

Hatfield Philips International Limited

Investor Update Meeting

9th February, 2011



Managing
Complexity

Maintaining
Performance

Maximising
Returns



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Audio Timing – 00:31

Section 1
Introduction &
Overview

Matthew Grefsheim



AGENDA – INVESTOR UPDATE MEETING

TITAN EUROPE 2006-3 plc

Section 1

9:30 – 9:40am

Introduction & Overview

Matthew Grefsheim

Section 2

9:40 – 10:00am

Primary Serviced Loans

Repaid & Performing Loans

Guy Higgins

10:00 – 10:30am

Loans Approaching Maturity

**Guy Higgins, Francis McCabe
Michelet Romulus, John Muldoon**

10:30 -10:50am

**Refinancing Options in the Current Marketing place
Eastfield Capital**

Faten Bizzari

10:50 – 11:45am

Specially Serviced Loans

**Guy Higgins, Gunther Kotz,
Deepak Drubhra, Benedetto Mischi, Jonathan Agar**

Section 3

11.45 – 12.00pm

Bond Considerations and Closing Remarks

Matthew Grefsheim



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Section 2

Loan-by-Loan Update & HPI Initiatives



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Audio Timing – 03:35

PRIMARY SERVICED LOANS

Repaid & Performing
Loans

Guy Higgins

SIGNIFICANT DEVELOPMENTS IN THE PS OFFERING:

- VALUE-ADD
- RESOURCING SPS AND REAL ESTATE TEAMS
- EARLY FOCUS ON MAXIMISING RETURNS

MERCURE

- Initial Principal Balance: €13,002,000
- Date Repaid: 17-Oct-07

AIRPORT GARDENS

- Initial Principal Balance: €16,092,500
- Date Repaid: 18-Jul-07

HOTEL VILLA BELROSE

- Initial Principal Balance: €9,600,000
- Date Repaid: 18-Jan-07

EBBC A

- Initial Principal Balance: €20,400,000
- Date Repaid: 08-Apr-08

EYLAU

- Initial Principal Balance: €25,000,000
- Date Repaid: 18-Jan-11

Loan Overview

Origination Date:	15-May-06
Maturity Date:	18-Jul-13
Outstanding Balance:	€10,402,000
Latest Market Value:	€18,200,000
Number of Properties:	1
Occupancy:	61.96%
WALT:	4.72 years



MATRIX DATA CENTRE

- Industrial building 5km from Amsterdam central
- Strong LTV but relatively high vacancy
- 2 leases in advance negotiations; significant Borrower equity contribution to fit-out
- Leases will increase occupancy by further 20%

Loan Overview

Origination Date:	30-Jan-06
Maturity Date:	18-Apr-13
Outstanding Balance:	€9,682,400
Latest Market Value:	€13,300,000
Number of Properties:	1
Occupancy:	100%
WALT:	20.36 years



- Valuation as at Aug 08
- Government Tenant has managed €10m refurb and modernisation of interior; further €7m of Capex committed by tenant in 2011
- Recently inspected by Servicer, this is now a state of the art theatre
- Current €400k capex reserve; Borrower reluctant to fund from equity required remaining €1.6m worth of facade work that is required
- However tenant will confirm non-exercise of break in 2020, thus extending current lease to 2030, if Borrower commits to funding required €2m capex

Loan Overview

Origination Date:	20-Dec-05
Maturity Date:	18-Jan-13
Outstanding Balance:	€48,826,250
Latest Market Value:	€70,000,000
Number of Properties:	1
Occupancy:	100%
WALT:	8.98 years



- 255 room 5* hotel in The Hague
- Steigenberger have management agreement in place to Dec 2020; they agreed 10 yr extension at end of 2009
- 2008 accounts featured adverse auditor's opinion due to interest higher on loans payable than loans receivable + Borrower loans exceeding amount stipulated in loan agreement.
- Decision to notify Borrower of concerns and wait for 2009 accounts which are being finalised by end of Feb according to Borrower
- Valuer selected, awaiting Borrower approval; instruction by end of Feb latest
- LTV covenant at 80%; valuation must be < €61m to breach
- Breach is EOD so consensual sale is option going forward

Loan Overview

Origination Date:	18-Apr-06
Maturity Date:	18-Jul-13
Outstanding Balance:	€235,177,668.59
Latest Market Value:	€286,254,000
Number of Properties:	15
Occupancy:	91.06%
WALT:	2.47 years



