

EUROPEAN REAL ESTATE LOAN SALES MARKET



Q3 2014

A Cushman & Wakefield Corporate Finance Publication



INSIDE THE ASSET MANAGEMENT AGENCIES, THE SO CALLED “BAD BANKS”

Asset management agencies will be key vendors for the next 10 years with almost €264bn of non-core real estate exposure

- C&W Corporate Finance estimates that asset management agencies (AMA) currently have almost €264bn of European gross non-core real estate exposure which reflects c. 45% of the total exposure held by European financial entities
- Nearly 40% of the total gross non-core real estate assets held by AMA relates to Spain, with SAREB accountable for almost the entirety
- 51% of the current non-core real estate exposure of the AMA is secured by residential assets with a further 31% secured by commercial real estate (CRE) assets
- European AMA have completed €96.7bn of deleveraging which equates to c. 27% of the combined exposure that they received initially
- AMA will remain active over the next five to ten years with over €40bn of deleveraging expected in 2015 alone
- C&W Corporate Finance has recorded €54.9bn of closed CRE loan and real estate owned (REO) transactions in 2014 YTD, more than the volume completed in 2012 and 2013 combined
- The UK continues to dominate the market accounting for 37% of closed transactions by volume, with a further 25% and 21% relating to Spain and Ireland respectively
- In addition, C&W Corporate Finance has seen a rise in the number of secondary sales from acquirers of “mega-deals”, and sales of banks in Q3 2014
- Private equity firms continue to take centre stage purchasing 76% of all European CRE loan and REO sales
- With a pipeline of €30.8bn in live sales and €24.0bn in planned disposals, the total volume for 2014 will likely break the €60bn mark

INSIDE THE ASSET MANAGEMENT AGENCIES

C&W Corporate Finance estimates that asset management agencies have almost €264bn of European non-core real estate exposure

C&W Corporate Finance has completed a thorough analysis of ten European asset management agencies (AMA) to determine their combined gross (i.e. face value) non-core real estate exposure and consequently estimate the expected levels of CRE loan and REO sales in years to come. The figures in the report relate to the face value of European CRE loans, residential mortgages and REOs held by **entities which have been set up by European governments to externally receive and then liquidate the “bad” assets of one or more national banks.**

In total, European AMA hold c. **€264bn** of gross non-core real estate assets, which after allowing for loan loss provisions gives a net total of c. €173bn. Overall, the AMA represent c. 45% of the total exposure held by all banks and AMA across Europe, highlighting their significant role within both the current and future deleveraging landscape.

**c. €264bn of
gross European
non-core real estate
exposure held by asset
management agencies**

GROSS NON-CORE REAL ESTATE EXPOSURE OF EUROPEAN ASSET MANAGEMENT AGENCIES

	NAME	COUNTRY	YEAR EST.	ORIGINAL EUROPEAN NON-CORE RE EXPOSURE	CURRENT EUROPEAN NON-CORE RE EXPOSURE	DELEVERAGING TO DATE	% DELEVERAGING COMPLETED
1	NAMA	Ireland	2009	c. €73.4bn	c. €57.2bn	c. €16.2bn	22%
2	EAA	Germany	2009	c. €15.9bn	c. €10.4bn	c. €5.5bn	35%
3	KA Finanz	Austria	2009	c. €3.6bn	c. €0.7bn	c. €2.9bn	81%
4	FMS	Germany	2010	c. €19.7bn	c. €9.7bn	c. €10.0bn	51%
5	UKAR	UK	2010	c. €107bn	c. €70bn	c. €37bn	35%
6	IBRC	Ireland	2011	c. €21.9bn	c. €2.4bn	c. €19.5bn	89%
7	SAREB	Spain	2012	c. €107bn	c. €101bn	c. €5.6bn	5%
8	Propertize	Netherlands	2013	c. €7.4bn	c. €7.4bn	-	0%
9	DUTB	Slovenia	2013	c. €1.3bn	c. €1.3bn	-	0%
10	BES bad bank	Portugal	2014	c. €2.9bn	c. €2.9bn	-	0%

Source: C&W Corporate Finance (Sept 2014)

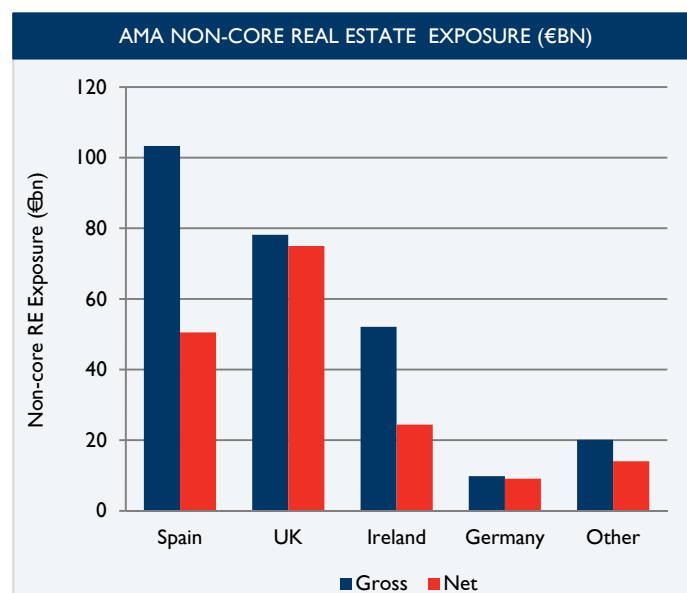
GEOGRAPHY OF EXPOSURE

Winter is coming but Spain will remain hot

Despite disposal activity surging in 2014, Spain still holds nearly 40% of the total gross non-core real estate exposure of AMA in Europe. With SAREB accounting for almost the entirety of this exposure, it will continue to be a key target for opportunistic investors looking to grow their presence in Spain.

Similarly, although the UK and Ireland have been a hive of activity over the past three years, AMA still have a gross exposure of c. €130bn to these markets. Once again, this demonstrates the extent of the initial situation the UK and Irish AMA were faced with.

It is also worth noting that although the AMA have a far greater gross non-core exposure to Spain than to the UK, the net figures show a bigger exposure in the UK. This emphasises that Spain is in an earlier phase of the deleveraging process than the UK and that the non-core assets are more challenging (including development land) than those in the UK, hence the larger loan provisions applied to the gross amounts.



Source: C&W Corporate Finance

EXPOSURE COLLATERAL TYPE

Majority of AMA gross exposure secured by residential assets

It is estimated that 51% of the current non-core real estate gross exposure of the AMA is secured by residential assets, with a further 31% secured by CRE assets and the remaining 18% by developments and land. This large exposure to the residential sector is mostly related to SAREB and UKAR, which received a wealth of mortgages from banks and building societies following the housing market crashes in Spain and the UK respectively.

Furthermore, both banks and AMA have been waiting for positive signs from the housing markets in their respective countries before bringing their mortgage books to the market. In the last three years, there has been only €16.0bn of residential loan portfolios sold. This represents c. 14.6% of the total real estate loans and REOs sold across Europe, albeit many sellers have included residential assets within larger CRE loan portfolio sale.

This further supports the idea that with the commercial real estate markets typically recovering at a quicker rate than the residential markets, entities have concentrated on selling their CRE loan portfolios first.

AMA CRE LOAN & REO SALES TO DATE

Despite a flurry of sales, still a long way to go

To date, the European AMA have completed €96.7bn of deleveraging which equates to c. 27% of the initial combined gross exposure transferred to the entities, highlighting that there is still plenty of work to do. This reduction in non-core assets not only includes loan and REO sales, but redemptions and decreases due to work-out strategies.

