



Hatfield Philips International

Talisman-7 Finance Limited - Investor Call

19th May 2016

Hatfield Philips International
25 Canada Square – 34th Floor
London E14 5LB



Disclaimer

This presentation has been compiled by Hatfield Philips International Limited ("Hatfield Philips") in its capacity as Special Servicer of the loans which are discussed in this presentation. Hatfield Philips makes no representation as to the reliability of the information provided to it by third parties in order to compile this presentation.

Information in this presentation should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments. This presentation may contain forward looking statements. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Hatfield Philips's control.

Neither the whole nor any part of this presentation may be reproduced in any published document, circular or statement, nor is it to be relied upon by any party, without the prior written permission of Hatfield Philips. Hatfield Philips disclaims any duty, responsibility or liability of any nature whatsoever to any party in respect of this presentation other than to its contractual partners.

Talisman 7-Finance 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)							
Mozart	287,384,307	147,358,008	163,355,003*	7	Germany	Office	Apr-2015	In Special	Apr-2010	Borrower-led sale
Wagner	89,690,179	64,897,966	19,500,000	1	Germany	Mixed Use	Jan-2012	In Special	Aug-2010	Borrower-led sale
Haydn	63,924,919	63,924,919	-	1	Germany	Office/Mixed Use	Jan-2012	In Special	Nov-2011	Insolvency
Bruckner	11,283,555	11,283,555	-	0	Germany	Residential	Apr-2014	In Special	Jan-2013	Finalisation
Schubert	8,093,951	8,093,951	-	1	Germany	Office/Technical Space	Oct-2013	In Special	Apr-2013	Borrower-led sale
Brahms	31,431,458	20,573,580	8,771,255	0	Germany	Office	Jan-2012	In Special	Nov-2011	Finalisation of insolvency
Total	491,808,369	316,131,979	191,626,258	10						

* includes the Mozart Co-Senior Loan

Value

Loan	Valuation		Current Whole Loan LTV	Occupancy	WALL
	(€)	Date			
Mozart	39,470,000	Dec-2014	728.1%	54.3%	3.50 Years
Wagner	35,400,000	Dec-2013	253.4%	63.2%	2.98 Years
Haydn	22,100,000	Dec-2013	289.3%	50.9%	6.29 Years
Bruckner	n/a	n/a	n/a	n/a	n/a
Schubert	4,400,000	Apr-2015	174.4%	100.0%	4.75 Years
Brahms	n/a	n/a	n/a	n/a	n/a
Total	101,370,000				

Mozart

Loan Status

UPB at Origination	EUR 940,000,000
Current UPB	EUR 287,384,307
Initial Whole Loan LTV	82.0%
Current Whole Loan LTV	728.1%
SpS Transfer Date	14/04/2010
Estimated Resolution Date	Q4 2017

Asset Stats

Lettable area	47,241 sqm
No. of assets	7
Asset type	Office
Valuation/Date	EUR 39,48,000/ 31/12/2014
Location	Germany
NRI	EUR 4,970,609
ERV	EUR 6,625,527
Vacancy	45.7 %
WALL	3.50 Years

Workout History

- In mid-2011 a restructuring was carried out transferring the shares in the borrower group to an orphan trust structure.
- Since transfer to Special Servicing (when the portfolio comprised 101 properties) to date 94 properties have been sold for a purchase price of EUR 672.9m, in total EUR 39.4m above latest respective valuation.
- In addition, SPAs in respect of 3 of the remaining 7 properties have already been notarised (Stuttgart, Alexanderstr. EUR 4.75m – closing pending and two Mannheim properties EUR 16.1m – money deposited on notary trust account, land register formalities outstanding, economic ownership transferred in May 2015).
- The 4 still unsold properties (total valuation EUR 21.59m) are located in Bad Homburg (Norsk-Data-Strasse 1 and 3), Düsseldorf (Heinrichstrasse) and Duisburg (Schifferstrasse). All are being marketed.
- The amount of EUR 24.27m on the accounts is reserved for ongoing costs until sale of all remaining properties, incl. capex, opex, sales costs, taxes and the planned wind-down.

