

**PRELIMINARY INDICATIVE TERMSHEET  
(FOR INFORMATIVE PURPOSE ONLY, Please see page 2.)**

**Mare Baltic PCC Limited**

**Class B 2% Limited Recourse Secured Asset Backed Notes due 2010/2015**

Issuer:	<b>2005-1 Cell of Mare Baltic PCC Limited, Guernsey,</b> a company incorporated under the Guernsey Companies Laws and the Protected Cell Companies Ordinances.	
Series:	Series <b>2005-1 ISIN 0030015201</b>	<b>Senior</b>
Arranger:	HSH Nordbank AG, Copenhagen Branch	
Dealer:	HSH Nordbank AG, Copenhagen Branch	<b>Mezz.</b>
Paying, Issue and VP Agent:	HSH Nordbank AG, Copenhagen Branch	
Custodian:	HSH Nordbank AG, Copenhagen Branch	<b>Junior</b>
Listing Agent:	HSH Nordbank AG, Copenhagen Branch	
Note Trustee:	Law Debenture Trust Corporation p.l.c. England	
Corporate Administrator & Servicer:	Newhaven Trust Company (CI) Limited, Guernsey	
Face Value	Mezzanine tranche, DKK 413,370,000 (Approx. EUR 55m)	
Form of certificate:	Negotiable Dematerialised Notes	
Ranking:	-Junior to the Class A Floating Rate EUR Limited Recourse Secured Senior Notes due 2010/2015 and -Senior to the Class C 2% Limited Recourse Secured Junior Notes due 2010/2015	
Denomination & size:	DKK 0.01	
Issue price:	Below par. Indicative level 91.79 as per October 24 2005 (to be fixed on the issue/listing date)	
Redemption price:	100	
Term:	The Issuer has a call option on the bond at par in November 2010 (5 years) and on each interest payment date thereafter until the final maturity date in November 2015. One or more of the underlying assets can prolong until November 2015 based on higher interest rates and amended conditions.	
Effective date:	1 November 2005	
Maturity:	1 November 2015 (callable from 1 November 2010)	
Coupon frequency:	Annual until November 2010 and there after semi-annual	
Collateral:	The Notes will be limited in recourse to the proceeds of 22 subordinated term-loans to Nordic financial institutions, (the "Repackaging Assets")	
Coupon:	Fixed 2% for the full 10 years. The last 5 years at 2% + margin, however, margin always to be zero or positive. Size of margin dependent upon number of possible borrowers deciding not to prepay the Repackaging Assets and, the DKK/EURO exchange rate, EURIBOR and CIBOR level at that point in time. (Currently expected to be between 0% and 1% per annum. To be fixed at a later stage) <sup>1</sup>	
Interest Payment Date:	1 November	
Day Count Fraction:	Actual/Actual	
Business Day Convention:	Modified Following Business Day Convention	
Documentation:	Available 3 November 2005	
Provisional Rating:	Baa2 by Moody's Investors Service	
Tax Advisors/Accountants:	KPMG, Copenhagen, Denmark & KPMG, Guernsey	
Clearing:	VP Securities Services	
Applied for listing:	Copenhagen Stock Exchange and Channel Islands Stock Exchange	
Law:	UK law. However, the Security Documents will be subject to Danish, Icelandic, Norwegian and Swedish law	
Legal Advisors:	Slaughter and May, England as to English law, Gorrissen Federspiel Kierkegaard, Denmark as to Danish Law and Ozannes, Guernsey as to Guernsey law	
Special Conditions:	The Notes will reflect the terms & conditions of the Repackaging Assets.	

**Note page:**

Note 1). Annual coupon of minimum 2% p.a. until expiry. The last 5 years will have a step-up margin depending on whom and how many of the Repackaging Assets that prolongs for the last 5 years, and, the DKK/EURO exchange rate, EURIBOR and CIBOR level at that point in time. The **Mezzanine** tranche is expected to have a step-up margin between 0% - 1% p.a. Step-up to be fixed at a later stage.

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This PRELIMINARY INDICATIVE TERMSHEET has been prepared on the basis of preliminary and indicative information for use by prospective investors. The purpose of this PRELIMINARY INDICATIVE TERMSHEET is to provide preliminary information about the issue of ScandiNotes® III from Mare Baltic PCC Limited 2005-1 Cell in order to assist prospective investors in deciding whether to proceed with a possible investment in ScandiNotes® III. Each recipient acknowledges that this PRELIMINARY INDICATIVE TERMSHEET will be used solely for such purpose. HSH Nordbank AG, Copenhagen Branch ("HSH Nordbank AG") is acting as financial adviser to Mare Baltic PCC Limited and no one else for the purpose of the investment opportunity. HSH Nordbank AG will not be responsible to anyone (whether or not a recipient of this PRELIMINARY INDICATIVE TERMSHEET) other than Mare Baltic PCC Limited for providing the protections afforded to customers of HSH Nordbank AG or for providing advice in relation to the transaction. However, HSH Nordbank AG has no authority whatsoever to provide any information or warranty on behalf of Mare Baltic PCC Limited in connection with the investment opportunity.

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Prospective investors in the ScandiNotes® III should conduct such independent investigation and analysis regarding the Repackaging Assets, the ScandiNotes® III, the hedging agreements in relation to ScandiNotes® III and all other relevant persons and market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the ScandiNotes® III. The Issuer and the Dealer disclaim any responsibility to advise investors of the risk and investment considerations associated with an investment in the ScandiNotes® III as they may exist at the date hereof or at any time thereafter.

Investment in the ScandiNotes® III is only suitable for investors who:

- (i) have the requisite knowledge and experience in financial and business matters, and access to and knowledge of appropriate analytical resources to evaluate the merits and risks of an investment in the ScandiNotes® III in the context of such investors' financial position and circumstances; and
- (ii) are capable of bearing the economic risk of an investment in the ScandiNotes® III until the maturity of the ScandiNotes® III; and
- (iii) have read the Prospectus for the Notes and are aware of the risks involved in investment in the Notes stipulated in the Prospectus. The Prospectus for the Notes is currently being drafted, and will be available from Mare Baltic or HSH Nordbank AG upon request in November 2005.

Further, each prospective investor in the ScandiNotes® III must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the ScandiNotes® III and the accounting, commercial, taxation, regulatory and legal consequences thereof (i) are fully consistent with its needs, objectives and conditions and (ii) comply and are fully consistent with all investment policies, guidelines and restrictions applicable to it and that the ScandiNotes® III are a fit, proper and suitable investment for it, notwithstanding the risks inherent in investing in or holding the ScandiNotes® III.

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