

LOCAT SECURITISATION VEHICLE 3 S.R.L.

(incorporated with limited liability under the laws of the Republic of Italy)

Class A1 € 451,000,000 Asset Backed Floating Rate Notes due 2026

Class A2 € 1,349,000,000 Asset Backed Floating Rate Notes due 2026

Class B € 160,000,000 Asset Backed Floating Rate Notes due 2026

Class C € 33,000,000 Asset Backed Floating Rate Notes due 2026

Issue Price: 100 per cent

Capitalised words and expressions in this Prospectus shall, except so far as the context otherwise requires, have the meanings set out in the section entitled "Glossary".

Application has been made to the Irish Financial Services Regulatory Authority ("IFSRA") as competent authority under Directive 2003/71/EC (the "Prospectus Directive"), for the Prospectus to be approved and to the Irish Stock Exchange for the € 451,000,000 Class A1 Notes due 2026, the € 1,349,000,000 Class A2 Notes due 2026, the € 160,000,000 Class B Notes due 2026 and the € 33,000,000 Class C Notes due 2026 (the "Rated Notes") of Locat Securitisation Vehicle 3 S.r.l. (the "Issuer") to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market. The Issuer will also issue the € 7,000,136 Class D Notes due 2026 (the "Class D Notes" or the "Junior Notes" and together with the Rated Notes, the "Notes"). No application has been made to list the Junior Notes on any stock exchange. The Junior Notes are not being offered pursuant to this Prospectus. This document constitutes a "Prospetto Informativo" for the purposes of article 2, sub-section 3 of the Securitisation Law for all the Notes and the Prospectus for the purposes of the Prospectus Directive in connection with the application for the Rated Notes to be admitted to the Official List of the Irish Stock Exchange. The Notes will be issued on 18 November 2005.

The principal source of payment of interest on and repayment of principal of the Notes will be collections and other amounts received in respect of the Initial Portfolio of Receivables, arising out of the Lease Contracts entered into between the Originator, as lessor, and certain Lessees, purchased by the Issuer from the Originator pursuant to the terms of the Master Receivables Purchase Agreement. During the Revolving Period the Issuer will use principal collections received from the Initial Portfolio and from any Subsequent Portfolio to purchase Subsequent Portfolios of Receivables from the Originator.

By virtue of the operation of the article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Portfolio and to any sums collected therefrom will be segregated from all other assets of the Issuer and any cash-flow deriving therefrom (to the extent identifiable) will be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors or to any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation, in priority to the Issuer's obligations to any other creditor.

Interest on the Notes will accrue on a daily basis and will be payable in arrears in Euro on each Interest Payment Date. The rate of interest applicable to the Rated Notes for each Interest Period shall be Euribor for three month Euro deposits, plus the following respective margins in respect of each Class: (a) Class A1 Notes: a margin of 0.07% per annum; (b) Class A2 Notes: a margin of 0.15% per annum; (c) Class B Notes: a margin of 0.39% per annum; and (d) Class C Notes: a margin of 0.61% per annum (except in respect of the Initial Interest Period where the Rate of Interest shall be the aggregate of the Relevant Margin and the linear interpolation of the rate for 3 and 4 month Euro deposits which appears on Bloomberg Page MMCV1).

The Class A1 Notes and the Class A2 Notes are expected, on issue, to be rated AAA by S&P and Aaa by Moody's. The Class B Notes are expected, on issue, to be rated A by S&P and A2 by Moody's. The Class C Notes are expected, on issue, to be rated BBB by S&P and Baa2 by Moody's. It is not expected that the Junior Notes will be assigned a credit rating. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one or all of the Rating Agencies.

Approval of the IFSRA relates only to the Rated Notes which are to be admitted to trading on the regulated market of Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area.

As at the date of this Prospectus, all payments in respect of the Notes may or may not be subject to withholding for or on account of tax, in accordance with Decree No. 239 of 1 April 1996, as amended and supplemented from time to time. Upon the occurrence of any withholding for or on account of tax from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Notes. For further details see "Taxation" below.

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, and will not be guaranteed by, the Originator, the Servicer, the Lessees, the Representative of the Noteholders, the Computation Agent, the Account Bank, the Cash Manager, the Principal Paying Agent, the Irish Paying Agent, the Hedging Counterparty, the Quotaholder, the Custodian Bank, the Managers or the Sole Arranger. No person, other than the Issuer, will accept any liability to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

As of the Issue Date, the Notes will be held in dematerialised form on behalf of the ultimate owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders. Monte Titoli shall act as depository for Euroclear and Clearstream. The Notes will at all times be evidenced by, and title thereto will be transferable by means of, book-entries in accordance with the provisions of article 28 of Legislative Decree No. 213 and CONSOB Resolution No. 11768 of 23 December 1998, as amended and supplemented. No physical document of title will be issued in respect of the Notes.

Before the Final Maturity Date, the Notes will be subject to redemption in whole or in part, in certain circumstances (as set out in Condition 6 (*Redemption, Purchase and Cancellation*)). Save as provided in the Conditions, the Notes will start to amortise on the Interest Payment Date falling in June 2007, in each case subject to there being sufficient Issuer Available Funds and in accordance with the Priority of Payments. No payments of principal in respect of any of the Notes will be made to the Noteholders during the eighteen months following the issue of the Notes. Unless previously redeemed in accordance with the Conditions, the Notes will be redeemed on the Final Maturity Date. The Notes, to the extent not redeemed in full by their Final Maturity Date, shall be cancelled.

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Notes, see the section of this Prospectus entitled "Risk Factors and Special Considerations".

Sole Arranger



Joint Lead Managers



Co-Lead Manager



Responsibility statement

None of the Issuer, the Managers, the Sole Arranger or any other party to the Transaction Documents, other than the Originator, has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, nor have any of the Issuer, the Managers, the Sole Arranger or any other party to the Transaction Documents, other than the Originator, undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Lessee. In the Warranty and Indemnity Agreement the Originator has given certain representations and warranties to the Issuer in relation to, inter alia, the Receivables, the Lease Contracts and the Lessees.

The Issuer accepts responsibility for the information contained in this Prospectus, other than that information for which the Originator, the Hedging Counterparty, the Computation Agent, the Cash Manager and the Account Bank accepts responsibility as described in the following three paragraphs. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

The Originator accepts responsibility for the information included in this document in the sections headed "The Originator", "Credit and Collection Policy", "The Portfolio" and "Description of the Transaction Documents - The Servicing Agreement", for any information relating to the Leases, the Lessees, the Assets, the servicing and Collection Policy, and any other information contained in this document relating to itself and the Receivables. To the best of the knowledge and belief of the Originator (which has taken all reasonable care to ensure that such is the case), such information is true and contains no omissions likely to affect the import of such information.

UniCredito Italiano S.p.A. accepts responsibility for the information included in this Prospectus in the section headed "The Hedging Counterparty" and for any information contained in this Prospectus relating to itself and the Hedging Agreement. To the best of the knowledge and belief of the Hedging Counterparty (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

Securitisation Services S.p.A. accepts responsibility for the information included in this Prospectus in the section entitled "The Computation Agent". To the best of the knowledge and belief of Securitisation Services S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

BNP Paribas - Italian Branch accepts responsibility for the information included in this Prospectus in the section entitled "The Account Bank and Cash Manager". To the best of the knowledge and belief of BNP Paribas - Italian Branch (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.

*The source of the information set out in the Table 1, Table 2 and Table 3 of the section headed "The Originator" (the "**Third Party Information**") is Assilea - Associazione Italiana Leasing. The Third Party Information has been accurately reproduced by the Issuer and, as far as the Issuer is aware and is able to ascertain from the Third Party Information, no facts have been omitted which would render such information inaccurate or misleading.*

Representations about the Notes

No person is or has been authorised by the Issuer, the Originator (in any capacity), the Sole Arranger, the Managers or any other party to the Transaction Documents to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Originator (in any capacity), the Sole Arranger, the Managers or any other party to the Transaction Documents. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances constitute a representation or create any implication that the information contained herein is correct as at any time subsequent to the date of this Prospectus.

Financial condition of the Issuer and of the Originator

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances constitute a representation or create any implication that there has been no change, or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer or the Originator since the date of this Prospectus.

Selling restrictions summary

The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part of it) comes are required by the Issuer and the Managers to inform themselves about, and to observe any such restrictions. Neither this Prospectus nor any part of it constitutes an offer, or may be used for the purpose of an offer to sell any of the Notes, or a solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or unlawful.

*The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**"), as amended, or any other U.S. securities laws and are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered directly or indirectly within the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.*

The Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the Republic of Ireland, the United Kingdom and the United States), except under circumstances

that will result in compliance with all applicable laws, orders, rules and regulations. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Rated Notes in the United States, in the Republic of Italy, in the Republic of Ireland and the United Kingdom. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus, see the section entitled "Subscription, Sale and Selling Restrictions" below.

The Notes are complex instruments which involve a high degree of risk and are suitable for purchase only by sophisticated investors which are capable of understanding the risk involved. In particular, the Notes should not be purchased by or sold to individuals and other non-expert investors.

Interpretation

Certain monetary amounts and currency translations included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which preceded them.

In this Prospectus, references to "€", "Euro" and "cents" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended.

Stabilisation

In connection with the issue of the Rated Notes, UBM as stabilisation manager (the "Stabilisation Manager"), or any person acting on behalf of the Stabilisation Manager, may over-allot Rated Notes (provided that the aggregate principal amount of the Rated Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Rated Notes) or effect transactions with a view to supporting the market price of the Rated Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager, or any person acting on behalf of the Stabilisation Manager, will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Rated Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of allotment of the Rated Notes.

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THE PRINCIPAL PARTIES

Issuer	Locat Securitisation Vehicle 3 S.r.l., a limited liability company incorporated in the Republic of Italy under the Securitisation Law, fiscal code number 03931150266, registered under number 36615 in the register held by <i>Ufficio Italiano dei Cambi</i> pursuant to article 106 of the Banking Act and registered in the register of financial intermediaries held by the Bank of Italy pursuant to article 107 of the Banking Act, having its registered office at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), Italy, the issued quota capital of which, being Euro 10,000, is held by the Quotaholder.
Originator	Locat, a joint stock company incorporated under the laws of the Republic of Italy, fiscal code number 03648050015 and registered under number 19319 in the register of financial intermediaries held by Bank of Italy pursuant to article 107 of the Banking Act, having its registered office at Via Zamboni No. 20, Bologna, Italy, a member of the UniCredito Italiano Banking Group registered under number 3135.1 in the register of the banking groups.
Servicer	Locat, or any other person for the time being acting as Servicer. The Servicer will act as such pursuant to the Servicing Agreement.
Computation Agent	Securitisation Services S.p.A., a company incorporated under the laws of the Republic of Italy, fiscal code number 03546510268 and registered in the special register of financial intermediaries held by Bank of Italy pursuant to article 107 of the Banking Act, having its registered office in Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, or any other person for the time being acting as Computation Agent. The Computation Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Principal Paying Agent	BNP Paribas Securities Services, having its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan Branch with offices in Via Ansperto, 5, 20123 Milan or any other person for the time being acting as Principal Paying Agent. The Principal Paying Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Account Bank	BNP Paribas, Italian Branch having its offices at Piazza San Fedele 2, 20121 Milan, Italy, or any other person for the time

being acting as Account Bank. The Account Bank will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

Custodian Bank

BNP Paribas Securities Services, having its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan Branch with offices in Via Ansperto, 5, 20123 Milan, or any other person for the time being acting as Custodian Bank. The Custodian Bank will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

Cash Manager

BNP Paribas - Italian Branch, having its registered office at Piazza San Fedele 2, 20121 Milan, Italy, or any other person for the time being acting as Cash Manager. The Cash Manager will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

Irish Paying Agent and Listing Agent

JP Morgan Bank (Ireland) plc, a company incorporated under the laws of the Republic of Ireland, having its registered office at JP Morgan House, International Financial Services Centre, Dublin, 1, Ireland, or any other person for the time being acting as Irish Paying Agent and Listing Agent. The Irish Paying Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.

Representative of the Noteholders

Securitisation Services S.p.A., a company incorporated under the laws of the Republic of Italy, fiscal code number 03546510268 and registered in the special register of financial intermediaries held by Bank of Italy pursuant to article 107 of the Banking Act, having its registered office in Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, or any other person for the time being acting as Representative of the Noteholders. The Representative of the Noteholders will act as such pursuant to the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement and the Conditions.

Corporate Servicer

UGC Banca S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office in Piazzetta Monte, 1, 37121 Verona, Italy or any other person for the time being acting as Corporate Servicer. The Corporate Servicer will provide certain corporate administrative services to the Issuer pursuant to the Corporate Services Agreement.

Hedging Counterparty

UniCredito, a company incorporated under the laws of the Republic of Italy, having its registered office at Via Dante 1, Genoa, Italy, or any other person for the time being acting as Hedging Counterparty. The Hedging Counterparty will act as such pursuant to the Hedging Agreement.

Joint Lead Managers

BNP Paribas, a company incorporated under the laws of the Republic of France as a *société anonyme*, whose registered office is at 16 Boulevard des Italiens, 75009 Paris, France, acting through its London Branch, having its offices in 10 Harewood Avenue, NW1 6AA London, United Kingdom;

UniCredit Banca Mobiliare S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Via Tommaso Grossi 10, 20121 Milan;

UBS Limited, London Branch a company incorporated under the laws of England and Wales, having its registered office at 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

Co-Lead Manager

Bayerische Hypo und Vereinsbank AG a company organised and incorporated under the laws of the Republic of Germany, with offices at Arabellastrasse 12, D-81925 Munich, Germany.

The Joint Lead Managers and the Co-Lead Manager will act as such pursuant to the Rated Notes Subscription Agreement.

TRANSACTION SUMMARY INFORMATION

The following information is a summary of certain aspects of the transaction. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this document and in the Transaction Documents. Unless otherwise indicated in this Prospectus or the context requires otherwise, the capitalised words and expressions used in this Prospectus shall have the meanings set out in the "Glossary".

Principal features of the Notes

The Notes	The Notes will be issued by the Issuer on or about the Issue Date in the following classes:												
The Rated Notes	<p>Class A1 € 451,000,000 Asset Backed Floating Rate Notes due 2026;</p> <p>Class A2 € 1,349,000,000 Asset Backed Floating Rate Notes due 2026; and</p> <p>Class B € 160,000,000 Asset Backed Floating Rate Notes due 2026;</p> <p>Class C € 33,000,000 Asset Backed Floating Rate Notes due 2026</p>												
The Junior Notes	<p>Class D € 7,000,136 Asset Backed Variable Return Notes due 2026.</p> <p>The Junior Notes are not being offered pursuant to this Prospectus.</p>												
Issue Price	<p>The Notes will be issued at the following percentages of their principal amount:</p> <table><thead><tr><th><i>Class</i></th><th><i>Issue Price</i></th></tr></thead><tbody><tr><td>A1</td><td>100%</td></tr><tr><td>A2</td><td>100%</td></tr><tr><td>B</td><td>100%</td></tr><tr><td>C</td><td>100%</td></tr><tr><td>D</td><td>100%</td></tr></tbody></table>	<i>Class</i>	<i>Issue Price</i>	A1	100%	A2	100%	B	100%	C	100%	D	100%
<i>Class</i>	<i>Issue Price</i>												
A1	100%												
A2	100%												
B	100%												
C	100%												
D	100%												
Interest on the Rated Notes	The Rated Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the following margins above Euribor for three month Euro deposits (except in respect of the Initial Interest Period												

where the Rate of Interest shall be the aggregate of the Relevant Margin and the linear interpolation of the rate for 3 and 4 month Euro deposits which appears on Bloomberg Page MMCV1):

Class A1:	0.07% per annum;
Class A2:	0.15% per annum;
Class B:	0.39% per annum;
Class C	0.61% per annum.

Interest on the Junior Notes

The Junior Notes will bear interest from and including the Issue Date as follows:

- (a) the Class D Base Interest on their Principal Amount Outstanding at a margin of 2% per annum above Euribor; and
- (b) the Class D Additional Remuneration, if any, calculated one Business Day prior to the relevant Calculation Date in accordance with Condition 5 of the Junior Notes Conditions.

The Class D Base Interest and any Class D Additional Remuneration will have different ranking under the Priority of Payments.

Interest in respect of each Class of Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Interest Payment Date. The first payment in respect of each Class of Notes will be due on the Interest Payment Date falling in March 2006 in respect of the period from (and including) the Issue Date to (but excluding) such date.

Junior Notes Conditions

Except for Junior Notes Conditions 1.1 (*Form, denomination and title*), 5 (*Interest*) and 6.8 (*Early Redemption through the disposal of the Portfolio*) the terms and conditions of the Junior Notes are the same, *mutatis mutandis*, as the Rated Notes Conditions.

Form and Denomination

The denomination of the Rated Notes will be Euro 100,000. The denomination of the Junior Notes will be Euro 60,346. The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes will be accepted for clearance by Monte Titoli with effect from the

Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by, and title thereto will be transferable by means of, book entries in accordance with the provisions of article 28 of Italian Legislative Decree No. 213 of 24 June 1998 and CONSOB Resolution No. 11768 of 23 December 1998. No physical document of title will be issued in respect of the Notes. The Notes are specialist securities and will only be sold and marketed to specialist investors.

Status

Save as provided under paragraph (c) below and in the Conditions:

- (a) in respect of the obligations of the Issuer to pay interest on the Notes, the Class A1 Notes and the Class A2 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Notes, the Class C Notes and the Class D Notes; the Class B Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; the Class D Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;
- (b) in respect of the obligations of the Issuer to pay principal on the Notes, the Class A1 Notes rank *pari passu* and rateably without any preference or priority among themselves but in priority to the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes; the Class A2 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Notes, the Class C Notes and the Class D Notes and subordinated to the Class A1 Notes; the Class B Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and rateably without any

preference or priority among themselves, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; the Class D Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;

- (c) following the service of a Trigger Notice, the Class A1 Notes and the Class A2 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class B Notes, the Class C Notes and the Class D Notes; the Class B Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class D Notes and subordinated to the Class A Notes and the Class B Notes, the Class D Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes.

The obligations of the Issuer to each Noteholder as well as to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. Each Noteholder, together with each Other Issuer Creditor, will have a claim against the Issuer only to the extent of the Issuer Available Funds. The Intercreditor Agreement and the Conditions will set out the order of priority of application of the Issuer Available Funds.

Withholding on the Notes

Payments under the Notes may be subject to withholding for or on account of tax, pursuant to a Decree 239 Deduction. Upon the occurrence of any withholding for or on account of tax from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes.

Mandatory Redemption

The Notes will be subject to mandatory redemption in full or in part on every Interest Payment Date during the Amortisation Period in accordance with the provisions of the relevant Conditions, in each case if on such date there

are sufficient Available Redemption Funds, which may be applied for this purpose in accordance with the Priority of Payments.

Optional Redemption

The Issuer may on any Interest Payment Date redeem the Notes (in whole but not in part) at their Principal Amount Outstanding, together with interest accrued thereon up to the Interest Payment Date fixed for redemption, if on any such Interest Payment Date the aggregate of the Outstanding Principal of the Portfolio is equal to or less than 10% of the Initial Portfolio Original Amount, provided that the Issuer has given prior written notice to the Representative of the Noteholders and has provided the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (not subject to the interests of any person) on such Interest Payment Date to discharge all its outstanding liabilities in respect of the Notes and any amounts required to be paid under the Priority of Payments in priority or *pari passu* with the Notes. No such redemption may occur prior to the expiration of eighteen months following the Issue Date.

Final Redemption

To the extent not otherwise redeemed, the Notes of each Class will be redeemed at their Principal Amount Outstanding on the Final Maturity Date.

The Notes, to the extent not redeemed in full by their Final Maturity Date, shall be cancelled.

Redemption for Tax Reasons

If the Issuer at any time satisfies the Representative of the Noteholders immediately prior to the giving of the notice referred to below that on the next Interest Payment Date:

- (i) the Issuer would be required to deduct or withhold (other than in respect of a Decree 239 Deduction) from any payment of principal or interest on the Notes (or that amounts payable to the Issuer in respect of the Receivables would be subject to withholding or deduction), of any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political subdivision thereof or any authority thereof or therein; or

- (ii) taxes, duties, assessments or governmental charges of whatever nature would be imposed on the Portfolio by the Republic of Italy or any political sub-division thereof or any authority thereof or therein;

then the Issuer may on any Interest Payment Date at its option, having given not more than 60 nor less than 30 days' notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 14 (*Notices*) of the Rated Notes Conditions and of the Junior Notes Conditions and having, prior to giving such notice, certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that the Issuer will have the necessary funds not subject to the interest of any other person to discharge all its outstanding liabilities in respect of the Notes and any amounts required under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Notes, redeem the Notes (in whole but not in part) at their Principal Amount Outstanding, together with accrued but unpaid interest up to and including the relevant Interest Payment Date. No such redemption may occur prior to the expiration of eighteen months following the Issue Date.

Security for the Notes

The Notes have the benefit of the provisions of the Securitisation Law, pursuant to which the Portfolio is segregated by operation of law from the Issuer's other assets and, both before and after a winding-up of the Issuer, the Collections may be applied by the Issuer exclusively for the purpose of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors, or any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. The Portfolio may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation of the Notes.

Pursuant to the terms of the Intercreditor Agreement and the Mandate Agreement the Issuer has granted to the Representative of the Noteholders, following the delivery of a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction Documents, the power to exercise all the rights, powers and discretion of the Issuer

under the Transaction Documents taking such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Noteholders and the Other Issuer Creditors in respect of the Portfolio and the other rights of the Issuer.

In addition, on or about the Issue Date, the Issuer will execute (i) an Italian law Deed of Pledge under which the Issuer will pledge in favour of the Noteholders and the Other Issuer Creditors, acting through the Representative of the Noteholders, all monetary claims and rights and all the amounts payable from time to time to which the Issuer is entitled under certain Transaction Documents and the Eligible Investments and (ii) an English law Deed of Charge under which the Issuer will charge in favour of the Representative of the Noteholders, as trustee for the Noteholders and the Other Issuer Creditors, subject to the Deed of Pledge, its rights arising under the Hedging Agreement.

Collection Account

All amounts under the Receivables received or recovered by the Servicer from the Lessees will be paid into the Collection Account established in the name of the Issuer with the Account Bank. The Collection Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Payments Account

All amounts other than amounts deriving from the Receivables will be paid into the Payments Account established in the name of the Issuer with the Account Bank. The Payments Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Debt Service Reserve Account

The Issuer will establish the Debt Service Reserve Account with the Account Bank into which it will deposit the Debt Service Reserve Amount. The Issuer will fund the Debt Service Reserve Account out of the Issuer Principal Available Funds on the first two Settlement Dates and on the first Interest Payment Date. The amounts standing to the credit of the Debt Service Reserve Account will be available to the Issuer on each Interest Payment Date as part of the Issuer Interest Available Funds to meet its obligations in respect of (i) interest under the Rated Notes and (ii) any other payments to be paid under the Priority of Payments in priority to or *pari passu* with such interest,

should the amounts received in respect of the Receivables prove to be insufficient. To the extent that the amount standing to the credit of the Debt Service Reserve Account on any Interest Payment Date is lower than the Debt Service Reserve Amount, the Issuer will credit available amounts of the Issuer Interest Available Funds, in accordance with the Priority of Payments, to the Debt Service Reserve Account to bring the balance of such account up to (but not in excess of) the Debt Service Reserve Amount. The Debt Service Reserve Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Adjustment Reserve Account

The Issuer will establish the Adjustment Reserve Account with the Account Bank. The Issuer will credit into the Adjustment Reserve Account the Net Adjustment Reserve Amount, if any. The Adjustment Reserve Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Expense Account and Retention Amount

The Issuer will establish the Expense Account with UniCredit Banca d'Impresa S.p.A.. The Expense Account will be funded out of the Issuer Interest Available Funds on the Issue Date in the sum equal to the Retention Amount and on each Interest Payment Date in accordance with the Priority of Payments. During each Quarterly Collection Period, such Retention Amount will be used by the Issuer, or the Corporate Servicer, acting on its behalf, to pay any Expenses.

Quota Capital Account

The Issuer has established the Quota Capital Account with Banca Antoniana Popolare Veneta for the deposit of the quota capital of the Issuer.

Securities Account

The Issuer will establish the Securities Account with the Custodian Bank or any other Eligible Institution, for the deposit of the Eligible Investments purchased with the monies standing to the credit of the Cash Accounts.

Priority of Payments

(1) *Issuer Interest Available Funds*

During the Revolving Period

(A) On each Settlement Date during the Revolving Period, the Issuer Interest Available Funds shall be applied to fund the payment to Locat of the Billed Residual Collected Amounts.

(B) On each Interest Payment Date during the Revolving

Period, the Issuer Interest Available Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, (A) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses not already paid out of the Expense Account (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs), and (B) to credit into the Expense Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents; and (B) any amounts due and payable on such Interest Payment Date to the Custodian Bank, the Account Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Hedging Counterparty the amounts due and payable under the Hedging Agreement, including any hedging termination payments upon early termination of the Hedging Agreement, except where the Hedging Counterparty is the Defaulting Party or the Sole Affected Party;

Fourth, to credit the Net Adjustment Reserve Amount, if any, to the Adjustment Reserve Account;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class A1 Notes and the Class A2 Notes on such Interest Payment Date;

Sixth, subject to as provided under (x) below, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due

and payable in respect of the Class B Notes on such Interest Payment Date;

Seventh, subject to as provided under (y) below, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class C Notes on such Interest Payment Date;

Eighth, to credit to the Debt Service Reserve Account such an amount to bring the balance of such account up to (but not in excess of) the Debt Service Reserve Amount;

Ninth, to allocate the Principal Deficiency Amount to the Issuer Principal Available Funds (including for avoidance of doubts, the Principal Deficiency Amount which has not been so allocated on the preceding Interest Payment Dates);

Tenth, to pay the Principal Integration Amount, to the extent that the Cumulative Default Ratio has been higher than the relevant Cumulative Default Trigger Ratio;

Eleventh, to pay to the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

Twelfth, to pay to Locat the Billed Residual Uncollected Amount;

Thirteenth, to pay to Locat any other amounts due and payable as indemnity under the Transaction Documents;

Fourteenth, to pay all amounts then due and payable as Class D Base Interest on such Interest Payment Date; and

Fifteenth, to pay any amounts due and payable as Class D Additional Remuneration;

provided that,

(x) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 11,5%, no amount under item *Sixth*

above will be paid, but items ranking lower in this priority of payments may nevertheless be paid; and

(y) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 6,5%, no amount under item *Seventh* above will be paid, but items ranking lower in this priority of payments may nevertheless be paid.

(2) *Issuer Principal Available Funds*

(A) On each Settlement Date during the Revolving Period, save for the Settlement Date immediately preceding an Interest Payment Date, the Issuer Principal Available Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, only on the first two Settlement Dates, in crediting the Debt Service Reserve Account up to the Debt Service Reserve Amount;

Second, to pay to Locat, any amount due as Purchase Price for any Subsequent Portfolio purchased pursuant to the Master Receivables Purchase Agreement; and

Third, to pay the residual amount to the Payments Account.

(B) On each Interest Payment Date during the Revolving Period, the Issuer Principal Available Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, to pay any amount payable under items *First* through *Seventh* (inclusive) under (1)(B) above, to the extent that the Issuer Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Second, only on the first Interest Payment Date, if not already credited on the immediately preceding Settlement Date to credit the Debt Service Reserve

Account with such an amount as will bring the balance of such account up to (but not in excess of) the Debt Service Reserve Amount;

Third, to pay to Locat, any amount due as Purchase Price for any Subsequent Portfolio purchased pursuant to the Master Receivables Purchase Agreement to the extent not already paid on the previous Settlement Dates or Interest Payment Dates, as the case may be;

Fourth, to pay to Locat the Purchase Price Adjustment, if any; and

Fifth, to pay the residual amount to the Payments Account.

During the Amortisation Period (1) *Issuer Interest Available Funds*

(A) On each Settlement Date during the Amortisation Period, the Issuer Interest Available Funds shall be applied to fund the payment to Locat of the Billed Residual Collected Amounts.

(B) On each Interest Payment Date during the Amortisation Period, the Issuer Interest Available Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full);

First, (A) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses not already paid out of the Expense Account (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs); and (B) to credit into the Expense Account such an amount to bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents; and (B) any amounts due

and payable on such Interest Payment Date to the Account Bank, the Custodian Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Hedging Counterparty, the amounts due and payable under the Hedging Agreement, including any hedging termination payments upon early termination of the Hedging Agreement except where the Hedging Counterparty is the Defaulting Party or the Sole Affected Party;

Fourth, to credit the Net Adjustment Reserve Amount, if any, to the Adjustment Reserve Account;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class A1 Notes and the Class A2 Notes on such Interest Payment Date;

Sixth, subject to as provided under (x) below, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class B Notes on such Interest Payment Date;

Seventh, subject to as provided under (y) below, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class C Notes on such Interest Payment Date;

Eighth, to credit to the Debt Service Reserve Account such an amount as will bring the balance of such account up to (but not in excess of) the Debt Service Reserve Amount;

Ninth, to allocate the Debt Service Reserve Released Amount to the Issuer Principal Available Funds;

Tenth, to allocate the Principal Deficiency Amount to the Issuer Principal Available Funds (including for avoidance of doubts, the Principal Deficiency Amount which has not been so allocated on the preceding Interest Payment Dates);

Eleventh, to pay the Principal Integration Amount, to the extent that the Cumulative Default Ratio has been higher than the relevant Cumulative Default Trigger Ratio;

Twelfth, to pay the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

Thirteenth, to pay to Locat the Billed Residual Uncollected Amount;

Fourteenth, to pay to Locat any other amounts due and payable as indemnity under the Transaction Documents;

Fifteenth, to pay all amounts then due and payable as Class D Base Interest on such Interest Payment Date; and

Sixteenth, to pay any amounts due and payable as Class D Additional Remuneration;

provided that,

(x) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 11,5%, no amount under item *Sixth* above will be paid until after the full redemption of the Class A Notes, but items ranking lower in this priority of payments may nevertheless be paid; and

(y) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 6,5%, no amount under item *Seventh* above will be paid until after the full redemption of the Class B Notes, but items ranking lower in this priority of payments may nevertheless be paid.

(2) *Available Redemption Funds*

On each Interest Payment Date during the Amortisation Period, the Available Redemption Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, to pay any amount payable under items *First* to *Seventh* (inclusive) under (1)(B) above, to the extent that the Issuer Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class A1 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Third, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class A2 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class B Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class C Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, invest such amounts in Eligible Investments;

Sixth, to pay to Locat the Purchase Price Adjustment, if any;

Seventh, to pay, *pari passu* according to the respective amounts thereof, any Purchase Price (if any) due but not already paid on the preceding

Settlement Dates or Interest Payment Dates, as the case may be;

Eighth, to pay to Locat any amount due and payable under the Limited Recourse Loan;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, the amounts of principal due and payable, if any, in respect of the Class D Notes on such Interest Payment Date, in any case up to an amount equal to Euro 30,000 and, on the Final Maturity Date, all amounts of principal due and payable, if any, on the Class D Notes; and

Tenth, to pay the residual amount to the Issuer Interest Available Funds, except for the residual amounts due to the rounding of the principal payments on the Notes.

Following a Trigger Notice

(1) *Issuer Interest Available Funds*

Following the service of a Trigger Notice, the Issuer Interest Available Funds (which would exclude, if the Trigger Event is an Insolvency Event, any amounts to be paid to the persons who are not parties to the Intercreditor Agreement in accordance with Italian bankruptcy law) shall be applied in making the following payments in the following order of priority (in each case, only and to the extent that payments of a higher priority have been made in full) and on a monthly basis:

First, *pari passu* and *pro rata* according to the respective amounts thereof, (A) to pay to Locat the Billed Residual Collected Amounts; (B) to pay any Expenses (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs); and (C) to credit into the Expense Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the

provisions of or in connection with any of the Transaction Documents; and (B) any amounts due and payable on such Interest Payment Date to the Account Bank, the Custodian Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Hedging Counterparty the amounts due and payable under the Hedging Agreement, including any hedging termination payments upon early termination of the Hedging Agreement, except where the Hedging Counterparty is the Defaulting Party or the Sole Affected Party;

Fourth, to credit the Net Adjustment Reserve Amount to the Adjustment Reserve Account;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class A1 Notes and the Class A2 Notes on such Interest Payment Date;

Sixth, to pay any amount payable under item *Second* under (2) below, to the extent that the Available Redemption Funds are not sufficient to make such payment in full;

Seventh, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class B Notes;

Eighth, to pay any amount payable under item *Fourth* under (2) below, to the extent that the Available Redemption Funds are not sufficient to make such payment in full;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class C Notes;

Tenth, to pay any amount payable under item *Sixth* under (2) below, to the extent that the Available Redemption Funds are not sufficient to make such

payment in full;

Eleventh, to pay the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

Twelfth, to pay to Locat the Billed Residual Uncollected Amount; and

Thirteenth, to pay to Locat any amounts due and payable as indemnity under the Transaction Documents.

Following the service of a Trigger Notice, any remaining Issuer Interest Available Funds after all the above payments have been made in full, shall form part of the Available Redemption Funds.

(2) *Available Redemption Funds*

Following the service of a Trigger Notice, the Available Redemption Funds shall be applied in making the following payments in the following order of priority (in each case, only and to the extent that payments of a higher priority have been made in full) and on a monthly basis:

First, to pay any amount payable under items *First* to *Fifth* (inclusive) under (1) above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Class A1 Notes and the Class A2 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Third, to pay any amount payable under item *Seventh* under (1) above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Fourth, to pay *pari passu* and *pro rata* according to

the respective amounts thereof, all amounts of principal then due and payable in respect of the Class B Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fifth, to pay any amount payable under item *Ninth* under (1) above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Sixth, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Class C Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Seventh, to pay any amount payable under items *Eleventh*, *Twelfth* and *Thirteenth* under (1) above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Eighth, to pay to Locat the Purchase Price Adjustment, if any;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Purchase Price (if any) due but not already paid on the preceding Settlement Dates or Interest Payment Dates, as the case may be;

Tenth, to pay to Locat any amount due and payable under the Limited Recourse Loan;

Eleventh, to pay all amounts then due and payable as Class D Base Interest on such Interest Payment Date;

Twelfth, to pay any amounts due and payable as Class D Additional Remuneration;

Thirteenth, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, all

amounts of principal then due and payable in respect of the Class D Notes on such Interest Payment Date; and

Fourteenth, to pay any residual amounts to the Class D Noteholders.

Expected Weighted Average Life of the Rated Notes

The average life of the Rated Notes cannot be predicted, as the actual rate of repayment of the Receivables is unknown. Calculation of the possible average life can be made based on certain assumptions including as to the rate at which the Receivables are prepaid, the amount of the Defaulted Receivables, Defaulting Receivables or the Delinquent Receivables and whether the Issuer exercises its option to redeem the Notes as more fully described under "*Expected Weighted Average Life of the Rated Notes*" below. Based on the assumptions described in such section, the expected average period for redemption of principal of the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes is likely to be approximately 1.80 years, 4.10 years, 7.33 years and 7.33 years respectively. **Reliance should not be made upon the above forecast since it is based on many unpredictable assumptions.**

Rating

The Rated Notes are expected to be assigned the following ratings on the Issue Date:

	<i>Moody's</i>	<i>S&P</i>
Class A1	Aaa	AAA
Class A2	Aaa	AAA
Class B	A2	A
Class C	Baa2	BBB

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Listing

Application has been made to list the Rated Notes on the Stock Exchange. Application has been made to the IFSRA, as competent authority under Directive 2003/71/EC, for the Prospectus to be approved. Such approval relates only to the Rated Notes which are to be admitted to trading on the regulated market of Irish Stock Exchange or other regulated

markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area. No application has been made to list the Junior Notes on any stock exchange.

Performance Reporting

Pursuant to the Servicing Agreement, the Servicer shall prepare on each Monthly Settlement Report Date the Monthly Settlement Report and on each Quarterly Settlement Report Date the Quarterly Settlement Report. Pursuant to the Cash Allocation, Management and Payments Agreement, the Computation Agent shall provide the Monthly Payments Report, the Quarterly Payments Report and the Investor's Report containing, *inter alia*, certain information with respect to the Notes, including the Principal Amount Outstanding of the Notes.

Governing Law

The Notes will be governed by Italian law.

Receivables

The principal source of payment on the Notes will be from collections and other amounts received in respect of the Receivables arising out of the Lease Contracts between Locat, as lessor, and the Lessees for the leasing of the Equipment or Real Estate Assets or Motor Vehicles. The Receivables include, gross of any VAT applicable thereon: (i) payments in respect of the Instalments, (ii) any interest, including default interest, and any reimbursement of costs and expenses; (iii) the Agreed Prepayments, (iv) the Adjustment; (v) proceeds received by Locat under insurance policies or other payments under any security related to the Lease Contracts, (vi) penalty payments, (vii) the Recovery Amounts and (viii) the Billed Residual Amounts, together with any other rights and accessories pertaining thereto, but excluding any Residual.

The Lease Contracts are governed by Italian Law.

Master Receivables Purchase Agreement

On 14 October 2005, Locat and the Issuer entered into the Master Receivables Purchase Agreement pursuant to which (i) Locat has sold to the Issuer, and the Issuer has purchased, and (ii) Locat may, during the Revolving Period, offer to the Issuer, and the Issuer shall purchase from Locat, all of the Receivables meeting the Eligibility Criteria.

The Initial Portfolio was purchased by the Issuer on 14 October 2005 and the Purchase Price for the Initial Portfolio will be funded through the proceeds of the issue

of the Notes.

Sales of Subsequent Portfolios may take place each month during the Revolving Period, and the Purchase Price for the Subsequent Portfolios will be funded to the extent that there are Issuer Principal Available Funds available for such purposes under the Priority of Payments and no Purchase Termination Notice or Trigger Notice has been served pursuant to Condition 10 (*Purchase Termination Events*) and Condition 11 (*Trigger Events*) and subject to the terms and conditions of the Master Receivables Purchase Agreement.

The Initial Portfolio and all Subsequent Portfolios purchased by the Issuer from Locat under the Master Receivables Purchase Agreement are together referred to as the "**Portfolio**".

Purchase Price

The Purchase Price for the Initial Portfolio and for each Subsequent Portfolio shall be equal to the aggregate amount of the Individual Purchase Price of Receivables comprised in the relevant Portfolio. The Individual Purchase Price for each Receivable shall be equal to the aggregate amount of all Principal Instalments due under the relevant Lease Contracts, plus any interest accrued thereon.

No Recourse

The sales of the Receivables by Locat to the Issuer have been and will be without recourse (*pro soluto*) against Locat in the case of a failure to pay amounts due under the Lease Contracts by any of the Lessees.

Pools of Receivables

The Receivables will be divided into the following three Pools:

- (i) "**Pool No. 1**" shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are Motor Vehicles;
- (ii) "**Pool No. 2**" shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are Equipment; and
- (iii) "**Pool No. 3**" shall mean the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are Real Estate Assets.

Purchase Termination Events

If any of the following Purchase Termination Event occurs:

(i) *Breach of obligations by Locat:*

Locat defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is party, the Representative of the Noteholders certifies that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interest of the Rated Noteholders and, except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy, such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer and Locat; or

(ii) *Breach of Ratios:*

(a) the Portfolio Delinquency Ratio for the immediately preceding Quarterly Collection Period exceeds, for two consecutive Interest Payment Dates the Trigger Delinquency Ratio; or

(b) the Portfolio Default Ratio for the immediately preceding Quarterly Collection Period exceeds, for two consecutive Interest Payment Dates the Trigger Default Ratio; or

(c) the Cumulative Default Ratio during the immediately preceding Quarterly Collection Period exceeds, for two consecutive Interest Payment Dates, the applicable Cumulative Default Trigger Ratio; or

(iii) *Non payment*

any of the amounts due as Principal Deficiency Amount is not paid on any Interest Payment Date; or

(iv) *Breach of representations and warranties by Locat:*

any of the representations and warranties given by Locat under any of the Transaction Documents to which it is party is or proves to have been incorrect or misleading in any material respect when made; or

(v) *Insolvency of Locat:*

an Insolvency Event occurs in respect of Locat;

then the Representative of the Noteholders shall give a Purchase Termination Notice to the Issuer and Locat. After the service of a Purchase Termination Notice from the Representative of the Noteholders, the Issuer shall refrain from purchasing any further Subsequent Portfolios under the Master Receivables Purchase Agreement and the Issuer Available Funds shall be applied in accordance with the Priority of Payments set out in Condition 4.2, provided that, save as provided in the Conditions, no redemption shall occur prior to the Interest Payment Date falling in June 2007. For further details see "*Priority of Payments - During the Amortisation Period*".

Trigger Events

If any of the following Trigger Events occurs:

(i) *Non-payment:*

interest or principal due on the Most Senior Class of Rated Notes on an Interest Payment Date is not paid on the due date or within a period of 3 (three) Business Days;

(ii) *Breach of obligations by the Issuer:*

the Issuer defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is a party or any obligations under the Rated Notes (other than any obligation for the payment of principal or interest under the Rated Notes), the Representative of the Noteholders certifies that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interest of the Noteholders and except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy or such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer and Locat; or

(iii) *Breach of representations and warranties:*

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is party is or proves to have been

incorrect or misleading in any material respect when made or deemed to be made; or

(iv) *Insolvency of the Issuer:*

an Insolvency Event occurs in respect of the Issuer; or

(v) *Unlawfulness:*

it is or will become unlawful in any material respect (in the sole opinion of the Representative of the Noteholders) for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any other Transaction Document to which it is a party,

then the Representative of the Noteholders may, in its sole and absolute discretion (and, if so requested by an Extraordinary Resolution shall), give a Trigger Notice to the Issuer declaring the Notes to be due and repayable, whereupon they shall become immediately due and repayable at their Principal Amount Outstanding together with accrued interest, without any further action or formality, provided that (a) in the case of any of the events referred to in items (iv) and (v) above, the Representative of the Noteholders shall have such discretion or obligation only if it shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Noteholders and (b) in the case of an event referred to in item (ii) and (iii) above, a Trigger Notice shall be given only if so provided by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

After the service of a Trigger Notice, the Issuer shall refrain from purchasing any further Subsequent Portfolios under the Master Receivables Purchase Agreement and the Issuer Available Funds shall be applied in accordance with the Priority of Payments set out in Condition 4.3, provided that such accelerated payments will only become due and payable from the Interest Payment Date falling in June 2007. For further details see "*Priority of Payments - Following a Trigger Notice*".

In addition, in accordance with the provisions of the Intercreditor Agreement, after the service of a Trigger Notice, the Representative of the Noteholders shall instruct

the Issuer to sell the purchased Receivables, if so requested by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

Servicing Agreement

Pursuant to the Servicing Agreement, the Servicer agreed to collect and service the Receivables in compliance with the Securitisation Law. Under the Servicing Agreement, the Servicer shall credit to the Collection Account, all the Collections received in respect of each Collection Period within the second Business Day following the date of the relevant collection of such amounts until the occurrence of a Downgrading.

Warranty and Indemnity Agreement

Pursuant to the Warranty and Indemnity Agreement, Locat made certain representations and warranties and gave certain indemnities to the Issuer in relation to, *inter alia*, the Receivables.

Intercreditor Agreement

Pursuant to the Intercreditor Agreement, provision will be made as to the application of the proceeds arising out of the Receivables and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in respect of the Receivables.

Under the Intercreditor Agreement, the Other Issuer Creditors acknowledge and accept that the Managers shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Other Issuer Creditors as a result of the performance by the Representative of the Noteholders of its duties provided by the Transaction Documents.

Letter of Undertaking

The Issuer, the Originator and the Representative of the Noteholders will enter into the Letter of Undertaking whereby the Originator undertakes to indemnify the Issuer from certain regulatory and tax costs and other costs and liabilities incurred by the Issuer.

Rated Notes Subscription Agreement

The Issuer, the Managers, Locat and the Representative of the Noteholders will enter into the Rated Notes Subscription Agreement under which the Managers agree to subscribe for the Rated Notes, subject to the conditions set out therein.

Under the Rated Notes Subscription Agreement the Managers appoint Securitisation Services S.p.A. as Representative of the Noteholders in relation to the Rated

Notes.

Junior Notes Subscription Agreement

The Issuer, Locat and the Representative of the Noteholders will enter into the Junior Notes Subscription Agreement under which Locat agrees to subscribe for the Junior Notes, subject to the conditions set out therein.

Under the Junior Notes Subscription Agreement Locat appoints Securitisation Services S.p.A. as Representative of the Noteholders in relation to the Junior Notes.

Cash Allocation, Management and Payments Agreement

Pursuant to the Cash Allocation, Management and Payments Agreement, the Account Bank, the Custodian Bank, the Cash Manager and the Computation Agent agree to provide certain calculation and cash administration services to the Issuer and the Principal Paying Agent and the Irish Paying Agent agree to perform certain services in relation to the Notes, including calculating the amount of principal and interest payable under the Notes and arranging for the payment of these amounts to the Noteholders.

Hedging Agreement

The Issuer will protect itself against certain interest rate risks arising in respect of its floating rate interest obligations under the Rated Notes by entering into the Hedging Agreement. The Hedging Agreement will terminate on the Final Maturity Date of the Notes unless terminated earlier in accordance with its terms.

Corporate Services Agreement

The Corporate Servicer will provide certain corporate administrative services to the Issuer pursuant to the Corporate Services Agreement.

RISK FACTORS AND SPECIAL CONSIDERATIONS

The following is a summary of certain risks and aspects of the issue of which prospective holders of the Rated Notes should be aware. Prospective investors should read the entire Prospectus. Prospective investors should carefully read and assess the specific risks set forth below and the other information contained in the Prospectus. The description of the risks below does not purport to be exhaustive and these risks are not only risks to which the Issuer and the Originator are currently exposed. The order in which the individual risks are presented is not indicative of their likelihood to occur nor of the severity of significance of the individual risks.

Securitisation Law

The Securitisation Law was enacted in Italy on 30 April 1999. As at the date of this Prospectus, as far as the Issuer is aware, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for: (i) regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions for special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of companies which carry out collection and recovery activities in the context of a securitisation transaction; and (ii) a decree of the Italian Treasury Ministry dated 4 April 2001 on the conditions for registration of financial intermediaries in the register held by the Bank of Italy pursuant to article 107 of the Banking Act. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

Suitability

Structured securities, such as the Notes, are sophisticated instruments, which can involve a significant degree of risk. Prospective investors in any Class of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to the relevant risks. Such prospective investors should also ensure that they have sufficient knowledge, experience and access to professional advice to make their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Notes and that they consider the suitability of the Notes as an investment in light of their own circumstances and financial condition.

Source of payments to Noteholders

The Notes will be obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of the Originator, the Servicer, the Lessees, the Representative of the Noteholders, the Account Bank, the Principal Paying Agent, the Irish Paying Agent, the Hedging Counterparty, the Cash Manager, the Computation Agent, the Quotaholder, the Custodian Bank, any of the Managers or the Sole Arranger. No person, other than the Issuer, will accept any liability to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

The Issuer will not as at the Issue Date have any significant assets available to make payments under the Notes other than the Portfolio and its rights under the Transaction Documents to which it is a party. Consequently, upon the occurrence of a Trigger Event or at the Final Maturity Date, there may be insufficient funds available to the Issuer to pay interest on the Notes or to repay principal of the Notes in full.

Issuer's ability to meet its obligations under the Notes

The ability of the Issuer to meet its payment obligations in respect of the Notes will be dependent on the receipt by the Issuer of: (i) Collections and Recovery Amounts from the Receivables received by Locat, acting in its capacity as Servicer under the Servicing Agreement; (ii) any payments required to be made by the Hedging Counterparty under the Hedging Agreement; and (iii) any other amounts payable to the Issuer pursuant to the terms of the Transaction Documents to which it is a party.

Limited recourse nature of the Notes

There is no assurance that, over the life of the Notes or at the redemption date of any Class of Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of an Trigger Notice, or otherwise), there will be sufficient funds to enable the Issuer to pay interest on the Notes, or to repay principal of the Notes in full.

The Notes will be limited recourse obligations of the Issuer. If there are not sufficient funds available to the Issuer to pay in full all principal and interest and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. After the Notes have become due and payable following the service of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of Noteholders of the rights of the Issuer.

No independent investigation in relation to the Receivables

None of the Issuer, the Sole Arranger, the Managers nor any other party to the Transaction Documents (other than the Originator) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Lessee.

Claw back of the sales of the Receivables

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the adjudication of bankruptcy of the Originator is made within three months from the securitisation transaction (or from the purchase of the relevant portfolio) or, in cases where paragraph 1 of article 67 applies, within six months from the securitisation transaction (or from the purchase of the relevant portfolio).

