



Hatfield Philips International

DECO 14 – Pan Europe 5 B.V. Investor Call

28<sup>th</sup> April 2016

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# DECO 14 – Pan Europe 5 B.V. 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)							
Arcadia	92,361,477	76,339,700	13,128,533	6	Germany	Retail	Jan-2014	In Special	Mar 2010	Borrower-led sale
Mansford Nord Bayern	33,839,425	33,839,425	-	7	Germany	Retail	Jan-2014	In Special	Dec 2012	Borrower-led sale
CGG	98,332,858	88,958,128	8,607,695	12	Germany	Mixed	Jan-2014	In Special	Jul 2013	Insolvency
Cottbus Shopping Center	39,580,250	39,580,250	-	1	Germany	Retail	Jan-2015	In Special	Jan 2015	Lease re-gear & Consensual sale
<b>Total</b>	<b>264,114,010</b>	<b>238,717,503</b>	<b>21,736,228</b>	<b>26</b>						

## Value

Loan	Valuation		Current Whole Loan LTV	Occupancy	WALL
	(€)	Date			
Arcadia	9,890,000	May 2015	933.9%	90.0%	2.8 years
Mansford Nord Bayern	15,964,000	May 2015	212.0%	100.0%	2.9 years
CGG	68,370,000	Apr 2014	148.2%	74.3%	3.9 years
Cottbus Shopping Centre	18,400,000	Dec 2014	215.1%	96.0%	2.3 years
<b>Total</b>	<b>112,624,000</b>				



# Arcadia

## Loan Status

UPB at Origination	EUR 121,930,726
Current UPB	EUR 92,361,477
Initial Whole Loan LTV	92.0%
Current Whole Loan LTV	933.9%
SpS Transfer Date	05/03/2010
Estimated Resolution Date	Q1 2017

## Asset Stats

Lettable area	22,756 sqm
No. of assets	6*
Asset type	Predominantly Retail
Valuation/Date	EUR 9,890,000 / 01/05/2015
Location	Germany
NRI	EUR 1,660,148
ERV	EUR 1,639,962
Vacancy	10.0%
WALL	2.80 years

\*includes the 4 properties not yet notarised and the 2 properties for which no closing has occurred yet (Markt Bibart and Udenheim )

## Strategy

- Continue sale of the portfolio on an asset-by-asset basis.
- The notarization of all remaining assets is expected to be finalized in Q3/Q4 2016.
- Determine solution for remaining loan.

## Workout History

- Transferred to Special Servicing on 5 March 2010 due to payment and ICR default.
- Direct foreclosure was not a preferred option due to the high costs and filings anticipated in 28 different locations.
- SPAs for the following properties were notarised in 2015/2016:  
Dannenberg I and II, Frankfurt (Oder), Ludwigshafen, Oldenburg, Bergtheim, Kahla, Markt Bibart, Schwalbach, Weinheim, Oberhausen-Rheinhausen, Udenheim.
- Funds from 7 property sales were distributed during April 2016 IPD (see schedule on next page).
- Only 4 properties currently remain to be notarised (Eschweiler, Lüneburg, Redwitz, Saarburg). All are under marketing.
- The standstill was extended until the end of 2016 in order to cover the further time expected for the remaining sales.
- The asset management agreement was extended until 30 June 2016 and may have to be extended further.
- The property management agreement was extended in May 2015 and amended in terms of fees in order to ensure the property manager's cooperation until the sale of the last asset.

## Performance / Credit Events

- A Control Valuation Event occurred in April 2010 following the receipt of a new valuation.
- LTV: Following an updated valuation in May 2015, the LTV increased and is currently at 933.89%.
- Debt Service:
  - The loan has been amortised over the last IPDs from sales proceeds.
  - EUR 16.7m sales proceeds have been distributed during April 2016 IPD.
  - The funds for the Dannenberg properties (EUR 5.3m) were already received and will be distributed during next IPD.
  - Further EUR 3.5m are expected from the 3 properties already notarised (Markt Bibart, Udenheim and Oldenburg, for Oldenburg the funds have already been deposited on the notary trust account, for the other two properties closing is still outstanding).
  - Additional funds are expected for the 4 properties yet to be notarised.
- Several leases have been extended in preparation for the sale of the properties.





