

German REITs seen coming into law effective 1 January

A legislative proposal for G-REITs should come next month and be enacted by 1 Jan., by whatever government is in power. **PAGE 3**

French SIIC creation caused paradigm shift

The creation of SIICs in France (REITs) has caused a paradigm shift in property valuations, says Colony Capital director. **PAGE 3**

BIS report shifts concern away from inflation

The Bank for International Settlements annual report shows more concern over global imbalances than over inflation risk, economist says. **PAGE 9**

Jones Lang LaSalle sees patchy European office recovery

JLL study says office leasing markets are continuing to recover, and prime rents are rising, but the rebound is slow and patchy. **PAGE 10**

The PFE Interview: Deutsche Wohnen AG Chairman Andreas Lehner

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French REIT lesson for German lawmakers seen as simplicity, market openness

The lesson for German legislators from the French experience with Real Estate Investment Trusts is to make sure that any new law is kept simple, over-legislation is avoided, and that matters relating to investment strategy, property type, leverage and market liquidity are left to the market.

This was the message from Alec Emmott, the English chairman of French SIIC (REIT) Société Foncière Lyonnaise to the REITs World conference in Frankfurt in late June.

"The clear message that I would leave to you is to endeavour to keep it simple," Emmott said in a speech. "The devil is in the detail, and it seems clear that the principle strength of the French regime is that it has not been over-legislated, with complexities which make interpretation difficult and implementation arduous." Dividend payouts from French SIICs had... **CONT. ON PAGE 2**

Berlin cancellation of tax write-offs throws property sector into confusion

The sudden cancellation by the German government of tax write-offs against specific fund investment constructions, combined with shifts on direct residential subsidies, has thrown the domestic property sector into complete confusion.

Abolition of the so-called Paragraph 15b of the income tax law was part of a package of tax changes negotiated in spring between Chancellor Gerhard Schröder and opposition parties. It also included a cut in corporation tax to 19% from 25%. Para. 15b allowed private individuals to offset in income tax assessments investments in certain types of funds - including those investing in Berlin residential property, shipbuilding, and wind-power schemes. With Schröder's call for an early election, the entire package was suddenly abandoned.

The property sector had generally welcomed the move to a new market orientation, including cancellation of a complex subsidy regime that distorted investment decisions - even though the livelihood of many, particularly closed funds, depended on exploiting both.

Writing in the FAZ, Helmut Knepel, from the Feri group, said the 1950s idea of guiding investment through direct subsidies or the tax system had failed. "The fact that, for years, mostly tax advisers were sitting on the podiums of real estate congresses in Germany always had foreign investors shaking their heads in puzzlement," he wrote.

The Berlin-based Scope funds ratings group recently said that, despite the cancellation of the changes, it was putting all closed funds on watchlist that depended on the tax write-off scheme for more than 10% of equity capital. It was reacting to current political events. "The danger of a limitation of the tax offsets determined by Para. 15b .. also exists under a new government," Scope said.

Knepel also noted that funds depending on direct subsidies to residential developments were also very risky. A Berlin court recently nullified one such scheme. "This example shows that investments which only make sense in the context of state subsidies or the tax advantages are risky," he said. The original decision to abolish these subsidies and allow more market mechanisms into property investment was to be warmly welcomed. The City of Berlin last week told all investors in such funds to redeem them - less any tax write-offs awarded. pfe

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FRENCH LESSONS FOR GERMAN REITS: risen roughly in line with tax flow over the two years since the original introduction of French SIIC legislation. This had been reflected in a doubling of the stock prices in the sector. Property companies choosing this legal form have seen their capitalisation rise to 10-15% above net asset value from being consistently below this prior to the introduction of legislation at the start of 2003.

As the manager of a French property company in the past, Emmott said, "the hardest cross to bear was the apparent opinion of the market that the management of those assets actually created a negative value – a badwill – a judgment that you were worth more dead than alive."

Now, the French REIT sector was a success. It encompassed around 26 companies, of which 10 were old-established, eight had been set up from scratch in the last two years, and eight more were majority foreign-owned vehicles, mostly Dutch and Belgian. Total market capitalisation had now grown to around €40bn, or some €24bn without foreign-owned firms. French SIICs, however, still comprised only around 2% of the total market capitalisation of the Paris stock exchange, and there was room for expansion.

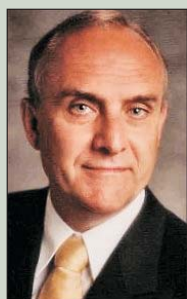
The halving of capital gains tax - to 16.5% - on corporations bringing property assets out of balance sheets and into SIICs was proving to be a huge incentive to their formation. "The SIIC tax status is provoking considerable thought among major property owners (department stores, distribution and industrial companies, hotel groups) as to whether to float off portfolios into a separate listed vehicle," Emmott said.

This included companies such as Carrefour, Galeries Lafayette, Casino, Générale de Santé and even the French Post Office, which had announced plans to float off some of its assets into a wholly-controlled subsidiary – Poste Immo. "Put it all together and we can claim a French SIIC market with a capitalisation of over €40bn after two years," he added. "Active, efficient and still growing fast - with existing companies back on a growth path, and new entrants on the threshold."

Criticisms had been voiced in France that the free float of property companies has been reduced as a result of the SIIC legislation, and the sector was not structured to benefit small private shareholders as in the US. The SIIC legislation in France does not include constraints on either the number or nationality of shareholders, or a minimum free-float. The entry requirement is simply that a company should be listed. Listing requirements are left to the Euronext stock exchange manager and the financial regulator (AMF).

However, the incentive of having an adequate proportion of free-floating shares to be included in indices such as Euronext or FTSE was strong, Emmott said. Most fund managers, trustees and risk-managers were precluded from investing in non-index stock by their terms of reference. This was the reason why the recent takeover of the SIIC Gécina by Spain's Metrovacesa - as well as his own company SFL by Spain's Colonial Group last year - had specified in takeover documents their intention to return stock to the market through sell-downs once the change in control had been effected.

The government too would benefit - from receiving around €1.8bn this year in capital gains tax from these corporate



The most dramatic intervention at the REITs World conference last month seems to have attracted little or no publicity - perhaps because attendees didn't know quite what to make of it. Joop Kluft from Deloitte Touche in Amsterdam, described by chairman Norbert Müller

from Jones Lang LaSalle as a 'gatecrasher', jumped on stage just before lunch on the second day and excitedly told us of a White Paper the Netherlands government is considering for a new REIT regime that would drop most restrictions and regulations for the vehicle.

The White Paper envisages an NL-Luxembourg REIT with three characteristics: no corporate/income or capital taxation, no obligation to distribute, and no treaty protection. It would have no profit distribution requirements and no free-float shareholder requirements. Its legal form may be a corporation, maybe not. Its activity restrictions would probably be confined to current Dutch REIT investment parameters. Gearing restrictions were uncertain, probably following international standards. Listing would not be obligatory (but would be probable on Euronext). Whether an independent supervisory board would be statutory remained to be decided. And all this was scheduled to happen between now

and January 2006. Er, yes. Before January 2006. Of course. And then we had lunch.

