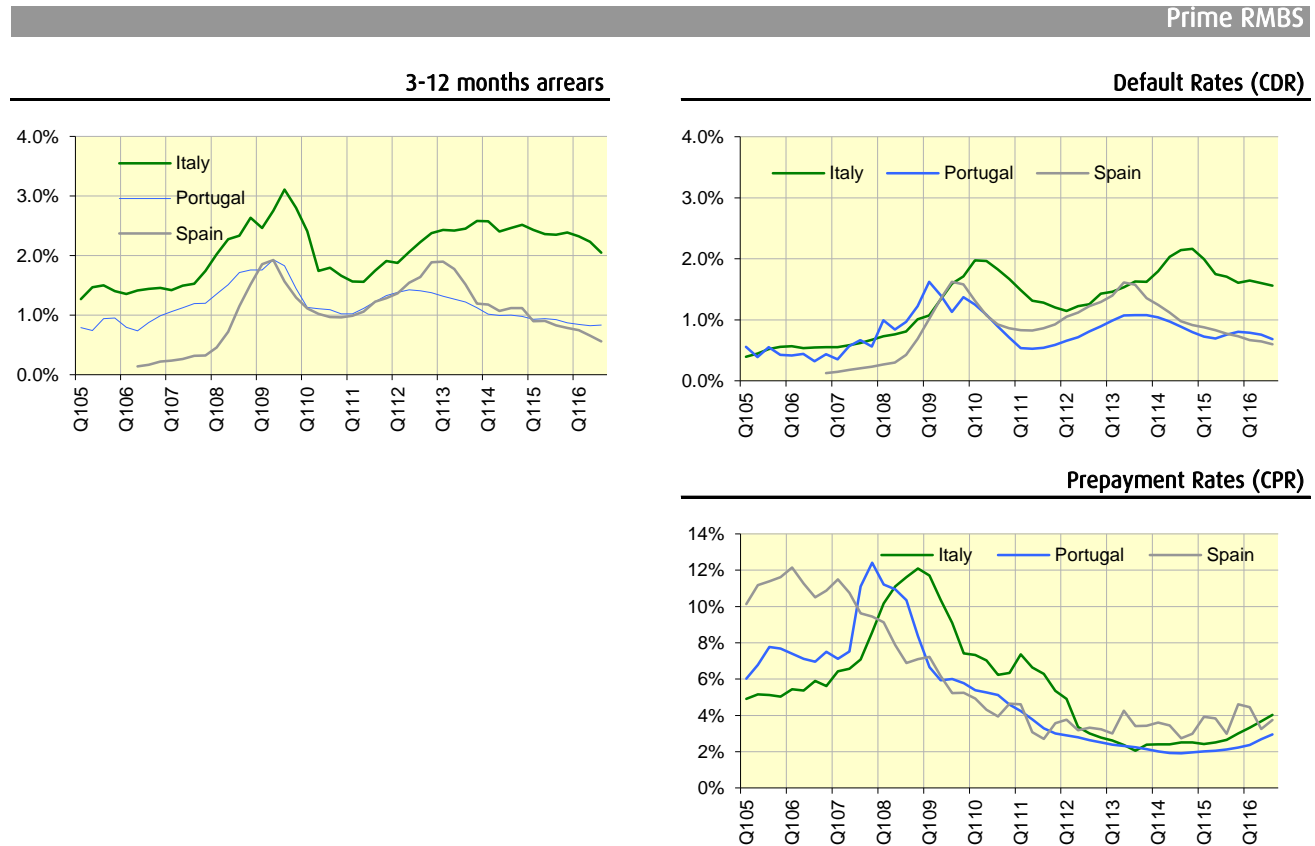
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1 EUROPEAN ABS / RMBS ACTIVITY AND PERFORMANCE

Prime European RMBS performance

- ▶ Arrears and defaults remain broadly stable in Spain and Portugal, below 1.0% on average, while credit performance across Italian deals continues to slowly improve
- ▶ As previously noted, average prepayment rates across these countries are ticking up, albeit from very low levels

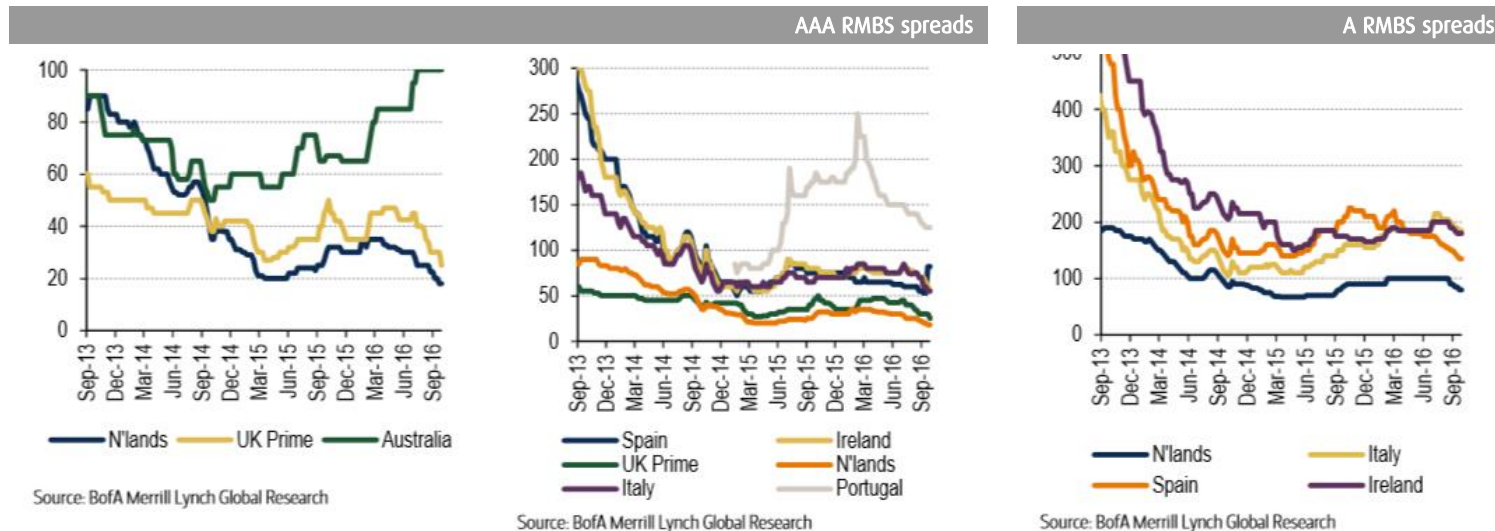


Note: Indices based on own data collection of a broad sample of seasoned RMBS transactions.
 Source: Trustee reports and Cartesia.