Performance / Credit Events

- The loan was transferred to Special Servicing in April 2010.
- The original maturity of the loan was 15 January 2012. After the extended maturity date was reached in April 2015 a standstill until December 2015 was agreed to allow for further time required for the sale of the remaining properties. The standstill was extended until the end of 2016.
- During January 2016 IPD proceeds from the sale of the following properties were distributed; Hamburg, Am Stadtrand, Bremen, Martinistr, Munich, Forstenrieder Allee and the remaining funds for Wiesbaden, Bahnhofstr.
- During the April 2016 IPD proceeds from the sale of the property Dortmund, Deggingstr. were distributed.
- It is expected that the proceeds for the Stuttgart property and the 2 Mannheim properties can be distributed during July 2016 IPD.
- Further amounts may be released from the currently retained funds. This will be determined at a later point in time.

Strategy

- Continue with the sale of the remaining properties. It is estimated that SPAs for the remaining properties can be signed until Q3 2016. Delays resulted mainly from fire protection measures and capex issues. All remaining properties are being marketed.
- The remaining capex budget currently comprises approx. EUR 4.7m (largest part is for fire protection measures). A part of this amount may not have to be spent depending on sales negotiations.
- After the sale of the last asset it is planned to wind down the structure in solvent liquidation, involving merging the borrowing entities into each other. It is estimated that the last step of this procedure can be finalised towards the end of 2017. The standstill shall be extended as required.



Wagner

Loan Status

UPB at Origination	EUR 93,700,000
Current UPB	EUR 89,690,179
Initial Whole Loan LTV	89.7%
Current Whole Loan LTV	253.4%
SpS Transfer Date	25/08/2010
Estimated Resolution Date	Q1 2017

Asset Stats

Lettable area	70,819 sqm
No. of assets	1 business park (33 buildings)
Asset type	Mixed Use
Valuation/Date	EUR 35,400,000/ 01/12/2013
Location	Bergisch-Gladbach, Germany
NRI	EUR 4,163,714
ERV	EUR 5,783,339
Vacancy	36.8%
WALL	2.98 Years

Workout History

- After negotiations of a consensual work-out had failed, forced administration was started in May 2012 in order to stabilise the property.
- The forced administrator was successful in
 - newly concluding/ extending several lease agreements, especially with the largest tenant (DIY, lease extension for 10 years is about to be signed);
 - increasing tenant satisfaction;
 - reducing the capex backlog, especially fire protection-related works, repair of sewage pipes, parking spaces etc.; and
 - starting to demolish house no. 34 which was in a bad condition (mould and asbestos) in order to create space for new production halls; negotiations with potential tenants have been started.
- A sales data room has already been prepared. A term sheet with the borrower for a borrower-led sale of the property has been agreed. The process for the selection of a broker for the marketing of the asset has started.
- The marketing is supposed to start once the extension of the lease with the main tenant has been signed.

Performance / Credit Events

- The loan was transferred to Special Servicing due to a LTV breach in August 2010 (maturity January 2012).
- At the end of 2015 the Special Servicer received a payment of EUR 200,000 from the forced administrator, which was allocated to due interest during January 2016 IPD. Remaining incoming rents were and are being used to carry out further capex measures, including tearing down one vacant building containing asbestos.
- The largest tenant is a regional DIY store using 12.7% of the total lettable space. Further three main tenants are occupying further 11% of the total space.
- Most properties comprise office space. There are also storage, workshop and production areas. Additionally, there are numerous internal and external parking spaces on the site.
- The lettable area was amended because new measurements were provided in the course of new lettings/lease extensions.

Strategy

- Finalise lease extension with the main tenant.
- Thereafter borrower led sale of the property. Start of marketing estimated for end of Q2/beginning of Q3 2016.



