Please note that this information is simplified and only serves to clarify the issue. For legally binding information please refer to the Red Herring.
US CMBS Spread History

Spread to the 10 Y Treasury

Spread to the 10 Y USD Swap Curve

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Returns on Commercial Property

“A” Properties in the USA

Source: National Council of Real Estate Investment Fiduciary, annualized

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The US CMBS Market

- Data on commercial mortgage loan performance is available and reliable
- Rating agency stress tests are based upon the most recent commercial property recession (late 1980s to early 1990s)
- This recession affected all major property types and regions of the country
- AAA/Aaa rated CMBS now can withstand twice the severity of this recession without loss of principal
- The transactions in MAED have 25% to 30% subordination as credit support
- Loan-to-value (LTV) and Debt service coverage (DSCR) ratios are rigorously evaluated by the rating agencies
- The ratings methodology has become standardized

CMBS Productfeatures

- A key feature of CMBS securities is the option of the borrower to pay back his debt at his discretion
- This option leads to complications in the cash flow management (duration, convexity, prepayment rate)
- The cash flows and the maturity of a CMBS security are hence a product of prepayment evaluation models and can vary in terms of timing and size (prepayment or extension)
- The difficulties in finding the OAS (Option Adjusted Spread) and the complexity of the risk management are usually reflected in a relative “cheapness” of the CMBS market in comparison to other similar securities
The European CMBS Market

- Data on mortgage loan performance is not available.
- The ratings methodology is still evolving
- Pure cash flow approach to ratings (using historical vacancy rates, rents, and capitalization rates) requires “implicit” ratings on tenants
- Legal complexities for multi-jurisdictional transactions
- Concentration risk is a problem in any single country transaction
- The U. S. stress tests are often used to check results

HVB offers THE opportunity to ........

- reach the cheap assets of a transparent and liquid market in the USA......
- without exposure to the product specific evaluation, duration and convexity complexities.......
- with a bullet maturity........
- in Euro denominated security !!!!
MAED 99-c1 Ltd.

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Rating</th>
<th>Volume (mln)</th>
<th>% of Issue</th>
<th>Coupon (BP)</th>
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</thead>
<tbody>
<tr>
<td>Class A-1</td>
<td>Aaa/AAA</td>
<td>EUR 100</td>
<td>34%</td>
<td>3m Euribor + 29</td>
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<tr>
<td>Class A-2</td>
<td>Aaa/AAA</td>
<td>EUR 197</td>
<td>66%</td>
<td>4.645%</td>
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</tbody>
</table>

- **Maturity**: May 25 2009, bullet
- **Ratings**: Moody’s and Fitch IBCA

Characteristics of the CMBS Securities

- 11 separate transactions
- Each bond is rated AAA/Aa
- Fixed collateral pool containing
- Over 2,700 loans
- No commercial property class exceeds 25% of the underlying loans
- Only 1 state has more than 20% of the loans (California) and this is typical of CMBS transactions
The MAED Security

CMBS Security

AAA Tranche
AA Tranche
BBB Tranche

Loan

CMBS Security

AAA Tranche
AA Tranche
BBB Tranche

Loan

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The MAED Portfolio

Loan-to-Value Distribution

Debt Service Coverage Ratio Distribution

Distribution by State

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### Structural Features

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Regular CMBS (U.S. or European)</th>
<th>M AED</th>
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</thead>
<tbody>
<tr>
<td>Collateral</td>
<td>One to as many as a few hundred</td>
<td>2700 loans in 11 securities</td>
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<tr>
<td>Classes</td>
<td>Multiple</td>
<td>Fix and/or floating rate</td>
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<tr>
<td>Ratings</td>
<td>AAA to NR</td>
<td>AAA/Aaa</td>
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<tr>
<td>Currency</td>
<td>USD, Euro, Sterling, other</td>
<td>Euro</td>
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<tr>
<td>Coupon</td>
<td>primarily fixed</td>
<td>fix and/or floating</td>
</tr>
</tbody>
</table>

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Transaction Summary

- AAA/Aaa credit quality
- Unique diversification, unachieved by any other single AAA rated CMBS Security
- Unique 10-year bullet maturity in Euro
- Employs the positive trends in the US commercial property market