Hatfield Philips International

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

7th April 2016

Hatfield Philips International
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## Asset Profile

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

## Value

<table>
<thead>
<tr>
<th>Loan</th>
<th>Valuation (€)</th>
<th>Current Whole Loan LTV</th>
<th>Occupancy</th>
<th>WALL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Monkey</td>
<td>41,700,000</td>
<td>Oct-2013</td>
<td>81.58%</td>
<td>36.85%</td>
</tr>
<tr>
<td>Penguin</td>
<td>Not disclosed*</td>
<td>Not disclosed*</td>
<td>Not disclosed*</td>
<td>20.54%</td>
</tr>
<tr>
<td>Reindeer</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41,700,000 plus Penguin</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The valuation for the Penguin Properties is not disclosed 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.
### 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.
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.
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.

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).
Strateg

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, 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.

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.

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

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.