TARGET

- Largest concentration of rent under one tenant in TE 2006-3 = Thales, defence and aerospace giant; their leases constituting 74% of €23.8m annual income
- €4.7m released from debt service reserve of €10m funded at origination following re-gear of most Thales leases in 2009
- €3m worth of Thales leases still undecided; tenant effectively holding over in two spaces, although if they depart it will not be before Jan 2012
- Stable qly backward and annual forward ratios
- Valuation will be instructed by end of Feb; LTV 82% current against 83% covenant
- LTV breach triggers loan paydown with surplus in Oct 2011 if final valuation delivered before April LTV test
- Borrower & Valuer meeting & inspection by end of Feb

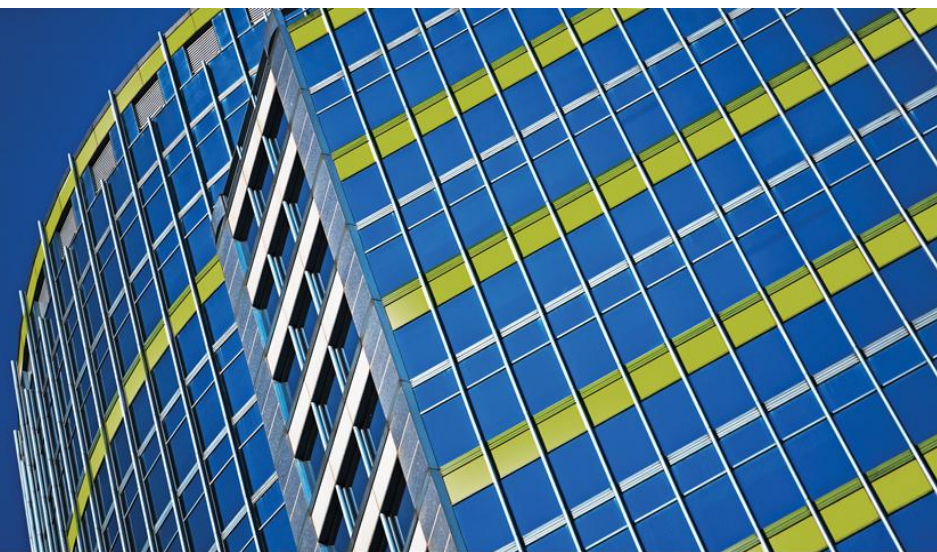


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Audio Timing – 16:04

Loans Approaching Maturity

Guy Higgins
Francis McCabe
Michelet Romulus
John Muldoon



Loan Overview

Origination Date:	22-Dec-05
Maturity Date:	18-Jan-11
Outstanding Balance:	€14,782,700
Latest Market Value:	€17,590,000
Number of Properties:	1
Occupancy:	100%
WALT:	2.03 years



Actions to date

- Sept 2010 – Borrower confirms refinancing by one of two lenders highly likely
- Oct 2010 – One lender drops out of process
- Nov 2010 – Valuation instructed
- Dec 2010 – Draft valuation received; values challenged and amended
- Jan 2011– Final valuation received
- Jan 2011– Standstill at maturity; 3 x 1 month; surplus paydown
- Jan 2011– BOV sought from third party and numbers confirm no enforced sale from PS
- Feb 2011– Refi decision in month 2 of Standstill?

Loan Overview

Origination Date:	30-Jan-06
Maturity Date:	18-Apr-11
Outstanding Balance:	€24,530,006.25
Latest Market Value:	€23,200,000
Number of Properties:	1
Occupancy:	100%
WALT:	7.41 years



Actions to date

- Sept 2010 – Valuation report finalised – reduction from €30.51m to €21.45m
- Oct 2010 – Borrower call to discuss exit plan – request face-to-face meeting
- Jan 2011 – Borrower engaged with Eastfield to discuss refinance options
- Jan 2011 – Nijborg 15 tenant confirms non-exercise of break option
- Feb 2011 – Valuer confirms adjusted valuation of €23.2m
- Feb 2011 – Borrower re-schedules meeting to mid-Feb
- Feb 2011 – Sell/extend/refi?