The AMA have now cemented their stature as key vendors within the CRE loan and REO market, with C&W Corporate Finance recording c. €35.8bn of AMA sales since 2012. Whilst the likes of Lloyds Banking Group and Hypothekbank Frankfurt dominated the market in 2012 and 2013, the AMA are collectively responsible for c. 53% of total sales volumes to date in 2014.

KEY BUYERS

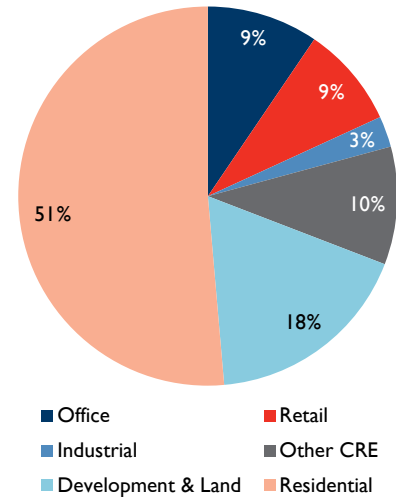
Private equity firms have dominated AMA sales

In general, the list of key buyers of AMA sales is very similar to the list associated with European bank sales. Once again, Lone Star tops the table in terms of face value acquired over the past three years having purchased c. €11.8bn from the AMA, around a third of the total sold.

This is of no surprise, since the US private equity firm has been successful several times over the past year in its bids for loan portfolios from the most active seller of “mega-deals”, IBRC. In fact, Lone Star has purchased almost 60% of all CRE loan and REO portfolios from the Irish asset management agency since it was created. Although no formal relationship exists between the AMA and the investor, past experiences help assure the seller that the buyer has the ability to close transactions successfully.

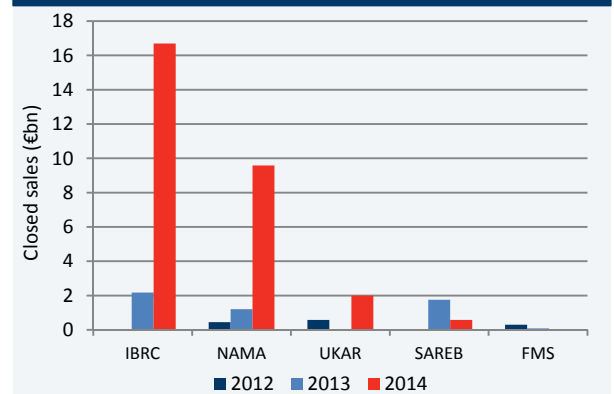
Although the usual large US investors continue to dominate the buyers’ universe, there is a slightly different story in regards to REO sales in Spain and Ireland. As discussed in C&W Corporate Finance’s *European Real Estate Loan Sales Market Report H1 2014*, there has been a rise in the number of Irish and Spanish REITs and local investors. With limits to the volume of loans that they are permitted to acquire, REO sales provide REITs with an alternative method of taking advantage of the offerings being brought to the market by the AMA.

AMA REAL ESTATE COLLATERAL TYPE



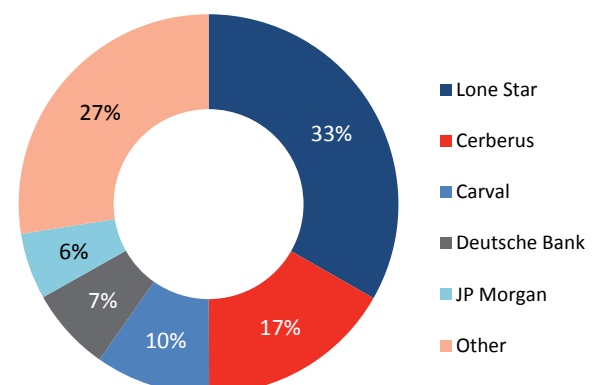
Source: C&W Corporate Finance

EUROPEAN SALES BY TOP 5 AMA (€BN)



Source: C&W Corporate Finance

TOP BUYERS OF AMA CRE LOAN & REO SALES 2012–2014 YTD



Source: C&W Corporate Finance

FUTURE DELEVERAGING OF AMA

DELEVERAGING STRATEGIES

Irish opt for speed whilst Germans more cautious

Despite sharing the same aim, the various European AMA have differing strategies and timeframes based on a number of factors. The most obvious disparities are between the German and Irish AMA. With both governments quick to react to the problems caused by the recession, NAMA and EAA were two of the first asset management agencies to be set up. It appears that the German AMA has chosen to bide its time, having only completed an estimated €5.5bn of real estate exposure deleveraging since its inception in 2009. Although it is currently attempting to offload its remaining Westlmmo loan book, it is clear from its previous failed sale that the AMA is willing to wait for further market recovery and will look to sell assets when the prices are right.

In comparison, the Irish AMA have adopted a much quicker process; NAMA recently accelerated its timeframe for the deleveraging of its remaining assets and IBRC is currently marketing its final three loan portfolios having completed c. €16.7bn of European CRE loan and REO sales in 2014 alone. Evidently this strategy has taken advantage of the recent strong recovery in the Irish real estate market and the associated high demand from investors. However, it also highlights that the cost of capital related to the bailout of the Irish banks is potentially higher than in Germany.

EXPECTED DELEVERAGING

AMA will remain active over the next ten years

With c. 73% of the total original gross exposure transferred to the AMA still to be addressed, the CRE loan and REO sales market is certain to remain highly active over the next five to ten years. With over €40bn of deleveraging expected from the AMA alone in 2015, it is foreseeable that disposal volumes will reach the same levels as 2014. Further ahead, C&W Corporate Finance expects that AMA will still have a combined non-core real estate exposure of over €100bn to be worked-out in 2019 onwards.

In terms of geography, much of the short to mid-term deleveraging will be related to Ireland as NAMA accelerates its disposal timeframe, with the long-term deleveraging associated with Spain. Although SAREB initially planned for a workout period of 15 years, it may reassess its strategy to benefit from current investor sentiment for Spanish assets.

FUTURE AMA

More AMA to be set up following Asset Quality Reviews

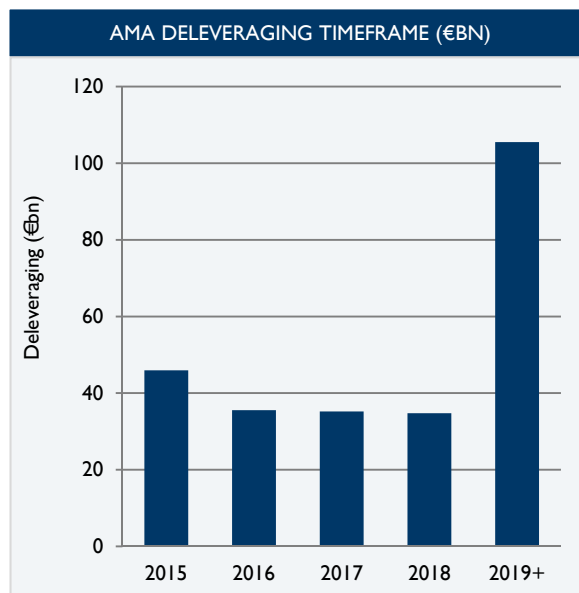
C&W Corporate Finance anticipates that following the completion of the Asset Quality Reviews (AQRs) in October, other AMA may be created across Europe to deal with the rise in non-core assets. Gross non-core real estate exposure in Italy amounts to c. €38bn in comparison to the UK, Ireland and Spain which each have exposure of greater than €100bn. It is therefore probable that Italian banks will be under pressure from the ECB to recognise its problem assets which in turn may lead to some government intervention in the form of a newly created AMA.