European ABS / RMBS market activity

- ▶ European ABS tightened slightly in the course of the third quarter in the context of negative rates, low primary supply and a shrinking inventory of available paper:
 - The best Dutch ECB-eligible first-pays now trade at spreads over 3-month Euribor of less than 20 bps, while eligible peripheral first-pays trade between 55 and 130 bps;
 - The level of non-eligible first-pays is more dispersed, depending on the specifics of each transaction, but has generally tightened over the quarter;
 - Trading in mezzanine and subordinated bonds, principally through auctions (“BWICs”), remains active.

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 30/09/2016

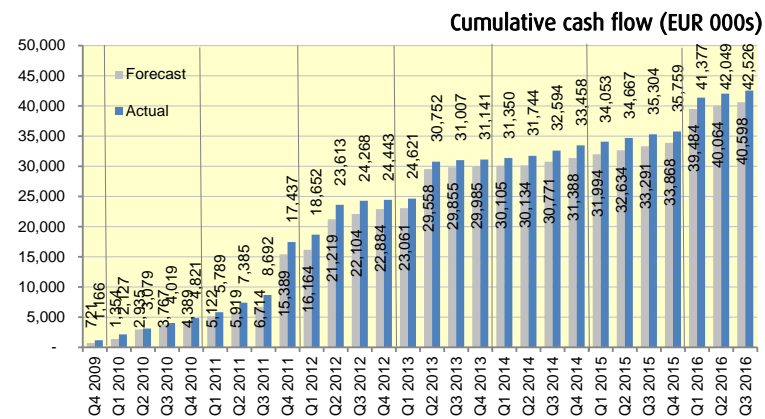
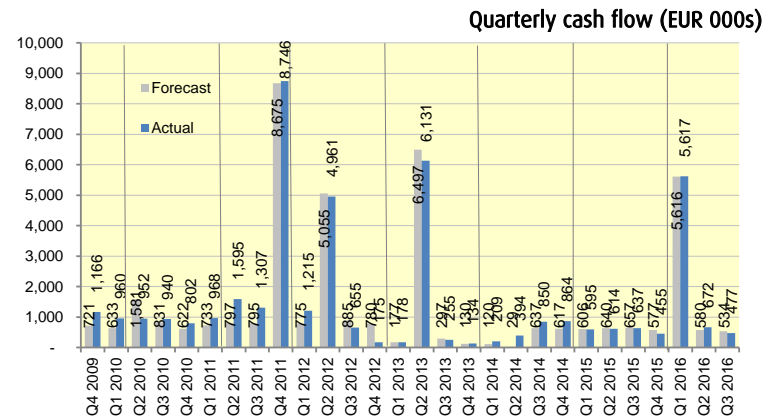
- ▶ Quarterly cash flow amounted to EUR 477k, EUR 57k below forecast. Cash flow was primarily derived from the Ludgate and Lusitano 3 positions.

Cash flow receipt for the quarter

(EUR)

| Transactions | Actual | Forecast | Delta |
|--------------|----------------|----------------|-----------------|
| Lusitano 3 | 97,516 | 151,402 | (53,886) |
| Lusitano 5 | - | - | - |
| Pastor 2 | - | 2,961 | (2,961) |
| Pastor 3 | - | - | - |
| Pastor 4 | - | - | - |
| Pastor 5 | - | - | - |
| Sestante 4A1 | 13,869 | 12,101 | 1,768 |
| Minotaure 04 | - | - | - |
| Ludgate 06-1 | 366,073 | 367,724 | (1,651) |
| TOTAL | 477,458 | 534,187 | (56,729) |

Actual vs. forecast since Q4 2009



Forecast annual cash flow

| Forecast cash flow | | | | | |
|--------------------|---------------|---------------|---------------|--------------------|--|
| (EUR 000s) | | | | | |
| Period | Period CF | Cumulative CF | % Total | Cumulative % Total | |
| 2016 | 535 | 535 | 1.3% | 1.3% | |
| 2017 | 2,196 | 2,730 | 5.4% | 6.7% | |
| 2018 | 2,790 | 5,520 | 6.9% | 13.6% | |
| 2019 | 8,226 | 13,746 | 20.3% | 33.9% | |
| 2020 | 8,222 | 21,968 | 20.3% | 54.2% | |
| 2021 | 3,970 | 25,937 | 9.8% | 64.1% | |
| 2022 | 640 | 26,578 | 1.6% | 65.6% | |
| Beyond | 13,918 | 40,496 | 34.4% | 100.0% | |
| TOTAL | 40,496 | | 100.0% | | |

Total forecast cash flow of EUR 40.5m, of which two-thirds by 2022

Historical cash flow

| (EUR 000s) | Spain | | | | Portugal | | Italy | France | UK | Total |
|-------------------|----------|----------|----------|----------|------------|------------|------------|-----------|---------|-------|
| | Pastor 2 | Pastor 3 | Pastor 4 | Pastor 5 | Lusitano 3 | Lusitano 5 | Sestante 4 | Minotaure | Ludgate | |
| HISTORICAL | | | | | | | | | | |
| Q3 2009 | 86 | - | - | - | 59 | 77 | - | 213 | 13 | 891 |
| Q4 2009 | 430 | - | - | - | 34 | 75 | - | 210 | - | 1,166 |
| Q1 2010 | 337 | - | - | - | - | 0 | - | 190 | 26 | 960 |
| Q2 2010 | 235 | - | - | - | 75 | - | - | 233 | 6 | 952 |
| Q3 2010 | 59 | - | - | - | 205 | - | - | 264 | 6 | 940 |
| Q4 2010 | 160 | - | - | - | - | - | - | 216 | 8 | 802 |
| Q1 2011 | 316 | - | - | - | 85 | - | - | 132 | 10 | 968 |
| Q2 2011 | 385 | - | - | - | 529 | - | 25 | 214 | 13 | 1,595 |
| Q3 2011 | 222 | - | - | - | 350 | - | 25 | 249 | 11 | 1,307 |
| Q4 2011 | 169 | - | - | - | 273 | - | 19 | 177 | 11 | 8,746 |
| Q1 2012 | 235 | - | - | - | 487 | - | 20 | 189 | 2 | 1,215 |
| Q2 2012 | 170 | - | - | - | 388 | - | 15 | 134 | 2 | 4,961 |
| Q3 2012 | 91 | - | - | - | 282 | - | 14 | 99 | 5 | 655 |
| Q4 2012 | 7 | - | - | - | - | - | 11 | - | 5 | 175 |
| Q1 2013 | 7 | - | - | - | 5 | - | 11 | - | 7 | 178 |
| Q2 2013 | - | - | - | - | - | - | 13 | - | 14 | 6,131 |
| Q3 2013 | 14 | - | - | - | 203 | - | 12 | - | 14 | 255 |
| Q4 2013 | - | - | - | - | 110 | - | 11 | - | 1 | 134 |
| Q1 2014 | - | - | - | - | 183 | - | 10 | - | 4 | 209 |
| Q2 2014 | - | - | - | - | 78 | - | 12 | - | 291 | 394 |
| Q3 2014 | - | - | - | - | 247 | - | 13 | - | 577 | 850 |
| Q4 2014 | 29 | - | - | - | 237 | - | 12 | - | 575 | 864 |
| Q1 2015 | 4 | - | - | - | 114 | - | 11 | - | 456 | 595 |
| Q2 2015 | 4 | - | - | - | 110 | - | 11 | - | 479 | 614 |
| Q3 2015 | 3 | - | - | - | 71 | - | 13 | - | 541 | 637 |
| Q4 2015 | - | - | - | - | 102 | - | 13 | - | 331 | 455 |
| Q1 2016 | - | - | - | - | 179 | - | 15 | - | 416 | 5,617 |
| Q2 2016 | 8 | - | - | - | 219 | - | 13 | - | 432 | 672 |
| Q3 2016 | - | - | - | - | 98 | - | 14 | - | 366 | 477 |