Loan Overview

Origination Date:	18-Jan-06
Maturity Date:	18-Apr-11
Outstanding Balance:	€36,500,000
Latest Market Value:	€47,530,000
Number of Properties:	1
Occupancy:	80.2%
WALT:	3.0 years



Actions to date

- 2009/2010 - Borrower lease up strategy = close to 100% occupancy position as at today
- Nov 2010 – Property inspection & meeting
- Dec 2010 – Sales agent instructed
- Jan 2011 – Marketing of property begins
- Jan 2011 – Firm bids by beginning of March 2011 or Servicer takes control of sales process

Loan Overview

Origination Date:	17-May-06
Maturity Date:	18-Jul-11
Outstanding Balance:	€5,395,363
Latest Market Value:	€9,460,000
Number of Properties:	2
Occupancy:	64.75%
WALT:	1.8 years



Actions to date

- Nov 2010 – Property inspection by Servicer.
- Dec 2010 – Borrower states that they will repay from equity at maturity.
- Jan 2011 – Loan again narrowly avoids ratio non-compliance at test.
- Feb 2011 – Agreement for delivery of written confirmation of paydown.

Loan Overview

Origination Date:	21-Mar-06
Maturity Date:	18-Apr-11
Outstanding Balance:	€49,205,812.25
Latest Market Value:	€29,600,000
Number of Properties:	1
Occupancy:	57.13%
WALT:	2.92 years



Actions to date

- Cash trap in place since mid-2008 for non-delivery of various items
- July 2010 – Amex vacate space, resulting in loss of 23% of building income
- Oct 2010 – Borrower confirms non-payment at maturity & requests discount buyback
- Nov 2010 – Valuation delivered = 166.2% LTV
- Jan 2011 – HPI PS & Real Estate team rep's meet Borrower and inspect asset



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Audio Timing – 47:00

Refinancing Options In the Current Marketing place

Faten Bizzari
Eastfield Capital



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Audio Timing – 59:47

SPECIALLY SERVICED LOANS

Guy Higgins
Gunther Kotz
Deepak Drubhra
Benedetto Mischi
Jonathan Agar

Loan & Asset Overview

Origination Date:	27 April 2006
Maturity Date:	18 April 2011
Outstanding Balance:	€111,471,250
Latest Market Value:	€73,100,000
Number of Properties:	1
Occupancy:	100%
WALT:	2.25 years



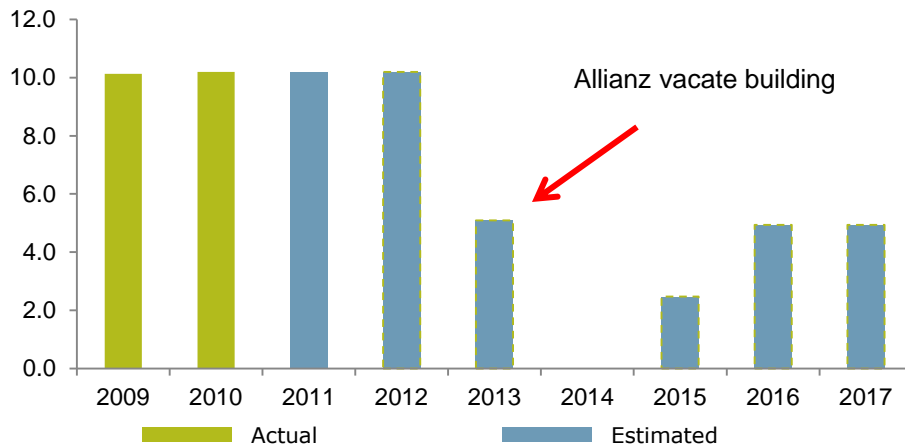
Actions to date

- May 2010: Request to extend loan by Borrower – valuation called.
- Jun 2010: Valuation delivered at €73.1m.
- Jul 2010: Sole tenant, Allianz, serve notice to vacate June 2013.
- Aug 2010: Meeting with Borrower in Frankfurt – BP requested.
- Dec 2010: Business plan received and rejected – 5 yr extension + writedown to €40m.
- Dec 2010: Controlling class approve MAE transfer.
- Dec 2010: Transfer to Special Servicing (29th).
- Jan 2011: Special Servicer site visit.
- Jan 2011: Meeting with borrower.