As shown in the table of European AMA, Portugal is the most recent country to bailout a failing bank. When Banco Espírito Santo announced significant losses in its interim financial results this summer, the Bank of Portugal stepped in with capital to help form “Novo Banco”, a new bank to hold the performing assets, with the bad assets to be held by a separate entity. This procedure will undoubtedly be seen again elsewhere in Europe in the upcoming year.

REMAINING LIFE OF CURRENT AMA

REMAINING LIFE	# OF AMA	VOLUME
Short-term (1-2 years)	3	€13.5bn
Mid-term (2-5 years)	3	€61.4bn
Long-term (5+ years)	4	€188.6bn

Source: C&W Corporate Finance

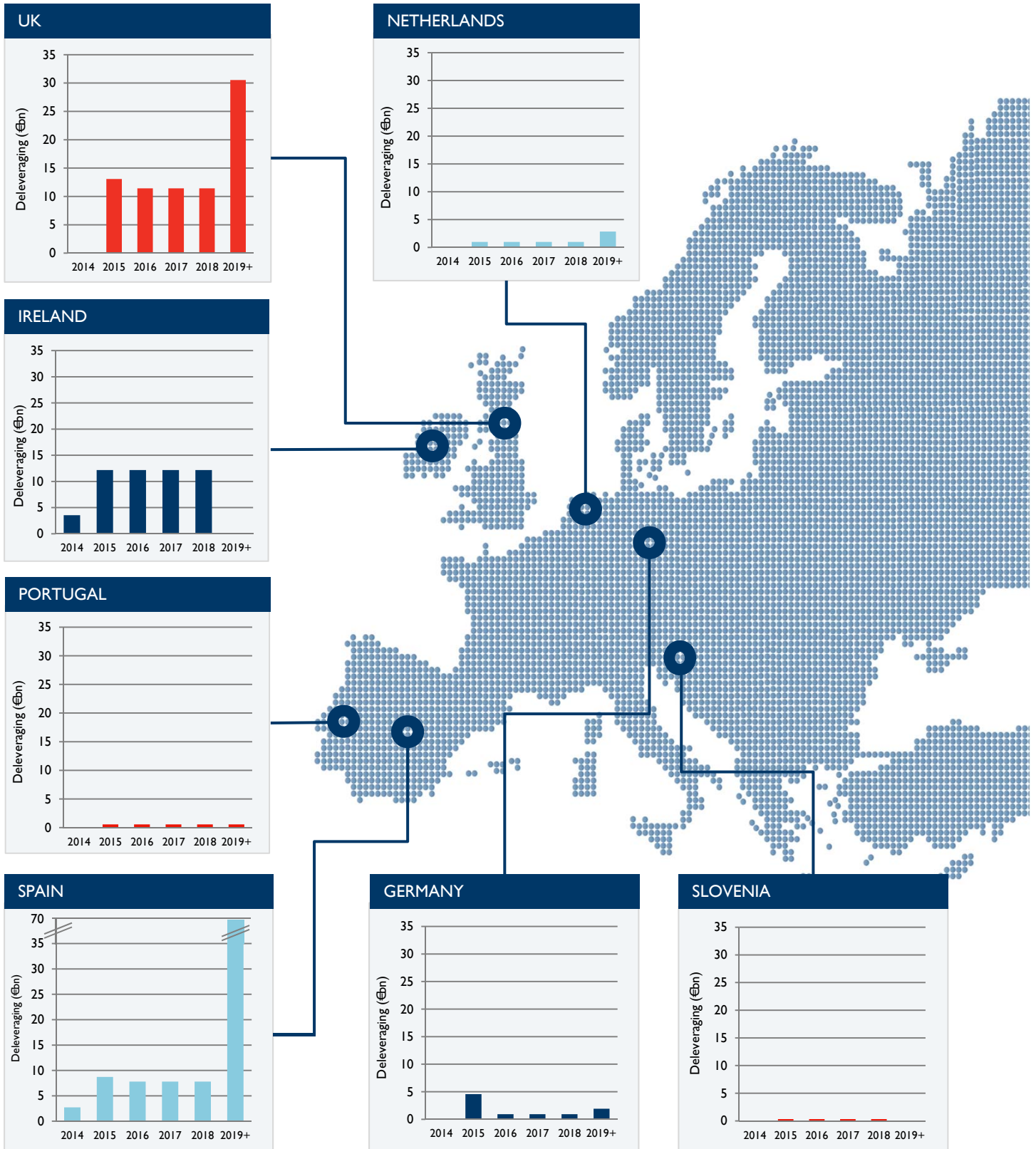


Source: C&W Corporate Finance

“Many European banks will be forced to finally face up to the facts. If they hold troubled assets, they will be required to reclassify them in the upcoming stress tests which in turn may cause a few capital requirement challenges. With the clear success of the Irish and Spanish asset management agencies, other European governments may follow suit in setting up AMA to workout the non-core exposures.”

Federico Montero
Partner, Head of Loan Sales
EMEA Corporate Finance

DELEVERAGING OF CURRENT AMA BY COUNTRY OF GROSS EXPOSURE (€M)



CLOSED TRANSACTIONS 2014 YTD

VOLUMES

Unprecedented levels of activity in the distressed asset market

A total of €14.5bn worth of transactions closed in the third quarter of 2014, bringing the figure for the year to date to €54.9bn. This represents an increase of over 200% on the figures reported for the first three quarters of 2013, highlighting the surge in activity in the loan sales market witnessed over the past 12 months. It is worth noting that the total volume of deals completed over the first nine months of 2014 is more than the combined total recorded for 2012 and 2013.

Whilst Q3 did not prove to be as active as the previous quarter, there were several significant transactions including Project Hercules, the €6.4bn Spanish Residential loan portfolio bought by Blackstone from Catalunya Banc. Following on from Q2, activity remained focussed on Southern Europe with Spain accounting for 54% of activity in Q3.

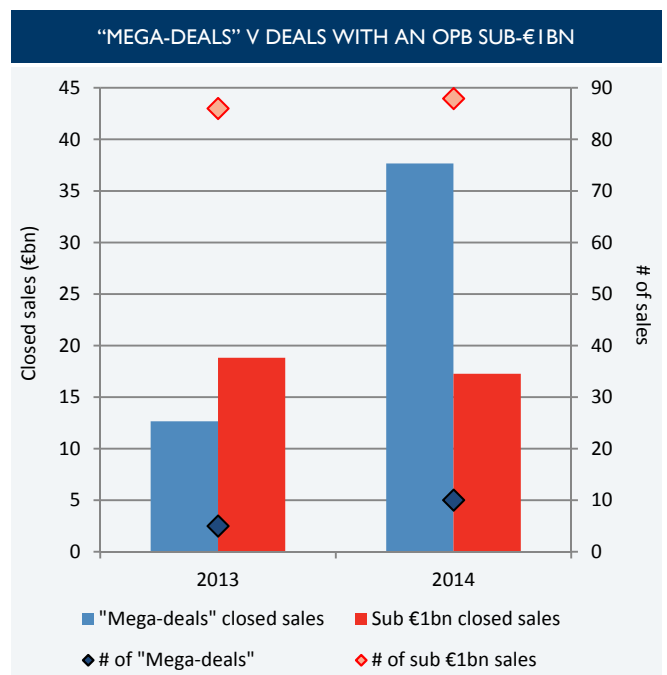
Investors in "mega-deals" bring secondary sales to the market

Q3 has seen a rise in the number of secondary sales coming to the market. Acquirers of "mega-deals" have now switched sides and are bringing smaller repackaged portfolios to the market looking to capitalise on high levels of investor demand. Recent examples include AXA REIM purchasing a c. €800m slice of the former Project Octopus from JP Morgan and Lone Star's sale of Project Woodstock to Oaktree Capital which involved former Eurohypo UK assets.