Forecast quarterly cash flow

| (EUR 000s) | | Spain | | | | Portugal | | Italy | France | UK | | | |
|----------------|----|--------------|-------------|--------------|-------------|--------------|---------------|-------------|--------------|--------------|---------------|-----------|---------------|
| | | Pastor 2 | Pastor 3 | Pastor 4 | Pastor 5 | Lusitano 3 | Lusitano 5 | Sestante 4 | Minotaure | Ludgate | Total | | |
| Sum CF | | 5,046 | - | 4,281 | - | 9,509 | 10,804 | 9 | 4,976 | 5,871 | 40,496 | | |
| % Total | | 12.5% | 0.0% | 10.6% | 0.0% | 23.5% | 26.7% | 0.0% | 12.3% | 14.5% | 100.0% | | |
| | | | | | | | | | | | Quarterly CF | Annual CF | Cumulative CF |
| Q4 2016 | 1 | - | - | - | - | 181 | - | 9 | - | 345 | 535 | 535 | 535 |
| Q1 2017 | 2 | 7 | - | - | - | 175 | - | 0 | - | 333 | 515 | | 1,049 |
| Q2 2017 | 3 | 3 | - | - | - | 233 | - | - | - | 321 | 557 | | 1,607 |
| Q3 2017 | 4 | 3 | - | - | - | 179 | - | - | - | 308 | 491 | | 2,097 |
| Q4 2017 | 5 | 3 | - | - | - | 315 | - | - | - | 315 | 633 | 2,196 | 2,730 |
| Q1 2018 | 6 | 4 | - | - | - | 355 | - | - | - | 303 | 661 | | 3,391 |
| Q2 2018 | 7 | 4 | - | - | - | 444 | - | - | - | 291 | 739 | | 4,130 |
| Q3 2018 | 8 | 4 | - | - | - | 402 | - | - | - | 280 | 686 | | 4,817 |
| Q4 2018 | 9 | 4 | - | - | - | 431 | - | - | - | 269 | 704 | 2,790 | 5,520 |
| Q1 2019 | 10 | 4 | - | - | - | 437 | - | - | - | 254 | 695 | | 6,216 |
| Q2 2019 | 11 | 5 | - | - | - | 584 | - | - | - | 241 | 829 | | 7,045 |
| Q3 2019 | 12 | 5,005 | - | - | - | 631 | - | - | - | 228 | 5,864 | | 12,908 |
| Q4 2019 | 13 | - | - | - | - | 623 | - | - | - | 215 | 838 | 8,226 | 13,746 |
| Q1 2020 | 14 | - | - | - | - | 625 | 717 | - | - | 198 | 1,540 | | 15,287 |
| Q2 2020 | 15 | - | - | - | - | 623 | 2,355 | - | - | 183 | 3,161 | | 18,447 |
| Q3 2020 | 16 | - | - | - | - | 561 | 1,193 | - | - | 168 | 1,923 | | 20,370 |
| Q4 2020 | 17 | - | - | - | - | 86 | 1,357 | - | - | 155 | 1,598 | 8,222 | 21,968 |
| Q1 2021 | 18 | - | - | - | - | 87 | 1,786 | - | - | 1,465 | 3,337 | | 25,305 |
| Q2 2021 | 19 | - | - | - | - | 85 | 133 | - | - | - | 218 | | 25,523 |
| Q3 2021 | 20 | - | - | - | - | 84 | 128 | - | - | - | 212 | | 25,735 |
| Q4 2021 | 21 | - | - | - | - | 76 | 127 | - | - | - | 203 | 3,970 | 25,937 |
| Q1 2022 | 22 | - | - | - | - | 78 | 126 | - | - | - | 204 | | 26,141 |
| Q2 2022 | 23 | - | - | - | - | 76 | 84 | - | - | - | 160 | | 26,301 |
| Q3 2022 | 24 | - | - | - | - | 75 | 67 | - | - | - | 142 | | 26,444 |
| Q4 2022 | 25 | - | - | - | - | 68 | 66 | - | - | - | 134 | 640 | 26,578 |
| Q1 2023 | 26 | - | - | - | - | 70 | 65 | - | 593 | - | 728 | | 27,305 |
| Q2 2023 | 27 | - | - | - | - | 68 | 63 | - | 715 | - | 845 | | 28,151 |
| Q3 2023 | 28 | - | - | - | - | 67 | 59 | - | 615 | - | 741 | | 28,891 |
| Q4 2023 | 29 | - | - | - | - | 61 | 58 | - | 497 | - | 615 | 2,929 | 29,506 |
| Q1 2024 | 30 | - | - | - | - | 62 | 57 | - | 370 | - | 489 | | 29,995 |
| Q2 2024 | 31 | - | - | 4,281 | - | 60 | 55 | - | 287 | - | 4,683 | | 34,678 |
| Q3 2024 | 32 | - | - | - | - | 59 | 52 | - | 221 | - | 332 | | 35,009 |
| Q4 2024 | 33 | - | - | - | - | 54 | 50 | - | 131 | - | 235 | 5,738 | 35,244 |
| Q1 2025 | 34 | - | - | - | - | 54 | 49 | - | 44 | - | 147 | | 35,391 |
| Q2 2025 | 35 | - | - | - | - | 52 | 47 | - | 8 | - | 107 | | 35,498 |
| Q3 2025 | 36 | - | - | - | - | 1,387 | 44 | - | 8 | - | 1,439 | | 36,938 |
| Q4 2025 | 37 | - | - | - | - | - | 43 | - | 8 | - | 51 | 1,744 | 36,989 |
| Q1 2026 | 38 | - | - | - | - | - | 42 | - | 1,480 | - | 1,522 | | 38,511 |
| Q2 2026 | 39 | - | - | - | - | - | 40 | - | - | - | 40 | | 38,551 |
| Q3 2026 | 40 | - | - | - | - | - | 37 | - | - | - | 37 | | 38,588 |
| Q4 2026 | 41 | - | - | - | - | - | 36 | - | - | - | 36 | 1,635 | 38,624 |
| Q1 2027 | 42 | - | - | - | - | - | 35 | - | - | - | 35 | | 38,659 |
| Q2 2027 | 43 | - | - | - | - | - | 34 | - | - | - | 34 | | 38,693 |
| Q3 2027 | 44 | - | - | - | - | - | 31 | - | - | - | 31 | | 38,724 |
| Q4 2027 | 45 | - | - | - | - | - | 30 | - | - | - | 30 | 130 | 38,754 |
| Q1 2028 | 46 | - | - | - | - | - | 29 | - | - | - | 29 | | 38,783 |
| Q2 2028 | 47 | - | - | - | - | - | 1,713 | - | - | - | 1,713 | | 40,496 |
| Q3 2028 | 48 | - | - | - | - | - | - | - | - | - | - | | 40,496 |
| Q4 2028 | 49 | - | - | - | - | - | - | - | - | - | - | 1,742 | 40,496 |

