

MANAGING REPOSSESSED PROPERTY PORTFOLIOS FOR BANKS

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8GCP At A Glance



- Established in 2007 with the mission of ‘ **PUTTING REAL ESTATE TO WORK** ’
- Offices in London, Nicosia and Hong Kong
- 8GCP’s **advisory side** focuses on:
 - SEE (mainly Greece, Romania, Turkey, Ukraine and Cyprus)
 - China and Hong Kong
 - GCC countries, mainly the UAE
- Dedicated teams specializing in retail, office, industrial, residential and hotels
- Team members have between 9-30 years of experience and will invariably have worked for major UK and US property investors

8GCP: Advisory Activities

Workout & Asset Management



Loan Advisory



Corporate Finance



Synesis Advisers



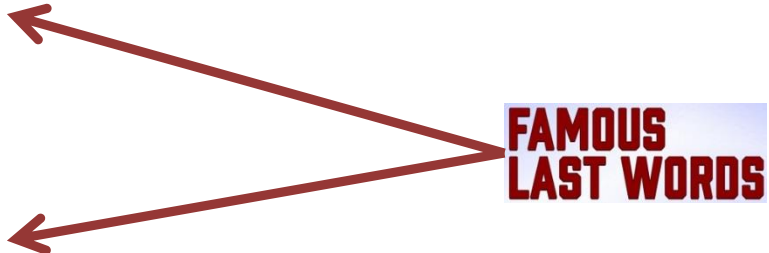
Banks Repossessing Property Assets

Reasons:

1. Borrower: Crook
Lost the plot (never understood it)?
Only means of repayment?
Good but overexposed

2. Asset: 'Has good prospects'
'Money to be made'

3. Balance Sheet: Need to reduce NPLs
'Temporarily'



8GCP Process: YOU ARE A PROPERTY INVESTOR (By Definition)
Proprietary Algorithm: private equity + granular portfolio techniques
-Asset Based
-Scorecards / matrices far from true picture
...because someone has to manage them



Preserve Collateral



A 50% occupied Office Block



A 50% occupied Shopping Centre

WARNING

- X Operational Assets
- X Fast Depreciating Assets

Why Are They Distressed?

- Borrower or Property?
- Demand / Supply imbalance: temporary or permanent?
- How long have they been drifting?
- Impact of passage of time

Valuations

The property details on which each valuation is based are as set out in the reports. We have carried out a comprehensive survey by way of letting, town planning and the condition of repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and will be overstated.

Notwithstanding the general improvement in real estate markets the lack of liquidity in the capital markets means that it may be very difficult to achieve a sale of some property assets in the short-term. We would therefore recommend that the situation and the valuations are kept under regular review until the assets are marketed. Details obtained should you wish to effect a disposal.

In addition, the returned liquidity in the Spanish real estate market has been predominantly in respect of prime and core assets, with limited transactional evidence for other market sectors. In the case of the subject properties we are aware that they have been openly marketed and the offers received in the region of or reported valuations.

Details of the lettings to which we have generally examined documents or other documents to understand the relevant details of your legal advice.

We have no tenants. We have purchased the property.

High voltage close proximity Protection Board specified circuit breakers. People. Put future value of the property. Our valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.



Even assuming proper process (instruction / scope / conflicts):

Valuation = Snapshot. 'Has been properly marketed'

If not prime / core: maybe unsellable ('in the short term')

And then:

"The estimated amount for which an asset or liability should be sold, or transferred, in an arm's length transaction, willing buyer and willing seller, under current conditions and where the parties had acted knowledgeably, prudently and without compulsion."

We have a survey which related to the ground and underground conditions of the Properties. The survey was made in the Properties and does not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Properties are not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

-Repair & condition?

Planning?

Tenure & Tenancies?

-Environmental?

Archaeology?

-Health & safety?

- or or inconsequential costs will be incurred if any modifications or alterations are necessary in order for each Property to comply with the provisions of the Disability Discrimination Act 1995;
- reviews of the Properties are necessary to assess the value to full current market terms;
- of any information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and will be overstated;
- are no abnormal ground conditions, nor geological requirements present which might adversely affect the value of the Properties;
- Properties are free from rot, infestation, structural or electrical defects;
- ntly known deleterious or hazardous materials or techniques have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- (d) the services, and any associated controls or software, are in working order and free from defect.

In the absence of any information to the contrary, we have assumed that:

- (a) the Properties are not contaminated and are not adversely affected by any existing or proposed environmental law;
- (b) any processes which are carried out on the Properties which are not prohibited by any environmental legislation are properly licensed by the appropriate authorities.
- (c) the properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive, and that they have a minimum energy efficient standard of 'E' or better. We would draw your attention to the fact that the Energy Act 2011 is due to come into force in England and Wales no later than 1 April 2018 (although it may be earlier), and in Scotland, no earlier than April 2015. From such date, it will be unlawful for landlords to rent out a residential or business premise unless they have reached a minimum energy efficient standard – most likely, 'E' – or carried out the maximum package of measures funded under the 'Green Deal' or the Energy Company Obligation (ECO).

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- (a) the Properties possess a good and marketable title free from any onerous or hampering restrictions or conditions;
- (b) all buildings have been erected either prior to planning control, or in accordance with planning permissions, and have the benefit of permanent planning consents or existing use rights for their current use;
- (c) the Properties are not adversely affected by town planning or road proposals;
- (d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;
- (e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the Disability Discrimination Act 1995;
- (f) all rent reviews are upward and reference to full current market terms;
- (g) there are no tenant's improvement obligations in respect of the Properties;
- (h) tenants will meet their obligations in respect of insurance, repairs, whether directly or indirectly, and any associated controls or software, are in working order and free from defect.



CAPITAL PARTNERS
PUTTING REAL ESTATE TO WORK

Do Your Due Diligence

Areas	We have not measured the Properties but have relied upon the floor areas provided.
Environmental Matters	We have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil
Repair and Condition	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts
Titles, Tenures and Lettings	lettings to which they are subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other
Town Planning	We have not undertaken planning enquiries.

Case Study

- **Second Homes**
- **Half completed**
- **Decision making**
- **Internal team aspirations**
- **Impact of passage of time**



Remember:

- ✓ Preserve your collateral. Don't burn bridges with borrower
- ✓ There is a reason they are distressed
- ✓ Valuations are not what you hope they are
- ✓ Do your Due Diligence
- ✓ Align Internal Team
- ✓ Swift Commercial Decisions – especially developments

Ask Us How We Can Add Value To Your Portfolio

For Further Information:

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