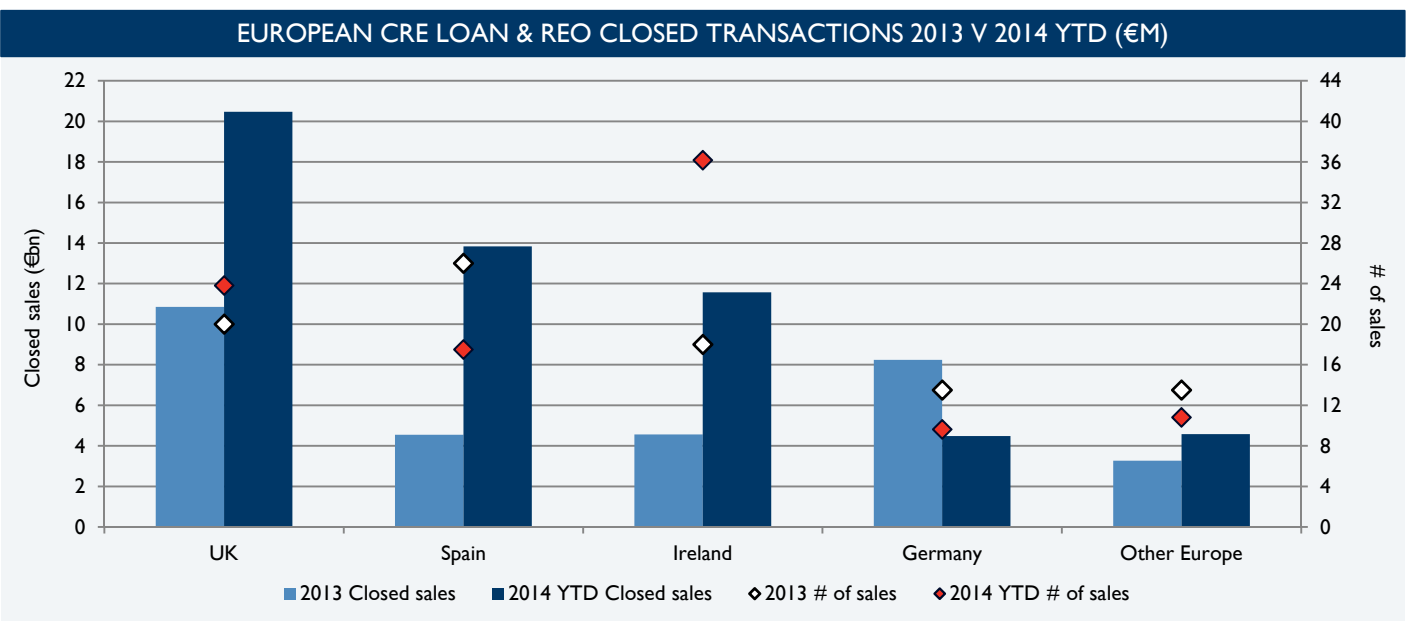
Banks for sale

C&W Corporate Finance has also witnessed several interesting sales of banks this quarter. As discussed, EAA is currently in the process of marketing WestImmo for the second time having failed to find a buyer in 2012. A successful sale will effectively clear EAA of all of its non-core real estate exposure. Further south, a speedy process saw CaixaBank agree to buy Barclays' Spanish operating business for c €1.2bn. Lastly, having been cleaned of its bad assets through the sale of Project Hercules, Catalunya Banc has been sold to BBVA.

€54.9bn of closed transactions during 2014 YTD



Source: C&W Corporate Finance



Source: C&W Corporate Finance

GEOGRAPHY

New geographies attract global capital

Similar to the trends witnessed in the first half of the year, the UK dominated the loan sales market, accounting for €20.5bn of closed transactions – already an 88% increase on figures reported for the 2013. As expected, Spain and Ireland also remained active, with market sentiment having shifted over the past 18 months. Over the year to date, these three countries have been responsible for over 83% of all closed sales. This in part stems from asset management agencies NAMA, SAREB and IBRC which together have acted as vendors for half of all transactions that have closed in 2014 YTD.

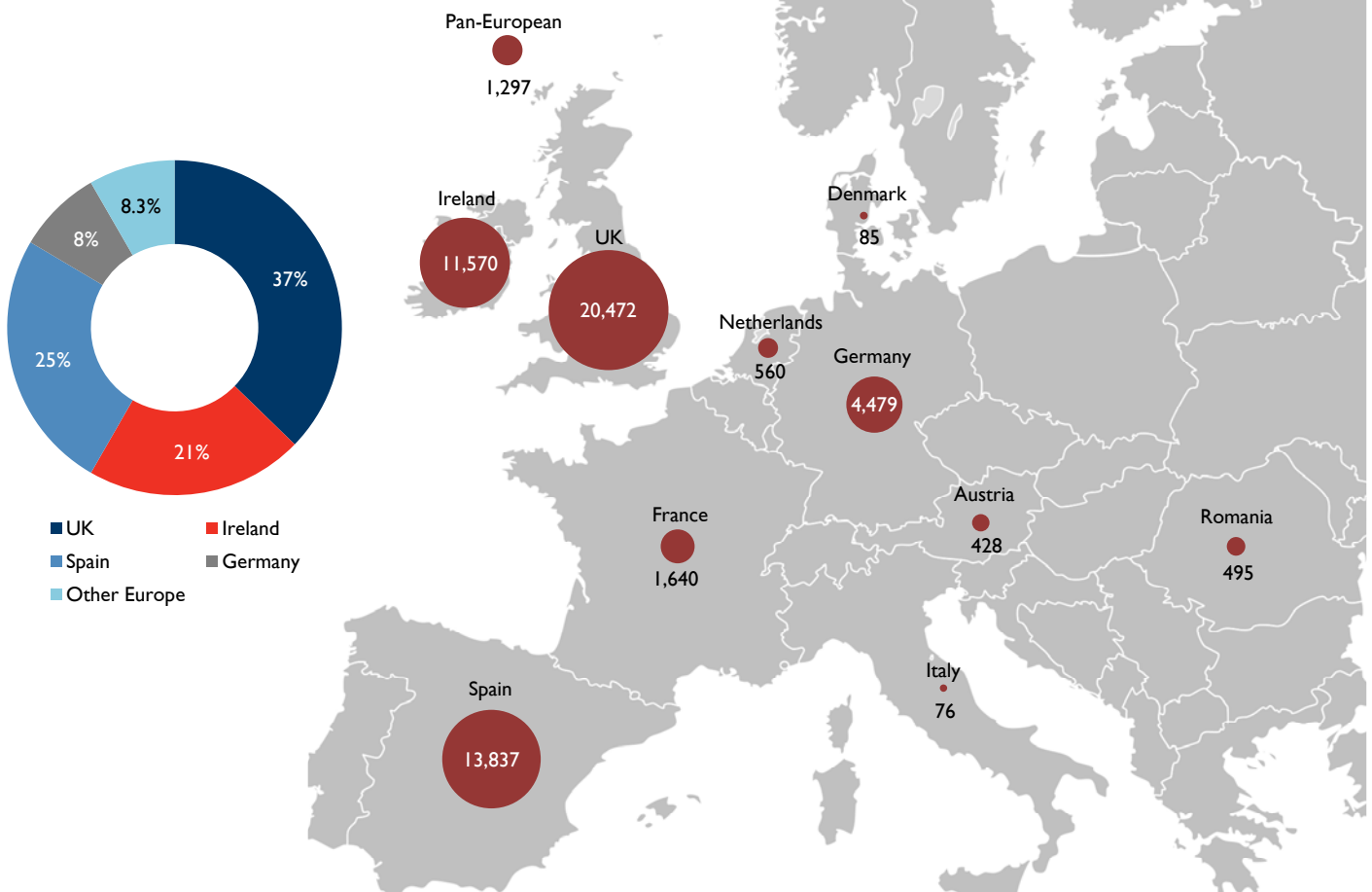
The total reported for Q3 for these three countries was bolstered by UKAR's sale of c. €2bn of UK residential loans to a JP Morgan led consortium, and the sale of part of Project Achill to Lone Star by RBS, c. €550m of Ulster Bank CRE loans secured by properties in Ireland and the UK. Spain and Ireland together currently have over 7 times the amount of live transactions than the UK.