Whoa, hold on there! As the German participants scratched their heads in wonder, still deliberating where the G-REIT might be wandering amid the summer Berlin political merry-go-round, the French delegations clearly saw the implications. This amount of competitive deregulation from Netherlands-Luxembourg would impact all current and potential European REIT environments, including the quite successful SIIC environment in France. International and domestic investors could easily choose to place funds in a new deregulated NL-Lux vehicle of this kind. As Jean-Paul Dumortier of the FSIF (Fédération des Sociétés Immobilières et Foncières) noted, such a vehicle, if it became reality, had the potential to draw capital away from all other jurisdictions. This would then become a political issue on European Union level. A domestic, national solution would no longer be viable. The Dutch are considering this in order to try to solve the problem of Luxembourg. As usual, the Grand Duchy is proving to be much more attractive to NL savers seeking to invest money that the Kingdom of the Netherlands. Watch this space. Because Bundesrepublik Deutschland, République Française and the United Kingdom of Great Britain and Northern Ireland will be. Kluft has been in meetings ever since!

The best quote of the conference came from Bas Clerkx from the Dutch investment bank Kempen, talking of the poor track record of open-end funds and the greater transparency offered by REITs. "It's good to see the good guys have stepped into the movie; the bad and the ugly have dominated for too many years," Clerkx said in one of the discussion rounds. Well, perhaps! Not sure all the hard-working open-end property fund managers around Europe would agree. But we can forgive him the excitement over what genuinely looks to be a more appropriate product for modern-day, trans-national capital markets. Fact is, as Munich Ergo Asset Management director Knut Riesemeier said, open funds and REITs are two different asset classes and each has its adherents: The first is diversified and not actively managed; the second is focused and active. Jürgen Schäfer, from FERI Wealth Management, saw REITs attracting considerable private money but mainly bringing in the institutions. Above all REITs needed transparency, Clerkx said. Newcomers should take their lead from the best in Europe at the moment, Unibail, Rodamco and Land Securities. Fair enough. Being in the communications business and searching the current European scene hard for information, I cannot help but agree.

Allan Saunderson, editor@pfeurope.de

transactions. Further revenues would continue from this source into the future. In addition, the state collected stamp duty from a real estate sector in France that had been revitalised by the increased activity caused by the creation of SIICs.

For private savers the chance, with the creation of SIICs, to invest in liquid shares of pure property companies was the "Holy Grail" of asset managers, the fourth asset class after stocks, bonds and money market instruments, Emmott said.

"All those European and North American baby-boomers, who 10 years ago were prepared to take equity risk head on, have 10 years later become fundamentally risk-averse in their savings profile as they face up to their 60th birthdays," he said. "Listed property, with its unique mixture of the bond-like qualities of predictable revenue, low volatility and just a dash of equity risk, matches the requirement of the European savings industry perfectly." pfe

The items on REITs in this issue mainly derive from contributions made at the REITs World Europe conference in Frankfurt organised by the business media company Terrapinn in late June. Terrapinn, which chose its name from one of the four celestial animals of Feng Shui cosmology supposed to bring long life and good fortune, is planning the next REITs World Europe conference in December in London.

German REITs seen coming into law in January whatever govt. in office

A legislative proposal for German Real Estate Investment Trusts (REITs) should be circulated by the end of August despite looming federal elections and is likely to be enacted with effect from January 2006 by whatever government is returned, according to the head of the German financial sector lobby group.

As well, Deutsche Bank managing director Klaus Droste told the REITs World Europe conference, G-REITs were urgently needed to recapitalise the German property sector, bailing out parent companies of real estate funds - such as Dekabank - and many of the closed end funds. Talking of the latter, he said, "Some of them are bust but they just don't know it yet."

Droste, who heads the Financial Centre Germany Initiative (IFD), said the SPD/Greens government was leaning toward a second legislative alternative that treated REITs as a segregated rather than a unified entity. It would be a listed, publicly-held company (AG) but would be considered acting on behalf of shareholders as a trustee for real estate assets. The income would thus be treated as pass-through income direct from property and therefore not as a dividend.

As in America, this would be taxed at shareholder level but before distribution. The US, he said, was the only country in the world that had found a solution to ensuring it collected taxes from REITs shareholders whatever their nationality, in return for the vehicle itself remaining completely tax free.

"The US says the dividend comes from America, therefore a REIT payment is not a dividend," Droste said. Otherwise, the double taxation agreements in place between most industrialised countries dictated that dividends were taxed where the shareholder resides.

In Germany, the second, segregated-entity alternative would require considerable rewriting of legislation, Droste said. But he added, "we believe the second alternative will

hold. The ministry of finance favours this one."

"Whatever the outcome, we will have a German REIT at the end of the day," he told the conference. This would either happen in the first quarter of next year or G-REIT legislation would be passed by the German parliament in the second or third quarters and made retroactive to 1 January. "It will be a stand-alone G-REIT law," he predicted. "REITs will not be subject to the investment law."

Droste said REITs were needed to solve a problem in Germany. Aside from the need to recapitalise domestic real estate, the looming requirement for pension assets with good returns dictated the creation of a vehicle to invest in property. "A good time to introduce a new law is when you have a problem," he said. "You can't pay your pensions if you don't have a product that gives high returns; therefore you need REITs."

Some 80% of Germany's gross capital stock comprised real estate, he noted. This included some 40m dwellings plus commercial property - making around €1tr in assets to be outsourced. Two years ago, the market had considered that the open-end fund vehicle might be exported - made attractive for foreign investors seeking exposure in German property. Mainly because of over-regulation, they had been shown to be inappropriate.

Open end funds own around €100bn of real estate assets, with closed funds holding another €130bn, he said. Add in fund parent companies which had taken exposure onto their own books plus the holdings of groups such as insurance firms where property assets were suffering badly, and there was a sore need for a vehicle to recapitalise the sector in general.

REITs had the potential to bring the government around €8bn in exit taxes for corporations selling their property assets into them, plus around half again with the multiplier effects from a revitalised real estate sector. He warned that the sector, once it starts in Germany, would be highly dynamic and would not follow the pattern of the US where REITs were neglected for the first three decades after creation in the 1960s.

"Don't expect the REIT market to be sleeping as in America, except for the last 10 years," he said. "It will be alive and kicking at the outset". He predicted that around €60bn in assets would be mobilised in the formation of G-REITs over the first 10 years of its existence. pfe

French SIIC creation sparks commercial real estate paradigm shift - Colony Capital

The creation of SIICs in France, the French version of Real Estate Investment Trusts (REITs), has caused a paradigm shift in the valuations of portfolios of commercial property and is in the process of galvanising the sector toward setting up more such listed vehicles, Colony Capital director Serge Platonow said.

He told the REITs World conference in Frankfurt that the halved tax rate - 15% of purchase value - for companies selling their commercial property into a SIIC (Société d'Investissement Immobilier Cotée) meant the latter had a clear advantage in bidding for such portfolios.

Citing the example of a €125m Accor portfolio of properties put up for sale in January, Platonow said Colony was highly interested and entered the bidding. However, the deal was won by Foncières des Régions, a SIIC that offered Accor the additional tax advantages within the divestment transaction.

