

EUROPEAN REAL ESTATE LOAN SALES MARKET

A C&W Corporate Finance Publication



Q4 2014



KEY HIGHLIGHTS

Record-breaking year sees €80.6bn of CRE loans and REOs transact as US capital remains hungry for European distressed assets

- C&W Corporate Finance has recorded a staggering €80.6bn of closed European commercial real estate (CRE) and real estate owned (REO) transactions in 2014, over 2.5x the volume recorded for 2013.
- Driven by investor interest and vendors accelerating deleveraging, 2014 was the year of the “mega-deal”. 16 transactions in excess of €1bn were recorded which accounted for 62% of the annual volume.
- Spain had a “Herculean” year while investor interest in the UK and Ireland remained solid as a “Rock” with the geographical pattern of sales in 2014 continuing in the same vein as previous years.
- Asset management agencies were key vendors in 2014, responsible for 41% of closed transactions in 2014 compared to 17% in 2013. IBRC and NAMA alone accounted for 36% of the total volume closed for 2014.
- Europe continues to be awash with US capital which was associated with acquiring 77% of all opportunities by face value in 2014, up from 67% in 2013.
- A substantial pipeline of €21.7bn in live sales is currently being tracked with 10 and 11 transaction being marketed in Ireland and Spain respectively. Both countries will remain highly active over the next twelve months driven by a continual recovery of the property market and the economy in general.
- With IBRC almost completing its deleveraging process, NAMA and SAREB will have important roles going forward.
- C&W Corporate Finance anticipates that the volume of closed CRE loan and REO transactions in Europe will be in the region of €60-70bn in 2015.

CLOSED TRANSACTIONS 2014

VOLUMES

A record-breaking year sees over €80.6bn of CRE loans and REOs change hands as US capital floods the European market

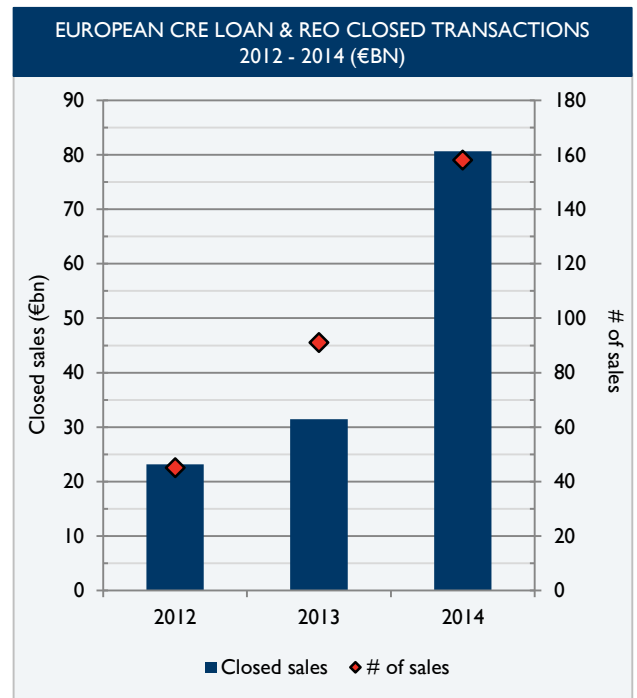
With both investors and vendors eager to meet their annual targets, the European CRE loan and REO market was a hive of activity in the final quarter of the year. Resultantly, C&W Corporate Finance estimates that over €23.9bn of transactions completed in Q4, bringing the annual closed total to an incredible €80.6bn. To put a record-breaking 2014 in perspective, this represented growth of 156% on the volume for 2013 with an increase of over €26bn on the totals for 2012 and 2013 combined.

Whilst an array of geologically named projects from IBRC dominated the start of 2014, volumes in the final quarter were boosted by UK lenders who together accounted for 59% of all sales by face value. The largest of these deals saw Cerberus acquire the €5.6bn Project Aran, an upsized Irish and UK real estate loan portfolio sold by RBS which is looking to accelerate its disposal of its legacy Ulster Bank loan book. A partnership between CarVal Investors and Goldman Sachs also won several processes, together buying around €3bn of Irish CRE loans from Lloyds Banking Group and IBRC. Although not the largest transaction, Cerberus also bought the c. €970m Project Mermaid from the Danish “bad bank” Finansiel Stabilitet, highlighting how activity has spread throughout Europe.

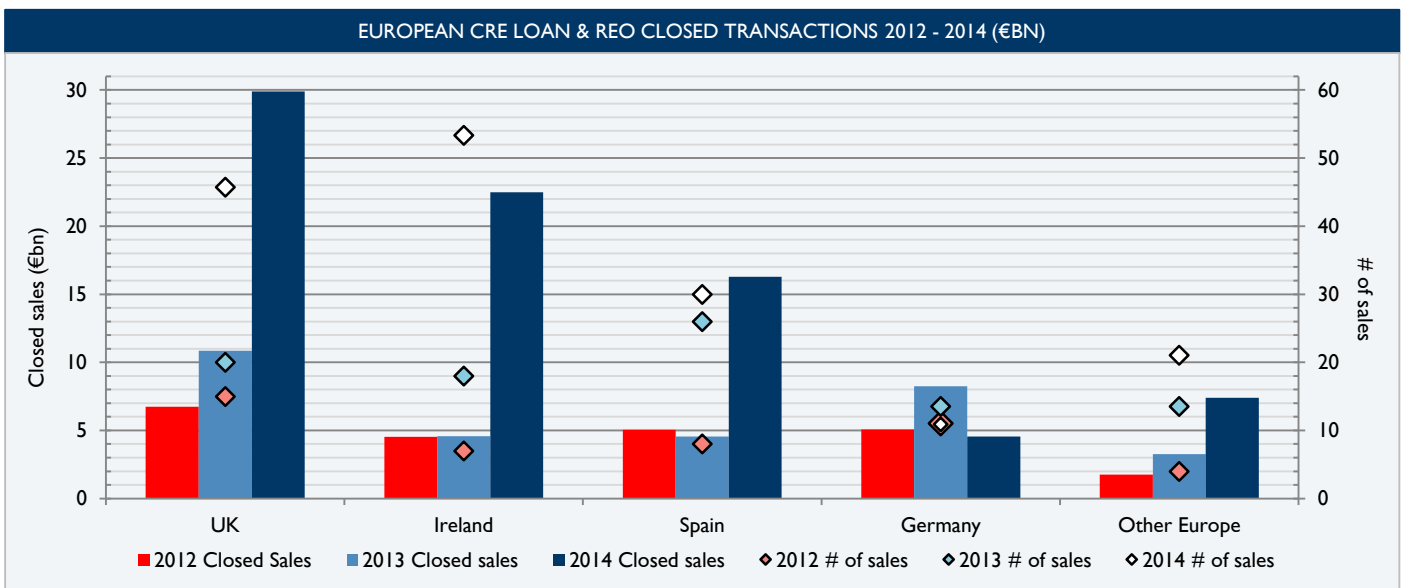
2015 off to a buoyant start

Although it is anticipated that it will be difficult for 2015 closed volumes to reach the €80bn mark, there have been early signs in the first few weeks of January that investors remain hungry for distressed European assets. C&W Corporate Finance has already recorded €2.7bn of closed sales with approximately a third attributed to NAMA, affirming its intentions to accelerate its wind-down. With IBRC disposing of almost a quarter of the 2014 total, 2015 will be dependent on the activity of the likes of NAMA and SAREB to feed the demand for European opportunities.

