

Scribona acquires loans from Citibank

Scribona has today signed an agreement with Citibank to acquire the bank's loans to European Equity Tranche Income Limited (EETI).

EETI has been listed on the AIM index of the London Stock Exchange since 2006 and is a company that invests primarily in financing of "first loss" positions of residential mortgage-backed securities in Europe. For more information about EETI, visit the company's website www.eeti.co.uk.

EETI's nominal loan portfolio amounts to more than €120 million and consists of investments in Italy, Spain, Portugal, France, the Netherlands, Germany, the United Kingdom and Ireland.

EETI has previously obtained all of its external financing from Citibank. However, the company's investments have lost significant value during the financial crisis in the autumn of 2008 and refinancing in connection with the loan's maturity date on 15 December 2008 is no longer possible. Following negotiations with EETI and Citibank, Scribona has presented a proposal to meet EETI's financing requirements.

The different components of the package are as follows:

1. Scribona will today acquire from Citibank all of its loans outstanding to EETI, amounting to a nominal €30 million. The purchase price is €14 million and the acquisition costs are estimated at approximately €0.1 million.
2. An extraordinary general meeting of EETI that is planned to be held January 2009 is proposed to resolve on a new share issue through which Scribona will convert €10 million of the loan into stock. Scribona will guarantee the new share issue. Existing stockholders have the right to subscribe for the new shares up to a final maximum holding of 48.6%. Depending on the acceptance level, Scribona's holding will be in the range of 51.4 – 90.4%.
3. Provided that the extraordinary general meeting approves the new share issue, Scribona will remit €15 million of the nominal loan amount. EETI will then have a remaining loan debt to Scribona of €5.7 million.

Comments from Scribona's CEO Lorenzo Garcia

"The investment in EETI is a result of the opportunities arising in the financial market now that property valuations are adapting to market conditions. We believe that the acquired loans and future stockholding in EETI will show positive development, and are continuing to evaluate the options open to Scribona in a changing financial and property market".

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