"SIICs have created a paradigm shift in the French market," said Platonow, who is also a director of Lucia S.A., a Paris-based property company without SIIC status. "This is changing the

way the French market looks at real estate."

Lucia is an old-established real estate company (Compagnie Foncière) of the kind the French government, on the creation of SIICs two years ago, wanted to provide with some way of valuing their holdings on a market basis, and managing them more effectively.

Under French legislation, SIICs cannot currently be constructed on the basis of a new pool of investments but must have managed the asset base for a minimum two years. Platonow said the environment has changed again since the second stage SIIC law last year allowed such vehicles to purchase real estate in exchange for their own shares. What the French government did not anticipate, on creating SIICs, was the interest they would generate from foreign investors. "France didn't really consider this aspect at first," Platonow said. "Now, foreign investors see this as a really interesting tax structure and can use it to move income back into their local market." Last month's purchase of a majority stake by Metrovacesa in the largest French SIIC Gécina showed that the Spanish, at least, had certainly realised the advantages.

Colony is a private real estate investment firm headquartered in New York but with a global presence, acting opportunistically. It has global assets under management of around \$14bn, of which \$4.3bn is its own equity, Platonow said. He added that Germany - which attracted €5bn in inward real estate investment in 2004, about half that into France - is a complex market compared to other large continental European markets France, Spain and Italy. Platonow said REITs comprise an interesting vehicle but the quality of the management was key. "In the end, REITs are just a vehicle," he told the conference. "As an investor you are not betting on the asset class here, you are betting on the management." The Accor Group in March said it sold 128 hotels of the Mercure, Novotel and Ibis brands to Foncière des Murs, a company that had been acquired in November 2004 by Foncière des Régions. The latter is regarded as one of the more

progressive companies working in the SIIC sector.. pfe

Takeover tussle for BHW building society enters hazy, summer phase

The takeover manoeuvring for German building society BHW has entered the warm phase of rumour generation and drawn-out speculation to match the long, lazy days of summer.

The Handelsblatt reported that, alongside the main bidder Postbank AG, other financial institutions now interested in buying the union-owned BHW include Commerzbank, BNP Paribas, Société Générale and Royal Bank of Scotland.

Postbank, which already holds 9.2% of BHW stock and a seat on its supervisory board, is making the bid in a consortium with US opportunity fund Cerberus. The latter is seeking to buy BHW's struggling AHBR mortgage bank subsidiary and gain access to its non-performing loan portfolio, possibly converting the Frankfurt bank into a platform for processing German distressed debt for third parties.

Only Commerzbank had confirmed its interest in the Cologne-based BHW, Handelsblatt reported. Though this is seen still as a long shot since Commerz is probably unprepared to pay around €2bn that BHW feels it is worth, there are other links: the father of Commerzbank Chairman Klaus-Peter Müller was once the head of BHW.

Postbank has as yet only offered €1.5bn for BHW, Handelsblatt reported. Though the unions which own BHW were seeking a 'package' solution including a purchase of BHW's wholly-owned subsidiary AHBR, the other banks, if they did not wish to keep the mortgage bank unit, could potentially enter a similar consortium to Postbank by bringing in either of the financial investors George Soros or Christopher Flowers.

However the other aspect being considered is that BHW's wholly-owned subsidiary AHBR (Allgemeine Hypothekenbank Rheinboden) has no less than €47.5bn in Pfandbrief covered bonds in issuance, about 5% of the total €980bn outstanding in the market. Of the AHBR issuance, €40.6bn are large-issue Jumbo-Pfandbrief, only slightly less than market leader Eurohypo AG, the newspaper reported.

It would be a premiere for a private equity fund such as Cerberus to own a full German mortgage bank anyway, but to then also be responsible for its outstanding Pfandbrief issuance in the carefully-controlled market had raised concerns among a number of participants.

Louis Hagen, chief executive of the German Pfandbrief Association, told the newspaper, "The model of many private equity houses - purchase, split up and sale of the individual parts at a profit - does not work with a Pfandbrief-issuing bank." The cover pools that underlie the bonds had to remain intact up to the end of the redemption periods of all the Pfandbrief it had issued.

However, Pfandbrief experts were generally relaxed over the prospect of Cerberus ultimately owning AHBR, and did not expect that a financial investor would damage the reputation of the secured Pfandbriefs. pfe

PFE COMMENT: The BHW tussle seems to have entered a very distinct phase of price formation via rumour generation and media-planted speculation. Clearly the unions that control the building society via the BGAG holding company (39%) or the German Civil Service Association (37%) are unhappy with the 1.5bn that Postbank

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Publisher

Rose Advisory Ltd,
Manufactory House
Bell Lane
Hertford,
Herts SG14 1BP
England

Operating Office

c/o easetec
Hainer Weg 13 - 15
D-60599 Frankfurt am Main
Germany
Tel. +49 (0)69 962448-0
Fax +49 (0)69 962448-90

Editor

Allan Saunderson
editor@pfeurope.de
Cell +49 (0)172 672 3938

Business Mgr / Advertising

Charles Kingston
business@pfeurope.de

Internet

David Jayne
webmaster@pfeurope.de

Administration

Gaby Wagner
office@pfeurope.de

Sector Advisors

Iain Barbour (Commerzbank) *
Martin Braun (Cushman Wakefield)
* Martin Damaske (Hypoport) *
Clarence Dixon (Crown Mortgage
Management) * Hugo Doswald (DG
HYP) * Kingsley Greenland (DebtX)
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Advisers) * Georges Ruchti
(easetec services) * Philip Rutovitz
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(Greater Europe Fund) * Thomas
Ziegler (Reporting Online)

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has laid on the table. Bringing in even the names of a few other large players might, they think, lend a little urgency to Postbank and raise the bid. Yet it is equally clear that this game is finite; it started as early as January this year and can be played through the long afternoons of the hazy, drawn-out days of summer. But it will come to a rapid and abrupt end once the cold frosts of autumn sets in - combined with the equally chilly, for the unions, political reality of a right-of-centre government in Berlin after 18 September.

BulwienGesa sees German apartment portfolio sales as high as 3.7m in 4 years

Property research group BulwienGesa AG estimates that sales of German apartments in the form of residential portfolios could reach as high as 3.7m units over the next four years.

In a client study, it noted that 23.6m of the total 38.7m apartments nationwide in Germany are currently rented out. Of these, around 60% are rented out by private individuals, the remainder owned and rented out by professional firms. However, the current trend toward selling off portfolios en bloc should lead to 3.3m-3.7m in total changing hands over the next four years, BulwienGesa, based in Berlin, Hamburg and Munich, said.

The high point would be reached between 2007 and 2008, and between 15% and 40% of the portfolios bought would be on sold within the subsequent 15 months.