Another notable trend from Q3 is the number of opportunities in markets which have previously experienced very limited or, in some cases, no activity whatsoever. This includes the likes of Denmark, Austria and Romania, suggesting that opportunities are arising further afield. Interestingly, these relatively unknown markets are attracting an increasing amount of global capital, such as European investment banks and US PE firms, rather than being dominated by local players as seen in previous years. Despite growing interest in CEE and Greece, some investors will be sceptical in investing in locations where more challenging legal systems exist.

“Whilst the UK, Spain and Ireland continue to dominate the investment landscape, new geographies are beginning to attract global capital for the first time – a trend that is only set to continue with the ongoing AQRs helping to facilitate the deleveraging process. However, investors will remain cautious in regards to new markets, with the country's legal system being a crucial investment factor ”

Frank Nickel
Partner
Chairman of EMEA Corporate Finance

CLOSED SALES BY GEOGRAPHY 2014 YTD (€M)



KEY BUYERS

Competition intensifies and capital sources broaden

Over the year to date, private equity firms have been by far the most active buyers accounting for 76% of all closed transactions. Since January 2013, PE firms have invested almost twice the amount that has been transacted by every other capital sector. 2014 has seen the likes of Lone Star, Cerberus and Blackstone dominate the headlines, particularly the latter with the acquisition of a €6.4bn Spanish residential loan portfolio from Catalunya Bank.

As long as the pipeline of distressed debt opportunities continues to grow, there is a strong likelihood that PE firms will remain the key players in the NPL landscape due to the size of the deals and the risks inherent in these non-performing assets, making the market inaccessible to many investors.

That being said, competition for deals is increasing with the total number of investors making CRE loan and REO acquisitions doubling between 2012 and 2014. Similarly, the source of capital is broadening.

In particular, publicly listed real estate companies are becoming more active within the sector with the likes of Hibernia REIT and Hispania completing a number of significant acquisitions. In 2014, the listed sector has accounted for c. €1.2bn worth of transactions compared to just €663m recorded over 2013. Following major reforms by the government to the Spanish REIT structure and criteria, existing SOCIMIs have been relatively successful and more are expected to list in the near future. Most notably, Quabit is looking to raise c. €500m for its vehicle, Bulwin Investment, through an IPO in November.

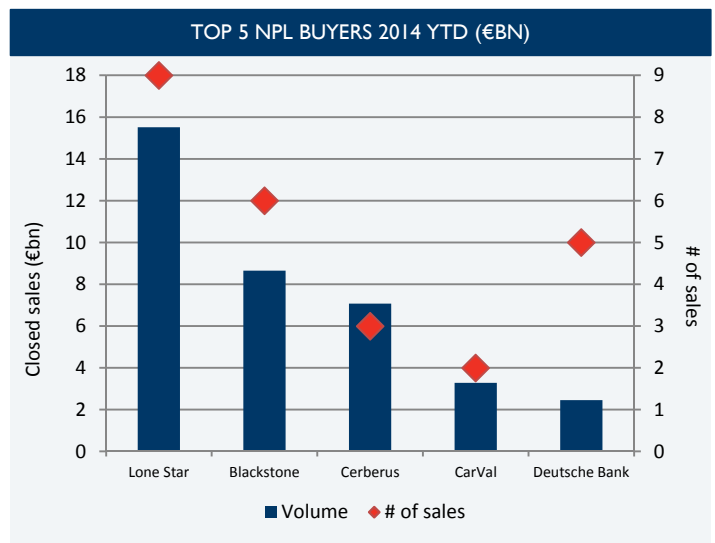
LOAN-ON-LOAN FINANCING

Banks re-enter the Spanish lending market

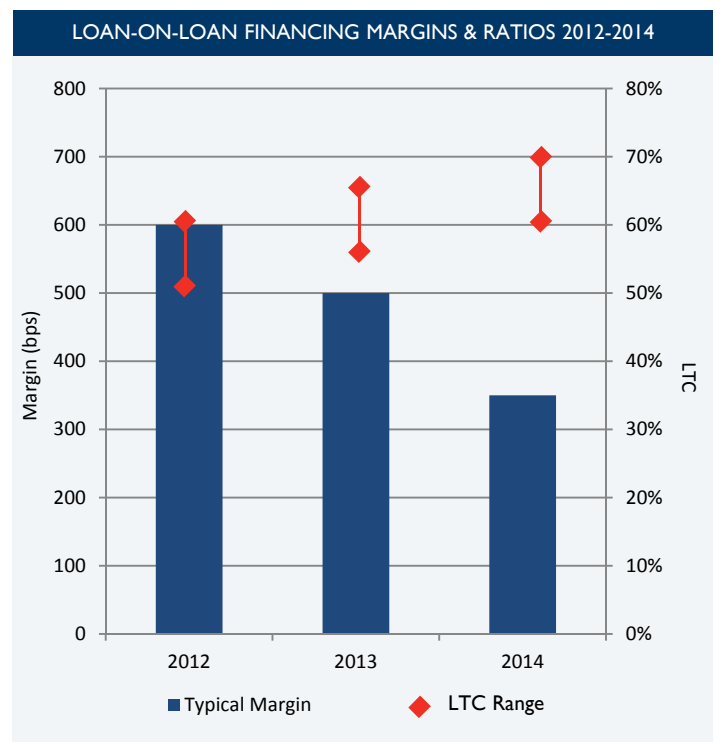
Despite the European CRE loan and REO sales market witnessing its highest level of activity since the recession, the third quarter has been relatively quiet in terms of loan-on-loan financing. Although there are no loan-on-loan deals to note, RBS provided Kennedy Wilson with an aggressive five year loan for its purchase of the Jupiter REO Portfolio from the Fordgate receivers. With an loan-to-cost (LTC) of c. 62% and a margin of 190bps over LIBOR, the deal once again highlights the availability of financing for those investors with existing relationships and a track record.

In the direct lending market, there has been an increase in the availability of financing across Europe, but most notably in Spain where margins of 250bps at 60-65% loan-to-value (LTV) have been observed for core-plus assets. It is the German lenders who have been most active, although Spanish banks are coming back into the picture. They are not yet competitive since they have been out of the market for the past five years and are therefore just beginning to gain a sense of the market again. Once the market becomes more competitive and margins tighten, lenders may look further up the risk curve for higher returns.