Over €80.6bn of closed transactions during 2014



Source: C&W Corporate Finance



Source: C&W Corporate Finance

SIZE

2014 - Year of the “mega-deal”

As first highlighted by C&W Corporate Finance in its **European Real Estate Loan Sales Report H1 2014**, there was a surge in the number of “mega-deals” (those deals with a face value of over €1bn) coming to the market in 2014. With investors looking to deploy the huge amount of capital raised and vendors taking advantage of positive sentiment around recovering real estate markets, a total of 16 “mega-deals” were brought to the market throughout the year. By face value, “mega-deals” accounted for 62% of the annual volume, emphasising the significant impact these portfolios have had on the European market.

In comparison with former years, this was a far greater number than the 7 and 5 sold in 2012 and 2013 respectively. Furthermore, the average size of CRE loan and REO sales has increased from €346m to €510m in 2014 with many smaller investors being “sized-out” of the larger loan portfolio sale processes.

This increase bucks the trend set between 2012 and 2013, whereby the average size decreased as lenders brought smaller portfolios to the market in an attempt to appeal to a wider range of potential investors and to consequently increase competition. However, as European banks and asset management agencies (AMA), the so called “bad banks”, look to accelerate their deleveraging programmes and benefit from rebounding property performance, larger sales have become a more attractive proposition.

TYPE OF SALE

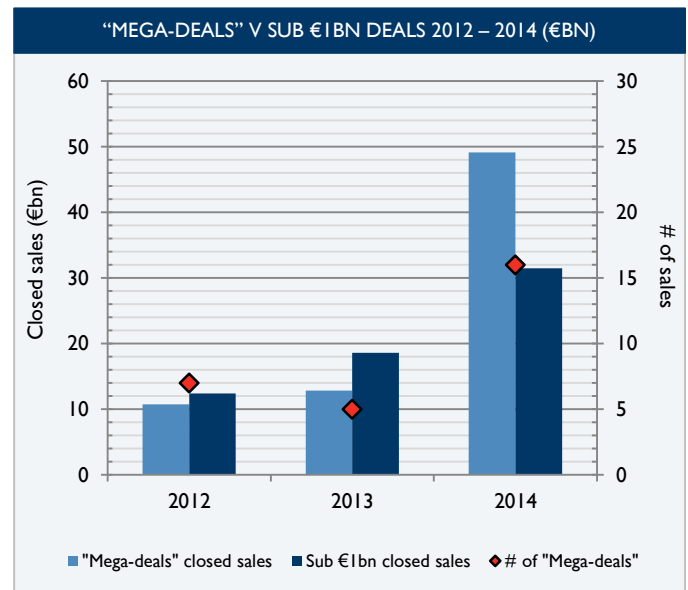
CRE loan sales continue to lead the way

Once again, the majority of the total volume closed in the European market has been secured by commercial real estate, accounting for €56.2bn or c. 70% of all sales. This is far from surprising given that commercial property tends to have a higher capital value than residential property and given that CRE loans appeal to a wider range of investors than more granular and difficult residential mortgage portfolios.

More REOs to come in 2015

Although REO sales have decreased as a percentage of the total, in absolute terms there has been an increase in the volume transacted. Improving CRE capital values has given lenders the ability to offload distressed assets on their balance sheets at a more attractive price than a few years ago. For this reason, it is anticipated that more and more REOs will come to the market in 2015, particularly in Italy. It is also worth noting that improving property markets may also lead to more borrowers being able to exit their debt positions through the sale of assets.

There was also a notable jump up in the volume of residential loan portfolio sales in 2014, boosted by Project Hercules from Catalunya Banc and a €2bn sale by UKAR which together accounted for 62% of the total. Having first disposed of their better quality CRE loan portfolios, vendors are now looking to dispose of residential portfolios, spurred on by active lenders looking to regrow their mortgage books.



Source: C&W Corporate Finance

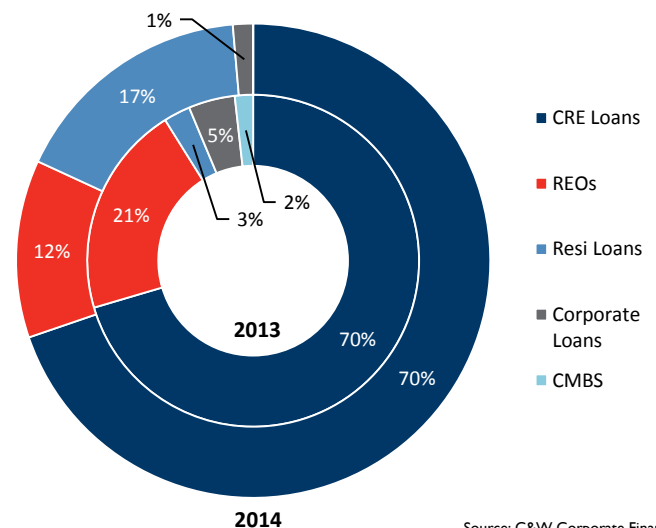
“All records have been broken in 2014. The €80.6bn of sales recorded highlights the full extent of the troubled assets European lenders have had to deal with since the crash and also the vast amount of US capital still hungry for these distressed opportunities.”

Frank Nickel

Partner

Chairman of EMEA Corporate Finance

CLOSED TRANSACTIONS BY TYPE 2013 v 2014



Source: C&W Corporate Finance

GEOGRAPHY

Spain has a “Herculean” year while investor interest in the UK and Ireland remains solid as a “Rock”

The geographical pattern of sales in 2014 continued in the same vein as previous years. Once again the UK and Ireland led the way, together accounting for almost two thirds of the total closed volume in 2014 and sales increasing YOY by 175% and 393% respectively. In addition, the closed volume in the UK fell just shy of the c. €31bn recorded for Europe as a whole in 2013.

Furthermore, the total closed volume in Spain almost quadrupled annually with sales from SAREB and Catalunya Banc boosting the total. Despite a record-breaking year for Spain, it inevitably lags the UK and Ireland on the deleveraging curve having started its work-out process at a later date.