Haydn

Loan Status

UPB at Origination	EUR 74,150,000
Current UPB	EUR 63,924,919
Initial Whole Loan LTV	75.0%
Current Whole Loan LTV	289.3%
SpS Transfer Date	16/11/2011
Estimated Resolution Date	Q4 2017

Asset Stats

Lettable area	48,585sqm
No. of assets	1
Asset type	Office/Mixed Use
Valuation/Date	EUR 22,100,000 / 01/12/2013
Location	Saarbrücken, Germany
NRI	EUR 2,182,840
ERV	EUR 3,558,952
Vacancy	49.1%
WALL	6.29 Years

Workout History

- No consensual solution was reached with the borrower which is why insolvency was opened in May 2012, involving 3 different insolvency administrators.
- The loan was originally secured by two office properties in Saarbrücken (TK Saar 10/TK Saar 60) and one hotel in Erlangen.
- The hotel in Erlangen was successfully sold in April 2013 at EUR 3.7m. The TK Saar 10 asset (Saarbrücken, Klausener Str.) was sold in November 2014 at EUR 6m.
- The remaining property is the TK Saar 60 asset (Saarbrücken, Neugrabenweg). The issue with the building permit of the asset (building permits are not available for all parts of the property) has been mitigated by a confirmation granted by the building authority that the building is in existence.
- The preparation for the sales process of the TK Saar 60 asset has been completed (data room, marketing materials). The marketing is expected to start at the end of Q2 2016.
- Three lease offers (office space) are currently being discussed with potential tenants (totaling approx. 5,000 sqm).

Performance / Credit Events

- The loan was transferred to Special Servicing in November 2011 (with maturity in January 2012).
- The Arvena insolvency administration was finalised in March 2016.
- The insolvency administration regarding TK10 is in final stages. Completion is expected by the end of 2016.
- There is currently an amount of ca. EUR 1.6m available on a trust account that could be used for emergency capex measures and tenant improvements for new leases for the TK Saar 60 asset. Further approx. EUR 2m are currently available on the accounts of the insolvency administrator. On the background of current lease discussions and required capex/TIs these funds will be retained for the current lease negotiations or otherwise until the sale. As far as not required these funds can be released at a later point in time.

Strategy

- Sale of the remaining property out of insolvency.
- The timing of the finalisation of insolvency proceedings for TK Saar 60 solely depends on the insolvency administrator. However, the Special Servicer would not expect this to take place before the end of 2017.



Bruckner

Loan Status

UPB at Origination	EUR 52,695,000
Current UPB	EUR 11,283,555
Initial Whole Loan LTV	79.7%
Current Whole Loan LTV	n/a
SpS Transfer Date	14/01/2013
Estimated Resolution Date	Q3 2016

Asset Stats – assets sold

Lettable area	n/a
No. of assets	0
Asset type	Residential
Valuation/Date	n/a
Location	East Germany/North Bavaria
NRI	n/a
ERV	n/a
Vacancy	n/a
WALL	n/a

Workout History

- As no payment default occurred at the time of transfer to Special Servicing, the enforcement route was not open. Refinancing activities were not successful.
- In April 2014 (final maturity of the loan) the Special Servicer entered into a workout agreement with the borrowers/sponsor enabling a sale of the portfolio via a structured sales process.
- An experienced administrator was mandated as sole director of the borrowers (outside of insolvency) to run the sales process independently from the sponsor.
- The whole residential portfolio of originally 36 assets was sold to two investors (one being the mezzanine lender, 12 assets) with the last asset of the second sale (24 assets, signed in June 2015) being closed in February 2016.
- Under the SPAs the borrowers are obliged to prepare the service charge reconciliation for 2015. This is currently being prepared.
- There are several rent arrears still outstanding. These claims are currently bundled with the aim to sell them.
- After service charge reconciliation and the sale of the remaining claims, a solution for the remaining loan needs to be found.

Performance / Credit Events

- The loan defaulted in January 2013 due to a LTV breach and was transferred to Special Servicing.
- The borrowers were unable to pay regular interest on the loan due on Q4 2013 due to lack of funds.
- Funds from the sales were applied during the past 4 IPD's: July 2015 IPD, October 2015 IPD, January 2016 PD and April 2016 IPD.
- Currently ca. EUR 1.2m are held in reserve. A part of these funds may be required to settle the 2015 service charge reconciliation and further funds may be necessary for the wind-down of the borrower structure. As far as funds are not required they can be applied towards the loan at a later point in time.

Strategy

- Sell remaining claims (mainly consisting of rent arrears).
- Finalisation of the 2015 service charge reconciliation towards former tenants is ongoing and expected to be finalised in Q3 2016.
- The remaining loan shall either be waived or sold for EUR 1 to a borrower-related company. The Special Servicer is in discussions with all relevant parties in this respect.