Claims of creditors of the Issuer

The Notes have the benefit of the provisions of the Securitisation Law, pursuant to which the Portfolio is segregated by operation of law from the Issuer's other assets and, both prior to and following a winding-up of the Issuer, the Collections may be applied by the Issuer exclusively for the purpose of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors, or any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. The Portfolio may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation of the Notes. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

Under the Conditions, the Issuer will undertake to the Noteholders *inter alia* not to engage in any activity whatsoever which is not incidental to or necessary in connection with any further securitisation or with any of the activities in which the Transaction Documents provide and envisage that the Issuer will engage.

Limited Rights

The protection and exercise of the Noteholders' rights against the Issuer and the security under the Notes is one of the duties of the Representative of the Noteholders. The Conditions limit the ability of each individual Noteholder to commence proceedings against the Issuer by conferring on the Noteholders collectively the power to resolve on the ability of any Noteholder to commence any such individual actions.

Italian Usury Law

Italian Law No. 108 of 7 March 1996 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 21 September 2005).

In certain judgements issued during the year 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans (including financial leases) advanced prior and after the entry into force of the Usury Law. Moreover, according to a certain interpretation of the Usury Law (which was generally considered, in the Italian legal community, to have been accepted in the above mentioned rulings of the *Corte di Cassazione*), if at any point in time the rate of interest payable on a loan - or a lease contract - (including a loan entered into before the entry into force of the Usury Law or a loan which, when entered into, was in compliance with the Usury Law) exceeded the then applicable Usury Rate, the contractual provision providing for the borrower's obligation to pay interest on the relevant loan would become null and void in its entirety.

The Italian Government has intervened in this situation with Law Decree No. 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law No. 24 by the Italian Parliament on 28 February 2001, which provides, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the

time the relevant agreement is reached. The Usury Law Decree has also provided that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers' associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution. By decision No. 29 of 14 February 2002, the Italian Constitutional Court has stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for such provisions of the Usury Law Decree providing that the interest rates due on instalments payable after 2 January 2001 on loans are to be substituted with lower interest rates fixed in accordance with the Usury Law Decree. By such decision the Italian Constitutional Court has established that the lower interest rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from the date on which such Decree came into force (31 December 2000) and not on instalments payable after 2 January 2001.

The Originator represented and warranted in the Warranty and Indemnity Agreement that the interest rates provided for under the Lease Contracts have been determined on the basis of criteria that ensure compliance with the Usury Rates.

Compounding of Interest (*Anatocismo*)

Pursuant to article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices ("*usi*") to the contrary. Banks in the Republic of Italy have traditionally capitalised accrued interest on a three monthly basis on the grounds that such practice could be characterised as a customary practice ("*uso normativo*"). However, a number of recent judgements from Italian courts (including the judgements from the Supreme Court (*Corte di Cassazione*) No. 2374/99 and No. 2593/2003) have held that such practices are not customary practices ("*uso normativo*"). Consequently if Lessees were to challenge this practice and such interpretation of the Italian civil code were to be upheld before other courts in the Republic of Italy there could be a negative effect on the returns generated from such Lease Contracts.

The Originator has consequently undertaken in the Warranty and Indemnity Agreement in respect of the Portfolio sold by it to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer in connection with any challenge in respect of interest on interest accrued but unpaid. In this respect, it should be noted that article 25, paragraph 3, of Legislative Decree No. 342 of 4 August 1999 ("**Law No. 342**") enacted by the Italian Government under a delegation granted pursuant to Law No. 142 of 19 February 1992 (the "**Legge Delega**") has considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid.

After such date, the capitalisation of accrued interest will still be possible upon the terms established by a resolution of the Interministerial Committee of Credit and Saving (C.I.C.R.) issued on 22 February 2000. Law No. 342 has been challenged, however, before the Italian Constitutional Court on grounds it falls outside the scope of the legislative powers delegated under the *Legge Delega*. On these grounds, by decision No. 425 dated 9 October 2000 issued by the Italian Constitutional Court, article 25, paragraph 3, of Law No. 342 has been declared as unconstitutional.

Servicing of the Receivables

Prior to the Issue Date, the Receivables have always been collected by the Originator in its capacity as owner of the Receivables. Following the Issue Date, the Receivables will continue to be serviced by the Originator in its capacity as Servicer under the Servicing Agreement. Consequently, the net cash flows from the Receivables may be affected by decisions made, actions taken and the Collection Policy adopted by the Originator.

In addition, the Servicer has agreed to prepare and submit to the Issuer, the Representative of the Noteholders and the Account Bank monthly and quarterly reports, showing all collections of interest, principal and penalties and any other amount due in respect of the Receivables during the related Collection Periods and Quarterly Collection Periods. See "*Description of the Servicing Agreement*".

Commingling risk

The Issuer is subject to the risk that, in the event of insolvency of the Servicer, the Collections held at the time the insolvency occurs, might be treated by the bankruptcy estate as an unsecured claim of the Issuer. For the purpose of mitigating such risk, the Servicer has undertaken, under the Servicing Agreement to transfer any Collections received by the Lessees to the Collection Account within two Business Days following receipt thereof, thus reducing the amount of the monies from time to time subject to the commingling risk and, if Locat is assigned a short term rating lower than "A-3" by S&P or a short term rating lower than "P-1" by Moody's, Locat shall, within twenty days of such downgrading, procure that any payments made by the Lessees through "RID" direct debit system, are directly credited to the Collection Account

In addition, in order to further mitigate such commingling risk, certain other events are provided under the Servicing Agreement in respect to (i) the Locat's Downgrading and (ii) certain events related to the ratings of, respectively, UniCredit Banca d'Impresa S.p.A. and UniCredito Italiano S.p.A. and related to the interest held by UniCredito Italiano S.p.A. in UniCredit Banca d'Impresa S.p.A.. See "*Description of the Servicing Agreement*".

Credit and performance risk on the Servicer and the other parties to the Transaction Documents

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by the Servicer and the other parties to the Transaction Documents of their respective obligations under the Transaction Documents to which they are a party. In particular, without limiting the generality of the foregoing, the timely payment of

amounts due on the Notes will depend on the ability of the Servicer to service and collect the Receivables pursuant to the Servicing Agreement and on the continued availability of hedging support under the Hedging Agreement. Prospective Noteholders should note that the Hedging Agreement may be terminated by the Hedging Counterparty, if a Trigger Event or a Hedging Agreement Termination Event occurs. In addition, the ability of the Issuer to make payments under the Notes may depend to an extent upon the due performance by the Originator of its obligations under the Warranty and Indemnity Agreement in respect of the Portfolio. The performance by all parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party.

Moreover, it is not certain whether or not a suitable alternative servicer could be found to service the Receivables should the appointment of the Originator as Servicer be terminated. If such an alternative servicer were to be found it is not certain whether it would agree to service the Receivables on the same terms as provided in the Servicing Agreement.

Interest rate risk

The Issuer expects to meet its floating rate payment obligations under the Notes primarily from payments received from collections and recoveries made in respect of the Receivables. However the interest component in respect of such payments may have no correlation to the Euribor rate from time to time applicable in respect of the Notes.

In order to mitigate this interest rate risk and avoid the occurrence of a mismatch between such payments and the floating rate payment obligations of the Issuer under the Rated Notes, the Issuer entered into a Hedging Agreement in relation to the Portfolio with the Hedging Counterparty, which shall at all times be (or its credit support provider shall at all times be) or, in accordance with the provisions of the Hedging Agreement, deemed to be, an Eligible Institution.

Pursuant to the Deed of Charge, the Issuer has charged in favour of the Representative of the Noteholders as trustee for the Noteholders and the Other Issuer Creditors all rights, title and interest in and to the Hedging Agreement and all proceeds thereof (see for further details "*Description of the Transaction Documents - The Deed of Charge*", below).

In the event of early termination of the Hedging Agreement, including any termination upon failure by the Hedging Counterparty to perform its obligations, there is no assurance that the Issuer will be able to meet its obligations under the Notes in full or even in part.

If the Hedging Counterparty or the Issuer terminates the Hedging Agreement no assurance can be given that replacement interest rate hedging agreements will continue to provide the Issuer with the same level of protection as the Hedging Agreement. See for further details "*Description of the Transaction Documents - The Hedging Agreement*".

Expected maturity dates of the Rated Notes

In accordance with the mandatory redemption provisions applicable to the Notes, if Issuer Principal Available Funds are sufficient, full redemption of the Class A1 Notes Notes is expected to be achieved on the Interest Payment Date falling in December 2007, in respect of

the Class A2 Notes, the Class B and the Class C Notes is expected to be achieved on the Interest Payment Date falling in March 2013. There can be no assurance, however, that redemption in full, or at all, will be achieved on such Interest Payment Dates since the above forecast is based on many unpredictable assumptions. See for further details "*Expected Weighted Average Life of the Rated Notes*".

In particular, the redemption in full of the Rated Notes may be achieved prior to such dates as a result of the occurrence of circumstances in which the Lease Contracts may be terminated prior to the scheduled redemption date and, in addition, as a result of the circumstances in which the Originator has the option to buy back the Receivables.

Although there may be certain payment obligations on the Originator in these events, there can be no assurance, however, that the monies received therefrom in all of these circumstances would be sufficient to ensure that the Issuer has the necessary funds to meet its payment obligations in respect of the Rated Notes in whole or in part.

Market for the Rated Notes

Although application has been made for the Rated Notes to be listed on the Irish Stock Exchange, there is currently no market for the Rated Notes. The Rated Notes have not been registered under the Securities Act and will be subject to significant restrictions on resale in the United States. There can be no assurance that a secondary market for any of the Rated Notes will develop or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investments or that it will continue for the life of such Rated Notes. Consequently, any purchaser of Rated Notes must be prepared to hold such Rated Notes until the Final Maturity Date.

Political and economic developments in the Republic of Italy and in the European Union

The performance of the Italian economy has a significant impact on the Originator since its activities are principally concentrated in the Republic of Italy. A severe or extended downturn in the Republic of Italy's economy would adversely affect the results of operations of the Originator and the financial condition of both the Lessees and the Originator, which could in turn affect the ability of the latter to perform its obligations under the Transaction Documents to which it is a party.

Rights of set-off of the Lessees

Under general principles of Italian law, the Lessees are entitled to exercise rights of set-off in respect of amounts due under any Lease Contract against any amounts payable by the Originator to the relevant Lessee. Under the terms of the Warranty and Indemnity Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the relevant Receivable as a result of the exercise by any Lessee of a right of set-off.

Subordination

Save as provided under paragraph (c) below and in the Conditions:

- (a) in respect of the obligations of the Issuer to pay interest on the Notes, the Class A1 Notes and the Class A2 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Notes, the Class C Notes and the Class D Notes; the Class B Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; the Class D Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;
- (b) in respect of the obligations of the Issuer to pay principal on the Notes, the Class A1 Notes rank *pari passu* and rateably without any preference or priority among themselves but in priority to the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes; the Class A2 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Notes, the Class C Notes and the Class D Notes and subordinated to the Class A1 Notes; the Class B Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; the Class D Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;
- (c) following the service of a Trigger Notice, the Class A1 Notes and the Class A2 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class B Notes and the Class C Notes and the Class D Notes; the Class B Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; the Class D Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes.

As long as the Class A Notes are outstanding, unless notice has been given to the Issuer declaring the Class A Notes due and payable, the Class B Notes, the Class C Notes and the Class D Notes shall not be capable of being declared due and payable and the Class A Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class A Noteholders could be adverse to the interests of the Class B Noteholders, the Class C Noteholders and the Class D Noteholders. Once the Class A Notes have been repaid in full, as long as the Class B Notes are outstanding, unless notice has been given to the Issuer declaring the Class B Notes due and payable, the Class C Notes and the Class D Notes shall not be capable of being declared due and payable and the Class B Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class B Noteholders

could be adverse to the interests of the Class C Noteholders and the Class D Noteholders. Once the Class B Notes have been repaid in full, as long as the Class C Notes are outstanding, unless notice has been given to the Issuer declaring the Class C Notes due and payable, the Class D Notes shall not be capable of being declared due and payable and the Class C Noteholders shall be entitled to determine the remedies to be exercised. Remedies pursued by the Class C Noteholders could be adverse to the interests of the Class D Noteholders.

Noteholders should have particular regard to the factors identified in the section related to the "*Priority of Payments*" above in determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest and any remuneration and or repayment of principal due under the Notes.

Effect on Lease Contracts of insolvency of Lessees

The Bankruptcy Law does not regulate the impact of insolvency of a lessee in financial leasing agreements, such as the Lease Contracts. However, articles 72 to 80 of the Bankruptcy Law contain provisions regarding the effect of the declaration of insolvency on ongoing relationships, i.e., on relationships arising from contracts which were entered into by the lessee before the insolvency and which are still being performed at the time of declaration of insolvency. The effects of insolvency on the Lease Contracts must therefore be determined on the basis of case law and academic literature, applying the principles which have already been established for other ongoing relationships.

Such effects will depend, *inter alia*, on whether the Lease Contracts are considered as *leasing finanziario di godimento* or *leasing finanziario traslativo* on the basis of the criteria applied by the applicable case law and accordingly whether the provisions of article 1458, section 1, or article 1526 of the Italian Civil Code would apply as described in more detail in the section "*Selected Aspects of Italian Law - Italian Law on Leasing*".

Effect on Lease Contracts of insolvency of the Originator

Article 7 of Law Decree number 354 of 24 December 2003, converted into law, without amendments, with Law No. 45 of 26 February 2004, provides that the adjudication in bankruptcy proceedings of companies authorized to carry out financial activity in the form of financial leases (such as the Originator), is not a cause of termination of the financial lease agreements, including the *traslativo* leases, and does not allow the liquidator in bankruptcy to decide to terminate the leases.

Right to future receivables

Under the terms of the Master Receivables Purchase Agreement, the Originator transfers to the Issuer any penalty or other amounts due by each Lessee in relation to the early termination of the relevant Lease Contract. In the event that the Originator is or becomes insolvent, the court will treat the Issuer's claims to such penalty or other amounts as "future" receivables. The Issuer's claims to any future receivables that have not yet arisen at the time of the Originator's admission to the relevant insolvency proceedings, including any indemnity payment due by any Lessee and purported to be assigned to the Issuer pursuant to the Master

Receivables Purchase Agreement, would not be effective and enforceable against the insolvency receiver of the Originator.

Further Securitisations

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Portfolio provided that any such further securitisation transaction would not adversely affect the then current rating of any of the Rated Notes.

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will by operation of law be segregated for all purposes from all other assets of the company that purchases the receivables. On a winding up of such a company such assets will only be available to holders of the notes issued to finance the acquisition of the relevant receivables. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

Historical Information

The historical financial and other information set out in the sections headed "*Locat S.p.A.*", "*Credit and Collection Policy*" and "*The Portfolio*", including in respect of the delinquency and default rates, represents the historical experience of the Originator. The Originator accepts responsibility for its fairness and truth. However, there can be no assurance that the future experience and performance of the Originator as Servicer of the Portfolio will be similar to the experience shown in this Prospectus.

Terms of the Lease Contracts

Although the Originator has represented, in the Warranty and Indemnity Agreement that the Lease Contracts conform to the Originator's standard forms of lease agreements as from time to time adopted, there can be no guarantee that the Lease Contracts do not contain any terms or conditions that adversely affect in any manner the value of the Receivables or the enforceability of the Lease Contracts.

Tax Treatment of the Issuer

Taxable income of the Issuer is determined without any special rights in accordance with Italian Presidential Decree No. 917 of 22 December 1986. Pursuant to the regulations issued by the Bank of Italy on 29 March 2000 (*schemi di bilancio delle società per la cartolarizzazione dei crediti*), the assets and liabilities and the costs and revenues of the Issuer in relation to the securitisation of the Receivables will be treated as off-balance sheet assets and liabilities, costs and revenues (except for overheads and general expenses and any amount that the Issuer may apply out of the Issuer Available Funds for the payment of such overheads and general expenses). Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, i.e. on-balance sheet earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the securitisation of the Portfolio.

In this respect, on 24 October 2002, the Revenue Agency – Regional Direction of Lombardy (the "**Agency**") released a private ruling with reference to some aspects concerning the Italian taxation of a securitisation vehicle. According to the private ruling, the Agency has claimed that the net result of a securitisation transaction is taxable as Issuer's taxable income "to the extent that the relevant securitisation transaction is structured in such a way that a net income is available to the vehicle after having discharged all its obligations". Moreover the Revenue Agency - Central Direction, with a Circular of 6 February 2003, No. 8/E, has taken the position that only amounts, if any, available to securitisation vehicles after fully discharging their obligations towards the noteholders and any other creditors of the securitisation vehicles in respect of any costs, fees and expenses in relation to securitisation transactions should be imputed, for tax purposes, to the securitisation vehicles. Consequently, according to the quoted position of the tax authorities, the Issuer should not have any taxable income if no amounts are available to the Issuer after discharging all its obligations deriving from and connected to the Securitisation.

It is however possible that the Italian Ministry of Economy and Finance or another competent authority may issue regulations, circular letters or generally binding rules relating to the Securitisation Law which might alter or affect, or that any competent authority or court may take a different view with respect to the tax position of the Issuer as described above.

Interest accrued on the accounts opened by the Issuer in the Republic of Italy with any Italian resident bank or any Italian branch of a non-Italian bank will be subject to withholding tax which, as at the date of this Prospectus, is levied at the rate of 27 per cent.

Withholding Tax under the Notes

Payments of interest under the Notes may or may not be subject to withholding or deduction for or on account of Italian tax. For example, as at the date of this Prospectus, according to Decree No. 239, any non-Italian resident beneficial owner of a payment of interest or other proceeds relating to the Notes who (i) is not resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, or (ii) even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, does not timely comply with the requirements set forth in Decree No. 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive amounts payable on the Notes net of Italian substitute tax. See "*Taxation*" below.

As at the date of this Prospectus such substitute tax is levied at the rate of 12.5 per cent, or such lower rate as may be applicable under the relevant double taxation treaty.

In the event that substitute tax is imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, neither the Issuer, nor any other person will be obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of substitute tax.

In the event that any Notes are redeemed in whole or in part prior to the date which is eighteen months after the Issue Date, the Issuer will be obliged to pay an additional amount in

Italy equal to 20 per cent of all interest and other proceeds accrued on such principal amount repaid early up to the relevant repayment date. See "*Taxation*".

The Delegation Law No. 80 of 7 April 2003 for the reform of the Italian tax system gives power to the Italian Government *inter alia* to introduce, by way of legislative decrees, a general reform of the tax treatment of financial income and of taxation of corporations and individuals within two years of the law coming into force. Only part of the Delegation Law has been enacted through Legislative Decree No. 344 of 12 December 2003 that has amended Presidential Decree No. 917 of 22 December 1986, with effects from January 1st, 2004. The reform may impact on the current tax regime of the Notes, as summarised in "*Taxation*" below.

European withholding tax directive

On 3 June 2003, the EU Council of Economic and Finance Ministers ("**ECOFIN**") adopted a new directive regarding the taxation of savings income. The directive was scheduled to be applied by Member States from 1 July 2005, provided that certain non-EU countries adopted similar measures from the same date. Under the directive each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Italy has implemented the directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian paying agents (i.e. banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EC.

Change of Law

The structure of the transaction and, *inter alia*, the issue of the Notes and ratings assigned to the Rated Notes are based on Italian law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

The Issuer believes that the factors described above are the principal risks inherent in the transaction for holders of the Notes but the inability of the Issuer to pay interest on or repay principal of the Notes of any such Class may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Notes are exhaustive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Notes there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Notes of such Class of interest on or principal of such Notes on a timely basis or at all.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

THE PORTFOLIO

Introduction

All Lease Contracts have been entered into by Locat (or by other companies merged with Locat).

The Lease Contracts

The Lease Contracts have been entered into by Locat primarily with small and medium size private businesses and other individual entrepreneurs (excluding individual persons). Generally, the Lease Contracts are based on Locat's standard form which incorporates certain standard terms and conditions and which contains a description of the Asset, the rental payment, and any other agreed terms or conditions. The Lease Contracts are substantially similar in general form and content but each is unique to the Asset included in the Lease Contract and to the extent of its specially negotiated terms and conditions, if any. All of the Lease Contracts are "net leases" which require the Lessee to maintain the Asset in good working order or condition, to bear all other costs of operating and maintaining the Asset, inclusive of payment of taxes and insurance relating thereto and cannot be cancelled by the Lessee.

The Lease Contracts expressly prohibit the Lessee from terminating the contract earlier than the stated expiration date. However, Locat sometimes waives such prohibition when a Lessee specifically and reasonably requests termination, on the condition that it acts in such a way so as to not incur any adverse financial consequences. Historically only a small percentage of the Lease Contracts outstanding have been terminated by negotiated early settlement.

The Lease Contracts are governed by Italian Law.

The Receivables are divided into the three following Pools:

- (i) **"Pool No. 1"** is the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are Motor Vehicles;
- (ii) **"Pool No. 2"** is the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are Equipment; and
- (iii) **"Pool No. 3"** is the aggregate of Receivables originating from Lease Contracts, the underlying Assets of which are Real Estate Assets.

The Eligibility Criteria

Pursuant to the Master Receivables Purchase Agreement, Locat has sold and will sell to the Issuer and the Issuer has purchased and will purchase from Locat, respectively, all the Receivables related to Instalments with a Scheduled Instalment Date falling not later than 31 May 2022 and arising out of Lease Contracts which meet, at the relevant Selection Date, the following Common Criteria and Specific Criteria:

Common Criteria

- (1) the relevant Lease Contracts have been executed after 1 January 1998 (including);
- (2) there are no Delinquent Instalments (or Instalments totally unpaid for 30 days following the Scheduled Instalment Date) and at least one Instalment paid and one Instalment to be paid;
- (3) the Lease Contracts have a filing number with one of the following asset suffixes:
VA, VO, VP, VL, VS, (Pool 1),
PS, AS, TS
LI, LO, OS, LS (Pool 2),
IC, IF, IR (Pool 3);
- (4) the sole lessor is Locat S.p.A.;
- (5) the Instalments are payable in Euro or lire, with a fixed rate or a floating rate based on euribor or determined by reference to such equivalent rate as may replace euribor;
- (6) the Instalments are paid by RID direct debit system;
- (7) the Asset is located in Italy and the Lessee is an Italian resident;
- (8) the Lessee is not an employee of Locat;
- (9) the Lessee is not a company belonging to the UniCredito Italiano Group;
- (10) Public Administrations or similar entities or individuals are not party thereto;
- (11) the relevant Lease Contracts have not been granted under the Law No. 1329/65 (*Legge Sabatini*) or Law No. 64/86;
- (12) the Receivables have never been classified as Defaulted Receivables and the management thereof has ever been transferred to Locat S.p.A.'s Legal Unit;
- (13) the Asset is not a work of art or a berth for a boat.

Specific Criteria in relation to the Initial Portfolio

- (1) the relevant Lease Contracts do not feature structured indexation or a cap;
- (2) no Lessee has requested and been provided with a single invoice in advance in relation to all of the Instalments of its Lease Contract;
- (3) the relevant Lease Contracts do not provide for guarantee deposits (*depositi cauzionali*).

Furthermore:

- (4) the following Lease Contracts are included:

- (a) in Pool 1: all the Lease Contracts;
- (b) in Pool 2: the Lease Contracts with number from 68700 to 568050 (both included); from 568190 to 583180 (both included); from 583240 to 587660 (both included); from 587850 to 592570 (both included); from 592580 to 650150 (both included); from 650350 to 654000 (both included); from 654150 to 663750 (both included); from 663810 to 665950 (both included); from 666035 to 671025 (both included); from 671060 to 679555 (both included); from 679580 to 680395 (both included); from 680470 to 686970 (both included); from 686980 to 704325 (both included); from 704340 to 704365 (both included); from 704370 to 717334 (both included); from 717338 to 718940 (both included); from 718960 to 719025 (both included); from 719030 to 719365 (both included); from 719380 to 724390 (both included); from 724400 to 726920 (both included); from 726924 to 727318 (both included); from 727324 to 727330 (both included); from 727350 to 732650 (both included); from 732660 to 736090 (both included); from 736118 to 739390 (both included); from 820640 to 820725 (both included); from 820745 to 821918 (both included); from 821920 to 826150 (both included); from 826180 to 827390 (both included); from 827398 to 830075 (both included); from 830078 to 830635 (both included); from 830645 to 836265 (both included); from 836330 to 843750 (both included); from 843810 to 847450 (both included); from 847500 to 861975 (both included); from 862040 to 871650 (both included);;
- (c) in Pool 3: the Lease Contracts having the Individual Purchase Price lower than Euro 7,600,000, but excluding those contracts with number from 159000 (including) to 160000 (including); from 173630 (including) to 173900 (including); from 679000 (including) to 679500 (including); from 860350 (including) to 860450 (including); from 868858 (including) to 869000 (including);

and all the Receivables include the Instalments with a Scheduled Instalment Date falling after 31 October 2005 and not later than 31 December 2021.

Conditions for Purchase of Subsequent Portfolios

During the Revolving Period, asset selection will be subject to the same Eligibility Criteria set forth for the Initial Portfolio. In addition, in order to mitigate the effect that the Receivables comprised in Subsequent Portfolios might have on the quality of the total Portfolio, Subsequent Portfolios may only be purchased to the extent that:

- with reference to each Pool, the Pool Default Ratio and the Pool Delinquency Ratio for Receivables comprised in each Subsequent Portfolio has not exceeded, in the immediately preceding Quarterly Collection Period, the following ratios:

	Pool Default Ratio	Pool Delinquency Ratio
Pool 1	1.75%	14.0%
Pool 2	2.25%	9.0%
Pool 3	1.75%	8.0%

- in case of floating rate Lease Contracts, the minimum weighted average margin over the 3-month EURIBOR shall be: 2.7% for Pool 1, 1.7% for Pool 2 and 2.0% for Pool 3;
- in case of fixed rate Lease Contracts, the difference between the weighted average of the yield of the relevant Subsequent Portfolio and the fixed rate of interest provided for in the Hedging Agreement shall be equal to or higher than 2.7% for Pool 1, 1.7% for Pool 2 and 2.0% for Pool 3;
- following the purchase of the relevant Subsequent Portfolio, the Pool Outstanding Amount of each Pool divided by the Collateral Portfolio Outstanding Amount shall not be greater of 28.0% for Pool 1, 28.0% for Pool 2 and 75.0% and not be lower than 40.0% for Pool 3;
- as at the relevant Valuation Date, the Receivables relating to any single Lessee do not account for more than 1.0% of the aggregate Outstanding Principal of the Portfolio;
- as at the relevant Valuation Date, the Receivables relating to the ten largest Lessees do not account for more than 3.5% of the aggregate Outstanding Principal of the Portfolio;
- as at the relevant Valuation Date, the Receivables relating to each single Lessee in each Pool do not account for more than 1% of the aggregate Outstanding Principal of the relevant Pool; and
- as at the relevant Valuation Date, the Receivables relating to the ten largest Lessees in each Pool do not account for more than 4.5% of the aggregate Outstanding Principal in respect of Pool 1, 6.0% of the aggregate Outstanding Principal in respect of Pool 2 and 7.5% of the aggregate Outstanding Principal in respect of Pool 3.

General Description of the Initial Portfolio

The Initial Portfolio comprises Receivables arising out of 37,266 Lease Contracts with a financed amount of about EUR 3,441,391,250.47 and an Outstanding Principal of about EUR 2,000,000,136.47 as of 31 October 2005.

The average original lease amount is about EUR 92,346.68. There is no single Lease Contract with an Outstanding Principal amount greater than EUR 7,503,303.21. There are no Lessees who have an Outstanding Principal amount of more than EUR 7,503,303.21.

The weighted average remaining maturity of the Initial Portfolio is around 2.82 years for Pool 1, around 3.23 years for Pool 2 and around 7.80 years for Pool 3.

Specific Details of the Initial Portfolio

The Lease Contracts comprised in the Initial Portfolio have the characteristics illustrated in the following tables:

- Table 1 - Breakdown of Outstanding Principal by Pool
- Table 2 - Breakdown of Outstanding Principal by periods of payment
- Table 3 - Breakdown of Outstanding Principal by residual life
- Table 4 - Breakdown of Outstanding Principal by region and geographical area
- Table 5 - Breakdown of Outstanding Principal by type of interest rate
- Table 6 - Breakdown by Range of Outstanding Principal
- Table 7 - Breakdown of Outstanding Principal by industry

All amounts are expressed in Euro.

TABLE 1

Breakdown of Outstanding Principal by Pool

(Amount in Euro)

POOL	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL	
		AMOUNT	%
POOL 1	24,714	515,913,596.52	25.80%
POOL 2	10,410	489,648,783.35	24.48%
POOL 3	2,142	994,437,756.60	49.72%
Total	37,266	2,000,000,136.47	100.00%

(*) Note: Outstanding Principal is net of Residual

TABLE 2**Breakdown of Outstanding Principal by periods of payment****(Amount in Euro)**

FREQUENCY OF PAYMENT (in months)	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL	
		AMOUNT	%
1	35,339	1,788,873,982.23	89.44%
2	416	10,489,067.75	0.52%
3	1,474	193,461,578.70	9.67%
4	3	34,416.16	0.00%
6	34	7,141,091.63	0.36%
Total	37,266	2,000,000,136.47	100.00%

(*) Note: Outstanding Principal is net of Residual

TABLE 3**Breakdown of Outstanding Principal by residual life****(Amount in Euro)**

RESIDUAL LIFE (in months)	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL	
		AMOUNT	%
00-12	7,758	69,191,289	3.46%
12-24	10,504	194,014,902	9.70%
24-30	5,827	162,508,566	8.13%
30-36	3,680	133,897,681	6.69%
36-48	4,282	216,025,129	10.80%
48-60	3,276	304,076,858	15.20%
60-96	1,110	462,231,714	23.11%
OVER 96	829	458,053,997	22.90%
Total	37,266	2,000,000,136	100.00%

(*) Note: Outstanding Principal is net of Residual

TABLE 4**Breakdown of Outstanding Principal by region and geographical area****(Amount in Euro)**

GEOGRAPHICAL AREA	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL	
		AMOUNT	%
EMILIA-ROMAGNA	4,701	274,800,177.44	13.74%
FRIULI-VENEZIA GIULIA	1,283	62,555,939.54	3.13%
LIGURIA	604	29,906,057.62	1.50%
LOMBARDIA	5,928	373,687,786.00	18.68%
PIEMONTE	7,012	249,600,686.07	12.48%
TRENTINO-ALTO ADIGE	550	53,327,265.18	2.67%
VALLE D'AOSTA	116	3,765,738.63	0.19%
VENETO	5,228	399,748,273.66	19.99%
North Regions	25,422	1,447,391,924.14	72.37%
ABRUZZO	1,403	49,522,252.08	2.48%
LAZIO	1,681	110,782,103.45	5.54%
MARCHE	699	33,223,397.70	1.66%
MOLISE	117	3,867,292.32	0.19%
TOSCANA	3,458	162,250,570.19	8.11%
UMBRIA	558	30,469,280.24	1.52%
Centre Regions	7,916	390,114,895.98	19.51%
BASILICATA	170	4,579,480.34	0.23%
CALABRIA	177	9,404,972.83	0.47%
CAMPANIA	1,183	54,358,723.26	2.72%
PUGLIA	1,558	52,903,529.67	2.65%
SARDEGNA	325	10,250,842.63	0.51%
SICILIA	515	30,995,767.62	1.55%
South Regions	3,928	162,493,316.35	8.12%
Total	37,266	2,000,000,136.47	100.00%

(*) Note: Outstanding Principal is net of Residual

TABLE 5**Breakdown of Outstanding Principal by type of Interest Rate****(Amount in Euro)**

TYPE OF INTEREST	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL AMOUNT	
			%
Fixed	10,827	265,793,921.10	13.29%
Floating	26,439	1,734,206,215.37	86.71%
Total	37,266	2,000,000,136.47	100.00%

(*) Note: Outstanding Principal is net of Residual

TABLE 6**Breakdown by range of Outstanding Principal****(Amount in Euro)**

OUTSTANDING PRINCIPAL (X1,000 Euro)	NUMBER OF CONTRACTS POOL 1	OUTSTANDING AMOUNT	NUMBER OF CONTRACTS POOL 2	OUTSTANDING AMOUNT	NUMBER CONTRACTS POOL 3	OUTSTANDING AMOUNT
>000 <= 026	19,319	220,597,725.78	6,150	63,445,201.93	51	963,529.93
>026 <= 052	3,295	118,647,717.12	1,959	72,460,421.94	104	4,206,009.24
>052 <= 103	1,769	123,715,280.35	1,267	90,900,523.12	327	25,689,432.01
>103 <= 258	309	44,056,130.99	788	122,017,537.61	742	123,957,072.67
>258 <= 516	19	6,765,661.37	155	53,318,172.58	421	152,744,742.79
>516 <= 1549	3	2,131,080.91	85	71,984,889.72	375	303,009,229.05
>1549	-	-	6	15,522,036.45	122	383,867,740.91
Total	24,714	515,913,596.52	10,410	489,648,783.35	2,142	994,437,756.60

(*) Note: Outstanding Principal is net of Residual

TABLE 7**Breakdown of Outstanding Principal by industry****(Amount in Euro)**

Industry (based on RAE code)	NUMBER OF CONTRACTS	OUTSTANDING PRINCIPAL	
		%	
Non industrial	307	10,003,347.83	0,50%
Other sales and distribution services	7,188	468,645,277.27	23,43%
Wholesale and retail trade	7,201	340,750,688.86	17,04%
Building and construction industry	6,342	227,090,420.36	11,35%
Transportation services	4,864	196,540,588.28	9,83%
Food, beverages, tobacco	797	36,834,315.87	1,84%
Electronics, electrical goods, EDP	709	49,268,447.44	2,46%
Hotels and public services	520	37,978,125.37	1,90%
Chemicals	342	24,575,972.11	1,23%
Miscellaneous industrial products	1,106	63,137,561.65	3,16%
Textiles, footwear, clothing	1,164	74,419,355.34	3,72%
Metal goods excluding machinery and transport	2,497	154,806,169.71	7,74%
Communications	99	7,219,375.09	0,36%
Industrial and agricultural machinery	1,220	85,068,256.86	4,25%
Mining, minerals	788	62,582,752.03	3,13%
Transport	288	19,816,898.71	0,99%
Rubber, plastics	434	30,521,519.91	1,53%
Metals	190	11,252,758.69	0,56%
Agriculture, forestry, fisheries	483	12,495,327.02	0,62%
Paper, printing, publishing	599	76,843,342.02	3,84%
Oil and gas	128	10,149,636.05	0,51%
Total	37,266	2,000,000.136.47	100,00%

(*) *Note: Outstanding Principal is net of Residual*

On each Settlement Date, the Issuer is obliged to purchase a Subsequent Portfolio from Locat, subject to certain conditions set out in the Master Receivables Agreement. Although the Subsequent Portfolios shall satisfy certain criteria, there can be no assurance that such Subsequent Portfolios will have the same characteristics as the Initial Portfolio described in the preceding tables.

Performance Analysis

The following tables set forth the default experience of Locat in respect of its lease receivables.

Table A	- Locat's Gross Default Experience by Pool and by year
Table B	- Static Pool analysis
Table C	- Recovery analysis

TABLE A

**Locat gross default experience by Pool and by year
gross default amounts by year of default
(as a % of Pool Outstanding Amount in each year)**

Pool	2004 2 nd Half	2004 1 st Half	2003 2 nd Half	2003 1 st Half	2002 2 nd Half	2002 1 st Half	2001 2 nd Half	2001 1 st Half	2000 2 nd Half	2000 1 st Half	1999 2 nd Half	1999 1 st Half
1	0.59%	0.72%	0.77%	0.62%	0.44%	0.60%	0.53%	0.54%	0.75%	1.00%	1.00%	1.15%
2	0.85%	0.82%	0.90%	0.74%	0.79%	0.55%	0.74%	0.68%	0.68%	0.63%	0.97%	0.94%
3	0.55%	0.32%	0.12%	0.14%	0.18%	0.07%	0.17%	0.24%	0.11%	0.06%	0.16%	0.42%

TABLE B
Static Pool Analysis

POOL 1

(amount in Euro)

YEAR/HALF YEAR FINANCED AMOUNT			YEAR FROM ORIGINATION TO DEFAULT DATE						
			1	2	3	4	5	6	Total
1999	1	Contracts	77	138	120	96	46	12	489
		Credit outs	1,997,121	2,868,648	1,976,892	1,536,098	380,221	39,139	8,798,119
		292,043,113	0.68%	0.98%	0.68%	0.53%	0.13%	0.01%	3.01%
	2	Contracts	28	103	97	56	34	10	328
		Credit outs	707,560	2,211,766	1,783,100	6,759,545	285,392	13,698	5,761,061
		241,560,502	0.29%	0.92%	0.74%	0.31%	0.12%	0.01%	2.38%
2000	1	Contracts	48	107	119	106	41	-	421
		Credit outs	1,203,856	1,730,425	2,199,268	882,911	543,056	-	6,559,519
		288,740,184	0.42%	0.60%	0.76%	0.31%	0.19%	0.00%	2.27%
	2	Contracts	53	93	126	129	12	-	412
		Credit outs	1,292,822	1,733,335	1,795,573	1,943,528	85,517	-	6,850,776
		270,235,662	0.48%	0.64%	0.66%	0.72%	0.03%	0.00%	2.54%
2001	1	Contracts	50	128	203	78	-	-	459
		Credit outs	1,218,786	2,473,173	3,118,685	925,422	-	-	7,736,066
		339,299,372	0.36%	0.73%	0.92%	0.26%	0.00%	0.00%	2.28
	2	Contracts	40	96	154	23	-	-	313
		Credit outs	874,118	2,144,712	2,481,309	195,421	-	-	5,695,560
		308,537,526	0.28%	0.70%	0.80%	0.06%	0.00%	0.00%	1.85%
2002	1	Contracts	20	124	97	-	-	-	241
		Credit outs	533,603	2,727,163	1,402,339	-	-	-	4,663,105
		313,060,226	0.17%	0.87%	0.45%	0.00%	0.00%	0.00%	1.49%
	2	Contracts	52	111	17	-	-	-	180
		Credit outs	1,420,039	2,763,191	325,066	-	-	-	4,508,297
		354,775,856	0.40%	0.78%	0.09%	0.00%	0.00%	0.00%	1.27%
2003	1	Contracts	54	99	-	-	-	-	153
		Credit outs	1,825,707	2,240,871	-	-	-	-	4,066,579
		299,002,743	0.61%	0.75%	0.00%	0.00%	0.00%	0.00%	1.36%
	2	Contracts	64	31	-	-	-	-	95
		Credit outs	1,591,059	912,761	-	-	-	-	2,503,821
		290,780,556	0.55%	0.31%	0.00%	0.00%	0.00%	0.00%	0.86%
2004	1	Contracts	28	-	-	-	-	-	28
		Credit outs	803,736	-	-	-	-	-	803,736
		357,183,721	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.23%
	2	Contracts	4	-	-	-	-	-	4
		Credit outs	96,713	-	-	-	-	-	96,713
		292,653,251	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%

POOL 2

(amount in Euro)

YEAR/HALF YEAR FINANCED AMOUNT			YEAR FROM ORIGINATION TO DEFAULT DATE						
			1	2	3	4	5	6	Total
1999	1	Contracts	50	116	121	70	62	30	449
		Credit outs	3,215,399	7,388,243	3,962,425	1,868,618	942,862	300,484	17,678,031
		457,223,336	0.70%	1.62%	0.87%	0.41%	0.21%	0.07%	3.87%
	2	Contracts	35	77	88	85	60	8	353
		Credit outs	1,846,382	5,072,552	3,973,270	2,448,508	1,117,478	1,063,762	15,521,952
		467,432,027	0.40%	1.09%	0.85%	0.52%	0.24%	0.23%	3.32%
2000	1	Contracts	42	87	71	88	45	-	333
		Credit outs	4,392,381	5,135,759	2,309,643	3,824,422	2,167,033	-	17,829,238
		532,493,175	0.82%	0.96%	0.43%	0.72%	0.41%	0.00%	3.35%
	2	Contracts	74	104	109	112	14	-	413
		Credit outs	5,545,979	9,647,040	5,885,274	3,606,833	440,374	-	25,125,500
		611,082,616	0.91%	1.58%	0.96%	0.59%	0.07%	0.00%	4.11%
2001	1	Contracts	44	105	143	99	-	-	391
		Credit outs	3,772,679	8,604,096	7,090,610	3,686,042	-	-	23,153,426
		620,515,249	0.61%	1.39%	1.14%	0.59%	0.00%	0.00%	3.73%
	2	Contracts	38	101	127	27	-	-	293
		Credit outs	4,088,674	7,578,814	6,886,770	1,633,440	-	-	20,187,697
		612,800,626	0.67%	1.24%	1.12%	0.27%	0.00%	0.00%	3.29%
2002	1	Contracts	48	130	85	-	-	-	263
		Credit outs	4,163,182	7,660,926	3,290,581	-	-	-	15,114,689
		562,425,886	0.74%	1.36%	0.59%	0.00%	0.00%	0.00%	2.69%
	2	Contracts	40	108	25	-	-	-	173
		Credit outs	3,164,877	8,110,379	758,196	-	-	-	12,033,452
		706,876,852	0.45%	1.15%	0.11%	0.00%	0.00%	0.00%	1.70%
2003	1	Contracts	37	74	-	-	-	-	111
		Credit outs	1,423,450	3,773,241	-	-	-	-	5,196,692
		372,983,973	0.38%	1.01%	0.00%	0.00%	0.00%	0.00%	1.39%
	2	Contracts	43	21	-	-	-	-	64
		Credit outs	1,994,700	842,204	-	-	-	-	2,836,903
		455,019,776	0.44%	0.19%	0.00%	0.00%	0.00%	0.00%	0.62%
2004	1	Contracts	33	-	-	-	-	-	33
		Credit outs	2,088,031	-	-	-	-	-	2,088,031
		469,322,512	0.44%	0.00%	0.00%	0.00%	0.00%	0.00%	0.44%
	2	Contracts	5	-	-	-	-	-	5
		Credit outs	269,741	-	-	-	-	-	269,741
		440,197,758	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%

POOL 3

(amount in Euro)

YEAR/HALF YEAR FINANCED AMOUNT			YEAR FROM ORIENTATION TO DEFAULT DATE						
			1	2	3	4	5	6	Total
1999	1	Contracts	2	2	4	4	3	3	18
		Credit outs	401,349	1,797,408	2,159,644	1,738,857	436,924	350,608	6,884,791
		162,936,711	0.25%	1.10%	1.33%	1.07%	0.27%	0.22%	4.23%
	2	Contracts	-	1	2	4	2	1	10
Credit outs	-	208,677	1,128,610	742,285	647,527	228,334	2,955,433		
335,269,647	0.00%	0.06%	0.34%	0.22%	0.19%	0.07%	0.88%		
2000	1	Contracts	2	3	1	3	1	-	10
		Credit outs	215,970	191,538	44,646	326,539	554,178	-	1,332,871
		318,083,468	0.07%	0.06%	0.01%	0.10%	0.17%	0.00%	0.42%
	2	Contracts	-	4	6	3	1	-	14
Credit outs	-	2,341,886	2,461,454	2,180,971	96,622	-	7,080,933		
510,321,765	0.00%	0.46%	0.48%	0.43%	0.02%	0.00%	1.39%		
2001	1	Contracts	1	5	3	2	-	-	11
		Credit outs	829,864	988,325	952,326	422,757	-	-	3,193,271
		375,002,130	0.22%	0.26%	0.25%	0.11%	0.00%	0.00%	0.85%
	2	Contracts	3	5	7	1	-	-	16
Credit outs	1,395,123	2,855,394	9,056,109	1,282,327	-	-	14,588,953		
689,061,374	0.20%	0.41%	1.31%	0.19%	0.00%	0.00%	2.12%		
2002	1	Contracts	3	1	1	-	-	-	5
		Credit outs	1,209,118	218,578	5,973,639	-	-	-	7,401,334
		476,326,658	0.25%	0.05%	1.25%	0.00%	0.00%	0.00%	1.55%
	2	Contracts	3	4	1	-	-	-	8
Credit outs	767,245	1,544,423	284,702	-	-	-	2,596,370		
883,781,382	0.09%	0.17%	0.03%	0.00%	0.00%	0.00%	0.29%		
2003	1	Contracts	6	3	-	-	-	-	9
		Credit outs	2,010,698	19,304,136	-	-	-	-	21,314,835
		503,641,410	0.40%	3.83%	0.00%	0.00%	0.00%	0.00%	4.23%
	2	Contracts	5	1	-	-	-	-	6
Credit outs	6,240,172	241,881	-	-	-	-	6,482,054		
1,117,500,301	0.56%	0.02%	0.00%	0.00%	0.00%	0.00%	0.58%		
2004	1	Contracts	-	-	-	-	-	-	-
		Credit outs	-	-	-	-	-	-	-
630,135,505	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
	2	Contracts	3	-	-	-	-	-	3
Credit outs		1,033,427	-	-	-	-	-	1,033,427	
1,045,963,240	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%		

TABLE C

Recovery Analysis

POOL 1

Total recoveries

(amount in Euro)

Half-year / Year of default	Credit Outstanding	Number of months from the default date to the recovery date						Total
		1-6	6-12	12-18	18-24	24-30	> 30	
1999 - 1st Half	9,395,427	3,017,091	1,351,578	730,177	290,551	123,093	435,827	5,948,277
	%	32.11%	14.39%	7.77%	3.09%	1.31%	4.64%	63.31%
	<i>% cumulative</i>	32.11%	46.50%	54.27%	57.36%	58.67%	63.31%	
1999 - 2nd Half	8,480,112	2,096,293	1,573,826	843,027	628,991	398,977	739,984	6,281,098
	%	24.72%	18.56%	9.94%	7.42%	4.70%	8.73%	74.07%
	<i>% cumulative</i>	24.72%	43.28%	53.22%	60.64%	65.34%	74.07%	
2000 - 1st Half	9,049,654	2,612,942	1,679,013	1,045,745	657,185	374,937	632,230	7,002,053
	%	28.87%	18.55%	11.56%	7.26%	4.14%	6.99%	77.37%
	<i>% cumulative</i>	28.87%	47.43%	58.98%	66.24%	70.39%	77.37%	
2000 - 2nd Half	6,826,685	2,494,272	1,216,432	600,629	502,900	222,030	464,360	5,500,623
	%	36.54%	17.82%	8.80%	7.37%	3.25%	6.80%	80.58%
	<i>% cumulative</i>	36.54%	54.36%	63.15%	70.52%	73.77%	80.58%	
2001 - 1st Half	5,678,854	1,922,495	1,019,397	541,260	255,663	269,536	279,425	4,287,776
	%	33.85%	17.95%	9.53%	4.50%	4.75%	4.92%	75.50%
	<i>% cumulative</i>	33.85%	51.80%	61.34%	65.84%	70.58%	75.50%	
2001 - 2nd Half	5,854,093	1,748,668	1,179,080	401,944	358,981	267,957	300,224	4,256,855
	%	29.87%	20.14%	6.87%	6.13%	4.58%	5.13%	72.72%
	<i>% cumulative</i>	29.87%	50.01%	56.88%	63.01%	67.59%	72.72%	
2002 - 1st Half	6,775,983	2,384,013	1,201,739	726,809	498,103	215,389	149,716	5,175,769
	%	35.18%	17.74%	10.73%	7.35%	3.18%	2.21%	76.38%
	<i>% cumulative</i>	35.18%	52.92%	63.64%	71.00%	74.17%	76.38%	
2002 - 2nd Half	5,313,441	1,581,959	992,978	470,894	184,448	167,211	23,407	3,420,897
	%	29.77%	18.69%	8.86%	3.47%	3.15%	0.44%	64.38%
	<i>% cumulative</i>	29.77%	48.46%	57.32%	60.79%	63.94%	64.38%	
2003 - 1st Half	7,612,927	2,237,573	1,671,307	530,573	375,079	49,514	-	4,864,047
	%	29.39%	21.95%	6.97%	4.93%	0.65%	0.00%	63.89%
	<i>% cumulative</i>	29.39%	51.35%	58.31%	63.24%	63.89%	63.89%	
2003 - 2nd Half	9,360,709	3,881,848	1,606,225	751,182	35,799	-	-	6,275,054
	%	41.47%	17.16%	8.02%	0.38%	0.00%	0.00%	67.04%
	<i>% cumulative</i>	41.47%	58.63%	66.65%	67.04%	67.04%	67.04%	
2004 - 1st Half	9,121,718	3,129,330	1,611,687	47,789	-	-	-	4,788,806
	%	34.31%	17.67%	0.52%	0.00%	0.00%	0.00%	52.50%
	<i>% cumulative</i>	34.31%	51.98%	52.50%	52.50%	52.50%	52.50%	
2004 - 2nd Half	7,317,736	2,401,707	283,512	-	-	-	-	2,685,219
	%	32.82%	3.87%	0.00%	0.00%	0.00%	0.00%	36.69%
	<i>% cumulative</i>	32.82%	36.69%	36.69%	36.69%	36.69%	36.69%	

POOL 2
Total recoveries

(amount in Euro)