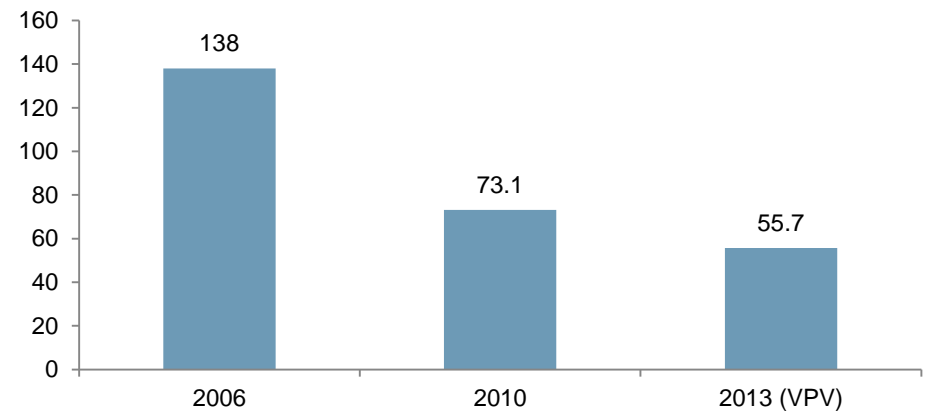
Challenges

- Property over-rented, new rent is 2x above current market rent.
- Short remaining average lease terms (led to a 48% value drop in valuation).
- In June 2013 building will be vacant (tenant confirmed they will not be re-newing).

Rental Income (€m)



Value (€m)



HPI Initiatives & Next Steps

- Determination of potential workout strategies
- Modelling of workout strategies to determine best recovery on NPV basis
- Execution

FAQs

- What are the plans for this loan taking into account the current LTV ratio of more than 153% and the maturity date 18.04.2011?
- What strategies are being considered to improve refinancing prospects, if an extension /standstill period is being contemplated and what is likely to occur should refinancing not prove possible?

Loan Overview

Origination Date:	25-Jan-2006
Maturity Date:	18-Apr-2012
Outstanding Balance:	€67,299,327
Latest Market Value:	€27,514,000
Number of Properties:	8
Occupancy:	70.36%
WALT:	3.71 years



Actions to date

- **Sep 2009** Transfer to Special Servicing;
- **Nov 2009** Special Servicer meets with the Borrower to discuss the loan and next steps;

Special Servicer meets with Property Manager to go over assets and operating expenses. The Special Servicer implements a new reporting procedure for the Property Manager in order to effectively manage previous and on-going operating expenses. The reconciliation is completed in Jan 2010;
- **Jan 2010** Borrower submits initial proposal requiring a significant write down of the loan with a minimal amount of new equity. The Special Servicer rejects the proposal;
- **Feb 2010** Special Servicer discusses a potential restructure of the loan with a new third-party investor and requests them to provide a business plan;
- **Mar 2010** Borrower submits a revised proposal - still requiring a significant write down of the loan although with a revised increased equity contribution. The Special Servicer rejects the proposal;

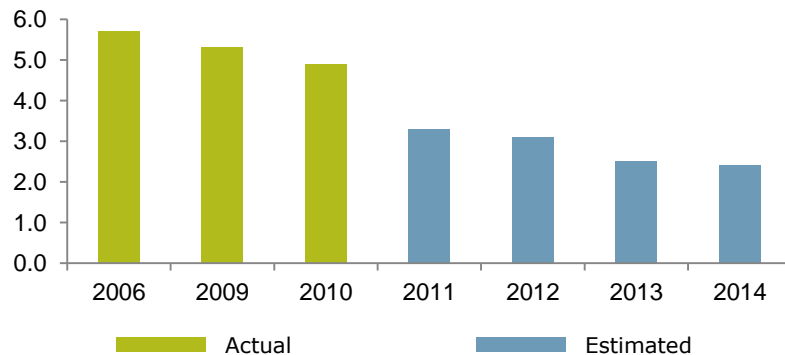
Actions to date

- **Jun 2010** Borrower submits a revised proposal requiring no write down of the loan. The Special Servicer requests the Borrower to submit their cashflow analysis supporting their proposal which is received in October;
- **Jun 2010** Special Servicer receives a restructuring proposal from the third-party investor which the Special Servicer rejects;
- **Sep 2010** Special Servicer meets with Property Manager to assess ongoing property issues such as lettings, capital expenditure projects and funding shortfalls;
- **Nov 2010** Third-party investor submits revised proposal having analysed updated reporting and reflecting changes in income profile and leasing activity;
- **Dec 2010** Special Servicer instructs a valuer to provide an updated valuation. The new valuation reflects a portfolio market value of €27,514,000.