Net present values at different discount rates

(EUR 000s)

| Net present values at different discount rates | | | | | | | | | | |
|--|----------|----------|----------|----------|------------|------------|------------|-----------|---------|--------|
| NPV at different discount rates | | | | | | | | | | |
| Discount Rate | Pastor 2 | Pastor 3 | Pastor 4 | Pastor 5 | Lusitano 3 | Lusitano 5 | Sestante 4 | Minotaure | Ludgate | Total |
| 4.76% | 4,391 | - | 2,985 | - | 7,947 | 8,339 | 9.3 | 3,458 | 5,213 | 32,343 |
| 6.26% | 4,209 | - | 2,674 | - | 7,544 | 7,729 | 9 | 3,096 | 5,032 | 30,292 |
| 11.26% | 3,669 | - | 1,872 | - | 6,425 | 6,100 | 9 | 2,168 | 4,502 | 24,745 |
| 5.00% | 4,362 | - | 2,933 | - | 7,880 | 8,237 | 9.3 | 3,397 | 5,183 | 32,000 |
| 7.50% | 4,065 | - | 2,444 | - | 7,236 | 7,272 | 9.2 | 2,829 | 4,890 | 28,745 |
| 10.00% | 3,796 | - | 2,045 | - | 6,678 | 6,461 | 9 | 2,367 | 4,626 | 25,982 |
| 15.00% | 3,324 | - | 1,449 | - | 5,764 | 5,183 | 9 | 1,681 | 4,168 | 21,577 |
| Valuation | 4,209 | - | 1,872 | - | 7,544 | 6,100 | 9 | 2,168 | 4,502 | 26,404 |

| 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 | Minotaure | Ludgate | Total |
| 4.76% | 1.1x | - | 1.4x | - | 1.2x | 1.3x | 1.0x | 1.4x | 1.1x | 1.3x |
| 6.26% | 1.2x | - | 1.6x | - | 1.3x | 1.4x | 1.0x | 1.6x | 1.2x | 1.3x |
| 11.26% | 1.4x | - | 2.3x | - | 1.5x | 1.8x | 1.0x | 2.3x | 1.3x | 1.6x |
| 5.00% | 1.2x | - | 1.5x | - | 1.2x | 1.3x | 1.0x | 1.5x | 1.1x | 1.3x |
| 7.50% | 1.2x | - | 1.8x | - | 1.3x | 1.5x | 1.0x | 1.8x | 1.2x | 1.4x |
| 10.00% | 1.3x | - | 2.1x | - | 1.4x | 1.7x | 1.0x | 2.1x | 1.3x | 1.6x |
| 15.00% | 1.5x | - | 3.0x | - | 1.6x | 2.1x | 1.0x | 3.0x | 1.4x | 1.9x |
| Valuation | 1.2x | - | 2.3x | - | 1.3x | 1.8x | 1.0x | 2.3x | 1.3x | 1.5x |

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 | | | | | | | | | | | | |
|--|----------|----------|----------|----------|------------|------------|------------|------|-----------|---------|--------|--------|
| NPV at different cash flow assumptions | | | | | | | | | | | | |
| % 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% | 7,155 | - | 3,182 | - | 12,824 | 10,371 | 16 | - | 3,686 | 7,653 | 44,886 | 70.0% |
| 165.0% | 6,945 | - | 3,089 | - | 12,447 | 10,066 | 15 | - | 3,577 | 7,428 | 43,566 | 65.0% |
| 160.0% | 6,734 | - | 2,995 | - | 12,070 | 9,761 | 15 | - | 3,469 | 7,203 | 42,246 | 60.0% |
| 155.0% | 6,524 | - | 2,901 | - | 11,693 | 9,456 | 14 | - | 3,360 | 6,978 | 40,926 | 55.0% |
| 150.0% | 6,313 | - | 2,808 | - | 11,315 | 9,151 | 14 | - | 3,252 | 6,753 | 39,605 | 50.0% |
| 145.0% | 6,103 | - | 2,714 | - | 10,938 | 8,846 | 13 | - | 3,144 | 6,528 | 38,285 | 45.0% |
| 140.0% | 5,892 | - | 2,621 | - | 10,561 | 8,540 | 13 | - | 3,035 | 6,302 | 36,965 | 40.0% |
| 135.0% | 5,682 | - | 2,527 | - | 10,184 | 8,235 | 13 | - | 2,927 | 6,077 | 35,645 | 35.0% |
| 130.0% | 5,471 | - | 2,433 | - | 9,807 | 7,930 | 12 | - | 2,818 | 5,852 | 34,325 | 30.0% |
| 125.0% | 5,261 | - | 2,340 | - | 9,430 | 7,625 | 12 | - | 2,710 | 5,627 | 33,005 | 25.0% |
| 120.0% | 5,051 | - | 2,246 | - | 9,052 | 7,320 | 11 | - | 2,602 | 5,402 | 31,684 | 20.0% |
| 115.0% | 4,840 | - | 2,153 | - | 8,675 | 7,015 | 11 | - | 2,493 | 5,177 | 30,364 | 15.0% |
| 110.0% | 4,630 | - | 2,059 | - | 8,298 | 6,710 | 10 | - | 2,385 | 4,952 | 29,044 | 10.0% |
| 105.0% | 4,419 | - | 1,965 | - | 7,921 | 6,405 | 10 | - | 2,276 | 4,727 | 27,724 | 5.0% |
| 100.0% | 4,209 | - | 1,872 | - | 7,544 | 6,100 | 9 | - | 2,168 | 4,502 | 26,404 | 0.0% |
| 95.0% | 3,998 | - | 1,778 | - | 7,166 | 5,795 | 9 | - | 2,060 | 4,277 | 25,083 | -5.0% |
| 90.0% | 3,788 | - | 1,685 | - | 6,789 | 5,490 | 8 | - | 1,951 | 4,052 | 23,763 | -10.0% |
| 85.0% | 3,578 | - | 1,591 | - | 6,412 | 5,185 | 8 | - | 1,843 | 3,826 | 22,443 | -15.0% |
| 80.0% | 3,367 | - | 1,497 | - | 6,035 | 4,880 | 7 | - | 1,734 | 3,601 | 21,123 | -20.0% |
| 75.0% | 3,157 | - | 1,404 | - | 5,658 | 4,575 | 7 | - | 1,626 | 3,376 | 19,803 | -25.0% |
| 70.0% | 2,946 | - | 1,310 | - | 5,281 | 4,270 | 6 | - | 1,518 | 3,151 | 18,483 | -30.0% |
| 65.0% | 2,736 | - | 1,217 | - | 4,903 | 3,965 | 6 | - | 1,409 | 2,926 | 17,162 | -35.0% |
| 60.0% | 2,525 | - | 1,123 | - | 4,526 | 3,660 | 6 | - | 1,301 | 2,701 | 15,842 | -40.0% |
| 55.0% | 2,315 | - | 1,030 | - | 4,149 | 3,355 | 5 | - | 1,192 | 2,476 | 14,522 | -45.0% |
| 50.0% | 2,104 | - | 936 | - | 3,772 | 3,050 | 5 | - | 1,084 | 2,251 | 13,202 | -50.0% |
| 45.0% | 1,894 | - | 842 | - | 3,395 | 2,745 | 4 | - | 976 | 2,026 | 11,882 | -55.0% |
| 40.0% | 1,684 | - | 749 | - | 3,017 | 2,440 | 4 | - | 867 | 1,801 | 10,561 | -60.0% |
| 35.0% | 1,473 | - | 655 | - | 2,640 | 2,135 | 3 | - | 759 | 1,576 | 9,241 | -65.0% |
| 30.0% | 1,263 | - | 562 | - | 2,263 | 1,830 | 3 | - | 650 | 1,351 | 7,921 | -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.