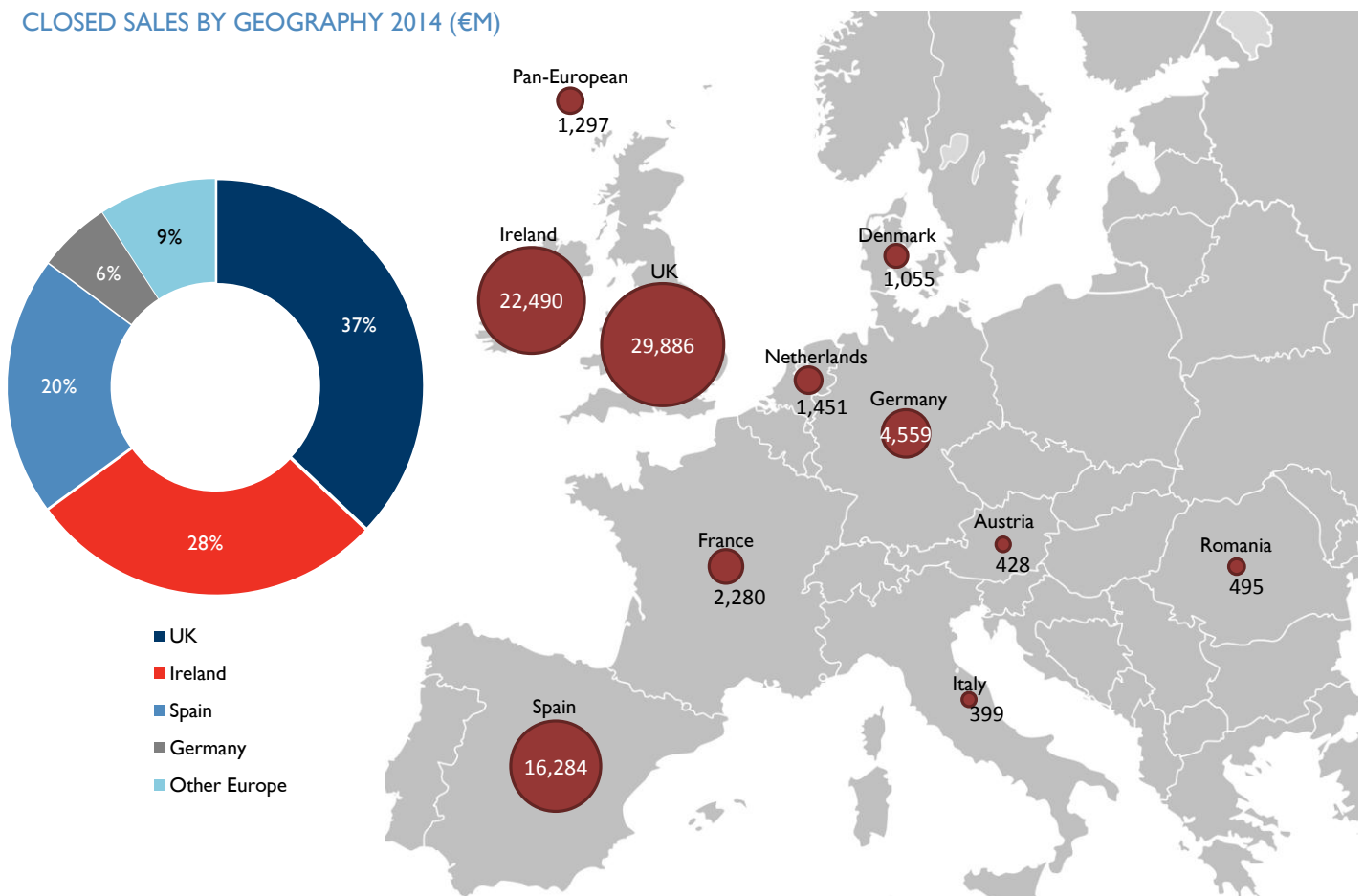
A notable exclusion from the list of most active markets is Germany, with its closed sales decreasing by 45% in comparison to 2013. With most banks prioritising the resolution of their most problematic portfolios first, it is of no surprise that activity in Spain and Ireland has outweighed that of Germany in 2014. In addition, many lenders will see a continually improving German real estate market as an opportunity to avoid or minimise the write-down of their loan portfolios.

2014 has seen a number of transactions completed in markets further afield in Europe, but the total volume has not been as great as some may have anticipated. Many investors will currently view opportunities in the CEE as too far up the risk curve especially when the key markets continue to provide a steady flow of product. However, with IBRC close to completing its deleveraging and Lloyds and RBS rapidly working-out their loan portfolios, it may be expected that southern and eastern Europe may play a more crucial role in 2015.

“As in previous years, the UK and Ireland took centre stage in 2014 with both markets recording staggering volumes of closed transactions. However, with activity levels from key vendors such as Lloyds and RBS expected to slow in 2015, lenders in southern and eastern Europe may have a gap to bring more product to the market and take advantage of a wealth of US capital chasing distressed opportunities in Europe.”

Federico Montero
Partner, Head of Loan Sales
EMEA Corporate Finance

CLOSED SALES BY GEOGRAPHY 2014 (€M)



Source: C&W Corporate Finance

KEY VENDORS

From “Rocky” beginnings to a “Pearly” end

Leading the way by some margin, the largest vendor of European CRE loan and REO transactions was IBRC which alone accounted for 23% of closed transactions. This is the result of the sale of 5 “mega-deals” completed throughout the year, with the most recent being the disposal of the €1bn Project Quartz to CarVal Investors and Goldman Sachs in December. The currently marketed c. €0.65bn Project Pearl is set to be the final sale from the entity, meaning 2015 volumes will be reliant upon other vendors.

NAMA accelerating its wind-down

Cementing their position and importance as vendors in the market, asset management agencies (AMA) were responsible for 41% of completed sales in 2014 compared to just 17% in 2013. Continuing in Ireland, NAMA closed 16 transactions with a combined face value of over €10bn, 8.4 times the volume recorded in 2013. This is unsurprising given its plan to accelerate its wind-down in a bid to take advantage of the recovering Irish property market. Its closed volume was heavily bolstered by the sale of the €5.6bn Project Eagle, their biggest single transaction to date. With a string of transactions currently on or being prepared for market and its recent announcement to reduce staff by 66% by the end of 2016, the Irish AMA is set to remain a key vendor in 2015.

UK Banks amongst the action

Once again, UK lenders have continued to deleverage their non-core portfolios in 2014 together accounting for c. 29% of the annual total volume. The most notable was RBS who managed to dispose of €9.6bn of CRE loans and REOs from its internal “bad bank”, RBS Capital Resolution. C&W Corporate Finance estimates that this accounts for approximately 38% of the total gross non-core real estate exposure held by the UK bank at the start of 2014. A further €5.8bn of sales came from Lloyds Banking Group who will be looking to complete its deleveraging in the near future.

Plenty of opportunities to come from SAREB

As in Ireland, Spain has seen a similar recovery in real estate values. As a result, Spanish vendors are responsible for 12% of all 2014 sales. Although absent from the top 10 vendors list by volume, SAREB completed 11 deals in 2014, as many as Lloyds Banking Group. Furthermore, the Spanish Asset Management Agency has disposed of over €1bn of CRE loans and REOs since the beginning of December 2014, highlighting its intentions going forward in 2015.

As C&W Corporate Finance highlighted in its *European Real Estate Loan Sales Report H1 2014*, Spain is in an earlier stage of its deleveraging cycle than both the UK and Ireland. Time is required by an AMA to setup, assess the portfolios of assets it has received, and to develop a stratified sales programme. When analysing NAMA’s and SAREB’s deleveraging patterns, both can be seen to have low volumes of sales in the first two years since their respective inceptions. NAMA sold a combined total of €1.7bn in 2012 and 2013, far less than in 2014 which saw a strong recovery in the Irish real estate market.

Now that SAREB enters its third year of existence, it may be anticipated that it may look to speed up its disposal process as the Spanish property market continues to improve in 2015.

