



Hatfield Philips International

DECO 15 – Pan Europe 6 Ltd. Investor Call

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DECO 15 – Pan Europe 6 Limited 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)							
Main	60,000,000	60,000,000	-	28	Germany	Predominantly Retail	Jul-2011	In Special	Jul-2011	Voting rights enforcement/share appropriation and sale
Plus Retail	11,519,172	11,519,172	-	5	Germany	Retail	Jan-2012	In Special	Jan-2012	Insolvency proceedings and sale
Total	71,519,172	71,519,172		33						

Value

Loan	Valuation		Current Whole Loan LTV	Occupancy	WALL
	(€)	Date			
Main	44,559,000	01 Nov 2014	135%	96.0 %	5.3 Years
Plus Retail	8,000,000	09 Oct 2015	144%	98.0 %	4.6 Years
Total	52,559,000				



Main

Loan Status

UPB at Origination	EUR 86,745,908
Current UPB	EUR 60,000,000
Initial Whole Loan LTV	86%
Current Whole Loan LTV	135%
Special Servicing Transfer Date	22 July 2011
Estimated Final Resolution Date	Q2 2017

Asset Stats

Lettable area	60,983 sqm
No. of assets	28 (32 originally)
Asset type	Predominantly Retail
Valuation/Date	EUR 44,559,000/01 Nov 2014
Location	Germany
NRI	EUR 5,483,303
ERV	EUR 5,105,957
Vacancy	4.0%
WALL	5.3 years

Workout History

- The loan transferred to Special Servicing in July 2011 due to non-repayment at maturity.
- In May 2012 the management of the borrower was replaced by way of voting right enforcement.
- Upon transfer to Special Servicing the WALL of the portfolio was below 5 years. With the Note Maturity Date being in 2018, it was decided to further manage the portfolio and to use the excess rent for amortisation to maximise the loan recovery.
- The portfolio was subsequently stabilised and prepared for sale during 2015 by re-gearing leases (WALL increased from 3.06 years to 5.06 years) and by carrying out capital improvement measures.
- An analysis of the best sales approach resulted in the decision to dispose of 28 properties as a portfolio, while selling the remaining four properties separately due to vacancy/usage type.
- The four individual assets (Bad Kreuznach, Bielefeld, Glauchau and Hagen) were successfully sold in 2015, while the funds received from the sales proceeds were distributed on the IPDs in October 2015, January 2016 and April 2016.
- Following that, an SPA for the remaining portfolio was notarised on 18 April 2016. Closing is expected to occur in two tranches during Q3/Q4 2016.

Performance / Credit Events

- The loan is currently in default. The Final Repayment Date was 20 July 2011.
- During 2014 and 2015 the asset manager conducted extensive lease extension negotiations with existing and new tenants, which proved successful for a lettable area of approx. 20,000 sqm in 18 leases, therefore securing an additional contractual net rental income of EUR 1.5m p.a.
- To allow for the sale of the portfolio, the shares in the borrower company were appropriated and transferred to newly set-up foundations on 22 March 2016.
- After the sale of the remaining portfolio has been closed, this structure will need to be wound down. The liquidation is expected to last at least until mid-2017.

Strategy

- Monitor closing of the portfolio sale.
- Wind down the borrower structure.



Property No.	Property	Valuation Date	Property Information		
			Valuation	Sold Amount	Repayment IPD
1	Backnang, Weissacher Straße 90	01-Nov-14	4,100,000	-	-
2	Bad Blankenburg, Gustav-Töpfer-Straße 3 a-c	01-Nov-14	1,800,000	-	-
3	Bad Colberg-Heldburg, Lindenauer Straße 388	01-Nov-14	795,000	-	-
4	Bad Freienwalde (Oder), Eduardshof	01-Nov-14	11,700,000	-	-
5	Bad Kreuznach, Planiger Straße 154	01-Nov-14	777,000	1,300,000	October 2015 IPD
6	Bielefeld, Beckhausstraße 64	01-Nov-14	3,700,000	2,800,000	April 2016 IPD
7	Burgsinn, Im Unterreith 1	01-Nov-14	631,000	-	-
8	Crossen an der Elster, Bahnhofstraße / Lange Wiese	01-Nov-14	571,000	-	-
9	Demmin, Jarmener Chaussee 5	01-Nov-14	539,000	-	-
10	Ebersbach-Neugersdorf, Bautzener Straße 27	01-Nov-14	1,400,000	-	-
11	Essen, Zur Beckhove 25	01-Nov-14	3,800,000	-	-
12	Glauchau, Sachsenallee 28	01-Nov-14	68,000	140,000	April 2016 IPD
13	Görlitz, Biesnitzer Straße 1a	01-Nov-14	843,000	-	-
14	Görlitz, Pontestraße 10 / Heilige-Grab-Straße	01-Nov-14	797,000	-	-
15	Hagen, Elberfelder Straße 84	01-Nov-14	299,000	448,000	January 2016 IPD
16	Hainichen, Bahnhofstraße 22	01-Nov-14	1,000,000	-	-
17	Jena, Weimarische Straße 3	01-Nov-14	579,000	-	-
18	Leingarten, Eppinger Straße 20	01-Nov-14	1,800,000	-	-
19	Lutter am Barenberge, Frankfurter Straße 26	01-Nov-14	731,000	-	-
20	Magdeburg, Kümmelsberg 50	01-Nov-14	2,000,000	-	-
21	Marktrechwitz, Fritz-Thomas-Straße 18	01-Nov-14	1,200,000	-	-
22	Marktoberdorf, Bahnhofstraße 29	01-Nov-14	525,000	-	-
23	Michendorf, Michendorfer Gartenstraße 10	01-Nov-14	658,000	-	-
24	Neustadt in Holstein, Eutiner Straße 49	01-Nov-14	1,400,000	-	-
25	Neustadt a.d. Donau, Gewerbepark 50	01-Nov-14	733,000	-	-
26	Niemegk, Bahnhofstraße 22	01-Nov-14	480,000	-	-
27	Nürnberg, Strawinskystraße 27	01-Nov-14	728,000	-	-
28	Osterwieck, Am Langenkamp 24	01-Nov-14	703,000	-	-
29	Peine, Peiner Straße 8	01-Nov-14	758,000	-	-
30	Ritterhude, An der Ihle 5	01-Nov-14	2,300,000	-	-
31	Selb, Albert-Pausch-Ring 4	01-Nov-14	1,100,000	-	-
32	Sondershausen, Frankenhäuser Straße 4	01-Nov-14	888,000	-	-
Total			49,403,000	4,688,000	