B. Performance and Valuation

Quarterly performance indicators

(EUR 000s, except for Ludgate, expressed in GBP 000s)

| 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 | 1.0% | 0.8% | 3.1% | 2.0% | 942 | 840 | 6,648 | 6,648 | 6,648 | n/a | n/a |
| Lusitano 5 | 1.2% | n/a | 1.4% | 1.0% | 2.3% | 2.0% | 2,205 | 1,200 | (5,922) | (7,092) | 11,900 | n/a | n/a |
| Pastor 2 | 0.2% | n/a | 1.2% | 0.2% | 2.6% | 4.4% | 7 | 245 | 4,647 | 5,000 | 5,000 | n/a | n/a |
| Pastor 3 | 1.0% | n/a | 1.5% | 1.7% | 3.9% | 3.8% | 238 | n/a | (50,820) | n/a | 9,000 | n/a | n/a |
| Pastor 4 | 1.1% | n/a | 1.7% | 1.4% | 4.7% | 4.1% | 18 | 154 | (38,514) | (38,505) | 5,520 | n/a | n/a |
| Pastor 5 | n/a | n/a | n/a | 1.7% | n/a | 3.5% | n/a | n/a | n/a | n/a | 10,500 | n/a | n/a |
| Sestante 4A1 | nm | n/a | 2.4% | 3.0% | 2.1% | n/a | 1,168 | n/a | (41,498) | n/a | 6,200 | n/a | n/a |
| Minotaure 04 | n/a | n/a | 0.3% | 0.3% | 7.2% | 6.2% | n/a | n/a | 2,955 | 2,955 | 2,955 | n/a | n/a |
| Ludgate 06-1 | n/a | n/a | 0.0% | 0.4% | 9.5% | 10.0% | - | 51 | 1,149 | 1,149 | 1,149 | n/a | n/a |

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

The prepayment rate (CPR) indicated for the Ludgate position is the total redemption rate. Higher CPRs than forecast are, all other things equal, a negative for the residual positions in Lusitano 3 and 5 as well as Ludgate and are therefore depicted in red; higher CPRs are a positive for the other positions and therefore depicted in green.

EETI also holds the Class D residual position of the Sestante 4 transaction and the junior notes of the levered repackaging vehicles holding the residual positions of the Lusitano 4, Sestante 2 and Sestante 3 transactions. These positions are written off and considered to be irremediably impaired.

Transaction performance has overall been slightly worse than forecast, with higher default and prepayment rates than anticipated

Quarterly valuation

- ▶ Quarter-end book value amounts to EUR 26,403k excluding accruals, after a combined revaluation of EUR 56k.

Quarter-end portfolio book value amounts to EUR 26,403k, further to a EUR 56k revaluation

QUARTERLY BOOK VALUES AND REVALUATIONS

| (EUR 000s) | 31/12/2015 | | 31/03/2016 | | 30/06/2016 | | 30/09/2016 | |
|----------------------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|
| | Book Value | (Markdown)/ Revaluation | Book Value | (Markdown)/ Revaluation | Book Value | (Markdown)/ Revaluation | Book Value | (Markdown)/ Revaluation |
| Lusitano 3 | 7,281 | 22 | 7,552 | 323 | 7,716 | 265 | 7,543 | (195) |
| Lusitano 5 | 5,348 | 603 | 5,638 | 134 | 6,131 | 338 | 6,099 | (199) |
| Pastor 2 | 3,916 | (5) | 4,070 | 87 | 4,137 | 10 | 4,209 | 8 |
| Pastor 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pastor 4 | 1,386 | 55 | 1,489 | 63 | 1,454 | (76) | 1,872 | 378 |
| Pastor 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Semper | 0 | 0 | | 0 | 0 | 0 | | 0 |
| Gems | 4,940 | 399 | | | 0 | 0 | | |
| Minotaure | 1,770 | 21 | 1,890 | 69 | 2,027 | 84 | 2,168 | 86 |
| Sestante 4 A1 | 49 | (2) | 35 | 0 | 23 | 0 | 9 | 0 |
| Ludgate | 5,654 | (71) | 5,356 | (45) | 4,759 | (313) | 4,503 | (22) |
| TOTAL | 30,344 | 1,023 | 26,031 | 631 | 26,247 | 309 | 26,403 | 56 |

Note: EETI also holds the Class D residual position of the Sestante 4 transaction and the junior notes of the levered repackaging vehicles holding the residual positions of the Lusitano 4, Sestante 2 and Sestante 3 transactions. These positions are written off and considered to be irremediably impaired.