Schubert

Loan Status

UPB at Origination	EUR 9,200,000
Current UPB	EUR 8,093,951
Initial Whole Loan LTV	83.6%
Current Whole Loan LTV	174.4%
SpS Transfer Date	16/04/2013
Estimated Resolution Date	Q3/Q4 2016

Asset Stats

Lettable area	8,858 sqm
No. of assets	1
Asset type	Office/Technical Space
Valuation/Date	EUR 4,400,000 / 01/04/2015
Location	Chemnitz, Germany
NRI	EUR 715,000
ERV	EUR 453,881
Vacancy	0%
WALL	4.75 years

Workout History

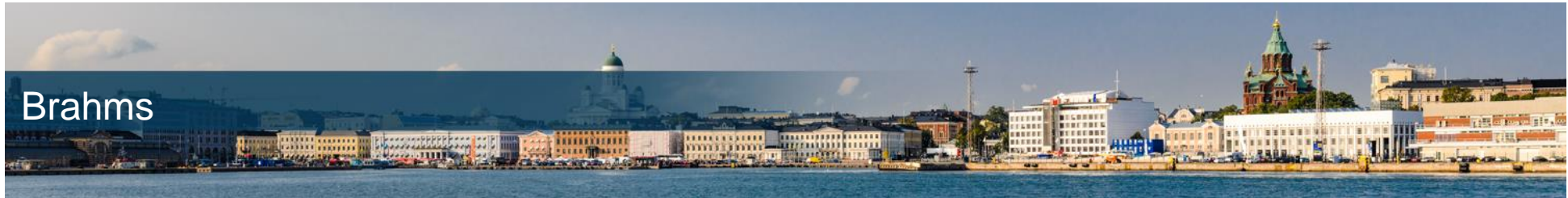
- The Special Servicer agreed a termsheet for a borrower-led sale with the borrower in August 2015.
- A sales manager for the property was selected in August 2015 and the sales process started in September 2015.
- This marketing process did not deliver the expected results.
- Therefore, an amendment to the termsheet was agreed leading to an adjusted approach by mandating a second broker in March 2016 .
- Five indicative offers exceeding the valuation have been received. Three bidders are currently in co-exclusivity. Final bids are expected shortly.
- Signing of an SPA is expected for the end of Q2 2016.

Performance / Credit Events

- The loan was transferred to Special Servicing in April 2013 following a LTV breach.
- Payments at IPDs have been performed in accordance with the loan documentation. Excess cash has ben swept to repay the loan.
- On January and April IPDs 2016 interest and default interest has been paid.
- The current standstill runs until 10 August 2016.

Strategy

- Notarise SPA, estimated for Q2 2016.
- Sell remaining loan for EUR 1 to a sponsor-related entity.
- The standstill may have to be extended in order to cover the closing of the SPA and the sale of the remaining loan.



Brahms

Loan Status

UPB at Origination	EUR 59,000,000
Current UPB	EUR 31,431,458
Initial Whole Loan LTV	86.8%
Current Whole Loan LTV	n/a
SpS Transfer Date	16/11/2011
Estimated Resolution Date	Q3 2016

Asset Stats – asset sold

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

Workout History

- 6 consecutive standstills were granted to the borrower post maturity, but no consensual solution was reached.
- The borrower filed for insolvency. Main insolvency proceedings were opened in November 2012.
- After discussions with the anchor tenant E&Y regarding a lease extension failed in September 2013, marketing of the property was started.
- After wide marketing an SPA with an institutional investor was signed on 15 December 2013 for a sales price of EUR 23.4m. Closing occurred on 30 January 2014.
- The insolvency administration of the borrower company that previously held the asset was closed. Final payments were distributed.
- However, further funds are expected from the insolvency proceeding of the holding company (indication is in the region of EUR 30k). This amount is depending on repayments from the tax authority which are still outstanding.

Performance / Credit Events

- The loan was transferred to Special Servicing in November 2011 and matured in January 2012.
- The proceeds from the sale of the property were distributed during April 2014 IPD.

Strategy

- Receipt and distribution of remaining funds from the insolvency of the holding company.