Hatfield Philips International

Talisman-5 Finance P.L.C. Investor Call

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Talisman-5 Finance P.L.C. DEAL SUMMARY

Asset Profile

Loan	Current Balance (€) Whole Loan	A-Note	B-Note(s)	# Properties	Location	Property Type	Maturity	Loan Status	Transfer Date	Workout Strategy
Fish	17,896,962	3,460,591	11,668,581	0	Germany	n/a	Jul-2013	In Special	Nov-2012	Finalise loan
Monkey	34,020,000	34,020,000	-	1	Germany	Office/Hotel	Jul-2013	In Special	Jul-2013	Borrower-led sale
Penguin	57,521,400	47,424,944	9,944,703	2	France	Office	Oct-2014	In Special	Sep-2013	Consensual sale
Reindeer	50,226,942	38,757,336	8,905,191	0	Finland	Retail	Jan-2013	In Special	Jan-2013	Consensual sale
Total	***159,665,304***	***123,662,871***	***30,518,475***	***3***						

Value

Loan	Valuation (€)	Valuation Date	Current Whole Loan LTV	Occupancy	WALL
Fish	n/a	n/a	n/a	n/a	n/a
Monkey	41,700,000	Oct-2013	81.58%	36,85%	5.8 Years
Penguin	Not disclosed*	Not disclosed*	Not disclosed*	20.54%	0.96 Years
Reindeer	n/a	n/a	n/a	n/a	n/a
Total	***41,700,000 plus Penguin***				

* The valuation for the Penguin Properties is not disclosable because of French banking law. The original valuation as of July 2006 was EUR 136.08m of which an amount of EUR 78.15m was allocated to the now remaining properties.

Fish

Loan Status

UPB at Origination	EUR 75,500,000
Current UPB	EUR 17,896,862
Initial Whole Loan LTV	87.8%
Current Whole Loan LTV	n/a
SpS Transfer Date	12/11/2012
Estimated Resolution Date	Q2 2016

Asset Stats – property sold

Lettable area	n/a
No. of assets	0
Asset type	n/a
Valuation/Date	n/a
Location	n/a
NRI	n/a
ERV	n/a
Vacancy	n/a
WALL	n/a

Workout History

- In April 2013 the borrower proposed a DPO of EUR 48m against a valuation of EUR 45.2m which was rejected.
- A consensual lease-up, also featuring an exchange of asset management and in a second step a sale was agreed with the borrower and with the Operating Advisor.
- In parallel, as the market had strongly improved, the Special Servicer had marketed the asset to a small group of interested parties and realized a sale of the asset at an attractive price of approx. EUR 53.5m (notarised July 2015).
- The proceeds from the sale (distributed during October 2015 IPD) did not suffice to redeem the loan in full.
- The unwinding process of the residual loan is still in progress.
- The standstill was extended to January 2016 and may have to be extended further, if necessary.

Performance / Credit Events

- The loan is in default and was transferred to Special Servicing following an LTV breach on 12 November 2012.
- The loan Maturity Date was 15 July 2013.
- After maturity the interest rate changed from fixed to floating, default interest of 1 % is being charged.
- Currently, a small amount is held as cash-trap for potential wind-down costs.

Strategy

- Finalise remaining loan.

Monkey

Loan Status

UPB at Origination	EUR 56,000,000
Current UPB	EUR 34,020,000
Initial Whole Loan LTV	75.1%
Current Whole Loan LTV	81.6%
SpS Transfer Date	15/07/2013
Estimated Resolution Date	Q2 2016

Asset Stats

Lettable area	43,800 sqm
No. of assets	1
Asset type	Office/Hotel
Valuation/Date	EUR 41,700,000 / 15/10/2013
Location	Unterhaching (Munich), Germany
NRI	EUR 2,983,850
ERV	EUR 4,773,525
Vacancy	36.85%
WALL	5.8 years

Workout History

- The loan matured on 15 July 2013 and the borrower was not able to repay.
- Netma as one of the two main tenants (total GLA: c. 12,000 sqm) vacated its premises as per 31 Dec 2015 and vacancy therefore increased to 36.85%.
- After refinancing activities failed in 2015 the sales process was initiated. This resulted in the signing of a SPA over the property on 4 March 2016 (reference is made to a RIS notice dated 15 March 2016). The SPA is still subject to shareholder approval on borrower level. The corresponding shareholder meeting will take place on 8 April 2016.
- The earliest payment of the purchase price is expected for 31 May 2016. The funds expected from the sale are in excess of the outstanding loan principal.

Performance / Credit Events

- The loan transferred from Primary to Special Servicing in July 2013 due to a Maturity Event of Default.
- Following the maturity the interest rate switched to floating, default interest of 1% is charged.
- As a condition to the standstills, the borrower/sponsor agreed to inject EUR 750k (payable in 6 instalments) and EUR 750k in the form of a guarantee by the fund. These payments were made.
- Trapped surplus funds were used on Q1 2015 IPD to pay down the loan for an additional EUR 2.38m, leading in conjunction with the usual repayment of EUR 0.56m to a decrease of LTV down from 93.7% to 85.6%. Current LTV is 81.58%.
- At the beginning of 2015 Netma terminated the lease contract as per the end of 2015. Netma already vacated the asset. The Netma space represented approx. 25% of the overall lettable area.