The BulwienGesa conclusions contrasted with a recent Deutsche Bank study that predicted that just 1m apartments would change hands up to the year 2010. However, the study's author Germano Tullio told PFE that BulwienGesa had taken a slightly different definition. pfe

Hypo Real Estate closes first True Sale CMBS with €246m securitisation

Hypo Real Estate said it has closed its first True Sale Commercial Mortgage Backed Securitisation transaction with the securitisation of a single mortgage loan of €246.5m. In a press release it said this transaction makes it one of the few banks to complete a CMBS in Germany.

The transaction, which closed on 23 June, was on a loan provided by Hypo Real Estate Bank International in December 2004 to a consortium of borrowers controlled by Eurocastle Investment Limited. The loan was used to finance the consortium's acquisition from Deutsche Bank of a diversified portfolio of 109 properties located in 90 German cities.

The portfolio generates a gross annual rent return of €25.3m - 67.8% of which is derived from a highly rated German tenant.

The loan has a maturity of eight years, features an 85.75% loan to value and interest coverage of 2.08x at the closing of the loan. It contains a full security package and a set of individually tailored financial and LTV ratio covenants.

Issuer of the CMBS is Valesco Funding Plc. incorporated in Ireland. To purchase the loan from Hypo Real Estate Bank International it issued eight classes of notes ranging in rating from AAA/AAA to BBB/BBB- (S&P/Fitch), which are listed on the Irish Stock Exchange.

Hypo Real Estate Bank International structured the transaction as sole arranger. Lead manager and sole book

runner was Lehman Brothers. The notes were placed with a wide range of investors and were fully subscribed. pfe

BHW closes €1.5bn RMBS over KfW's Provide platform, its 5th transaction

German building society BHW said it has cooperated with the KfW Group in closing a €1.5bn residential mortgage-backed securitisation transaction, the fifth that it has executed via the KfW Provide platform.

The securitisation pool consists exclusively of loans extended under the German state home savings scheme (Bausparverträge). Provide, launched by the former Reconstruction Credit Bank(KfW) at the start of the decade, gives banks the opportunity of securitising residential mortgage loans and thereby providing equity capital relief to the lending institutions. pfe

Pramerica, Irish, Dutch pension funds invest €116m in Stuttgart's DeWAG

Stuttgart-based DeWAG has received an investment of €116.2m from a number of different investors including Pramerica Real Estate Investors, an affiliate of Prudential Financial of the US, a UK charity, an Irish and a Dutch pension fund, and a Belgian investment bank acting on behalf of high net worth clients, a spokeswoman said.

DeWAG (Deutsche Wohnanlage GmbH) is a private residential property investment company founded in 2001, and holding company for IWG Intergrund Wohnungsbaugesellschaft mbH and SBT Südboden Treuhand GmbH. The group currently holds some 3,900 residential units in around 30 different locations throughout Germany.

The move, made via Prudential's Luxembourg-based German Residential Investment Holding, follows an initial investment in DeWAG by Prudential's London merchant banking team on behalf of investors in 2001 to support the holding company's foundation.

IWG and SBT were founded in 1996 by Helmut Beyl, Mario Bohlen and Klaus Irtenkauf. IWG is responsible for investment, management, development and sales of residential property, while SBT is active in consultancy services. pfe

Barclays Capital sees 26 of 39 single-borrower CMBS at medium-low risk

Barclays Capital said it had completed a new research screening of borrower quality in Commercial Mortgage Backed Securitisation (CMBS) deals across Europe, including the UK, and concluded that 26 of the 39 single-borrower transactions carried a medium-low risk of above 60, according to its scoring methodology.

The report entitled Borrower Quality in European CMBS issued in late June and signed by Hans Vrensen, said that out of the 39 transactions reviewed, 19 had scores above 80, representing a low risk. However it added: "On the opposite side of the risk spectrum, we note four transactions with borrower credit scores of below 20, representing a high risk.

There were some surprises in this category, the report said. These included Land Securities Capital Markets plc, affiliated

to the largest listed UK property company, which had a surprisingly low credit score of seven. Pacific Quay Finance, the BBC property securitisation, attracted a credit score of nine. Scores for the ELoC 14s Industrious Finance UK, which was taken private, and Epic Unite's LDC (Portfolio One Finance) Ltd scores were also low but not so surprising.

"The low scores for the LS Property Finance and Pacific Quay Finance reflect their status as new subsidiaries without a financial history and in no way relate to the parents' financial strength," the report said. "These entities are valued as stand-alone risk entities. Since there is no indication that their respective parents are acting as guarantors, we do not consider the parent company risk score."

Eight of the European CMBS transactions had borrower credit scores between 21 and 40, including all five ProLogis securitisations, Barclays Capital note said.

The weighted average borrower credit score for European single borrower CMBS transactions was 66, which put it in the medium-low risk category.

Barclays Capital said it used the Experian methodology for credit scores, based on Delphi scores in the UK and company scores on the continent. Credit scores tried to predict a "closure event", which was not the same as credit ratings which measure the likelihood of an expected loss. They do not, for example, address certain material event risks such as a change in ownership or funding needs.

The average borrower score of 66 was similar to the average for the IPD tenant universe at 68, it noted. This implied a Ba2 average borrower rating though precise mapping was needed for a proper comparison between borrower credit scores and the main credit rating categories. pfe

Santander-Banif Fund buys Edificio España stake from Metrovacesa for €139m

Madrid-based property company Metrovacesa, which recently acquired a majority stake in the French SIIC (REIT) Gécina, is rapidly raising cash to help finance the deal. It said in a press release that it has sold 50% of Edificio España, an emblem skyscraper located in Madrid's Plaza de España, for €138.6m.

