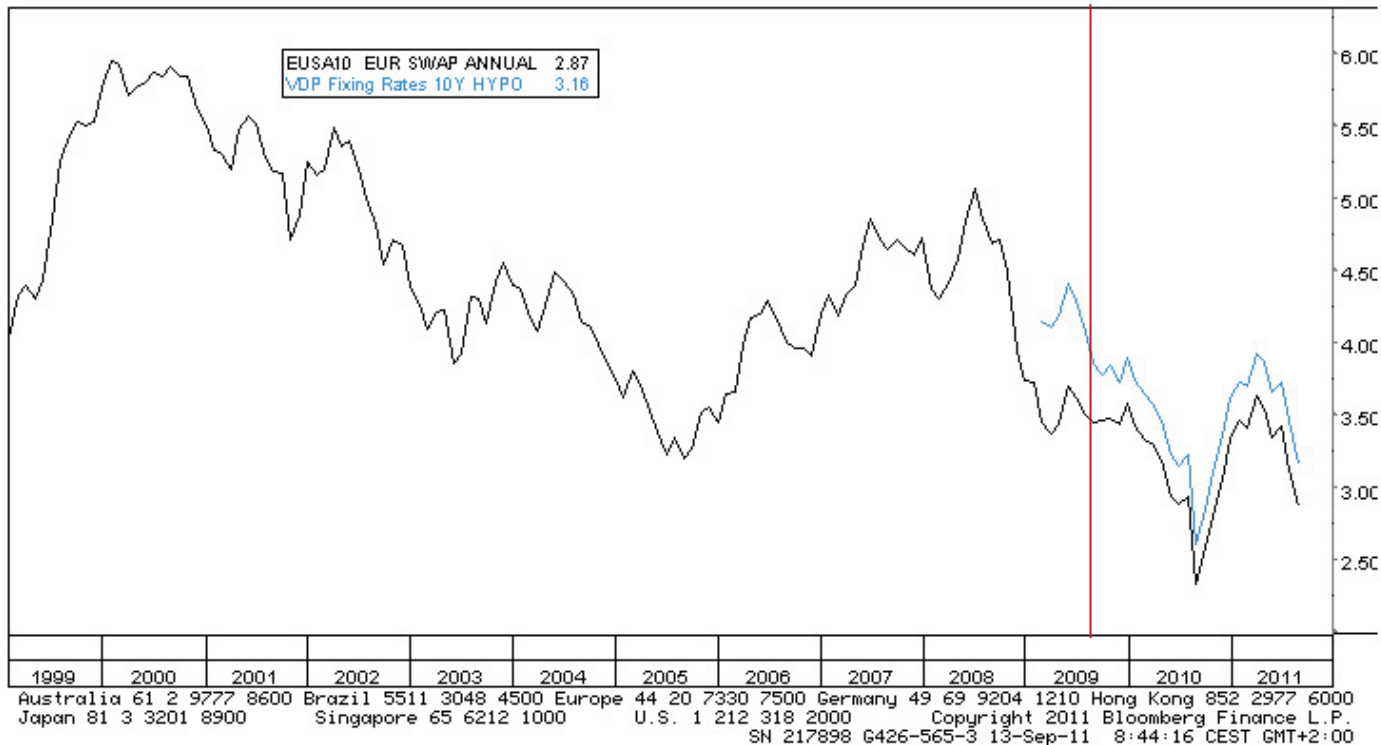


09/11  
feelestate.de



# Swap-Rate Euro 10 Years / vdp<sup>1</sup>-Curve (Mortgage Pfandbrief<sup>2</sup>)



With the vdp curve (mortgage bond), the mortgage banks provide more transparency regarding their loan terms to its real estate clients: with the daily fixing of the vdp-curve (mortgage bond) the real estate clients get an overview of the funding conditions of the mortgage banks in the capital market for mortgages eligible as cover.

<sup>1</sup> Verband deutscher Pfandbriefbanken / <sup>2</sup> German mortgage-backed bond





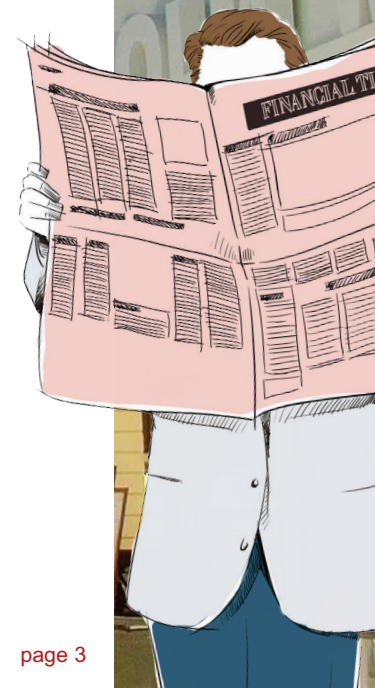
# Negotiated New and Follow-on Financings