PE firms account for 76% of European transactions in 2014 YTD



Source: C&W Corporate Finance



Source: C&W Corporate Finance

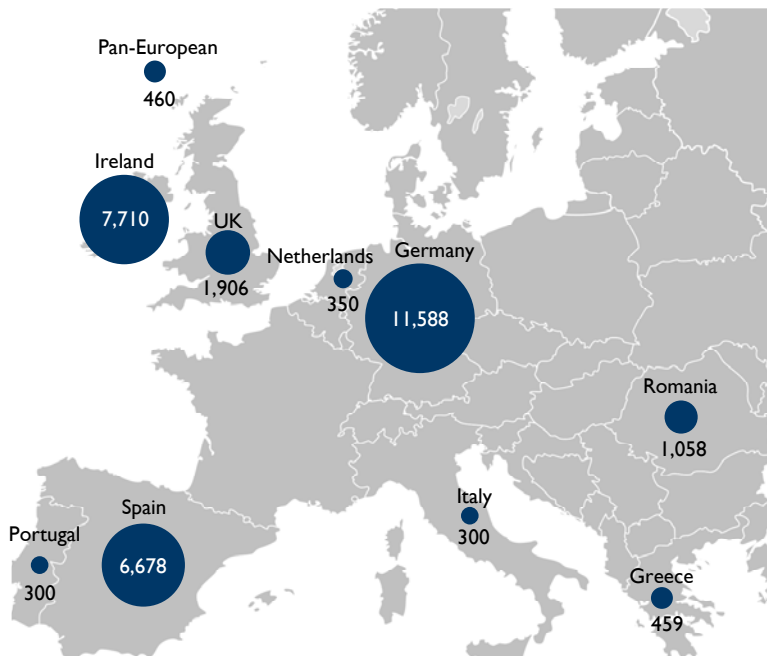
LIVE TRANSACTIONS

Potential to break the €60.0bn mark by FY 2014

C&W Corporate Finance is currently tracking €30.8bn of live CRE loan and REO transactions, which would indicate that the total volume for 2014 will likely break the €60.0bn mark – in line with the forecasts made by C&W Corporate Finance in its *European Real Estate Loan Sales Market Report H1 2014*.

Among the live sales is Ulster Bank's sale of its third Irish non-performing real estate loan portfolio, the €1.7bn Project Aran. It is thought that the trade will be concluded by the end of the year which would make it the second largest loan sale transaction in Ireland in 2014, bringing the total volume of closed transactions in the country to almost three times that recorded in 2013.

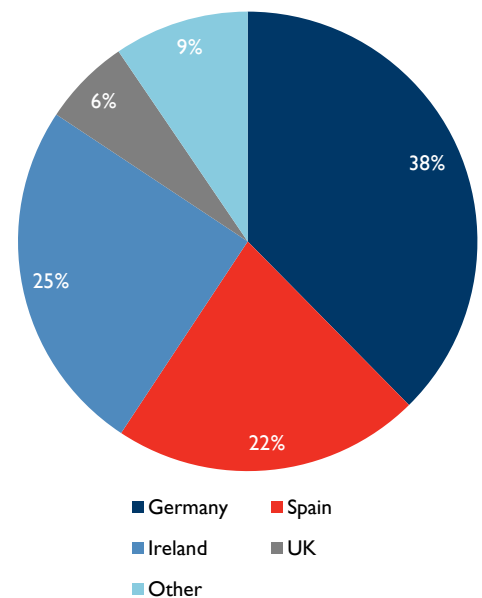
LIVE TRANSACTIONS BY GEOGRAPHY (€M)



Source: C&W Corporate Finance

Currently tracking
€30.8bn of
live sales

LIVE TRANSACTIONS BY COUNTRY



Source: C&W Corporate Finance

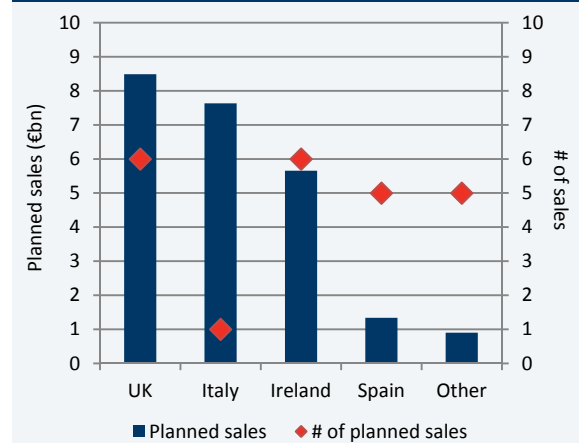
PLANNED TRANSACTIONS

Pipeline of €24.0bn in planned disposals

The final quarter of 2014 will be supported by a substantial pipeline of planned transactions which C&W Corporate Finance estimates has a face value of c. €24.0bn, 35% of which relate to the UK. Anticipated vendors remain similar to those noted in the previous quarter with Permanent TSB expected to bring a c. €6.9bn UK residential loan portfolio to the market in the near future.

This pipeline of disposals will be bolstered by the ongoing AQRs enforced by the European Central Bank, the results of which are to be announced in October 2014. This will likely act as a catalyst in the disposal of non-core assets as many of the 131 reviewed institutions across Europe look to build cleaner balance sheets. Italy, a nation that has only accounted for 0.1% of CRE loan and REO transactions this year, has been cited as one of the countries upon which this will likely have the largest effect. There is huge potential for the volume of disposals across the nation to grow as the property market improves and the opportunities to enter the market increase.

PLANNED CRE LOAN & REO TRANSACTIONS (€M)