IBRC & NAMA account for c. 36% of the total closed volume in 2014

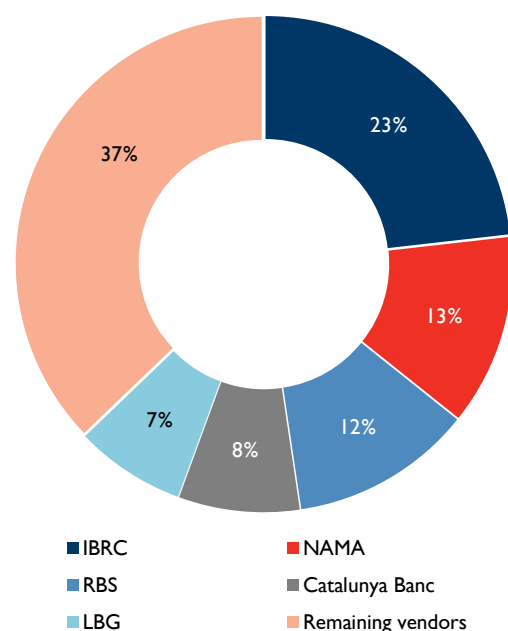
TOP 10 VENDORS 2014

	VENDOR	CLOSED SALES (€M)	#
1	IBRC	18,704	9
2	NAMA	10,101*	16
3	Royal Bank of Scotland	9,612*	16
4	Catalunya Banc	6,400	1
5	Lloyds Banking Group	5,842*	11
6	Hypothesenbank Frankfurt	4,400	1
7	National Australia Bank	2,391	2
8	Nationwide	2,152	3
9	UKAR	2,000	1
10	Bankia	1,660	6

* Note: Includes transactions with other vendors

Source: C&W Corporate Finance

VENDORS OF CLOSED SALES 2014



Source: C&W Corporate Finance

INVESTOR LEAGUE TABLE 2014

Cerberus tops the C&W Corporate Finance Investor League Table 2014, acquiring over €17bn of European CRE loans and REOs

As in 2013, Cerberus led the flock of investors chasing European CRE loan and REO opportunities, finishing 2014 with a flourish of activity to gain the top spot. In fact, the US private equity firm closed 6 deals in the final three months to account for 41% of the volume transacted in Q4 and almost 22% of the annual total. Not too far behind with a further 20% was Lone Star, who dominated the Irish headlines at the start of year with several IBRC purchases and led the league table for the majority of the year.

Third place was taken by Blackstone who acquired €8.7bn of CRE loans and REOs over 7 transactions in 2014, a total which would have comfortably topped the league table in 2013. The CarVal and Goldman Sachs partnership also had a late surge to come fourth, acquiring c. €3bn of Irish CRE loans from IBRC and Lloyds. Finishing off the top five is JP Morgan, who purchased two large performing loan portfolios in a bid to strengthen its European lending presence.

As demonstrated by the league table, 2014 has once again been a show of the immense capital raising power of large US private equity firms.

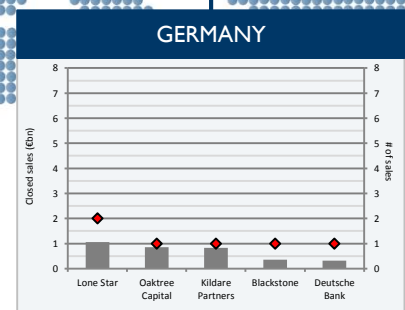
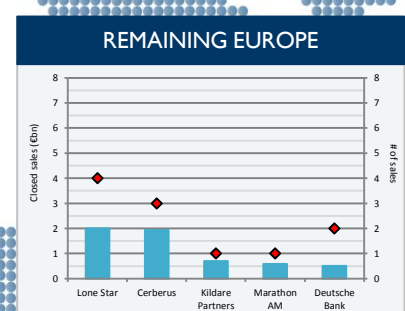
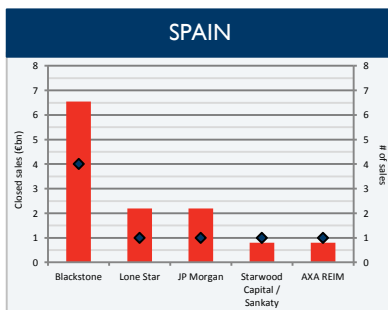
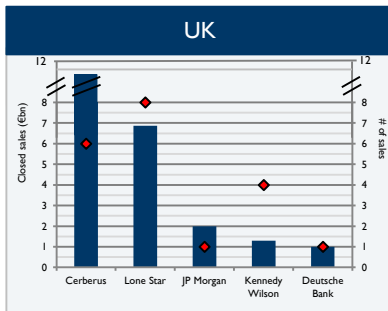
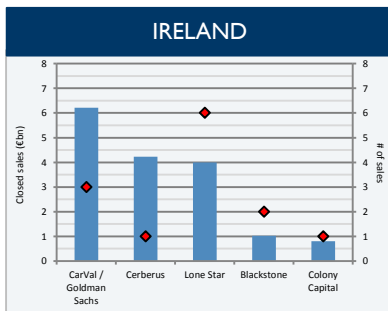
INVESTOR LEAGUE TABLE 2014

INVESTOR	VOLUME (€M)	#	KEY PROJECTS
1 Cerberus	17,667	10	• Proj. Aran - €5.6bn • Proj. Eagle - €5.6bn
2 Lone Star	16,122	10	• Several IBRC sales - c. €10.1bn • Proj. Octopus - €2.2bn
3 Blackstone	8,728	7	• Proj. Tower - €1.7bn • Proj. Hercules - €6.4bn
4 CarVal / Goldman Sachs	6,219*	3*	• Proj. Stone tranches - €3.2bn • Proj. Parasol - €2.0bn
5 JP Morgan	4,200	2	• Proj. Octopus - €2.2bn • UKAR loans - €2.0bn
6 Deutsche Bank	2,873	8	• Proj. Stone tranches - €1.7bn • Proj. Spring - €0.4bn
7 Oaktree Capital	1,875	4	• Proj. Sand - €0.6bn • Proj. Adelaide - €0.9bn
8 Kildare Partners	1,791	4	• Mars Fixed I Loan - €0.8bn • Chalet Group Loans - €0.7bn
9 Kennedy Wilson	1,680	11	• Jupiter Portfolio - €0.4bn • Proj. Bridgett - €0.6bn
10 Colony Capital	897	2	• Proj. Pebble - €0.8bn • Silverbird Portfolio - €0.1bn

*Note: Total does not include acquisitions by CarVal Investors or Goldman Sachs completed individually

Source: C&W Corporate Finance

KEY BUYERS BY COUNTRY 2014 (€BN)*



*Note: Lone Star's number of sales by country may vary from the total for the year, as the numbers include sales with tranches spanning several geographies

Source: C&W Corporate Finance

KEY BUYER OVERVIEW

European markets awash with US capital

In respect of the unprecedented levels of acquisitions by private equity firms in 2014, 92% of the related closed volume is associated with companies from the US. The three largest buyers, Cerberus, Lone Star and Blackstone account for 70% of all closed European transactions involving private equity in 2014.

