Hatfield Philips International

Talisman-6 Finance P.L.C. Investor Call

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TALISMAN 6 DEAL SUMMARY

Asset Profile

	Current Balance (EUR)			#		Property				
Loan	Whole Loan	A-Note	B-Note(s)	Properties	Location	Type	Maturity	Loan Status	Transfer Date	Workout Strategy
Apple	30,652,432.47	12,136,205.28	14,719,478.99	0	Germany	Retail	Jan-2013	In Special	Jan-2013	Finalisation
Coconut	35,451,196.35	35,451,196.35	-	1	Germany	Mixed-use	Jan-2012	In Special	Jan-2012	Consensual Sale
Mango	45,206,304.20	45,206,304.20	-	0	Germany	Mixed-use	Oct-2013	In Special	Apr-2011	Finalisation
Orange	26,534,660.32	-	15,093,724.21	8	Germany	Retail/Mixed-use	Jul-2012	In Special	Jul-2012	Insolvency
Peach	22,504,448.59	-	18,041,677.66	5	Germany	Mixed-use	Jul-2012	In Special	Jul-2012	Insolvency/Consensual
Total	***160,349,041.93***	***92,793,705.83***	***47,854,880.86***	***14***						

Value

	Valuation				
Loan	(EUR)	Date	Current LTV	Occupancy	WALL
Apple*	-	-	-	-	-
Coconut	27,300,000	Feb-2013	129.8%	87.9 %	3.2 years
Mango*	-	-	-	-	-
Orange	4,260,000	May-2012	622.9%	data not available	data not available
Peach	13,980,000	Feb-2013	161.0%	33.5%	4.6 years
Total	***45,540,000***				

* All assets sold

Apple

Loan Status

UPB at Origination	EUR 84,736,604
Current UPB	EUR 30,652,432
Initial Whole Loan LTV	89.8%
Current Whole Loan LTV	-
Special Servicing Transfer Date	22 Jan. 2013
Estimated Final Resolution Date	Q3 2017

Asset Stats – all assets sold

Lettable area	-
No. of assets	-
Asset type	Retail
Valuation/Date	-
Location	Germany
NRI	-
ERV	-
Vacancy	-
WALL	-

Workout History

- The Apple loan was transferred to Special Servicing on 22 January 2013 after failure to meet the target LTV of the second year (2012) extension.
- A restructuring process was set up in 2013 transferring the shares in the German property-owning companies to new Irish shareholders to allow for solvent liquidation of the portfolio and implementation of the restructuring measures.
- In the meantime all properties have been sold, the last funds were distributed in October 2015.
- A generously calculated amount of ca. EUR 1.5m had been retained to cover the sales-related costs and the costs for the wind-down process.
- The following steps have already been carried out:
  - Consolidation of the shares in the German companies (that were held by two Irish shareholders) in the hand of one Irish shareholder; and
  - Merger of German companies into one German company.
- The following steps are planned:
  - Cross-boarder merger of German company into the Irish shareholder; and
  - Liquidation of Irish companies.

Performance / Credit Events

- The loan is in default.
- The original Loan Maturity Date of 15 January 2011 was extended by two years to 15 January 2013.
- A structure allowing solvent liquidation was set up and implemented in order to avert Borrower insolvency which would have been disruptive to the asset management process.
- After all assets have been sold, the liquidation process has started.
- Funds that will be remaining after the wind-down procedure has been finalised can be paid to the lenders.
- Currently, the standstill runs until the end of 2016 to cover the time needed for the wind-down phase.

Strategy

- Follow through with the wind-down process. The deletion of the last company may take until Q2/Q3 2017.
- The standstill may have to be extended.

Coconut

Loan Status

UPB at Origination	EUR 147,187,362
Current UPB	EUR 35,451,196
Initial Whole Loan LTV	80.3%
Current Whole Loan LTV	129.8%
Special Servicing Transfer Date	15 Jan. 2012
Estimated Final Resolution Date	Q1 2017

Asset Stats

Lettable area	53,221 sqm
No. of assets	1
Asset type	Business Park
Valuation/Date	EUR 27,300,000 / Feb-2013
Location	Germany
NRI	EUR 2,676,640
ERV	N/A
Vacancy	12.1%
WALL	3.2 years

Workout History

- Since default at maturity in January 2012, the loan has been in Special Servicing.
- The Special Servicer and the Borrowers agreed on a consensual sale of the individual assets as the work-out strategy.
- In October 2012, a work-out agreement and a standstill were put in place foreseeing disposal of the portfolio within two years. Due to ongoing reletting efforts on the side of the asset manager, the marketing of the Dresden asset was postponed.
- Since the last investor call, the retail portfolio, consisting of 8 assets across East-Germany as well as the office building in Schönefeld / Berlin have been sold.
- Both sales prices were above the latest valuation as of 2013. Whereas the retail portfolio achieved a purchase price of EUR 9.025m (vs MV EUR 8.68m), the Schönefeld asset was sold for EUR 22.2m (vs. MV EUR 21.3m) thus in total 4% above the market value.