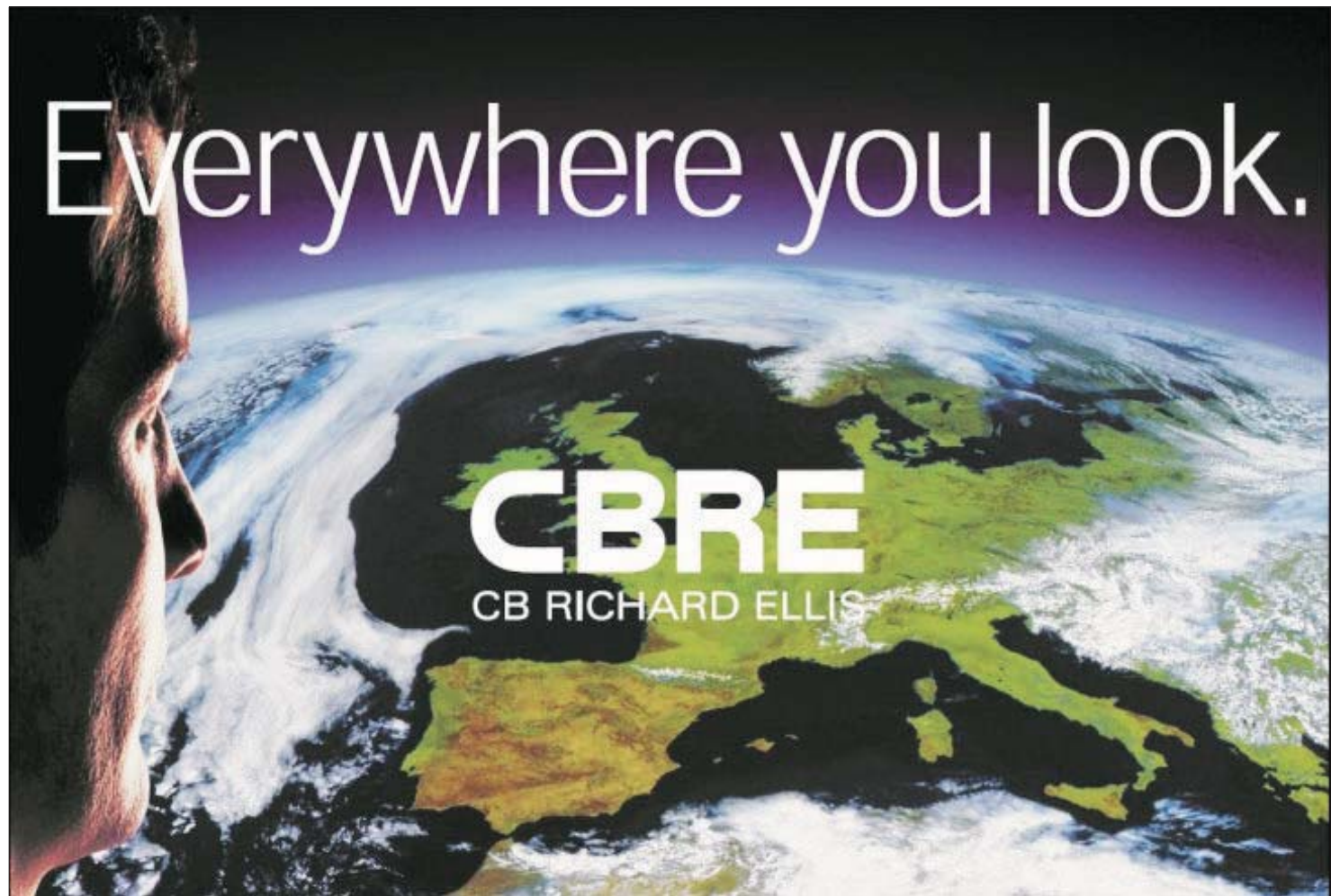
The purchaser of Edificio España was a real estate fund subsidiary of the Santander Central Hispano banking group, Santander Activos Inmobiliarios.

The latter made the acquisition via its Santander Central Hispano Banif Inmobiliario FII fund. The transaction also included a purchase commitment for the remaining 50% for the same amount.

The Edificio España, inaugurated in 1953 and designed by Joaquín and Julián Otamendi, is 117m tall, has 28 storeys and is one of the most emblematic skyscrapers in Madrid and a landmark in the history of architecture in Madrid and Spain.

Metrovacesa said it will continue to manage and lease the building. It has drawn up a program to divest its two emblematic buildings in Plaza de España and is continuing with its strategy of progressively concentrating on modern office buildings in the central business district and the inner periphery of Madrid and Barcelona.

Santander Central Hispano Banif Inmobiliario FII is the leader in property funds in Spain with a 60% market share and over 70,000 investors, the press release said. It currently has assets under management of just under €3bn. pfe



Fitch announces real estate asset manager rating methodology

Fitch Ratings, the international rating agency, at the end of June announced the release of its Real Estate Asset Manager (REAM) rating methodology designed to help investors better appraise property European asset management companies and their related risks.

In expanding its methodology to real estate asset managers, Fitch said it had included features unique to the property markets. Assigned at the organisational level, the REAM ratings were designed to provide an independent, professional assessment by using a systematic approach to qualitative valuations. To achieve this Fitch analysts would base assessments on studying company financials, business structure, investment processes for the acquisition, disposal, rental or refurbishment of properties, transparency of investor relations, relationships with other players in the property market and the control the firm in question exercises over all these activities.

"The REAM ratings are in response to investors' demands for more regulation, greater protection and better transparency in the growing property sector," Fitch said. The cyclical nature of the sector, the lack of transparency and relatively poor liquidity in some European markets – alongside differing regulations and tax regimes and recent financial scandals – all made caution advisable, it added.

Fitch's REAM framework assesses the strengths and weaknesses of an individual property asset manager's organisation and its ability to respond to institutional investor requirements. It may be accompanied by the agency's Real Estate Portfolio (REP) ratings, assigned at the portfolio level, which complement REAM ratings by providing investors with an overall analysis of a fund's characteristics.

The REP's methodology will be available shortly but Fitch said its REAM criteria report is available in French and English on its websites www.fitchamr.com and www.fitchratings.com.

PFE COMMENT: Fitch seems to be carving out a niche in the real estate markets, having also begun a ratings system earlier this year for European mortgage servicers. Even though such a statement is likely to provoke a cry of protest from Standard & Poor's and Moody's in the fiercely contested ratings segment, the former seems to be strategically concentrating on derivatives and securitised markets, while the latter is focused more on equities and company analysis. This may well change. Real estate asset management for third parties is a relatively recent concept in Germany and France, and is now booming as a result of the sudden interest in foreign institutions in the markets here, both residential and commercial. Fitch itself notes that in the wake of the 2001 slump in global stock markets, low interest rates and narrow credit spreads have helped revive investors' interest in real estate

investment as they became risk averse. Retail and institutional investors were once again buying office, industrial, retail and residential property, while tax advantages have also increased interest in REIT-style companies and a few property funds.

DTZ Spring Barometer sees little sign of German commercial property recovery

The recovery on the German commercial property market continues to be hampered by the weak state of the domestic economy, and maximum rents for top-quality inner-city office properties have continued to fall in the past 12 months in most German cities, DTZ said, citing results from its 23rd annual Property Barometer taken in spring.

"The mood among market operators has improved slightly on Spring 2004, nevertheless the continuing poor growth in the German economy is still limiting recovery on the commercial property market," it said.

"The gloomy underlying mood was again largely influenced by office lets markets. About 70% of interviewees rated the office lets markets as negative to very negative. The markets for shop and industrial building space did better, with 61% of interviewees rating shop space lets as at least satisfactory, against 39% who reported a negative mood."

In industrial buildings, space lets were rated as satisfactory-to-better by 69% of those polled, while only 29% of interviewees regarded the situation as negative to very negative. "The investment market came out best again, as 53% of interviewees judged it as satisfactory, and 31% as positive," DTZ said. Its research unit has conducted this survey of representatives from banking, investment and project management since early 1993.

In rents, the DTZ Property Barometer said the hardest hit German cities for top-quality inner-city office over the last year were Berlin (-8.6%), Munich (-8.5%) and Frankfurt (-6.6%). "At least the previous year's plummet in rents in Frankfurt (-15.6%) slowed noticeably, although the drop in Berlin (-10.3%) continued unabated," it said.

"The fall in rents in Munich, which was still relatively stable last year (-2.1%), has rapidly gained speed. Hanover (-3.2%) has also lost stability.