Half-year / Year of default	Credit Outstanding	Number of months from the default date to the recovery date						Total
		1-6	6-12	12-18	18-24	24-30	> 30	
1999 - 1st Half	14,499,106	2,147,580	3,451,746	1,283,411	491,275	302,814	685,568	8,362,394
	%	14.81%	23.81%	8.85%	3.39%	2.09%	4.73%	57.68%
	% cumulative	14.81%	38.62%	47.47%	50.86%	52.95%	57.68%	
1999 - 2nd Half	17,012,331	2,179,559	2,126,417	2,133,886	707,587	617,464	1,897,888	9,662,801
	%	12.81%	12.50%	12.54%	4.16%	3.63%	11.16%	56.80%
	% cumulative	12.81%	25.31%	37.85%	42.01%	45.64%	56.80%	
2000 - 1st Half	12,619,572	1,880,772	1,342,941	1,443,237	764,167	640,361	955,194	7,026,672
	%	14.90%	10.64%	11.44%	6.06%	5.07%	7.57%	55.68%
	% cumulative	14.90%	25.55%	36.98%	43.04%	48.11%	55.68%	
2000 - 2nd Half	15,296,550	3,102,675	1,322,973	1,962,230	799,190	850,336	582,328	8,619,732
	%	20.28%	8.65%	12.83%	5.22%	5.56%	3.81%	56.35%
	% cumulative	20.28%	28.93%	41.76%	46.98%	52.54%	56.35%	
2001 - 1st Half	16,300,061	2,192,429	1,456,783	1,266,412	1,013,819	908,637	1,619,032	8,457,112
	%	13.45%	8.94%	7.77%	6.22%	5.57%	9.93%	51.88%
	% cumulative	13.45%	22.39%	30.16%	36.38%	41.95%	51.88%	
2001 - 2nd Half	18,938,493	3,241,723	3,286,509	1,765,392	1,259,474	1,343,899	1,513,875	12,410,876
	%	17.12%	17.35%	9.32%	6.65%	7.10%	7.99%	5.53%
	% cumulative	17.12%	34.47%	43.79%	50.44%	57.54%	65.53%	
2002 - 1st Half	14,373,037	2,880,637	1,518,457	1,338,471	935,021	560,518	199,881	7,432,986
	%	20.04%	10.56%	9.31%	6.50%	3.90%	1.39%	51.71%
	% cumulative	20.04%	30.60%	39.91%	46.42%	50.32%	51.71%	
2002 - 2nd Half	22,168,918	4,919,292	2,030,407	2,135,256	748,548	600,469	17,539	10,451,511
	%	22.19%	9.16%	9.63%	3.38%	2.71%	0.008%	47.14%
	% cumulative	22.19%	31.35%	40.98%	44.36%	47.07%	47.14%-	
2003 - 1st Half	19,591,025	2,092,663	1,825,419	2,411,726	1,073,737	68,594	-	7,472,140
	%	10.68%	9.32%	12.31%	5.48%	0.35%	0.00%	38.14%
	% cumulative	10.68%	20.00%	32.31%	37.79%-	38.14%	38.14%-	
2003 - 2nd Half	23,176,364	3,065,939	4,435,949	1,805,012	507,414	-	-	9,814,304
	%	13.23%	19.14%	7.79%	2.19	0.00%	0.00%	42.35%
	% cumulative	13.23%	32.37%	40.16%	42.35%	42.35%	42.35%	
2004 - 1st Half	20,572,905	2,805,159	3,310,494	347,877	-	-	-	6,463,530
	%	13.64%	16.09%	1.69%	0.00%	0.00%	0.00%	31.42%
	% cumulative	13.64%	29.73%	31.42%	31.42%	31.42%	31.42%	
2004 - 2nd Half	20,492,457	4,023,192	350,001	-	-	-	-	4,373,193
	%	19.63%	1.71%	0.00%	0.00%	0.00%	0.00%	21.34%
	% cumulative	19.63%	21.34%	21.34%	21.34%	21.34%	21.34%	

POOL 3
Total recoveries

(amount in Euro)

Half-year / Year of default	Credit Outstanding	Number of months from the default date to the recovery date						Total
		1-6	6-12	12-18	18-24	24-30	> 30	
1999 - 1 st Half	3,374,834	77,459	175,430	244,799	3,347,053	30,501	362,887	4,238,129
	%	2.30%	5.20%	7.25%	99.18%	0.90%	10.75%	125.58%
	% cumulative	2.30%	7.49%	14.75%	113.92%	114.83%	125.58%	
1999 - 2 nd Half	1,507,899	434,415	43,109	98,272	171,559	54,764	459,909	1,262,028
	%	28.81%	2.86%	6.52%	11.38%	3.63%	30.50%	83.69%
	% cumulative	28.81%	31.67%	38.19%	49.56%	53.19%	83.69%	
2000 - 1 st Half	488,492	41,133	17,812	15,306	227,913	15,309	71,113	388,586
	%	8.42%	3.65%	3.13%	46.66%	3.13%	14.56%	79.55%
	% cumulative	8.42%	12.07%	15.20%	61.86%	64.99%	79.55%	
2000 - 2 nd Half	2,198,853	99,212	89,292	198,668	425,696	105,610	484,082	1,402,561
	%	4.51%	4.06%	9.04%	19.36%	4.80%	22.02%	63.79%
	% cumulative	4.51%	8.57%	17.61%	36.97%	41.77%	63.79%	
2001 - 1 st Half	4,953,530	34,864	429,267	673,090	971,164	691,036	487,577	3,286,997
	%	0.70%	8.67%	13.59%	19.61%	13.95%	9.84%	66.36%
	% cumulative	0.70%	9.37%	22.96%	42.56%	56.51%	66.36%	
2001 - 2 nd Half	4,573,886	4,515	227,426	272,033	271,107	709,895	620,717	2,105,693
	%	0.10%	4.97%	5.95%	5.93%	15.52%	13.57%	46.04%
	% cumulative	0.10%	5.07%	11.02%	16.95%	32.47%	46.04%	
2002 - 1 st Half	2,159,930	211,617	275,801	66,845	60,652	53,400	156,853	825,168
	%	9.80%	12.77%	3.09%	2.81%	2.47%	7.26%	38.20%
	% cumulative	9.80%	22.57%	25.66%	28.47%	30.94%	38.20%	
2002 - 2 nd Half	6,728,755	687,671	425,300	1,359,620	1,048,024	1,159,288	-	4,679,903
	%	10.22%	6.32%	20.21%	15.58%	17.23%	0.00%	69.55%
	% cumulative	10.22%	16.54%	36.75%	52.32%	69.55%	69.55%	
2003 - 1 st Half	5,390,334	539,095	1,476,461	414,264	174,669	3,130	-	2,607,618
	%	10.00%	27.39%	7.69%	3.24%	0.06%	0.00%	48.38%
	% cumulative	10.00%	37.39%	45.08%	48.32%	48.38%	48.38%	
2003 - 2 nd Half	6,106,500	441,308	355,296	279,468	21,899	-	-	1,097,971
	%	7.23%	5.82%	4.58%	0.36%	0.00%	0.00%	17.98%
	% cumulative	7.23%	13.05%	17.62%	17.98%	17.98%	17.98%	
2004 - 1 st Half	16,551,797	351,315	221,917	125,899	-	-	-	699,131
	%	2.12%	1.34%	0.76%	0.00%	0.00%	0.00%	4.22%
	% cumulative	2.12%	3.46%	4.22%	4.22%	4.22%	4.22%	
2004 - 2 nd Half	32,604,570	1,188,211	7,500	-	-	-	-	1,195,711
	%	3.64%	0.02%	0.00%	0.00%	0.00%	0.00%	3.66%
	% cumulative	3.64%	3.66%	3.66%	3.66%	3.66%	3.66%	

THE ORIGINATOR

Introduction

Locat S.p.A. ("**Locat**") is a member of the "UniCredito Italiano" Group ("**UniCredito Group**"). As at June 2005, Locat was reported by Assilea (*Associazione Italiana per il Leasing*), a database established by the major Italian leasing companies, to be one of the top leading institutions in the Italian financial leasing market in terms of market share. For more than 40 years Locat has offered leasing services to different segments of customers and service providers (private individuals, public administrations, large corporate, small and medium sized enterprises) operating in a wide variety of consolidated economic sectors, for example heavy industry, handicrafts and commerce as well as emerging fields such as generation of electric power, waste management and the industrial chemistry sector.

History

Founded in 1965 under the name of "LOCAT Locazione Attrezzature S.p.A.", Locat was one of the first leasing companies to operate in the Italian market. In 1997, following the merger of the leasing activities carried out by other companies of the Credito Italiano Banking Group, Locat Locazione Attrezzature S.p.A. and Credit Leasing S.p.A. merged into ISEFI S.p.A. which has since changed its name to LOCAT S.p.A. In 1999, following the acquisition of Banca CRT and Cariverona by the UniCredito Group, the leasing companies of Banca CRT and of Cariverona (respectively, Findata Leasing S.p.A. and Quercia Leasing S.p.A.) were merged with Locat. After the public purchase offer of July 7th 2003 and the residual public offer of February 2nd 2004, UniCredito Italiano S.p.A. holds 99,83% of the Locat share capital. Following the public purchase offer, Locat shares were delisted from the Milan Stock Exchange in March 2004.

Locat has its headquarters in Milan and operates in the following sectors of leasing activity: real estate (including real estate to be built), equipment (including marine, air and railway) and vehicles (industrial and transport vehicles).

Leasing market evolution and Locat market share

The following table sets out data relating to the Italian leasing market by segment in the years from 1997 to June 2005. The source for the information set out in the following tables Table 1, Table 2 and Table 3 (the "**Third Party Information**") is Assilea - Associazione Italiana Leasing. The Third Party Information has been accurately reproduced by the Issuer and, as far as the Issuer is aware and is able to ascertain from the Third Party Information, no facts have been omitted which would render such information inaccurate or misleading.

Table 1: Italian leasing market by segment, 1997 – June 2005

Volumes	1997	1998	1999	2000	2001	2002	2003	2004	June 2005
Equipment	5,877	7,438	8,741	10,866	11,923	12,263	10,548	12,670	5,239
Vehicles	3,539	4,216	5,376	6,262	7,010	8,280	7,588	8,575	5,610

Naval Aircraft	-	-	-	-	-	-	-	-	-
Real Estate	3,296	5,604	7,762	9,604	13,329	17,314	14,086	16,795	8,782
TOTAL	12,712	17,258	21,879	26,731	32,262	37,857	32,222	38,040	19,631

Source: **Assilea**, data in Euro mln.

Data from Assilea, an association which accounts for 98% of total Italian market, illustrate that the three major asset classes of the leasing market, real estate, equipment and vehicles, have grown significantly from 1997 to 2002, whereas in 2003 the growth was reduced, mainly because of the heavy volume of investments done in the previous years. 2005 data show volumes of around 18,542 Euro mln, as of 30th June 2005, with an increase of 11.0% compared to June 2004.

The Italian leasing market has developed due to a number of factors, in particular certain tax advantages for entities which lease assets (in contrast to purchasing the assets) and due to the fact that there has been an increase in the awareness of borrowers regarding the greater flexibility and better timing offered by lease finance as compared to bank lending. The table below shows the annual percentage growth of the major asset classes of leasing in terms of volume for the Italian market in the period 1997 – June 2005.

Table 2: Annual percentage growth of the major leasing asset classes, 1997 – June 2005

Market Growth	98/97	99/98	2000/99	2001/2000	2002/2001	2003/2002	2004/2003	2005/2004
Real Estate	70.0%	38.5%	23.7%	38.8%	29.9%	-18.6%	19.2%	43.6%
Equipment	26.6%	17.5%	24.3%	9.7%	2.9%	-13.4%	20.1%	-11.0%
Vehicles	19.1%	27.5%	16.5%	11.9%	18.1%	-10.1%	13.0%	24.8%
TOTAL	35.8%	26.8%	22.2%	20.7%	17.3%	-15.1%	18.1%	19.0%

Source: **Assilea**, data in Euro mln; the ratio 2005/2004 is based on data as of 30th June of each year.

In this growing market, Locat has been the leader; in the last years its market share in terms of volumes has ranged between 12% and 13%, with variations due to both market behaviour and particular transactions closed by Locat.

Table 3: Originated amounts and market share, June 2004 – June 2005

Rank	Company	Contracts originated as of June 2005		Contracts originated as of June 2004		Market share as of June 2005	
		Number	Amount	Number	Amount	Number	Amount
1	Gruppo bancario Banca Italease	14,347	3,147,909	12,018	1,446,626	6.74%	16.04%
2	Locat S.p.A.	17,849	2,285,737	18,997	2,184,829	8.39%	11.64%
3	Intesa Leasing S.p.A.	8,338	1,356,234	9,922	1,255,996	3.92%	6.91%
4	Sanpaolo Leasing S.p.A.	5,903	1,023,738	6,143	936,587	2.77%	5.22%
5	Banca Agrileasing S.p.A.	8,736	916,388	7,428	795,271	4.11%	4.67%
6	Gruppo Selmabipiemme Leasing	10,957	862,434	8,951	643,476	5.15%	4.39%

	S.p.A.						
7	Locafit S.p.A.	4,628	723,990	4,182	691,934	2.18%	3.69%
8	Gruppo BPU Leasing - Esaleasing	5,055	682,876	4,912	396,850	2.38%	3.48%
9	FINECO Leasing S.p.A.	8,276	651,496	9,161	698,590	3.89%	3.32%
10	MPS Leasing e Factoring S.p.A.	4,690	644,517	4,490	551,762	2.20%	3.28%
11	Centro Leasing S.p.A.	6,884	643,549	8,434	547,538	3.24%	3.28%
12	SBS Leasing S.p.A.	6,306	527,452	6,791	503,382	2.96%	2.69%
13	SGEF Leasing	3,628	441,866	3,139	365,579	1.71%	2.25%
14	Gruppo ING Lease (Italia)	4,065	433,917	6,755	383,676	1.91%	2.21%
15	Leasimpresa S.p.A.	2,732	373,595	2,903	348,970	1.28%	1.90%
16	Others	100,406	4,916,072	102,770	4,745,941	47.18%	25.04%
TOTAL		212,800	19,631,770	216,996	16,497,007	100.00%	100.00%

Source: **Assilea**, data in Euro Thousands

In particular, Locat's market share reflects the recent company business strategies, which were particularly focused on real estate leasing, characterized by lower level of non performing contracts, valuable underlying assets and high margins over a relatively long period of time.

Table 4: Locat market share, June 2004 – June 2005

	Locat Volumes			Local Market Share		
	June 2005	June 2004	Delta	June 2005	June 2004	Delta
Vehicles	411,028	409,013	2,015	9.09%	9.10%	-0.01%
Equipment	562,155	597,711	-35,556	10.73%	11.94%	-1.21%
Naval-Aircraft	299,813	268,798	31,015	27.52%	30.50%	-2.98%
Real Estate	1,012,741	909,307	103,434	11.53%	14.87%	-3.34%
Total	2,285,737	2,184,829	100,908	11.64%	13.24%	-1.60%

Current strategies are based on three main objectives:

- (1) Cost/income ratio reduction, thanks to synergies within the Group, streamlining of business processes and increase of originated volumes;
- (2) Improvement of portfolio quality, thanks to a better knowledge of the territory through the direct channel and stricter selection applied by the banking and intermediaries origination channels;
- (3) Development in new geographical areas (i.e. New Europe) with UniCredito.

Leasing Activity

Locat provides domestic leasing services in Italy. It operates by way of a multi-channel approach i.e. through a direct channel (18 of its own Branches, 4 Areas, 4 Corners), a network of 114 Agents and approximately 200 Brokers (as of 30 June 2005) and a Banking channel (Branches network of the Group and other associated banks). The contribution of each channel to contract origination is shown in the below table:

Table 5: Portfolio breakdown by origination channel

	Volumes		
	30 June 2003	30 June 2004	30 June 2005
Agent and Brokers	62.3%	55.3%	64.4%
Banking channel	22.7%	23.1%	20.3%
Direct channel	15.0%	21.3%	15.3%
Total	100.0%	100.0%	100.0%

Source: **Locat**

The following tables show the composition of the Locat portfolio as at 30th June 2005, compared to the previous year, split by lease type and by geographical area.

Table 6. Portfolio breakdown by lease type

Lease Type	30/06/2004		30/06/2005	
	Number of contracts	Outstanding Principal	Number of contracts	Outstanding Principal
Naval-Aircraft	1,447	445,841,705	1,091	600,231,642
Real Estate	10,841	5,678,199,214	11,626	6,406,337,905
Capital Equipments	58,194	2,596,496,384	53,254	2,380,499,867
Vehicles	69,559	1,292,464,855	63,485	1,288,553,307
TOTAL	140,041	10,013,002,159	130,456	10,675,622,721

Source: **Locat**, data in Euro.

Table 7: Portfolio breakdown by Geographical Area in Italy

Geographical Area	30/06/2004		30/06/2005	
	Number of contracts	Outstanding Principal	Number of contracts	Outstanding Principal
North	87,968	7,388,623,060	79,672	7,691,828,008
Centre	16,880	893,486,597	15,900	931,543,075
South and Islands	35,193	1,730,892,503	34,884	2,052,251,638
TOTAL	140,041	10,013,002,159	133,327	10,675,622,721

Source: **Locat**, data in Euro.

Locat has a standard form of Lease Contract, which contains the following items: (i) standard terms and conditions (only in exceptional situations, Locat will agree to modify its standard

terms and conditions); (ii) a description of the asset to be leased; (iii) the term of the rental period (the standard lease term is one-half of the expected life of the relevant asset, based on an amortisation schedule, and standard lease terms range from a minimum of 2 years in the case of car leases to a maximum of 12 years for certain real estate leases); (iv) details regarding the rental payment (in most cases rental payments are paid by monthly instalments and by direct debit from the customer's bank account); (v) the purchase option price; and (vi) any other terms and conditions on which the parties agree. At the beginning of a Lease Contract, the asset is registered in Locat's balance sheet as a tangible fixed asset at the original cost.

According to the terms of the Lease Contract, the lessee is required to monitor the condition of the capital equipment, vehicle or machine. All Lease Contracts require the lessee to maintain the asset in good working order and condition and to bear all costs of managing and maintaining the asset (inclusive of payment of taxes and insurance against fire and theft). The insurance coverage obtained by the customer varies according to the specific type of asset covered, but in all cases the policy must expressly be in favour of Locat. Such insurance coverage does not apply to ships and aircraft, the insurance terms and conditions of which are ascertained on a case by case basis.

At the end of the lease term, the customer has the option to purchase the leased asset for the residual price, or return the asset to Locat. The majority of Locat's customers choose to purchase the asset for the residual price. The residual price varies according to the type of asset leased and the term of the lease, but, as of 1st July 2005, it had an average value of 1.6% of the purchase price of the asset in the case of equipment, 5.6% of the purchase price in the case of vehicles and 15.1% in the case of real estate.

If a customer breaches its payment obligations under a Lease Contract, Locat is entitled, amongst other things, to recover the asset and sell it or re-lease it to a third party.

Board of Directors

The table below sets out the names of the current members of the Board of Directors, together with their positions.

Table 8: Board of Directors

Name	Position
Francesco Mezzadri Majani	Chairman of the Board
Luigi Marino	Vice-Chairman of the Board
Rosario Corso	CEO
Mario Aramini	Director
William Arletti	Director
Franco Asquini	Director
Aldo Bacchiocchi	Director

Ranieri de Marchis	Director
Fausto Galmarini	Director
Elisabetta Magistretti	Director
Alessandro Marcheselli	Director
Davide Mereghetti	Director
Enrico Montanari	Director
Giuseppe Serre	Director

Locat's current Managing Director is Luca Lorenzi; Deputy Managing Director is Elvio Campagnola. The General Management is based in Milan, via Bianca Maria, 4. Locat's registered office is in Bologna, via Zamboni 20.

Organisational structure

Locat's organisational structure is based on General Management Departments (called "Direzioni"), Organisative Units ("O.U.") and Areas (which are further divided into Branches)

The "Departments" are:

- General Manager
- Deputy General Manager
- Commercial Network
- Credit Department
- Administration and Operational Processes
- Human Resources

Within these bodies, there are several O.U. and Committees, such as

- General affairs
- Operational
- Planning and Risk Management
- Finance
- Marketing
- Insurance
- Accounting

- Legal
- IT
- Agents Network
- Banking Network
- Credit Analysis
- Credit Policies and Monitoring
- Credit Recovery
- Logistics
- Organisation
- Personnel

All the OU and Committees are assigned specific tasks by the Board of Directors.

Table 9: Financial Highlights

Financial Highlights	30/06/04	30/06/05	Var a/a %	Var a/a mln euros
Total Loans	11,308.0	11,805.5	4.31%	487.50
Contribution margin	113.10	117.6	3.98%	4.50
Total administrative cost	-27.90	-29.4	5.38%	1.50
Net profit	38.40	43.2	12.50%	4.80
Locat new production:				
Volumes	2,184.80	2,286.7	4.65%	101.70

Shareholder's equity amounted to EUR 178,829,093.12 as at 30 June 2005, composed of 558,840,916 shares of EUR 0.32 each.

Shareholders - The UniCredito Italiano Group

Following the public purchase offer, UniCredito owns 99.83% of Locat's share capital. UniCredito Group is a full-service financial services group engaged in a wide range of banking, financial and related activities throughout Italy and certain Central and Eastern European countries. The UniCredito Group's activities include deposit-taking, lending, asset management, securities trading and brokerage, investment banking, international trade finance, corporate finance, leasing, factoring and the distribution of certain life insurance products through bank branches (*bancassurance*). As of 30 June, 2005, the UniCredito Group's multi-channel distribution network comprised 4,415 branches (of which 3,086 were located in Italy), various licensed banks held either directly as subsidiaries or through joint ventures in a number of countries and a network of 2,250 licensed financial consultants (*promotori finanziari*) operating in Italy, as well as internet and telephone banking capabilities.

As of 30 June, 2005, the UniCredito Group was the largest banking group in Italy in terms of market capitalization (approximately €28 billion) and had 68,247 employees (of which 38,527 were based in Italy). In terms of total assets, as of 30 June, 2005, the UniCredit Group was the second largest bank in Italy and controlled the largest commercial banks in Croatia, Bosnia-Herzegovina and Bulgaria, the second largest commercial bank in Poland and had significant operations in Slovakia, the Czech Republic, Romania, Bosnia-Herzegovina and Turkey. (Source: Bankscope). As of 30 June, 2005, UniCredito believes that it holds, in Italy, a 10.8% market share for loans and 9.2% for direct deposits (Source: internal estimates based on Banca d'Italia data), and a market share of 14.9% for mutual funds (Source: internal estimates based on data of the Italian association of asset managers (*Assogestioni – Associazione del Risparmio Gestito*)).

In recent years, the UniCredito Group has taken aggressive steps to expand and diversify its business and to implement a thorough rationalization and automation of its back-office and administrative functions. At the same time, the UniCredito Group has upgraded its information technology systems and centralized its group treasury and risk management functions. As a result of these efforts, from 1998, the first year for which the UniCredito Group reported consolidated financial information, through the end of 2003, the UniCredito Group recorded consistent increases in total revenues and earnings per share, while maintaining its cost/income ratio at good levels of performance. As of 30 June, 2005, the UniCredito Group recorded a increase in revenues of 7.7% over the six months ended 30 June, 2004; this increase was primarily due to steady growth in net interest income and net non-interest income. In 2004, the UniCredito Group recorded a decrease in revenues of 0.7% over the year ended December 31, 2003; this decrease was primarily due to a decrease in net non-interest income, which was partly offset by an increase in net interest income. The UniCredito Group's total revenues increased from €6,299 million in 1998 to €10,375 million in 2004, and its earnings per share increased from €0.19 in 1998 to €0.34 in 2004.

On 12 June, 2005, UniCredito and HypoVereinsbank A.G. ("**HVB**") resolved to enter into a business combination agreement (the "**Business Combination Agreement**") setting out the terms of the aggregation of HVB and UniCredito Group. The transaction will consist of three voluntary share-for-share offers by UniCredito for the shares of HVB (the "**HVB Offer**"), Bank Austria (the "**Bank Austria Offer**") and Bank BPH (the "**Bank BPH Offer**" and together with the HVB Offer, the Bank Austria Offer, the "**Offers**"), which will have to be approved by the competent local authorities.

The HVB Offer and the Bank Austria Offer were both launched on 26 August 2005, and the acceptance period for the HVB Offer ended on 24 October 2005 and that for the Bank Austria Offer will end on 31 October 2005. The HVB Offer will be subject to a minimum acceptance level of 65 per cent. of the share capital, and the Bank Austria Offer will be subject to the completion of the HVB Offer.

The Bank BPH Offer is expected to be launched following approval of all relevant Polish authorities, however, given the uncertainties related to the timing of such approvals, the BPH Offer will not follow a timeline similar to that envisaged for the HVB Offer and the Banca Austria Offer.

The launch of the Offers requires the approval by the UniCredito's shareholders to increase UniCredito's share capital, which was granted by the UniCredito's extraordinary shareholders' meeting on 29 July, 2005. Under the Business Combination Agreement, UniCredito has agreed, subject to successful completion of the HVB Offer and the Bank BPH Offer, respectively, as described above, to apply for listing of all UniCredito ordinary shares on the official market (*Amtlicher Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), to the extent legally possible, and on the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie SA*). The listings are expected to occur on or around the respective dates of settlement of the HVB Offer and the Bank BPH Offer.

As of the date of this Prospectus, the proposed business combination between the UniCredit Group and the HVB Group is still subject to merger control clearance by the European Commission and by certain local regulators. Completion of the Offers will be subject to regulatory approvals (banking supervisory and merger control clearances).

In addition, the proposed business combination must be notified to and/or cleared by the banking and other supervisory authorities in the various countries in which the UniCredit Group and the HVB Group operate, including the Bank of Italy and the German Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht - "BaFin"*).

There can be no assurance that the proposed business combination will not result in a further downgrade of the credit ratings of UniCredito and other entities of the combined group, which would increase the combined group's re-financing costs and limit its access to the financial markets and other sources of liquidity.

Reorganization initiatives - Project S3

Following the UniCredit Group's formation, its business was organized into three divisions, Italian Banking, Wholesale Banking and New Europe Banking, and two business departments managing ventures related to e-banking for households and private individuals. Within the Italian Banking Division, each of the Italian commercial banks Credito Italiano, Banca CRT, Cariverona Banca, Cassamarca, Caritro, CR Trieste and Rolo Banca (the "**Federated Banks**") was engaged in one or more of the retail, corporate and private banking/asset management businesses and operated in mostly complementary geographic markets, with the Bank being responsible for co-ordination, planning and control functions.

On 1 January, 2003, the UniCredit Group completed a comprehensive internal reorganization, known as Project S3 ("**Project S3**"), which transformed its Italian organizational structure from a federated banking model based on geographic areas to a divisional model based on client segments. Specifically, the UniCredit Group consolidated and segmented the operations of the Federated Banks into three new divisions (retail, corporate, and private banking/asset management), each division conducting business on a national level, and the UniCredit Group transferred its product and service companies to the appropriate divisions. The role of the Bank includes, among other matters, defining a Group-wide organizational structure, benchmarking and disseminating internal best practices and corporate values throughout the

UniCredit Group, managing UniCredit Group resources and optimizing the allocation of capital across all of the UniCredit Group's businesses.

Project S3 was launched in December 2001 and was executed in three phases. In the first phase, which was completed in July 2002, each of the Federated Banks, except Credito Italiano, was merged with and into UniCredito. Subsequently, UniCredito contributed all of the assets and liabilities formerly owned by such Federated Banks to Credito Italiano, thus consolidating the businesses of each of the seven Federated Banks into one entity. Simultaneously, Credito Italiano changed its name to UniCredit Banca S.p.A. ("**UniCredit Banca**").

In the second phase, which was completed in the second half of 2002, the activities of the Federated Banks conveyed to UniCredit Banca were reorganized to reflect three separate segment-based national structures.

In the third and final phase of Project S3, which was completed on 1 January, 2003, UniCredit Banca:

- transferred to UniCredit Banca d'Impresa S.p.A. ("**UBI**"), a newly formed, wholly owned subsidiary of UniCredito, all of the assets and liabilities relating to the corporate banking business formerly owned and operated by the Federated Banks; and
- transferred to UniCredit Private Banking S.p.A. ("**UPB**"), a newly formed, wholly owned subsidiary of UniCredito, all of the assets and liabilities relating to the private banking business formerly owned and operated by the Federated Banks; and
- as a result, UniCredit Banca retained the assets and liabilities relating to the retail banking business formerly owned and operated by the Federated Banks.

Following the implementation of Project S3, only those subsidiaries performing activities essential to the operation and development of each client segment were transferred to the UniCredito Group companies running the relevant businesses. All other strategic and core equity investments, the UniCredito Group's subsidiaries with operations ancillary to the UniCredito Group's corporate and holding functions, and all equity investments previously held by the Federated Banks, became direct subsidiaries of UniCredito.

Following the corporate transactions that led to the implementation of Project S3, the UniCredito Group allocated the other subsidiaries of UniCredito, such as UBM and its product and financial services companies, to the appropriate division and transferred all other strategic and core equity investments previously held by the Federated Banks to UniCredito. The three new divisions join the already existing New Europe division created in 2001 to supervise and coordinate the UniCredito Group's business in Central and Eastern Europe.

Effective 22 July, 2004, the UniCredito Group established a new fifth division, the Global Banking Services division, which is responsible for developing and implementing efficient and effective operating processes across the UniCredito Group, overseeing inter-divisional activity and ensuring cost control. The UniCredito Group's holding company is responsible for centralized policymaking, particularly in the areas of credit management, risk management

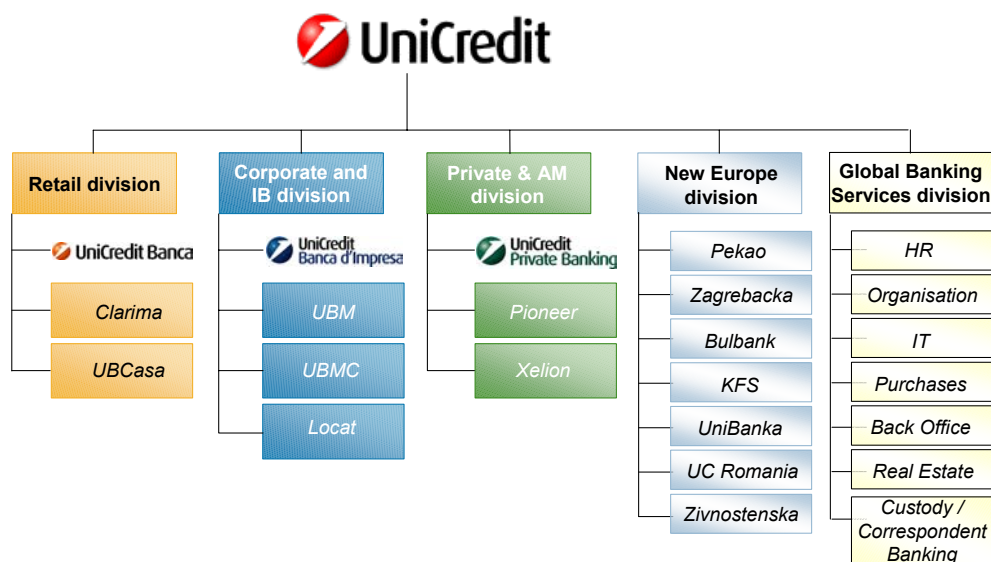
and asset and liability management, as well as for the UniCredito Group's treasury, strategic planning and control, accounting and internal auditing functions.

Effective 1 July, 2005, consistently with the specialization strategy of Project S3, Banca dell'Umbria and CR Carpi were merged into UniCredito and their activities were immediately spun-off to UniCredit Banca, UniCredit Real Estate, UniCredit Banca d'Impresa and UniCredit Private Banking.

Current organizational structure

As of the date hereof, the organizational structure of the UniCredito Group reflects the strategic approach underlying the Project S3 reorganization. The UniCredito Group conducts its operations through four business divisions: Retail, Corporate and Investment Banking, Private Banking and Asset Management, and New Europe. Each of these divisions is established within UniCredito and organized around one or more lead banks that, through its distribution network, channels to its clients products and services engineered and packaged by the other banks and financial services companies comprising the division. In addition, UniCredito established the Global Banking Services Division which operates as the UniCredito Group's execution unit and provides Group-wide services to all business lines in the areas of human resources, IT, organisation, operations, procurement, security and building/facility management.

The following diagram illustrates the organizational structure of UniCredito and the main UniCredit Group companies included in the UniCredito Group's scope of consolidation (each being fully consolidated unless otherwise indicated).



Group Employees and Branches

	30/06/05	30/06/04	31/12/04	Changes 06/05-06/04
Number of employees	68,247	69,248	68,571	-1,001
Number of financial consultants ^(*)	2,250	2,463	2,355	-213
Number of branches	4,415	4,536	4,442	-121

UniCredito Key Financial Ratios and Other Information

	30/06/05	30/06/04	31/12/04	Changes 06/05-06/04
Profitability ratios (%)				
ROE ^{(1) (2)}	20.1	17.5	17.9	+2.6
ROE ^{(1) (2)} (excluding goodwill amortisation)	22.6	19.9	20.2	+2.7
Net Operating Income / total assets ⁽²⁾	1.78	1.87	1.67	-0.09
Cost / income ratio ⁽³⁾	54.4	56.2	57.3	-1.8
Risk ratios (%)				
Net non-performing loans/Loans to customers	1.80	1.91	1.87	-0.11
Net doubtful loans/Loans to customers	3.46	3.64	3.49	-0.18
Capital ratios (%)				
Core capital ⁽⁴⁾ /Total risk-weighted assets	7.46	7.35	7.36 ^(*)	+0.11
Capital for regulatory purposes ⁽⁵⁾ /Total risk-weighted assets	11.06	11.43	11.64 ^(*)	-0.37

Notes: (*) Shareholders' Equity as at the end of the period (profit for the period not included);

Audited

(1) Defined as the Group's portion of net income for the period (after preferred share dividends but before dividends on ordinary shares) divided by the book value of shareholders'

equity (excluding the Group's portion of net income for the period) as of the end of the period, expressed as a percentage.

(2) The June 30 Group portion of net income for the period or net operating income were considered on an annual basis.

(3) Cost to income ratio is defined as the ratio between operating expenses (excluding amortization of goodwill) and total revenues.

(4) Core capital is defined as Tier I capital less UniCredito Italiano's preferred shares.

(5) Capital for regulatory purposes is defined as the sum of Tier I capital (including preferred shares) plus Tier II capital, less deductions, plus Tier III instruments.

Synergies with the Group

The interaction with UniCredito has allowed Locat to pursue important synergies from both a commercial and an operative point of view, in particular:

1. reaching agreements with the Group Banks in order to identify and disclose high profile clients
2. opening Corners with specialised staff in UniCredit Banca d'Impresa branches
3. sharing marketing, human resources and other administrative services with the Group, pursuing scale economies
4. joining important commercial initiatives and credit projects (New Europe, Basel, IAS, etc).

Board of Directors

The UniCredito's board of directors (the "**Board**") is responsible for the ordinary and extraordinary management of UniCredito and the UniCredit Group. The Board may delegate its powers to one or more managing directors ("**Managing Directors**") and appoint and determine the scope and powers of an executive committee (the "**Executive Committee**").

The Board is elected by the UniCredito's shareholders at an ordinary meeting for a term of three financial years, unless a shorter duration is designated upon appointment, and directors may be re-elected following the expiration of their term. Following the resolution of the extraordinary shareholders' meeting of 29 July 2005 to amend the articles of association and to increase the maximum number of directors from 20 to 24, the Board may consist of no fewer than 9 and no more than 24 directors (each a "**Director**").

The current board is composed of 20 directors, each of whom will hold office until the ordinary shareholders' meeting called to approve the UniCredito's financial statements for the financial year ending 31 December 2007. The Board may also appoint, in lieu of or in addition to the Managing Directors, one chief general manager (the "**Chief General Manager**") and one or more deputy general managers ("**Deputy General Managers**"), and determines the responsibilities and term of office of such managers. The Board appointed Mr.

Alessandro Profumo as Managing Director and Chief General Manager. It also appointed Mr. Paolo Fiorentino, Mr. Dario Frigerio, Mr. Andrea Moneta and Mr. Roberto Nicastro as Deputy General Managers. The following table sets forth the name and position of the current members of the Board:

<u>Name</u>	<u>Position</u>
Carlo Salvatori	Chairman/Member of Executive Committee
Alessandro Profumo	Managing Director/Member of Executive Committee/ Chief General Manager/Chief Executive Officer
Gianfranco Guty	Deputy Chairman/Member of Executive Committee
Franco Bellei	Deputy Chairman/Member of Executive Committee
Fabrizio Palenzona	Deputy Chairman/Member of Executive Committee
Roberto Bertazzoni	Director/Member of Executive Committee
Vincenzo Calandra Buonauro	Director
Mario Cattaneo	Director
Philippe Citerne	Director
Ambrogio Dalla Rovere	Director
Giovanni Desiderio	Director
Giancarlo Garino	Director
Francesco Giacomini	Director/Member of Executive Committee
Piero Gnudi	Director
Luigi Maramotti	Director
Gianfranco Negri-Clementi	Director
Carlo Pesenti	Director/Member of Executive Committee
Giovanni Vaccarino	Director
Paolo Vagnone	Director/Member of Executive Committee
Anthony Wyand	Director

The business address for each of the foregoing Directors is UniCredito Italiano S.p.A., Piazza Cordusio, 20121 Milan, Italy.

The Board further appoints an Executive Committee which must comprise such number of members as the Board determines in its discretion, but in any case not less than five members. The Chairman of the Board, the Deputy Chairmen and the Managing Director are "ex-officio" members of the Executive Committee.

The Executive Committee is vested with all the duties, powers and authorities assigned to it

by the Board. In this respect, the Executive Committee determines the principles governing the conduct of the UniCredit Group's business and supervises its operations. In case of urgency, the Executive Committee may adopt any resolution necessary to transact the UniCredit Group's businesses and operations, provided that it must subsequently inform the Board of such decision.

The current members of the Executive Committee are Mr. Salvatori, Mr. Bellei, Mr. Guty, Mr. Palenzona, Mr. Profumo, Mr. Bertazzoni, Mr. Giacomini, Mr. Vagnone and Mr. Pesenti.

CREDIT AND COLLECTION POLICY

Origination of the leases

The commercial network of Locat is continuously expanding and it is currently composed of three channels:

- (1) *Direct Channel*, with 18 local Branches, 4 Areas and 4 Corners
- (2) *Agents and Brokers Channel*, with 114 Agents and approximately 200 Brokers, located throughout Italy
- (3) *Banking Channel*, throughout the banking network of the Group and of other agreed Banks.

The Direct Channel

Direct origination of leasing contracts by Locat is performed thanks to a network of 18 local Branches, spread over the national territory, 4 Areas (North East, North West, North/Centre, Centre/South) and 4 Corners. The Direct Channel supports also the credit monitoring processes.

The Agents and Brokers Channel

Locat uses a network of 114 external Agents which sell leasing contracts. The status of the Agents can vary according to the nature of their relationship with Locat. An Agent will be classified as one of the following:

- (a) Agent with operating tasks (A1 and A2);
- (b) Agent without operating tasks.

Agents A1 supply global services and manage post-selling procedures for vehicle lease. Agents A2 oversee operations until the signing of the contracts (and in case of vehicle leases until the supplier has been paid). Agents are appointed by the Agents Network Organisative Unit on the advice of the local Locat Branch and pursuant to the approval of the appointment by the Head of the relevant Area (Locat branches are divided into territorial Areas and each Area is headed by a Commercial Director). The Agents Network Organisative Unit coordinates and controls Agents and Branches. The credit quality of all lease contracts originated by Agents are assessed by Locat structures, according to specific criteria. Locat continuously monitors the credit quality and delinquency experience of lease contracts originated by Agents so as to maintain control over their impact on the global portfolio quality. In accordance with Locat's policy of continual review of lease contracts originated by Agents, the remuneration of Agents is partly established at the start date of lease contracts and partly based on incentives which depend on the achievement of pre-determined objectives and the performance of the lease contracts is measured over several months.

Alongside the Agents, Locat is able to originate lease contracts through a network of Brokers. Following a thorough review, Locat reduced the number of Brokers used from 650 in 1997 to approximately 200 in 2003. Brokers are appointed by the Agents Network Organisative Unit on the advice of the local Locat Branch and following the approval of the appointment by the Head of the Area. Brokers are controlled both centrally and territorially.

All lease contracts originated by Brokers need to be approved by Locat, in terms of risks and profitability. Similarly to the Agents, a part of a Broker's remuneration is based on the performance of the lease contracts which they originate, which is measured over a period of time.

The Banking Channel

The Banks' distribution network comprises two groups of Banks: those which are part of the Group and those which are external to the Group.

The following institutions fall into the first group: UniCredit Banca d'Impresa, UniCredit Banca, UniCredit Private Banking, Xelion Banca, Cassa Risparmio Carpi e Banca dell'Umbria 1462.

Those included in the second group are: Area Banca, Banca CR di Savigliano, Banca Carime, Banca Popolare di Cremona, Banca Sai, Cassa di Risparmio Fossano, Cassa di Risparmio Saluzzo, Cassa di Risparmio Bra, Cassa di Risparmio Cento e Cassa di Risparmio di Brendola.

Locat has offered incentives to specific Banks in certain circumstances or in special periods. An incentive could be either an economic incentive for the Bank itself or an incentive directed to its personnel through various types of bonus. Statistics, which are collated both centrally by Locat and also at an Agency level, show data relating to the production, profitability and litigation of the Lease Contracts originated by each Agent of each Bank.

The underwriting process – Automatic procedure

Locat credit underwriting processes present a common feature in that they are all supported and managed by the company IT system, but they are diversified according to certain criteria such as the overall exposure towards the counterparty, the type of the counterparty (i.e.: large clients, intra Group clients), the type of transaction (i.e.: real estate lease-back) and the underlying asset.

For application up to 50,000 Euro (with a weight of 100% for equipment lease, 50% for vehicle leasing and 33% for real estate leasing) and excluding particular types of borrowers, contracts and assets which require further analysis or higher deliberating faculties, the entire process is managed automatically by an electronic procedure called "Pratica Elettronica" ("PE"). This procedure is fed by a large amount of data and information stored in the internal electronic archives or downloaded by external credit information and statistics providers, as described later. Once Locat commercial structures have received the client's application and have uploaded it into the IT System, PE starts retrieving information and then applies some algorithms that define whether an application is acceptable or not, given the characteristics of

the loan, the asset and lease type. In all the circumstances where PE limits are overcome, an additional traditional credit analysis is performed and the automatic analysis performed by PE is integrated by further activities until the final decision is taken by the relevant body.

The underwriting process – Non automatic procedure

The Preliminary Investigation (l'istruttoria)

The traditional (i.e. non automatic) analysis starts from the feedback and the elaboration received by the automatic client valuation, to which it adds additional analysis and it is based on two levels of investigation: the first level is conducted by Locat employees working in local Branches whereas the second level is carried out by the Credit Analysis Organisative Unit. Some aspects of the Preliminary Investigation can be delegated to either: (i) Agents who will be able to carry out a search at the Chamber of Commerce, an investigation into the credit history of a proposed customer, a search of the Assilea database and will be able to obtain such other information as is available according to the type of potential customer; or (ii) the Bank network which may already provide certain information in relation to the potential customer. In addition to the Preliminary Investigation, internal Investigation Centres (physically located in each Locat Branch but functionally depending from the Credit Department) will perform an assessment of the balance sheet, financial results and other credit indicators of a potential customer and of its guarantors. Moreover, the Investigation Centres undertake an appraisal of the value of the asset and evaluate the price, obsolescence and liquidity of the asset.

The Investigation Centres produce a comprehensive presentation sheet detailing the appraisals and analysis carried out. The Investigation Centres evaluate the risk to be undertaken with the economic situation of the potential customer, and highlight the motivation of the application and the flows of funds necessary to repay the obligations under the Lease Contract.

Information about the Clients

At the outset of each request, Locat consults internal and external archives such as:

1. the Assilea Database
2. the Cerved Database
3. the Central Risks (Centrale Rischi) Database
4. Private Central Risks Database
5. Centrale Bilanci (CEBI) Database
6. UniCredito Global Position

in order to ascertain whether or not a potential customer has a negative credit history or been the subject of any reports carried out by other firms operating in the same sector and also (if applicable) to ascertain the amount of the customer's outstanding debts.

Assilea

Assilea database was established by the main Italian leasing companies. This database contains detailed information on customers which have entered lease contracts with leasing companies associated with Assilea. Assilea data can only be consulted by an Assilea associate and exclusively through INTESA, an on-line data transmission system that covers Italy. Each month, Locat and other Assilea associates update the database with information regarding their customers. Assilea represents almost 95% of the leasing market.

The Database allows the following information to be obtained in relation to a proposed customer:

- data as to whether or not a potential customer is already engaged in lease contracts and if so to what extent. If the name of a potential customer is listed in the archives of Assilea, it will also be possible to ascertain with how many companies it has lease contracts, the amount of the lease contracts and how much has been repaid of such lease contracts;
- any advance payment rate with which, on average, the potential customer has repaid obligations it has assumed in relation to other lease contracts;
- the liabilities of a potential customer (including details of any amounts maturing in the short period);
- the regularity of repayments and, if applicable, any details of non-payment.

Cerved

The Cerved Database allows a subscriber to consult the following information:

- certificate from the Chamber of Commerce;
- any certificate or notice of protest regarding the non-payment of liabilities,
- certificate of real estate property (from the land registry);
- corporate capacity and title of the individuals;
- analytical and synthetic financial reports;
- shareholding structure.

This information is vital for good risk assessment and in particular, to assist in recovery of the credit (before and after the formal default).

Central Risks Database of Banca d'Italia

Italian credit institutions have centralised, at a national level, different sets of data on leasing customers such as overdrawn amounts, delinquency or default records.

The analysis of information available on the Central Risks Database is key to risk assessment. The Central Risks Database provides useful and very precise information regarding the credit position of an individual or company. Information in relation to a potential customer include:

- default records;
- reduction of available credit;
- excess use of financial instruments with specified maturity;
- repeated exceeding of authorised limits;
- guarantees provided;
- number of information requests regarding a particular client or individual.

Private Central Risks Database

This is a database managed by private companies (CRIF, EXPERIAN), that provide statistics about corporate and retail clients identified by Banks and Financial Institutions, detailing the presence of delinquencies and legal procedures against the client.

Centrale Bilanci ("CEBI") Database

Central balance sheets bureaux (Centrale dei Bilanci Spa) is a company whose shareholders are Bank of Italy and other major Italian banking groups (including the Group).

CEBI database provides reclassified balance sheet information for a large number of companies, giving details on particular ratios or aspects of the economic activity and assigning to each company a quantitative rating based on financial and accounting parameters.

Global Position in UniCredito ("PGA")

The integration between the different institutions of the Group makes it possible for Locat to use an internal Group software which synthesizes the most important credit information analyzed by the Banks part of the Group.

It is possible for Locat to access various information about the counterparty and its affiliated companies:

- customer master information and business classifications of the counterparty (location, address, account branch, business sector, turnover breakdown by products, region, etc);
- balance sheet information;
- balance sheet ratios;
- behavioural score assigned to the client by the SMR (a monitoring system used in the Group, which identifies the clients whose credit profile is going to deteriorate in the next twelve months)

Analysis of the asset

The analysis of the client credit profile is then integrated with the analysis of the underlying asset. Most of the assets are appraised by dedicated professionals by either internal Locat Technical Service (*servizio tecnico*) or by external appraisal companies.

For Aircraft and Ships, appraisals are completed by qualified experts, whose evaluation takes into consideration the present value of the asset, the fungibility of the asset and its commerciability over time. In addition to the initial appraisal, the asset will need to be maintained, inspected and audited throughout the term of the Lease Contract.

In relation to other assets, appraisals are conducted by Locat personnel. Appraisals will either be conducted on the asset itself (whereby certain factors such as price, fungibility, compliance with regulations regarding health and safety, etc will be considered) and /or on the supplier or constructor itself.

For Real Estate properties, the appraisal is conducted by an external expert chosen by Locat. The appraisal process allows the consideration and evaluation of the possible restrictions, situation and state of conservation of the real estate asset and in addition further evaluation of the seller. Real Estate assets to be built or to be restructured would require further evaluation and appraisal.

Motor vehicles (cars, trucks or coaches) are considered more liquid assets and generally require less technical assessment. However, the adequacy of the price and the tradability of the assets are thoroughly reviewed (using internal and Eurotax data on the relevant markets).

For Equipment and Plant Machinery, a standardisation of the appraisal technique is more difficult. A cautious appraisal is adopted prior to acceptance of a Lease Contract in relation to these assets. Appraisals are carried out by professionals working within the relevant sector who are part of a dedicated office integrated in the credit decision structure of Locat.