Performance / Credit Events

- The loan is in default.
- The Loan Maturity Date was 15 January 2012.
- 20 assets were sold and a total of EUR 103.6m in purchase price was achieved since signing of the work-out agreement.
- All closings took place between June 2013 and December 2015.
- Since default, a total of EUR 111.7m has been applied towards repayment of the outstanding principal from asset sales and surplus cash sweep.
- The remaining mixed-use property in Dresden with a market value of EUR 27.3m has been widely marketed since November 2015. The notarisation of the sale of this last asset is expected in Q2/Q3 2016.
- Two new leases were recently signed for the Dresden property with an annual rent of EUR 293k.

Strategy

- Notarisation of an SPA for the remaining Dresden asset on a consensual basis with closing anticipated towards the end of 2016.
- Currently EUR 1.8m have been retained from the purchase prices for tax liabilities in relation to the already carried out sales.
- As the sale of the last asset in the portfolio will not yield sufficient proceeds to discharge the outstanding loan, discussions are currently ongoing how the remaining loan can be resolved. Currently the borrower is looking into options to wind down the structure of 13 LuxPropCos.

Mango

Loan Status

UPB at Origination	EUR 87,569,336
Current UPB	EUR 45,206,304
Initial Whole Loan LTV	78.6%
Current Whole Loan LTV	-
Special Servicing Transfer Date	27 Apr. 2011
Estimated Final Resolution Date	Q2/Q3 2016

Asset Stats – all assets sold

Lettable area	-
No. of assets	-
Asset type	Mixed-use
Valuation/Date	-
Location	Germany
NRI	-
ERV	-
Vacancy	-
WALL	-

Workout History

- The Mango loan was transferred to Special Servicing following a LTV breach on 27 April 2011.
- A sales process had been set up and all assets have been sold.
- In general, it has been agreed with the sponsor that a sponsor-related entity shall acquire the remaining loan as this would be the most tax- and cost-efficient way to finalise the remaining loan.
- In order to follow this route a tax issue still had to be clarified. The claim was finally settled in early 2016 (refund of approx. EUR 700k received).
- Currently the last steps of the sale of the loan to the sponsor-related entity are being negotiated. An alternative to the planned sale of the remaining loan to a sponsor-related entity would be an insolvency of the borrower.

Performance / Credit Events

- The loan is in default.
- The Loan Maturity Date was 15 October 2013.
- All 12 assets were sold in single asset sales. The last sales proceeds were received at the beginning of 2015. The largest part of those proceeds were applied on January 2015 IPD and further funds not needed for sales costs etc. were distributed during April 2015 IPD, July 2015 IPD and January 2016 IPD.
- Currently funds in the amount of approx. EUR 700k (mainly from tax refunds) are retained on the borrower’s accounts. As far as these funds will not be necessary for the planned loan sale to a sponsor-related entity or other resolution of the remaining loan, they will be available for distribution to the lenders.
- Resolution of the loan is expected for Q2/Q3 2016 in case of sale of the remaining loan to a sponsor-related entity.
- In case of insolvency, this could take considerably longer.

Strategy

- Sell loan to sponsor-related entity or follow insolvency route.

Orange

Loan Status

UPB at Origination	EUR 438,896,560
Current UPB	EUR 26,534,660
Initial Whole Loan LTV	80.0%
Current Whole Loan LTV	622.9%
Special Servicing Transfer Date	24 Jul. 2012
Estimated Final Resolution Date	Q1 2017

Asset Stats – no reporting available

Lettable area	N/A
No. of assets	8
Asset type	Retail/Mixed-use
Valuation/Date	EUR 4,260,000 / May-2012
Location	Germany
NRI	N/A
ERV	N/A
Vacancy	N/A
WALL	N/A

Workout History

- The Orange Loan was not repaid at Final Maturity Date (July 2011) and was extended with a 3 x 1 year option. At the first extension period expiry, the Borrowers failed to meet covenants.
- The loan was transferred to Special Servicing. After negotiations with the sponsor failed, insolvency proceedings in the Netherlands and Germany were initiated in Autumn 2012.
- The Special Servicer entered into administration and sales agreements with the insolvency administrators.
- After the selection of a transaction manager for the core portfolio the sales process was initiated in summer 2014. The transaction was carefully prepared and presented to investors, resulting in a high market interest.
- Following a final due diligence phase with a limited number of investors an SPA was signed on 19 December 2014 and closed during 2015.

