



## QUARTERLY INVESTOR REPORT

Reporting Period: 4Q2011

**DECO 6 UK Large Loan 2 plc.**  
(Deal Ticker: DECO 6-UK2X)  
**Brunel Shopping Centre**

# Investor Report



**Securitisation Name** Deco 6 UK Large Loan 2 plc  
**Loan Name** Brunel Shopping Centre  
**Report Date** 28/11/2011  
**IPD Date** 25/10/2011  
**Loan as % of Total Pool** 37.2%

## Contact Details

Primary Servicer	Special Servicer	Note Trustee
Deutsche Bank AG London Branch	Solutus Advisors Ltd	Deutsche Bank Trustee Co Ltd
Colin Giles	Darren Davey/James Bannister	Darren Levene
+44 (0) 207 547 0065	+44 (0) 845 555 4141	
<a href="mailto:cmbinvestors@list.db.com">cmbinvestors@list.db.com</a>	<a href="mailto:info@solutus-advisors.com">info@solutus-advisors.com</a>	

## SNAPSHOT OF KEY UPDATES

1. The property has been re-valued at £87.2m, down from £130.15m. The Net Initial yield has moved out from 5.83% to 7.36% and the Net Rent from £7.8m to £6.7m;
2. A Property Statutory Compliance check has been undertaken to ensure that the property is compliant with the relevant compliance laws and the insurance policy, a number of issues were identified which the Borrower is attending to;
3. A Security Review has been completed and found no issues with the loan Security;
4. The Borrower has presented a restructure proposal to the Special Servicer which is currently being considered;
5. An asset review is being undertaken to assess sale possibilities or asset management opportunities

## Loan Information

Origination Date	18/03/2005
Maturity Date	25/04/2012
Interest Type	Fixed
Current All-in Interest Rate	6.24%
Origination Whole Loan Balance	£110,627,500
Origination Senior Loan Balance	£104,524,611
Origination Junior Loan Balance	£6,102,889
Current Whole Loan Balance	£107,114,291
Current Senior Loan Balance	£101,245,216
Current Junior Loan Balance	£5,869,075
Loan Status	Defaulted/current

## Property Information

Location	South West
Type	Shopping Centre
Number of Assets	1
Number of Leases	117
WARLT (years)*	10.15
Net Lettable Area**	490,113
Current Value (OMV)	£87,200,000
Current Value (VPV)	£58,500,000
Date of Valuation	25/10/2011
NOI Annualised	£5,950,818

## Loan Work Out Summary

Date of Transfer	13/06/2011
Reason for Transfer	DSCR Default
Standstill Agreement	No
Recovery Type	Review of Options
Administration	No
LPA Receivership	No
Appraisal Reduction?	Yes
If (Y), Reduction Amount	£22,765,216
Swap in Place?	Yes
Indicative Unwind Cost	£2.06m

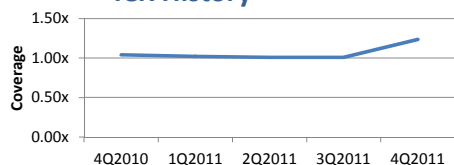
NOI Annualised is based on the next 4 quarters

## Covenant Information

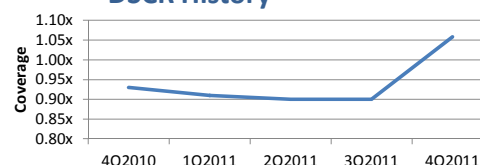
	Covenant	@ Origination	Previous Quarter	Current Quarter
ICR	NA	1.14x	1.01x	1.23x
DSCR	1.10x, 1 qtr back, 3 qtr projection	1.14x	0.90x	1.06x
LTV	NA	84.96x	82.46%	122.84%

The ICR and DSCR numbers are higher than previous quarters as the loan has a 1 quarter actual and 3 quarter projected test. The Projected finance costs are based on a LIBOR rate from April 2012 onwards, hence the increased ICR and DSCR

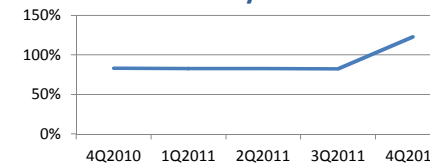
## ICR History



## DSCR History



## LTV History



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Report Date:

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Brunel Shopping Centre  
28/11/2011

## Property Strats

Title	Freehold
Occupancy by Area	93.4%
Reserves	£0
Economic Vacancy*	12.7%

\* based on ERVs, or passing rent where ERV not available, and negative figure represents asset being over-rented.