The technical analysis prior to the final decision phase can lead to four types of outcome:

- *operazione indesiderata* (transaction refused): the seller or the buyer of the asset is refused because of a negative commercial or credit history;
- *parere negativo sul bene* (negative opinion on the asset): the price has been considered inadequate, or the second-hand market too underdeveloped (the recovery would be too expensive) and the transaction is refused;
- *parere positivo con impegno di ricomercializzazione da parte del fornitore* (positive opinion with re-sale commitment on the part of the seller): the outcome is positive on the asset regarding its quality and its price, but the second-hand market is considered underdeveloped, and a commitment of the seller is required for the re-sale of the asset in case of necessity;
- *parere positivo con indicazione del deprezzamento* (positive opinion with indication on the depreciation): the asset is considered tradable, however concerns exist regarding the commercial depreciation of the asset. Evaluation of the expected level of

depreciation will be undertaken and account will be taken of factors such as the category of the asset, the level of obsolescence, any additional accessories from which the Asset benefits, the size of the sector of utilisation, and the size of the second-hand market.

If the outcome is *operazione indesiderata*, the decision is transferred to the immediately superior level of Locat personnel. If the outcome is *parere negativo sul bene* or *parere positivo con impegno di ricommercializzazione da parte del fornitore* it is necessary for the current decision-making level to provide an explanation and information on the quality of the potential applicant.

In the last case, the positive outcome is, however, subject to an opinion on the depreciation.

For Equipment and Plant Machinery, the technical analysis continues after the signing of the contract. This last phase, which is prior to the payment of the seller, is consistent with European legislation regarding health and safety.

Final decision and post signing activities

Once client, asset and transaction analysis have been performed, the body within Locat having the required faculties takes the final decision.

The decision can be taken at a Branch/Local Area level for transactions of smaller amount and lower risk, whereas personnel of the Credit Department will take a decision for larger/riskier transactions, according to a precise delegation system.

The time needed for the approval process for an application ranges from approximately 3/4 days to approximately 12/13 days according to the decision level, the complexity of the application and the amount of information available and required for the decision.

If the outcome of the decision process is positive, a Locat Branch will prepare the lease contract. However, this task may be partially or totally delegated to a Bank or an Agent, according to the pre-established structure of the transaction. The role of the Branch can either be (i) to act as a support to the Bank or Agent, (in which case the Branch will receive the lease contract and carry out a review of the document); or (ii) to arrange for the complete management of the transaction.

Once the contracts have been signed, the required guarantees agreed and all checks and controls completed, the purchase order is sent to the seller. All the documentation is then sent to the Head Office for review.

At this point, the management of the contracts is undertaken by the Head Office staff through the on-line informative system AS 400 (an information system used throughout the leasing industry), which sends the order for payment to the seller through the on line inter-bank system INTESA (except for light vehicles for which the payment is made directly by the branches) and manages the contract during its various phases (calculation of the amortisation, receipt of the instalments, possible phases of recovery).

Control activities

Automatic (i.e. realised by the IT system) and manual (i.e. performed by personnel of local and central credit analysis units) controls are performed both before the signing of the contract and after this moment, on a on going basis. Locat controls can be divided into three categories:

- (1) first level: these are *operative controls*, focused on a specific client or transaction, both in automatic and manual form (example of client controls: customer master information, client/guarantor identity, accounting data, consistencies among different credit bureaux indications, etc; example of transaction controls: check of deliberating body faculties, formal control on contracts, formal adequacy of the guarantees etc)
- (2) second level: these are *higher level controls*, focused on aggregated sub-portfolios credit quality: performance breakdown by origination channel, lease type, year of origination, location of the client, industry type. A particular focus is put on non performing clients. Second levels controls are executed by UO or Committees which report to the General Manager (Legal UO), the CEO (Planning and Risk Management UO) or to the Credit Department (Credit Monitoring UO) or to the Administration Department (Finance UO, Operational UO), provided that such controls second levels are, in any case, managed by third entities in analytical, or concise, or automatic or manual form.
- (3) third level: *auditing controls*, executed, on a sample basis, by the Unicredit Audit S.p.A. and aiming at the verification of compliance with both credit and formal requirements. The UniCredit Audit S.p.A. operates both in the local network and in the central offices; relevant findings of its analysis are reported to the Statutory Auditors, to the Board of Directors and to the CEO.

Collection activity

Although Locat customers use various forms of payment, automatic bank transfers (direct debit) cover almost all of the total payments. The following table sets out the methods of payment as at 1 July 2005:

DESCRIPTION	% OF VALUE
Automatic transfer (R.I.D.)	94.65 %
Bank transfer	4.64 %
Bill of exchange	0.48 %
Bank receipt	0.01 %
Direct Payment	0.22 %

Source: Locat

With the R.I.D. procedure the client gives an authorisation to his bank to debit his account on the dates payments are due. Locat sends periodically the payment details to the clients' bank. The bank will credit Locat only if the funds available on the client account are sufficient to pay the entire amount due, otherwise the instalment will result as unpaid ("*insoluto*"). Payments are entered in the system immediately after they are executed. It takes Locat up to 5-6 days after the payment becomes due to verify the missed payment and classify definitely a contract as unpaid.

Recovery activities

Credit recovery activity is diversified in relation to the number and amount of unpaid instalments, the length of the delay and the legal status of the client (i.e. defined as defaulted by banking system). On the basis of these criteria, a classification of delinquent and defaulted positions has been defined and this classification represents the framework for the entire recovery process. The classification can be applied only by the body within the organization having the required faculties in terms of recoveries actions.

Classification of unpaid contracts

1. Similar to regular contracts ("*Assimilate a regolari*")

This situation defines positions for which no recovery action has been taken, given that the payment by client has been debited but not paid as it is not yet due (in case of RID payment) or is due and unpaid by no more than 25 days (in case of bank transfer);

2. Solicited ("*Sollecitate*")

This situation covers positions for which an initial contact with the client has started, either in automatic way (postel) or via a direct meeting or call through the local structures of Locat;

3. Monitored ("*Sorvegliate*")

Identifies debtors who have not paid although a reminder has been sent or a solicitation by the local structures has been done and they were both ineffective; and for whom the Credit Recovery Unit can appoint an external recovery agent or company or decide to reschedule the timing of the payments;

4. Restructured ("*Ristrutturate*")

This definition applies to counterparties affected by deteriorated financial conditions that have been entitled (after authorization by the relevant deliberating body) to modify the original financial terms that determined a loss on their exposure;

5. Temporary insolvency ("*Incagliate*")

This definition reflects Bank of Italy's guidelines and applies to clients that either have a specific number of unpaid instalments (according to the loan tenor and coupon frequency) or applies to counterparties that present a temporary situation of financial

weakness, which is deemed to be cured in limited time. This definition also applies to counterparties whose contracts have been rescinded or for which legal actions have been taken;

6. Insolvency ("*Sofferenze*")

This definition reflects Bank of Italy's guidelines, according to which banks must classify a loan as "*in sofferenza*" (non-performing), regardless of the availability of further guarantees, when the customer is in serious and long-term economic or financial difficulty or insolvent (even if not ascertained by a court) or is subject to insolvency or liquidation proceedings.

Involved Units/Entities

The first phase of the recoveries carried out by Locat is conducted by the Credit Recovery Unit with the strong involvement of the personnel in the Areas and in the Branches network. The organisational rationale for this partial delegation derives from:

- the proximity and attention to the customer required during the first phase of recovery;
- the major promptness and efficiency of intervention, whatever the reason of non-payment;
- the need on the part of the Areas to monitor payment, aiming at maintaining a portfolio of constant quality.

The Areas are in charge of ensuring the correct functioning of the payment system chosen for each lease contract, providing a quick first intervention on delinquencies, controlling the cycle of the reminders sent to the customers, and finally managing all types of phone contact with the customers. Their action should follow various priorities based on the lease contract, the amount of risk and the type of the goods. In these tasks, Locat is assisted by the A1 Agents, who are responsible for recovery activity in respect of the contracts they have originated. This does not incur any extra cost for Locat since the A1 Agents conduct this activity with the exclusive aim of maintaining the quality of their portfolio. Indeed, the quality of their portfolio after the first 18 months determines a large part of their remuneration.

The recovery process is based mainly on automatic tools (i.e. reminders, letters electronically generated) in the first phases whereas the use of specific actions is taken in case of longer delays or more problematic contracts.

While the Credit Recovery Unit manages contracts unpaid but not defaulted, the management of defaulted positions (defined as either "*in incaglio*" or "*in sofferenza*" as per Bank of Italy definitions) is carried out by the Legal Unit ("**LU**"), external lawyers or specialised recovery firms.

From an organisational point of view, the LU is divided into 2 offices: one in charge of the real estate, equipment and plant machinery and the other in charge of the vehicles only. This

separation stems from the need to provide different approaches and skills for types of assets with largely different characteristics.

Lease contracts terminated in advance due to the theft or destruction of the asset do not follow this scheme: they are managed by the Insurance Unit ("IU") until payment of the compensation by the insurance company. The lease contracts whose compensation is lower than the amount due will be sent to the Credit Recovery Unit or to the LU if the IU has received information requesting to send them directly.

Brief overview of the procedure

Following a delay of 30 days in payment, the recovery procedure will commence with the automatic sending of a first reminder by post. A second reminder of the same type will be sent after a further 30 days delay if no response has been received. In the meantime, those positions are managed by the relevant Area, except for positions of particular relevance, that are managed directly by the Credit Recovery Unit. The management of those positions consists of the collection of relevant information by the clients, the running of remainders for a defined period, the settlement of the position.

If these first interventions prove to be unsuccessful, the following steps are taken:

- the relevant Area keeps the responsibility for the management of the delinquent contracts for more direct action, but reports to the Credit Recovery Unit; or
- an external recovery company is entrusted with the management of the contract according to a standardised procedure, under which the recovery company is granted a mandate and receives a file with complete information on the lease contract (start date, end date, type and value of the asset, interest rate, guarantees, etc). The mandate has a 60-day term, after which the external recovery company delivers a report stating the outcome of the actions undertaken to the Credit Recovery Unit. The remuneration of the external recovery company depends exclusively on the amount recovered; or
- the A1 Agents are entrusted for a 60-day period with the recovery action (i.e., full reimbursement of the amounts due, or agreement on an amortisation plan in respect of the relevant amount, or repossession of the asset) in respect of the contracts they have originated and in respect of lease contracts related to vehicles. After this period of time the responsibility of the process returns to Locat.

For vehicles, if the first phase of the recovery process has not produced a positive outcome, the Area, the external recovery company or the A1 Agent in charge is entitled to attempt to recover the asset. If he achieves seizure of the asset, it will be sold at market price.

At the end of the first phase of the recovery procedure, if no positive outcome has been reached (i.e., full reimbursement of the amounts due, or agreement on an amortisation plan in respect of the relevant amount, or repossession of the asset) the office in charge of the contract in Locat (according to the comprehensive risk on this customer) will transfer its management to the Legal Unit.

The Legal Unit will examine preliminarily the transferred contracts, in order to:

- move the position from temporary insolvency to insolvency;
- establish a recovery procedure;
- define responsibilities in the management of the position inside the Legal Unit.

On average, contracts based on automatic transfer payment (R.I.D.) are transferred to the LU after 120 150 days of delay. However, if a customer has already been recorded by the Bank of Italy for a previous default or his credit profile has shown relevant signs of worsening, his contract can be sent to the LU and classified as defaulted even earlier than this standard time.

If no positive outcome has been reached following the out of court procedures, the relevant LU office will proceed to rescind the contract and will formally require the immediate payment of the full outstanding amount. External counsel will be instructed in relation to the rescission of the contract, but will always be monitored by professionals from the LU of Locat. According to the circumstances, external counsel will seek to either recoup the due amount or repossess the asset. If external counsel seeks to recoup or seeks to recover the due outstanding amount, the procedure will involve all of the possible guarantors.

The decision to retain external lawyers to carry out the legal procedure comes mainly from economic considerations. In some cases in particular, when the LU considers the commencement of a legal action to be economically inefficient, it may record the outstanding amount as a loss and/or cancel the asset and will undertake the definitive closing of the contract.

Locat has formal agreements with 10 external lawyers pursuant to which the lawyers are entitled to receive fees no higher than Euro 1,250 for each transaction closed following a normal recovery procedure (notice, injunction for both payment and restitution of the asset, court order, legal executive procedure, petition for bankruptcy, other types of petition, support for other types of creditor recovery procedures, support during the foreclosure).

As a rule, started legal actions are carried out until their conclusion, except if the customer or its guarantors repay the total outstanding amount in the meantime or if a settlement out of court is reached.

The interaction with UGC

Recovery activities on both delinquent and defaulted clients are supported by specialized companies, such as UniCredit Gestione Crediti Banca S.p.A. ("UGC"), a bank part of the Group, which was created from the former MedioVenezie Banca SpA. UGC is a specialized entity dedicated to recovery activities for Group clients as well as for external parties.

The UGC strategy focuses on minimizing the delay in recovery collections and on maximizing the recovered amount. The main elements of UGC's strategy are:

1. speedy and timely recoveries

2. focus on restructuring and out-of court settlements
3. focus on reducing the recovery cost
4. specialized processes for each type of receivables, i.e. Personal (unsecured/secured), Corporate (unsecured/ secured) or receivables arising from bankruptcy proceedings.

As one of the leading credit recovery institutions in Italy UGC benefits from an extensive database of information which has proven valuable in making the decisions which lead to the most successful outcome. The database contains information, for example, on the average time required for foreclosure proceedings in each Italian court, prices achieved at auctions, real estate market data or the costs of legal advisors and surveyors. The database allows UGC to quantify the likely outcome of each recovery position in advance with a high degree of accuracy and to use this calculation as a powerful decision making tool throughout the process.

UGC has been interacting with Locat for more than three years and during this period the coordination between the two structures has been growing, bringing visible results.

For delinquent Locat contracts, UGC operates as other external firms/agents, within a 60 day mandate, but with the advantage of exchanging information by means of access to Locat IT system (and vice versa) and coordinating the communication with the delinquent client. For defaulted contracts, UGC manages all the contracts with an exposure of less than Euro 250,000; UGC coordinates and monitors the actions of external consultants and legal firms appointed by Locat and provides outsourcing of back office services, ensuring a more efficient management of recoveries.

Insurance cover

It is important for Locat to have the leased assets covered by suitable insurance policies. One of the two following options will be undertaken by Locat:

- the client takes out an "all risks" insurance convention pre-agreed between Locat and leading Italian insurance companies
- the client takes out an insurance policy on its own (meeting Locat requirements)

The pre-agreed "all risks" convention is proposed to each client when signing the leasing contract and sponsored by Locat. If instead a client decides to take out an insurance policy on its own (always in favour of Locat), Locat always requires a copy of such contract in order to verify whether it contains all the clauses required (technical guarantees, norms) and asks for modifications if necessary.

If at some point the client does not pay the insurance premium, Locat is immediately informed (as stipulated in the insurance contract clause in favour of Locat) and has 30 days to contact the client and request that any unpaid and due insurance premium is paid immediately. During this 30-day period, the asset remains covered by the insurance policy.

Insurance Unit

Whenever loss of the leased asset is suffered due to a theft, damage or any event which necessitates contact between Locat and an insurance company, the management of such Lease Contract is transferred to the Insurance Unit. The IU is in charge of:

- rescinding the relevant Lease Contract;
- recording the penalty due from the customer for the loss of the asset (in practice, this means notifying the outstanding principal amount);
- sending a request in writing to the insurance company that the insurance indemnity will be paid directly to Locat as owner of the Asset and beneficiary of the insurance policy;
- sending to the insurance company all documents necessary for release of the insurance payment;
- requesting payment from the insurance company for the damage or loss of the Asset;
- signing the insurance policy receipt for the amount agreed with the Customer and/or otherwise deemed appropriate by Locat;

doing all that is necessary so as to prevent the expiry of the insurance company's obligation to pay under the insurance policy and to obtain payment of the insurance monies including the delivery of a notice of default to the insurance company.

THE ISSUER

The Issuer was incorporated in the Republic of Italy (with the register of enterprises held in Treviso) pursuant to the Securitisation Law as a limited liability company on 23 November 2004 under the name of Canapeo Finance S.r.l. (renamed Locat Securitisation Vehicle 3 S.r.l. pursuant to the Issuer's quotaholders meeting of 15 September 2005) and registered in the register held by *Ufficio Italiano dei Cambi* pursuant to article 106 of the Banking Act and in the special register held by the Bank of Italy pursuant to article 107 of the Banking Act. Since the date of its incorporation the Issuer has not engaged in any business other than the purchase of the Receivables, no financial statements have been prepared, no dividends have been declared or paid and no indebtedness, other than the Issuer's costs and expenses of incorporation, has been incurred by the Issuer.

The authorised and issued capital of the Issuer is Euro €10,000 wholly owned by SVM Securitisation Vehicles Management S.p.A..

Principal Activities

The principal corporate object of the Issuer, being a special purpose vehicle, is to perform securitisation transactions (*operazioni di cartolarizzazione*) by issuing asset-backed securities in compliance with the Securitisation Law, as further set out in article 3 of its By-laws (*statuto*). The Issuer has been established as a multi-purpose vehicle and accordingly may carry out other securitisation transactions in addition to the one contemplated in this document in relation to the Receivables, subject to the restrictions which are detailed in Condition 3.

So long as any of the Notes remain outstanding, the Issuer shall not be entitled to incur any other indebtedness for borrowed money or engage in any business, pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions) or issue any quotas, save in accordance and to the extent permitted under the Conditions and the Transaction Documents.

Employees

The Sole Director of the Issuer is Mr Andrea Perin, who was appointed for the period from the Issuer's incorporation until resignation or revocation.

The Issuer's registered office is located at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), Italy, phone number 0039 0438 360 900.

The Issuer has no employees.

Capitalisation and Indebtedness Statement

The capitalisation of the Issuer at the date of this Prospectus and its indebtedness from borrowings under securities issued in connection with this document, which pursuant to the

regulations issued by the Bank of Italy on 22 March 2000, will be shown in the "*Nota integrativa*" to the financial statement of the Issuer upon issuance of the Notes, is as follows:

Authorised Quota Capital

€10,000 fully paid up.....€10,000

Borrowings

Class A1 € 451,000,000 Asset Backed Floating Rate Notes due 2026;

Class A2 € 1,349,000,000 Asset Backed Floating Rate Notes due 2026;

Class B € 160,000,000 Asset Backed Floating Rate Notes due 2026;

Class C € 33,000,000 Asset Backed Floating Rate Notes due 2026;

Class D € 7,000,136 Asset Backed Variable Return Notes due 2026

To be reported in "*Nota integrativa*" of the Issuer as an off balance sheet liability at the date notes are issued.....€ 2,000,000,136

Total capital and borrowings of Issuer as at the Issue Date.....€10,000

The issue of the Notes will be reported as an off balance sheet transaction in the "*Nota integrativa*" to the financial statement of the Issuer at the date the transaction is completed as follows:

<i>Off-balance sheet assets and liabilities</i>	<i>Euro Amounts</i>
Assets securitised under the Initial Portfolio	2,000,000,136.47
Total Securities Issued	2,000,000,136
The Class A1 Notes	451,000,000
The Class A2 Notes	1,349,000,000
The Class B Notes	160,000,000
The Class C Notes	33,000,000
The Class D Notes	7,000,136

As of 30 June 2005, save as disclosed herein, the Issuer has no loan capital outstanding or created but unissued, no term loans outstanding and no other borrowings or indebtedness in the nature of borrowing nor any contingent liabilities or guarantees.

The first financial period of the Issuer will end on 31 December 2005.

Independent Auditors' Report

The following is the text of a report sent to the Sole Director of the Issuer by Dott. Lino De Luca, independent auditor to the Issuer. Such report is included in this Prospectus, in this form and context, with the consent and the authorisation of Dott. Lino De Luca, who has given and not withdrawn such consent. The Issuer's accounting reference date will be 14 November 2005.

"To:

Locat Securitisation Vehicle 3 S.r.l. (the "Issuer")

Via Vittorio Alfieri No. 1
31015 Conegliano (Treviso)

To the kind attention of Mr. Andrea Perin, Sole Director

15 November 2005

Dear Sir,

I report in connection with the issue by Locat Securitisation Vehicle 3 S.r.l. of € 451,000,000 Class A1 Asset Backed Floating Rate Notes due 2026, € 1,349,000,000 Class A2 Asset Backed Floating Rate Notes due 2026, € 160,000,000 Class B Asset Backed Floating Rate Notes due 2026, € 33,000,000 Class C Asset Backed Floating Rate Notes due 2026 and € 7,000,136 Class D Asset Backed Variable Return Notes due 2026 (together the "Notes") referred to in the Prospectus dated 15 November 2005 in relation hereto.

Terms not otherwise defined herein have the meaning ascribed to them in the above mentioned Prospectus dated 15 November 2005.

The financial information set out below is based on the non-statutory financial statement of the Issuer for the period from 23 November 2004 to 14 November 2005 (the "**Financial Statement**"), to which no adjustments were considered necessary.

The Financial Statement is the responsibility of the director of the Issuer who approved its issue. The Issuer is also responsible for the contents of the Prospectus in which this report is included.

It is my responsibility to compile the financial information set out in my report from the Financial Statement, to form an opinion on the financial information and to report my opinion to you. I conducted my work in accordance with Italian generally accepted accounting principles and reporting practices. My work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statement underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

I planned and performed my work so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable

assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

In my opinion the financial information set out below gives, for the purposes of the Prospectus dated 15 November 2005, a true and fair view of the state of affairs of the Issuer as at 14 November 2005.

Statement of Current Assets and Capital and Reserves as at 14 November 2005

14 November 2005	<i>Euro amounts</i>
Current Assets	
Cash and due from banks	4.403
Start up Costs	4.017
Other assets	
Total	8.420
Current Liability and Capital	
Capital	10,000
Losses for the period 23/11/04 - 14/11/05	(3.138)
Other Liabilities	1.558
Total	8.420
The Initial Portfolio	2,000,000,136.47

Notes to the statement:

1. **Basis of Preparation**

The statement has been prepared under the historical cost convention and in accordance with applicable accounting standards.

2. **Trading Activity**

Apart from the purchase of the Initial Portfolio pursuant to the Master Receivables Purchase Agreement, the Issuer did not trade during the period from 23 November 2004 to 14 November 2005, nor did it receive any income nor did it incur any expenses (other than the Issuer's costs and expenses of incorporation and costs related to the purchase of the Initial Portfolio recorded as credits towards the securitisation program) or pay any dividends.

3. **Capital**

The company was incorporated on 23 November 2004 in the Republic of Italy pursuant to the Securitisation Law as a limited liability company having as its sole corporate object the realisation of securitisation transactions.

The called up and paid capital of the Issuer is Euro 10,000.

4. **The Initial Portfolio**

The Initial Portfolio was purchased by the Issuer from Locat S.p.A. on 14 October 2005 and it comprises lease receivables arising out of lease contracts between Locat S.p.A., as lessor, and certain obligors for the leasing of Equipment, Real Estate Assets or Motor Vehicles.

The Initial Portfolio is not included within the "Current Assets and Capital and Reserves" stated above in accordance with the Italian Law n. 130 of 30th April 1999, which stipulates that securitisation transaction be indicated off-balance sheet.

5. **Collections on the Initial Portfolio**

The Collections and Recovery Amounts on the Initial Portfolio from 1 November 2005 to 14 November 2005 and other events are not reflected in the non-statutory Financial Statement, the amount collected and recovered will be transferred to the Issuer's account on or before the Issue Date, in accordance with the Servicing Agreement.

Yours faithfully,

Dott. Lino De Luca

Via Vittorio Alfieri No. 1

31015 Conegliano (TV)

Italy

(Public Certified Accountant enrolled with the Treviso's Public Certified Accountants)"

THE HEDGING COUNTERPARTY

UniCredito will act as Hedging Counterparty under the Hedging Agreement. UniCredito is a joint stock company registered with the Bank of Italy, pursuant to Article 13 of the Legislative Decree No. 385 of 1st September 1993, as a bank, duly existing under the laws of the Republic of Italy. Its head office is at Piazza Cordusio, Milan, and its registered office is at Via Dante 1, Genoa, Italy. Established in 1998 from the aggregation of Credito Italiano and Rolo Banca 1473 with Cariverona, Cassa di Risparmio di Torino, and Cassamarca. In 1999 UniCredito group also merged with Cassa di Risparmio di Trento e Rovereto and Cassa di Risparmio di Trieste.

A comprehensive internal reorganisation project approved in 2001 and known as Project "S3" has led to the Group's present organisation, structured in five divisions (Retail, Corporate, Private & Asset Management, New Europe, and Global Investor Services) and heading three new banks specialised by customer segment:

- (a) UniCredit Banca serves families and small businesses;
- (b) UniCredit Banca d'Impresa serves the mid and large corporate segment and public organisations;
- (c) UniCredit Private Banking is dedicated to high-net-worth individuals and families.

UniCredito is one of the largest financial services groups in Italy and is engaged in a wide range of banking, financial and related activities throughout Italy and certain Central and Eastern European countries.

These activities include deposit-taking, lending, asset management, securities trading and brokerage, investment banking, international trade finance, corporate finance, leasing, factoring and the distribution of certain life insurance products through bank branches (*bancassurance*).

As of the 30 June 2005, the Group was the largest banking group in Italy in terms of market capitalization (approximately Euro 28 billion) and had 68,247 employees (of which 38,527 were based in Italy). In terms of total assets, as of 30 June 2005, the Group was the second largest bank in Italy and controlled the largest commercial banks in Croatia, Bosnia-Herzegovina and Bulgaria, the second largest commercial bank in Poland and had significant operations in Slovakia, the Czech Republic, Romania, Bosnia-Herzegovina and Turkey. (Source: Bankscope)

In Europe, UniCredito is one of the most recognised banking groups in terms of efficiency and profitability with a cost/income ratio of 54.4% and a 20.1 % ROE, and with total assets of € 287,628 million as at 30 June 2004.

The UniCredito's current medium and long-term credit ratings are "A+" by S&P, "A+" by Fitch Ratings Limited and "A1" by Moody's.

THE COMPUTATION AGENT

Securitisation Services S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 03546510268, enrolled under number 31816 in the general register held by the *Ufficio Italiano dei Cambi* and enrolled in the special register held by the Bank of Italy pursuant to, respectively, articles 106 and 107 of the Banking Act.

Securitisation Services S.p.A is a professional Italian dealer specialised in managing and monitoring securitisation transactions. In particular, Securitisation Services acts as servicer, corporate servicer, calculation agent, programme administrator, cash manager and representative of the noteholders in several structured finance deals.

THE ACCOUNT BANK AND CASH MANAGER

The BNP Paribas Group (the "**Group**") is one of the top global players in financial services, conducting retail, corporate and investment banking, private banking, asset management, insurance and other financial activities throughout the world. According to rankings published in July 2005 by The Banker (based on 2004 figures):

- based on total assets, the Group was the second largest banking group in France, the fourth largest in Europe, and the sixth largest in the world; and
- based on Tier 1 capital, the Group was the second, fifth and tenth largest banking group in France, Europe and the world, respectively.

The Group is a leading European provider of corporate and investment banking products and services and a leading provider of private banking and asset management products and services throughout the world. It provides retail banking and financial services to over 20 million individual customers throughout the world, in particular in Europe and the western United States.

The Group has offices in more than 85 countries. At December 31, 2004, the Group had consolidated assets of €905.9 billion (compared to €783.1 billion at December 31, 2003), consolidated gross total customer items of €266.9 billion (compared to €231.5 billion at December 31, 2003), consolidated customer deposits (including retail and negotiable certificates of deposit) of €328.3 billion (compared to €282.6 billion at December 31, 2003) and shareholders' equity (Group share including income for the 2004 fiscal year) of €30.2 billion (compared to €28.3 billion at December 31, 2003). Net income, before taxes, non-recurring items and amortization of goodwill for the year ended December 31, 2004 was €7.6 billion (compared to €6.3 billion for the year ended December 31, 2003). Net income, Group share, for the year ended December 31, 2004 was €4.7 billion (compared to €3.8 billion for the year ended December 31, 2003).

The Group currently has long-term senior debt ratings of "Aa2" with stable outlook from Moody's, "AA" with stable outlook from Standard & Poor's and "AA" with stable outlook from Fitch Ratings. Moody's has also assigned the Bank a Bank Financial Strength rating of "B+" and Fitch Ratings has assigned the Bank an individual rating of "A/B."

The Group has three divisions: Retail Banking, Asset Management and Services and Corporate and Investment Banking. Operationally, these divisions are organized into five core businesses (French Retail Banking, International Retail Banking and Financial Services, Asset Management and Services, Corporate and Investment Banking and BNP Paribas Capital).

BNP Paribas will act in the context of the Securitisation in the capacities of Account Bank and Cash Manager through its Italian Branch, having its offices at Piazza San Fedele 2, 20121 Milan - Italy.

USE OF PROCEEDS

The estimated net proceeds from the issue of the Notes, being approximately € 1,999,651,361.00, will be applied by the Issuer to pay the Purchase Price of the Initial Portfolio payable on the Issue Date, pursuant to the Master Receivables Purchase Agreement, equal to € 2,000,000,136.47.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of these Transaction Documents and is qualified by reference to the detailed provisions of such Transaction Documents. Prospective Noteholders may inspect copies of the Transaction Documents described below upon request at the specified office of the Representative of the Noteholders and at the specified office of the Irish Paying Agent.

1. **The Master Receivables Purchase Agreement**

Introduction

On 14 October 2005, Locat and the Issuer entered into the Master Receivables Purchase Agreement whereby (i) Locat sold to the Issuer and the Issuer purchased from Locat, and (ii) during the Revolving Period and subject to the terms and conditions of the Master Receivables Purchase Agreement, Locat will sell to the Issuer, and the Issuer will purchase from Locat, all of the right, title and interest of Locat, arising out of Receivables meeting the Eligibility Criteria set out thereunder. Under the Master Receivables Agreement, neither the Lease Contracts nor the Assets will be transferred from Locat to the Issuer.

The Initial Portfolio was purchased by the Issuer on 14 October 2005 and the Purchase Price will be paid on the Issue Date and funded by the proceeds of the issue of the Notes.

Sales of Subsequent Portfolios may take place each month during the Revolving Period, and the Purchase Price for the Subsequent Portfolios will be payable to the extent there are Issuer Principal Available Funds available for such purposes under the Priority of Payments and provided no Purchase Termination Event or Trigger Event has occurred and subject to the terms and conditions of the Master Receivables Purchase Agreement.

During the Amortisation Period, the sale and purchase of Subsequent Portfolios will cease.

In addition to the Receivables, Locat shall transfer to the Issuer all Locat's right, title and interest in any security, guarantees, indemnities and agreements securing payment of each Receivable.

The Purchase Price

The Purchase Price for the Initial Portfolio and for each Subsequent Portfolio shall be equal to the aggregate amount of the Individual Purchase Prices of the Receivables comprised in the relevant Portfolio.

Each Purchase Price will be paid on the relevant Settlement Date or on the relevant Interest Payment Date, according to the Priority of Payments, or, in relation to the Initial Portfolio, on the Issue Date.

Under the Master Receivables Purchase Agreement, the Purchase Price in respect of the Initial Portfolio and any Subsequent Portfolio can only be paid by the Issuer to the Originator after (i) the notice of sale of the relevant Portfolio has been published in the Official Gazette of the Republic of Italy, and (ii) application has been made for the registration of the notice in the relevant Companies' Register. Until the actions referred to in items (i) and (ii) above have been completed, the Issuer shall deposit an amount equal to the Purchase Price for the relevant portfolio in the Payments Account and will transfer such amount to the Originator only the Business Day following the completion of the actions referred to in items (i) and (ii) above.

The Eligibility Criteria

Locat has sold to the Issuer and the Issuer has purchased from Locat and Locat will offer to sell and the Issuer may purchase, during the Revolving Period and with respect to any Subsequent Portfolio, only Receivables which meet the Eligibility Criteria, described in detail in the section headed "*The Portfolio*".

Undertakings

The Master Receivables Purchase Agreement contains a number of undertakings by Locat in respect of its activities relating to the Receivables. Locat has undertaken, *inter alia*, to refrain from carrying out activities with respect to the Receivables which may prejudice the validity or recoverability of any Receivable or adversely affect the benefit which the Issuer may derive from the Receivables and in particular not to assign or transfer the Receivables to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Receivables. Locat has also undertaken not to modify or cancel any term or condition of the Lease Contracts or any document to which it is a party relating to the Receivables which may prejudice the Issuer's rights to the Receivables, save in the event such modifications or cancellations are provided by the Transaction Documents or required by law.

Conditions for purchase of Subsequent Portfolios

Under the Master Receivables Purchase Agreement, the Issuer shall purchase Subsequent Portfolios during the Revolving Period only subject to the conditions set out in the Master Receivables Purchase Agreement and described in detail in the section headed "*The Portfolio*".

Purchase Termination Events

In the event that a Purchase Termination Event occurs, the Representative of the Noteholders shall serve a Purchase Termination Notice on the Issuer and Locat. After the service of a Purchase Termination Notice by the Representative of the Noteholders,

the Issuer shall refrain from purchasing any further Subsequent Portfolios under the Master Receivables Purchase Agreement and the Issuer Available Funds shall be applied in accordance with the Priority of Payments during the Amortisation Period.

Renegotiation and repurchase

Under the terms of the Master Receivables Purchase Agreement, Locat shall have the right to re-negotiate certain terms of the Lease Contracts and, specifically, in order to amend (i) the indexation of the Lease Contracts and (ii) the amortisation plans (including extensions to the repayment period, which may not in any case exceed the Interest Payment Date which falls five years before the Final Maturity Date). Locat has undertaken to indemnify the Issuer for any damages, costs and expenses that may be sustained by the Issuer as a consequence of any such renegotiation.

As an alternative to the re-negotiation, Locat will have the option to purchase the Receivables to which the request for re-negotiation refers.

Law and jurisdiction

The Master Receivables Purchase Agreement will be governed by and construed in accordance with Italian law.

2. **Warranty and Indemnity Agreement**

Introduction

Locat and the Issuer entered into the Warranty and Indemnity Agreement on 14 October 2005 in which Locat has made certain representations and warranties to the Issuer. Furthermore, Locat has agreed to indemnify the Issuer, in certain circumstances specified therein, in connection with these representations and warranties to the extent set out therein.

Representations and warranties as to matters affecting Locat

The Warranty and Indemnity Agreement contains representations and warranties given by Locat as to matters of law and fact affecting Locat including, without limitation, that Locat validly exists as a legal entity, has the corporate authority and power to enter into the Transaction Documents to which it is party and assumes the obligations contemplated therein and has all the necessary authorisations therefor.

In relation to the Receivables

The Warranty and Indemnity Agreement sets out standard representations and warranties in respect of the Receivables including, *inter alia*, that, as of the date of execution of the Warranty and Indemnity Agreement, the Receivables comprised in the Initial Portfolio (i) are valid, in existence and in compliance with the Eligibility Criteria and (ii) relate to Lease Contracts which have been entered into, executed and performed by Locat in compliance with all applicable laws, rules and regulations (including the Usury Law).

Locat has undertaken to repeat the representations described above with respect to the Initial Portfolio, on the Issue Date, and with respect to each Subsequent Portfolio, on each Selection Date and on each relevant Settlement Date or Interest Payment Date.

Pursuant to the Warranty and Indemnity Agreement, Locat has agreed to indemnify and hold harmless the Issuer, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, (a) any representations and/or warranties made by Locat under the Warranty and Indemnity Agreement, being false, incomplete or incorrect; (b) the failure by Locat to comply with any of its obligations under the Transaction Documents; (c) any amount of any Receivable not being collected as a result of the proper and legal exercise of any right of set-off against Locat by any Lessee and/or the insolvency receiver of any Lessee; (d) the failure of the terms and conditions of any Lease Contract on the Selection Date to comply with the provision of article 1283 of the Italian civil code; or (e) the failure to comply with the provisions of the Usury Law in respect of any interest accrued under any Lease Contract up to the relevant Valuation Date.

In addition, under the Warranty and Indemnity Agreement, Locat has agreed to indemnify and hold harmless the Issuer against any damages, losses, claims, costs and expenses occurring as a consequence of the early termination of any Lease Contract by the relevant Lessee and has therefore agreed to transfer to the Issuer any amounts received from the sale of the relevant Asset.

Law and jurisdiction

The Warranty and Indemnity Agreement will be governed by and construed in accordance with Italian law.

3. The Servicing Agreement

Introduction

Pursuant to the Servicing Agreement entered into on 14 October 2005, the Issuer has appointed Locat as Servicer of the Receivables. The Servicer shall be responsible for servicing, collecting and administering the Receivables and the related Lease Contracts. The Servicer will apply to the Receivables the same procedures it uses for its own assets in its credit and collection policies.

Administration of payments

Under the Servicing Agreement, the Servicer shall credit to the Collection Account all the Collections received in respect of each Collection Period within the second Business Day following the date of the relevant collection of such amounts until the occurrence of a Downgrading.

If Locat is assigned a short term rating lower than "A-3" by S&P and "P-1" by Moody's, Locat shall, within twenty days of such downgrading, procure that any

payments made by the Lessees through "RID" direct debit system, are credited to the Collection Account.

Save as stated in the preceding paragraph, in case of a Downgrading of Locat, Locat shall: (i) advance to the Issuer any sums to be received by the Issuer in relation to the Receivables during the relevant Collection Period (plus a sum equal to the higher of 5% of such sums or an amount equal to 200% of the average early payments received during the three month period preceding such Downgrading, as an advance for any early payments to be received during such Collection Period in relation to such Receivables), or (ii) provide to the Issuer a letter of credit (which is satisfactory to S&P) for an equivalent amount, to be issued by an Eligible Institution and, where requested by the Representative of the Noteholders, transfer on a daily basis into the Collection Account all the amounts received in respect of Instalments or any other amounts whatsoever received in respect of the Receivables, or (iii) credit into the Collection Account, any sums received by the Lessees through the "RID" direct debit system.

Furthermore, during any period when UniCredit Banca d'Impresa S.p.A. is not an Eligible Institution if (i) the short term rating of UniCredito falls below P-1 from Moody's or (ii) UniCredito does not hold a 100% interest in UniCredit Banca d'Impresa S.p.A., the Servicer shall credit the Collections to an account held with an Eligible Institution. In any period in which the short term rating of UniCredito and UniCredit Banca d'Impresa S.p.A. from S&P is equal to A-1 from S&P, if the aggregate amount deposited with such institutions (including amounts invested in Eligible Investments with such institutions) is higher than 20% (twenty per cent) of the aggregate Principal Amount Outstanding of the Rated Notes, the Servicer shall credit any amounts exceeding such 20% to an account held with an Eligible Institution (unless the Rating Agencies otherwise agree).

Undertakings

Under the Servicing Agreement, the Servicer will undertake, *inter alia*, to (i) provide a monthly detailed report with respect to each Collection Period on the Collections and Agreed Prepayments, (ii) provide a quarterly detailed report with respect to each Quarterly Collection Period on the Receivables, Collections, delinquencies, defaults and cash-flows, (iii) provide monthly and quarterly computer disks or tapes containing information on the Receivables contained in the reports described under (i) and (ii) above, and (iv) not amend or otherwise modify the Collection Policy or its corporate activity so to prejudice in any way the Issuer's rights to the Receivables except as required by law or otherwise expressly permitted thereunder.

Pursuant to the terms of the Lease Contracts, Locat shall adjust periodically the Index Rate applicable to the Instalments under the Lease Contracts. By operation of this adjustment it may become evident that the Lessees have paid less or more in amount of interest in relation to the Receivables compared to those actually due. Accordingly, the situation may arise by which some of the interest overpayments made by the Lessees have been already remitted by the Servicer to the Issuer. Under the Servicing

Agreement Locat has agreed to advance such amounts to the Lessees on behalf of the Issuer.

The Servicing Fee

In return for the services provided by the Servicer, the Issuer will pay to the Servicer the following fees (the "**Servicing Fee**"): (i) in relation to the management and collection of performing leases, an amount equal to 0.045% (plus VAT, if any) of the aggregate Collections received during the preceding Quarterly Collection Period; and (ii) in relation to the recovery and enforcement activities carried out in any Quarterly Collection Period, an amount equal to 0.005% (plus VAT, if any) calculated in respect of the amounts recovered under any Defaulted Receivables, Defaulting Receivables or Delinquent Receivables during the preceding Quarterly Collection Period. The Servicing Fee is intended to compensate the Servicer for performing the functions of a third party Servicer of the Receivables, including collecting, posting and payments, responding to enquiries of obligors on the Receivables, investigating delinquencies, sending payment coupons to obligors, reporting tax information to obligors, paying costs of collections and policing the collateral. The Servicing Fee will also compensate the Servicer for its services as the Receivable pool administrator, including accounting of Collections, providing monthly statements to the Issuer with respect to distributions and related matters.

Servicer Termination Events

The following are Servicer Termination Events under the Servicing Agreement:

- (i) failure on the part of the Servicer to deposit or pay any amount required to be paid or deposited, which failure continues unremedied for 5 (five) Business Days after the due date thereof;
- (ii) failure on the part of the Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement and the other transaction documents to which it is a party, and the continuation of such failure for a period of 7 (seven) Business Days following receipt by the Servicer of written notice from the Representative of the Noteholders stating that such default is, in its opinion, materially prejudicial to the interests of the Noteholders;
- (iii) certain bankruptcy events with respect to the Servicer;
- (iv) winding-up of the Servicer; and
- (v) it becomes unlawful for the Servicer to perform or comply with any of its obligations under the Servicing Agreement or the other Transaction Documents to which it is a party.

Following the occurrence of a Servicer Termination Event, the termination shall be notified by notice of termination to be sent in advance to the Servicer, the

Representative of the Noteholders and the Rating Agencies, in writing and shall be effective from the termination date specified therein; it being agreed that until a replacement is appointed the Servicer shall continue to fulfil its duties.

Thereafter, the Issuer shall appoint a Subsequent Servicer which must be an entity that satisfies all the requirements provided by article 9.3.1 of the Servicing Agreement.

The appointment of the Subsequent Servicer shall be carried out by the Issuer upon the approval by the Representative of the Noteholders of the proposed entity.

Law and jurisdiction

The Servicing Agreement will be governed by and construed in accordance with Italian law.

4. The Cash Allocation, Management and Payment Agreement

The Issuer, the Principal Paying Agent, the Irish Paying Agent, the Computation Agent, the Cash Manager, the Custodian Bank and the Account Bank will enter into the Cash Allocation, Management and Payment Agreement on 15 November 2005.

Under the terms of the Cash Allocation, Management and Payment Agreement:

- (i) the Account Bank agrees to establish and maintain the Payments Account, the Collection Account, the Debt Service Reserve Account and the Adjustment Reserve Account in the name of the Issuer and in the interest of the Representative of the Noteholders acting on behalf of the Noteholders and to provide the Issuer with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of the such Accounts;
- (ii) the Custodian Bank agrees to establish and maintain the Securities Account in the name of the Issuer and in the interest of the Representative of the Noteholders acting on behalf of the Noteholders and to provide the Issuer with certain account handling services in relation to the bonds, debentures or other notes and financial instruments standing to the credit of the Securities Account;
- (iii) the Computation Agent agrees to provide the Issuer with certain reporting services in relation to monies standing to the credit of the Accounts;
- (iv) the Cash Manager agrees to provide the Issuer with certain cash management services in relation to the funds standing to the credit of the Cash Accounts;
- (v) the Principal Paying Agent agrees to provide the Issuer with certain payment services together with certain calculation services in relation to the Notes; and
- (vi) the Irish Paying Agent agrees to provide the Issuer with certain agency services in relation to the Rated Notes.

The Cash Accounts held with the Account Bank and the Securities Account held with the Custodian Bank have been opened in the name of the Issuer and are operated respectively by the Account Bank and the Custodian Bank, and the amounts standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

At the date of this document the combined annual fees, excluding expenses and costs and extraordinary fees of the Account Bank, the Custodian Bank, the Computation Agent, the Cash Manager, the Principal Paying Agent, the Irish Paying Agent and the Representative of Noteholders are approximately Euro 33,000 (plus VAT, if any). This fee estimate does not take account of any future fee reviews. The details of the above fees are set out in separate fee letters which will be available for inspection upon request at the offices of the Issuer or of the Representative of the Noteholders.

Law and jurisdiction

The Cash Allocation, Management and Payment Agreement will be governed by and construed in accordance with Italian law.

5. The Rated Notes Subscription Agreement

Introduction

Pursuant to the Rated Notes Subscription Agreement, the Managers agree to subscribe for the Rated Notes and pay the Issuer the relevant Issue Price on the Issue Date, subject to the conditions set out therein.

Terms of Appointment of the Representative of the Noteholders

Under the terms of the Rated Notes Subscription Agreement, the Managers appoint Securitisation Services S.p.A. as the Representative of the Noteholders for the period commencing on the Issue Date and ending (subject to early termination of its appointment as discussed below) on the date on which all of the Rated Notes have been cancelled or redeemed in accordance with the Rated Notes Conditions.

The Issuer agrees to indemnify the Representative of the Noteholders for costs, liabilities, charges, expenses and claims properly incurred by or made against the Representative of the Noteholders or its delegates, except insofar as the same are incurred because of the fraud, gross negligence or wilful misconduct of the Representative of the Noteholders.

In accordance with the Rules of the Organisation of the Noteholders, the terms on which the Representative of the Noteholders is appointed contain provisions which relieve the Representative of the Noteholders from certain responsibilities. In particular, the Representative is not required to supervise or monitor the performance of any of the parties to the Transaction Documents of their respective obligations thereunder, to investigate the validity or effectiveness of any of the Transaction

Documents, to take any steps to investigate whether a Trigger Event has occurred or to maintain the rating given by the Rating Agencies to the Rated Notes.

In accordance with the Rules of the Organisation of the Noteholders, the Representative of the Noteholders has certain powers and discretions. In particular, the Representative of the Noteholders, subject to being indemnified to its satisfaction, may make amendments to any of the Transaction Documents to correct a manifest error, or which are of a formal, minor or technical nature or which are not prejudicial to the interest of the Most Senior Class of Notes or to facilitate further securitisations and may certify whether or not a Trigger Event is in its opinion materially prejudicial to the interests of the Noteholders (which certificate will be conclusive and binding upon the Issuer, the Noteholders and the Other Issuer Creditors).

The Noteholders have the power, exercisable by Extraordinary Resolution of the holders of the Most Senior Class of Notes, to remove the Representative of the Noteholders for the time being, but any such removal will not be effective until the Noteholders have appointed a new representative of the Noteholders by Extraordinary Resolution.

The Representative of the Noteholders may retire by giving three calendar months' written notice to the Issuer and the Noteholders but any such retirement will not become effective until a new representative of the Noteholders has been appointed.

Law and jurisdiction

The Rated Notes Subscription Agreement will be governed by and construed in accordance with Italian law.

6. The Junior Notes Subscription Agreement

Pursuant to the Junior Notes Subscription Agreement, Locat agrees to subscribe for the Junior Notes and pay the Issuer the relevant Issue Price on the Issue Date, subject to the conditions set out therein.

Under the terms of the Junior Notes Subscription Agreement, Locat appoints Securitisation Services S.p.A. as the Representative of the Noteholders for the period commencing on the Issue Date and ending (subject to early termination of its appointment as discussed below) on the date on which all of the Junior Notes have been cancelled or redeemed in accordance with the Junior Notes Conditions.

Law and jurisdiction

The Junior Notes Subscription Agreement will be governed by and construed in accordance with Italian law.

7. The Intercreditor Agreement

Pursuant to the Intercreditor Agreement between, *inter alia*, the Issuer, Locat, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders

and in its capacity as trustee under the Deed of Charge), the Computation Agent, the Cash Manager, the Account Bank, the Custodian Bank, the Principal Paying Agent, the Irish Paying Agent, the Hedging Counterparty and the Corporate Servicer, provision will be made as to the application of the proceeds from collections in respect of the Portfolio and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio.

In the Intercreditor Agreement the Other Issuer Creditors agree, *inter alia*, to the order of Priority of Payments to be made out of the Issuer Available Funds. The obligations owed by the Issuer to the Noteholders and, in general to the Other Issuer Creditors will be limited recourse obligations of the Issuer. The Noteholders will have a claim against the Issuer only to the extent of the Issuer Available Funds in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

Under the terms of the Intercreditor Agreement, the Issuer undertakes, upon the occurrence of a Trigger Event, to comply with all directions of the Representative of the Noteholders, acting pursuant to the Conditions, in relation to the management and administration of the Portfolio.

Law and jurisdiction

The Intercreditor Agreement will be governed by and construed in accordance with Italian law.

8. The Corporate Services Agreement

Under the Corporate Services Agreement, the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer.

These services include the safekeeping of documentation pertaining to meetings of the Issuer's quotaholders, noteholders and directors, maintaining the quotaholder's register, preparing VAT and other tax and accounting records, preparing the Issuer's annual balance sheet, administering all matters relating to the taxation of the Issuer.