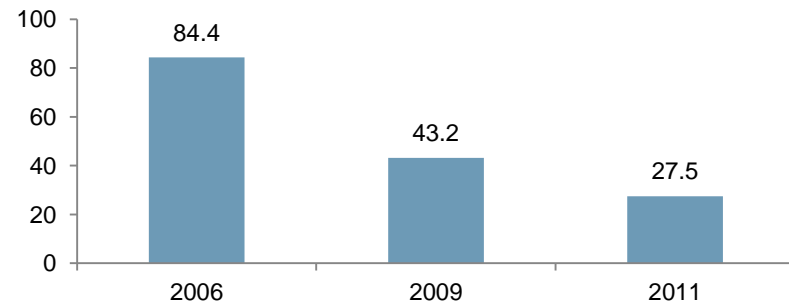
Challenges

- **Belgium Portfolio:** Secondary assets located on the outskirts of Brussels requiring intensive asset management.
- **German Portfolio:** Unique assets with short term leases and added challenge of local authority constraints.
Significant non-recoverable costs due to high vacancy.
- **Jurisdictional:** No receivership or administration. Insolvency proceedings in Germany leave no control to the Issuer.
- **Internal Stakeholders:** Borrower equity is severely underwater and consequently there are limited resources allocated to this Loan.
- **Loan Extension:** Inability to extend the loan beyond July 2013 without passing a Noteholder Resolution.

Contracted Rent (€m)



Value (€m)



HPI Initiatives & Next Steps

- **Property:** Ensure the Property Manager continues to engage with the tenants positively and tries to manages the expenses efficiently.
- **Next Steps:** Agree to one of the available restructuring proposals that are on the table or liquidate the portfolio.

FAQs

- **What the Special Servicer/Borrower are doing to improve occupancy and rental income?**

The Special Servicer is regularly meeting the Property Manager to monitor the income profile. The Property Manager is actively engaging with existing tenants to seek lease renewals and secure the current income.

- **Has the Special Servicer found a workout strategy?**

The Special Servicer will agree to one of the available restructuring proposals that are on the table or liquidate the portfolio. The Special Servicer has had to work with various parties to control the main challenges on this portfolio: the non-recoverable expenses, the short-term leases, and the uniqueness of the assets.

Loan Overview

Origination Date:	01-Jul-2005
Maturity Date:	18-Jul-2012
Outstanding Balance:	€109,883,716
Latest Market Value:	€73.3M * (Jul 09)
Broker Opinion:	€33M- €45M (2010)
Number of Properties:	1
Occupancy:	86.81%
WALT:	3.25 years



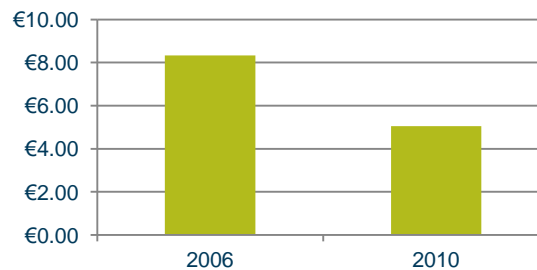
Actions to date

- **May 2009:** Transfer to Special Servicing and review of legal options available.
- **Jun 2009:** Special Servicer reviews Borrower BP and starts engaging on loan restructuring.
- **Jul 2009:** Special Servicer defaults the loan in order to avoid safeguard proceedings.
- **Sep 2009:** Borrower enters in conciliation proceedings (pre-insolvency).
- **Dec 2009:** Special Servicer rejects loan restructuring proposal and recommends a consensual sale process.
- **Feb 2010:** Special Servicer agrees a consensual sale (“Sales Protocol”). Borrower exits conciliation proceedings and enters into a mandate with a pre-insolvency administrator.
- **Mar 2010:** Stabilisation of Borrowing entity. Agreement with French authorities for tax write-off achieved.
- **Jun 2010:** Amendment to the “Sales Protocol” to give more control to Special Servicer.
- **Jul 2010:** Marketing process of the asset commenced.
- **Nov 2010:** €38M binding offer received to purchase the collateral in cash.
- **Nov 2010:** Special Servicer investigates a share sale with loan restructuring work-out. Not feasible.
- **Feb 2011:** €38M sale executed. Net recovery passed to Issuer expected at approx. €35.1M