This presence of US capital is also notable when all capital groups are studied, with 77% of all transactions in 2014 involving a buyer based in the US. Therefore, whilst capital sources have diversified over the past 12 months, it appears that the origin of buyers continues to be heavily skewed towards North America. This in part stems from the improving property fundamentals across Europe, the severity of the crisis that hit the region and also due to US firms' perception of value, with the returns available in the recovering economies of Europe higher than those on offer at home.

Private equity giants remain dominant

Despite seeing a number of new entrants in the CRE loan and REO sales market, a study of the most active buyers of NPL portfolios across Europe shows that 2014 displayed similar trends to previous years. Private equity funds accounted for 75% of all European transactions, over 3 times the amount invested by every other capital sector combined.

However, one notable difference is the 15% fall in appetite against 2013 for CRE loan and REO sales amongst Banks/ Financial Institutions relative to other sources of capital. This can be attributed to the market comprising a smaller proportion of performing loans, which are usually targeted by this capital group.

Buyer origins are broadening

2014 has been the first year that CRE loan and REO transactions involved buyers as far afield as South America and Australia. Whilst these deals only account for a small proportion of the market, there is a clear trend that the origins of buyers are becoming increasingly diverse. With Asia, and in particular China, now a major global source of capital with a growing presence in European property markets, their participation in CRE loan and REO transactions may be a possibility in the not too distant future as their appetite for risk increases alongside their knowledge of local players.

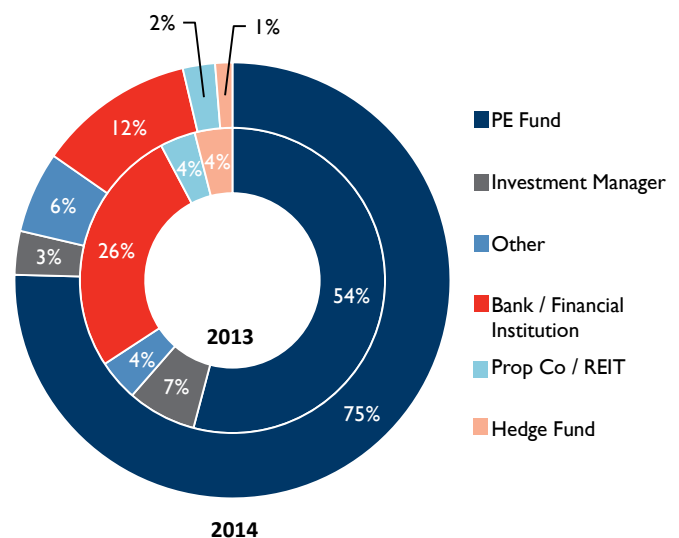
Lot size leaps and could present potential barrier

The average deal size in 2014 has jumped by 47% against figures reported for last year, rising to €510m which smaller investors may perceive to be prohibitive. Resultantly, the top three investors now account for 53% of closed transactions, compared to 31% recorded last year would suggest that this is the case.

This effect is compounded by the fact that there were far fewer 'bite size' opportunities recorded in 2014 with the volume of deals sub-€250m falling from 26% in 2013 to 13%. For these reasons the dominance of US opportunistic capital amongst buyers of CRE loan and REO transactions will be a theme that is likely to continue over the next 12 months.

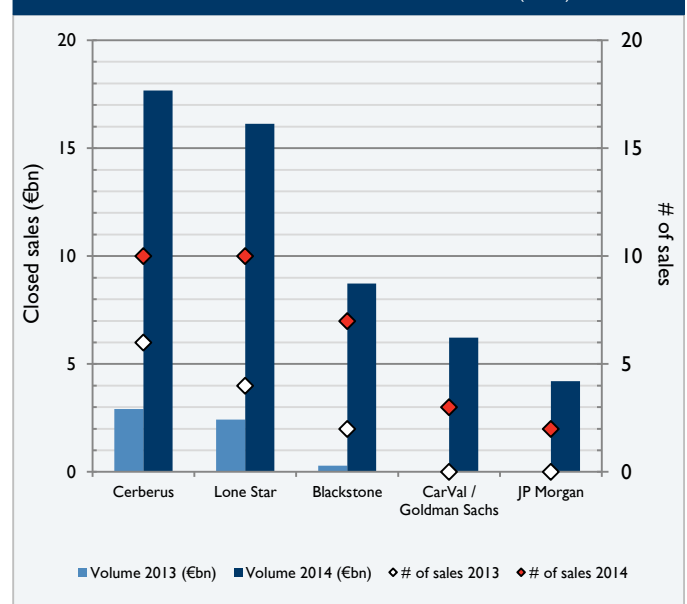
US capital accounts for 77% of European transactions in 2014

TYPE OF BUYER 2013 v 2014



Source: C&W Corporate Finance

TOP 5 CRE LOAN & REO INVESTORS 2014 (€Bn)



Source: C&W Corporate Finance

AQR RESULTS

BACKGROUND

Non-performing real estate exposure increases to €879bn

In October, the results of the European Central Bank’s Asset Quality Review (AQR) were announced. The exercise involved a “comprehensive assessment” of 130 European credit institutions, aiming to identify problem exposures with a view to strengthening banks’ balance sheets. The tests also helped prepare for the Single Supervisory Mechanism (SSM) whereby the ECB will assume a supervisory role to monitor the financial stability of all banks within the Eurozone states, and banks in the EU member states outside of the Eurozone which wish to participate.

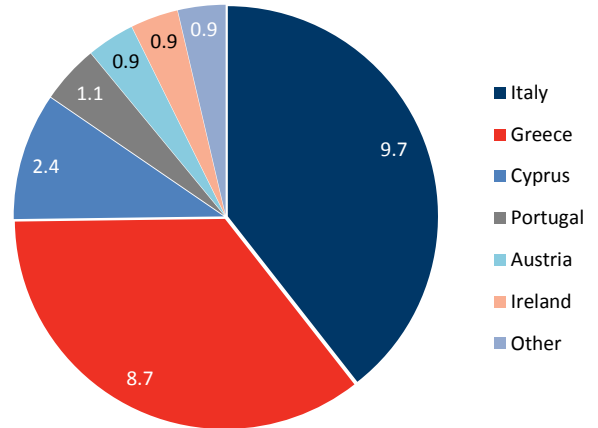
In total, the assessment of banks’ balance sheets as of 31 December 2013 took into account c. €22.0 trillion of assets, thereby covering 81.6% of the total banking assets in the Single Supervisory Mechanism (SSM). In turn this has highlighted a number of various countries’ banking systems facing significant capital shortfalls.

All eyes on Italy in 2015

The results of the assessment have revealed a €24.6bn capital hole as at 31 December 2013, across 25 participant banks. Of these 25 banks, 12 have already covered their shortfalls by increasing their capital by €15bn during 2014 and a further five are judged to have sufficient restructuring measures in place to have virtually no capital shortfall. As a result, eight banks were deemed to have shortfalls significant enough to require capital to be raised.

Whilst the results were more positive than expected, certain countries, in particular those that suffered most in the sovereign debt crisis, proved to be more problematic than others. Four of the eight banks required to raise capital were Italian, with half of these having received state aid since 2008. The €9.7bn gap in capital that the assessment has identified hints at increased activity in the Italian CRE and REO market in 2015. However, this recovery will be prolonged as Italy’s economy remains behind the curve when compared to that of other European nations.