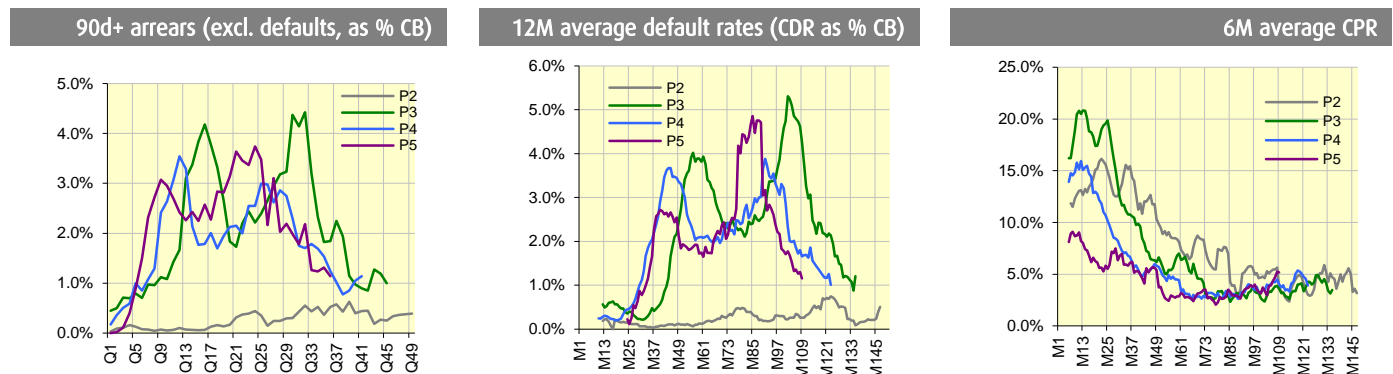
Pastor investments

PERFORMANCE

- ▶ 90-day+ arrears for the Pastor 3 and 4 transactions were stable at 1-1.1% at quarter-end.
- ▶ Default rates of the Pastor 3 and 4 deals have however deteriorated to 1.5-1.7% in the quarter but they are expected to revert to around 1%, the level of 90-day+ arrears, a leading indicator of defaults.
- ▶ Recoveries on defaulted loans remain low for Pastor 3 and 4 (EUR 238k and EUR 18k respectively) despite the substantial amount of defaulted loans.
- ▶ Due to unusually high defaults this quarter in Pastor 2, the reserve fund of the transaction is drawn, causing a deferral of the coupon payment; the unpaid amount remains due and we expect it to be paid over the coming 2 to 3 quarters.
- ▶ Reports for the Pastor 5 transaction were not yet available for the third quarter.

VALUATION

- ▶ The continued improvement in credit performance in the Pastor 4 transaction as well as, more marginally, the reduction in discount rate, lead to a combined revaluation of EUR 378k of the Pastor 2 and 4 positions.



Note: Graphs expressed in months since issue except for 90d+ arrears, which are expressed in quarters since issue.

Lusitano investments

PERFORMANCE

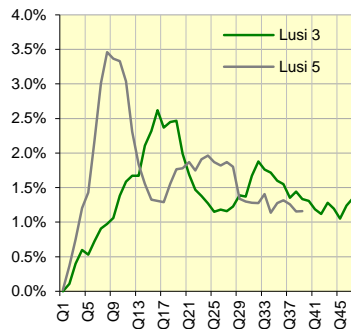
- ▶ 90d+ arrears remained stable for Lusitano 5 at 1.2% but rose to 1.3% for Lusitano 3, the highest point in two years.
- ▶ Default rates reached 1% and 1.4% respectively for Lusitano 3 and 5, 0.20% to 0.40% above assumptions and also at the upper range of default rates observed since 2014.
- ▶ While also remaining low in absolute terms, prepayment rates have risen to 3.1% and 2.3% for Lusitano 3 and 5 respectively, above recorded the prevailing levels since 2011.
- ▶ Collections on defaulted mortgage loans exceeded expectations this quarter somewhat for Lusitano 3 (EUR 940k) and more significantly for Lusitano 5 (EUR 2.2m).
- ▶ Higher than forecast defaults led to a reduced residual cash flow under the Lusitano 3 transaction of EUR 98k (vs. EUR 151k forecast).

Lusitano investments (cont'd)

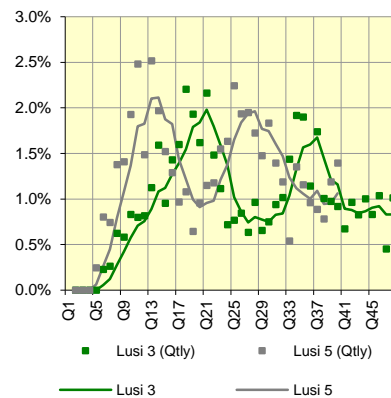
VALUATION

- ▶ Credit assumptions – which are based on 24-month average values – have had an uninterrupted two-year period of continuous improvement. The recent – albeit still modest – rise in observed default rates is leading to a reversal of that trend, with a slight deterioration in default rate assumptions for both transactions.
- ▶ The same holds true for prepayment rates, which reduce the future cash flow of the residual positions held by EETI.
- ▶ These factors lead to a combined markdown of EUR 394k for the Lusitano 3 and 5 positions.

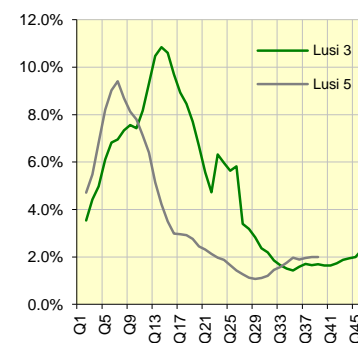
90d+ arrears (excl. defaults, as % CB)



Quarterly and average defaults (as % CB)



12M average CPR



Note: Graphs expressed in quarters since issue.

Ludgate residual position

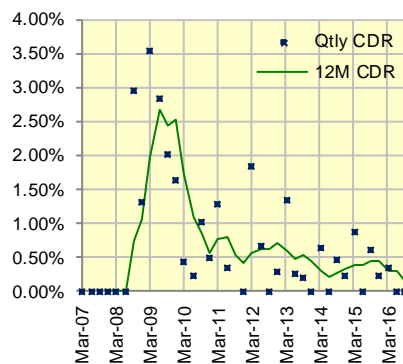
PERFORMANCE

- ▶ The credit performance of the position remains satisfactory with lower defaults than anticipated, a stable loss severity and a neutral interest rate exposure (BBR vs. Libor).
- ▶ The total redemption rate fell below 10%, slightly better than assumed, after averaging over 12% in the past three quarters.
- ▶ The Ludgate residual generated a quarterly cash flow of GBP 309k vs. a forecast of GBP 307k; the EUR cash flow amounted to EUR 366k vs. an expected EUR 368k due to the evolution of the GBP/EUR exchange rate.