Property No.	Property	Valuation Date	Property Information		
			Valuation	Sold Amount	Repayment IPD
1	Bautzen, Niederkainaer	01-Jun-13	8,700,000*	9,600,000	Q2 2015
2	Bergtheim, Oberpleichfelder Str.	01-Jun-15	1,180,000	1,620,000	Q1 2016
3	Dannenberg, An den Ratswiesen	01-Jun-13	1,240,000*	2,138,525	-
4	Dannenberg, St. Georg	01-Jun-13	2,520,000*	3,581,474	-
5	Eschweiler, Königsbenden	01-Jun-15	2,710,000	under offer	-
6	Frankfurt/ Oder, Leipziger Str./ Cottbuser Str.	01-Jun-15	1,190,000	1,350,000	Q1 2016
7	Fürstenstein, Vilshofener Str.	01-Jun-13	810,000*	800,000	Q3 2015
8	Holle, Marktstraße	01-Jun-13	1,300,000*	1,480,000	Q1 2015
9	Kahla, Ernst-Thälmann-Str.	01-Jun-15	750,000	850,000	Q1 2016
10	Löhne, Weihestr.	01-Jun-13	1,200,000*	1,600,000	Q4 2015
11	Ludwigshafen-Oggersheim, Mannheimer Str.	01-Jun-13	1,860,000	1,730,000	Q1 2016
12	Lüneburg, Bei der Pferdeshütte	01-Jun-15	2,750,000	under offer	-
13	Markt-Bibart, Nürnberger Str./ Am Mühlberg	01-Jun-15	790,000	945,000	-
14	Oberhausen-Rheinhausen, Weiherweg	01-Jun-15	2,480,000	3,155,800	Q1 2016
15	Oldenburg, Melbrinj	01-Jun-13	1,300,000	1,000,000	-
16	Redwitz, Flurstraße	01-Jun-15	590,000*	under offer	-
17	Rottenburg, Landhuter Str. / Industriestr.	01-Jun-13	740,000*	685,000	Q2 2014
18	Saarburg, Heckingstr.	01-Jun-15	1,580,000	under offer	-
19	Salzgitter-Thiede, Dr. W.-Hock-Ring	01-Jun-13	890,000*	710,000	Q2 2015
20	Schönsee, Eslamer Felder	01-Jun-13	640,000*	650,000	Q2 2015
21	Schwalbach, Ernsdorfer Str.	01-Jun-15	1,040,000	1,100,000	Q1 2016
22	Spiegelau, Hauptstraße	01-Jun-13	770,000*	770,000	Q2 2015
23	Mainz-Undenheim, Staatsrat-Schwamb-Str.	01-Jun-15	1,470,000	1,600,000	-
24	Waldkirchen, Jandelsbrunner Str.	01-Jun-13	770,000*	780,000	Q2 2015
25	Weinheim, Karlsberg	01-Jun-15	7,800,000	8,900,000	Q1 2016
26	Wiefelstede, Landstr.	01-Jun-13	760,000*	625,000	Q1 2014
27	Lauterbach, Am Wörth	n/a	n/a*	2,862,000	Q1 2013
28	Wacken, Gehrn/ Ecke Schenefelder Str.	n/a	n/a*	755,400	Q1 2013
<b>Total</b>			<b>45,590,000</b>	<b>45,670,799</b>	

\* The marked assets were not re-valued in 2015 as they were already sold at the time of the 2015 valuation.