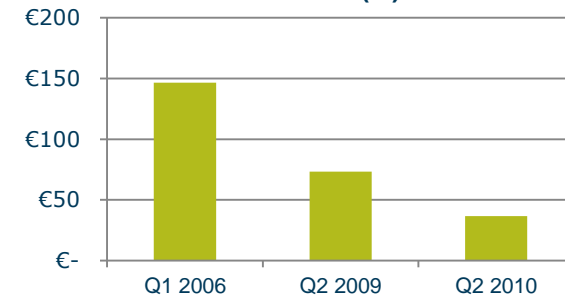
Challenges

- **Property:** Deterioration of income and value: Rent reductions which are likely to be permanent, leases with temporary rebates, caps on service charge and short term/temporary lease renewals , increasing non-recoverable expenses
- **Jurisdictional:** No receivership or administration: Insolvency proceedings in France leaves no control to the Issuer and borrower stays in driving seat. Safeguard danger.
- **Internal Stakeholders:** Borrower equity is severely underwater; as a result director's remain unmotivated to commit further asset management time and other resources.
- **External Stakeholders:** Other creditors, relevance and out of court deals required to stabilise the asset.
- **Alternative Options:** Valuer negligence claim.

Rental Income Profile (M)



Value (M)



HPI Initiatives & Next Steps

- **Jurisdictional issues:** Accelerated the loan in order to force the Borrower into pre-insolvency proceedings, avoided safeguard.
- **Internal Stakeholders:** Incentivise asset manager and shareholders to cooperate with nominal “success fee” amounts.
- **External Stakeholders:** Cost/creditor control – unprecedented tax write-off. HPI brokered a deal which resulted in more than €7M tax liabilities wiped clean by French authorities. High-profile case now being used as precedent to avoid insolvency risk
- **Next steps:** Improve recoveries with valuer negligence claim.

FAQs

- **Is the due diligence with the highest bidder finished, what is the sale price?**
A competitive bidding process was in place: 4 sale agents pitched. 2 selected. 1st round of marketing, best bidder retained (non-binding offer at €50M), due diligence and then final binding offer dropped to €38M.
- **What is the state of the affairs regarding the valuer negligence?**
A without prejudice meeting has been arranged later in this month. The Issuer is claiming for the whole loss suffered in this loan due to a lack of risk disclosure which would have made the collateral unsuitable for lending / securitisation purposes.
- **Why wasn't there any debt service payment since 04/2009 and if so why wasn't there at least a partial payment?**
Partial debt payment after April 2009 (infrequently). The deterioration of debt coverage was due to a) increased non-recoverable cost and legal fees; b) backlog of unpaid creditors (critical/duress payments).

Loan Overview

Origination Date:	18 January 2006
Maturity Date:	18 January 2013
Outstanding Balance:	€102,620,833
Latest Market Value:	€12,470,000
Number of Properties:	1
Occupancy:	0%
WALT:	0 years



Actions to date

- **Sep 2009** Transfer to Special Servicing
- **Sep 2009** Initial meeting with Borrower
- **Oct 2009** Conducted first site visit
- **Nov 2009** Approved interim lease arrangements with Temporary Tenant
- **Dec 2009** Legal letters regarding upstreaming of recapitalisation proceeds of original Loan
- **Jan 2010** New Valuation received
- **Jan 2010** Negotiated new Property Management contract, Duty of Care agreement
- **Jan 2010** Reviewed projected budget, decommissioning costs, Debt Service deferment
- **Mar 2010** Meeting with First Deputy Mayor of Nürnberg to demonstrate support for redevelopment
- **Mar 2010** Workshops between Borrower, Borrower's advisors and City of Nürnberg
- **Sep 2010** Letter of Claim against original Valuer
- **Dec 2010** Planning application submitted
- **Dec 2010** New valuation instructed

Challenges

- Highly problematic asset due to purpose-built nature and insolvency of the master tenant.
- Difficult to reposition the property on the market; significant investment needed.
- Complex planning and development process unavoidable.
- In 2010, operating income of EUR 705,700, thanks to contributions of interim tenant.
- In 2011, no significant rental income is expected and therefore the operating income will be clearly negative.