| Date         | Banks     | Loan           | Interest rate | Remaining time to maturity |
|--------------|-----------|----------------|---------------|----------------------------|
| Aug 09       | 1         | 50,200         | 6.01%         | 0                          |
|              | 1         | 82,000         | 5.92%         | 4.3                        |
| Jan 10       |           |                |               |                            |
| Jan 11       | 1         | 85,100         | 5.65%         | 3                          |
|              |           |                |               |                            |
|              |           |                |               |                            |
| Jun 11       | 1         | 58,700         | 4.98%         | 2                          |
|              | 1         | 17,000         | 4.84%         | 2                          |
| Jun 11       | 1         | 34,160         | 5.71%         | 1                          |
|              | 1         | 21,997         | 5.37%         | 1                          |
| Aug 11       | 1         | 50,000         | 5.53%         | 2.75                       |
| Aug 11       |           |                |               |                            |
| Aug 11       |           |                |               |                            |
| Aug 11       |           |                |               |                            |
| Sep 11       | 1         | 56,000         | 5.45%         | 3                          |
|              | 1         | 56,500         | 5.55%         | 3                          |
|              |           |                |               |                            |
|              |           |                |               |                            |
|              |           |                |               |                            |
|              |           |                |               |                            |
|              |           |                |               |                            |
| Dez 11       |           |                |               |                            |
| <b>Total</b> | <b>10</b> | <b>511,657</b> | <b>5.57%</b>  | <b>2.5</b>                 |

| Banks     | Loan           | Interest rate | Maturity   |
|-----------|----------------|---------------|------------|
| 1         | 132,200        | 4.75%         | 10         |
|           |                |               |            |
|           | 125,000        | 4.65%         | 10         |
| 1         | 31,800         | 4.18%         | 10         |
| 1         | 20,000         | 4.18%         | 10         |
| 1         | 10,000         | 4.18%         | 10         |
| 1         | 19,200         | 4.38%         | 9          |
| 1         | 37,400         | 4.70%         | 10         |
|           | 37,400         | 4.60%         | 10         |
| 1         | 34,160         | 4.63%         | 10         |
| 1         | 21,997         | 4.70%         | 10         |
| 1         | 50,000         | 2.63%         | 2.75       |
|           | 25,000         | 3.79%         | 8.3        |
| 1         | 41,000         | 2.63%         | 2          |
| 1         | 80,000         | 4.07%         | 10         |
|           | 20,000         | 3.50%         | 10         |
| 1         | 20,000         | 3.50%         | 10         |
| 1         | 20,000         | 3.50%         | 10         |
|           | 20,000         | 3.50%         | 10         |
| 1         | 15,000         | 3.50%         | 10         |
| 1         | 14,000         | 3.50%         | 10         |
|           | 3,600          | 3.50%         | 10         |
|           | 20,000         | 2.50%         | 2          |
| <b>15</b> | <b>797,757</b> | <b>4.14%</b>  | <b>8.8</b> |

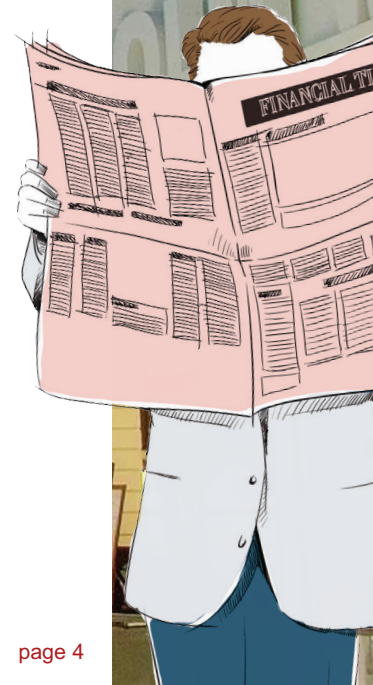
Renewed since August 2009: 46% of all loans

not finalised yet



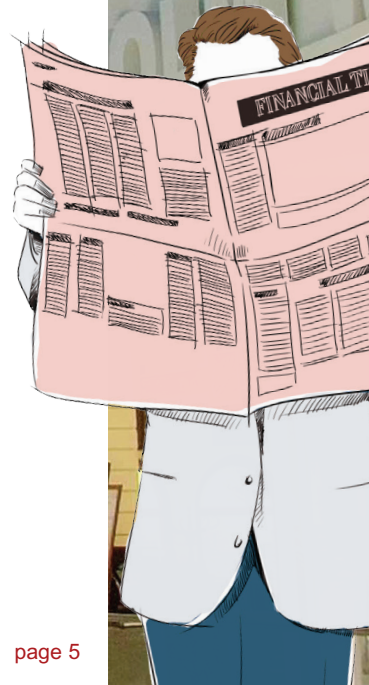
## Before Maturity Loan Renewals

- DES achieved before maturity renewals of loans and new loans with a total volume of approx. €685 million with the banks in the period August 2009/2011.
- €112 million to be finalised in 2011.
- The vast majority of these new contracts were agreed in 2011 and thus DES benefited from the low interest rates.
- No further follow-on financings until 2013.