Source: C&W Corporate Finance

CLOSED CRE LOAN & REO TRANSACTIONS 2014 YTD

Over €54.9bn of closed transactions

DATE	VENDOR	PROJECT	TYPE	COUNTRY	BUYER	FACE VALUE €M
Jan-14	SAREB	Dorian Portfolio	REOs	Spain	Blackstone	42
Jan-14	Goldman Sachs	Saxony loan	CRE Loans	Germany	Junior lender	47
Jan-14	Hatfield Philips	8,500 unit residential portfolio	REOs	Germany	IN-WEST Partners	268
Jan-14	NAMA	Project Platinum - Pool 1	REOs	Ireland	Blackstone	100
Jan-14	NAMA	Project Platinum - Pool 2	REOs	Ireland	Google	65
Jan-14	NAMA	Central Park	REOs	Ireland	Green REIT plc / Kennedy Wilson	312
Jan-14	NAMA	Project Holly	CRE Loans	Ireland	Lone Star	374
Jan-14	Österreichische Volksbanken	CA Immo debt	CRE Loans	Austria	CA Immo	428
Jan-14	RBS	Electra Dutch Asset	REOs	Netherlands	PPF Real Estate	30
Jan-14	SAREB	Banescos Building	CRE Loans	Spain	Pontegadea	66
Jan-14	SAREB	Project Walls (Indigo)	CRE Loans	Spain	Deutsche Bank / Magic RE	100
Jan-14	Commerzbank	Spanish NPL CRE loans	CRE Loans	Spain	Group of international investors	710
Jan-14	Finansiel Stabiliteit	Project KS II	CRE Loans	Denmark	Davidson Kempner	85
Feb-14	IBRC	Project Rock	CRE Loans	UK, Germany & Europe	Lone Star / Sankaty / Canyon Capital	5,736
Feb-14	IBRC	Project Salt	CRE Loans	UK, Germany & Europe	Lone Star	1,854
Feb-14	Perella Weinberg & Credit Foncier	Coeur Defense	CRE Loans	France	Lone Star	1,640
Feb-14	Danske Bank	D2 Portfolio	REOs	Ireland	Green REIT plc	23
Feb-14	Friends Life	Project Magenta	CRE Loans	Ireland	Carval	60
Feb-14	Portigon	4 Dusseldorf offices	REOs	Germany	Blackstone	350
Feb-14	RBS	Ulster Bank CRE loans	CRE Loans	Ireland	Hibernia REIT	67
Feb-14	UniCredit	German PLs	CRE Loans	Germany	Hansteen Holdings	58
Feb-14	GE Artesia Bank	Dutch residential mortgages	Resi Loans	Netherlands	Venn Partners	500
Mar-14	Credito Valtellinese	Italian NPLs	CRE Loans	Italy	Ares Management	36
Mar-14	IBRC	Project Sand	Resi Loans	Ireland	Lone Star / Oaktree Capital	1,152
Mar-14	Banco Sabadell	115 Avenida America	REOs	Spain	London & Regional	117
Mar-14	IBRC	Project Stone - Tranches 1, 2 & 4	CRE Loans	Ireland	CarVal / Goldman Sachs / Pepper AS	3,219
Mar-14	IBRC	Project Stone - Tranches 3 & 5	CRE Loans	Ireland & UK	Lone Star	1,970
Mar-14	IBRC	Project Stone - Tranches 6 & 7	CRE Loans	UK, Germany & Europe	Deutsche Bank	1,665
Mar-14	IBRC	Project Stone - Tranches 16	CRE Loans	Spain	Northwood Investors	281
Mar-14	LBG	Project Aberdonia	CRE Loans	Europe	Marathon AM	590
Mar-14	IBRC	Project Pebble	CRE Loans	Ireland	Colony Capital	800
Mar-14	Nationwide, RBS & BOI	Hilton Hotels senior debt	CRE Loans	UK	Oaktree Capital	99
Mar-14	Deutsche Bank	Mars Fixed 1 Loan	CRE Loans	Germany	Kildare Partners	828
Mar-14	TAG Immobilien	TAG GI	REOs	Germany	Apollo	297
Mar-14	LBG	O'Flynn Loans	CRE Loans	Ireland	Kildare Partners	100
Mar-14	European Bank	UK mortgage portfolio	Resi Loans	UK	Macquarie	45
Mar-14	Financial institution	Guadalmina Hotel mortgage	CRE Loans	Spain	Hispania Real Socimi	14
Apr-14	RBS & Royal Bank of Canada	Dundrum syndicated debt	CRE Loans	Ireland	NAMA	237
Apr-14	Nationwide	Project Adelaide	CRE Loans	Germany	Oaktree Capital	850
Apr-14	NAMA	Project Eagle	CRE Loans	UK	Cerberus	5,625
Apr-14	NAMA	Project Tower	CRE Loans	UK	Blackstone	1,726
Apr-14	NAMA	Project Tower - Dev. scheme in Cork	CRE Loans	Ireland	Kildare Partners	100
Apr-14	SAREB	Klauss Portfolio	Resi Loans	Spain	Hayfin Capital Management	90
Apr-14	Natixis	Fordgate Portfolio Junior debt	CRE Loans	UK	Kennedy Wilson	149
Apr-14	IVG Immobilien	Dutch light industrial units	REOs	Netherlands	HIG Bayside Capital	30
May-14	LBG	Iveagh Collection	REOs	Ireland	Iput, Knight Frank Investment Managers & Private Irish Inv.	30
May-14	LBG	Project Avon - Fire control centre loans	CRE Loans	UK	Kennedy Wilson	145
May-14	RBS	Project Button - Corbo Loans	CRE Loans	Ireland	Davidson Kempner / Deutsche Bank / Kennedy Wilson	95
May-14	RBS	Project Button - Cosgrave loans	CRE Loans	Ireland	Davidson Kempner	370
May-14	Hypothekbank Frankfurt	Project Octopus	CRE Loans	Spain	JP Morgan / Lone Star	4,400
May-14	NAMA	Project Drive	CRE Loans	Ireland	Patron	228
May-14	Spanish Banks	Castellana 200	REOs	Spain	PSP Investments	140
May-14	Group of lenders	Royal Mint Court	CRE Loans	UK	LRC	104
May-14	Hardwicke Group	Montague House & Hardwicke House loans	CRE Loans	Ireland	Hibernia REIT	18
May-14	Unknown	Chancery Building	CRE Loans	Ireland	Hibernia REIT	16
May-14	Unknown	Hanover Building	CRE Loans	Ireland	Hibernia REIT	20
May-14	Unknown	Windmill Lane	CRE Loans	Ireland	Hibernia REIT	8
Jun-14	Cassa di Risparmio di Ravenna	Italian RE NPLs	CRE Loans	Italy	HIG Bayside Capital	40
Jun-14	Fordgate receivers	Jupiter Portfolio	REOs	UK	Kennedy Wilson	370
Jun-14	NAMA	Portmarnock Hotel & Golf Links	REOs	Ireland	Kennedy Wilson	30
Jun-14	IBRC	Liffey Trust Building	REOs	Ireland	Kennedy Wilson	15
Jun-14	LBG	Project Avon - Remaining loans	CRE Loans	UK	Cerberus	670
Jun-14	SAREB	Project Crossover (partial)	REOs	Spain	Castlelake	80
Jun-14	Lloyds	Quercus Debt slice	CRE Loans	UK	BAWAG	63
Jun-14	Publity	German CRE NPLs	CRE Loans	Germany	Link Financial	213
Jun-14	Elandi	UK CRE whole loan	CRE Loans	UK	Westbrook Partners	39
Jun-14	NAMA	Redwood Portfolio - 2 Grand Canal Sq.	REOs	Ireland	Irish Life	120
Jun-14	NAMA	Redwood Portfolio - Observatory Building	REOs	Ireland	Hibernia REIT	52
Jun-14	NAMA	Redwood Portfolio - Two Dublin props.	REOs	Ireland	Lone Star	41
Jul-14	NAMA	Acorn Portfolio	REOs	Ireland	Varde Partners	170
Jul-14	NAMA	Project Spring	CRE Loans	Ireland	Deutsche Bank	427
Jul-14	Catalunya Banc	Project Hercules	Resi Loans	Spain	Blackstone	6,400
Jul-14	Bankia	Project Screen	SME	Spain	Blackstone	30
Jul-14	NAB	Project Chestnut	CRE Loans	UK	Cerberus	781
Jul-14	RBS / Delancey	Blade Portfolio - East Kilbride SC	REOs	UK	Orion	225
Jul-14	Aviva	Project Tree	REOs	UK	Tristan Capital	191
Jul-14	Barclays	Royal Mint Court loan	CRE Loans	UK	Private Buyer	87
Jul-14	Volksbank Romania	Romanian NPL portfolio	CRE Loans	Romania	AnaCap / HIG Bayside Capital / Deutsche Bank	165
Jul-14	CaixaBank	Building Center REOs	REOs	Spain	TPG	44
Jul-14	Lone Star	Project Woodstock	REOs	UK	Oaktree Capital	350
Jul-14	RBS	Elliot Loans	CRE Loans	Ireland	Kennedy Wilson	75
Jul-14	RBS	Marshes Shopping Centre	REOs	Ireland	Kennedy Wilson	45
Jul-14	LBG	HSQ Loans	CRE Loans	Ireland	Marathon AM	120
Aug-14	NAMA	Orange portfolio	REOs	Ireland	Irish Residential Properties REIT	211
Aug-14	RBS	Silverbird Portfolio	REOs	UK	Colony Capital	97
Aug-14	SAREB	Project Pamela	Resi Loans	Spain	Canyon Capital Advisors	198
Aug-14	Santander / Barclays	San Jose Debt	CRE Loans	Spain	Bank of America Merrill Lynch / Opportunistic fund	325
Sep-14	JP Morgan	Project Octopus - performing debt slice	CRE Loans	Spain	AXA REIM	800
Sep-14	UKAR	UK residential mortgage portfolio	Resi Loans	UK	JP Morgan led consortium	2,000
Sep-14	Bank of Cyprus	Project Avenue	Resi Loans	UK	Mars Capital	361
Sep-14	Permanent TSB	Capital Home loans	Resi Loans	UK	Unknown	215
Sep-14	RBS	Project Achill - Pool A	CRE Loans	Ireland & UK	Lone Star	550
Sep-14	RBS	Project Achill - Pool B	CRE Loans	Ireland	Kennedy Wilson	45
Sep-14	RBS	Project Achill - Pool D	CRE Loans	UK	Davidson Kempner	91
Sep-14	RBS	Project Achill - Pool F	CRE Loans	UK	Bank of Ireland	111

