REFIRE
Real Estate Finance Intelligence Report Europe

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Inside REFIRE

REFIRE is a specialised report focused on providing market intelligence and background analysis to finance professionals in German and continental European real estate investment.

Whatever your particular area of specialisation, we think you'll find timely, incisive information within our pages, helping to inform you of the key deals, the numbers, the markets, the players and the people.

The areas we focus on are:

US Funds in Europe
European REITs
German Real Estate Finance
German Non-Performing Loans (NPLs)
Retail Property Funds
Mortgage Securitisation
CMBS/RMBS
Privatisations
Refinancing
Euro-zone Property Financing

REFIRE has an extensive network of contacts in the field of continental European real-estate finance, which enables us to bring you the latest and most relevant news. However, we always want to know more about what's going on in this dynamic sector, so make sure your company is keeping us informed of your moves. Send your media communications to news@refire-online.com for our consideration.

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German open-ended funds sector facing "fresh start" after closures

In many respects, the developments of the last three weeks in the German open-ended funds sector have brought the entire industry to the recognition that it stands at its own Ground Zero – where everything that happens in the industry from now on will refer to May 2012 as the line in the sand, the point of Before and After. There is probably a good future for the industry – but now under new terms and conditions, and with a smaller cast of players, along with a new role to play for the survivors on Germany's financial landscape.

The month of May saw not one, but two, of the industry's heavyweights take the unprecedented step, when faced with the looming deadline of whether to re-open or finally close their frozen funds, of leaving it up to their investors to decide – collectively – on the fate of their investment vehicles. As REFIRE strongly speculated in a recent issue, the likelihood of investors exercising sufficient restraint and not flooding their funds with sell orders into the small window of opportunity offered to them, and as management had hoped they would, was always likely to prove slim.

And so it came about. First, the €6bn giant **SEB Immoinvest** received too many sell orders to be fulfilled from its fund's liquidity, and promptly announced winding-up proceedings. The fund will be dissolved, "to the great regret of management", by 30th April 2017, with shareholders receiving half-yearly payouts from the proceeds of the disposed assets until that date. The first payment to investors is scheduled for this June, with probably 20% of the fund's value being repaid to investors.

Credit Suisse's CS Euroreal likewise opted for a similar "do or die" approach with its investors. With a volume also of €6bn, many analysts had been keen to stress the difference between the two heavyweight funds, principally by virtue of what were rated to be CS Euroreal's higher-quality assets. The fund had also raised its liquidity levels strongly in advance of the showdown, so it was not quite a fore-

Deutsche Wohnen clinches deal to buy BauBeCon for €1.24bn

Listed German residential company-Deutsche Wohnen AG clinched the deal this weekend to buy the Barclays Bank-owned BauBeCon GmbH, along with its 23,500 residential units, for the sum of about €1.24 billion. see page 5

Markets warming again to Gagfah's survival strategy

The share price of listed residential property company Gagfah AG has doubled over the last four months, to the considerable satisfaction of those who saw beyond the wave of bad news weighing the company down over the preceding year, including a hefty lawsuit, see page 6

Pfandbrief banks say no evidence of overheating in residential market

Further confirmation about the ongoing underlying strength of the German residential market come to us in the form of the latest quarterly index published by the VdP Verband deutscher Pfandbriefbanken, the association of see page 14

Corestate Capital sells €100m upgraded Berlin portfolio

The opportunistic Switzerland-based private equity real estate investor Corestate Capital earlier this month completed the sale of a Berlin commercial and residential portfolio for more than €100m see page 16

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Germany/Refinancing

Kintyre Investments secures €50m debt restructuring for Hamburg hotel

REFIRE sat down recently to talk to the senior management team at the small privately-owned boutique advisory business **Kintyre Investments** and learn more about the company's operations. The group is Frankfurt-based, with senior management having set up the group three years ago, all having worked for a number of years with **Royal Bank of Scotland** when the bank was actively financing German property deals.

Kintyre have just completed the debt restructuring of the 241-bed five-star **Sofitel Hotel** in Hamburg, on which the previous lender was **Lloyds Banking Group**. Acting for an offshore private wealth company, Kintyre refinanced a new 50m long-term senior debt facility for the hotel through a German mortgage bank.

Kintyre director **Adam Pearce** said the deal had been "tricky but ultimately satisfying" given the original facility agreement and associated documentation, plus the departure of the original English-speaking lender, and the introduction of a new German bank. It marks the sixth financing deal completed by Kintyre over the past 18 months, with the firm having secured 180m in acquisition or restructuring funding from German finance providers for their international clients. The company now has more than €250m of real estate assets under management, and also maintains a regional office in Oberhausen, where it manages a major retail centre development.

Pearce and fellow director **Paul Shiels** told REFIRE: "We have seen a two-fold increase in our debt restructuring and financing mandates over the past 12 months - largely driven by the reluctance of many international financing institutions to extend expiring facilities. Thankfully the local German lenders are showing a strong determination to continue lending against suitable German investment property, supported by trusted local property and asset managers."

Germany/Residential

Is Prelios planning to sell its German residential portfolio?

Among the residential deals not yet officially in the pipeline, but which may yet find its way to joining the long list of deals this year to satisfy institutional demand, is that involving **Prelios**, previously known as **Pirelli Real Estate**. Officially what is being discussed is Prelios's service platform, but several insiders we've spoken too think it likely that its residential holdings may also yet end up on the block.

Prelios's service platform manages 50,000 of its own apartments as well as 17,000 apartments for third parties, as well as managing 1.8m sqm of commercial space, primarily shopping centres. We reported some months ago here that Prelios was in discussions with German construction group **Bilfinger Berger** about the sale of its asset management platform, but things have gone quiet since.

The service platform has 400 employees and turnover last year was €56.2m