CONTINUED ON 9

Table: Major German NPL transactions

Investor	Seller	Date	Value €bn	Loan type
JV WestLB, NordLB, Shinsei	WestLB	2005	€ 0,400	Platform
Lone Star, Merrill Lynch	Dresdner Bank	2005	€ 1,400	SME, Property
Lehman Brothers	Münchener Hypothekbank	2005	€ 0,150	Property
Goldman Sachs	Delmora Bank	2005	€ 2,300	Mix, Mainly Property
JV Eurohypo, Citigroup, GMAC	Eurohypo	2004	€ 2,400	Property
Lone Star	Dresdner Bank	2004	€ 1,200	40% Property Loans
Morgan Stanley, Citigroup	Hypo Real Estate	2004	€ 0,394	Property Loans
Lone Star	Hypo Real Estate	2004	€ 3,600	Property Loans
JP Morgan, Lone Star	N-Schlesische Sparkasse Görlitz	2004	€ 0,100	SME Loans
JP Morgan, Lone Star	Hypo Vereinsbank	2003	€ 0,490	Property Loans
Goldman Sachs, Fortress	L-Bank	2003	€ 0,100	Property Loans
Goldman Sachs	ING BHF	2003	€ 0,175	SME Loans
Lone Star	Gontard & Metallbank	2003	€ 0,225	-
Deutsche Bank	Dresdner Bank	2003	€ 0,511	Non-Strategic Loans
Deutsche Bank	Deka Bank	2003	€ 0,110	SME Loans
			TOTAL € 13,555	

Source: DTZ Zadelhoff Tie Leung GmbH

The PFE Interview: Andreas Lehner, Chairman, Deutsche Wohnen AG

Deutsche Wohnen interested in REIT conversion but first to seek AGM approval for deconsolidation from Deutsche Bank

German listed housing company Deutsche Wohnen AG may choose to convert to a Real Estate Investment Trust (REIT) in due course but there are no current plans and much depends on receiving permission from shareholders in August for deconsolidating from the Deutsche Bank Group, its chairman Andreas Lehner told Property Finance Europe in an interview.



Andreas Lehner faces a crucial annual meeting in early August

The option of conversion to a REIT depended, he said, not only on the complex particularities of the deconsolidation, including cancelling of a 'control agreement' by the Deutsche Bank, but also on a positive resolution of a legal tax carry-forward right arising out of Deutsche Wohnen's former non-profit status. As well, the treatment of exit tax for corporate properties being transferred into a G-REIT would make a difference.

"Whether we go to a REIT depends on a large number of things," Lehner said. "But fundamentally, the introduction of a REIT vehicle is extremely necessary for Germany. The public real estate firms (AGs) as they exist now are at a strong disadvantage in comparison to other companies."

Deutsche Wohnen owns around 23,000 residential units in Rhineland-Palatinate, northern Hesse and the Rhine-Main area in general. At the end of 2004, it had assets under management of just over €1bn, and reported EBITDA of €65m and net income of just €13m. Its cash ratio is high, at 154% of current liabilities, but the 3% return on equity last year was well down on the peak above 7% in 2002. Alongside IVG Immobilien AG and Deutsche Euroshop

AG, the two other large listed property companies in Germany, Deutsche Wohnen earlier this year issued a statement fully supporting legislation for establishment of REITs outside the regulation of the German investment law.

German real estate companies were at a disadvantage currently, Lehner told PFE. At home, they were taxed like any manufacturing company in Germany – DaimlerChrysler for instance - while managing an asset class that had stagnated in value over the last few years.

Lehner said Deutsche Wohnen was the only listed real estate company in Germany that also had liquidity to eventually invest. However, the complications of the group's current status hindered new investment and meant that the business model, focused on managing and privatising the apartments in the portfolio, would cause its assets to shrink steadily. Current holdings compare to €1.3bn that Deutsche Wohnen had in assets at flotation.

The near-term challenge was to resolve the hiatus by requesting shareholders at the annual meeting on 4 August in Frankfurt for permission to cancel the guaranteed put option given by Deutsche Bank in 1999. This was linked by the bank to its private placement of 4m registered shares to its private and institutional clients at the time. "The environment for real estate in Germany was very different then from what it is today," Lehner said. "At the time it wasn't clear if the concept of a residential property company could fly."

Originally offered at €140 and scheduled to start 10 years after the flotation, i.e. in 2009, the strike price for the put option was structured to decline to the extent that Deutsche Wohnen paid shareholders a dividend, which is tax free, above a guaranteed 4.5% per annum in the ensuing years. Since it has paid an average annual dividend of 6.6%, and announced €8.75 per share for 2004, a nominal yield of around 5.4%, current strike price of the put option is €110. The group's share price closed Friday at €183, just below its 52-week high of €193.75 but well up from a low of €123.90.

Lehner described as "absolute rubbish" media reports last month that a bidding war was brewing between US opportunity funds Fortress Investment and Cerberus Funds over Deutsche Wohnen. The Handelsblatt in early June quoted financial sources saying Lehner was negotiating with Cerberus, and cited Fortress Germany head Mathias Moser as confirming that he was looking at the company.

Analysts at HSH Nordbank estimated Deutsche Wohnen net asset value at €196 per share and noted that the narrow discount of the current share price was due to the takeover speculation. Using an economic value-added assessment however put the fair value at around €166. Lehner said shareholders were split over the cancellation of the put option. However, only if this takes place is Deutsche able to cancel a control agreement that is currently costing considerable highly-rated equity capital at group level. Abolition of the put option would also change DW's current registered share structure to standard bearer stock.

"The shareholders are sitting in the driver's seat," Lehner said. "We are checking now if the shareholders want to pass on this put option. If so we will organise an EGM for a deconsolidation... We would rather have growth and development of the NAV through buying more residential portfolios than the current situation of little change with the put option in place."

Around half the shareholders, many of them original investors six years ago, preferred the security of the share price 'floor' guaranteed by the put option. New shareholders however saw upside potential in the company's development and the share price if the constraints on growth from the Deutsche stake were removed. "My hope is that our application to shareholders for a conception to abolish it will be carried through," Lehner said. pfe

Table: Deutsche Wohnen AG, key figures

In €m	2004	2003	2002	2001	2000	1999
Profit & Loss account						
Gross earnings, property management	31.90	30.33	31.00	34.00	30.20	22.40
Gross earnings, privatisation	31.26	32.46	33.10	21.7	20.40	21.60
Result of ordinary activities	21.25	19.94	19.51	17.38	15.70	-13.51
Net income	13.08	10.67	13.38	15.50	15.54	-10.40
Cashflow (acc. DVFA/SG)	30.78	29.05	34.42	33.91	34.34	22.66
EBIT	47.15	47.71	48.26	48.01	47.36	33.61
EBITDA	64.91	65.98	68.93	66.09	67.42	64.76
Balance Sheet						
Fixed assets	897.84	958.53	1,001.97	1,063.37	1,115.36	1,123.03
Current assets	146.18	150.86	150.35	148.31	128.17	158.22
Equity	405.77	427.97	449.44	476.06	500.56	521.50
Debts	609.40	650.78	677.25	715.53	725.27	740.31
- to banks	498.58	527.55	545.36	564.77	575.50	583.21
Total assets	1,044.05	1,109.44	1,152.36	1,211.93	1,244.24	1,282.70
in %						
Equity return	3.06 %	2.49 %	7.22 %	6.80 %	3.10 %	-1.99 %
Equity ratio	38.93 %	38.58 %	33.83 %	35.76 %	36.26 %	37.03 %
Equity-to-fixed-assets ratio 1	45.19 %	44.65 %	44.86 %	44.77 %	44.88 %	46.44 %
Equity-to-fixed-assets ratio 2	105.66 %	108.11 %	105.98 %	105.52 %	104.02 %	105.92 %
Cash ratio	154.25 %	159.68 %	150.53 %	151.73 %	132.41 %	130.17 %