CAPITAL SHORTFALL BY COUNTRY OF PARTICIPATING BANK (€BN)

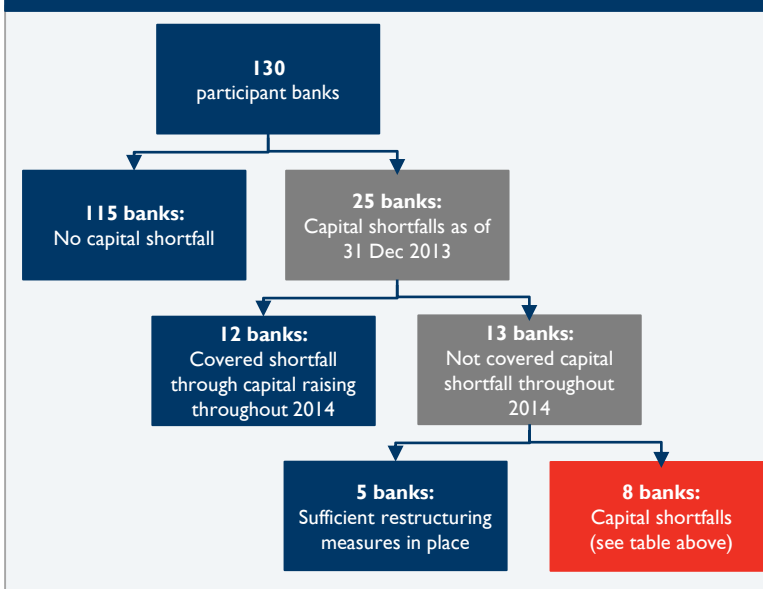


Source: ECB – Aggregate Report on the Comprehensive Assessment October 2014

BANK	COUNTRY	CAPITAL SHORTFALL
1 Monte dei Paschi Siena	Italy	€2.11bn
2 Banca Carige	Italy	€0.81bn
3 Banco Comercial Português	Portugal	€1.15bn
4 Volksbank	Austria	€0.86bn
5 Permanent TSB	Ireland	€0.85bn
6 Banca Popolare di Milano	Italy	€0.17bn
7 Banca Popolare di Vicenza	Italy	€0.22bn
8 Hellenic Bank	Cyprus	€0.18bn

Source: ECB – Aggregate Report on the Comprehensive Assessment October 2014

AQR RESULTS OVERVIEW



KEY RESULTS

Key results of the comprehensive assessment of the 130 participating European banks:

- Total non-performing exposures (NPEs) increased by €135.9bn from €743bn to €879bn;
- Non-performing “real estate related” exposures increased by €36.7bn to €236.5bn;
- Non-performing “residential real estate” exposures increased by €16.1bn to €134.6bn;
- The carrying values of banks’ assets were adjusted by €48bn;
- Capital shortfall of €24.6bn detected across 25 participant banks; and
- Italian banks saw the largest adjustments to the carrying values of their assets.

Source: ECB – Aggregate Report on the Comprehensive Assessment October 2014

LIVE & PLANNED TRANSACTIONS

LIVE TRANSACTIONS

€21.7bn of live sales tracked by C&W Corporate Finance

C&W Corporate Finance is currently tracking €21.7bn of live transactions which equates to approximately €23.5bn below figures reported at the end of 2013. Although last year's figure was significantly distorted by IBRC sales, there may be some evidence to suggest that transaction volumes in 2015 may not surpass the record-breaking levels that have been achieved over the past year.

AMA to remain crucial throughout 2015

C&W Corporate Finance expects that AMA will remain key vendors in 2015, collectively accounting for 67% of all live transactions. As discussed, Irish and UK sale volumes will be heavily supported by NAMA in 2015. Nonetheless, the number and variety of vendors within the market is and will continue to increase throughout 2015 despite current evidence suggesting otherwise.

Although EAA aimed to have completed the sale of German mortgage bank Westimmo by the end of 2014, the bank remains in the market due to pricing not reaching expectations. As such, EAA still tops the live sales list by quite some way. Despite the fact that Spanish banks fared relatively well in the ECB's stress test, more activity can be expected from the national banks with many agreeing to take immediate measures to accelerate the clean-up of their balance sheets.

Southern Europe accounts for c. 20% of all live transactions

Ignoring the large German EAA exposure, the remainder of current offerings are predominantly in Ireland and Spain with 10 and 11 live sales respectively. It is predicted that both countries will remain key over the next twelve months driven by a continual recovery of the property market and the economy in general. Similarly, Italy is predicted to see increased demand from investors as the economy slowly recovers and banks look to raise capital. At the end of 2013, the country had no live sales which contrasts to 3 deals 12 months later, albeit all of which have relatively small face values. It is inevitable that comparisons are drawn between the two southern European nations with data suggesting that Italy lags Spain by a year in terms of activity in the CRE loan and REO sales market.

PLANNED TRANSACTIONS

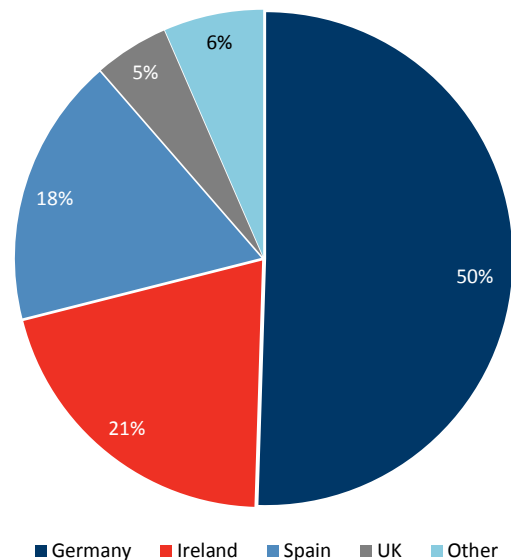
Pipeline of €24.8bn in planned disposals

We expect 2015 to be supported by the substantial pipeline of planned transactions which C&W Corporate Finance estimates has a face value of c. €24.8bn. Italy is forecast to be a key geography in the 2015 NPL market accounting for 31% of planned disposals. This pipeline is c. 11 times the volume of closed transactions the country has seen over the past 24 months.

Key vendors include those acting upon the European financial stress tests, including Permanent TSB. Having been found to have a capital shortfall, it currently has two portfolios in the market with a combined outstanding principal balance of €1.5bn. Furthermore, with another €600m Irish loan portfolio known as 'Connacht' expected to come to the market in the first half of the year, the Irish entity will rectify its highlighted shortage in 2015.