HPI Initiatives & Next Steps

- The January 2010 valuation reflected the uncertain status of the building at that time.
- The valuation currently instructed should reflect the clearer future for the building and the progress made with the responsible authorities in the City of Nürnberg.
- Approaches to the Special Servicer have been made referencing the January 2010 valuation; the Special Servicer's strategy has been to support the redevelopment in order to secure a valuation uplift from that time.
- There are now concrete interested tenants for the building, such that pre-leasing is expected soon
- The required funds for redevelopment are far in excess of the value of the loan (up to €175mm). As the Special Servicer is not in a position to develop the building or to raise the required funds itself, a loan sale is envisaged in 2011 .

FAQs

- No meaningful contaminant levels have been found in the building following the complaint from an interim tenant in November 2010. The interim tenant moved out; although rights against the tenant have been reserved by the Borrower, the tenant's standing with the City of Nürnberg means that action against the tenant for the small sum involved would be counterproductive. Indeed, the project manager has been told by individuals at the tenant that they would like to return, but this is not realistic.

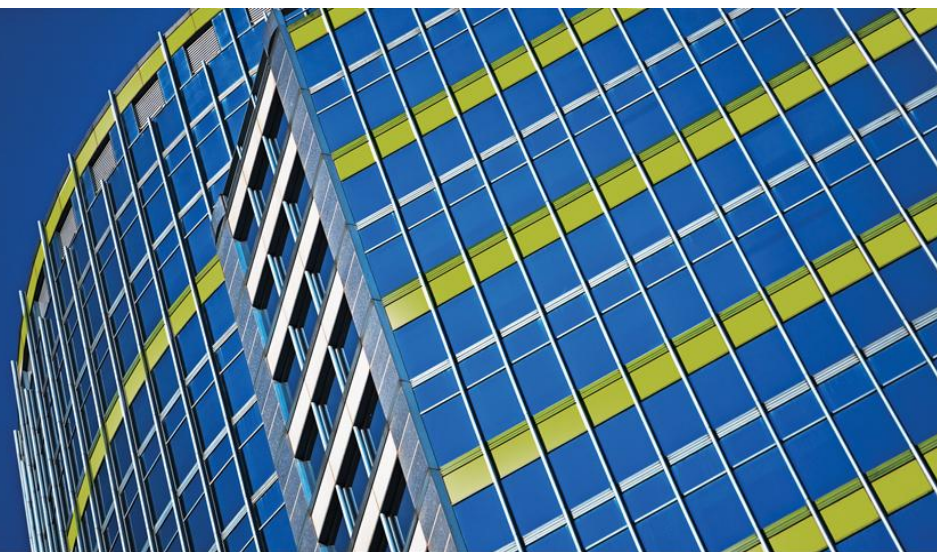


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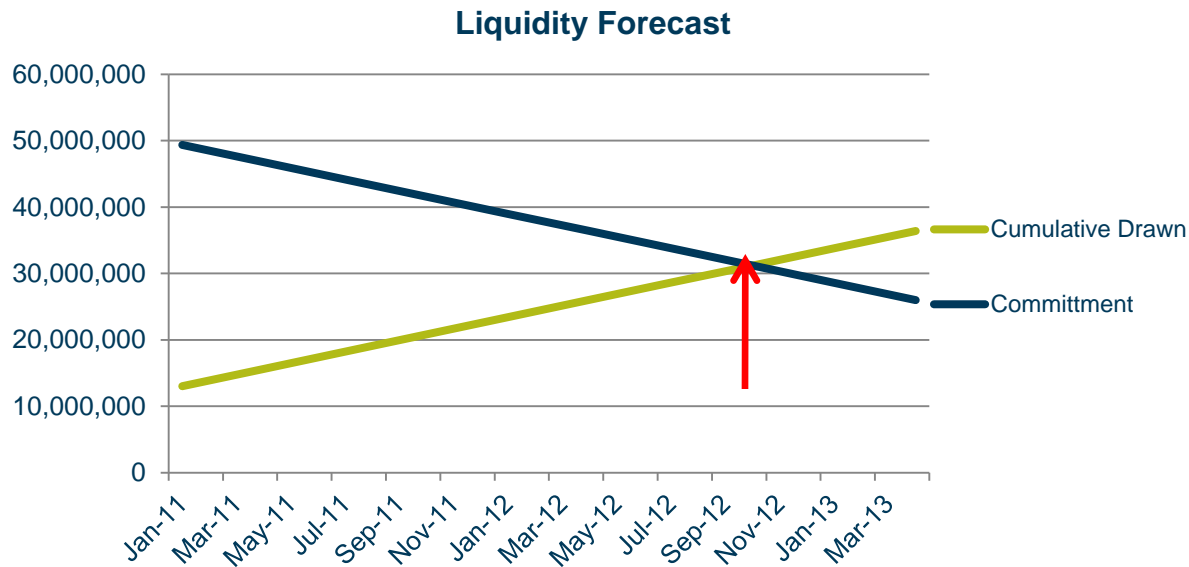
Bond Considerations