Strategy

- Monitor the closing process of the SPA.
- Once the shareholders have approved the sale, the standstill shall be extended to cover the closing period of the SPA.

Penguin

Loan Status

UPB at Origination	EUR 104,800,000
Current UPB	EUR 57,521,400
Initial Whole Loan LTV	61.3%
Current Whole Loan LTV	Not disclosable
SpS Transfer Date	20/09/2013
Estimated Resolution Date	Q4 2016

Asset Stats

Lettable area	33,376 sqm
No. of assets	2
Asset type	Office
Valuation/Date	Not disclosable
Location	France
NRI	EUR 1,246,211
ERV	EUR 5,425,139
Vacancy	79.46%
WALL	0.96 years

Workout History

- Following negotiations with the borrower, a short term standstill was signed from 26 February 2016 until 15 April 2016 to allow for the consensual disposal of the portfolio.
- Quarterly debt service continues to be paid and all surplus rental income and excess sales proceeds are retained.
- Evry property has been sold on 26 January 2016 for EUR 8m (ALA : EUR 11.91m). Net disposal proceeds will be applied at April 2016 IPD.
- A SPA with condition (planning permission) to sell Suresnes has been signed for EUR 15.5m (ALA : EUR 11.9m). As a first step the city of Suresnes consented to the planning permission on 15 January 2016. The further process for the approval of the planning permission still needs to be followed through before the condition can be considered fulfilled.
- The Colombes site is still being marketed.

Performance / Credit Events

- The loan was transferred to Special Servicing on 20 September 2013 following borrower confirmation of its inability to repay the loan by the 15 October 2013 maturity date.
- The waterfall is sequential on lender level and therefore all sums are applied against the securitised loan. Annual amortisation is ca. EUR 893k.
- Four properties have been sold since origination (Charonne, Noisy, St Ouen, Evry) resulting in principal repayments of EUR 40.4m.
- The borrower is fully co-operative and, rather than enter into any French insolvency process, has partnered the Special Servicer in dealing with all aspects of the sales and marketing strategy.
- Colombes: Hediard the last tenant gave its notice in December 2015 and it will vacate the site in June 2016 (net current rent : EUR 506,894).

Strategy

- Further explore sale of Colombes to the mayor, expecting a final offer significantly below the current EUR 34.2m debt on the Colombes site.
- Determine the best strategy for the remaining loan.

Reindeer

Loan Status

UPB at Origination	EUR 71,844,650
Current UPB*	EUR 50,226,942
Initial Whole Loan LTV	83.6%
Current Whole Loan LTV	n/a
SpS Transfer Date	22/01/2013
Estimated Resolution Date	Q4 2016

*The projected balance as at April 2016 IPD is expected to be EUR 28,712,105

Asset Stats – properties sold

Lettable area	n/a
No. of assets	n/a
Asset type	n/a
Valuation/Date	n/a
Location	n/a
NRI	n/a
ERV	n/a
Vacancy	n/a
WALL	n/a

Workout History

- The loan was transferred to Special Servicing due to a payment default at maturity (January 2013).
- In Q3 2013, the Special Servicer exercised the voting rights and replaced the managers of the borrower’s parent with new and independent managers at holdco and propco level.
- Amplion was thereafter appointed as the new asset manager through a competitive pitching process.
- In February 2016 the Special Servicer proceeded with a second level of enforcement whereby the company shares were appropriated. The reasons for such action were: 1) removing the risk of the sponsor disturbing the sales process; 2) retaining control over the liquidation of the structure.
- The Special Servicer agreed with the borrowers on several standstills to allow them time to progress the sale strategy.
- A most recent standstill has been granted until 31 December 2016 to allow time for winding-up of the structure after distribution of funds from the sale of the properties.

Performance / Credit Events

- A new valuation was carried out on 31 August 2015 with a market value on an aggregate basis of EUR 33,150,000 and a market value in case of a portfolio sale of EUR 26,500,000.
- The decrease in the market value compared with the previous valuation of EUR 51,000,000 as of 31 October 2014 is primarily due to 1) high capital expenditure requirement; 2) increase in the vacancy rate of the overall portfolio and rent reductions through lease renegotiations; 3) more conservative re-letting assumptions; 4) capitalisation rates driven by the worsening of market conditions where the Reindeer Properties are located.
- The new valuation triggered a control valuation event and the Junior Lender was controlled out in January 2016.
- The property in Kouvola was sold in November 2015 for EUR 500,000.
- The available cash in the structure is EUR 2.3m to be used for corporate and winding-up costs. Any funds left will be applied against the loan as per the loan documents.

Strategy

- The marketing process started In Q2 2014 whereby 120 investors were contacted and the portfolio was offered as a whole portfolio, sub-portfolios or individual assets did not meet the expectation. A selected purchaser was granted exclusivity in Q3 2014. However, after long negotiation it decided to withdraw its offer in May 2015.
- Catella restarted the marketing process in August 2015. A preferred investor was selected in November 2015. However, also in this case, the potential international purchaser decided to withdraw its offer due to the challenges the property presented and the high level of asset management activity for a relatively small ticket deal.
- Catella re-contacted the under-bidders and finally a local investor acquired the 18-property portfolio. The portfolio was sold on 29 February 2016 at EUR 22,000,000 and the net disposal proceeds will be applied at April 2016 IPD. Thereafter, the structure will be wound down.