Source: Deutsche Wohnen AG

By contrast the level of rents in Essen (-2.3%), Cologne (-1.8%), Dusseldorf (-0.7%) and Stuttgart (0.2%) has been stable." DTZ added, "Survey participants agree that non-central locations in the cities in our survey will suffer from a surplus of office space in the next 6-12 months." Essen was the sole exception to these findings. pfe

BIS concerns shifts to imbalances, away from inflation - economist

The Bank for International Settlements, in its annual report published on 27 June, showed a sense of unease that was not present in last year's analysis, caused less by fear of an outbreak of inflation but rather by internal and external economic imbalances, an analysis by economist Dieter Wermuth showed. However, the BIS made no concrete suggestions as to how these potential risks might be contained.

Wermuth, consultant to the Japan-based UFJ Bank and Wermuth Asset Management GmbH, noted in a recent report that the BIS analysis pointed to unwinding of the imbalances at some point, "either gradually and at low adjustment costs, or rapidly and disruptively." While these may not pose immediate risks to the world economy, the fact that so many indicators deviated markedly from historical norms suggested they could not be ignored.

On the internal side, the list of imbalances included real central bank rates close to zero, remarkably low nominal bond yields and credit spreads, sharply downward trending savings

rates in key industrial countries, household debt levels at record highs, soaring house prices in many countries, and a ratio of fixed capital investment in China of no less than 50% of GDP. External imbalances, on the other hand, had never been larger in the postwar period, especially the US current account deficit and the corresponding Asian surpluses.

"The BIS admits that it is nearly impossible to forecast how these imbalances will finally be resolved", Wermuth noted. "No one fully understands the interactions between the real and financial sphere, especially the complex processes unleashed when bubbles burst." While most internal imbalances could be reduced by raising interest rates, this would make bonds less attractive from a cost-of-carry point of view, widen spreads as investors became more risk averse, increase savings rates, reduce borrowing and bring down house prices.

On inflation, the BIS sees the global economy disturbingly exhibiting similarities with the late 1960s when the foundations of the Great Inflation of the 1970s were laid, Wermuth said. This included low real interest rates, fast growth of credit, downward pressures on the dollar, a massive accumulation of foreign reserves by countries trying to avoid an appreciation of their currencies and, as a result, a massive global expansion of liquidity.

However the BIS was relaxed about this, arguing that since the 1960s, the world has changed in three fundamental ways: a) trade liberalisation and globalisation of the real economy have boosted global supply, reduced the relative price of labour and given a downward tilt to inflation as demand has lagged, b) financial systems have become more global and increasingly market- rather than bank-based, and c) "there has been a shift in the monetary regime towards the overriding objective to keep inflation low."



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Managing Director
raffaele.lino@dtz.com

Klaus Dallafina,
Director
klaus.dallafina@dtz.com

DTZ Zadelhoff Tie Leung GmbH,
Frankfurt am Main

"The BIS actually believes that, in the future, deflationary pressures will just as frequently occur as inflationary pressures," Wermuth said. Positive supply shocks that depress inflation were likely to persist as the globalisation process continued, while central bankers were able and determined to maintain price stability.

The BIS does not speculate about what could occur while unwinding the imbalances, he said. "There is no clear and generally accepted strategy how to deal with those imbalances... Throughout the report there is an uneasiness about the unstable situation in which the world economy finds itself but it is by no means clear whether the risks are small or large, and whether market mechanisms turn out to be more robust problem solvers than one tends to believe. A benign outcome is not inconceivable but a disruptive one is not inconceivable either."

PFE COMMENT:Wermuth is an experienced and long-time observer of the European and German macro-economic and monetary environment, and a leading European Central Bank watcher. He is right to analyse the BIS report closely since the conclusions of the "central bank of central banks" carries genuine authority in that BIS analysis is indeed the distillation of the monetary analysis from all the world's national central banks. In recent years the BIS has shown concern over the amount of liquidity in the global economy but has been much more sanguine about its potential impact than, for instance, the ECB. The BIS economic analysis is headed by William White, a former Bank of Canada official.

Jones Lang LaSalle sees slow and patchy European office leasing recovery

International real estate brokers Jones Lang LaSalle said in its latest review of pan-European office market conditions that leasing markets are continuing to recover if it is slow and patchy. Prime rents have stabilised and occupier confidence and take-up has risen even if few business sectors or companies are expanding. However, there was little sign of significant rental growth in the future.

In a research note issued in June, JLL said that with the exception of five major cities - Paris, Frankfurt, Milan, Rome and Warsaw - incentives were unchanged or lower than six months ago. "However, incentives being offered to take space remain high and are likely to remain so while double-digit vacancy rates remain the norm in European office markets."

"We expect vacancy rates will fall in the next 12 months in the majority of markets," the note said. However declines were likely to be small and to come through slowly, as evidence of business sectors expanding is limited. Exceptions to this trend were central Europe, which are seeing new occupiers from back office outsourcing in western Europe. Also, stronger demand from the IT and telecom sectors was re-emerging in Stockholm, Dublin, Moscow and London.

JLL said office space available under control from tenants has fallen

by nearly 20% over the last 12 months, with the result that a higher proportion of availability is currently controlled by landlords. pfe

DB Real Estate's open-end real estate funds show contrasting capital flows

DB Real Estate Investment GmbH, the property arm of the Deutsche Bank group, said its main global open-end investment fund, Grundbesitz-global, had net capital inflows in its financial year to 31 March 2005 amounting to €1.15bn but its Grundbesitz-invest, with two-thirds of its assets in Germany, saw net outflows in the first half of its own financial year to end-September of €994m.

In a press release, DB Real Estate said Grundbesitz-global showed a performance over its financial year to end-March of 4%, aggregating a property yield of 6% and liquidity yield of 2.5%. Grundbesitz-global had €3.35bn in assets under management at the close of its financial year, well up from €2.19bn at end-March 2004. In the 2004/2005 financial year, it paid €845m for 12 property investments. The fund would pay out a dividend of €2 for each investment unit. pfe

Hammerson says it sells prestige Paris Néo building to German fund

Hammerson plc said it has sold Néo, located at 14 boulevard Haussmann in Paris' 9th arrondissement (quarter), to the German fund KanAm Grund Kapitalanlagegesellschaft mbH, raising net cash proceeds of €269m. The freehold 26,700 sq.m. office property was completed in September 2003. The principal occupier of Néo, which currently produces a passing rental income of €15.6m per annum, is La Société du Figaro, a leading French newspaper, Hammerson said in a release. Additional tenants include the US Embassy, the CCF banking subsidiary of HSBC, De Fursac and Société Hôtelière Lutetia Concorde. Sales proceeds were 5% below the original cost of the building, Hammerson said, but 19% above the valuation of the property at 31 December 2004.