# Mansford Nord Bayern

## Loan Status

UPB at Origination	EUR 44,188,842
Current UPB	EUR 33,839,425
Initial Whole Loan LTV	86.0%
Current Whole Loan LTV	212.0%
SpS Transfer Date	17/12/2012
Estimated Resolution Date	Q3 2016

## Asset Stats

Lettable area	41,705 sqm
No. of assets	7
Asset type	Retail
Valuation/Date	EUR 15,964,000 / 27/05/2015
Location	Germany
NRI	EUR 2,286,000
ERV	EUR 1,892,184
Vacancy	0%
WALL	2.88 years

## Workout History

- The loan was transferred to Special Servicing on 17 December 2012 as a result of balance sheet over-indebtedness.
- Following unsuccessful negotiations with the sponsor regarding a consensual share transfer, the Special Servicer enforced its security via voting rights enforcement in Luxembourg and replaced the borrower's management.
- A standstill was entered into in July 2013 which was extended several times, lastly until October 2016.
- The asset management agreement with Valad was extended until July 2016.
- In December 2015 the directors of the borrower were exchanged as the previous ones asked for resignation.
- The remaining seven properties have been marketed since November 2015, but the investor feedback was limited due to the special usage type (cash & carry markets) and the uncertainty of lease extensions being signed.
- The two highest bidders were granted co-exclusivity but afterwards stated that they were not interested anymore. The remaining bidders were reactivated and further parties were approached.

## Performance / Credit Events

- The loan matured in January 2014; default interest accrues on the total debt outstanding. Rate switched to floating from April 2014.
- The portfolio consisted originally of 7 Edeka C&C, 1 Edeka NP, 2 Edeka Discounter and 12 Netto supermarkets.
- An SPA regarding the 15 discounter properties was signed in June 2015 for a purchase price of EUR 10.265m. The funds were distributed during October 2015 IPD.
- Currently, the 7 Cash & Carry properties are remaining in the portfolio.
- All seven leases expire in December 2019, however, four of the seven leases comprise "rolling" six-months break options which can be executed by the tenant at any time.
- Lease re-gears/extensions with Edeka are being negotiated, but with a remaining WALT of still 3 years, the discussions were not successful so far.
- Currently, no larger capex measures are due. However, capex measures, TI's and rent-free periods of significant value are part of the negotiations for a long-term lease extension.

## Strategy

- Grant exclusivity to the highest bidder for the 7 Cash & Carry properties and sell the assets.
- Determine best exit for the remaining loan after sale of properties, if required extend standstill period.

# Mansford Nord Bayern



Property No.	Property	Valuation Date	Property Information		
			Valuation	Sold Amount	Repayment IPD
1	Apolda, Erfurter Straße	08-Feb-13	670,000	733,200	October 2015
2	Bad Schmiedeberg, Lindenstraße	08-Feb-13	560,000	572,400	October 2015
3	Bindlach, Bühlnstraße	08-Feb-13	1,310,000	-	-
4	Brandenburg, Willi-Sänger-Straße	08-Feb-13	790,000	826,400	October 2015
5	Chemnitz, Winkelhofer Straße	08-Feb-13	5,260,000	-	-
6	Dessau1, Elballee	08-Feb-13	770,000	820,000	October 2015
7	Dessau2, Wasserwerkstraße	08-Feb-13	810,000	920,000	October 2015
8	Dresden, Tauberthstraße	08-Feb-13	5,280,000	-	-
9	Erfurt, Zur Weissen Scheune	08-Feb-13	660,000	387,000	October 2015
10	Görlitz, Friedrich-Engels-Straße	08-Feb-13	1,810,000	-	-
11	Halle (Saale), Dölauer Straße	08-Feb-13	740,000	780,400	October 2015
12	Helbra, Mittelstraße	08-Feb-13	470,000	525,600	October 2015
13	Hettstedt, Am Kirschweg	08-Feb-13	610,000	663,000	October 2015
14	Jena, Wiesenstraße	08-Feb-13	1,080,000	-	-
15	Mockrehna, Reichsstraße	08-Feb-13	600,000	361,200	October 2015
16	Quedlinburg, Westerhäuser Straße	08-Feb-13	600,000	698,800	October 2015
17	Riesa, Speicherstraße	08-Feb-13	1,060,000	-	-
18	Röblingen, Am Hinterfeld	08-Feb-13	570,000	647,000	October 2015
19	Treuenbrietzen, Leipziger Straße	08-Feb-13	810,000	1,080,000	October 2015
20	Weiden, Conrad-Röntgen-Straße	08-Feb-13	1,500,000	-	-
21	Wittenberg, Dresdner Straße	08-Feb-13	570,000	650,000	October 2015
22	Zörbig, Stumsdorfer Straße	08-Feb-13	520,000	600,000	October 2015
<b>Total</b>			<b>27,050,000</b>	<b>10,265,000</b>	