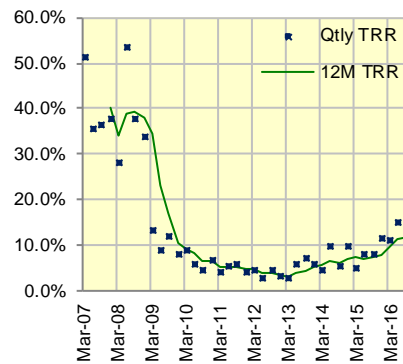
VALUATION

- ▶ Due to slightly lower discount rates, the position is revalued by a EUR 22k at quarter-end.

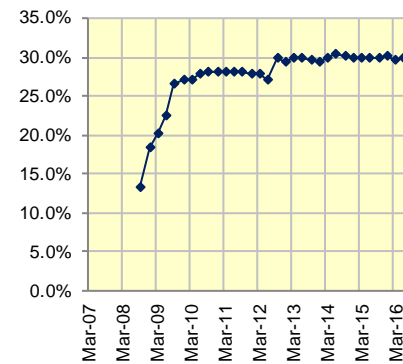
Quarterly and 12M default rate (CDR)



Quarterly total redemption rate (TRR)



Cumulative loss severity



Other EETI investments

Minotaure

- ▶ Credit performance remains in line with expectations while prepayments, which have a positive IRR impact on the position held by EETI, remain on an upward trend. Combined with a slightly lower discount rate, this leads to a EUR 86k revaluation of the position.

Sestante Class A1

- ▶ The position is redeeming ahead of forecast and is now expected to be fully repaid by year-end.

Other

- ▶ EETI also holds the Class D Notes of Sestante 4 as well as the junior notes of the Citrine refinancing vehicle referencing the residuals of the Sestante 2 and 3 and of the Lusitano 4 transactions. These positions are valued at 0 and considered permanently impaired.

3 PROVISIONAL ACCOUNTING ITEMS

Accounting items for the quarter ended 30/09/2016

EETI QUARTERLY VALUATION REPORT AS AT 30/09/2016

| | |
|-------|------------|
| From: | 01/07/2016 |
| To: | 30/09/2016 |

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 | 16/07/2016 | 98 | 98 | - | 119 | 22 | 149 | (195) | 7,543 | (195) | 7,692 | 28.6% |
| Lusitano 5 | 15/07/2016 | - | - | - | 167 | 167 | 186 | (199) | 6,099 | (199) | 6,284 | 23.1% |
| Pastor 2 | 22/09/2016 | - | - | - | 65 | 65 | 10 | 8 | 4,209 | 8 | 4,219 | 15.9% |
| Pastor 3 | 22/09/2016 | - | - | - | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Pastor 4 | 22/09/2016 | - | - | - | 40 | 40 | 5 | 378 | 1,872 | 378 | 1,877 | 7.1% |
| Pastor 5 | 22/09/2016 | - | - | - | 0 | 0 | 0 | 0 | - | 0 | 0 | 0.0% |
| Minotaure | 22/09/2016 | - | - | - | 56 | 56 | 4 | 86 | 2,168 | 86 | 2,172 | 8.2% |
| Ludgate | 07/09/2016 | 366 | 131 | 235 | 131 | 0 | 92 | (22) | 4,503 | (22) | 4,594 | 17.1% |
| Sestante 4 A1 | 16/07/2016 | 14 | 0 | 14 | 0 | 0 | 0 | 0 | 9 | 0 | 9 | 0.0% |
| Total | | 477 | 229 | 249 | 577 | 349 | 446 | 56 | 26,403 | 56 | 26,849 | 100.0% |

ACCOUNTING INCOME

| | |
|---------------------------------|------------|
| Actual cash flow received in Q | 477 |
| Plus: Capitalised interest | 349 |
| Less: Amortisation of principal | (249) |
| Income excl. accruals | 577 |
| <i>check</i> | <i>0.0</i> |
| Less: Previous Q accruals | (433) |
| Plus: Current Q accruals | 446 |
| Income incl. accruals | 590 |

WRITE-DOWNS / REVALUATIONS

| | |
|--|------------|
| Sum of write-downs excl. accruals | (415) |
| Sum of revaluations excl. accruals | 471 |
| Total excl. accruals | 56 |
| <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 | 56 |
| <i>check</i> | <i>0.0</i> |

VALUATION RECAP

| | |
|---|---------------|
| Valuation excl. accruals | 26,403 |
| Valuation incl. accruals | 26,849 |
| <i>check</i> | <i>0.0</i> |
| Last Q valuation excl. accruals | 26,247 |
| Plus: Capitalised interest | 349 |
| Less: Amortisation of principal | (249) |
| Sum write-downs / reval. excl. accruals | 56 |
| Plus: Purchased in Q | |
| Current Q excl. accruals | 26,403 |
| <i>check</i> | <i>0.0</i> |

Note: EETI also holds the Class D residual position of the Sestante 4 transaction and the junior notes of the levered repackaging vehicles holding the residual positions of the Lusitano 4, Sestante 2 and Sestante 3 transactions. These positions are written off and considered to be irremediably impaired.

APPENDIX: HISTORICAL VALUATION ASSUMPTIONS

Revised valuation assumptions (24-month averages)