Matthew Grefsheim



Liquidity Facility Overview (as at Jan 2011 IPD)

- Started drawing on liquidity reserves in July 2009.
- €2.6mm average draw per qrt in the previous 3 quarters (€13,015,508 to date).
- Current commitment amount is €51,848,257.33.
- Assuming things stay constant, liquidity will be depleted by Oct 2012 (1.72yrs).



Loan Recovery Estimates (based on Latest Market Valuations)

Assumed Recoveries based on Latest Market Valuation

	Latest Market Value*	Swap Breakage Pricing Estimate	Outstanding Interest	Outstanding Default Interest	Liquidity Facility Payback	Assumed Net Recovery***
SQY Ouest	34,973,415	1,717,578	4,392,236	163,958	6,109,599	27,146,238
Kurhaus Hotel	48,826,250	1,424,005	0	0	0	47,402,245
Twin Squares (Prater)	14,782,700	0	0	0	0	14,782,700
Quelle Nurnberg	11,433,884	2,583,287	1,925,648	8,939	4,519,895	4,330,702
Syrdall Business Park	36,500,000	192,695	0	0	0	36,307,305
Monnet	25,331,191	1,362,811	2,887,665	51,782	2,386,014	21,582,366
AS Watson (RENSWOUDE)	23,200,000	141,434	0	0	0	23,058,566
Stage	9,682,400	285,116	0	0	0	9,397,284
RiverEstate Office	29,600,000	283,708	0	0	0	29,316,292
Target	235,177,669	10,513,188	0	0	0	224,664,480
Weserstrasse	67,351,147	733,755	0	0	0	66,617,391
Matrix Data	10,402,000	459,430	0	0	0	9,942,570
AEA Portfolio	5,395,363	82,923	0	0	0	5,312,440
Totals	552,656,017	19,779,930	9,205,549	224,680	13,015,508	519,860,579

*Specially serviced MV net of sales closing costs (at 1.75%), Other** (at 5%) and related servicing fees.

**Other includes loan level costs/expenses such as receivers or administrators, non-rec property management and property advisors, legal fees, duress payments, financial advisors, notary's, etc. Generally around 5% broad brush on previous workouts.

***All figures are approximates and should be treated as such. They are taken at January 2011 IPD.

Note Recovery Analysis (assuming loans were liquidated in Jan 2011 IPD)

Note Pay-down Estimate (Jan 2011 IPD)

Class	Original Principal Balance	Closing Principal Outstanding	Pay-down	Losses	%
A	471,975,000	357,329,191	357,329,191	0	0%
B	245,427,000	237,484,451	162,531,389	74,953,062	32%
C	51,917,000	50,236,854	0	50,236,854	100%
D	56,637,000	54,804,104	0	54,804,104	100%
E	37,900,000	36,673,474	0	36,673,474	100%
F	30,043,000	29,070,743	0	29,070,743	100%
G	40,400,000	39,092,569	0	39,092,569	100%
H	9,351,559	9,048,922	0	9,048,922	100%
X	50,000	5,000	5,000*	0	0%
Totals	943,700,559	813,745,308	519,860,579	293,884,728	

*X-Note principal repaid from separate "Class X Account"

Denotes "in the money" positions, based on loan recovery estimates.

Summary

- So who really benefits (or suffers)?
- Is the X-class the only beneficiary?
- Are B-noteholders at risk of losing out due to continued liquidity draws?
- Special Servicer acts in relation to a LOAN to maximise returns to the Issuer.
- Consistency with terms/intentions at origination?

Liquidity Draw Apportionment

A	0.00	0%
B	2,496,647.62	19%
C	587,908.38	5%
D	1,088,812.29	8%
E	1,173,482.87	9%
F	1,059,412.95	8%
G	2,266,975.90	17%
H	70,081.59	1%
X	4,272,186.14	33%
<i>Totals</i>	<i>13,015,507.74</i>	<i>100%</i>



Hatfield Philips International Limited

THANK YOU

investorrelations@hatfieldphilips.com