## Loan Status

UPB at Origination	EUR 121,507,750
Current UPB*	EUR 98,332,858
Initial Whole Loan LTV	91.0%
Current Whole Loan LTV	148.2%
SpS Transfer Date	30/07/2013
Estimated Resolution Date	Q1 2017

\*Under consideration of EUR 3m holdback amount

## Asset Stats

Lettable area	125,045 sqm
No. of assets	12
Asset type	Mixed Use
Valuation/Date	EUR 68,370,000 on 01/04/2014
Location	Germany
NRI	EUR 8,235,511
ERV	EUR 9,344,328
Vacancy	25.7%
WALL	3.9 years

## Strategy

- Continuation of capex programme in order to avoid / reduce sales price deductions.
- Selling off the portfolio in a cluster approach: Aachen, Unna, Wolfsburg Daimlerstraße separately (advanced stage), 5 retail assets (exclusivity agreement in advanced negotiations), 2 Wolfsburg residential properties (exclusivity decision expected soon), office properties in Cologne and Bonn (after clarification of letting situation).
- Extension of anchor lease in Cologne and current attempt to re-let the Bonn property to another single tenant.

## Workout History

- The loan transferred to Special Servicing on 30 July 2013 following an LTV breach.
- Following lengthy negotiations on a consensual workout, both the borrowers and the lenders filed for the borrowers' insolvency in October 2014.
- The main insolvency proceedings were opened in May 2015.
- Cold administration and realization agreements have been concluded with two of the insolvency practitioners. With the third there is only a short-form realization agreement concerning the Springe asset in place.
- The most urgent CapEx measures have been identified and are currently being implemented.
- All properties are currently being marketed – bulk of 9 properties in wide structured process conducted by international broker firm.
- Asset management tasks are split between the PM and the sales broker.
- Major lease extensions in Unterwellenborn and Celle as well as new lettings in Cologne have been concluded. Further lease extensions and new lettings in Bonn and Cologne are in negotiations.

## Performance / Credit Events

- Repayment default occurred on the loan's Final Maturity Date 20 January 2014. A default and reservation of rights letter was issued.
- Following maturity, the loan switched from fixed to floating interest resulting in significant trapped cash amounts. Besides regular interest payments, the reserve balances are primarily used for capex and re-letting purposes.
- The Lahr property was sold at EUR 5,380,000 of which EUR 4,450,000 were directly distributed to the lenders on April 2015 IPD.
- The Hannover property was sold at EUR 4,750,000. Thereof EUR 4,110,000 were distributed from the insolvent estate as the lenders' separation amount. Out of this amount EUR 1,110,000 were allocated on April 2016 IPD towards loan payments. The remaining EUR 3m are retained in an escrow account.
- In total, ca. EUR 5m of liquidity are either held in the separation accounts or in the lender escrow account to potentially enable re-letting opportunities of the Bonn and Cologne properties as well as to cover ongoing capex projects.