Termination and reappointment procedures

Under the Corporate Services Agreement, if an order is made or an effective resolution is passed for the winding up, non-voluntary liquidation or dissolution in any form of the Corporate Servicer or upon the occurrence of certain bankruptcy events with respect to the Corporate Servicer, the Issuer may terminate the appointment of the Corporate Servicer and, with the prior consent of the Representative of the Noteholders, may appoint a substitute Corporate Servicer.

Law and Jurisdiction

The Corporate Services Agreement will be governed by and construed in accordance with Italian law.

9. The Hedging Agreement

Under the terms of the Hedging Agreement, the Hedging Counterparty will provide protection to the Issuer by entering into interest rate swap agreements with the Issuer. The Hedging Agreement mitigates certain interest rate risks borne by the Issuer in respect of its obligations under the Notes.

The Hedging Agreement will terminate on the Final Maturity Date of the Notes unless terminated earlier in accordance with the its terms.

The Hedging Agreement contains the Hedging Agreement Termination Events, which will entitle either or both parties, as the case may be, to terminate the Hedging Agreement.

If the rating of the Hedging Counterparty falls below certain ratings, the Hedging Counterparty will be required within 30 days of the occurrence of such event either (a) to arrange for a replacement counterparty with an appropriate rating to enter into a substantially identical Hedging Agreement or (b) to arrange for an appropriately rated entity to guarantee the Hedging Counterparty's obligations under the Hedging Agreement or (c) to arrange for an appropriately rated entity to become jointly and severally liable for the obligations of the Hedging Counterparty under the Hedging Agreement or (d) to execute and deliver collateral to the Issuer or (e) to take such other action agreed with the Rating Agencies to maintain the then current rating of the Rated Notes.

If the rating of the Hedging Counterparty falls below BBB-/A3 by S&P, then the Hedging Counterparty shall be required to take the action set out in item (a), (b) or (c) above immediately and if it has already delivered collateral as described in (d) in the previous paragraph, it shall increase the amount of the collateral delivered to an amount specified by S&P until it takes the action described in (a), (b) or (c) above.

If the rating of the Hedging Counterparty falls below A3/P-1 by Moody's, then the Hedging Counterparty shall be required to take the action set out in item (a), (b), (c) or (e) above within 30 days and pending such action, it shall deposit collateral in an amount specified by Moody's until it takes the action described in (a), (b), (c) or (e) above.

Law and jurisdiction

The Hedging Agreement will be governed by and construed in accordance with English law.

10. **The Deed of Pledge**

On 15 November 2005, the Issuer will execute the Deed of Pledge under which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation Law securing the discharge of the Issuer's obligations towards the Noteholders, the Issuer will irrevocably undertake to pledge in favour of the Noteholders and the Other Issuer Creditors by way of pledge under Italian law, all monetary claims and rights and all the amounts (including payment for claims,

indemnities, damages, penalties, credits and guarantees) to which the Issuer is or will be entitled to from time to time pursuant to the Transaction Documents, including the Hedging Agreement, with the exclusion of the Receivables and conditional on the service of a Trigger Notice. The Issuer will also undertake to pledge any Eligible Investments.

Law and jurisdiction

The Deed of Pledge will be governed by and construed in accordance with Italian law.

11. **The Deed of Charge**

On 15 November 2005, the Issuer will execute the Deed of Charge under which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation Law and the Deed of Pledge securing the discharge of the Issuer's obligations to the Noteholders and the Other Issuer Creditors, the Issuer will irrevocably charge in favour of the Representative of the Noteholders as trustee for the Noteholders and the Other Issuer Creditors by way of an English law charge and subject to the Deed of Pledge, certain rights to which the Issuer is or will be entitled to from time to time pursuant to the Hedging Agreement.

Law and jurisdiction

The Deed of Charge will be governed by and construed in accordance with English law.

12. **The Mandate Agreement**

On 15 November 2005, the Issuer and the Representative of the Noteholders will execute the Mandate Agreement under which, subject to, *inter alia*, a Trigger Notice being served upon the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents, the Representative of the Noteholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which the Issuer is a party.

Law and jurisdiction

The Mandate Agreement will be governed by and construed in accordance with Italian law.

13. **The Letter of Undertaking**

On 15 November 2005, the Issuer, the Originator and the Representative of the Noteholders will execute the Letter of Undertaking whereby the Originator has undertaken to indemnify the Issuer from, or make available to the Issuer the monies required to pay, certain regulatory and tax costs and other costs and liabilities incurred by the Issuer.

Law and jurisdiction

The Letter of Undertaking will be governed by and construed in accordance with Italian law.

14. **The Quotaholder Agreement**

On 15 November 2005, the Issuer, Locat, the Quotaholder and the Representative of the Noteholders will enter into the Quotaholder Agreement.

Pursuant to the Quotaholder Agreement, the Quotaholder gives certain undertakings to the Representative of the Noteholders in relation to the management of the Issuer and the exercise of its rights as Quotaholder of the Issuer. The Quotaholder also agrees not to dispose of, or charge or pledge, its quotas in the Issuer without the prior written consent of the Representative of the Noteholders.

Law and jurisdiction

The Quotaholder Agreement will be governed by and shall be construed in accordance with Italian law.

ACCOUNTS

The Issuer shall at all times maintain the following deposit accounts:

- (i) a Euro denominated Eligible Account, the "**Collection Account**", which will be held at the Account Bank or any other Eligible Institution for the deposit of all amounts under the Receivables received or recovered by the Servicer from the Lessees during the preceding Collection Period and the Quarterly Collection Period pursuant to the Servicing Agreement;
- (ii) a Euro denominated Eligible Account, the "**Payments Account**", which will be held at the Account Bank or any other Eligible Institution, for the deposit of all amounts received by the Issuer from any party to a Transaction Document to which the Issuer is a party other than the Collections;
- (iii) a Euro denominated Eligible Account, the "**Debt Service Reserve Account**", which will be held at the Account Bank or any other Eligible Institution for the deposit of the Debt Service Reserve Amount;
- (iv) a Euro denominated Eligible Account, the "**Adjustment Reserve Account**", which will be held at the Account Bank or any other Eligible Institution for the deposit of the Net Adjustment Reserve Amount (if any);

together, the "**Cash Accounts**"; and

- (i) a Euro denominated account, the "**Expense Account**", which will be held at UniCredit Banca d'Impresa S.p.A. for the deposit of the Retention Amount on each Interest Payment Date in accordance with the Priority of Payments;
- (ii) a securities account, the "**Securities Account**", which will be held at the Custodian Bank for the deposit of the bonds, debentures or other notes and financial instruments purchased with the monies standing to the credit of the Cash Accounts;
- (iii) a Euro denominated account, the "**Quota Capital Account**", which is held at Banca Antoniana Popolare Veneta, for the deposit of the quota capital of the Issuer.

together with the Cash Accounts, the "**Accounts**".

Except for the Accounts, the accounts opened for the posting of collateral by the Hedging Counterparty under the Hedging Agreement and any other accounts to be opened in connection with any further securitisation, the Issuer will not open or maintain a bank account with any person without the written consent of the Representative of the Noteholders.

EXPECTED WEIGHTED AVERAGE LIFE OF THE RATED NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investors of amounts distributed in net reduction of principal of such security (assuming no losses). The weighted average life of the Rated Notes will be influenced by, *inter alia*, the actual rate of collection of the Receivables.

Calculations as to the weighted average life and the expected maturity of the Rated Notes can be made on the basis of certain assumptions, including the rate at which the Receivables are prepaid, the amount of the Defaulted Receivables, the Defaulting Receivables and the Delinquent Receivables and whether the Issuer exercises its option for an early redemption of the Rated Notes.

The table below sets out the weighted average life of the Rated Notes in the event that redemption pursuant to Condition 6.2 (*Optional Redemption*) occur and has been prepared based on the characteristics of the Receivables to be included in the Initial Portfolio and on the following additional assumptions (the "**Modelling Assumptions**"):

- (i) no Trigger Event occurs in respect to the Rated Notes;
- (ii) all Instalments are duly paid on their relevant Scheduled Instalment Date;
- (iii) no Receivables are fully prepaid before the relevant Scheduled Instalment Date;
- (iv) the Amortisation Period commences following the Interest Payment Date falling in June 2007;
- (v) interest rates related to the Receivables are stable in respect of their current levels;
- (vi) there is no breach of the relevant obligations by the parties of the Transaction Documents;
- (vii) repayments of principal under the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes occur sequentially in accordance with the Priority of Payments.

The actual characteristics and performance of the Receivables are likely to differ from the assumptions used in constructing the table set forth below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash flows might behave. Any difference between such assumptions in respect of (i) the movement of interest rates and (ii) the actual characteristics and performance of the Receivables will cause the weighted average life and the expected maturity of the Notes to differ (which difference could be material) from the corresponding information in the following table.

Class

Weighted average life

Class A1 Notes	1.80 years
Class A2 Notes	4.10 years
Class B Notes	7.33 years
Class C Notes	7.33 years

RATED NOTES CONDITIONS

The following is the text of the terms and conditions of the Rated Notes. In these Rated Notes Conditions, references to the "holder" of a Rated Note or to the " Rated Noteholders" are to the ultimate owners of the Rated Notes issued in dematerialised form and evidenced as, and transferable by means of, book entries with Monte Titoli in accordance with the provisions of (i) article 28 of Legislative Decree No. 213 and (ii) CONSOB Resolution No. 11768 of 23 December 1998, as subsequently amended and supplemented.

The Class A1 € 451,000,000 Asset Backed Floating Rate Notes due 2026, ISIN Code IT0003951107, the Class A2 € 1,349,000,000 Asset Backed Floating Rate Notes due 2026, ISIN Code IT0003951115, the Class B € 160,000,000 Asset Backed Floating Rate Notes due 2026, ISIN Code IT0003951123 and the Class C € 33,000,000 Asset Backed Floating Rate Notes due 2026, ISIN Code IT0003951131 and the Class D € 7,000,136 Asset Backed Variable Return Notes due 2026, ISIN Code IT0003951149 have been issued by Locat Securitisation Vehicle 3 S.r.l. on the Issue Date pursuant to the Securitisation Law, to finance the purchase from time to time of lease receivables arising out of Lease Contracts between Locat, as lessor, and the Lessees.

References herein to any agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, modified, supplemented, verified, restated or novated (in whole or in part) from time to time and to agreements, deeds or documents executed pursuant thereto.

Any person defined as an Other Issuer Creditor shall be construed so as to include its and any subsequent successors and permitted transferees in accordance with their respective interests. A "*successor*" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction or incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

The principal source of payment of interest and principal on the Notes will be collections and other amounts received in respect of the Initial Portfolio arising out of Lease Contracts purchased by the Issuer from Locat pursuant to the Master Receivables Purchase Agreement. During the Revolving Period the Issuer will use principal collections received from the Initial Portfolio and from any Subsequent Portfolio to purchase Subsequent Portfolios of Receivables from Locat.

The Receivables and any sum collected therefrom will be segregated from all other assets of the Issuer by operation of article 3 of the Securitisation Law and amounts deriving therefrom will, pursuant to the Intercreditor Agreement, be available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to pay costs, fees or expenses due to the Issuer's creditors under the Transaction Documents and to pay any other creditor of the Issuer in respect of costs, fees or expenses of the Issuer to such

other creditor in relation to the Securitisation. Amounts derived from the Receivables will not be available to any other creditor of the Issuer.

By the Rated Notes Subscription Agreement, the Managers agree to subscribe for the Rated Notes and pay the Issuer the Issue Price for the Rated Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Rated Notes Subscription Agreement, the Managers appointed Securitisation Services S.p.A. as Representative of the Noteholders to perform the activities described in the Rated Notes Subscription Agreement, in these Conditions, in the Intercreditor Agreement, in the Rules of the Organisation of the Noteholders and in the other Transaction Documents and Securitisation Services S.p.A. accepted such appointment for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Notes have been cancelled or redeemed in accordance with these Conditions.

By the Junior Notes Subscription Agreement, Locat agrees to subscribe for the Junior Notes and pay to the Issuer the Issue Price for the Junior Notes on the Issue Date, subject to the conditions set out therein. Under the terms of the Junior Notes Subscription Agreement, Locat appoints Securitisation Services S.p.A. as Representative of the Noteholders to perform the activities described in the Junior Notes Subscription Agreement, in the Conditions, in the Intercreditor Agreement, in the Rules of the Organisation of the Noteholders and in the other Transaction Documents and Securitisation Services S.p.A. accepts such appointment for the period commencing on the Issue Date and ending (subject to early termination of its appointment) on the date on which all of the Notes have been cancelled or redeemed in accordance with the Conditions.

By the Servicing Agreement, the Issuer has appointed Locat to service and administer the Receivables on its behalf.

By the Warranty and Indemnity Agreement, Locat has made certain representations and warranties to the Issuer in relation to, *inter alia*, the Receivables and has agreed to indemnify it in respect of certain liabilities which the latter may incur as a result of the breach of such representations and warranties.

Pursuant to the Hedging Agreement, the Hedging Counterparty agrees to hedge the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Rated Notes.

By the Cash Allocation, Management and Payment Agreement, the Computation Agent, the Principal Paying Agent, the Custodian Bank, the Account Bank, the Cash Manager and the Irish Paying Agent agree to provide the Issuer with certain calculation, notification, reporting and agency services together with account handling and cash management services in relation to monies or securities from time to time standing to the credit of the Cash Accounts. The Cash Allocation, Management and Payment Agreement also contains provisions for, *inter alia*, the payment of principal and interest in respect of the Notes.

By a Corporate Services Agreement, the Corporate Servicer has agreed to provide the Issuer with certain corporate administrative services.

Pursuant to the Intercreditor Agreement, provision will be made as to the application of the proceeds from collections in respect of the Receivables and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Receivables. The Representative of the Noteholders shall have the exclusive right under the Intercreditor Agreement to make demands, give notices, to exercise or refrain from exercising any rights and to take or refrain from taking any action in accordance with the Intercreditor Agreement.

By the Mandate Agreement, the Representative of the Noteholders shall, subject to a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction Documents, be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which it is a party.

By the Italian law Deed of Pledge, the Issuer pledges, in favour of the Noteholders and the Other Issuer Creditors, all monetary claims and rights and all the amounts payable from time to time (including payment for claims, indemnities, damages, penalties, credits and guaranties) to which it is entitled pursuant or in relation to certain Transaction Documents to which the Issuer is a party.

By the English law Deed of Charge, the Issuer charges, in favour of the Representative of the Noteholders as trustee for the Noteholders and the Other Issuer Creditors, all of the right, title, benefit and interest, present and future of the Issuer, pursuant or in relation to the Hedging Agreement.

By the Monte Titoli Mandate Agreement, Monte Titoli agrees to provide the Issuer with certain depository and administration services in relation to the Notes.

By the Quotaholder Agreement, certain rules will be set forth in relation to the corporate management of the Issuer.

By the Letter of Undertaking, the Originator undertakes to indemnify the Issuer with respect to certain regulatory and tax costs and other costs and liabilities incurred by the Issuer.

By the Master Definitions Agreement, the definitions of certain terms used in the Transaction Documents are set forth.

These Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents. Copies of the Transaction Documents will be available for inspection during normal business hours at the registered office of the Issuer, at the registered office of the Representative of the Noteholders, being as at the Issue Date, Via Vittorio Alfieri, 1, 31015 Conegliano (TV) - Italy, and at the specified office of the Irish Paying Agent, being as at the Issue Date, JP Morgan House, International Financial Services Centre, Dublin 1 - Republic of Ireland.

The rights and powers of the Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders, which are deemed to form part of these Conditions.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

Each Rated Noteholder, by reason of holding the Rated Notes:

- (a) recognises the Representative of the Noteholders as its representative and agrees to be bound by the terms of the Transaction Documents signed by the Representative of the Noteholders as if such Noteholder was a signatory thereto, and
- (b) acknowledges and accepts that the Managers shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Noteholders as a result of the performance of the Representative of the Noteholders under the Transaction Documents.

In these Conditions the following expressions shall, except where the context otherwise requires and save where defined therein, have the following meanings:

Account Bank: means BNP Paribas - Italian Branch and its permitted successors and assigns acting as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

Accrued Interest: means as of any relevant date the accrued portion of the interest part of the next Instalment due (including any accrued portion of the relevant Adjustment) under the Lease Contracts.

Adjustment: means the sums due to or owed by each Lessee, as the case may be, as a result of the adjustment of the Index Rate applicable from time to time to the Instalments pursuant to the terms of the Lease Contracts.

Adjustment Reserve Account: means the Euro denominated Eligible Account, which will be held at the Account Bank or any other Eligible Institution, for the deposit of the Net Adjustment Reserve Amount (if any).

Agreed Prepayment: means any payment of principal howsoever made by or on behalf of a Lessee in respect of the Receivables prior to the relevant due date for payment thereof, as specified in the relevant Lease Contract.

Amortisation Period: means the period (a) commencing on the Interest Payment Date falling in June 2007 (included) and (b) ending on the earlier of (i) the Final Maturity Date and (ii) the date on which the Notes are redeemed in full.

Asset: means any Motor Vehicle, Equipment or Real Estate Asset which is leased under any Lease Contract.

Available Redemption Funds: means in respect of any Interest Payment Date and Settlement Date or, after the service of a Trigger Notice following the occurrence of a Trigger Event, any date on which the Available Redemption Funds are calculated:

- (i) during the Amortisation Period, the Issuer Principal Available Funds; and

- (ii) after the service of a Trigger Notice, the aggregate of (a) the Issuer Principal Available Funds and (b) any remaining Issuer Interest Available Funds after all the payments described under items *First* to *Fifth* (inclusive) or under items *First* to *Seventh* (inclusive) or under items *First* to *Ninth* (inclusive) as the case may be, of the Priority of Payments under Condition 4.3.1 have been made in full;

together with, in the case of item (ii) above, proceeds from the redemption of Eligible Investments, to the extent that any Available Redemption Funds have been applied in investing in Eligible Investments other than interest accrued on the Eligible Investments which shall be a part of the Issuer Interest Available Funds.

Average Collateral Portfolio Outstanding Amount: means with respect to a Quarterly Collection Period an amount equal to the sum of (i) the Collateral Portfolio Outstanding Amount as at the beginning of such Quarterly Collection Period (including the relevant Subsequent Portfolio purchased on the preceding Interest Payment Date); and (ii) the Collateral Portfolio Outstanding Amount as at the end of such Quarterly Collection Period, divided by 2.

Average Pool Outstanding Amount: means with respect to a Quarterly Collection Period, an amount equal to the sum of: (i) the Pool Outstanding Amount at the beginning of such Quarterly Collection Period (including the relevant Subsequent Portfolio of such Pool purchased on the preceding Interest Payment Date); and (ii) the Pool Outstanding Amount at the end of such Quarterly Collection Period, divided by 2.

Banking Act: means Italian Legislative Decree No. 385 of 1 September 1993, as the same may be amended, modified or supplemented from time to time.

Billed Residual Amounts: means (i) any VAT amount relating to the Instalments, (ii) the insurance premiums payable by the Lessees under the Insurance Policies, (iii) any payments in relation to the additional services provided to the Lessees in accordance with the relevant Lease Contracts and (vi) other expenses relating to the Collections.

Billed Residual Collected Amounts: means the Billed Residual Amounts accrued and paid during any relevant Collection Period by each Lessee, to the extent not already paid to Locat as Billed Residual Uncollected Amounts under the same Lease Contract.

Billed Residual Uncollected Amounts: means (i) the Billed Residual Amount accrued but not paid during any relevant Quarterly Collection Period by each Lessee; and (ii) the Billed Residual Amounts accrued but not paid to Locat on the preceding Interest Payment Dates.

BNP Paribas: means a company incorporated under the laws of the Republic of France whose registered office is at 16 Boulevard des Italiens, 75009 Paris - France, acting through its London Branch, having its office in 10 Harewood Avenue NW1 6AA London - United Kingdom.

BNP Paribas Securities Services: means a company organised and incorporated under the laws of the Republic of France as a société anonyme, having its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan Branch, with offices in Via Ansperto,

5, 20123 Milan, Italy, with capital stock of Euro 165.279.835, fiscal code, VAT number and enrolment with the company register of Milan No. 13449250151, registered with the roll of banks held by the Bank of Italy pursuant to article 13 of the Banking Act at No. 5483.

Business Day: means any day on which the Trans-European Automated Real Time Gross Settlement Express Transfer System ("TARGET") (or any successor thereto) is open.

Calculation Date: means the third Business Day prior to each Interest Payment Date.

Cash Accounts: means, together the Collection Account, the Payments Account, the Adjustment Reserve Account and the Debt Service Reserve Account.

Cash Allocation, Management and Payments Agreement: means the Cash Allocation, Management and Payments Agreement to be entered into on 15 November 2005 between the Issuer, the Principal Paying Agent, the Irish Paying Agent, the Cash Manager, the Computation Agent, the Custodian Bank and the Account Bank as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Cash Manager: means BNP Paribas - Italian Branch and its permitted successors and assigns acting as Cash Manager pursuant to the Cash Allocation, Management and Payments Agreement.

Class: shall be a reference to a class of Notes being the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes and "Classes" shall be construed accordingly.

Class A Notes: means collectively the Class A1 Notes and the Class A2 Notes.

Class A1 Noteholder: means the holder of a Class A1 Note and **Class A1 Noteholders** means all of them.

Class A1 Notes: means the € 451,000,000 Class A1 Asset-Backed Floating Rate Notes due 2026.

Class A2 Noteholder: means the holder of a Class A2 Note and **Class A2 Noteholders** means all of them.

Class A2 Notes: means the € 1,349,000,000 Class A2 Asset-Backed Floating Rate Notes due 2026.

Class B Noteholder: means the holder of a Class B Note and **Class B Noteholders** means all of them.

Class B Notes: means the € 160,000,000 Class B Asset-Backed Floating Rate Notes due 2026.

Class C Noteholder: means the holder of a Class C Note and **Class C Noteholders** means all of them.

Class C Notes: means the € 33,000,000 Class C Asset-Backed Floating Rate Notes due 2026.

Class D Additional Remuneration: means the aggregate amount accrued in respect of the preceding three calendar months (or in respect of the first Interest Payment Date, the period from the Valuation Date to the 28th of February 2006 (included)), or the relevant period following the occurrence of a Trigger Event, payable on each Interest Payment Date, (which shall be calculated on each Settlement Date immediately preceding such Interest Payment Date) as the aggregate of:

- (i) the Portfolio Yield accrued as at the end of the immediately preceding Quarterly Collection Period; plus
- (ii) interest accrued and paid on the Collection Account, the Payments Account, the Debt Service Reserve Account and the Adjustment Reserve Account up to such Settlement Date and interest deriving from the Eligible Investments up to such Settlement Date; plus
- (iii) any and all amounts due to be received under the Warranty and Indemnity Agreement; plus
- (iv) any and all amounts due to be received from the Hedging Counterparty on such Interest Payment Date whether or not actually paid; minus
- (v) any and all amounts due to be paid to the Hedging Counterparty on such Interest Payment Date whether or not actually paid; minus
- (vi) as appropriate,
 - (a) during the Revolving Period, any and all amounts under items "First", "Second", "Fifth", "Sixth", "Seventh", "Thirteenth", "Fourteenth" and "Fifteenth" of the Priority of Payments in respect of interest under Condition 4.1.1 (B);
 - (b) during the Amortisation Period, any and all amounts under items "First", "Second", "Fifth", "Sixth", "Seventh", "Fourteenth" and "Fifteenth" of the Priority of Payments in respect of interest under Condition 4.2.1 (B);
 - (c) following a Trigger Notice, any and all amounts under items "First", "Second", "Fifth", "Seventh", "Ninth", "Twelfth" and "Thirteenth" of the Priority of Payments in respect of interest under Condition 4.3.1 and item "Eighth" of the Priority of Payments in respect of principal under Condition 4.3.2; andany and all amounts accrued under such items during the immediately preceding Quarterly Collection Period whether or not actually paid; minus
- (vii) any and all provisions and losses on the Receivables; plus
- (viii) any and all gains on the Receivables.

Class D Base Interest: means Euribor plus a margin of 2% per annum.

Class D Noteholder: means the holders of a Class D Note and "**Class D Noteholders**" means all of them.

Class D Notes: means the € 7,000,136 Class D Asset Backed Variable Return Notes due 2026.

Clearstream: means Clearstream Banking, *société anonyme*.

Co-Lead Manager: means HVB.

Collateral Portfolio: means, on any given date, the aggregate of all Receivables which are not Defaulted Receivables or Defaulting Receivables as at such date.

Collateral Portfolio Outstanding Amount: means the sum of the Outstanding Principal of all Receivables comprised in the Collateral Portfolio.

Collection Account: means the Euro denominated Eligible Account, which will be held at the Account Bank or any other Eligible Institution, for the deposit of all amounts paid in respect of the Receivables pursuant to the Servicing Agreement.

Collection Period: means each period of one month commencing on (and including) a Settlement Date and ending on (and excluding) the next succeeding Settlement Date and in the case of the first Collection Period, commencing on the Valuation Date for the Initial Portfolio and ending on (but excluding) the date falling on the second Business Day of December 2005.

Collection Policy: means Locat's collection policy in respect of the Receivables, attached as Schedule 1 to the Servicing Agreement.

Collections: means all amounts received by the Servicer or any other person in respect of Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person in respect of the Receivables, including Recovery Amounts and Agreed Prepayments.

Computation Agent: means Securitisation Services S.p.A. and its permitted successors and assigns acting as Computation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Conditions: means the Rated Notes Conditions and any reference to a numbered Condition is to the corresponding numbered provision thereof.

CONSOB: means *Commissione Nazionale per le Società e la Borsa*.

Corporate Servicer: means UGC Banca S.p.A. whose registered office is at Piazzetta Monte, 1, 37121 Verona, Italy, and its permitted successors and assigns acting as Corporate Servicer pursuant to the Corporate Services Agreement.

Corporate Services Agreement: means the corporate services agreement entered into on 14 October 2005 between the Issuer and the Corporate Servicer as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Cumulative Default Ratio: means, on the last day of any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) (i) the sum of the Outstanding Principal as at the default date of the Receivables which have become Defaulted Receivables and Defaulting Receivables from the Valuation Date up to the last day of such Quarterly Collection Period minus (ii) the aggregate of the Recovery Amounts received from the Valuation Date up to the last day of such Quarterly Collection Period; by (B) the Outstanding Principal of the Initial Portfolio as at the relevant Valuation Date.

Cumulative Default Ratio Interest Deferral: means, on the last day of any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) (i) the sum of the Outstanding Principal as at the default date of the Receivables which have become Defaulted Receivables and Defaulting Receivables from the Valuation Date up to the last day of such Quarterly Collection Period minus (ii) the aggregate of the Recovery Amounts received from the Valuation Date up to the last day of such Quarterly Collection Period; by (B) the sum of (i) the Initial Portfolio Original Amount and (ii) the Subsequent Portfolio Original Amount in respect of each Subsequent Portfolio transferred to the Issuer from the Valuation Date up to the last day of such Quarterly Collection Period.

Cumulative Default Trigger Ratio: means, with reference to each Quarterly Collection Period, the respective percentages set out in the following table:

<i>Quarterly Collection Period after the Issue Date</i>	<i>Cumulative Default Trigger Ratio</i>
1 st	1.25 %
2 nd	1.30 %
3 rd	1.50 %
4 th	1.60 %
5 th	2.00 %
6 th	2.25 %
7 th and thereafter	2.50 %

Custodian Bank: means BNP Paribas Securities Services, Milan Branch and its permitted successors and assigns acting as Custodian Bank pursuant to the Cash Allocation, Management and Payments Agreement.

Debt Service Reserve Account: means the Euro denominated Eligible Account which will be held at the Account Bank or any other Eligible Institution for the deposit of the Debt Service Reserve Amount.

Debt Service Reserve Amount: means an amount equal to 1,25% of the Principal Amount Outstanding of the Rated Notes.

Debt Service Reserve Released Amount: means in relation to a relevant Calculation Date, an amount equal to the difference, if positive, between (i) all amounts standing to the credit of

the Debt Service Reserve Account at the preceding Interest Payment Date following the allocation of payments in accordance with the Priority of Payments and (ii) 1,25% of the Principal Amount Outstanding of the Rated Notes as at such Calculation Date, provided that on the Interest Payment Date on which all the Rated Notes are expected to be fully redeemed, the Debt Service Reserve Amount can be released.

Decree 239 Deduction: means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree No. 239.

Decree No. 239: Legislative Decree No. 239 of 1 April 1996, as amended and supplemented from time to time, and any related regulations.

Deed of Charge: means the English law deed of charge to be entered into on 15 November 2005 between the Issuer and the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Deed of Pledge: means the Italian law deed of pledge to be entered into on 15 November 2005 between the Issuer, the Custodian Bank and the Noteholders represented by the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Defaulting Instalment: means any Instalment, which remains unpaid by the relevant Lessee for 240 (two hundred forty) days or more after the Scheduled Instalment Date.

Defaulting Party: has the meaning specified in the 2000 ISDA Definitions.

Defaulting Receivables: means any Receivable arising from the Lease Contracts, in respect of which, on the last day of a Quarterly Collection Period, there are one or more Defaulting Instalments and which is not a Defaulted Receivable.

Defaulted Receivables: means any Receivable arising from the Lease Contracts, which has been transferred to the Legal Unit (LU) in accordance with the Collection Policy, and which is not a Defaulting Receivable.

Delinquent Instalment: means any Instalment, which remains unpaid by the relevant Lessee for at least 30 (thirty) days but less than 240 (two hundred forty) days after the Scheduled Instalment Date.

Delinquent Receivables: means a Receivable related to a Lease Contract with respect to which there is one or more Delinquent Instalments and which has not been classified as Defaulted Receivables or Defaulting Receivables.

Eligible Account: means an account held with an Eligible Institution.

Eligible Institution: means any bank with a short term rating for its unsecured, unsubordinated and unguaranteed debt obligations equal to at least P-1 from Moody's and A-1+ from S&P (or equal to A-1 from S&P, only if the aggregate amount available with such

institutions (including amounts invested in Eligible Investments with such institutions) is lower than or equal to 20% (twenty per cent) of the aggregate Principal Amount Outstanding of the Rated Notes) or such other rating acceptable to the Rating Agencies.

Eligible Investment: means such Euro denominated senior (unsubordinated) debt security, bank account, deposit or other debt instruments that (i) provides a fixed principal amount at maturity (such amount not being lower than the initially invested amount) and (ii) is issued, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having at least the following ratings: P-1 from Moody's and A-1+ from S&P, or if the aggregate amount deposited with such institutions (including amounts invested in Eligible Investments with such institutions) is lower than or equal to 20% (twenty per cent) of the aggregate Principal Amount Outstanding of the Rated Notes, A-1 from S&P (or such other rating acceptable to the Rating Agencies) in respect of its unsecured, unsubordinated and unguaranteed debt obligations, with a maturity not exceeding the Eligible Investment Maturity Date.

Eligible Investment Maturity Date: means the third Business Day immediately preceding the relevant Interest Payment Date or the Business Day immediately preceding the relevant Settlement Date, as the case may be, or following the occurrence of a Trigger Event, any such date as directed by the Representative of the Noteholders, provided that in the case of Eligible Investments issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having a rating of A-1 from S&P, the maximum Eligible Investment Maturity Date will be the earlier of (i) the date falling not later than 30 days following the date on which the relevant investment is made and (ii) the immediately succeeding Interest Payment Date or Settlement Date, as the case may be.

Euribor: shall have the meaning ascribed to it in Condition 5.

Euro: means the single currency introduced in the Member States of the European Community which adopted single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, *inter alia*, the Single European Act 1986, the Treaty of European Union of 7 February 1992, establishing the European Union and the European Council of Madrid of 16 December 1995.

Euroclear: means Euroclear Bank S.A./N.V..

Expenses: means any documented fees, costs, expenses and taxes required to be paid to any third party (other than the Other Issuer Creditors) arising in connection with the Securitisation and any other documented costs and expenses required to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation.

Expense Account: means the Euro denominated account, which will be held at UniCredit Banca d'Impresa S.p.A., into which the Retention Amount will be credited and, from which any Expenses will be paid during each Quarterly Collection Period.

Extraordinary Resolution: shall have the meaning ascribed to such term in the Rules of the Organisation of the Noteholders.

Final Maturity Date: means the Interest Payment Date falling in December 2026.

Hedging Agreement: means the two confirmations, to be entered into on 15 November 2005 between the Issuer and the Hedging Counterparty, supplementing and forming part of and being subject to the 1992 ISDA Master Agreement dated as of 15 November 2005, together with the Schedule thereto, each as from time to time modified in accordance with the respective provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Hedging Counterparty: means UniCredito and its permitted successors and assigns pursuant to the Hedging Agreement.

holder: in respect of a Note means the beneficial owner of such Note;

HVB: means Bayerische Hypo und Vereinsbank AG a company organised and incorporated under the laws of the Republic of Germany, with offices at Arabellastrasse 12, D-81925 Munich, Germany.

Index Rate: means for each Receivable the index rate applicable under the applicable variable rate Lease Contract.

Initial Portfolio: means the Receivables which are the subject matter of the first transfer between Locat and the Issuer pursuant to the terms and conditions of the Master Receivables Purchase Agreement.

Initial Portfolio Original Amount: means the Outstanding Principal of the Initial Portfolio as at the relevant Valuation Date.

Insolvency Event: means in respect of any company or corporation that:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*", "*amministrazione straordinaria*" and "*amministrazione controllata*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a "*pignoramento*" or similar procedure having a similar effect (other than in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a

lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

- (c) such company or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2448 of the Italian civil code occurs with respect to such company or corporation; or
- (e) any proceedings equivalent or analogous to those described in paragraphs from (a) to (d) under the law of any jurisdiction in which such company or corporation is incorporated, carrying on business or is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration).

Instalment: means in respect of each Lease Contract under which a Receivable arises, each monetary amount from time to time due by the Lessee.

Insurance Policy: means any contract under which an Asset related to a Lease Contract is insured.

Intercreditor Agreement: means the Intercreditor Agreement to be entered into on 15 November 2005 between the Issuer, Locat, the Representative of the Noteholders (on its own and behalf and as agent for the Noteholders and in its capacity as trustee under the Deed of Charge), the Corporate Servicer, the Computation Agent, the Cash Manager, the Account Bank, the Custodian Bank, the Principal Paying Agent, the Irish Paying Agent and the Hedging Counterparty as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Interest Determination Date: means the date falling two Business Days prior to each Interest Payment Date (save in respect of the Initial Interest Period, where the Rate of Interest in respect of each Class of Notes will be determined two Business Days prior to the Issue Date).

Interest Payment Amount: means the amount determined by the Principal Paying Agent pursuant to Condition 5.3.2.

Interest Payment Date: means (i) prior the service of a Trigger Notice, the twelfth day of March 2006 and, thereafter, the twelfth day of March, June, September and December of each year, or if such date is not a Business Day, the immediately following Business Day; and

(ii) following the service of a Trigger Notice, the twelfth day of each month, or if such date is not a Business Day, the immediately following Business Day.

Interest Period: means each period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date, provided that the first Interest Period (the **Initial Interest Period**) shall begin on (and include) the Issue Date and end on (but exclude) the first Interest Payment Date falling in March 2006.

Irish Paying Agent: means JP Morgan Bank (Ireland) plc, whose registered office is at JP Morgan House, International Financial Services Centre, Dublin 1 - Republic of Ireland, and its permitted successor and assigns acting as Irish Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Issue Date: means 18 November 2005.

Issuer: means Locat Securitisation Vehicle 3 S.r.l., a limited liability company incorporated in the Republic of Italy under the Securitisation Law.

Issuer's Rights: means the Issuer's rights under the Transaction Documents.

Issuer Available Funds: means in respect of any Settlement Date or any Interest Payment Date, as the case may be,:

- (i) during the Revolving Period, the aggregate amount of the Issuer Interest Available Funds and the Issuer Principal Available Funds; and
- (ii) during the Amortisation Period or after the service of a Trigger Notice, the aggregate amount of the Issuer Interest Available Funds and the Available Redemption Funds.

Issuer Interest Available Funds: means in respect of any Settlement Date or Interest Payment Date, as the case may be, the aggregate amounts of:

- (i) all interest amounts relating to the Receivables (excluding the Accrued Interest as at the relevant Valuation Date, which is part of the Purchase Price) paid into the Collection Account pursuant to the terms of the Servicing Agreement;
- (ii) the Billed Residual Collected Amounts;
- (iii) all net amounts received from the Hedging Counterparty pursuant to the terms of the Hedging Agreement and credited to the Payments Account;
- (iv) all amounts received by the Issuer from any party to a Transaction Document to which the Issuer is a party and credited to the Payments Account other than amounts paid in respect of the Receivables pursuant to the terms of the Servicing Agreement;
- (v) all amounts standing to the credit of the Debt Service Reserve Account (net of the Debt Service Reserve Released Amount) and of the Adjustment Reserve Account;
- (vi) all amounts of interest accrued and available on each of the Cash Accounts;

- (vii) any Issuer Principal Available Funds or Available Redemption Funds, as the case may be, standing to the credit of the Collection Account and the Payments Account which have been allocated as Issuer Interest Available Funds in accordance with the Priority of Payments;
- (viii) any Recovery Amount;
- (ix) any other amount received under the Transaction Documents except for amounts which relate to principal.

Issuer Principal Available Funds: means in respect of any Settlement Date or Interest Payment Date, as the case may be, the aggregate amount of:

- (i) all principal amounts (excluding any Recovery Amounts) relating to the Receivables paid into the Collection Account pursuant to the terms of the Servicing Agreement including the Accrued Interest as at the relevant Valuation Date, which is part of the Purchase Price;
- (ii) the Principal Integration Amount;
- (iii) the Principal Deficiency Amount;
- (iv) the Debt Service Reserve Released Amount; and
- (v) any amounts paid to the Payments Account under item *Fifth* of the Priority of Payments set out under Condition 4.1.2

Joint Lead Manager: means any of UBM, BNP Paribas, London Branch and UBS Limited and "**Joint Lead Managers**" means all of them.

Junior Notes: means the Class D Notes.

Junior Noteholder: means the holder of a Junior Note and "**Junior Noteholders**" means all of them.

Junior Notes Conditions: means the terms and conditions at any time applicable to the Junior Notes.

Junior Notes Subscription Agreement: means the subscription agreement for the subscription of the Junior Notes to be entered into on 15 November 2005 between the Issuer, Locat and the Representative of the Noteholders.

Lease Contract: means each written agreement, made on Locat's standard form, between Locat and a Lessee pursuant to which Locat leases an Asset to a named entity and the latter agrees to pay the Instalments and the other sums specified therein, the Receivables arising under which have been or are to be assigned to the Issuer under the Master Receivables Purchase Agreement.

Lessee: means a named entity which leases an Asset under the terms of a Lease Contract.

Letter of Undertaking: means the letter of undertaking to be entered into on 15 November 2005 between the Originator, the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Limited Recourse Loan: means a limited recourse loan advanced in an amount equal to the receivable value by Locat to the Issuer pursuant to Clause 4.1 of the Warranty and Indemnity Agreement in the event of any misrepresentation or breach of any warranties or representations given by Locat pursuant to Clause 3.2 of the Warranty and Indemnity Agreement not being cured within a period of 10 days.

Locat: means Locat S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, fiscal code number 03648050015 and registered under number 19319 in the register of financial intermediaries held by Bank of Italy pursuant to article 107 of the Banking Act, having its registered office at Via Zamboni No. 20, Bologna, Italy, a member of the UniCredito Italiano Banking Group registered under number 3135.1 in the register of the banking groups.

Managers: means the Joint Lead Managers and the Co-Lead Manager, collectively.

Mandate Agreement: means the mandate agreement entered into on 15 November 2005 between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

Master Definitions Agreement: means the master definitions agreement entered into on 15 November 2005 between all the parties to each of the Transaction Documents, as from time to time modified and any deed or other document expressed to be supplemental thereto, as from time to time modified.

Master Receivables Purchase Agreement: means the master receivables purchase agreement entered into between the Issuer and Locat on 14 October 2005, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

Maximum Pool Default Ratio: means, in respect of the Receivables comprised in the respective Pools, an amount equal to:

- (i) for Pool 1, 2.50%;
- (ii) for Pool 2, 2.50%;
- (iii) for Pool 3, 1.50%.

Maximum Pool Delinquency Ratio: means, in respect of the Receivables comprised in the respective Pools, an amount equal to:

- (i) for Pool 1, 16.0%;

(ii) for Pool 2, 12.0%;

(iii) for Pool 3, 10.0%.

Monte Titoli Mandate Agreement: means the agreement executed on or about the Issue Date between the Issuer and Monte Titoli for the deposit of the Notes on the Monte Titoli clearing system.

Monte Titoli: means Monte Titoli S.p.A., whose registered office is at Via Mantegna 6, 20154 Milan -Italy.

Monte Titoli Account Holders: means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli, including any depository banks appointed by Euroclear or Clearstream.

Moody's: means Moody's Investors Service.

Most Senior Class of Notes: means (i) the Class A Notes; (ii) following the full repayment of all the Class A Notes, the Class B Notes; (iii) following the full repayment of all the Class B Notes, the Class C Notes; (iv) following the full repayment of all the Class C Notes, the Class D Notes.

Motor Vehicles: means any cars, industrial light lorries, trucks, commercial vans or any other motor vehicles which are leased under any Lease Contract.

Negative Adjustment: means, in respect of each Receivable, the amount (if any) which is due to be reimbursed to the Lessee under the terms of the Lease Contract by reason of the decrease of the applicable interest rate.

Net Adjustment Reserve Amount: means in respect of any Interest Payment Date, an amount by which (i) the sum of the Negative Adjustment accrued and not reimbursed as at such date in respect of all Receivables exceeds (ii) the sum of the Positive Adjustment accrued and unpaid as at such date in respect of all Receivables.

Noteholder: means each of the Rated Noteholders and the Junior Noteholders and "Noteholders" all of them.

Notes: means the Rated Notes and the Junior Notes collectively.

Obligations: means all of the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

Organisation of the Noteholders: means the association of Noteholders created on the Issue Date pursuant to the Rules of the Organisation of the Noteholders.

Originator: means Locat S.p.A.

Other Issuer Creditors: means the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Custodian Bank, the

Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Account Bank and the Hedging Counterparty and any other creditor of the Issuer under the Transaction Documents.

Outstanding Principal: means, on any relevant date, in relation to any Receivable, the sum of all Principal Instalments due on any subsequent Scheduled Instalment Date and any Principal Instalments due but unpaid, plus Accrued Interest thereon as at that date.

Payments Account: means the Euro denominated Eligible Account, which will be held at the Account Bank or any other Eligible Institution, for the deposit of all amounts received by the Issuer from any party to a Transaction Document to which the Issuer is a party other than amounts collected in respect of the Receivables.

Pool: each of Pool No. 1, Pool No. 2 and Pool No. 3 and "**Pools**" means all of them.

Pool No. 1: means the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Motor Vehicles.

Pool No. 2: means the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Equipment.

Pool No. 3: means the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Real Estate Assets.

Pool Outstanding Amount: means on any given date with respect to any Pool, the aggregate of the Outstanding Principal of all Receivables in such Pool on such date which are included in the Collateral Portfolio.

Portfolio: means collectively the Initial Portfolio and any Subsequent Portfolio purchased by the Issuer from Locat under the Master Receivables Purchase Agreement.

Portfolio Default Ratio: means, in respect to any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) (i) the Outstanding Principal of the Receivables which have become Defaulted Receivables and Defaulting Receivables during such Quarterly Collection Period, minus (ii) the aggregate of the Recovery Amounts received during such Quarterly Collection Period; by (B) the Average Collateral Portfolio Outstanding Amount of such Quarterly Collection Period.

Portfolio Delinquency Ratio: means, in respect of any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal of the Delinquent Receivables as at the last day of such period; by (B) the Collateral Portfolio Outstanding Amount as at the last day of such period.

Portfolio Yield: means, with respect to any period of time, the amount which is the aggregate of:

- (i) the interest accrued on the Collateral Portfolio Outstanding Amount during such period whether actually paid or not, plus the Adjustments accrued during such period whether actually paid or not;

- (ii) the defaulted interests accrued during such period on the Receivables in accordance with each Lease Contract minus the accounting adjustments calculated during such period of these defaulted interests;
- (iii) the amount of any and all penalties paid by the Lessee during such period; and
- (iv) any other revenues accrued in favour of the Issuer under the Lease Contracts in such period.

Positive Adjustment: means in respect of each Receivable the amount (if any) which is due to be paid by the Lessee under the terms of the Lease Contract by reason of the increase of the Index Rate.

Principal Amount Outstanding: means, on any day:

- (a) in relation to a Note, the nominal principal amount of such Note upon issue less the aggregate amount of all principal payments in respect of that Note that have been paid up to that day; and
- (b) in relation to a class, the aggregate of the amount in (a) in respect of all Notes outstanding in such class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class.

Principal Deficiency: means on any given date an amount equal to the sum of the Outstanding Principal as at the relevant default date, relating to the Receivables which have become Defaulted Receivables during the preceding Quarterly Collection Period plus the Outstanding Principal of the Receivables which have become Defaulting Receivables at the end of the preceding Quarterly Collection Period.

Principal Deficiency Amount: means in relation to any Interest Payment Date, an amount equal to the aggregate of (i) the Principal Deficiency and (ii) an amount equal to the payment made under item (B) *First* of the Priority of Payments set out in Conditions 4.1.2 and 4.2.2 on the preceding Interest Payment Date.

Principal Instalment: means the principal component of each Instalment.

Principal Integration Amount: means, during the Revolving Period and the Amortisation Period any Issuer Interest Available Funds after all the payments from *First* to *Ninth* of the Priority of Payments as set out in Condition 4.1.1, or as the case may be, from *First* to *Tenth* in the Priority of Payments set out in Condition 4.2.1 have been made in accordance with such Priority of Payments.

Principal Paying Agent: means BNP Paribas Securities Services - Milan Branch and its permitted successors and assigns acting as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Principal Payment Amount: means the principal amount payable in respect of each of the Notes on any Interest Payment Date in accordance with Condition 6.5.

Priority of Payments: means the priority of payments described in Condition 4.

Purchase Price: means the purchase price payable by the Issuer to Locat in respect of the Initial Portfolio and each Subsequent Portfolio and any purchase price not already paid by the Issuer on the preceding Settlement Dates or Interest Payment Dates, as the case may be.

Purchase Price Adjustment: means the adjustment to the Purchase Price payable under Clause 4 of the Master Receivables Purchase Agreement.

Purchase Termination Event: means any of the events referred to in Condition 10.

Purchase Termination Notice: shall have the meaning ascribed to it in Condition 10.

Quarterly Collection Period: means each period of three months commencing on (and including) a Settlement Date of March, June, September and December and ending respectively on (and excluding) the Settlement Date of June, September, December and March, and in the case of the first Quarterly Collection Period commencing on and including the Valuation Date and ending on (but excluding) the date falling on the second Business Day of March 2006.

Quotaholder: means SVM Securitisation Vehicle Management S.p.A..

Quotaholder Agreement: means the Quotaholder agreement entered into on 15 November between the Issuer, Locat, the Representative of the Noteholders and the Quotaholder, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Quota Capital Account: means the euro denominated account, which will be held at Banca Antoniana Popolare Veneta or any other bank approved by the Issuer, into which the quota capital of the Issuer will be credited.

Rate of Interest: shall have the meaning ascribed to it in Condition 5.2.

Rated Notes: means the Class A Notes, the Class B Notes and the Class C Notes collectively.

Rated Noteholder: means each of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders and the Class C Noteholders and "**Rated Noteholders**" means all of them.

Rated Notes Conditions: means the terms and conditions at any time applicable to the Rated Notes.

Rated Notes Subscription Agreement: means the subscription agreement for the subscription of the Rated Notes to be entered into on 15 November 2005 between the Issuer, the Managers and the Representative of the Noteholders.

Rating Agency: means each of Moody's and S&P and "**Rating Agencies**" means both of them.

Real Estate Asset: means any building or real estate asset which is the subject of a Lease Contract.

Receivables: means, gross of any VAT applicable thereon, (i) payments in respect of the Instalments, (ii) any interest, including default interest, and any reimbursement of costs and expenses; (iii) Agreed Prepayments, (iv) the Adjustment; (v) proceeds received by Locat under insurance policies or other payments under any security related to the Lease Contracts, (vi) penalty payments, (vii) any Recovery Amounts, and (viii) the Billed Residual Amounts; together with any other rights and accessories pertaining thereto, but excluding any Residual.

Recovery Amounts: means the proceeds from Defaulted Receivables and Defaulting Receivables, including proceeds from the sale of Assets, insurance proceeds and penalties.

Reference Banks means collectively Banca Intesa S.p.A., UBM, BNP Paribas and its permitted successors and assigns pursuant to the Cash Allocation, Management and Payments Agreement.