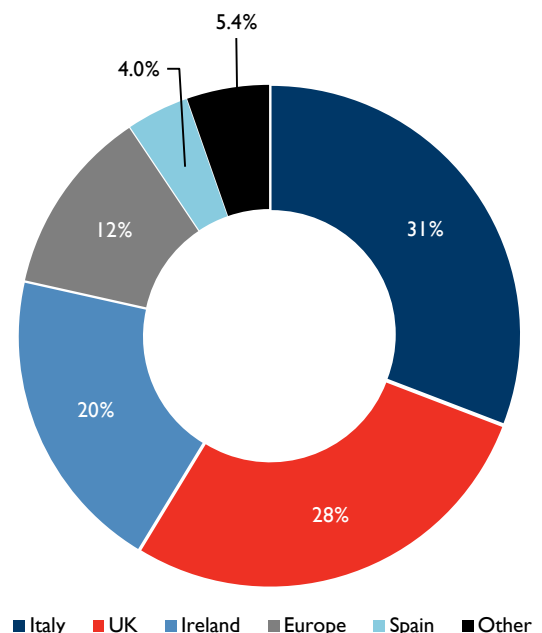
Currently tracking
€21.7bn of
live sales

LIVE TRANSACTIONS BY COUNTRY



Source: C&W Corporate Finance

PLANNED SALES BY COUNTRY



Source: C&W Corporate Finance

CLOSED CRE LOAN & REO TRANSACTIONS 2014

Almost €80.6bn 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	8500 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	Banescio Building	CRE Loans	Spain	Pontegadea	66
Jan-14	SAREB	Project Walls (Indigo)	CRE Loans	Spain	Deutsche Bank	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	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 I 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 & KBC Bank	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 & Ireland	Blackstone	1,726
Apr-14	SAREB	Klaus 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
Apr-14	RBS	German CRE loans	CRE Loans	Germany	Unknown	200
May-14	LBG	Ivagh 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	RBS	Project Button - Monahan Tranche	CRE Loans	Ireland	Goldman Sachs	75
May-14	Hypothesenbank 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
May-14	Danske Bank	Project Circle	Resi Loans	Ireland	Deutsche Bank	100
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	679
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	Ellandi	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	819
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	495
Jul-14	CaixaBank	Building Center REOs	REOs	Spain	TPG	44
Jul-14	Lone Star	Project Woodstock	REOs	UK	Oaktree Capital	75
Jul-14	RBS	Elliott Loans	CRE Loans	Ireland	Kennedy Wilson	350
Jul-14	LBG	H50 Loans	CRE Loans	Ireland	Marathon AM	120
Jul-14	Private individual	NCS Loan Portfolio	CRE Loans	France	Cerberus	640
Jul-14	RBS	Project Swallowtail - Foyle & Forestside	REOs	UK	Kildare Partners	163
Jul-14	RBS	Project Swallowtail - Marshes Shopping Centre	REOs	Ireland	Kennedy Wilson	46
Jul-14	RBS	Project Swallowtail - Abbey Centre, Priory Meadow Hastings & Newton Mearns	REOs	UK	NewRiver Retail / PIMCO	175
Jul-14	RBS	Project Swallowtail - Fosse Park	REOs	UK	Crown Estate	438
Jul-14	RBS	Project Swallowtail - Palace Exchange SC	REOs	UK	Standard Life	90
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	UKAB	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	269
Sep-14	RBS	Project Achill - Pool A	CRE Loans	Ireland	Lone Star	550
Sep-14	RBS	Project Achill - Pool B	CRE Loans	Ireland	Kennedy Wilson	45
Sep-14	RBS	Project Achill - Pool C	CRE Loans	UK	Lone Star	81
Sep-14	RBS	Project Achill - Pool D	CRE Loans	UK	Davidson Kempner	91
Sep-14	RBS	Project Achill - Pool E	CRE Loans	Ireland	Goldman Sachs	89
Sep-14	RBS	Project Achill - Pool F	CRE Loans	UK	Bank of Ireland	111

CLOSED CRE LOAN & REO TRANSACTIONS 2014 (cont.)

DATE	VENDOR	PROJECT	TYPE	COUNTRY	BUYER	FACE VALUE €M
Oct-14	Bayerische Landesbank & other banks	Gherkin	REOs	UK	Safra Group	888
Oct-14	NAMA	Project Parks	REOs	Ireland	Marathon AM	155
Oct-14	LBG	Project Paris	Resi Loans	Ireland	Lone Star	1,100
Oct-14	RBS	Project Nadal	CRE loans	Ireland	Goldman Sachs	263
Oct-14	Permanent TSB	Springboard mortgage business	Resi Loans	Ireland	Mars Capital	466
Oct-14	Bankia	Project Sky	CRE Loans	Spain	Chenavari	380
Oct-14	Bankia	Project Amazona	Corporate Loans	Spain	Starwood / Sankaty	802
Oct-14	NAMA / Danske Bank / LBG	Project Cherry	REOs	Ireland	Hines / King Street Capital	270
Oct-14	Bank of China	Grosvenor House Hotel	CRE Loans	UK	Consortium of investors	596
Oct-14	RBS	Two Irish Hotels	REOs	Ireland	Dalata	32
Oct-14	LBG	Project Runner	REOs	UK	KSL Capital	606
Nov-14	Lone Star	Ocean Portfolio & Fradley Park	REOs	UK	Legal & General	281
Nov-14	Barclays	Lilienthal Shopping Centre	REOs	Germany	Orion	80
Nov-14	LBG	Project Spectrum	REOs	Ireland	Varde Partners	140
Nov-14	Bankia	Project Lake	REOs	Spain	Goldman Sachs	355
Nov-14	Aviva	Project Titan	REOs	UK	Varde Partners	315
Nov-14	NAMA	160 Fleet Street	REOs	UK	Workspace Group	37
Nov-14	Bank of Ireland	Project Foyle	REOs	UK	Fairacre Asset Management	56
Nov-14	NAMA / AIB	Rockbrook Property Portfolio	REOs	Ireland	CAPREIT	89
Nov-14	Mount Kellett	CityPoint Junior Loan	CRE Loans	UK	Brookfield	143
Nov-14	Bankia	21 Calle Gran Via	REOs	Spain	Iberfin Capital	65
Nov-14	Propertize	Alaska Building	REOs	Netherlands	MMZ Properties	54
Dec-14	SAREB	Project Kaplan	Resi Loans	Spain	Deutsche Bank	234
Dec-14	SAREB	Project Agatha - Pool 1	Resi Loans	Spain	Hayfin Capital Management led consortium	194
Dec-14	SAREB	Project Agatha - Pool 2	REOs	Spain	DE Shaw	65
Dec-14	SAREB	Project Olivia	CRE Loans	Spain	Hayfin Capital Management	140
Dec-14	IBRC	Project Amber	Corporate Loans	Ireland	Several different investors	675
Dec-14	IBRC	Project Quartz	CRE Loans	Ireland	CarVal / Goldman Sachs	1,000
Dec-14	IBRC	Project Quartz - Tranche 3	CRE Loans	Ireland	Deutsche Bank	87
Dec-14	SAREB	Project Meridian	CRE Loans	Spain	Cerberus	133
Dec-14	SAREB	Project Corona - relaunched	REOs	Spain	Blackstone	80
Dec-14	RBS	Project Aran	CRE Loans	UK & Ireland	Cerberus	5,638
Dec-14	Nationwide	Project Carlisle	CRE Loans	UK	Cerberus	1,269
Dec-14	NAB	Project Henrico	CRE Loans	UK	Cerberus	1,571
Dec-14	RBS / Delancey	Blade Portfolio - Mander Centre	REOs	UK	Benson Elliot	74
Dec-14	LBG	Project Parasol	CRE Loans	Ireland	CarVal / Goldman Sachs	2,000
Dec-14	Commerzbank	Millennium Tower - Rotterdam	REOs	Netherlands	PPF Group	48
Dec-14	Aviva	Project Bridgett	REOs	UK	Kennedy Wilson	629
Dec-14	Blackstone / RBS	Project Isobel PLS	CRE Loans	UK	LaSalle IM	70
Dec-14	FGH Bank	Chalet Group Loans	CRE Loans	Netherlands	Kildare Partners	700
Dec-14	Finansiel Stabiliteit	Project Mermaid	CRE Loans	Denmark	Cerberus	970
Dec-14	Propertize	Dutch Residential Portfolio	REOs	Netherlands	Round Hill Capital	89
Dec-14	IBRC	Performing Irish Mortgages	Resi Loans	Ireland	Bank of Ireland	250
Dec-14	Dunfermline Building Society (in liquidation)	Residential mortgage portfolio	Resi Loans	UK	Arbutnot Banking Group	147
Dec-14	RBS	Maison Portfolio	REOs	UK	Apollo	263
Dec-14	UniCredit	Italian REOs	REOs	Italy	Cerberus	323