Property No.	Property	Valuation Date	Property Information		
			Valuation	Sold Amount	Repayment IPD
1	Wolfsburg, Burgwall	01-Apr-14	17,600,000	-	-
2	Unterwellenborn, Kronacher Straße	01-Apr-14	12,700,000	-	-
3	Bonn, Vorgebirgsstraße 49	01-Apr-14	12,500,000	-	-
4	Zöllnitz, Zöllnitzerstraße 2-4	01-Apr-14	7,700,000	-	-
5	Cologne, Aachener Straße 1042	01-Apr-14	6,500,000	-	-
6	Lahr, Im Götzmann/ Mietersheimer Hauptstraße	01-Apr-14	5,210,000	5,380,000	April 2015 (partial)
7	Wolfsburg, Hochring 39	01-Apr-14	4,740,000	-	-
8	Hannover, An der Wollebahn / Hildesheimer Straße	01-Apr-14	3,790,000	4,750,000	April 2016 (partial)
9	Wolfsburg, Daimlerstraße 21+23	01-Apr-14	1,750,000	-	-
10	Springe, Fünfhausenstraße	01-Apr-14	1,470,000	-	-
11	Aachen, Buchkremer Straße 2-4	01-Apr-14	1,380,000	-	-
12	Celle, Hannoversche Heerstraße 52-54	01-Apr-14	980,000	-	-
13	Walldürn, Bettendorfring/ Seestraße	01-Apr-14	670,000	-	-
14	Unna, Am Kastanienhof 17-21	01-Apr-14	380,000	-	-
<b>Total</b>			<b>77,370,000</b>	<b>10,130,000</b>	

# Cottbus Shopping Center

## Loan Status

UPB at Origination	EUR 44,350,000
Current UPB	EUR 39,580,250
Initial Whole Loan LTV	83.4%
Current Whole Loan LTV	215.1%
SpS Transfer Date	21/01/2015
Estimated Resolution Date	Q2 2017

## Asset Stats

Lettable area	31,055 sqm
No. of assets	1
Asset type	Retail – Hypermarket
Valuation/Date	EUR 18,400,000 / Dec 2014
Location	Germany
NRI	EUR 3,720,211
ERV	EUR 2,613,806
Vacancy	4.0%
WALL	2.3 years

## Workout History

- The refurbishment obligation under the anchor lease in combination with the first-ranking tenant easement complicates the workout of the loan.
- The borrower (fund structure) is willing to cooperate. The shareholders have given the fund management full authority to negotiate a consensual workout.
- Based on the low value indications of the centre in the as-is-state obtained in 2015, a borrower-led structured sale was not pursued.
- Various DPO attempts failed because of high costs and remaining risks associated with both the large refurbishment concept and the re-letting of spaces after Kaufland's area reduction.
- The landlord did not apply for a building permission until end 2015 and hence, is in breach of its obligations under the anchor lease.
- An alternative refurbishment concept has been prepared and is currently being negotiated with Kaufland.
- An update valuation will be obtained, if an alternative arrangement with Kaufland is found.

## Performance / Credit Events

- A repayment default occurred on the loan's maturity date 20 January 2015.
- In late 2014, the Borrower entered into a new lease agreement effective as per 1 January 2015 with the main tenant Kaufland providing for the following:
  - The former general lease was replaced and sub-leases were transferred to the landlord currently negotiating extensions and / or new leases.
  - The new lease would only expire on 31 Dec 2028, if the landlord invests EUR 10m in the refurbishment and modification of the centre (plus EUR 5m to be invested by Kaufland).
  - Following the refurbishment, presumably from 2019, Kaufland would further reduce its area and its rent to EUR 1.0m p.a.
  - If the respective building permission applications are not submitted until end of 2015, Kaufland can choose between a break as of 15 March 2018 or to stay at a reduced rent of EUR 1m p.a. until 31 March 2023.
- Following the factual breach of contract by the landlord, a new anchor lease arrangement has to be found as basis for the further workout.

## Strategy

- Continue the negotiations with Kaufland based on the alternative, more cost-effective refurbishment concept. Detailed consensual restructuring to be set-up depending on progress with Kaufland.
- Start negotiations with key third-party tenants and marketing of the scheme once solution with Kaufland is found.
- Assess alternative scenarios (share appropriation / insolvency) if negotiations with Kaufland fail.