




Hatfield Philips International

DECO 10 – Pan Europe 4 p.l.c. Investor Call

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Due to a technical issue during the call, we are unable to provide a recording of this call.

If you have any queries please contact [investorrelations@hatfieldphilips.com](mailto:investorrelations@hatfieldphilips.com)



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# Deco 10 – Pan Europe 4 p.l.c. DEAL SUMMARY

## Asset Profile

Loan	Current Balance (€)			# Properties	Location	Property Type	Maturity	Loan Status	Transfer Date	Workout Strategy
	Whole Loan	A-Note	B-Note(s)							
Edeka Retail	12,052,507	12,052,507	-	5	Germany	Retail	Jul-2013	In Special	Sep-2012	Enforcement of voting rights and sale
Lübeck Retail	13,737,426	13,737,426	-	1	Germany	Mixed Use	Oct-2013	In Special	Oct-2013	Enforcement of voting rights and sale
<b>Total</b>	<b>25,789,933</b>	<b>25,789,933</b>	<b>-</b>	<b>6</b>						

## Value

Loan	Valuation		Current Whole Loan LTV	Occupancy	WALL
	(€)	Date			
Edeka Retail	10,480,000	Dec-2012	115.0%	95.3%	5.5 Years
Lübeck Retail	9,490,000	Jan-2014	144.8%	100.0%*	8.4 Years
<b>Total</b>	<b>19,970,000</b>				

\*A major retail tenant moved out in 2015 but will pay rent until lease expiry in 2019.



# Edeka Retail

## Loan Status

UPB at Origination	EUR 13,714,094
Current UPB	EUR 12,052,507
Initial Whole Loan LTV	83.5%
Current Whole Loan LTV	115.0%
SpS Transfer Date	04/09/2012
Estimated Resolution Date	Q1 2016

## Asset Stats

Lettable area	9,853 sqm
No. of assets	5
Asset type	Retail
Valuation/Date	EUR 10,480,000/ 01/12/2012
Location	Various, Germany
NRI	EUR 1,080,600
ERV	EUR 995,296
Vacancy	4.7%
WALL	5.5 years

## Workout History

- The loan was transferred to Special Servicing on 4 September 2012 as a result of non-payment default at the July 2012 IPD.
- Following unsuccessful negotiations with the sponsor regarding a consensual share transfer, the Special Servicer enforced security via voting right enforcement in Luxembourg and replaced the borrower's management.
- A standstill was entered into in July 2013 which was extended several times, lastly until July 2016.
- On 8 December 2014 an SPA for the sale of the property in Borken was signed (EUR 500k). The funds were distributed during April 2015 IPD.
- On 18 December 2015 an SPA for the remaining 5 properties was signed (EUR 12.67m). It is expected that the funds will be available for distribution during April 2016 IPD.
- The asset management agreement with Valad was extended until July 2016 to cover the period until closing of the sale.
- In December 2015 the directors of the borrower were exchanged as the previous ones asked for resignation.

## Performance / Credit Events

- The loan matured in July 2013 and switched from fixed to floating interest.
- Default interest of 2% is accruing on overdue amounts since non-payment default in July 2012.
- The 5 remaining properties are let to Edeka.
- There were no new leases. Edeka used one of the options to prolong its lease by 5 years for the Münster property. This increased the WALL of the portfolio to 5.5 years.

## Strategy

- Close the sale and distribute funds during April 2016 IPD.

# Edeka Retail



Property No.	Property	Valuation Date	Property Information		
			Valuation	Sold Amount	Repayment IPD
1	Borken-Burlo, Borkener Str. 21	01-Dec-12	335,000	500,000	April 2015 IPD
2	Gladbeck, Bottroper Straße 88	01-Dec-12	6,190,000	-	-
3	Herne, Castroper Straße 371	01-Dec-12	1,850,000	-	-
4	Münster, Von Schonebeck Ring 104	01-Dec-12	742,000	-	-
5	Neukirchen-Vluyn, Ernst-Moritz-Arndt-Straße 44	01-Dec-12	608,000	-	-
6	Oberhausen, Grasshofstraße 139A	01-Dec-12	1,090,000	-	-
<b>Total</b>			<b>10,815,000</b>		



## Lübeck Retail

### Loan Status

UPB at Origination	EUR 15,300,000
Current UPB	EUR 13,737,426
Initial Whole Loan LTV	80.3%
Current Whole Loan LTV	144.8%
SpS Transfer Date	22/10/2013
Estimated Resolution Date	Q1 2016

### Asset Stats

Lettable area	12,423 sqm
No. of assets	1
Asset type	Mixed Use
Valuation/Date	EUR 9,490,000 / 01/01/2014
Location	Lübeck, Germany
NRI	EUR 1,221,461
ERV	EUR 1,100,654
Vacancy*	0%
WALL	8.4 years

\*tenant Edeka moved out in 2015 but will pay rent until lease expiry in 2019

### Workout History

- The loan was transferred to Special Servicing on 22 October 2013 due to payment default at maturity.
- The Special Servicer exercised the voting rights and replaced the borrower's management with new directors.
- After lease-up activities had been carried out marketing of the asset was started in September 2015 and an SPA was signed on 10 February 2016 for EUR 12.7m. Closing is expected to take place in time for April 2016 IPD.
- A standstill was granted and extended several times, most recently until April 2016 to cover the time until closing of the sale.
- In December 2015 the directors of the borrower were exchanged as the previous ones asked for resignation.

### Performance / Credit Events

- The loan switched from fixed to floating interest after maturity.
- Default interest of 2% is accruing on overdue amounts.
- Letting activities before sale:
  - Extension of leases with Body Attack (2020) and MPC Music (2030);
  - New lease with a wholesale business in the sanitary sector for the vacant retail space (12 years);
  - New lease with bowling tenant for previously vacated bowling area (15 years);
  - An amicable out-of-court settlement agreement was met with the former bowling tenant.
- Tenant Edeka prematurely vacated the building, but will pay rent until lease expiry in Oct 2019.
- The funds to be received from the sale (after costs) together with the amounts trapped on the accounts (approx. EUR 600k) will not be sufficient to repay the full amount of outstanding loan principal.

### Strategy

- Close the sale and distribute funds during April 2016 IPD.
- Determine best exit for the remaining loan, if required extend standstill period.