## Top Five Tenants

Boots the Chemist Ltd	5.9%
Sainsbury's Supermarkets Ltd	5.2%
New Look	4.8%
Arcadia	4.5%
Argos Distributors Ltd	3.8%

**Top 5 Tenants as % of Total: 24.2%**

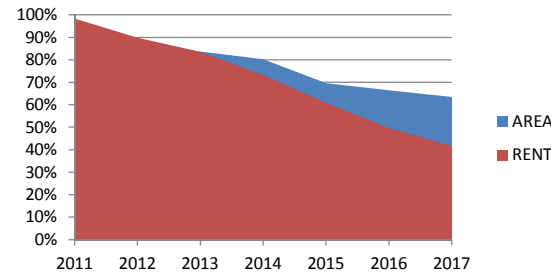
## Valuation Information

OMV / VPV (in millions)	£87.20/£58.5
Valuer	Knight Frank
Net Initial Yield	7.36%
Reversionary Yield	9.14%
Equivalent Yield	7.66%
Costs of Sale as % of Purchase Price	5.75%
Date of Next Valuation	TBD

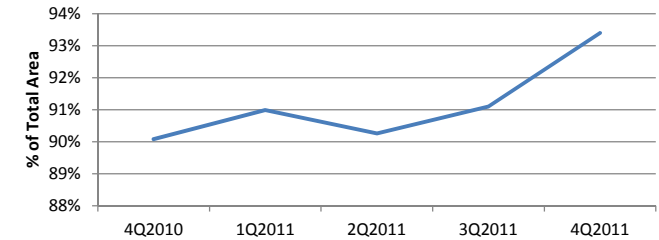
Special Assumptions / comments in last valuation:-

- Market Valuation with the Special Assumption that the recently constructed Arcade Extension is fully let on market terms = £91,500,000

## Lease Expiry Profile



## Occupancy History



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## Work Out History and Strategy

Date of last Servicer site visit: 02/08/2011  
 Date of last Borrower meeting: 25/10/2011

- The loan was transferred to Special Servicing on 13th June 2011. The Borrower had defaulted on the DSCR covenant under the loan on a number of Interest Payments Dates.
- A Security Review has been undertaken and this has found no issues with regards to the security the Lenders have over the property/Borrower.
- A Statutory compliance check has been undertaken to ensure the property is compliant with the relevant Health and Safety legislation, Asbestos Regulations, Insurance Policy etc. Some items were noted that need further review/work and these are highlighted in the next steps below.
- The Loan was transferred from Hatfield Philips International Ltd (HPI) to Solutus Advisors Ltd on 14th September 2011. HPI had commissioned 2 Valuations, one from Knight Frank (KF) and one from DTZ. The KF Valuation was commissioned first but was stopped by HPI although it was found to have the greater level of detail as KF had undertaken several property inspections and met with the Borrower on a number of occasions, whereas DTZ had not undertake the same level of research and meetings. Therefore the Knight Frank Valuation has been concluded and adopted by Solutus Advisors.
- As a result of the Valuation, an Appraisal Reduction has occurred equal to £22,765,216
- The Borrower has put forward a restructuring proposal which Solutus are currently reviewing.
- Luminar, the nightclub tenant, has gone into administration and the Borrower has forfeited the lease to retain the fixtures and fittings (valued at circa £1.5m). This will result in a reduction of £90,000 on the rent roll

## Next Steps

- Advice is currently being sought from 2 Investment Agents on the ability to sell the asset and the likely realisation price along with likely purchaser appetite. In addition advice is being sought from an Asset Management Company on any asset management opportunities at the Centre.
- Continue to review the Borrowers restructuring proposal and whether this provides a more valuable outcome for Investors over an asset sale today.
- Ensure swift resolution to items needing attention from the Statutory Compliance check.
- Consider enforcement action as a part of a dual track strategy/analysis of the Borrowers restructuring proposal in view of the current cash flow issues in case greater control is needed to be taken over the assets and to protect the Secured Creditors.

## Interest Payment Date Waterfall

<u>Income</u>	
Gross Rent	£1,929,441
Service Charge	£462,171
Insurance	£0.00
Other	£0.00
<u>Outgoings</u>	
Head Rent	£0
Management Fees	£135,060
Administration Fees	£0
Receiver Fees	£0
Property Non Recoverables	£150,127
Service Charge Costs	£462,171
Insurance	£0
3rd party costs	£91,789
<b>Net Income</b>	<b>£1,552,465</b>