John Richards, Chief Executive of Hammerson, said: "The occupational market in Paris proved to be considerably

Table: Office Rents in Five Major German Cities

sq.m	Enquiries				Peak rents, 1A locations			
	2004	1H04	1H05	%	2004	1H04	1H05	%
Berlin	202.900	109.100	95.500	-12,5	20,50	21,00	20,50	-2,4
Düsseldorf ¹⁾	248.400	112.300	127.600	13,6	20,50	21,00	20,50	-2,4
Frankfurt/M ²⁾	255.600	113.600	216.800	90,8	33,00	34,50	32,00	-7,2
Hamburg	397.800	215.100	213.200	-0,9	19,50	19,50	19,50	0,0
München Region	261.000	152.900	212.400	38,9	27,50	28,50	27,50	-3,5

1) incl. Ratingen, Neuss, Erkrath und Hilden

2) incl. Eschborn und Kaiserlei

Source: Jones Lang LaSalle

weaker than we envisaged when we started the development of Néo. However the investment market in Paris for prime offices has remained buoyant, enabling us to recycle the proceeds from this property. Hammerson has a substantial pipeline of future development opportunities, both in the retail and office sectors, and the proceeds will be invested in other projects offering good growth potential." pfe

DTZ expands in Switzerland in JVs with Brollet and Seitzmeir

DTZ International said it has signed agreements with Brollet in Geneva and Seitzmeir in Zürich to expand its activities in the country and create DTZ Switzerland.

Brollet, established in 1903, and Seitzmeir, established in 1917, are both well known names with a good reputation in the top segment of the market, it said in a press release. Brollet employs 105 people and manages 550 buildings, 12,000 houses and some 2,000 offices, business space, warehouses and industrial buildings. It offers a complete package of advisory and broker services.

Seitzmeir has 30 employees and realizes 65% of its income from real estate management and 24% from transactions. pfe

State of Hesse assembles commercial real estate portfolio to sell by year end

The German state of Hesse said it has put together a portfolio of real estate that it wants to sell before the end of the year. This consists of 18 commercial properties currently used by various state authorities, including the police presidium in Frankfurt, erected earlier this decade, and the interior ministry building in Wiesbaden, built in the 1960s.

State Finance Minister Karlheinz Weimar announced earlier this year that he had formed an advisory consortium for the sale of state property, which included PricewaterhouseCoopers and CB Richard Ellis. He has scheduled revenues from the sales of €800m in the 2005 budget, and the current portfolio sale is planned to be completed in autumn.

The deal is conceived as a sale-and-leaseback. However, the Immobilien Zeitung newspaper reported that Hesse was unlikely to offer 30-year leases as it had recently entered in a similar transaction for a single civil service property in Frankfurt. PWC and CBRE will execute the transaction, which is planned as a structured bid process. pfe

German residential housing construction costs rise in May

Prices for new residential housing construction in Germany rose 0.7% in May compared to May 2004, while those for new offices increased by 1.1%, new federal statistics office data show.

By contrast, the costs of the external structural work alone fell by a fractional 0.3%/y; assembly and finishing work prices rising however by 1.6%/y. Costs for steel construction rose inordinately, by 11.5%/y due to soaring global prices for raw materials. Heating and warm water equipment costs were up by 6%. pfe

DID sees peak office rents in Frankfurt at €30 sq.m., lower than others in sector

The data company Deutschen Immobilien Datenbank (DID) said first quarter 2005 peak office rents in Frankfurt averaged €30 sq.m., thus calculating them lower than the €34 that many local real estate brokers have measured, the Immobilien Zeitung newspaper reported.

Although this was considerably higher than the €23 sq.m. DID measured for peak Frankfurt office rents in 4Q04, the average for the first quarter slipped slightly to €13.47 sq.m. from the €14.55 sq.m. in 4Q04.

DID is an associate company of the London-based Investment Property Databank. pfe

Buiding society LBS West says run on home savings contracts continues in 1H05

The German savings bank-owned buiding society LBS West said the run on home savings contracts from potential new home owners continued unabated in the first half of the current calendar year. In the first six months of 2005, it closed 233,000 new home savings contracts, worth almost €4.8bn, exceeding the record set for the first six months of 2003.

Marketing board member Gerhard Schlangen said the record numbers brought LBS West market share in home savings contracts its home state of North Rhine-Westphalia up to 46%. Nationwide, LBS West has market share of over one-third, making it the largest company in Germany in the segment. An agglomeration of 11 state building societies, it has over 9.7m customers and no less than 11.7m home savings contracts on book for a total volume of €241.5bn. pfe

PFE COMMENT: German housing companies of all kinds, including, for instance, the foreign-owned Deutsche Annington, GAGFAH and Viterra, are having huge success with playing the pension card in their home sales marketing efforts. We attended a highly professional such road show for Viterra in Frankfurt just last month. LBS West, after reporting a record 2004, said earlier this year that four out of five Germans now saw home purchase as the best way of securing pensions, and young people were showing particular interest in state-subsidised home savings contracts for this reason. It closed 450,000 such contracts last year, around one-third were with individuals under 25 years of age.

Cerberus extends holdings with 1100-apartment portfolio in Berlin-Spandau

The Cerberus group said it had once again added to the stock of apartments by purchasing a portfolio of 1,100

residential apartment units located in Berlin-Spandau from an institutional investor. It had mandated the GSW company to take over the management of these.

Cerberus gave no further details. Both sides had agreement to maintain confidentiality on the price paid. pfe

Vivacon buys 307-apartment portfolio Cologne's Junkersdorf suburb

The listed German real estate company Vivacon AG said it has bought a portfolio of 306 apartments in Cologne on a 10,000 sq.m. property in the suburb of Köln-Junkersdorf. The units, which have aggregate living space of 9,700 sq.m., are close to the Colone sport college.

In an announcement, Vivacon said it intended to sell the apartments on, offering them either to sitting tenants or third parties for individual purchase, or in packages to commercial capital investors. It gave no details of purchase price. pfe

DZ sells €580m pool to J.P. Morgan

DZ Bank, the central bank of the German cooperative system, said it had sold a portfolio of real estate-backed mortgages valued at a nominal €580m to the London arm of the investment bank, J.P. Morgan Ltd. It said the portfolio included 77 individual credits of DZ (Deutsche Zentral-Genossenschaftsbank) and was made for reasons of optimising the total credit portfolio. The transaction was arranged by the DZ mortgage bank subsidiary DG HYP in Hamburg. pfe

Dekabank appoints Waas as new chairman

Dekabank Deutsche Girozentrale, the internationally-operating core bank of the German savings bank system, said its supervisory board has appointed Franz S. Waas, 44, former board member of the landesbank HSH Nordbank AG, as new chairman of its management board. pfe

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FAX TO: PROPERTY FINANCE EUROPE +49 (0) 69 9624 4890