Relevant Margin means:

- (a) in respect of the Class A1 Notes: a margin of 0.07% per annum;
- (b) in respect of the Class A2 Notes: a margin of 0.15% per annum;
- (c) in respect of the Class B Notes: a margin of 0.39% per annum; and
- (d) in respect of the Class C Notes: a margin of 0.61% per annum.

Representative of the Noteholders: means Securitisation Services S.p.A. or any of its successors and assigns or such other person or persons acting from time to time as Representative of the Noteholders.

Residual: means the price payable by the relevant Lessee to purchase the Asset at the end of the contractual term under relevant Lease Contract.

Retention Amount: means an amount equal to Euro 30,000.

Revolving Period: means the period commencing on the Issue Date and ending on the earlier of:

- (i) the Interest Payment Date falling in June 2007 (excluded); and
- (ii) the date on which the Representative of the Noteholders serves a Purchase Termination Notice or a Trigger Notice on the Issuer.

Rules of the Organisation of the Noteholders: means the Rules of the Organisation of the Noteholders included in the Exhibit 1 to the Conditions.

S&P: means Standard & Poor's Rating Services, a division of the McGraw Hill Companies.

Scheduled Instalment Date: means any date on which an Instalment is due.

Securities Account: means a securities account established by the Issuer with the Custodian Bank, for the deposit of the bonds, debentures or other kinds of notes or financial instruments purchased with monies standing to the credit of the Cash Accounts.

Securitisation: means the securitisation of the Receivables made by the Issuer through the issuance of the Notes.

Securitisation Law: means Law No. 130 of 30 April 1999 (*Legge sulla cartolarizzazione dei crediti*), as the same may be amended, modified or supplemented from time to time.

Security: means the security created pursuant to the Deed of Pledge and the Deed of Charge.

Security Interest: means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement having a similar effect.

Servicer: means Locat and its permitted successors and assigns pursuant to the Servicing Agreement.

Servicing Agreement: means the servicing agreement entered into on 14 October 2005 between the Servicer and the Issuer as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Settlement Date: means the second Business Day of each month.

Sole Affected Party: has the meaning specified in the 2000 ISDA Definitions.

Stock Exchange: means the Irish Stock Exchange.

Subsequent Portfolio: means the Receivables, which are the subject matter of the subsequent transfers between Locat and the Issuer pursuant to terms of the Master Receivables Purchase Agreement.

Subsequent Portfolio Original Amount: means the Outstanding Principal of the Subsequent Portfolio as at the relevant Valuation Date.

Subscription Agreements: means the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement collectively.

Transaction Documents: means the Intercreditor Agreement, the Master Receivables Purchase Agreement, the Servicing Agreement, the Hedging Agreement, the Corporate

Services Agreement, the Quotaholder Agreement, the Letter of Undertaking, the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Cash Allocation, Management and Payments Agreement, the Deed of Pledge, the Deed of Charge, the Warranty and Indemnity Agreement, the Mandate Agreement, the MonteTitoli Mandate Agreement and the Master Definitions Agreement.

Trigger Default Ratio: means in respect of any Quarterly Collection Period the percentage equal to the sum of the product in respect of each Pool of: (A) (i) the Average Pool Outstanding Amount of each Pool, divided by (ii) the Average Collateral Portfolio Outstanding Amount; multiplied by (B) the relevant Maximum Pool Default Ratio.

Trigger Delinquency Ratio: means in respect of any Quarterly Collection Period the percentage equal to the sum of the product in respect of each Pool of: (A) (i) the Pool Outstanding Amount of each Pool as at the last day of such Quarterly Collection Period (including the relevant Subsequent Portfolios purchased on the previous Interest Payment Date) divided by (ii) the Collateral Portfolio Outstanding Amount as at the last day of such Quarterly Collection Period; multiplied by (B) the relevant Maximum Pool Delinquency Ratio.

Trigger Event: mean any of the events referred to in Condition 11.

Trigger Notice: means a notice served by the Representative of the Noteholders on the Issuer pursuant to Condition 11 declaring the Notes to be due and repayable following the occurrence of a Trigger Event.

UBM: means UniCredit Banca Mobiliare S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Via Tommaso Grossi 10, 20121 Milan.

UBS Limited: means UBS Limited, London Branch a company incorporated under the laws of England and Wales, having its registered office at 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

UniCredito: means UniCredito Italiano S.p.A., a company incorporated under the laws of Italy, having its registered office at Via Dante, 1, Genova, Italy.

Valuation Date: means, in respect of the Initial Portfolio, 31 October 2005, and in respect of each Subsequent Portfolio, each Settlement Date.

VAT: means *Imposta sul Valore Aggiunto (IVA)* as defined in Decree No. 633 of 26 October 1972.

Warranty and Indemnity Agreement: means the Warranty and Indemnity Agreement entered into on 14 October 2005, between, *inter alia*, the Issuer and Locat as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

1. FORM, DENOMINATION AND TITLE

1.1 The Rated Notes are issued in the denomination of Euro 100,000.

- 1.2 The Rated Notes are in dematerialised form and will be wholly and exclusively recorded with Monte Titoli in accordance with article 28 of Legislative Decree No. 213 of 24 June 1998, through the authorised institutions listed in article 30 of such Legislative Decree.
- 1.3 The Rated Notes will be held by Monte Titoli on behalf of the Rated Noteholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. Title to the Rated Notes will be evidenced by, and be transferable by means of, one or more book entries in accordance with the provisions of (i) article 28 of Legislative Decree No. 213 of 24 June 1998 and (ii) CONSOB Resolution No. 11768 of 23 December 1998, as amended and supplemented. No physical documents of title will be issued in respect of the Rated Notes.
- 1.4 The Rules of the Organisation of the Noteholders, attached hereto as Exhibit 1, shall constitute an integral and essential part of these Conditions.
- 1.5 The rights arising from the Deed of Pledge are included in each Rated Note. The Rated Noteholders have the benefit of the security created in favour of the Representative of the Noteholders, as trustee for the Noteholders and the other Issuer Creditors, pursuant to the Deed of Charge.

2. STATUS, PRIORITY AND SEGREGATION

- 2.1 The Rated Notes constitute limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Rated Notes is limited to the amounts received or recovered by the Issuer in respect of the Receivables and the other Issuer's Rights. The Rated Noteholders acknowledge that the limited recourse nature of the Rated Notes produces the effects of a "*contratto aleatorio*" and are deemed to accept the consequences thereof, including but not limited to the provisions under article 1469 of the Italian civil code. By virtue of the Securitisation Law, the Issuer's right, title and interest in and to the Portfolio is segregated from all other assets of the Issuer and amounts deriving therefrom will only be available both prior to and following a winding-up of the Issuer to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors according to the order of priority of payments set out in Condition 4 (*Priority of Payments*) and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer to such third party creditors in relation to the Securitisation.
- 2.2 Save as provided under Condition 2.3 below:
 - 2.2.1 in respect of the obligations of the Issuer to pay interest on the Notes, the Class A1 Notes and the Class A2 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Notes, the Class C Notes and the Class D Notes; the Class B Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and rateably without any

preference or priority among themselves, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; the Class D Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;

- 2.2.2 in respect of the obligations of the Issuer to pay principal on the Notes, the Class A1 Notes rank *pari passu* and rateably without any preference or priority among themselves but in priority to the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes; the Class A2 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class B Notes, the Class C Notes and the Class D Notes and subordinated to the Class A1 Notes; the Class B Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority to the Class D Notes and subordinated to the Class A Notes and the Class B Notes; the Class D Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes;
- 2.3 following the service of a Trigger Notice, the Class A1 Notes and the Class A2 Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class B Notes, the Class C Notes and the Class D Notes; the Class B Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class C Notes and the Class D Notes and subordinated to the Class A Notes; the Class C Notes rank *pari passu* and rateably without any preference or priority among themselves, but in priority for all purposes to the Class D Notes and subordinated to the Class A Notes and the Class B Notes, the Class D Notes rank *pari passu* and rateably without any preference or priority among themselves but subordinated to the Rated Notes.
- 2.4 If in the opinion of the Representative of the Noteholders, there is a conflict between the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Junior Noteholders, the Representative of the Noteholders is required to have regard only to the interests of the Most Senior Class of Notes.

3. COVENANTS

For so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer shall not, save with prior written consent of the Representative of the Noteholders or as provided in or envisaged by any of the Transaction Documents.

3.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Receivables or any part thereof or over any of its other assets (save for any Security Interest created in

connection with any further securitisation under Condition 3.10 below) or sell, lend, part with or otherwise dispose of all or any part of the Receivables; or

3.2 *Restrictions on activities*

- (a) engage in any activity whatsoever which is not incidental to or necessary in connection with its by-laws and any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
- (b) have any subsidiary (*società controllata o collegata*, as defined in article 2359 of the Italian civil code) or any employees or premises; or
- (c) at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents and not to do, or permit to be done, any act or thing in relation thereto which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents; or

3.3 *Dividends or Distributions*

pay any dividend or make any other distribution or return or repay any equity capital to its quotaholders, or to increase its capital save as required by the applicable law; or

3.4 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever (save for the indebtedness to be incurred in relation to any further securitisation pursuant to Condition 3.10 below) or give any guarantee in respect of indebtedness or of any obligation of any person, save as provided in the Transaction Documents and upon confirmation from the Rating Agencies that the then current rating of the Rated Notes will not be negatively affected as a result; or

3.5 *Merger*

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person; or

3.6 *No variation or waiver*

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, or permit any party to any of the Transaction Documents to which it is a party to be released from such obligations; or

3.7 *Bank Accounts*

have an interest in any bank account other than the Collection Account, the Payments Account, the Debt Service Reserve Account, the Adjustment Reserve Account, the Expense Account, the Securities Account, the Quota Capital Account, any bank

account opened for the posting of collateral pursuant to the Hedging Agreement, or any other bank accounts opened in relation to any further securitisations pursuant to Condition 3.10 below unless (i) the opening of such accounts appears necessary in the context of the Securitisation; (ii) the Rating Agencies confirm that the opening of such accounts will not affect the rating of any of the Rated Notes; and (iii) the Representative of the Noteholders has given its prior written consent to the opening of such accounts; or

3.8 *Statutory documents*

agree (in so far as is currently permitted) to amend, supplement or otherwise modify its corporate object, its *statuto* or *atto costitutivo* in any manner which is prejudicial to the interest of the Noteholders or the Other Issuer Creditors other than when so required by the applicable law or by the competent regulatory authorities; or

3.9 *De-registration*

Request the de-registration from the register held by the *Ufficio Italiano dei Cambi* pursuant to article 106 of Banking Act, during any period in which any applicable law or regulation requires the issuer to be registered on such registers;

3.10 *Further Securitisations*

carry out other securitisation transactions or, without limiting the generality of the foregoing, implement, enter into, make or execute any document, act, deed or agreement in connection with any other securitisation transaction without the prior written consent of the Representative of the Noteholders and subject to the Rating Agencies' prior confirmation that any such securitisation transaction will not affect the rating of any of the Rated Notes and provided further that the assets relating to any such securitisation will be segregated in accordance with the Securitisation Law.

4. **PRIORITY OF PAYMENTS**

4.1 *Priority of Payments during the Revolving Period*

4.1.1 *Issuer Interest Available Funds*

(A) On each Settlement Date during the Revolving Period, the Issuer Interest Available Funds shall be applied to fund the payment to Locat of the Billed Residual Collected Amounts.

(B) On each Interest Payment Date during the Revolving Period, the Issuer Interest Available Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, (A) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses not already paid out of the Expense Account (to the extent that amounts standing to the credit of the Expense Account are

insufficient to pay such costs), and (B) to credit into the Expense Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents; and (B) any amounts due and payable on such Interest Payment Date to the Custodian Bank, the Account Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Hedging Counterparty the amounts due and payable under the Hedging Agreement, including any hedging termination payments upon early termination of the Hedging Agreement, except where the Hedging Counterparty is the Defaulting Party or the Sole Affected Party;

Fourth, to credit the Net Adjustment Reserve Amount, if any, to the Adjustment Reserve Account;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class A1 Notes and the Class A2 Notes on such Interest Payment Date;

Sixth, subject to as provided under (x) below, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class B Notes on such Interest Payment Date;

Seventh, subject to as provided under (y) below, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class C Notes on such Interest Payment Date;

Eighth, to credit to the Debt Service Reserve Account such an amount to bring the balance of such account up to (but not in excess of) the Debt Service Reserve Amount;

Ninth, to allocate the Principal Deficiency Amount to the Issuer Principal Available Funds (including for avoidance of doubts, the Principal Deficiency Amount which has not been allocated on the preceding Interest Payment Dates);

Tenth, to pay the Principal Integration Amount, to the extent that the Cumulative Default Ratio has been higher than the relevant Cumulative Default Trigger Ratio;

Eleventh, to pay to the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

Twelfth, to pay to Locat the Billed Residual Uncollected Amount;

Thirteenth, to pay to Locat any other amounts due and payable as indemnity under the Transaction Documents;

Fourteenth, to pay all amounts then due and payable as Class D Base Interest on such Interest Payment Date; and

Fifteenth, to pay any amounts due and payable as Class D Additional Remuneration;

provided that,

(x) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 11,5%, no amount under item *Sixth* above will be paid, but items ranking lower in this priority of payments may nevertheless be paid; and

(y) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 6,5%, no amount under item *Seventh* above will be paid, but items ranking lower in this priority of payments may nevertheless be paid.

4.1.2 *Issuer Principal Available Funds*

(A) On each Settlement Date during the Revolving Period, save for the Settlement Date immediately preceding an Interest Payment Date, the Issuer Principal Available Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, only on the first two Settlement Dates, in crediting the Debt Service Reserve Account up to the Debt Service Reserve Amount;

Second, to pay to Locat, any amount due as Purchase Price for any Subsequent Portfolio purchased pursuant to the Master Receivables Purchase Agreement; and

Third, to pay the residual amount to the Payments Account.

(B) On each Interest Payment Date during the Revolving Period, the Issuer Principal Available Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, to pay any amount payable under items *First* through *Seventh* (inclusive) under Condition 4.1.1 above, to the extent that the Issuer Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Second, only on the first Interest Payment Date, if not already credited on the immediately preceding Settlement Date to credit the Debt Service Reserve Account with such an amount as will bring the balance of such account up to (but not in excess of) the Debt Service Reserve Amount;

Third, to pay to Locat, any amount due as Purchase Price for any Subsequent Portfolio purchased pursuant to the Master Receivables Purchase Agreement to the extent not already paid on the previous Settlement Dates or Interest Payment Dates, as the case may be;

Fourth, to pay to Locat the Purchase Price Adjustment, if any; and

Fifth, to pay the residual amount to the Payments Account.

4.2 **Priority of Payments during the Amortisation Period**

4.2.1 *Issuer Interest Available Funds*

- (A) On each Settlement Date during the Amortisation Period, the Issuer Interest Available Funds shall be applied to fund the payment to Locat of the Billed Residual Collected Amounts.
- (B) On each Interest Payment Date during the Amortisation Period, the Issuer Interest Available Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full);

First, (A) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses not already paid out of the Expense Account (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs); and (B) to credit into the Expense Account such an amount to bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents; and (B) any amounts due and payable on such Interest Payment Date to the Account Bank, the Custodian Bank, the Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Hedging Counterparty, the amounts due and payable under the Hedging Agreement, including any hedging termination payments upon early termination of the Hedging Agreement except where the Hedging Counterparty is the Defaulting Party or the Sole Affected Party;

Fourth, to credit the Net Adjustment Reserve Amount, if any, to the Adjustment Reserve Account;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class A1 Notes and the Class A2 Notes on such Interest Payment Date;

Sixth, subject to as provided under (x) below, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class B Notes on such Interest Payment Date;

Seventh, subject to as provided under (y) below, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class C Notes on such Interest Payment Date;

Eighth, to credit to the Debt Service Reserve Account such an amount as will bring the balance of such account up to (but not in excess of) the Debt Service Reserve Amount;

Ninth, to allocate the Debt Service Reserve Released Amount to the Issuer Principal Available Funds;

Tenth, to allocate the Principal Deficiency Amount to the Issuer Principal Available Funds (including for avoidance of doubts, the Principal Deficiency Amount which has not been allocated on the preceding Interest Payment Dates);

Eleventh, to pay the Principal Integration Amount, to the extent that the Cumulative Default Ratio has been higher than the relevant Cumulative Default Trigger Ratio;

Twelfth, to pay the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

Thirteenth, to pay to Locat the Billed Residual Uncollected Amount;

Fourteenth, to pay to Locat any other amounts due and payable as indemnity under the Transaction Documents;

Fifteenth, to pay all amounts then due and payable as Class D Base Interest on such Interest Payment Date; and

Sixteenth, to pay any amounts due and payable as Class D Additional Remuneration;

provided that,

(x) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 11,5%, no amount under item *Sixth* above will be paid until after the full redemption of the Class A Notes, but items ranking lower in this priority of payments may nevertheless be paid; and

(y) to the extent that during any preceding Quarterly Collection Period the Cumulative Default Ratio Interest Deferral has exceeded 6,5%, no amount under item *Seventh* above will be paid until after the full redemption of the Class B Notes, but items ranking lower in this priority of payments may nevertheless be paid.

4.2.2 *Available Redemption Funds*

On each Interest Payment Date during the Amortisation Period, the Available Redemption Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

First, to pay any amount payable under items *First* to *Seventh* (inclusive) under 4.2.1 (B) above, to the extent that the Issuer Interest Available Funds are not sufficient on such Interest Payment Date to make such payments in full;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class A1 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Third, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class A2 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class B Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal due and payable, if any, in respect of the Class C Notes on such Interest Payment Date and if such Interest Payment

Date falls prior to the expiration of eighteen months following the Issue Date, invest such amounts in Eligible Investments;

Sixth, to pay to Locat the Purchase Price Adjustment, if any;

Seventh, to pay, *pari passu* according to the respective amounts thereof, any Purchase Price (if any) due but not already paid on the preceding Settlement Dates or Interest Payment Dates, as the case may be;

Eighth, to pay to Locat any amount due and payable under the Limited Recourse Loan;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, the amounts of principal due and payable, if any, in respect of the Class D Notes on such Interest Payment Date, in any case up to an amount equal to Euro 30,000 and, on the Final Maturity Date, all amounts of principal due and payable, if any, on the Class D Notes; and

Tenth, to pay the residual amount to the Issuer Interest Available Funds, except for the residual amounts due to the rounding of the principal payments on the Notes.

4.3 ***Priority of Payments following a Trigger Notice***

4.3.1 ***Issuer Interest Available Funds***

Following the service of a Trigger Notice, the Issuer Interest Available Funds (which would exclude, if the Trigger Event is an Insolvency Event, any amounts to be paid to the persons who are not parties to the Intercreditor Agreement in accordance with Italian bankruptcy law) shall be applied in making the following payments in the following order of priority (in each case, only and to the extent that payments of a higher priority have been made in full) and on a monthly basis:

First, *pari passu* and *pro rata* according to the respective amounts thereof, (A) to pay to Locat the Billed Residual Collected Amounts; (B) to pay any Expenses (to the extent that amounts standing to the credit of the Expense Account are insufficient to pay such costs); and (C) to credit into the Expense Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (A) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents; and (B) any amounts due and payable on such Interest Payment Date to the Account Bank, the Custodian Bank, the

Computation Agent, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Corporate Servicer and the Servicer;

Third, to pay to the Hedging Counterparty the amounts due and payable under the Hedging Agreement, including any hedging termination payments upon early termination of the Hedging Agreement, except where the Hedging Counterparty is the Defaulting Party or the Sole Affected Party;

Fourth, to credit the Net Adjustment Reserve Amount to the Adjustment Reserve Account;

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class A1 Notes and the Class A2 Notes on such Interest Payment Date;

Sixth, to pay any amount payable under item *Second* under 4.3.2 below, to the extent that the Available Redemption Funds are not sufficient to make such payment in full;

Seventh, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class B Notes;

Eighth, to pay any amount payable under item *Fourth* under 4.3.2 below, to the extent that the Available Redemption Funds are not sufficient to make such payment in full;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest then due and payable in respect of the Class C Notes;

Tenth, to pay any amount payable under item *Sixth* under 4.3.2 below, to the extent that the Available Redemption Funds are not sufficient to make such payment in full;

Eleventh, to pay the Hedging Counterparty any hedging termination payments due under the Hedging Agreement other than any amounts payable under item *Third* above;

Twelfth, to pay to Locat the Billed Residual Uncollected Amount; and

Thirteenth, to pay to Locat any amounts due and payable as indemnity under the Transaction Documents.

Following the service of a Trigger Notice, any remaining Issuer Interest Available Funds after all the above payments have been made in full, shall form part of the Available Redemption Funds.

4.3.2 *Available Redemption Funds*

Following the service of a Trigger Notice, the Available Redemption Funds shall be applied in making the following payments in the following order of priority (in each case, only and to the extent that payments of a higher priority have been made in full) and on a monthly basis:

First, to pay any amount payable under items *First* to *Fifth* (inclusive) under (1) above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Second, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Class A1 Notes and the Class A2 Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Third, to pay any amount payable under item *Seventh* under 4.3.1 above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Fourth, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Class B Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Fifth, to pay any amount payable under item *Ninth* under 4.3.1 above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Sixth, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Class C Notes on such Interest Payment Date and if such Interest Payment Date falls prior to the expiration of eighteen months following the Issue Date, to invest such amounts in Eligible Investments;

Seventh, to pay any amount payable under items *Eleventh*, *Twelfth* and *Thirteenth* under 4.3.1 above, to the extent that the Issuer Interest Available Funds are not sufficient to make such payments in full;

Eighth, to pay to Locat the Purchase Price Adjustment, if any;

Ninth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Purchase Price (if any) due but not already paid on the preceding Settlement Dates or Interest Payment Dates, as the case may be;

Tenth, to pay to Locat any amount due and payable under the Limited Recourse Loan;

Eleventh, to pay all amounts then due and payable as Class D Base Interest on such Interest Payment Date;

Twelfth, to pay any amounts due and payable as Class D Additional Remuneration;

Thirteenth, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, all amounts of principal then due and payable in respect of the Class D Notes on such Interest Payment Date; and

Fourteenth, to pay any residual amounts to the Class D Noteholders.

5. INTEREST

5.1 *Interest Payment Dates and Interest Periods*

The Rated Notes bear interest on their Principal Amount Outstanding from (and including) the Issue Date. Interest in respect of the Rated Notes shall accrue on a daily basis and is payable on any Interest Payment Date. The first Interest Payment Date is March 2006 in respect of the Initial Interest Period.

Interest in respect of any Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 360 day year.

Interest shall cease to accrue on any part of the Principal Amount Outstanding of each of the Rated Notes from (and including) the date of redemption of such part unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to the Rated Notes until the monies in respect thereof have been received by the Representative of the Noteholders or the Principal Paying Agent on behalf of the relevant Noteholders.

5.2 *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Rated Notes will be determined by the Principal Paying Agent on the Interest Determination Date in respect of the Interest Period commencing on that date. In case of the Initial Interest Period, the Rate of Interest will be determined by the Principal Paying Agent two Business Days prior to the Issue Date.

The Rate of Interest applicable to each Class of the Rated Notes for each Interest Period from the Issue Date shall be the aggregate of:

5.2.1 The Relevant Margin; and

5.2.2

- (a) prior to the delivery of a Trigger Notice, the Euro-Zone Interbank Offered Rate for three-month Euro deposits which appears on Bloomberg Page MCMV1 or

- (i) such other page as may replace Bloomberg Page MMCV1 on that service for the purpose of displaying such information or
- (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Representative of the Noteholders)

at or about 11.00 a.m. (Brussels time) on the Interest Determination Date (the "**Screen Rate**") (except in respect of the Initial Interest Period where the Rate of Interest shall be the aggregate of the Relevant Margin and the linear interpolation of the rate for 3 and 4 month Euro deposits which appears on Bloomberg Page MMCV1) (the "**Additional Screen Rate**"); or

- (i) if the Screen Rate (or, in case of the Initial Interest Period, the Additional Screen Rate) is unavailable at such time for Euro deposits for the relevant period, then the rate for any relevant period shall be the arithmetic mean (or in case of the Initial Interest Period, the linear interpolation of the arithmetic mean) (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Principal Paying Agent at its request by each of the Reference Banks as the rate at which the three-month Euro deposits (or in case of the Initial Interest Period, the rate at which 4 and 5 month Euro deposits) in a representative amount are offered by that Reference Bank to leading banks in the Euro-Zone Interbank market at or about 11.00 a.m. (Brussels time) on that date;
 - (ii) if on any such Interest Determination Date, the Screen Rate (or in case of the Initial Interest Period, the Additional Screen Rate) is unavailable and only two of the Reference Banks provide such offered quotations to the Principal Paying Agent the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations;
 - (iii) if, on any Interest Determination Date, the Screen Rate (or in case of the Initial Interest Period, the Additional Screen Rate) is unavailable and only one of the Reference Banks provides the Principal Paying Agent with such an offered quotation, the Rate of Interest for the relevant Interest Period shall be the Rate of Interest in effect for the immediately preceding Interest Period which one of sub-paragraph (a) or (b) above shall have been applied to;
- (b) following the delivery of a Trigger Notice, the Euro-Zone Interbank Offered Rate for Euro deposits applicable in respect of any period in respect of which interest on the Notes is required to be determined

which appears on a Bloomberg screen nominated and notified by the Principal Paying Agent to the Representative of the Noteholders for such purpose or, if necessary, the relevant linear interpolation, as determined by the Principal Paying Agent in accordance with the Intercreditor Agreement, provided that if the screen rate notified by the Principal Paying Agent is unavailable, the provisions of paragraphs (b), (c) and (d) will apply, *mutatis mutandis*, for the determination of the relevant rate.

(The Euro-Zone Interbank Offered Rate shall be hereinafter referred to as "**Euribor**").

There shall be no maximum or minimum Rate of Interest.

5.3 *Determination of the Rates of Interest and Calculation of Interest Payments*

The Principal Paying Agent shall, on each Interest Determination Date, determine and notify to the Issuer and the Representative of the Noteholders:

- 5.3.1 the Rate of Interest applicable to the Interest Period next beginning after such Interest Determination Date (or in the case of the first Interest Period, beginning on and including the Issue Date) in respect of each Class of Rated Notes; and
- 5.3.2 the Interest Payment Amount payable on each Rated Note of each Class in respect of such Interest Period. The Interest Payment Amount payable in respect of any Interest Period in respect of the Rated Notes of each Class shall be calculated by applying the relevant Rate of Interest applicable to that Class of Rated Notes to the Principal Amount Outstanding of each Rated Note of that Class on the Interest Payment Date (or, in the case of the Initial Interest Period, the Issue Date), at the commencement of such Interest Period (after deducting therefrom any payment of principal due on that Interest Payment Date), multiplying the product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

5.4 *Publication of the Rate of Interest and the Interest Payment Amount*

The Principal Paying Agent will cause the Rate of Interest in respect of each Class of Rated Notes and the Interest Payment Amount applicable to each Class of Rated Notes for each Interest Period and the Interest Payment Date in respect of such Interest Payment Amount to be notified promptly after determination to the Issuer, the Representative of the Noteholders, the Stock Exchange, the Computation Agent and the Corporate Servicer and will cause the same to be published in accordance with Condition 14 on or as soon as possible after the relevant Interest Determination Date.

5.5 *Determination or calculation by the Representative of the Noteholders*

If the Principal Paying Agent does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Payment Amount for the Class A Notes, the Class B Notes or the Class C Notes in accordance with the foregoing provisions of this Condition 5, the Representative of the Noteholders shall, but without incurring any liability to any person as a result:

5.5.1 determine the Rate of Interest for the relevant Class of Rated Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or (as the case may be)

5.5.2 calculate the Interest Payment Amount for the relevant Class of Rated Notes in the manner specified in Condition 5.3.2 above,

and any such determination and/or calculation shall be deemed to have been made by the Principal Paying Agent.

5.6 *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5, whether by the Reference Banks (or any of them), the Principal Paying Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Reference Banks, the Principal Paying Agent, the Computation Agent, the Issuer, the Representative of the Noteholders and all Rated Noteholders and (in such absence as aforesaid) no liability to the Rated Noteholders shall attach to the Reference Banks, the Principal Paying Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

5.7 *Reference Banks and Principal Paying Agent*

The Issuer shall ensure that, so long as any of the Rated Notes remains outstanding, there shall at all times be three Reference Banks and a Principal Paying Agent. In the event of any such banks being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such in its place. The Principal Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. If a new Principal Paying Agent is appointed, a notice will be published in accordance with Condition 14.

5.8 *Notice to be given when interest is not fully payable*

The Issuer shall arrange for notice to be given forthwith by the Principal Paying Agent to the Representative of the Noteholders and the Paying Agents and will cause notification to be given to Noteholders in accordance with Condition 14, no later than the third Business Day prior to each Interest Payment Date, of any Interest Payment Date on which, pursuant to this Condition 5, interest on the Notes of any Class will not be paid in full.

5.9 *Unpaid interest with respect to the Rated Notes*

Unpaid interest due on the Rated Notes shall accrue no interest.

6. **REDEMPTION, PURCHASE AND CANCELLATION**

6.1 *Final Redemption*

Unless previously redeemed in full as provided in this Condition 6, the Issuer shall redeem the Notes at their Principal Amount Outstanding on the Final Maturity Date.

The Issuer may not redeem the Notes in whole or in part prior to the Final Maturity Date except as provided below in Conditions 6.2, 6.3 or 6.4, but without prejudice to Conditions 10 and Condition 11.

All Notes will, immediately following the Final Maturity Date, be deemed to be discharged in full and any amount in respect of principal, interest or other amounts due and payable in respect of the Notes will (unless payment of any such amounts is improperly withheld or refused) be finally and definitively cancelled.

6.2 *Optional Redemption*

The Issuer may on any Interest Payment Date redeem the Notes (in whole but not in part) at their Principal Amount Outstanding, together with interest accrued thereon up to the Interest Payment Date fixed for redemption, if on any such Interest Payment Date the aggregate of the Outstanding Principal of the Portfolio is equal to or less than 10% of the Initial Portfolio Original Amount, provided that the Issuer has given prior written notice to the Representative of the Noteholders and has provided the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (not subject to the interests of any person) on such Interest Payment Date to discharge all its outstanding liabilities in respect of the Notes and any amounts required to be paid under the Priority of Payments in priority or *pari passu* with the Notes. No such redemption may occur prior to the expiration of eighteen months following the Issue Date.

6.3 *Redemption for taxation*

If the Issuer at any time satisfies the Representative of the Noteholders immediately prior to the giving of the notice referred to below that on the next Interest Payment Date:

- (i) the Issuer would be required to deduct or withhold (other than in respect of a Decree 239 Deduction) from any payment of principal or interest on the Notes (or that amounts payable to the Issuer in respect of the Receivables would be subject to withholding or deduction), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein; or

- (ii) taxes, duties, assessments or governmental charges of whatever nature would be imposed on the Portfolio by the Republic of Italy or any political subdivision thereof or any authority thereof or therein;

then the Issuer may on any Interest Payment Date at its option, having given not more than 60 nor less than 30 days' notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 14 and having, prior to giving such notice, certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that the Issuer will have the necessary funds not subject to the interests of any other person to discharge all its outstanding liabilities in respect of the Notes and any amounts required under the Rated Notes Conditions, the Junior Notes Conditions and under the Intercreditor Agreement to be paid in priority to or *pari passu* with the Notes, redeem the Notes (in whole, but not in part) at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Interest Payment Date. No such redemption may occur prior to the expiration of eighteen months following the Issue Date.

6.4 *Mandatory Redemption*

The Notes will be subject to mandatory redemption in full or in part on every Interest Payment Date falling during the Amortisation Period, in each case if on the Calculation Date prior to such Interest Payment Date there are sufficient Issuer Principal Available Funds or Available Redemption Funds, as the case may be, which may be applied for this purpose in accordance with the Priority of Payments set out in Condition 4 hereof.

No such redemption may occur prior to the expiration of eighteen months following the Issue Date.

6.5 *Note principal payments, redemption amounts and Principal Amount Outstanding*

On each Calculation Date, the Issuer shall procure the determination of the following, in accordance with the Cash Allocation, Management and Payment Agreement:

- (i) the amount of the Available Redemption Funds (if any);
- (ii) the principal payment (if any) due on the next following Interest Payment Date in respect of each Rated Note of each Class; and
- (iii) the Principal Amount Outstanding of each Rated Note of each Class on the next following Interest Payment Date (after deducting any principal payment, if any, due to be made on that Interest Payment Date, pursuant to paragraph (ii) above).

The Principal Payment Amount on any Interest Payment Date shall be a *pro rata* share of the aggregate amount available for redemption, as the case may require, of the Class A1 Notes, the Class A2 Notes, the Class B Notes or the Class C Notes, in accordance with the relevant Priority of Payments, on such date. The Principal Payment Amount is calculated by multiplying the Available Redemption Funds, available to make the

principal payment in respect of, as the case may be, the Class A1 Notes, the Class A2 Notes, the Class B Notes or the Class C Notes, in accordance with the relevant Priority of Payments, on such date by a fraction, the numerator of which is the then Principal Amount Outstanding of such Rated Note and the denominator of which is the then Principal Amount Outstanding of all the Rated Notes of the same class, and rounding down the resultant figures to the nearest cent, provided always that no such Principal Payment Amount may exceed the Principal Amount Outstanding of the relevant Rated Note.

Each determination by or on behalf of the Issuer of Issuer Principal Available Funds or Available Redemption Funds, any Principal Payment Amount and the Principal Amount Outstanding of a Rated Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The Issuer will, on each Calculation Date, cause each determination of a Principal Payment Amount (if any) and Principal Amount Outstanding in respect of each Class of Rated Notes to be notified forthwith by the Principal Paying Agent, to the Representative of the Noteholders, the Irish Paying Agent, Monte Titoli and the Stock Exchange and will cause, if requested, notice of each determination of a Principal Payment Amount and Principal Amount Outstanding to be given in accordance with Condition 14 (*Notices*). If no principal payment is going to be made on the Rated Notes when payable on an Interest Payment Date, a notice to this effect will be given by the Issuer to the Noteholders in accordance with Condition 14 (*Notices*).

If no Principal Payment Amount or Principal Amount Outstanding is determined by or on behalf of the Issuer in accordance with the preceding provisions of this paragraph, such Principal Payment Amount and Principal Amount Outstanding shall be determined by the Representative of the Noteholders in accordance with this paragraph, but without the Representative of the Noteholders incurring any liability to any person as a result, and each such determination or calculation shall be deemed to have been made by the Issuer.

6.6 *No purchase by Issuer*

The Issuer is not permitted to purchase any of the Rated Notes.

6.7 *Cancellation*

All Rated Notes redeemed in full will be cancelled forthwith by the Issuer and may not be resold or reissued.

7. **PAYMENTS**

- 7.1 Payment of principal and interest in respect of the Rated Notes will be credited, according to the instructions of Monte Titoli, by the Principal Paying Agent on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Class A1 Notes, Class A2 Notes, the Class B Notes and Class C Notes and thereafter credited by such banks and authorised brokers

from such aforementioned accounts to the accounts of the beneficial owners of those Rated Notes or through Euroclear Bank S.A./N.V. as operator of Euroclear and Clearstream to the accounts with Euroclear and Clearstream of the beneficial owners of those Class A1 Notes, Class A2 Notes, the Class B Notes and Class C Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

- 7.2 Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.
- 7.3 If the due date for any payment of principal and/or interest, or any later date on which payment under any Rated Note could otherwise be requested, is not a business day in the place where the Principal Paying Agent is located, the Noteholder will not be entitled to payment of the relevant amount until the immediately following business day in such place. Rated Noteholders will not be entitled to any interest or other payment in consequence of any delay after the due date in receiving the amount due as a result of the due date not being a business day in the place where the Principal Paying Agent is located.
- 7.4 The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of any of the Principal Paying Agent and/or the Irish Paying Agent and to appoint additional or other paying agents provided that (so long as the Rated Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require) the Issuer will at all times maintain a Paying Agent with a specified office in Ireland and so long as so required by Monte Titoli the Issuer will at all times maintain a principal paying agent with a specified office in Italy. The Issuer will cause at least 30 (thirty) days' notice of any change in or addition to the Principal Paying Agent and/or the Irish Paying Agent or their specified offices to be given in accordance with Condition 14.

8. **TAXATION**

- 8.1 All payments in respect of Rated Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Decree 239 Deduction or any other withholding or deduction required to be made by applicable law. The Issuer shall not be obliged to pay any additional amount to any holder of Rated Notes on account of such withholding or deduction.

9. **PRESCRIPTION**

Claims against the Issuer for payments in respect of the Rated Notes shall be prescribed and shall become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the date on which a payment in respect thereof first becomes due and payable.

10. **PURCHASE TERMINATION EVENTS**

If any of the following Purchase Termination Events occurs:

(i) *Breach of obligations by Locat:*

Locat defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is party, the Representative of the Noteholders certifies that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Rated Noteholders and, except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy, such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer and Locat; or

(ii) *Breach of Ratios:*

(a) the Portfolio Delinquency Ratio for the immediately preceding Quarterly Collection Period exceeds, for two consecutive Interest Payment Dates the Trigger Delinquency Ratio; or

(b) the Portfolio Default Ratio for the immediately preceding Quarterly Collection Period exceeds, for two consecutive Interest Payment Dates the Trigger Default Ratio; or

(c) the Cumulative Default Ratio during the immediately preceding Quarterly Collection Period exceeds, for two consecutive Interest Payment Dates, the applicable Cumulative Default Trigger Ratio; or

(iii) *Non payment:*

any of the amounts due as Principal Deficiency Amount is not paid on any Interest Payment Date; or

(iv) *Breach of representations and warranties by Locat:*

Any of the representations and warranties given by Locat under any of the Transaction Documents to which it is party is or proves to have been incorrect or misleading in any material respect when made; or

(v) *Insolvency of Locat:*

An Insolvency Event occurs in respect of Locat,

then the Representative of the Noteholders shall give Purchase Termination Notice to the Issuer and Locat. After the service of a Purchase Termination Notice by the Representative of the Noteholders, the Issuer shall refrain from purchasing any further Subsequent Portfolios under the Master Receivables Purchase Agreement and the Issuer Available Funds shall be applied in accordance with the Priority of Payments set out in Condition 4.2, provided that, save as provided in these Conditions, no redemption shall occur prior to the expiration of eighteen months following the Issue Date.

11. TRIGGER EVENTS

11.1 If any of the following Trigger Events occurs:

(i) *Non-payment:*

Interest or principal due on the Most Senior Class of Rated Notes on an Interest Payment Date is not paid on the due date or within a period of 3 (three) Business Days;

(ii) *Breach of obligations by the Issuer:*

The Issuer defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is a party or any obligations under the Rated Notes (other than any obligation for the payment of principal or interest under the Rated Notes), the Representative of the Noteholders certifies that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Rated Noteholders and, except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy or such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer and Locat; or

(iii) *Breach of representations and warranties:*

Any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is party is or proves to have been incorrect or misleading in any material respect when made or deemed to be made; or

(iv) *Insolvency of the Issuer:*

An Insolvency Event occurs in respect of the Issuer;

(v) *Unlawfulness:*

It is or will become unlawful in any material respect (in the sole opinion of the Representative of the Noteholders) for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any other Transaction Document to which it is a party,

then the Representative of the Noteholders may, in its sole and absolute discretion (and, if so requested by an Extraordinary Resolution, shall), give a Trigger Notice to the Issuer declaring the Notes to be due and repayable, whereupon they shall become immediately due and repayable at an amount equal to the principal amount of the Notes upon issue less the Principal Amount Outstanding, together with accrued interest, without any further action or formality, provided that (a) in the case of any of the events referred to in items (iv) and (v) above, the Representative of the Noteholders shall have such discretion or obligation only if it shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Rated Noteholders and (b) in the case of an event referred to in items (ii) and (iii) above, a

Trigger Notice may and shall be given only if so provided by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

- 11.2 After the service of a Trigger Notice, the Issuer shall refrain from purchasing any further Subsequent Portfolios under the Master Receivables Purchase Agreement and the Issuer Available Funds shall be applied in accordance with the Priority of Payments set out in Condition 4.3, provided that such accelerated payments will only become due and payable from the Interest Payment Date falling in June 2007.
- 11.3 In addition, in accordance with the provisions of the Intercreditor Agreement, after the service of a Trigger Notice, the Representative of the Noteholders shall instruct the Issuer to sell the purchased Receivables, if so requested by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

12. ENFORCEMENT

- 12.1 At any time after the Rated Notes have become due and repayable, the Representative of the Noteholders may, at its discretion and without further notice, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Rated Notes and payment of accrued interest thereon, and, in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities (provided that supporting documents are delivered) to which it may thereby become liable or which it may incur by so doing, but it shall not be bound to take any such proceedings or steps unless requested or authorised by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding.
- 12.2 Following the service of a Trigger Notice, the Issuer may, or the Representative of the Noteholders may direct the Issuer to, dispose of the Receivables only if:
- (a) so requested by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding;
 - (b) the Issuer or the Representative of the Noteholders has obtained a certificate, issued by a reputable bank or financial institution stating that the purchase price for the Receivables is sufficient to allow discharge in full of all amounts owing to the Noteholders and amounts ranking in priority thereto or *pari passu* therewith (based upon that bank or financial institution's evaluation of the Portfolio);
 - (c) the relevant purchaser has obtained all the necessary approvals and authorisations for the purchase; and
 - (d) the relevant purchaser has produced evidence of its solvency satisfactory to the Representative of the Noteholders.
- 12.3 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Conditions 10, 11 or

this Condition 12 by the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by either or any of them of their powers, duties and discretions hereunder.

13. **THE REPRESENTATIVE OF THE NOTEHOLDERS**

13.1 *The Organisation of the Noteholders*

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Rated Notes and shall remain in force and in effect until repayment in full or cancellation of the Rated Notes.

The Rules of the Organisation of the Noteholders, as attached hereto, shall constitute an essential part of these Conditions.

13.2 *Appointment of the Representative of the Noteholders*

Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit 1), for as long as any Rated Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, who is appointed by the Managers in the Rated Notes Subscription Agreement and by Locat in the Junior Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

14. **NOTICES**

So long as the Rated Notes are held on behalf of the beneficial owners thereof by Monte Titoli S.p.A., notices to the Noteholders may be given through the systems of Monte Titoli S.p.A. In addition, so long as the Rated Notes are listed on the Stock Exchange and the rules of the Stock Exchange so require, any notice regarding the Rated Notes of such Class shall be deemed to have been duly given if published in a leading newspaper having general circulation in Dublin or if this is not practicable, in the opinion of the Representative of the Noteholders, in another appropriate English language newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in one of the newspapers referred to above.

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to Noteholders (or to the Noteholders of any Class) or if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Rated Notes are then

listed and provided that notice of such other method is given to the holders of the Notes in such manner as the Representative of the Noteholders shall require.

15. LIMITED RECOURSE AND NON PETITION

15.1 *Noteholders not entitled to proceed directly against Issuer*

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations or enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations or to enforce the Security. In particular:

15.1.1 no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;

15.1.2 no Noteholder (other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer;

15.1.3 until the date falling one year and one day after the later of (i) the earlier of (a) the Final Maturity Date and (b) the date on which the Notes have been redeemed in full and (ii) the date on which any other notes issued by the Issuer in the context of any further securitisations have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder nor any person on its behalf shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and

15.1.4 no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

15.2 *Limited recourse obligations of Issuer*

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

15.2.1 each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;

15.2.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds,

net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and

- 15.2.3 upon the Representative of the Noteholders giving written notice to the Other Issuer Creditors, in accordance with Condition 14 (*Notices*), that it has determined on the basis of the Servicer having certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay amounts outstanding to the Noteholders, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

16. **GOVERNING LAW**

- 16.1 The Rated Notes are governed by Italian law.
- 16.2 All the Transaction Documents, save for the Deed of Charge and the Hedging Agreement, are governed by Italian law. The Deed of Charge and the Hedging Agreement are governed by English law.
- 16.3 The Courts of Milan are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with these Rated Notes.

EXHIBIT TO THE TERMS AND CONDITIONS OF THE RATED NOTES

RULES OF THE ORGANISATION OF NOTEHOLDERS

TITLE I

GENERAL PROVISIONS

1. GENERAL

1.1 The Organisation of the Noteholders is created concurrently with the issue of and subscription for the €451,000,000 Class A1 Asset Backed Floating Rate Notes due 2026, the €1,349,000,000 Class A2 Asset Backed Floating Rate Notes due 2026, the €160,000,000 Class B Asset Backed Floating Rate Notes due 2026, the €33,000,000 Class C Asset Backed Floating Rate Notes due 2026 and the €7,000,136 Class D Asset Backed Variable Return Notes due 2026, issued by the Issuer and is governed by these Rules of the Organisation of the Noteholders ("**Rules**").

1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Notes.

1.3 The contents of these Rules are deemed to be an integral part of each Note issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules, the terms below shall have the following meanings:

"**Basic Terms Modification**" means any proposed modification which results in:

- (a) a change in any date fixed for the payment of principal or interest in respect of the Notes of any Class (including, for the avoidance of doubt, the Final Maturity Date);
- (b) the reduction or cancellation of the amount of principal or interest due on any date in respect of the Notes of any Class or any alteration in the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (c) a change in the majority required to pass any resolution or the quorum required at any Meeting;
- (d) a change in the currency in which payments are due in respect of any Class of Notes;
- (e) an alteration of the priority of payments of interest or principal in respect of any of the Notes;
- (f) the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed; or
- (g) a change to this definition;

"**Block Voting Instruction**" means, in relation to a Meeting, a document issued by the Principal Paying Agent:

- (a) certifying that specified Notes have been blocked in an account with a clearing system and will not be released until a specified date which falls after the conclusion of the Meeting;
- (b) certifying that the Holder of the relevant Blocked Notes or a duly authorised person on its behalf has notified the Principal Paying Agent that the votes attributable to such Notes are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of

48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;

- (c) listing the total number of such specified Blocked Notes, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and
- (d) authorising a named individual to vote in accordance with such instructions;

"**Blocked Notes**" means Notes which have been blocked in an account with a clearing system for the purpose of obtaining a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

"**Chairman**" means, in relation to any Meeting, the person who takes the chair in accordance with Article 8;

"**Class**" shall be a reference to a class of Notes being the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes and "**Classes**" shall be construed accordingly;

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast;

"**Holder**" in respect of a Note means the beneficial owner of such Note;

"**Meeting**" means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment);

"**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear and Clearstream.

"**Ordinary Resolution**" means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50% of the votes cast;

"**Proxy**" means a person appointed to vote under a Block Voting Instruction other than:

- (a) any person whose appointment has been revoked and in relation to whom the Principal Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

"**Resolutions**" means the Ordinary Resolutions and the Extraordinary Resolutions, collectively;

"**Specified Office**" means in relation to the Principal Paying Agent:

- (a) the office specified against its name in Clause 22.3 (*Addresses*) of the Cash Allocation, Management and Payment Agreement; or
- (b) such other office as the Principal Paying Agent may specify in accordance with Clause 17.10 (*Change In Specified Offices*) of the Cash Allocation, Management and Payment Agreement;

"**Voter**" means, in relation to a Meeting, the bearer of a Voting Certificate or a Proxy;

"**Voting Certificate**" means, in relation to any Meeting, a certificate issued by the Monte Titoli Account Holder stating that specified Notes have been blocked in an account with a clearing system and will not be

released until a specified date which falls after the conclusion of the Meeting and that the holder of such certificate is entitled to attend and vote at such Meeting in relation to such Blocked Notes;

"Written Resolution" means a resolution in writing signed by or on behalf of all Noteholders of the relevant Class or Classes who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders;

"24 hours" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Principal Paying Agent has its specified office;

"48 hours" means 2 consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or the context requires otherwise, words and expressions used in these Rules shall have the meanings and the constructions ascribed to them in the Rated Notes Conditions.

2.2 Interpretation

Any reference herein to an **"Article"** shall be a reference to an article of these Rules of the Organisation of the Noteholders.

A **"successor"** of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

Any reference to any party to any Transaction Document shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

3. PURPOSE OF THE ORGANISATION

3.1 Each Noteholder is a member of the Organisation of the Noteholders.

3.2 The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.

TITLE II

MEETINGS OF THE NOTEHOLDERS

4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

4.1 A Holder of Notes may obtain a Voting Certificate from the Monte Titoli Account Holder or require the Principal Paying Agent to issue a Block Voting Instruction by arranging for such Notes to be (to the satisfaction of the Principal Paying Agent) held to its order or under its control or blocked in an account with a clearing system not later than 24 hours before the time fixed for the relevant Meeting. Noteholders may obtain such evidence by requesting their Monte Titoli Account Holders to release a certificate in accordance with CONSOB Resolution number 11768 of 23 December 1998, as amended and supplemented from time to time.