SUMMARY OF MAIN VALUATION INPUTS

| Positions | CDR | | | | | | | | | | | | | | | CDR | CPR | | | | | | | | | | | | | | | CPR |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| | Q4 2012 | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | | Q3 2016 | Q4 2012 | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | |
| Lusitano 3 | 0.90% | 1.04% | 1.20% | 1.22% | 1.35% | 1.39% | 1.39% | 1.38% | 1.28% | 1.16% | 1.03% | 1.01% | 0.90% | 0.90% | 0.84% | 0.85% | 2.50% | 2.25% | 1.90% | 1.80% | 1.70% | 1.68% | 1.58% | 1.56% | 1.59% | 1.68% | 1.70% | 1.78% | 1.79% | 1.82% | 2.02% | 2.22% |
| Lusitano 5 | 1.30% | 1.41% | 1.57% | 1.67% | 1.71% | 1.79% | 1.77% | 1.72% | 1.50% | 1.43% | 1.33% | 1.24% | 1.16% | 1.03% | 1.01% | 1.03% | 2.20% | 2.00% | 1.80% | 1.60% | 1.50% | 1.36% | 1.27% | 1.24% | 1.23% | 1.32% | 1.44% | 1.59% | 1.67% | 1.76% | 1.88% | 1.98% |
| Pastor 2 | 0.20% | 0.22% | 0.29% | 0.30% | 0.35% | 0.39% | 0.47% | 0.53% | 0.53% | 0.51% | 0.45% | 0.41% | 0.38% | 0.36% | 0.22% | 0.29% | 5.10% | 4.90% | 4.60% | 4.60% | 4.60% | 4.40% | 4.31% | 3.97% | 4.05% | 3.94% | 3.94% | 4.31% | 4.40% | 4.40% | 4.47% | 4.43% |
| Pastor 3 | 2.40% | 2.73% | 2.91% | 3.37% | 3.93% | 4.11% | 4.02% | 3.75% | 3.61% | 3.64% | 3.40% | 2.69% | 2.07% | 1.80% | 1.65% | 1.67% | 3.10% | 2.90% | 3.10% | 3.00% | 3.00% | 3.00% | 3.21% | 3.09% | 3.15% | 3.26% | 3.24% | 3.53% | 3.69% | 3.80% | 3.75% | n/a |
| Pastor 4 | 2.20% | 2.33% | 2.46% | 2.58% | 3.06% | 3.10% | 2.97% | 3.10% | 2.98% | 2.75% | 2.54% | 2.46% | 2.32% | 1.95% | 1.43% | 1.43% | 3.20% | 3.00% | 3.00% | 2.90% | 3.00% | 3.10% | 3.25% | 3.17% | 3.39% | 3.54% | 3.67% | 3.67% | 3.79% | 4.09% | 4.06% | 4.12% |
| Pastor 5 | 2.00% | 2.14% | 1.90% | 2.12% | 3.07% | 3.31% | 3.50% | 3.63% | 3.41% | 3.50% | 3.54% | 3.27% | 2.42% | 2.05% | 1.69% | n/a | 3.30% | 2.90% | 2.90% | 2.80% | 2.80% | 2.80% | 2.86% | 2.83% | 3.06% | 2.97% | 3.18% | 3.11% | 3.34% | 3.50% | 3.74% | n/a |
| Minotaure | 0.20% | 0.22% | 0.18% | 0.22% | 0.22% | 0.23% | 0.26% | 0.20% | 0.23% | 0.24% | 0.24% | 0.25% | 0.24% | 0.28% | 0.28% | 0.26% | 4.58% | 4.56% | 4.27% | 4.07% | 4.16% | 4.20% | 4.30% | 4.15% | 4.22% | 4.29% | 4.64% | 5.50% | 5.24% | 5.66% | 6.16% | 6.66% |
| Sestante 4 A1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ludgate | | | | | | | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 0.50% | 0.50% | 0.40% | 0.40% | | | | | | | 5.00% | 5.20% | 6.00% | 7.00% | 7.00% | 7.00% | 7.00% | 8.00% | 10.0% | 10.0% |

Note: Changes in variables which are supportive to the valuation of a position are depicted in green; changes depicted in red are unsupportive to the valuation of a position. In the case of prepayments / CPR, an increase is favourable for the Pastor and the Minotaure positions but unfavourable to the residual positions in Lusitano 3 and 5 and in Ludgate.

Revised valuation assumptions (24-month averages) (cont'd)

SUMMARY OF MAIN VALUATION INPUTS

| Positions | Loss Severity | | | | | | | | | | | | | | | Recovery Lag | | | | | | | | | | | | | | | | |
|---------------|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q4 2012 | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2012 | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 |
| Lusitano 3 | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Lusitano 5 | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Pastor 2 | 20% | 20% | 20% | 20% | 20% | 20% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 39% | 39% | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Pastor 3 | 20% | 20% | 20% | 20% | 20% | 20% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 39% | 39% | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Pastor 4 | 20% | 20% | 20% | 20% | 20% | 20% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 39% | 39% | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Pastor 5 | 20% | 20% | 20% | 20% | 20% | 20% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 39% | 39% | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Minotaure | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm | nm |
| Sestante 4 A1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ludgate | | | | | | | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | | | | | | | | | | | | | | | | |

Note: Changes in variables which are supportive to the valuation of a position are depicted in green; changes depicted in red are unsupportive to the valuation of a position.

Revised valuation assumptions (24-month averages) (cont'd)

SUMMARY OF MAIN VALUATION INPUTS

| Positions | Discount Rates | | | | | | | | | | | | | | | |
|---------------|----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q4 2012 | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | Q1 2014 | Q2 2014 | Q3 2014 | Q4 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | Q1 2016 | Q2 2016 | Q3 2016 |
| Lusitano 3 | 10.00% | 9.90% | 9.78% | 9.48% | 9.00% | 8.77% | 8.49% | 8.11% | 7.87% | 7.64% | 7.42% | 7.26% | 7.26% | 6.44% | 6.35% | 6.26% |
| Lusitano 5 | 15.00% | 14.90% | 14.78% | 14.48% | 14.00% | 13.77% | 13.49% | 13.11% | 12.87% | 12.64% | 12.42% | 12.26% | 12.26% | 11.44% | 11.35% | 11.26% |
| Pastor 2 | 10.00% | 9.90% | 9.78% | 9.48% | 9.00% | 8.77% | 8.49% | 8.11% | 7.87% | 7.64% | 7.42% | 7.26% | 7.26% | 6.44% | 6.35% | 6.26% |
| Pastor 3 | 15.00% | 14.90% | 14.78% | 14.48% | 14.00% | 13.77% | 13.49% | 13.11% | 12.87% | 12.64% | 12.42% | 12.26% | 12.26% | 11.44% | 11.35% | 11.26% |
| Pastor 4 | 15.00% | 14.90% | 14.78% | 14.48% | 14.00% | 13.77% | 13.49% | 13.11% | 12.87% | 12.64% | 12.42% | 12.26% | 12.26% | 11.44% | 11.35% | 11.26% |
| Pastor 5 | 15.00% | 14.90% | 14.78% | 14.48% | 14.00% | 13.77% | 13.49% | 13.11% | 12.87% | 12.64% | 12.42% | 12.26% | 12.26% | 11.44% | 11.35% | 11.26% |
| Minotaure | 15.00% | 14.90% | 14.78% | 14.48% | 14.00% | 13.77% | 13.49% | 13.11% | 12.87% | 12.64% | 12.42% | 12.26% | 12.26% | 11.44% | 11.35% | 11.26% |
| Sestante 4 A1 | 8.50% | 8.40% | 8.28% | 7.98% | 7.50% | 7.27% | 6.99% | 6.61% | 6.37% | 6.14% | 6.14% | 5.76% | 5.76% | 4.94% | 4.85% | 4.76% |
| Ludgate | | | | | | | 13.49% | 13.11% | 12.87% | 12.64% | 12.42% | 12.26% | 12.26% | 11.44% | 11.35% | 11.26% |

Note: Changes in variables which are supportive to the valuation of a position are depicted in green; changes depicted in red are unsupportive to the valuation of a position.