Performance / Credit Events

- The loan is currently in default.
- Principal and interest outstanding on the A-Note were fully repaid in July 2015, the principal of the B-Note has been repaid partially.
- The result underscores the strategy to take control of the assets through a lender led insolvency and collaborate with the Dutch and German insolvency administrators to work out the Loan.
- The loan is currently secured by 8 mixed-use properties located throughout Germany. For 6 assets SPAs have been signed (closing pending). For two assets the marketing had to be stopped due to legal issues (pre-emption right/ required authority consent because of the asset's location in a redevelopment area), but marketing can be restarted soon.
- The insolvency proceedings of more than 30 companies are ongoing. It is likely that a quota from the proceedings can be released by the insolvency administrator.
- An FRD was not yet issued, because there is a minimal likelihood that further funds can be distributed to the Senior Lender during 2016, if the Junior Principal is fully repaid.

Strategy

- The Special Servicer continues to monitor and manage the closing of the notarised 6 single asset SPAs and the marketing of the 2 remaining assets for which no SPA has been signed yet.
- The final recovery for the Whole Loan is expected at the end of 2016/beginning of 2017 after completion of all insolvency proceedings.

Peach

Loan Status

UPB at Origination	EUR 169,792,799
Current UPB	EUR 22,504,449
Initial Whole Loan LTV	80.0%
Current Whole Loan LTV	161.0%
Special Servicing Transfer Date	24 Jul. 2012
Estimated Final Resolution Date	Q4 2017

Asset Stats

Lettable area	28,882 sqm
No. of assets	5
Asset type	Mixed-use
Valuation/Date	EUR 13,980,000 / Feb-2013
Location	Germany
NRI	EUR 644,555
ERV	EUR 811,700
Vacancy	66.5%
WALL	4.6 years

Workout History

- The Peach loan originally matured in July 2011; subsequently the loan was extended on a 1+1+1 basis for 3 years. It did not meet the criteria for the second-year extension and the loan was transferred to Special Servicing in July 2012.
- In the period Q2 2015 – Q1 2016, the biggest assets were sold (4 out of 9). 1 asset sale (Krefeld) was recently closed (Q2 2016, funds to be distributed on July 2016 IPD) and 2 further assets (Elchingen, Duisburg) were notarized with closing pending. Average sale prices of ca. 6% over valuation were achieved. SPAs for the remaining 2 assets are planned to be notarised in Q2/Q3 2016.
- 1 of the remaining 2 assets (Bremen-Mahndorf) is held by one Jersey entity which is ultimately controlled by the sponsoring joint venture, which is cooperating with the Special Servicer. The other asset (Magdeburg) is held by an entity managed by a German insolvency administrator.
- The Special Servicer oversaw a very successful transaction process, especially regarding the sale of the biggest assets of the portfolio, which resulted in full principal recovery of the senior loan.

Performance / Credit Events

- The loan is currently in default.
- The original Loan Maturity Date of 15 July 2011 was extended by one year to 15 July 2012.
- The 11 German borrowing entities filed for insolvency in January 2013 and one single insolvency administrator was appointed.
- The Special Servicer agreed realization agreements with the insolvency administrator in May 2013.
- Since transfer to Special Servicing properties were optimized and prepared for sale.
- Successful sales processes were finalized for most of the originally 25 properties. Only 5 properties are currently remaining in the portfolio. SPAs have been signed for 3 of the 5 properties, which leaves 2 assets for which SPAs have not been signed yet.
- The proceeds from the sale of the remaining assets are expected for Q3/Q4 2016 at the latest.

Strategy

- The Special Servicer is working together with the relevant parties to close the SPAs that have already been signed and to notarise SPAs for the 2 remaining properties for which no SPA has been signed yet.
- After all assets have been sold the insolvency proceedings will need to be finalised. This is not expected before the end of 2017.