4.2 A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates.

4.3 So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) and any Proxy named therein (in the case of a Block Voting Instruction) shall be

deemed to be the Holder of the Notes to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

- 4.4 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

5. VALIDITY OF BLOCK VOTING INSTRUCTIONS

A Block Voting Instruction shall be valid only if it is deposited at the specified office of the Principal Paying Agent, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If a Block Voting Instruction is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the Noteholders so requires, a notarially certified copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named therein shall be produced at the Meeting but the Representative of the Noteholders shall not be obliged to investigate the validity of a Block Voting Instruction or the identity of any Proxy.

6. CONVENING A MEETING

6.1 Convening a Meeting

The Representative of the Noteholders or the Issuer may convene separate or combined Meetings of the Noteholders of any Class or Classes at any time and the Representative of the Noteholders shall be obliged to do so upon the request in writing by Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of the outstanding Notes or of the outstanding Notes of the relevant Class.

6.2 Meetings convened by Issuer

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Noteholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

6.3 Time and place of Meetings

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

7. NOTICE

7.1 Notice of meeting

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Noteholders and the Principal Paying Agent, with a copy to the Issuer, where the Meeting is convened by the Representative of the Noteholders, or with a copy to the Representative of the Noteholders, where the Meeting is convened by the Issuer.

7.2 Content of notice

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Noteholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that for the purpose of obtaining Voting Certificates or appointing Proxies, Notes must (to the satisfaction of the Principal Paying Agent) be held to the order of or placed under the control of the Principal Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

7.3 Validity notwithstanding lack of notice

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the Holders of the Notes constituting the Principal Amount Outstanding of all outstanding Notes, the Holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the Noteholders are present at the Meeting.

8. CHAIRMAN OF THE MEETING

8.1 Appointment of Chairman

An individual (who may, but need not be, a Noteholder), nominated by the Representative of the Noteholders may take the chair at any Meeting, but if:

- (a) the Representative of the Noteholders fails to make a nomination; or
- (b) the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

8.2 Duties of Chairman

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and defines the terms for voting.

8.3 Assistance to Chairman

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Noteholders.

9. QUORUM

9.1 The quorum at any Meeting convened to vote on:

- 9.1.1 an Ordinary Resolution, relating to a Meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;
- 9.1.2 an Extraordinary Resolution, other than regarding a Basic Terms Modification, relating to a meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;
- 9.1.3 an Extraordinary Resolution, relating to a Basic Terms Modification, relating to a Meeting of a particular Class or Classes of Notes, will be two or more persons holding or representing at least 75 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, two or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes,

provided that if in respect of any Class of Notes the Principal Paying Agent has received evidence that all Notes of that Class are held by a single holder and the Voting Certificate or Block Voting Instruction so states then a single Voter appointed in relation thereto shall be deemed to be two Voters for the purpose of forming a quorum.

10. ADJOURNMENT FOR WANT OF QUORUM

If a quorum is not present within 15 minutes after the time fixed for any Meeting:

- 10.1 if such Meeting was requested by Noteholders, the Meeting shall be dissolved; and
- 10.2 in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall, subject to paragraphs 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14 days and no later than 42 days after the original date of such Meeting, and to such place as the Chairman determines with the approval of the Representative of the Noteholders provided that:
 - 10.2.1 no Meeting may be adjourned more than once for want of a quorum; and
 - 10.2.2 the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders together so decide.

11. ADJOURNED MEETING

Except as provided in Article 10 (*Adjournment for want of quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

12. NOTICE FOLLOWING ADJOURNMENT

12.1 Notice required

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

- (a) 10-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

12.2 Notice not required

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for want of a quorum*).

13. PARTICIPATION

The following categories of persons may attend and speak at a Meeting:

- 13.1 Voters;
- 13.2 the directors and the auditors of the Issuer;
- 13.3 representatives of the Representative of the Noteholders;
- 13.4 representatives of the Principal Paying Agent;
- 13.5 financial advisers to the Issuer and the Representative of the Noteholders;

- 13.6 legal advisers to the Issuer and the Representative of the Noteholders;
- 13.7 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Noteholders.

14. VOTING BY SHOW OF HANDS

- 14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.
- 14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

15. VOTING BY POLL

15.1 Demand for a poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than one-fiftieth of the Principal Amount Outstanding of the outstanding Notes entitled to vote at the Meeting. A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business.

15.2 The Chairman and a poll

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

16. VOTES

16.1 Voting

Each Voter shall have:

- 16.1.1 on a show of hands, one vote; and
- 16.1.2 on a poll, one vote for each €1,000 in respect of the Notes in aggregate face amount of outstanding Notes represented or held by the Voter.

16.2 Block Voting Instruction

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

16.3 Voting tie

In the case of a voting tie, the Chairman shall have the casting vote.

17. VOTING BY PROXY

17.1 Validity

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it has been given had been amended or

revoked provided that the Principal Paying Agent, has not been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

17.2 **Adjournment**

Unless revoked, the appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

18. **ORDINARY RESOLUTIONS**

18.1 **Powers exercisable by Ordinary Resolution**

Subject to Article 19, a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

18.1.2 to authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 **Ordinary Resolution of a Single Class**

No Ordinary Resolution of any Class of Notes shall be effective unless it is sanctioned by an Ordinary Resolution of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction. For the purposes of this Article 19.3 (*Extraordinary Resolution of a Single Class*), Class A1 Notes and Class A2 Notes rank *pari passu*, but rank senior to Class B Notes which rank senior to Class C Notes which rank senior to Class D Notes.

19. **EXTRAORDINARY RESOLUTIONS**

19.1 A Meeting, in addition to any powers assigned to it in the Rated Notes Conditions or the Junior Notes Conditions, shall have power exercisable by Extraordinary Resolution to:

19.1.1 approve any Basic Terms Modification;

19.1.2 approve any proposal by the Issuer or the Representative of the Noteholders for any alteration or waiver of the rights of the Noteholders against the Issuer;

19.1.3 approve any scheme or proposal related to the mandatory exchange or substitution of any of the Class of Notes;

19.1.4 approve any amendments to the provisions of these Rules, of the Rated Notes Conditions, of the Junior Notes Conditions or of the provisions of the Intercreditor Agreement, the Cash Allocation, Management and Payment Agreement, or any other Transaction Document which shall be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;

19.1.5 in accordance with Article 28, appoint and remove the Representative of the Noteholders;

- 19.1.6 authorise the Representative of the Noteholders to issue a Trigger Notice as a result of a Trigger Event pursuant to Condition 11 of the Rated Notes Conditions or Condition 11 of the Junior Notes Conditions;
- 19.1.7 discharge or exonerate, including retrospectively, the Representative of the Noteholders from any liability in relation to any act or omission for which the Representative of the Noteholders has or may become liable pursuant or in relation to these Rules, the Rated Notes Conditions, the Junior Notes Conditions or any other Transaction Document;
- 19.1.8 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions of any Class of Notes, must be granted by an Extraordinary Resolution;
- 19.1.9 authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- 19.1.10 authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- 19.1.11 authorise the Issuer to dispose of the Receivables.

19.2 **Basic Terms Modification**

No Extraordinary Resolution involving a Basic Terms Modification that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes then outstanding.

19.3 **Extraordinary Resolution of a Single Class**

No Extraordinary Resolution to approve any matter other than Basic Terms Modification of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction. For the purposes of this Article 19.3 (*Extraordinary Resolution of a Single Class*), Class A1 Notes and Class A2 Notes rank *pari passu*, but rank senior to Class B Notes which rank senior to Class C Notes which rank senior to Class D Notes.

20. **EFFECT OF RESOLUTIONS**

20.1 **Binding Nature**

Subject to Article 19.2 (*Basic Terms Modification*) and Article 19.3 (*Extraordinary Resolution of a Single Class*) which take priority over the following, any resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with these Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and or not voting and:

- (a) any resolution passed at Meetings of both the Class A1 Noteholders and the Class A2 Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders, the Class C Noteholders and the Class D Noteholders; and
- (b) any resolution passed at a meeting of the Class B Noteholders duly convened and held as aforesaid shall also be binding upon all the Class C Noteholders and the Class D Noteholders;
- (c) any resolution passed at a meeting of the Class C Noteholders duly convened and held as aforesaid shall also be binding upon all the Class D Noteholders; and

- (d) in each case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

20.2 **Notice of Voting Results**

Notice of the results of every vote on a resolution duly considered by Noteholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agents (with a copy to the Issuer and the Representative of the Noteholders within 14 days of the conclusion of each Meeting).

21. **CHALLENGE TO RESOLUTIONS**

Any absent or dissenting Noteholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

22. **MINUTES**

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having been duly passed and transacted.

23. **WRITTEN RESOLUTION**

A Written Resolution shall take effect as if it were an Extraordinary Resolution or in respect of matters required to be determined by Ordinary Resolution, as an Ordinary Resolution.

24. **JOINT MEETINGS**

Subject to the provisions of these Rules, the Rated Notes Conditions and the Junior Notes Conditions, joint meetings of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders may be held to consider the same Ordinary Resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto.

25. **SEPARATE AND COMBINED MEETINGS OF NOTEHOLDERS**

25.1 The following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class:

25.1.1 business which, in the opinion of the Representative of the Noteholders, affects only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;

25.1.2 business which, in the opinion of the Representative of the Noteholders, affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion; and

25.1.3 business which, in the opinion of the Representative of the Noteholders, affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.

In this paragraph "business" includes the passing or rejection of a resolution.

26. INDIVIDUAL ACTIONS AND REMEDIES

- 26.1 The right, if any, of each Noteholder to bring individual actions or use other individual remedies to enforce his/her rights under the Notes shall be subject to a Meeting not passing a resolution objecting to such individual action or other remedy on the grounds that it is not convenient at the time when the Meeting is held having regard to the interests of the Noteholders. In this respect, the following provisions shall apply:
- 26.1.1 the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;
 - 26.1.2 the Representative of the Noteholders will, without delay, call a Meeting in accordance with these Rules;
 - 26.1.3 if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and
 - 26.1.4 if the Meeting of Noteholders does not object to an individual action or remedy, the Noteholder will not be prohibited from taking such individual action or remedy.
- 26.2 No Noteholder will be allowed to take any individual action or remedy to enforce his/her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy in accordance with the provisions of this Article.

27. FURTHER REGULATIONS

Subject to all other provisions contained in these Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

TITLE III

THE REPRESENTATIVE OF THE NOTEHOLDERS

28. APPOINTMENT, REMOVAL AND REMUNERATION

28.1 Appointment

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the Most Senior Class of Noteholders in accordance with the provisions of this Article 28, except for the appointment of the first Representative of the Noteholders which will be Securitisation Services S.p.A. which is confirmed upon the creation of the Organisation of the Noteholders.

28.2 Identity of Representative of the Noteholders

The Representative of the Noteholders shall be:

- 28.2.1 a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- 28.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to article 107 of Italian Legislative Decree No. 385 of 1993; or
- 28.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

The Directors and auditors of the Issuer and those who fall within the conditions set out in article 2399 of the Italian Civil Code cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

28.3 Duration of appointment

Unless the Representative of the Noteholders is removed by Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes pursuant to Article 19 (*Extraordinary Resolutions*) or resigns pursuant to Article 29 (*Resignation of the Representative of the Noteholders*), it shall remain in office until full repayment or cancellation of all the Notes.

28.4 After termination

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Noteholders, which shall be an entity specified in Article 28.2 (*Identity of Representative of the Noteholders*), accepts its appointment, and the powers and authority of the Representative of the Noteholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Notes.

28.5 Remuneration

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Notes or in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the Priority of Payments up to (and including) the date when the Notes shall have been repaid in full or cancelled in accordance with the Conditions.

29. RESIGNATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a new Representative of the Noteholders has been appointed in accordance with Article 28.1 (Appointment) and such new Representative of the Noteholders has accepted its appointment provided that if Noteholders fail to select a new Representative of the Noteholders within three months of written notice of resignation delivered by the Representative of the Noteholders, the Representative of the Noteholders may appoint a successor which is a qualifying entity pursuant to Rule 28 (Appointment, Removal and Remuneration).

30. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE NOTEHOLDERS

30.1 Representative of the Noteholders is legal representative

The Representative of the Noteholders is the legal representative of the Organisation of the Noteholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Noteholders.

30.2 Meetings and Resolutions

The Representative of the Noteholders is responsible for implementing all resolutions of the Noteholders. The Representative of the Noteholders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

30.3 Delegation

The Representative of the Noteholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents act by responsible officers or a responsible officer for the time being of the Representative of the Noteholders. The Representative of the Noteholders may also, whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid. Any such delegation may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit in the interest of the Noteholders. The Representative of the Noteholders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, provided that the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

30.4 Judicial Proceedings

The Representative of the Noteholders is authorised to represent the Organisation of the Noteholders in any judicial proceedings including administration under supervision, composition, bankruptcy and forced administrative liquidation of the Issuer.

30.5 Consents given by Representative of Noteholders

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate and notwithstanding anything to the contrary contained in the Rules or in the Transaction Documents such consent or approval may be given retrospectively.

30.6 Discretions

Save as expressly otherwise provided herein, the Representative of the Noteholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law.

30.7 Obtaining instructions

In connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Noteholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request that the Noteholders indemnify it and/or provide it with security to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities which it may incur by taking such action.

30.8 Trigger Events and Purchase Termination Events

The Representative of the Noteholders may certify whether or not an event constituting a Trigger Event or Purchase Termination Event shall be deemed to be material and incapable of being remedied and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Transaction Documents.

30.9 **Remedy**

The Representative of the Noteholders may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules, the Notes or any other Transaction Documents may be remedied, and if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Securitisation.

31. **EXONERATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS**

31.1 **Limited obligations**

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

31.2 **Specific limitations**

Without limiting the generality of the Article 31.1, the Representative of the Noteholders:

- 31.2.1 shall not be under any obligation to take any steps to ascertain whether a Trigger Event, Purchase Termination Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any other Transaction Document, has occurred and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Trigger Event or such other event, condition or act has occurred;
- 31.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that the Issuer and each other party to the Transaction Documents are duly observing and performing all their respective obligations;
- 31.2.3 except as expressly required in these Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
- 31.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
 - (i) the nature, status, creditworthiness or solvency of the Issuer;
 - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection herewith;
 - (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;
 - (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Portfolio; and
 - (v) any accounts, books, records or files maintained by the Issuer, the Servicer and the Principal Paying Agent or any other person in respect of the Portfolio or the Notes;

- 31.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the persons entitled thereto;
- 31.2.6 shall have no responsibility for procuring or maintaining any rating of the Notes other by any credit or rating agency or any other person;
- 31.2.7 shall not be responsible for or for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Noteholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 31.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- 31.2.9 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the Portfolio or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- 31.2.10 shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;
- 31.2.11 shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person;
- 31.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Portfolio or any part thereof;
- 31.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Notes, the Portfolio or any Transaction Document;
- 31.2.14 shall not be under any obligation to insure the Portfolio or any part thereof;
- 31.2.15 when in these Rules or any Transaction Document the Representative of the Noteholders is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Noteholders, it shall have regard to the interests of the Noteholders as a Class and shall not be obliged to have regard to the consequences of such exercise for any individual Noteholder resulting from his/her or its being for any purpose domiciled, resident in or otherwise connected with or subject to the jurisdiction of any particular territory or taxing authority;
- 31.2.16 shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the Noteholders and the Other Issuer Creditors but if, in the opinion of the Representative of the Noteholders, there is a conflict between their interests the Representative of the Noteholders will have regard solely to the interest of the Noteholders;
- 31.2.17 where the Representative of the Noteholders is required to consider the interests of the Noteholders and, in its opinion, there is a conflict between the interests of the Holders of different Classes of Notes, it will consider only the interests of the Holders of the Most Senior Class of Notes;
- 31.2.18 shall not be deemed responsible for having acted pursuant to any resolution purporting to be a Written Resolution or to have been passed at a Meeting in respect of which minutes were made, even if it is later discovered that the Meeting had not been validly convened or constituted, and

that such resolution had not been duly approved or was not otherwise valid or binding for the Noteholders; and

31.2.19 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all liabilities which might be brought or made against or suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the Noteholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

31.3 Notes held by Issuer

The Representative of the Noteholders may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer.

31.4 Illegality

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend monies or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Noteholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

32. RELIANCE ON INFORMATION

32.1 Advice

The Representative of the Noteholders may act on the advice of, a certificate or opinion of or any written information obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise, and whether obtained by letter, telex, email or facsimile transmission.

32.2 Certificates of Issuer

The Representative of the Noteholders may call for, and shall be at liberty to accept (a) as sufficient evidence of any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by the Issuer, and (b) as sufficient evidence that such is the case, a certificate of the Issuer to the effect that any particular dealing transaction, step or thing is expedient or necessary and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

32.3 Certificates of Authorised Institutions

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any authorised institution listed in article 30 of Legislative Decree number 213 of 24 June 1998, which certificates are to be conclusive proof of the matters certified therein.

32.4 Certificates of Parties to Transaction Document

The Representative of the Noteholders shall have the right to call for or require the Issuer to call for and to rely on written certificates issued by one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor, as to any matter or fact *prima facie* within the knowledge of such party or as to such party's opinion with respect to any matter and the Representative of the Noteholders shall not be required to seek additional evidence in respect of the relevant fact, matter or issue and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so.

32.5 Rating Agencies

The Representative of the Noteholder shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the Noteholders if the Rating Agencies have confirmed that the then current rating of the Rated Notes would not be adversely affected by such exercise. If the Representative of the Noteholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the Notes or any Class thereof, the Representative of the Noteholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Noteholders or the Representative of the Noteholders may seek and obtain such views itself at the cost of the Issuer.

32.6 Clearing Systems

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of any common depositary or clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any of them, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

32.7 Auditors

The Representative of the Noteholders shall not be responsible for reviewing or investigating any Auditors' report or certificate and may rely on the contents of any such report or certificate.

33. AMENDMENTS AND MODIFICATIONS

33.1 The Representative of the Noteholders may from time to time and without the consent or sanction of the Noteholders concur with the Issuer and any other relevant parties in making:

33.1.1 any amendment or modification to these Rules or to any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which, in the opinion of the Representative of the Noteholders, it is expedient to make in order to correct a manifest error or if such modification is of a formal, minor, administrative or technical nature;

33.1.2 any amendment or modification to these Rules or any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of Basic Terms Modification) which, in the opinion the Representative of the Noteholders, is or will not be materially prejudicial to the interests of the Most Senior Class of Notes then outstanding; and

33.1.3 any amendment or modification to these Rules or the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which the Issuer has requested the Representative of the Noteholders to approve in the context of any further

securitisation referred to in Condition 4.10 of the Rated Notes Conditions and Condition 4.10 of the Junior Notes Conditions and which, in the opinion of the Representative of the Noteholders, will not be materially prejudicial to the interests of the Most Senior Class of Noteholders and the fact that the execution of the relevant amendment or modification would not adversely affect the current ratings of the Rated Notes shall be conclusive evidence that the requested amendment or modification is not materially prejudicial to the interests of the Holders of the Most Senior Class of Notes.

33.2 Any such modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such modification be notified to the Noteholders as soon as practicable thereafter.

34. SECURITY DOCUMENTS

34.1 The Deed of Pledge

The Representative of the Noteholders shall have the right to exercise all the rights granted by the Issuer to the Noteholders pursuant to the Deed of Pledge. The beneficiaries of the Deed of Pledge are referred to as the "**Secured Noteholders**".

34.2 Rights of Representative of the Noteholders

The Representative of the Noteholders, acting on behalf of the Secured Noteholders, shall be entitled to:

- (a) appoint and entrust the Issuer to collect, on the Secured Noteholders' interest and behalf, any amounts deriving from the claims and from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Issuer, to the respective debtors of the pledged claims to make the payments related to such claims to the Payments Account or on any other account opened in the name of the Issuer;
- (b) attest that the account(s) to which payments have been made in respect of the pledged claims shall be deposit accounts for the purpose of article 2803 of the Italian Civil Code, and procure that such account(s) is(are) operated in compliance with the provisions of the Cash Allocation, Management and Payment Agreement and the Intercreditor Agreement. For such purpose and until a Trigger Notice is served, the Representative of the Noteholders, acting in the name and on behalf of the Secured Noteholders, shall appoint the Issuer to manage the Accounts in compliance with the Cash Allocation, Management and Payment Agreement;
- (c) procure that all funds credited to the relevant Accounts from time to time are applied in accordance with the Cash Allocation, Management and Payment Agreement and the Intercreditor Agreement; and
- (d) procure that the funds from time to time deriving from the pledged claims and the amounts credited to the relevant Accounts are applied towards satisfaction not only of the amounts due to the Secured Noteholders, but also of amounts due and payable to any other parties that rank prior to the Secured Noteholders according to the applicable Priority of Payments set forth in the Conditions, and to the extent that all amounts due and payable to the Secured Noteholders have been paid in full, that any remaining amount be used towards satisfaction of any amounts due to any other parties that rank below the Secured Noteholders. The Secured Noteholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to the Accounts which is not in accordance with the provisions of this Article 34. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Deed of Pledge except in accordance with the provisions of this Article 34 and the Intercreditor Agreement.

35. **INDEMNITY**

Pursuant to the Rated Notes Subscription Agreement, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands properly incurred by or made against the Representative of the Noteholders or any entity to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to these Rules and the Transaction Documents, including but not limited to legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the Notes or the Transaction Documents.

36. **LIABILITY**

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Notes or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

TITLE IV

THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE

37. **POWERS**

It is hereby acknowledged that, upon service of a Trigger Notice, pursuant to the Mandate Agreement, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Portfolio. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, any and all of the Issuer's Rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

TITLE V

GOVERNING LAW AND JURISDICTION

38. **GOVERNING LAW**

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

39. **JURISDICTION**

The Courts of Milan will have jurisdiction to law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

SELECTED ASPECTS OF ITALIAN LAW

The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

It applies to securitisation transactions involving the "true" sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Securitisation Law and all amounts paid by the assigned debtors are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such receivables and all costs and expenses associated with the securitisation transaction.

Ring-fencing of the assets

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Prior to and on a winding up of such a company such assets will only be available to holders of the Notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer Company.

However, under Italian law, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

The assignment

The assignment of the Receivables under the Securitisation Law will be governed by article 58 paragraphs 2, 3 and 4 of the Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against the Originator, debtors in respect of the assigned debts and third party creditors by way of publication of the relevant notice in the Official Gazette of the Republic of Italy and, in the case of the debtors, registration in the Companies' Registrar, so avoiding the need for notification to be served on each debtor.

As of date of the publication of the notice in the Official Gazette of the Republic of Italy, the assignment becomes enforceable against:

- (a) creditors of the Originator who have not prior to the date of publication of the notice commenced enforcement proceedings in respect of the relevant debts;
- (b) the liquidator or other bankruptcy official of the Originator; and

- (c) other permitted assignees of the Originator who have not perfected their assignment prior to the date of publication.

As of the later of (i) the date of the publication of the notice in the Official Gazette of the Republic of Italy or (ii) the date of registration of the notice in the Companies' Registrar, the assignment becomes enforceable against:

- (a) the debtors; and
- (b) the liquidator or other bankruptcy official of the such debtors (so that any payments made by a debtor to the purchasing company may not be subject to any claw-back action pursuant to article 67 of the Bankruptcy Law).

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned debts will automatically be transferred to and perfected with the same priority in favour of the Issuer, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette of the Republic of Italy, no legal action may be brought in respect of the debts or the sums derived therefrom other than for the purposes of enforcing the rights of the Noteholders and of meeting the costs of the transaction.

Notice of the assignment of the Initial Portfolio pursuant to the Master Receivables Purchase Agreement was published in the Official Gazette of the Republic of Italy No. 247 on 22 October 2005 and registered in the Companies' Registrar on 17 October 2005.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the adjudication of bankruptcy of the relevant party is made within three months of the securitisation transaction or, in cases where paragraph 1 of article 67 applies, within six months of the securitisation transaction.

The Issuer

Under the regime normally prescribed for Italian companies under the Italian civil code, it is unlawful for any company (other than banks) to issue securities for an amount exceeding two times the company's share capital. Under the provisions of the Securitisation Law, the standard provisions described above are inapplicable to the Issuer.

The Issuer is subject to the provisions contained in Chapter V of the Banking Act which requires that companies intending to carry out financial activity in the Republic of Italy must be registered on the register of financial companies held, pursuant to article 106 of the Banking Act, by the *Ufficio Italiano dei Cambi*. Additionally, pursuant to article 107 of the Banking Act, financial companies carrying out securitisation activities must also be registered on a special register held by the Bank of Italy. Companies registered under article 107 of the Banking Act are subject to the supervision of the Bank of Italy.

Italian Law on Leasing

The contract of financial leasing (*locazione finanziaria*) ("**Financial Leasing**") is a type of contract not expressly addressed by the Italian civil code that may be validly entered into pursuant to the general provisions of article 1322 of the Italian civil code. According to this article, the parties to a contract can enter into any contract not belonging to a type subject to a specific legal discipline provided that such contract aims to fulfil interests that deserve to be protected by the legal system. The Italian courts have established that Financial Leasing agreements falls within the scope of this provision.

Under Financial Leasing agreements, the lessor leases to the lessee certain assets (for the purpose of this section, the "**Leased Property**") which have been purchased by the lessor from, or have been constructed for the lessor by, a third party supplier, with the consideration to be paid by the lessee to the lessor determined by reference to the duration of the lease, the cost of the assets and remuneration of the financing provided by the lessor, and upon the expiry of the financial Lease Contract the lessee has the option to either return the Leased Property to the lessor, or purchase upon payment of the agreed price (*riscatto*), or alternatively, enter into a new lease contract. Accordingly, three parties are generally involved in the transaction (i.e., lessor, lessee and supplier) which is completed through the stipulation of two contracts: the Financial Leasing agreement between lessor and lessee and the transfer agreement between the supplier and the lessor. The Italian Supreme Court has established that although these contracts are separate, there is a contractual link between them arising from the fact that the assets acquired by the lessor from the supplier are selected and chosen by the lessee, who is responsible for their maintenance and is subject to the risk of their loss.

Financial Leasing is subject to the provisions of the Italian civil code on contracts in general and to those provisions regulating specific contracts that can be applied in analogy when, in view of the particular contractual discipline agreed by the parties, the circumstances are similar to those foreseen by such provisions.

In a number of decisions given by the Italian Supreme Court in 1989 and confirmed, *inter alia*, by a decision given by the *Sezioni Unite* of the Supreme Court in 1993 (Cass. Sez. Un., 7 January 1993, No. 65), contracts of Financial Leasing are distinguished into two different types: firstly, *leasing finanziario di godimento*, under which the payment of the agreed rentals represents, in line with the intention of the parties involved, only remuneration for the use of the Leased Property by the lessee; and secondly, *leasing finanziario traslativo*, under which the parties foresee, at the time of the conclusion of the contract, that the Leased Property (in view of its nature, the envisaged use and the duration of the contract) is to retain, upon expiry of the contract, a residual value significantly higher than the *riscatto*. Accordingly, it is reasonable to hold that rentals to be paid under *leasing finanziario traslativo* represent part of the consideration for the transfer of the Leased Property to the lessee following expiry of the contract upon payment of the *riscatto*, and that the exercise of the purchase option and transfer of the Leased Property to the lessee upon expiry of the contract does not constitute merely an option of the lessee but forms part of the original intention of the parties to the contract.

The Italian Supreme Court deems that the provisions of article 1526 of the Italian civil code are to be applied by analogy to contractual relationships between lessors and lessees under the *leasing finanziario traslativo*. Article 1526 of the Italian civil code establishes that in relation to a sale by instalments with retention of title, if the contract is terminated as a result of the non-performance by the purchaser of its obligations, the vendor must repay the instalments received, save for its right to an equitable compensation for the use of the good and damages. Such provisions of article 1526 do not apply to *leasing finanziario di godimento* in respect of which the general provisions of the Italian civil code shall apply; according to article 1458, paragraph 1, of the Italian civil code, termination of a lease contract for breach of contract has, as between the parties thereto, a retroactive effect unless the lease contract provides for continuing performance, in which case the termination does not affect those acts already performed by the parties.

Therefore, according to the above interpretation of the Italian Supreme Court, in the event of termination of a lease contract for breach by the lessee, under *leasing finanziario di godimento*, the lessor is entitled to have the Leased Property returned to him, to retain the amounts received in respect of the rental payments matured prior to termination and, in case of bankruptcy or insolvency of the lessee, to prove for the unpaid rental payments matured before the declaration of bankruptcy. On the contrary, in the event of termination of a *leasing finanziario traslativo*, the lessee (or the receiver in case of bankruptcy or insolvency of the lessee) has the right to receive from the lessor any amounts paid in respect of rental payments before termination but the lessee must return the Leased Property to the lessor and pay to the lessor an equitable compensation for use of the Leased Property and where appropriate, damages.

Insolvency of the Lessees

Should a lessee be declared insolvent and unless the insolvency receiver appointed in such lessee's insolvency decides to continue the relevant lease contract, the provisions of article 1526 of the Italian civil code (in the case of *leasing finanziario traslativo*) or article 1458, paragraph 1, of the Italian civil code (in the case of *leasing finanziario di godimento*) shall apply to the extent referred to above.

Forced Sale of Debtor's Goods and Real Estate Assets

A lender may resort to a forced sale of the debtor's (or guarantor's) goods (*pignoramento mobiliare*) or real estate assets (*pignoramento immobiliare*), having previously been granted a "judicial" mortgage following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

Forced sale proceedings are directed against the debtor's properties following notification of an *atto di precetto* to the borrower together with a *titolo esecutivo* obtained from a court.

The attachment of the debtor's movable properties is carried out at the debtor's premises or on third party's premises by a bailiff who removes the attached property or forbids the debtor from in any way transferring or disposing of the attached goods, and appoints a custodian thereof (in practice usually the debtor himself).

Not earlier than ten days but not later than ninety days from the attachment:

- (a) in case of a *pignoramento mobiliare*, the creditor may ask the court to deliver to himself all monies found at the debtor's premises, to transfer properties consisting of listed or marketed equities and to sell with or without auction the remaining attached goods; and
- (b) in case of a *pignoramento immobiliare*, the mortgage lender may request the court to sell the mortgaged property.

The average length of a *pignoramento mobiliare*, from the court order or injunction of payment to the final sharing-out, is about three years.

The average length of a *pignoramento immobiliare*, from the court order or injunction of payment to the final sharing-out, is between six and seven years. In the medium-sized central and northern Italian cities it can be significantly less whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average.

Attachment of Debtor's Credits

Attachment proceedings may be commenced also on due and payable credits of a borrower (such as bank accounts, salary etc.) or on borrower's movable property which is located on third party premises.

Accounting treatment of the Receivables

Pursuant to Bank of Italy Regulations, the Accounting Information relating to the securitisation of the Receivables will be contained in the Issuer's *Nota Integrativa* which, together with the Balance Sheet and the Profit and Loss statements form part of the financial statements of Italian companies.

TAXATION

The following is a general description of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to the noteholders' decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of Notes that are held in connection with a permanent establishment or fixed base through which a non-Italian resident beneficial owner carries on business or performs professional services in Italy.

Prospective purchasers of Notes should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Prospective Noteholders who may be unsure as to their tax position should seek their own professional advice.

Income tax

Under current legislation, pursuant to the provision of article 6, paragraph 1, of the Securitisation Law and of Decree No. 239, payments of interest and other proceeds in respect of the Notes:

- (a) will be subject to final *imposta sostitutiva* at the rate of 12.5 per cent in Italy if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes (unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the *risparmio gestito* regime according to article 7 of Legislative Decree No. 461 of 21 November 1997 - the "**Asset Management Option**"); (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities; (iv) Italian resident entities exempt from corporate income tax and (v) non-Italian resident entities or persons without a permanent establishment in Italy to which the Notes are effectively connected, which are not eligible for the exemption from the *imposta sostitutiva* and/or do not timely comply with the requirements set forth in Decree No. 239 and the relevant application rules in order to benefit from the exemption from *imposta sostitutiva*. As to non-Italian resident beneficial owners, *imposta sostitutiva* may apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable.

The 12.5 per cent (or, in certain cases, for treaty covered non-Italian resident beneficial owners, the lower rate provided for by the relevant applicable double tax treaty) final *imposta sostitutiva* will be generally applied by the Italian resident qualified financial intermediaries (or permanent establishments in Italy of foreign intermediaries) that will intervene, in any way, in the collection of interest and other proceeds on the Notes or in the transfer of the Notes;

- (b) will not be subject to the *imposta sostitutiva* at the rate of 12.5 per cent if made to beneficial owners who are: (i) Italian resident corporations or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected; (ii) Italian resident collective investment funds, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993 and Italian resident real estate investment funds; (iii) Italian resident individuals who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option; and (iv) according to Decree No. 239, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, provided that:
- (1) such beneficial owners are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, and
 - (2) all the requirements and procedures set forth in Decree No. 239 and in the relevant application rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met or complied with.

To ensure payment of interest and other proceeds in respect of the Notes without the application of *imposta sostitutiva*, investors indicated above sub-paragraph (b) must (i) be the beneficial owners of payments of interest and other proceeds on the Notes; (ii) timely deposit the Notes directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of foreign intermediary); and (iii) in the event of non-Italian resident beneficial owners being holders of the Notes, according to Decree No. 239, timely file with the relevant depository a self-declaration stating themselves to be resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Such self-declaration is valid until withdrawn or revoked and must not be submitted if a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository.

Decree No. 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of interest and other proceeds in respect of the Notes made to (i) international bodies and organisations established in accordance with international agreements ratified in Italy; (ii) foreign institutional investors not subject to income tax or to other similar taxes, which are established in countries which allow an adequate exchange of information with Italy and (iii) Central Banks or entities, managing also official State reserves.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent annual substitutive tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include any interest and other proceeds accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - IRAP) of beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign corporation to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident collective investment funds are subject to a 12.5 per cent or in certain cases, pursuant to article 12 of Decree No. 269, to a 5 per cent annual substitutive tax (the "**Collective Investment Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include any interest and other proceeds accrued on the Notes).

Italian resident pension funds subject to the regime provided by articles 14, 14-*ter* and 14-*quater*, paragraph 1 of Legislative Decree No. 124 of 21 April 1993, are subject to a 11 per cent annual substitutive tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Notes).

As recently clarified by Circular of the Revenue Agency 8 August 2003, No. 47/E, the 12.5 per cent *imposta sostitutiva* provided for by Decree No. 239 in general should not apply with respect to interest and other proceeds on the Notes derived by all Italian resident real estate investment funds, including also any real estate investment funds not subject to the tax treatment provided for by Decree No. 351, always provided that the Notes are timely deposited directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of foreign intermediary).

Any positive difference between the nominal amount of the Notes and their issue price is deemed to be interest for tax purposes.

Without prejudice to the above provisions, in the event that the Notes are redeemed in full or in part prior to eighteen months from the Issue Date, the Issuer of the Notes will be required to pay an additional amount equal to 20 per cent of interest and other proceeds accrued on the early redeemed Notes up to the time of the early redemption. In accordance with one interpretation of Italian fiscal law, also in the event of purchase of Notes by the Issuer with subsequent cancellation thereof prior to eighteen months from the Issue Date, the Issuer may be required to pay the above 20 per cent additional amount.

Capital Gains

Any capital gain realised upon the sale for consideration or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

- (a) Italian resident corporations;
- (b) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; or
- (c) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity and certain other persons upon sale for consideration or redemption of the Notes would be subject to an *imposta sostitutiva* at the current rate of 12.5 per cent. Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss, realised by Italian resident individual noteholders holding Notes not in connection with entrepreneurial activity pursuant to all disposals of Notes carried out during any given fiscal year. Italian resident individuals holding Notes not in connection with entrepreneurial activity must report overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authorities for such year and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding the Notes not in connection with entrepreneurial activity may elect to pay 12.5 per cent *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "*Risparmio Amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, *società di intermediazione mobiliare* (SIM) or certain authorised financial intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. Under the *Risparmio Amministrato* regime, the financial intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any relevant incurred capital loss, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Notes results in capital loss, such loss may be deducted from capital gains of the same kind subsequently realised within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the

Risparmio Amministrato regime, the Noteholder is not required to declare capital gains in its annual tax declaration and remains anonymous.

Any capital gains accrued to Italian resident individuals holding Notes not in connection with entrepreneurial activity who have elected for the Asset Management Option will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the Noteholder is not required to report capital gains realised in its annual tax declaration and remains anonymous.

Any capital gains accrued to Noteholders who are Italian resident collective investment funds will be included in the computation of the taxable basis of the Collective Investment Fund Tax.

Any capital gains accrued to Noteholders who are Italian resident pension funds subject to the regime provided by articles 14, 14-*ter* and 14-*quater*, paragraph 1, of Legislative Decree No. 124 of 21 April 1993, will be included in the computation of the taxable basis of Pension Fund Tax.

The 12.5 per cent final *imposta sostitutiva* on capital gains may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad (including the Stock Exchange) and in certain cases subject to timely filing of required documentation (in particular, a self-declaration not to be resident in Italy for tax purposes), even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

In case the Notes are not listed on a regulated market in Italy or abroad:

- (i) pursuant to the provisions of article 5 of legislative decree No. 461 of 21 November 1997, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in Italy on any capital gains realised, upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they timely file with the authorised financial intermediary an

appropriate self-declaration stating they are resident for tax purposes in a country which allows an adequate exchange of information with Italy.

Exemption from Italian substitute tax on capital gains also applies to Non-Italian residents who are (a) international bodies and organizations established in accordance with international agreements ratified in Italy; (b) foreign institutional investors not subject to income tax or to other similar taxes, established in countries which allow an adequate exchange of information with Italy and (c) Central Banks or other entities, managing also official State reserves.

- (ii) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian taxation on capital gains will apply upon condition that they file in time with the authorised financial intermediary appropriate documents which include *inter alia* a statement from the competent tax authorities of the country of residence of the non-Italian residents.

The *Risparmio Amministrato* Regime is the ordinary regime automatically applicable to non resident persons and entities relating to the Notes deposited for safekeeping or administration at Italian banks, SIMs and other eligible entities, but non-resident note-holders retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

Inheritance and gift tax

According to Law No. 383 of 18 October 2001 ("**Law No. 383**"), starting from 25 October 2001, Italian inheritance and gift tax, previously generally payable on the transfer of securities as a result of death or donation, has been abolished.

However, according to Law No. 383, for donees other than spouses, direct descendants or ancestors and other relatives within the fourth degree, if and to the extent that the value of gift attributable to each such donee exceeds €180,759.91, the gift of Notes may be subject to the ordinary transfer taxes provided for the transfer thereof for consideration.

Moreover, an anti-avoidance rule is provided by Law No. 383 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to the *imposta sostitutiva* provided for by Legislative Decree No. 461 of 21 November 1997. In particular, if the donee sells the Notes for consideration within 5 year from the receipt thereof as gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

Transfer tax

General

Pursuant to Legislative Decree No. 435 of 21 November 1997 ("**Decree No. 435**"), which amended the regime laid down by Royal Decree No. 3278 of 30 December 1923, the transfer of the Notes may be subject to Italian transfer tax (*tassa sui contratti di borsa*) in the following cases and at the following rates:

- (i) contracts entered into directly between private parties or between the parties through entities other than authorised intermediaries (banks, SIMs or other professional intermediaries authorised to perform investment services, pursuant to the Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 58 of 24 February 1998, or stockbrokers) are subject to a transfer tax of €0.0083 for every €51.65, or part of €51.65, of the price of the Notes;
- (ii) contracts between private parties through banks, SIMs or other authorised professional intermediaries or stockbrokers, or between private parties and banks, SIMs or other authorised intermediaries or stockbrokers, are subject to a transfer tax of €0.00465 for every €51.65, or part of €51.65, of the price of the Notes;
- (iii) contracts between banks, SIMs or other authorised professional intermediaries or stockbrokers are subject to a transfer tax of €0.00465 for every €51.65, or part of €51.65, of the price of the Notes.

In the cases listed above under (ii) and (iii), however, the amount of transfer tax cannot exceed €929.62 for each transaction.

Exemptions

In general, transfer tax is not levied *inter alia* in the following cases:

- (i) contracts relating to listed securities entered into on regulated markets (e.g. the Stock Exchange);
- (ii) contracts relating to securities which are admitted to listing on regulated markets and finalised outside such markets and entered into:
 - (a) between banks or SIMs or other professional intermediaries authorised to perform investment services, pursuant to Legislative Decree No. 415 of 23 July 1996, as superseded by Legislative Decree No. 58 of 24 February 1998, or stockbrokers among themselves;
 - (b) between authorised intermediaries as referred to in paragraph (a) above and non-Italian residents;
 - (c) between authorised intermediaries as referred to in paragraph (a) above, also non-Italian resident, and undertakings for collective investment of saving income;

- (iii) contracts relating to public sale offers for the admission to listing on regulated markets or relating to financial instruments already admitted to listing on said markets;
- (iv) contracts for a consideration of less than €206.58;
- (v) contracts regarding securities not listed on a regulated market entered into between authorised intermediaries as referred to in (ii)(a) above, on the one hand, and non-Italian residents, on the other hand; and
- (vi) securities lending transactions and any other contracts having the same economic purposes.

European Withholding Tax Directive

On 3 June 2003, the EU Council of Economic and Finance Ministers ("**ECOFIN**") adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 July 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments deducting tax at rates rising over time to 35 per cent. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Italy has implemented the Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree 84/2005**"). Under Decree 84/2005, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian paying agents i.e. banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 85/611/EC.

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

The Rated Notes Subscription Agreement

Pursuant to the Rated Notes Subscription Agreement entered into on or about the Issue Date between the Managers, the Issuer, Locat, the Representative of the Noteholders and the Managers, the Managers have agreed to subscribe and pay the Issuer for the Rated Notes: (i) the Class A1 Notes, at the issue price of 100 per cent of their principal amount, (ii) the Class A2 Notes at the issue price of 100 per cent of their principal amount, (iii) the Class B Notes at the issue price of 100 per cent of their principal amount, and (iv) the Class C Notes at the issue price of 100 per cent of their principal amount.

The Issuer has agreed to pay to the Managers combined management and underwriting commissions and selling concessions on the principal amount of the Rated Notes as agreed in the Rated Notes Subscription Agreement.

The Rated Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment for the relevant Class of Notes. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the issue of the Rated Notes.

The Junior Notes Subscription Agreement

Locat has, pursuant to the Junior Notes Subscription Agreement entered into on or about the Issue Date between Locat, the Representative of the Noteholders and the Issuer, agreed to subscribe and pay the Issuer for the Junior Notes at the Issue Price of 100 per cent of their principal amounts upon issue of the Junior Notes.

Save for the Conditions 1.1 (*Form, denomination and title*), 5 (*Interest*) and 6.8 (*Early Redemption through the disposal of the Portfolio*), the Junior Notes Conditions are substantially the same as the Rated Notes Conditions.

Under the Rated Notes Conditions and the Junior Notes Conditions the obligations of the Issuer to make payments in respect of the Junior Notes are subordinated to the obligations of the Issuer to make payments in respect of the Rated Notes, the Other Issuer Creditors and the other creditors of the Issuer in accordance with the applicable Priority of Payments. Therefore, in case of losses by the Issuer, if the Issuer is not able to fulfil in full its obligations in respect of all its creditors, the Junior Noteholders will be the first creditors to bear any shortfall.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions not subject to the registration requirements of the Securities Act.

Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

The Managers have agreed that, except as permitted by the Rated Notes Subscription Agreement, they will not offer, sell or deliver the Rated Notes (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the "**restricted period**"), within the United States or to, or for the account or benefit of, U.S. persons. The Managers have agreed that, at or prior to confirmation of sales of any Rated Notes, they will have sent to each distributor, dealer or other person to which they sell the Rated Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of Rated Notes within the United States or to, or for the account or benefit, of U.S. persons.

In addition, until 40 days after the Issue Date, an offer or sale of the Notes within the United States by any dealer (whether or not participating in this offering) may violate the requirements of the Securities Act.

Under the Rated Notes Subscription Agreement, the Managers have also agreed that neither they, their affiliates, nor any persons acting on its or their behalf have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with the offer and sale of the Rated Notes in the United States.

Republic of Italy

Under the Rated Notes Subscription Agreement, the Managers have acknowledged that no action has or will be taken by them which would allow an offering (nor a "*sollecitazione all'investimento*") of the Rated Notes to the public in Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Accordingly, the Managers have agreed that the Rated Notes may not be offered, sold or delivered by them and neither this Prospectus nor any other offering material relating to the Rated Notes will be distributed or made available by them to the public in Italy. Individual sales of the Rated Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.

Under the Rated Notes Subscription Agreement, the Managers have acknowledged that no application has been made by them to obtain an authorisation from CONSOB for the public offering of the Rated Notes in Italy.

Accordingly, the Managers have represented and agreed that they have not offered, sold or delivered, and will not offer, sell or deliver, and have not distributed and will not distribute, and have not made and will not make available in Italy the Rated Notes, this Prospectus nor any other offering material relating to Rated Notes other than to professional investors

("operatori qualificati") as defined in article 31, paragraph 2, of CONSOB Regulation number 11522 of 1 July 1998 pursuant to article 100, paragraph 1, letter a) and article 30, paragraph 2, of Italian Legislative Decree number 58 of 24 February 1998 (the "**Financial Laws Consolidated Act**") and in accordance with applicable Italian laws and regulations. Any offer of the Rated Notes to professional investors in Italy shall be made only by banks, investment firms or financial companies enrolled in the special register provided for in article 107 of the Consolidated Banking Act, to the extent that they are duly authorised to engage in the placement and/or underwriting of financial instruments in Italy in accordance with the relevant provisions of the Financial Laws Consolidated Act and in compliance with article 129 of the Consolidated Banking Act.

United Kingdom

Under the Rated Notes Subscription Agreement, the Managers have represented, warranted and undertaken that:

- (a) they have only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by them in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Rated Notes in, from or otherwise involving the United Kingdom.

Republic of France

Under the Rated Notes Subscription Agreement, each of the Managers has acknowledged that the Rated Notes are being issued outside the Republic of France and has represented and agreed that: (i) it has not offered or sold and will not offer or sell, directly or indirectly, the Rated Notes to the public in the Republic of France, and (ii) offers and sales of the Rated Notes will be made in the Republic of France only to qualified investors (*investisseurs qualifiés*) acting for their own account as defined and in accordance with Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

In addition, each of the Managers has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Prospectus or any other offering material relating to the Rated Notes other than to those investors (if any) to whom offers and sales of the Rated Notes may be made as described above.

The Netherlands

All Rated Notes issued by the Issuer shall be offered in The Netherlands in accordance with the following conditions:

- (a) such Rated Notes shall upon the Issue Date have a denomination of at least euro 100,000 (or the equivalent in other currency);
- (b) either the Issuer is not reasonably able to identify any Dutch Resident holders of the Rated Notes on the Issue Date or, to the extent Rated Notes are issued directly to such holders or issued in circumstances where the Issuer is reasonably aware of their identity on or prior to the Issue Date, such Dutch Resident holders must qualify as professional market parties ("**PMPs**") and be verified as such by the Issuer on or prior to such Issue Date in accordance with the Dutch Central Bank's 2005 policy rules pursuant to the Dutch Banking Act Exemption Regulation (*Beleidsregel 2005 kernbegrippen markttoetreding en handhaving Wtk 1992*); and
- (c) all Rated Notes are held at the time of issuance through a clearing system that is established in an European economic area member state, the United States, Japan, Australia, Canada or Switzerland in which securities can only be held through a licensed bank or securities firm or directly by a member of such clearing system qualifying as a PMP.

"**Dutch Resident**" and "**Dutch Residents**" shall mean individuals or legal entities established, domiciled or resident in The Netherlands.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Managers that would, or is intended to, permit a public offering of the Rated Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Rated Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Rated Notes, in all cases at their own expense.