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LIVE CRE LOAN & REO SALES 2014

Currently tracking €30.8bn of live transactions

VENDOR	PROJECT	TYPE	COUNTRY	FACE VALUE €M
Unknown	Project Sun	CRE Loans	Spain	205
Credit Agricole	NPL / CRE	CRE Loans	Greece	459
German Instit.	German Resi & CRE NPLs	CRE Loans	Germany	213
Danske Bank	Project Circle	REOs	Ireland	100
ING	Zwolle office tower loan	CRE Loans	Netherlands	90
Bayerische Landesbank	Gherkin	REOs	UK	805
IVG Immobilien	Dutch offices and shopping mall	REOs	Netherlands	70
RBS / Delancey	Blade Portfolio - Mander Centre	REOs	UK	50
Banco Sabadell	Spanish CRE loan portfolio	CRE Loans	Spain	1,000
Unknown	Project Antler	CRE Loans	UK	106
Bankia	Project Sky	CRE Loans	Spain	430
Volksbank Romania	Project Donau - CRE loans	CRE Loans	Europe	160
Volksbank Romania	Project Donau - REOs	REOs	Europe	160
Volksbank Romania	Project Donau - Corporate loans	Corporate Loans	Europe	140
Banque de Commerce et de Placement (BCP)	Project Twins	CRE Loans	Portugal	300
HSH Nordbank	Spring property portfolio	REOs	Netherlands	70
Cariparma	Italian Mortgage Book	Resi Loans	Italy	100
SAREB	Project Magnum	REOs	Spain	70
Bankia	Project Lake	REOs	Spain	624
NAMA	Venue Portfolio	REOs	Ireland	30
Bank of Ireland	Project Shannon / Capital Collection	REOs	Ireland	123
SAREB	Project Kaplan	Resi Loans	Spain	1,000
Bankia	Project Amazona - Hotel tranche	CRE Loans	Spain	371
Bankia	Project Amazona - Corporate loans	Corporate Loans	Spain	431
RBS	Project Herald	REOs	UK	125
UKAR	UKAR resi portfolio	Resi Loans	UK	1,875
NAMA	Project Parks	REOs	Ireland	110
NAMA / Danske Bank / LBG	Project Cherry	CRE Loans	Ireland	220
RBS	Project Achill - Pools C & E	CRE Loans	Ireland & UK	168
CaixaBank	Port portfolio	CRE Loans	Spain	120
CaixaBank	Bridge Portfolio	CRE Loans	Spain	800
EAA	Westlmmo	CRE Loans	Germany	10,400
Permanent TSB	Springboard Mortgage business	Resi Loans	Ireland	466
IBRC	Project Amber	Corporate Loans	Ireland	675
RBS	Project Nadal	CRE Loans	Ireland	200
Spanish bank	Project Toro - Secured	CRE Loans	Spain	601
KBC / Volksbanken / Bank of Cyprus	Romanian CRE loan	CRE Loans	Romania	80
LBG	Project Paris	Resi Loans	Ireland	1,100
RBS	Project Terry	REOs	Germany	125
SAREB	Project Rita	CRE Loans	Spain	96
LBG	Project Spectrum	REOs	Ireland	120
LBG	Project Parasol	SME	Ireland	2,000
RBS	Project Aran	CRE Loans	Ireland	1,700
Archon Group	Project Wagner	CRE Loans	Germany	650
Barclays	Lilientarre Shopping Centre	REOs	Germany	200
Lone Star	Ocean Portfolio	REOs	UK	269
Unknown	San Donato Office	REOs	Italy	200
FMS Wertmanagement	Project Mars	CRE Loans	Netherlands	120
Aviva	Project Titan	REOs	UK	325
Bank of Cyprus	Project Ariadne	CRE Loans	Romania	545
Erste Group	Project Saturn	CRE Loans	Romania	433

Source: C&W Corporate Finance

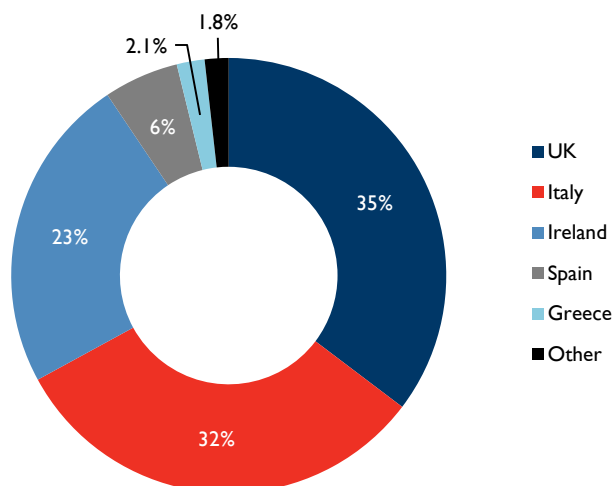
PLANNED CRE LOAN & REO SALES 2014

A further €24.0bn of planned disposals in the pipeline

COUNTRY	VOLUME	% OF TOTAL VOLUME	# OF SALES
UK	8,488	35.3%	6
Italy	7,630	31.7%	1
Ireland	5,655	23.5%	6
Spain	1,338	5.6%	5
Greece	500	2.1%	1
Netherlands	250	1.0%	2
Portugal	150	0.6%	2
germany	25	0.1%	2

Source: C&W Corporate Finance

PLANNED SALES BY GEOGRAPHY (€M)



Source: C&W Corporate Finance

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EXPECTATIONS

AMA to remain key sellers for the next ten years

- AMA will remain key vendors in the CRE loan and REO market over the next ten years and are expected to complete deleveraging of over €40bn in 2015 alone
- SAREB could look to accelerate its deleveraging process to benefit from the current high levels of investor demand in Spain
- It is anticipated that there will be an increase in the volume of residential loans as the AMA look to clear the remainder of their loan and REO portfolios
- Several other countries may follow the success stories of Ireland and Spain in setting up an AMA, with the most likely nation being Italy
- Spain will remain a key target for investors in the near future, although Italy, CEE and Greece may provide alternative opportunities higher up the risk curve
- Further secondary sales will come to the market from those investors who acquired “mega-deals”, including Lone Star and Cerberus
- C&W Corporate Finance estimates that CRE loan and REO sales will reach the €60bn mark as predicted in its *European Real Estate Loan Sales Market Report H1 2014*.

About the Report

The research was conducted by C&W Corporate Finance, with support provided by C&W offices in all the major European countries including France, Germany, Italy, the Netherlands, Portugal, Spain and Ireland (the latter through C&W's alliance partner, Lisney). For more information on the data or any particular transactions, please contact the C&W Corporate Finance Loan Sales team.

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