Plus Retail

Loan Status

UPB at Origination	EUR 12,671,741
Current UPB	EUR 11,519,172
Initial Whole Loan LTV	89%
Current Whole Loan LTV	144%
Special Servicing Transfer Date	26 January 2012
Estimated Final Resolution Date	Q4 2017

Asset Status

Lettable area	8,557 sqm
No. of assets	5
Asset type	Retail
Valuation/Date	EUR 8,000,000 / 09 Oct 2015
Location	Germany
NRI	EUR 1,006,568
ERV	EUR 858,655
Vacancy	2.0%
WALL	4.6 years

Workout History

- The Loan is secured by five retail properties across East Germany, anchored by Netto, a leading discount supermarket chain in Germany. The Cottbus site is the largest, with Netto as anchor tenant and several smaller tenants in a retail park.
- The Plus Retail Loan was transferred to Special Servicing following non-payment at maturity.
- Since transfer to Special Servicing the Borrower failed to propose a plan to repay the loan.
- All extensive negotiations with the Borrower to sell the assets consensually failed. The Special Servicer therefore initiated the insolvency proceedings against the borrower which officially opened in August 2015.
- Due to initiation of insolvency proceedings funds were trapped and interest payments for Q2 - Q4 in 2015 could not be made. Since Q3 2015, rental income is collected on a newly opened rent account controlled by the insolvency administrator.
- The Borrower and the Special Servicer aimed to negotiate lease extensions with the main tenant Netto. Costs for the related area extensions and refurbishments (resulting in an extended lease term combined with higher rental level) would have been in a range of approx. EUR 2m. However, the tenant rejected further negotiations by end of 2015.

Performance / Credit Events

- The interest rate of the loan was switched to floating during the restructuring process.
- A realization agreement with the insolvency administrator was concluded in December 2015.
- In Q1 2016, there was a surplus of funds on the insolvency administrator's account which was released to the lenders and led to a payment of unpaid regular interest for the previous quarters in the total amount of EUR 144k as well as a partial repayment of the outstanding loan principal in the amount of EUR 316k.
- Thus since maturity total amortization payments of EUR 516k were made in 04/2013 and 04/2016. Interest in the amount of EUR 767k was paid to the lenders.
- As no major improvement of the letting side was possible when Netto rejected further negotiations, the preparation of the sales process started in 2016. 4 brokers were appointed in May 2016 to market the 5 assets individually or in (sub-)portfolios.
- A marketing period of 4-6 months is anticipated.

Strategy

- Sale of all 5 assets within 2016 in cooperation with the insolvency administrator.
- Clarify release timing of trapped cash of ca. EUR 1m with insolvency administrator.
- Finalization of the insolvency proceedings are not expected before the end of 2017.



Plus Retail

Property No.	Property	Valuation Date	Property Information		
			Valuation	Sold Amount	Repayment IPD
1	Rüdersdorf bei Berlin, Mühlenstraße 13	09-Oct-15	840,000	-	-
2	Schwedt/Oder, Julian- Marchlewski- Ring 13c	09-Oct-15	940,000	-	-
3	Anklam, Lübeckerstraße 2a-2c	09-Oct-15	1,160,000	-	-
4	Wittenberge, Lenzener Chaussee 61	09-Oct-15	630,000	-	-
5	Cottbus, Gelsenkirchener Allee/ Thierbacher Straße 12-15	09-Oct-15	4,430,000	-	-
Total			8,000,000		