Source: C&W Corporate Finance

LIVE CRE LOAN & REO SALES

Currently tracking €21.7bn of live transactions

VENDOR	PROJECT	TYPE	COUNTRY	FACE VALUE €M
Unknown	Project Antler	CRE Loans	UK	106
Cariparma	Italian Mortgage Book	Resi Loans	Italy	100
HSH Nordbank	Spring property portfolio	REOs	Netherlands	70
SAREB	Project Magnum	REOs	Spain	70
NAMA	Venue Portfolio	REOs	Ireland	30
Bank of Ireland	Project Shannon / Capital Collection	REOs	Ireland	123
SAREB	Project Rita	CRE Loans	Spain	96
RBS	Project Herald	REOs	UK	125
CaixaBank	Bridge Portfolio	CRE Loans	Spain	800
CaixaBank	Port portfolio	CRE Loans	Spain	120
EAA	WestImmo	CRE Loans	Germany	10,400
Spanish bank	Project Toro	CRE Loans	Spain	601
RBS	Project Terry	REOs	Germany	125
KBC / Volksbanken / Bank of Cyprus	Romanian CRE loan	CRE Loans	Romania	80
Unknown	San Donato Office	REOs	Italy	200
FMS	Project Mars	CRE Loans	Netherlands	120
Natixis	Park Inn hotel NPL	CRE Loans	UK	95
FMS	Project Gaudi	CRE Loans	Spain	755
Caixabank	Project Tower	CRE Loans	Spain	383
ING	26 Rios Rosas	REOs	Spain	200
RBS	MAC Property	REOs	Germany	175
NAMA	Plumb Portfolio	REOs	Ireland	116
ING	Project Ogon	CRE Loans	Netherlands	100
Banco Sabadell	Project Triton	CRE Loans	Spain	500
Lone Star	German NPL sale	CRE Loans	Germany	247
Banco Mare Nostrum	Project Neptune	CRE Loans	Spain	200
Permanent TSB	Project Leinster	CRE Loans	Ireland	1,000
Permanent TSB	Project Munster	CRE Loans	Ireland	500
Dunfermline Building Society (in liquidation)	CRE loan portfolio	CRE Loans	UK	438
IBRC	Project Pearl	Resi Loans	Ireland	656
NAMA	Tara Collection	REOs	Ireland	264
Banco Sabadell	Avenue Victor Hugo	REOs	France	100
RBS	Risanamento office portfolio	REOs	Italy	100
BBVA	Castellana 77	REOs	Spain	84
Bank of Cyprus	Project Arsiade	CRE Loans	Romania	545
NAMA	O'Callaghan Cork RE loan portfolio	CRE Loans	Ireland	350

Source: C&W Corporate Finance

EXPECTATIONS FOR 2015

C&W Corporate Finance anticipates €60–70bn of transactions in 2015

- With IBRC close to completing its loan portfolio sales, NAMA will be a leader in the Irish and UK loan sales market having committed to an accelerated wind-down programme. Furthermore, SAREB can be expected to be a key vendor in Spain as it looks to take advantage of the recovering real estate market.
- The continued success of NAMA and SAREB will put pressure on other European AMA to speed up their deleveraging plans and increase disposals to benefit from high levels of investor demand.
- Spain will continue to attract investors, although many are focussing on Italy as the anticipated next “hot spot” with Italian lenders looking to take action sooner rather than later following the results of the AQR.
- It is expected that there will be more activity in Germany and the Netherlands as both nations’ asset management agencies start to gain some traction.
- The number of secondary sales will continue to increase in 2015 as early acquirers of CRE loans initiate consensual borrower, enforced and smaller loan portfolio sales. However, activity levels will be difficult to track as most deals will be off-market.
- C&W Corporate Finance estimates that the closed transaction volume in 2015 will be in the region of €60-70bn.

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.

For more information about Cushman & Wakefield Corporate Finance Loan Sales, contact:



Frank Nickel
Partner, Chairman of Corporate Finance
EMEA Corporate Finance
T: +49 (69) 50 60 73 111
M: +49 172 69 08 887
frank.nickel@eur.cushwake.com



Federico Montero
Partner, Head of Loan Sales
EMEA Corporate Finance
T: +44 (0)20 7152 5369
M: +44 (0) 7793 808 369
federico.montero@eur.cushwake.com



Luka Jevnikar
Associate
EMEA Corporate Finance
T: +44 (0)20 7152 5994
M: +44 (0) 7793 808 994
luka.jevnikar@eur.cushwake.com



Siôn Owen
Analyst
EMEA Corporate Finance
T: +44 (0)20 7152 5204
M: +44 (0) 7824 884 414
sion.owen@eur.cushwake.com



James Davies
Analyst
EMEA Corporate Finance
T: +44 (0)20 7152 5297
M: +44 (0) 7793 808 510
james.davies@eur.cushwake.com



James Webster
Analyst
EMEA Corporate Finance
T: +44 (0)20 7152 5337
M: +44 (0) 7800 740 393
james.webster@eur.cushwake.com

Cushman & Wakefield advises and represents clients on all aspects of property occupancy and investment. Founded in 1917, it has 250 offices in 60 countries, employing more than 16,000 professionals. It offers a complete range of services to its occupier and investor clients for all property types, including leasing, sales and acquisitions, equity, debt and structured finance, corporate finance and investment banking, appraisal, consulting, corporate services, and property, facilities, project and risk management. A recognized leader in local and global real estate research, the firm publishes its market information and studies online at:

www.cushmanwakefield.com/knowledge

This report has been prepared solely for information purposes. It does not purport to be a complete description of the markets or developments contained in this material. The information on which this report is based has been obtained from sources we believe to be reliable, but we have not independently verified such information and we do not guarantee that the information is accurate or complete.

©2015 Cushman & Wakefield, Inc. All rights reserved.

Cushman & Wakefield Corporate Finance Limited
43-45 Portman Square
London W1A 3BG