## Condition Details

- LTV: DES' SPVs have a LTV of around 50%. This enables DES to achieve very attractive conditions for mortgage loans eligible for cover stocks (Pfandbrief).
- Margins: The differences in the market are huge within a corridor of 60bps for the same loan.
- Liquidity costs vary significantly from bank to bank.
- Result: Gross margins vary even more. Therefore it doesn't make too much sense to speak about average margins.
- DES is very satisfied with the agreed margins.



## Current credit market situation

- Some banks are still preoccupied with themselves and do not offer attractive financing conditions.
- Others do offer advantageous loans - even with amounts of over €100 million.
- Strong competition between banks for mortgage loans eligible for cover stocks (LTV around 50%).
- But: in the recent weeks we heard of banks that no longer trust each other so that lending becomes more difficult.
- Increasing margins for mortgage loans not eligible for cover stocks.
- Maybe first signs of a second financial crisis.



## Important to note

- Maturities: A fixed-interest period of 10 years is standard for DES. If DES publishes average maturities only the fixed-interest periods are meant.
- There's a enormous difference between net and gross (Net margin + cost of liquidity) margins.
- Which reference is used to calculate the margin? vdp or Swap ? At least a difference of 30bps.

Example:

vdp (10 years, as of 12.09.2011) 2.81%

Swap (10 years, as of 12.09.2011) 2.45%

- An isolated statement about a margin is not helpful.





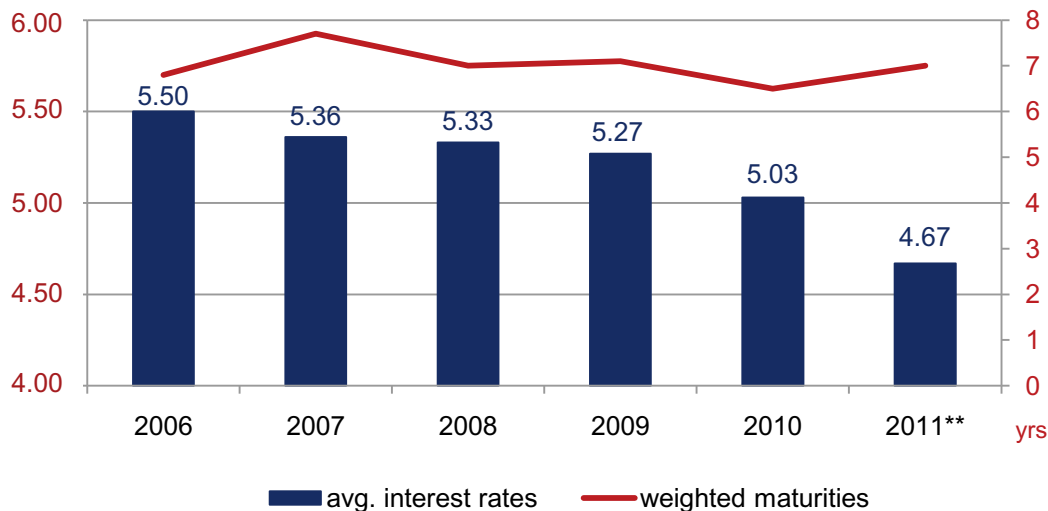
# Loan Structure\*

| Interest lockin    | Duration   | Principle amounts<br>(€ thousand) | Share of<br>total loan | avg.<br>interest rate |
|--------------------|------------|-----------------------------------|------------------------|-----------------------|
| Up to 1 year       | 1.0        | 141,109                           | 10.4%                  | 2.82%                 |
| 1 to 5 years       | 3.4        | 431,337                           | 31.7%                  | 5.42%                 |
| 5 to 10 years      | 7.4        | 503,884                           | 37.0%                  | 4.96%                 |
| Over 10 years      | 12.5       | 284,209                           | 20.9%                  | 4.70%                 |
| <b>Total 2011*</b> | <b>6.6</b> | <b>1,360,539</b>                  | <b>100%</b>            | <b>4.83%</b>          |

Banks:  
18 German and  
1 Austrian

Weighted maturity  
of fixed interest periods  
6.6 years

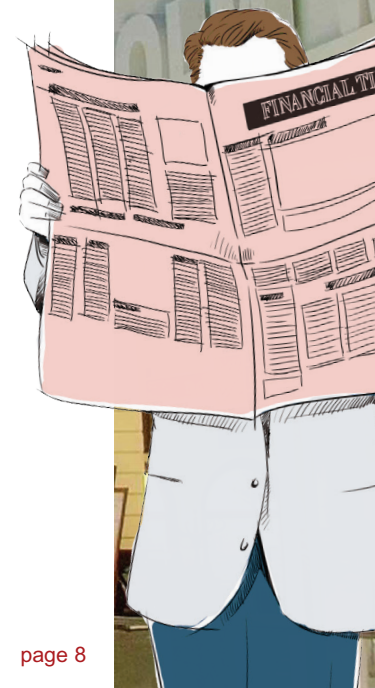
Weighted maturity  
of the loans  
>15 years



Status as of  
30 June 2011:  
4.83% / 6.6 years

\*as of 30 June 2011

\*\* possible scenario for end of 2011





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