GENERAL INFORMATION

1. Application has been made to the Irish Stock Exchange for the Rated Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market. Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under Directive 2003/71/EC, for the Prospectus to be approved.
2. The Issuer is not involved in any legal or arbitration or governmental or regulatory proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer, to the best of its knowledge aware that any such proceedings are pending or threatened.
3. Save as disclosed in this document, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer since 23 November 2004 (being the date of incorporation of the Issuer) that is material in the context of the issue of the Notes.
4. The issue of the Notes has been authorised by resolution of the Quotaholder Meeting of the Issuer on 29 September 2005.
5. Save as disclosed in this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.
6. The Issuer will produce proper accounts (*ordinata contabilità interna*) and audited (to the extent required) financial statements in respect of each financial year and will not produce interim financial statements. Copies of these documents will be deposited 15 Business Days after their approval at the specified offices of the Issuer, of the Irish Paying Agent and of the Representative of the Noteholders where such documents will be physically available for inspection and where copies of such documents may be obtained upon request during usual business hours.
7. The Rated Notes have been accepted for clearance by Monte Titoli as follows:

	<i>ISIN</i>	<i>Common Code</i>
Class A1	IT0003951107	023585138
Class A2	IT0003951115	023577941
Class B	IT0003951123	023578689
Class C	IT0003951131	023590735

8. Copies of the following documents are physically available and may be inspected and obtained during usual business hours at the specified offices of the Irish Paying Agent,

at the registered office of the Representative of the Noteholders and at the registered office of the Issuer at any time after the date of this document:

- (a) the by-laws (*statuto*) and the deed of incorporation (*atto costitutivo*) of the Issuer;
 - (b) the resolution of the Quotaholder's meeting authorizing the issue of the securities;
 - (c) the Securitisation Law;
 - (d) the following documents:
 - (i) the Master Receivables Purchase Agreement;
 - (ii) the Warranty and Indemnity Agreement;
 - (iii) the Servicing Agreement;
 - (iv) the Corporate Services Agreement;
 - (v) the Hedging Agreement;
 - (vi) the Intercreditor Agreement;
 - (vii) the Quotaholder Agreement;
 - (viii) the Letter of Undertaking;
 - (ix) the Cash Allocation, Management and Payment Agreement;
 - (x) the Mandate Agreement;
 - (xi) the Deed of Pledge;
 - (xii) the Rated Notes Subscription Agreement;
 - (xiii) the Junior Notes Subscription Agreement;
 - (xiv) the Rated Notes Conditions and the Junior Notes Conditions (including the Rules of the Organisation of the Noteholders, attached thereto as Exhibit 1);
 - (xv) the Deed of Charge; and
 - (xvi) the Master Definitions Agreement;
 - (e) the consent of Mr. Lino De Luca to the inclusion of his report herein.
9. The independent auditor of the Issuer is Mr. Lino De Luca (*Certified Public Accountant*) and his permitted successors and assigns.

10. The Issuer has undertaken to maintain a paying agent in Ireland so long as the Rated Notes are listed on the Stock Exchange.
11. So long as any of the Rated Notes remains outstanding, copies of each of the Quarterly Settlement Report, the Quarterly Payments Report and the Investor's Reports shall be made physically available for collection and inspection at the registered offices of the Issuer, of the Irish Paying Agent and of the Representative of the Noteholders.
12. The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately €200,000 (excluding servicing fees and any VAT, if any).
13. The estimated total expenses payable by the Issuer in connection with the admission of the Rated Notes to trading on the regulated market of the Stock Exchange amount to approximately €12,000 (excluding servicing fees and any VAT, if any).

GLOSSARY

These and other terms used in this document are subject to, and in some cases are summaries of, the definitions of such terms set out in the Transaction Documents, as they may be amended from time to time.

Account: means each of the Collection Account, the Payments Account, the Debt Service Reserve Account, the Securities Account, the Expense Account, the Quota Capital Account and the Adjustment Reserve Account and *Accounts* means all of them.

Account Bank: means BNP Paribas - Italian Branch and its permitted successors and assigns acting as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

Accrued Interest: means as of any relevant date the accrued portion of the interest part of the next Instalment due (including any accrued portion of the relevant Adjustment) under the Lease Contracts.

Additional Criteria: means the further objective criteria which may supplement the Specific Criteria and the Common Criteria from time to time pursuant to the terms and subject to the conditions provided in the Master Receivables Purchase Agreement.

Adjustment: means the sums due to or owed by each Lessee, as the case may be, as a result of the adjustment of the Index Rate applicable from time to time to the Instalments pursuant to the terms of the Lease Contracts.

Adjustment Reserve Account: means the Euro denominated Eligible Account, which will be held at the Account Bank or any other Eligible Institution, for the deposit of the Net Adjustment Reserve Amount (if any).

Agreed Prepayment: means any payment of principal howsoever made by or on behalf of a Lessee in respect of the Receivables prior to the relevant due date for payment thereof, as specified in the relevant Lease Contract.

Amortisation Period: means the period (a) commencing on the Interest Payment Date falling in June 2007 (included) and (b) ending on the earlier of (i) the Final Maturity Date and (ii) the date on which the Notes are redeemed in full.

Asset: means any Motor Vehicle, Equipment or Real Estate Asset which is leased under any Lease Contract.

Available Redemption Funds: means in respect of any Interest Payment Date and Settlement Date or, after the service of a Trigger Notice following the occurrence of a Trigger Event, any date on which the Available Redemption Funds are calculated:

- (i) during the Amortisation Period, the Issuer Principal Available Funds; and

- (ii) after the service of a Trigger Notice, the aggregate of (a) the Issuer Principal Available Funds and (b) any remaining Issuer Interest Available Funds after all the payments described under items *First* to *Fifth* (inclusive) or under items *First* to *Seventh* (inclusive) or under items *First* to *Ninth* (inclusive) as the case may be, of the Priority of Payments under Condition 4.3.1 have been made in full;

together with, in the case of item (ii) above, proceeds from the redemption of Eligible Investments, to the extent that any Available Redemption Funds have been applied in investing in Eligible Investments other than interest accrued on the Eligible Investments which shall be a part of the Issuer Interest Available Funds.

Average Collateral Portfolio Outstanding Amount: means with respect to a Quarterly Collection Period an amount equal to the sum of (i) the Collateral Portfolio Outstanding Amount as at the beginning of such Quarterly Collection Period (including the relevant Subsequent Portfolio purchased on the preceding Interest Payment Date); and (ii) the Collateral Portfolio Outstanding Amount as at the end of such Quarterly Collection Period, divided by 2.

Average Pool Outstanding Amount: means with respect to a Quarterly Collection Period, an amount equal to the sum of: (i) the Pool Outstanding Amount at the beginning of such Quarterly Collection Period (including the relevant Subsequent Portfolio of such Pool purchased on the preceding Interest Payment Date); and (ii) the Pool Outstanding Amount at the end of such Quarterly Collection Period, divided by 2.

Bayerische Hypo und Vereinsbank AG: means a company organised and incorporated under the laws of the Republic of Germany, with offices at Arabellastrasse 12, D-81925 Munich, Germany.

Banking Act: means Italian Legislative Decree No. 385 of 1 September 1993, as the same may be amended, modified or supplemented from time to time.

Bankruptcy Law: means Royal Decree No. 267 of 16 March 1942, as the same may be amended, modified or supplemented from time to time.

Billed Residual Amounts: means (i) any VAT amount relating to the Instalments, (ii) the insurance premiums payable by the Lessees under the Insurance Policies, (iii) any payments in relation to the additional services provided to the Lessees in accordance with the relevant Lease Contracts and (vi) other expenses relating to the Collections.

Billed Residual Collected Amounts: means the Billed Residual Amounts accrued and paid during any relevant Collection Period by each Lessee, to the extent not already paid to Locat as Billed Residual Uncollected Amounts under the same Lease Contract.

Billed Residual Uncollected Amounts: means (i) the Billed Residual Amount accrued but not paid during any relevant Quarterly Collection Period by each Lessee; and (ii) the Billed Residual Amounts accrued but not paid to Locat on the preceding Interest Payment Dates.

BNP Paribas: means a company incorporated under the laws of the Republic of France whose registered office is at 16 Boulevard des Italiens, 75009 Paris - France, acting through its London Branch, having its offices at 10 Harewood Avenue NW1 6AA London - United Kingdom.

BNP Paribas Securities Services: means a company organised and incorporated under the laws of the Republic of France as a société anonyme, having its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan Branch, with offices in Via Ansperto, 5, 20123 Milan, Italy, with capital stock of Euro 165.279.835, fiscal code, VAT number and enrolment with the company register of Milan No. 13449250151, registered with the roll of banks held by the Bank of Italy pursuant to article 13 of the Banking Act at No. 5483.

Business Day: means any day on which the Trans-European Automated Real Time Gross Settlement Express Transfer System ("TARGET") (or any successor thereto) is open.

Calculation Date: means the third Business Day prior to each Interest Payment Date.

Cash Accounts: means, together the Collection Account, the Payments Account, the Adjustment Reserve Account and the Debt Service Reserve Account.

Cash Allocation, Management and Payments Agreement: means the Cash Allocation, Management and Payments Agreement to be entered into on 15 November 2005 between the Issuer, the Principal Paying Agent, the Irish Paying Agent, the Cash Manager, the Computation Agent, the Custodian Bank and the Account Bank as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Cash Manager: means BNP Paribas - Italian Branch and its permitted successors and assigns acting as Cash Manager pursuant to the Cash Allocation, Management and Payments Agreement.

Class: shall be a reference to a class of Notes being the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes and "**Classes**" shall be construed accordingly.

Class A Notes: means collectively the Class A1 Notes and the Class A2 Notes.

Class A1 Noteholder: means the holder of a Class A1 Note and **Class A1 Noteholders** means all of them.

Class A1 Notes: means the € 451,000,000 Class A1 Asset-Backed Floating Rate Notes due 2026.

Class A2 Noteholder: means the holder of a Class A2 Note and **Class A2 Noteholders** means all of them.

Class A2 Notes: means the € 1,349,000,000 Class A2 Asset-Backed Floating Rate Notes due 2026.

Class B Noteholder: means the holder of a Class B Note and **Class B Noteholders** means all of them.

Class B Notes: means the € 160,000,000 Class B Asset-Backed Floating Rate Notes due 2026.

Class C Noteholder: means the holder of a Class C Note and **Class C Noteholders** means all of them.

Class C Notes: means the € 33,000,000 Class C Asset-Backed Floating Rate Notes due 2026.

Class D Additional Remuneration: means the aggregate amount accrued in respect of the preceding three calendar months (or in respect of the first Interest Payment Date, the period from the Valuation Date to the 28th of February 2006 (included)), or the relevant period following the occurrence of a Trigger Event, payable on each Interest Payment Date, (which shall be calculated on each Settlement Date immediately preceding such Interest Payment Date) as the aggregate of:

- (i) the Portfolio Yield accrued as at the end of the immediately preceding Quarterly Collection Period; plus
- (ii) interest accrued and paid on the Collection Account, the Payments Account, the Debt Service Reserve Account and the Adjustment Reserve Account up to such Settlement Date and interest deriving from the Eligible Investments up to such Settlement Date; plus
- (iii) any and all amounts due to be received under the Warranty and Indemnity Agreement; plus
- (iv) any and all amounts due to be received from the Hedging Counterparty on such Interest Payment Date whether or not actually paid; minus
- (v) any and all amounts due to be paid to the Hedging Counterparty on such Interest Payment Date whether or not actually paid; minus
- (vi) as appropriate,
 - (a) during the Revolving Period, any and all amounts under items "First", "Second", "Fifth", "Sixth", "Seventh", "Thirteenth", "Fourteenth" and "Fifteenth" of the Priority of Payments in respect of interest under Condition 4.1.1 (B);
 - (b) during the Amortisation Period, any and all amounts under items "First", "Second", "Fifth", "Sixth", "Seventh", "Fourteenth" and "Fifteenth" of the Priority of Payments in respect of interest under Condition 4.2.1 (B);
 - (c) following a Trigger Notice, any and all amounts under items "First", "Second", "Fifth", "Seventh", "Ninth", "Twelfth" and "Thirteenth" of the Priority of Payments in respect of interest under Condition 4.3.1 and item

"*Eighth*" of the Priority of Payments in respect of principal under Condition 4.3.2; and

any and all amounts accrued under such items during the immediately preceding Quarterly Collection Period whether or not actually paid; minus

(vii) any and all provisions and losses on the Receivables; plus

(viii) any and all gains on the Receivables.

Class D Base Interest: means Euribor plus a margin of 2% per annum.

Class D Noteholder: means the holders of a Class D Note and "***Class D Noteholders***" means all of them.

Class D Notes: means the € 7,000,136 Class D Asset Backed Variable Return Notes due 2026.

Clearstream: means Clearstream Banking, *société anonyme*.

Co-Lead Manager: means HVB.

Collateral Portfolio: means, on any given date, the aggregate of all Receivables which are not Defaulted Receivables or Defaulting Receivables as at such date.

Collateral Portfolio Outstanding Amount: means the sum of the Outstanding Principal of all Receivables comprised in the Collateral Portfolio.

Collection Account: means the Euro denominated Eligible Account, which will be held at the Account Bank or any other Eligible Institution, for the deposit of all amounts paid in respect of the Receivables pursuant to the Servicing Agreement.

Collection Period: means each period of one month commencing on (and including) a Settlement Date and ending on (and excluding) the next succeeding Settlement Date and in the case of the first Collection Period, commencing on the Valuation Date for the Initial Portfolio and ending on (but excluding) the date falling on the second Business Day of December 2005.

Collection Policy: means Locat's collection policy in respect of the Receivables, attached as Schedule 1 to the Servicing Agreement.

Collections: means all amounts received by the Servicer or any other person in respect of Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person in respect of the Receivables, including Recovery Amounts and Agreed Prepayments.

Common Criteria: means the objective criteria for the identification of the Receivables specified in Annex 1 to the Master Receivables Purchase Agreement and which shall apply to select each of the Receivables for any Portfolio.

Computation Agent: means Securitisation Services S.p.A. and its permitted successors and assigns acting as Computation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Conditions: means the Rated Notes Conditions and any reference to a numbered Condition is to the corresponding numbered provision thereof.

CONSOB: means *Commissione Nazionale per le Società e la Borsa*.

Corporate Servicer: means UGC Banca S.p.A. whose registered office is at Piazzetta Monte, 1, 37121 Verona, Italy, and its permitted successors and assigns acting as Corporate Servicer pursuant to the Corporate Services Agreement.

Corporate Services Agreement: means the corporate services agreement entered into on 14 October 2005 between the Issuer and the Corporate Servicer as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Cumulative Default Ratio: means, on the last day of any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) (i) the sum of the Outstanding Principal as at the default date of the Receivables which have become Defaulted Receivables and Defaulting Receivables from the Valuation Date up to the last day of such Quarterly Collection Period minus (ii) the aggregate of the Recovery Amounts received from the Valuation Date up to the last day of such Quarterly Collection Period; by (B) the Outstanding Principal of the Initial Portfolio as at the relevant Valuation Date.

Cumulative Default Ratio Interest Deferral: means, on the last day of any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) (i) the sum of the Outstanding Principal as at the default date of the Receivables which have become Defaulted Receivables and Defaulting Receivables from the Valuation Date up to the last day of such Quarterly Collection Period minus (ii) the aggregate of the Recovery Amounts received from the Valuation Date up to the last day of such Quarterly Collection Period; by (B) the sum of (i) the Initial Portfolio Original Amount and (ii) the Subsequent Portfolio Original Amount in respect of each Subsequent Portfolio transferred to the Issuer from the Valuation Date up to the last day of such Quarterly Collection Period.

Cumulative Default Trigger Ratio: means, with reference to each Quarterly Collection Period, the respective percentages set out in the following table:

<i>Quarterly Collection Period after the Issue Date</i>	<i>Cumulative Default Trigger Ratio</i>
1 st	1.25 %
2 nd	1.30 %
3 rd	1.50 %
4 th	1.60 %

5 th	2.00%
6 th	2.25%
7 th and thereafter	2.50%

Custodian Bank: means BNP Paribas Securities Services, Milan Branch and its permitted successors and assigns acting as Custodian Bank pursuant to the Cash Allocation, Management and Payments Agreement.

Debt Service Reserve Account: means the Euro denominated Eligible Account which will be held at the Account Bank or any other Eligible Institution for the deposit of the Debt Service Reserve Amount.

Debt Service Reserve Amount: means an amount equal to 1,25% of the Principal Amount Outstanding of the Rated Notes.

Debt Service Reserve Released Amount: means in relation to a relevant Calculation Date, an amount equal to the difference, if positive, between (i) all amounts standing to the credit of the Debt Service Reserve Account at the preceding Interest Payment Date following the allocation of payments in accordance with the Priority of Payments and (ii) 1,25% of the Principal Amount Outstanding of the Rated Notes as at such Calculation Date, provided that on the Interest Payment Date on which all the Rated Notes are expected to be fully redeemed, the Debt Service Reserve Amount can be released.

Decree 239 Deduction: means any withholding or deduction for or on account of "imposta sostitutiva" under Decree No. 239.

Decree No. 239: Legislative Decree No. 239 of 1 April 1996, as amended and supplemented from time to time, and any related regulations.

Deed of Charge: means the English law deed of charge to be entered into on 15 November 2005 between the Issuer and the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Deed of Pledge: means the Italian law deed of pledge to be entered into on 15 November 2005 between the Issuer, the Custodian Bank and the Noteholders represented by the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

Defaulting Instalment: means any Instalment, which remains unpaid by the relevant Lessee for 240 (two hundred forty) days or more after the Scheduled Instalment Date.

Defaulting Party: has the meaning specified in the 2000 ISDA Definitions.

Defaulting Receivables: means any Receivable arising from the Lease Contracts, in respect of which, on the last day of a Quarterly Collection Period, there are one or more Defaulting Instalments and which is not a Defaulted Receivable.

Defaulted Receivables: means any Receivable arising from the Lease Contracts, which has been transferred to the Legal Unit (LU) in accordance with the Collection Policy, and which is not a Defaulting Receivable.

Delinquent Instalment: means any Instalment, which remains unpaid by the relevant Lessee for at least 30 (thirty) days but less than 240 (two hundred forty) days after the Scheduled Instalment Date.

Delinquent Receivables: means a Receivable related to a Lease Contract with respect to which there is one or more Delinquent Instalments and which has not been classified as Defaulted Receivables or Defaulting Receivables.

Downgrading: means Locat's rating falling below the Minimum Rating.

Eligibility Criteria: means the Common Criteria, the Specific Criteria and in relation to any Subsequent Portfolio also the Additional Criteria, collectively.

Eligible Account: means an account held with an Eligible Institution.

Eligible Institution: means any bank with a short term rating for its unsecured, unsubordinated and unguaranteed debt obligations equal to at least P-1 from Moody's and A-1+ from S&P (or equal to A-1 from S&P, only if the aggregate amount available with such institutions (including amounts invested in Eligible Investments with such institutions) is lower than or equal to 20% (twenty per cent) of the aggregate Principal Amount Outstanding of the Rated Notes) or such other rating acceptable to the Rating Agencies.

Eligible Investment: means such Euro denominated senior (unsubordinated) debt security, bank account, deposit or other debt instruments that (i) provides a fixed principal amount at maturity (such amount not being lower than the initially invested amount) and (ii) is issued, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having at least the following ratings: P-1 from Moody's and A-1+ from S&P, or if the aggregate amount deposited with such institutions (including amounts invested in Eligible Investments with such institutions) is lower than or equal to 20% (twenty per cent) of the aggregate Principal Amount Outstanding of the Rated Notes, A-1 from S&P (or such other rating acceptable to the Rating Agencies) in respect of its unsecured, unsubordinated and unguaranteed debt obligations, with a maturity not exceeding the Eligible Investment Maturity Date.

Eligible Investment Maturity Date: means the third Business Day immediately preceding the relevant Interest Payment Date or the Business Day immediately preceding the relevant Settlement Date, as the case may be, or following the occurrence of a Trigger Event, any such date as directed by the Representative of the Noteholders, provided that in the case of Eligible Investments issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, or held at an institution having a rating of A-1 from S&P, the maximum Eligible Investment

Maturity Date will be the earlier of (i) the date falling not later than 30 days following the date on which the relevant investment is made and (ii) the immediately succeeding Interest Payment Date or Settlement Date, as the case may be.

Equipment: means any plant or machinery, which is leased under any Lease Contract.

Euribor: shall have the meaning ascribed to it in Condition 5.

Euro: means the single currency introduced in the Member States of the European Community which adopted single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, *inter alia*, the Single European Act 1986, the Treaty of European Union of 7 February 1992, establishing the European Union and the European Council of Madrid of 16 December 1995.

Euroclear: means Euroclear Bank S.A./N.V..

Expenses: means any documented fees, costs, expenses and taxes required to be paid to any third party (other than the Other Issuer Creditors) arising in connection with the Securitisation and any other documented costs and expenses required to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation.

Expense Account: means the Euro denominated account, which will be held at UniCredit Banca d'Impresa, into which the Retention Amount will be credited and, from which any Expenses will be paid during each Quarterly Collection Period.

Extraordinary Resolution: shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

Final Maturity Date: means the Interest Payment Date falling in December 2026.

Hedging Agreement: means the two confirmations, to be entered into on 15 November 2005 between the Issuer and the Hedging Counterparty, supplementing and forming part of and being subject to the 1992 ISDA Master Agreement dated as of 15 November 2005, together with the Schedule thereto, each as from time to time modified in accordance with the respective provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Hedging Agreement Termination Event: means any event defined as Trigger Event or a termination event pursuant to the Hedging Agreement.

Hedging Counterparty: means UniCredito Italiano S.p.A. and its permitted successors and assigns pursuant to the Hedging Agreement.

holder: in respect of a Note means the beneficial owner of such Note;

HVB: means Bayerische Hypo und Vereinsbank AG a company organised and incorporated under the laws of the Republic of Germany, with offices at Arabellastrasse 12, D-81925 Munich, Germany.

Index Rate: means for each Receivable the index rate applicable under the applicable variable rate Lease Contract.

Individual Purchase Price: means the Outstanding Principal at the relevant Valuation Date.

Initial Portfolio: means the Receivables which are the subject matter of the first transfer between Locat and the Issuer pursuant to the terms and conditions of the Master Receivables Purchase Agreement.

Initial Portfolio Original Amount: means the Outstanding Principal of the Initial Portfolio as at the relevant Valuation Date.

Insolvency Event: means in respect of any company or corporation that:

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*", "*amministrazione straordinaria*" and "*amministrazione controllata*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a "*pignoramento*" or similar procedure having a similar effect (other than in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2448 of the Italian civil code occurs with respect to such company or corporation; or

- (e) any proceedings equivalent or analogous to those described in paragraphs from (a) to (d) under the law of any jurisdiction in which such company or corporation is incorporated, carrying on business or is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration).

Instalment: means in respect of each Lease Contract, under which a Receivable arises, each monetary amount from time to time due by the Lessee.

Insurance Policy: means any contract under which an Asset related to a Lease Contract is insured.

Intercreditor Agreement: means the Intercreditor Agreement to be entered into on 15 November 2005 between the Issuer, Locat, the Representative of the Noteholders (on its own and behalf and as agent for the Noteholders and in its capacity as trustee under the Deed of Charge), the Corporate Servicer, the Computation Agent, the Cash Manager, the Account Bank, the Custodian Bank, the Principal Paying Agent, the Irish Paying Agent and the Hedging Counterparty as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Interest Determination Date: means the date falling two Business Days prior to each Interest Payment Date (save in respect of the Initial Interest Period, where the Rate of Interest in respect of each Class of Notes will be determined two Business Days prior to the Issue Date).

Interest Instalment: means the interest component of each Instalment.

Interest Payment Amount: means the amount determined by the Principal Paying Agent pursuant to Condition 5.3.2.

Interest Payment Date: means (i) prior the service of a Trigger Notice, the twelfth day of March 2006 and, thereafter, the twelfth day of March, June, September and December of each year, or if such date is not a Business Day, the immediately following Business Day; and (ii) following the service of a Trigger Notice, the twelfth day of each month, or if such date is not a Business Day, the immediately following Business Day.

Interest Period: means each period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date, provided that the first Interest Period (the **Initial Interest Period**) shall begin on (and include) the Issue Date and end on (but exclude) the first Interest Payment Date falling in March 2006.

Investor's Report: means the report issued by the Computation Agent on the Investor's Report Date, setting out certain information with respect to the Rated Notes, which will be generally available to the Noteholders and prospective investors at the offices of the Irish Paying Agent and on the Computation Agent's web site on www.securitisation-services.com.

Investor's Report Date: means the third Business Day following each Interest Payment Date.

Irish Paying Agent: means JP Morgan Bank (Ireland) plc, whose registered office is at JP Morgan House, International Financial Services Centre, Dublin 1 - Republic of Ireland, and

its permitted successor and assigns acting as Irish Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Issue Date: means 18 November 2005.

Issue Price means 100% of the Principal Amount Outstanding of the Notes upon issue.

Issuer: means Locat Securitisation Vehicle 3 S.r.l., a limited liability company incorporated in the Republic of Italy under the Securitisation Law.

Issuer's Rights: means the Issuer's rights under the Transaction Documents.

Issuer Available Funds: means in respect of any Settlement Date or any Interest Payment Date, as the case may be,:

- (i) during the Revolving Period, the aggregate amount of the Issuer Interest Available Funds and the Issuer Principal Available Funds; and
- (ii) during the Amortisation Period or after the service of a Trigger Notice, the aggregate amount of the Issuer Interest Available Funds and the Available Redemption Funds.

Issuer Creditors: means (i) the Noteholders; (ii) the Other Issuer Creditors; and (iii) any other third party creditors in respect of any taxes, costs, fees and expenses incurred by the Issuer in relation to the Securitisation and to the corporate existence and good standing of the Issuer.

Issuer Interest Available Funds: means in respect of any Settlement Date or Interest Payment Date, as the case may be, the aggregate amounts of:

- (i) all interest amounts relating to the Receivables (excluding the Accrued Interest as at the relevant Valuation Date, which is part of the Purchase Price) paid into the Collection Account pursuant to the terms of the Servicing Agreement;
- (ii) the Billed Residual Collected Amounts;
- (iii) all net amounts received from the Hedging Counterparty pursuant to the terms of the Hedging Agreement and credited to the Payments Account;
- (iv) all amounts received by the Issuer from any party to a Transaction Document to which the Issuer is a party and credited to the Payments Account other than amounts paid in respect of the Receivables pursuant to the terms of the Servicing Agreement;
- (v) all amounts standing to the credit of the Debt Service Reserve Account (net of the Debt Service Reserve Released Amount) and of the Adjustment Reserve Account;
- (vi) all amounts of interest accrued and available on each of the Cash Accounts;
- (vii) any Issuer Principal Available Funds or Available Redemption Funds, as the case may be, standing to the credit of the Collection Account and the Payments Account which have been allocated as Issuer Interest Available Funds in accordance with the Priority of Payments;

- (viii) any Recovery Amount;
- (ix) any other amount received under the Transaction Documents except for amounts which relate to principal.

Issuer Principal Available Funds: means in respect of any Settlement Date or Interest Payment Date, as the case may be, the aggregate amount of:

- (i) all principal amounts (excluding any Recovery Amounts) relating to the Receivables paid into the Collection Account pursuant to the terms of the Servicing Agreement including the Accrued Interest as at the relevant Valuation Date, which is part of the Purchase Price;
- (ii) the Principal Integration Amount;
- (iii) the Principal Deficiency Amount;
- (iv) the Debt Service Reserve Released Amount; and
- (v) any amounts paid to the Payments Account under item *Fifth* of the Priority of Payments set out under Condition 4.1.2

Issuer Secured Creditors: means (i) the Noteholders; and (ii) the Other Issuer Creditors.

Joint Lead Manager: means any of UBM, BNP Paribas, London Branch and UBS Limited and "**Joint Lead Managers**" means all of them.

Junior Notes: means the Class D Notes.

Junior Noteholder: means the holder of a Junior Note and "**Junior Noteholders**" means all of them.

Junior Notes Conditions: means the terms and conditions at any time applicable to the Junior Notes.

Junior Notes Subscription Agreement: means the subscription agreement for the subscription of the Junior Notes to be entered into on 15 November 2005 between the Issuer, Locat and the Representative of the Noteholders.

Lease Contract: means each written agreement, made on Locat's standard form, between Locat and a Lessee pursuant to which Locat leases an Asset to a named entity and the latter agrees to pay the Instalments and the other sums specified therein, the Receivables arising under which have been or are to be assigned to the Issuer under the Master Receivables Purchase Agreement.

Lessee: means a named entity which leases an Asset under the terms of a Lease Contract.

Letter of Undertaking: means the letter of undertaking to be entered into on 15 November 2005 between the Originator, the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Limited Recourse Loan: means a limited recourse loan advanced in an amount equal to the receivable value by Locat to the Issuer pursuant to Clause 4.1 of the Warranty and Indemnity Agreement in the event of any misrepresentation or breach of any warranties or representations given by Locat pursuant to Clause 3.2 of the Warranty and Indemnity Agreement not being cured within a period of 10 days.

Locat: means Locat S.p.A., a joint stock company incorporated under the laws of the Republic of Italy, fiscal code number 03648050015 and registered under number 19319 in the register of financial intermediaries held by Bank of Italy pursuant to article 107 of the Banking Act, having its registered office at Via Zamboni No. 20, Bologna, Italy, a member of the UniCredito Italiano Banking Group registered under number 3135.1 in the register of the banking groups.

Managers: means the Joint Lead Managers and the Co-Lead Manager, collectively.

Mandate Agreement: means the mandate agreement entered into on 15 November 2005 between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

Master Definitions Agreement: means the master definitions agreement entered into on 15 November 2005 between all the parties to each of the Transaction Documents, as from time to time modified and any deed or other document expressed to be supplemental thereto, as from time to time modified.

Master Receivables Purchase Agreement: means the master receivables purchase agreement entered into between the Issuer and Locat on 14 October 2005, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

Maximum Pool Default Ratio: means, in respect of the Receivables comprised in the respective Pools, an amount equal to:

- (i) for Pool 1, 2.50%;
- (ii) for Pool 2, 2.50%;
- (iii) for Pool 3, 1.50%.

Maximum Pool Delinquency Ratio: means, in respect of the Receivables comprised in the respective Pools, an amount equal to:

- (i) for Pool 1, 16.0%;
- (ii) for Pool 2, 12.0%;
- (iii) for Pool 3, 10.0%.

Minimum Rating: means an unguaranteed, unsecured and unsubordinated short term debt rating of P-1 from Moody's and of A-1 from S&P.

Monte Titoli Mandate Agreement: means the agreement executed on or about the Issue Date between the Issuer and Monte Titoli for the deposit of the Notes on the Monte Titoli clearing system.

Monthly Calculation Date: means the second Business Day following each Monthly Settlement Report Date.

Monthly Payments Report: means the report setting out all the payments to be made on the following Settlement Date under the Priority of Payments which shall be delivered by the Computation Agent to the Issuer, the Representative of the Noteholders, the Servicer and the Account Bank on each Monthly Calculation Date.

Monthly Settlement Report: means the report setting out certain information on the Receivables which shall be delivered by the Servicer to the Issuer (for accounting purposes), the Representative of the Noteholders, the Computation Agent, the Account Bank on each Monthly Settlement Report Date pursuant to the Servicing Agreement.

Monthly Settlement Report Date: means, except for the Monthly Settlement Report Date immediately preceding an Interest Payment Date, the twentieth day of each month, or if such date is not a Business Day the immediately following Business Day.

Monte Titoli: means Monte Titoli S.p.A., whose registered office is at Via Mantegna 6, 20154 Milan -Italy.

Monte Titoli Account Holders: means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli, including any depository banks appointed by Euroclear or Clearstream, Ireland.

Moody's: means Moody's Investors Service.

Most Senior Class of Notes: means (i) the Class A Notes; (ii) following the full repayment of all the Class A Notes, the Class B Notes; (iii) following the full repayment of all the Class B Notes, the Class C Notes; (iv) following the full repayment of all the Class C Notes, the Class D Notes.

Motor Vehicles: means any cars, industrial light lorries, trucks, commercial vans or any other motor vehicles which are leased under any Lease Contract.

Negative Adjustment: means, in respect of each Receivable, the amount (if any) which is due to be reimbursed to the Lessee under the terms of the Lease Contract by reason of the decrease of the applicable interest rate.

Net Accounting Value: means, in respect of any Receivable, the Outstanding Principal net of any writedown (*passaggi a perdita*).

Net Adjustment Reserve Amount: means in respect to any Interest Payment Date, an amount by which (i) the sum of the Negative Adjustment accrued and not reimbursed as at such date in respect of all Receivables exceeds (ii) the sum of the Positive Adjustment accrued and unpaid as at such date in respect of all Receivables.

Noteholder: means each of the Rated Noteholders and the Junior Noteholders and "Noteholders" all of them.

Notes: means the Rated Notes and the Junior Notes collectively.

Obligations: means all of the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

Organisation of the Noteholders: means the association of Noteholders created on the Issue Date pursuant to the Rules of the Organisation of the Noteholders.

Originator: means Locat S.p.A.

Other Issuer Creditors: means the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Custodian Bank, the Principal Paying Agent, the Cash Manager, the Irish Paying Agent, the Account Bank and the Hedging Counterparty and any other creditor of the Issuer under the Transaction Documents.

Outstanding Principal: means, on any relevant date, in relation to any Receivable, the sum of all Principal Instalments due on any subsequent Scheduled Instalment Date and any Principal Instalments due but unpaid, plus Accrued Interest thereon as at that date.

Payments Account: means the Euro denominated Eligible Account, which will be held at the Account Bank or any other Eligible Institution, for the deposit of all amounts received by the Issuer from any party to a Transaction Document to which the Issuer is a party other than amounts collected in respect of the Receivables.

Pool Default Ratio: means in respect of any Pool, the percentage equal to a fraction obtained by dividing: (A) (i) the Outstanding Principal of the Receivables in such Pool relating to the Receivables which have become Defaulted Receivables and Defaulting Receivables during each Collection Period or each Quarterly Collection Period, minus (ii) the aggregate of the Recovery Amounts received during such Collection Period or Quarterly Collection Period; by (B) the Average Pool Outstanding Amount for such Collection Period or Quarterly Collection Period.

Pool Delinquency Ratio: means in respect of any Pool, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal of the Receivables in such Pool which are Delinquent Receivables at the last day of each Collection Period or of each Quarterly Collection Period; by (B) the Pool Outstanding Amount as at the end of such Collection Period or Quarterly Collection Period.

Pool: each of Pool No. 1, Pool No. 2 and Pool No. 3 and "Pools" means all of them.

Pool No. 1: means the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Motor Vehicles.

Pool No. 2: means the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Equipment.

Pool No. 3: means the aggregate of Receivables originating from Lease Contracts the underlying Assets of which are Real Estate Assets.

Pool Outstanding Amount: means on any given date with respect to any Pool, the aggregate of the Outstanding Principal of all Receivables in such Pool on such date which are included in the Collateral Portfolio.

Portfolio: means collectively the Initial Portfolio and any Subsequent Portfolio purchased by the Issuer from Locat under the Master Receivables Purchase Agreement.

Portfolio Default Ratio: means, in respect to any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) (i) the Outstanding Principal of the Receivables which have become Defaulted Receivables and Defaulting Receivables during such Quarterly Collection Period, minus (ii) the aggregate of the Recovery Amounts received during such Quarterly Collection Period; by (B) the Average Collateral Portfolio Outstanding Amount of such Quarterly Collection Period.

Portfolio Delinquency Ratio: means, in respect of any Quarterly Collection Period, the percentage equal to a fraction obtained by dividing: (A) the Outstanding Principal of the Delinquent Receivables as at the last day of such period; by (B) the Collateral Portfolio Outstanding Amount as at the last day of such period.

Portfolio Yield: means, with respect to any period of time, the amount which is the aggregate of:

- (i) the interest accrued on the Collateral Portfolio Outstanding Amount during such period whether actually paid or not, plus the Adjustments accrued during such period whether actually paid or not;
- (ii) the defaulted interests accrued during such period on the Receivables in accordance with each Lease Contract minus the accounting adjustments calculated during such period of these defaulted interests;
- (iii) the amount of any and all penalties paid by the Lessee during such period; and
- (iv) any other revenues accrued in favour of the Issuer under the Lease Contracts in such period.

Positive Adjustment: means in respect of each Receivable the amount (if any) which is due to be paid by the Lessee under the terms of the Lease Contract by reason of the increase of the Index Rate.

Principal Amount Outstanding: means, on any day:

- (a) in relation to a Note, the nominal principal amount of such Note upon issue less the aggregate amount of all principal payments in respect of that Note that have been paid up to that day; and

- (b) in relation to a class, the aggregate of the amount in (a) in respect of all Notes outstanding in such class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class.

Principal Deficiency: means on any given date an amount equal to the sum of the Outstanding Principal as at the relevant default date, relating to the Receivables which have become Defaulted Receivables during the preceding Quarterly Collection Period plus the Outstanding Principal of the Receivables which have become Defaulting Receivables at the end of the preceding Quarterly Collection Period.

Principal Deficiency Amount: means in relation to any Interest Payment Date, an amount equal to the aggregate of (i) the Principal Deficiency and (ii) an amount equal to the payment made under item (B) *First* of the Priority of Payments set out in Conditions 4.1.2 and 4.2.2 on the preceding Interest Payment Date.

Principal Instalment: means the principal component of each Instalment.

Principal Integration Amount: means, during the Revolving Period and the Amortisation Period any Issuer Interest Available Funds after all the payments from *First* to *Ninth* of the Priority of Payments as set out in Condition 4.1.1, or as the case may be, from *First* to *Tenth* in the Priority of Payments set out in Condition 4.2.1 have been made in accordance with such Priority of Payments.

Principal Paying Agent: means BNP Paribas Securities Services - Milan Branch and its permitted successors and assigns acting as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

Principal Payment Amount: means the principal amount payable in respect of each of the Notes on any Interest Payment Date in accordance with Condition 6.5.

Privacy Law: means the Italian Law n. 675 of the 31 December 1996, subsequently amended, modified or supplemented from time to time, together with any relevant performing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*, with reference to the period starting on the entry into force of such law and ending on the repealing of such law by the entry into force of Legislative Decree number 196 of 30 June 2003, published on the Official Gazette number 174 of 29 July 2003, Ordinary Supplement number 123/L (the "**Personal Data Protection Code**") and (ii) after such repeal of Italian Law number 675 of 31 December 1996, the Personal Data Protection Code (together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*).

Prospectus: means this Prospectus

Prospectus Directive: means Directive 2003/71/EC.

Priority of Payments: means the priority of payments described in Condition 4.

Purchase Price: means the purchase price payable by the Issuer to Locat in respect of the Initial Portfolio and each Subsequent Portfolio and any purchase price not already paid by the Issuer on the preceding Settlement Dates or Interest Payment Dates, as the case may be.

Purchase Price Adjustment: means the adjustment to the Purchase Price payable under Clause 4 of the Master Receivables Purchase Agreement.

Purchase Termination Event: means any of the events referred to in Condition 10.

Purchase Termination Notice: shall have the meaning ascribed to it in Condition 10.

Quarterly Collection Period: means each period of three months commencing on (and including) a Settlement Date of March, June, September and December and ending respectively on (and excluding) the Settlement Date of June, September, December and March, and in the case of the first Quarterly Collection Period commencing on and including the Valuation Date in relation to the Initial Portfolio and ending on (but excluding) the date falling on the second Business Day of March 2006.

Quarterly Payments Report: means the report setting out all the payments to be made on the following Interest Payment Date under the Priority of Payments which shall be delivered by the Computation Agent to the Issuer, the Representative of the Noteholders, the Servicer, the Hedging Counterparty, the Account Bank and the Rating Agencies on each Calculation Date, pursuant to the Cash Allocation, Management and Payments Agreement.

Quarterly Settlement Report: means the report setting out the performance of the Receivables which shall be delivered by the Servicer to the Rating Agencies, the Issuer, the Representative of the Noteholders, the Computation Agent and the Account Bank on each Quarterly Settlement Report Date, pursuant to the Servicing Agreement.

Quarterly Settlement Report Date means the sixth day of March 2006 and, thereafter, the sixth day of March, June, September and December in each year or, if such day is not a Business Day, the immediately following Business Day.

Quotaholder: means SVM Securitisation Vehicle Management S.p.A..

Quotaholder Agreement: means the Quotaholder agreement entered into on 15 November between the Issuer, Locat, the Representative of the Noteholders and the Quotaholder, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Quota Capital Account: means the euro denominated account, which will be held at Banca Antoniana Popolare Veneta or any other bank approved by the Issuer, into which the quota capital of the Issuer will be credited.

Rate of Interest: shall have the meaning ascribed to it in Condition 5.2.

Rated Notes: means the Class A Notes, the Class B Notes and the Class C Notes collectively.

Rated Noteholders: means the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders and the Class C Noteholders.

Rated Notes Conditions: means the terms and conditions at any time applicable to the Rated Notes.

Rated Notes Subscription Agreement: means the subscription agreement for the subscription of the Rated Notes to be entered into on 15 November 2005 between the Issuer, the Managers and the Representative of the Noteholders.

Rating Agency: means each of Moody's and S&P and "Rating Agencies" means both of them.

Real Estate Asset: means any building or real estate asset which is the subject of a Lease Contract.

Receivables: means, gross of any VAT applicable thereon, (i) payments in respect of the Instalments, (ii) any interest, including default interest, and any reimbursement of costs and expenses; (iii) Agreed Prepayments, (iv) the Adjustment; (v) proceeds received by Locat under insurance policies or other payments under any security related to the Lease Contracts, (vi) penalty payments, (vii) any Recovery Amounts, and (viii) the Billed Residual Amounts; together with any other rights and accessories pertaining thereto, but excluding any Residual.

Recovery Amounts: means the proceeds from Defaulted Receivables and Defaulting Receivables, including proceeds from the sale of Assets, insurance proceeds and penalties.

Reference Banks: means collectively Banca Intesa S.p.A., UBM, BNP Paribas and its permitted successors and assigns pursuant to the Cash Allocation, Management and Payments Agreement.

Relevant Margin means:

- (a) in respect of the Class A1 Notes: a margin of 0.07% per annum;
- (b) in respect of the Class A2 Notes: a margin of 0.15% per annum;
- (c) in respect of the Class B Notes: a margin of 0.39% per annum; and
- (d) in respect of the Class C Notes: a margin of 0.61% per annum.

Representative of the Noteholders: means Securitisation Services S.p.A. or any of its successors and assigns or such other person or persons acting from time to time as Representative of the Noteholders.

Residual: means the price payable by the relevant Lessee to purchase the Asset at the end of the contractual term under relevant Lease Contract.

Retention Amount: means an amount equal to Euro 30,000.

Revolving Period: means the period commencing on the Issue Date and ending on the earlier of:

- (i) the Interest Payment Date falling in June 2007 (excluded); and
- (ii) the date on which the Representative of the Noteholders serves a Purchase Termination Notice or a Trigger Notice on the Issuer.

Rules of the Organisation of the Noteholders: means the Rules of the Organisation of the Noteholders included in the Exhibit 1 to the Conditions.

Scheduled Instalment Date: means any date on which an Instalment is due.

Securities Account: means a securities account established by the Issuer with the Custodian Bank, for the deposit of the bonds, debentures or other kinds of notes or financial instruments purchased with monies standing to the credit of the Cash Accounts.

Securities Act: means the U.S. Securities Act of 1933, as amended.

Securitisation: means the securitisation of the Receivables made by the Issuer through the issuance of the Notes.

Securitisation Law: means Law No. 130 of 30 April 1999 (*Legge sulla cartolarizzazione dei crediti*), as the same may be amended, modified or supplemented from time to time.

Securitisation Services: means a company incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and VAT number and enrolment with the Treviso companies register number 03546510268, enrolled under number 31816 with the register held by *Ufficio Italiano dei Cambi* pursuant to article 106 of the Banking Act, enrolled with the register held by Bank of Italy pursuant to article 107 of the Banking Act.

Security: means the security created pursuant to the Deed of Pledge and the Deed of Charge.

Security Interest: means:

- (a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement having a similar effect.

Selection Date: means, in relation to the Initial Portfolio, 11 October 2005, and in relation to any Subsequent Portfolio, the date on which any such Subsequent Portfolio is being selected on the basis of the Eligibility Criteria.

S&P: means Standard & Poor's Rating Services, a division of the McGraw Hill Companies.

Servicer: means Locat and its permitted successors and assigns pursuant to the Servicing Agreement.

Servicing Agreement: means the servicing agreement entered into on 14 October 2005 between the Servicer and the Issuer as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

Servicer's Termination Event: means any of the events following to which, in accordance with article 9 of the Servicing Agreement, the Issuer shall revoke the Servicer and appoint a Subsequent Servicer.

Settlement Date: means the second Business Day of each month.

Settlement Report Date: means the Monthly Settlement Report Date or the Quarterly Settlement Report Date, as the case may be.

Sole Affected Party: has the meaning specified in the 2000 ISDA Definitions.

Sole Arranger: means UniCredit Banca Mobiliare S.p.A. - London Branch.

Specific Criteria (Criteri Specifici): means the objective criteria for the identification of the Receivables specified in Annex 2 to the Master Receivables Purchase Agreement, which may supplement the Common Criteria.

Stock Exchange: means the Irish Stock Exchange.

Subsequent Portfolio: means the Receivables, which are the subject matter of the subsequent transfers between Locat and the Issuer pursuant to terms of the Master Receivables Purchase Agreement.

Subsequent Portfolio Original Amount: means the Outstanding Principal of the Subsequent Portfolio as at the relevant Valuation Date.

Subscription Agreements: means the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement collectively.

Subsequent Servicer: means the entity to be appointed under article 9 of the Servicing Agreement.

Taxes: means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

Transaction Documents: means the Intercreditor Agreement, the Master Receivables Purchase Agreement, the Servicing Agreement, the Hedging Agreement, the Corporate Services Agreement, the Quotaholder Agreement, the Letter of Undertaking, the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Cash Allocation, Management and Payments Agreement, the Deed of Pledge, the Deed of Charge, the Warranty and Indemnity Agreement, the Mandate Agreement, the MonteTitoli Mandate Agreement and the Master Definitions Agreement.

Transfer Date: means, in relation to the Initial Portfolio, 14 October 2005 and in relation to any Subsequent Portfolio the date on which the Originator has received from the Issuer the acceptance of the relevant Bill of Sale, as provided from time to time in the notice sent in accordance with to article 6.2 of the Master Receivables Purchase Agreement.

Trigger Default Ratio: means in respect of any Quarterly Collection Period the percentage equal to the sum of the product in respect of each Pool of: (A) (i) the Average Pool Outstanding Amount of each Pool, divided by (ii) the Average Collateral Portfolio Outstanding Amount; multiplied by (B) the relevant Maximum Pool Default Ratio.

Trigger Delinquency Ratio: means in respect of any Quarterly Collection Period the percentage equal to the sum of the product in respect of each Pool of: (A) (i) the Pool Outstanding Amount of each Pool as at the last day of such Quarterly Collection Period (including the relevant Subsequent Portfolios purchased on the previous Interest Payment Date) divided by (ii) the Collateral Portfolio Outstanding Amount as at the last day of such Quarterly Collection Period; multiplied by (B) the relevant Maximum Pool Delinquency Ratio.

Trigger Event: mean any of the events referred to in Condition 11.

Trigger Notice: means a notice served by the Representative of the Noteholders on the Issuer pursuant to Condition 11 declaring the Notes to be due and repayable following the occurrence of a Trigger Event.

UBM: means UniCredit Banca Mobiliare S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Via Tommaso Grossi 10, 20121 Milan.

UBS Limited: means UBS Limited, London Branch a company incorporated under the laws of England and Wales, having its registered office at 1 Finsbury Avenue, London EC2M 2PP, United Kingdom.

UniCredit Mobiliare S.p.A. - London Branch: means a bank operating in Italy as a joint stock company, having its registered office at Via Tommaso Grossi, 10, 20121 Milan - Italy, fiscal code and enrolment with the companies register of Milan number 12874220150, enrolled in the register of banks held by the Bank of Italy pursuant to article 13 of the Banking Act with number 3130.0 acting through its London Branch having its offices in Queen Victoria Street, EC4V4HN London - United Kingdom.

UniCredito: means UniCredito Italiano S.p.A., a company incorporated under the laws of Italy, having its registered office at Via Dante, 1, Genova, Italy.

Valuation Date: means, in respect of the Initial Portfolio, 31 October 2005, and in respect of each Subsequent Portfolio, each Settlement Date.

VAT: means *Imposta sul Valore Aggiunto (IVA)* as defined in Decree No. 633 of 26 October 1972.

Warranty and Indemnity Agreement: means the Warranty and Indemnity Agreement entered into on 14 October 2005, between, *inter alia*, the Issuer and Locat as from time to time

modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemented thereto, as from time to time modified.

ISSUER

Locat Securitisation Vehicle 3 S.r.l.

Via Vittorio Alfieri, No. 1

31015 Conegliano (TV)

Italy

ORIGINATOR AND SERVICER

Locat S.p.A.

Via Zamboni, 20

40126 Bologna

Italy

COMPUTATION AGENT

Securitisation Services S.p.A.

Via Vittorio Alfieri, 1

31015 Conegliano (TV)

Italy

**ACCOUNT BANK AND
CASH MANAGER**

BNP Paribas, Italian Branch

Piazza San Fedele, 5

20123 Milan

Italy

**CUSTODIAN BANK AND
PRINCIPAL PAYING AGENT**

BNP Paribas Securities Services, Milan Branch

Via Ansperto, 5

20121 Milan

Italy

**REPRESENTATIVE OF THE
NOTEHOLDERS**

Securitisation Services S.p.A.

Via Vittorio Alfieri, 1

31015 Conegliano (TV)

Italy

**IRISH PAYING AGENT AND
LISTING AGENT**

JP Morgan Bank (Ireland) Plc

JP Morgan House

International Financial Services Centre

Dublin 1

Republic of Ireland

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