

OUR TRACK RECORD



GERMAN CAPITAL MARKETS





CAPITAL MARKETS

Germany is one of the most attractive investment markets in Europe, largely due to its strong, stable economy and secure legal environment. These factors support the continued high demand of international investors for German commercial property. Whereas in 2013, over 60% of all transactions were of domestic origin, the amount of cross-border investment increased to almost 50% of all transactions in Germany in the first 6 months of 2014.

The current global economic and geopolitical uncertainties are putting pressure on stock markets and increased volumes of capital are being channelled into real estate. The main refinancing rate of the European Central Bank has been lowered to a historical low of 0.05%, adding to the appeal of the asset class of real estate.

The German investment market currently has strong positive momentum; commercial property investment totalled €13.6 billion in H1 2014, an increase of 21% year-on-year.

The market has seen an increased number of large investment transactions of €100-200 million or more, mainly for prime product within the big 5 cities. Another significant trend is the amount of portfolio transactions for all asset classes, including offices, retail, logistics and residential, and this trend is expected to continue for at least another 12 to 18 months.

In light of the current positive market trends, it is expected that 2013's transaction total of €25.9 billion will be exceeded by far in 2014. The trend of increased international demand for German investment product is likely to continue for the rest of 2014 and into 2015, especially as German prime yields of 4.40-4.75% still offer higher returns than many other major international cities. Prime yields for logistics properties are between 6.25-6.50% and prime retail warehouse yields are at 6.50%.

OFFICE

Offices were the most sought-after asset class in Germany in the first 6 months of 2014. During H1 2014, this sector had a transaction volume of €6.3 billion, accounting for 47% of total commercial investment.

This trend is expected to continue as many new international investors entering the German market, as well as existing domestic and international investors, are demanding value-add product or “core plus”. Due to a lack of prime product, domestic and international investors continue to show increased interest in prime locations in second tier cities and in secondary locations in top tier cities in order to secure a foothold in Germany.

Prime office yields within the top 5 cities are currently between 4.40-4.75%, while yields for secondary product are in the 5.75-7.00% range. Yields vary for portfolio transactions, and investors will continue to focus on the acquisition of office portfolios to meet their demand for German property. A number of new international funds have been set up to invest into the German real estate market and, along with continued strong domestic demand; these will drive office investment activity throughout 2015.

“Even local office investment markets have become a playground for international investors.”



Ralph Schonder

Partner

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01



02



03

01

**IMTECH HQ,
Hammer Strasse, Hamburg**

Client Prime Office AG / Deutsche Office AG

Details 25,000 sq m office building let to Imtech B.V as HQ for 9 years remaining. Sold for €43.0 million reflecting a gross yield of 6.5%.

02

**Alsterpalais
Mittelweg, Alte Rabenstrasse, Hamburg**

Client Family Office

Details 4,000 sq m multi-let property within a listed building. Sold for €12.5 million to a private individual.

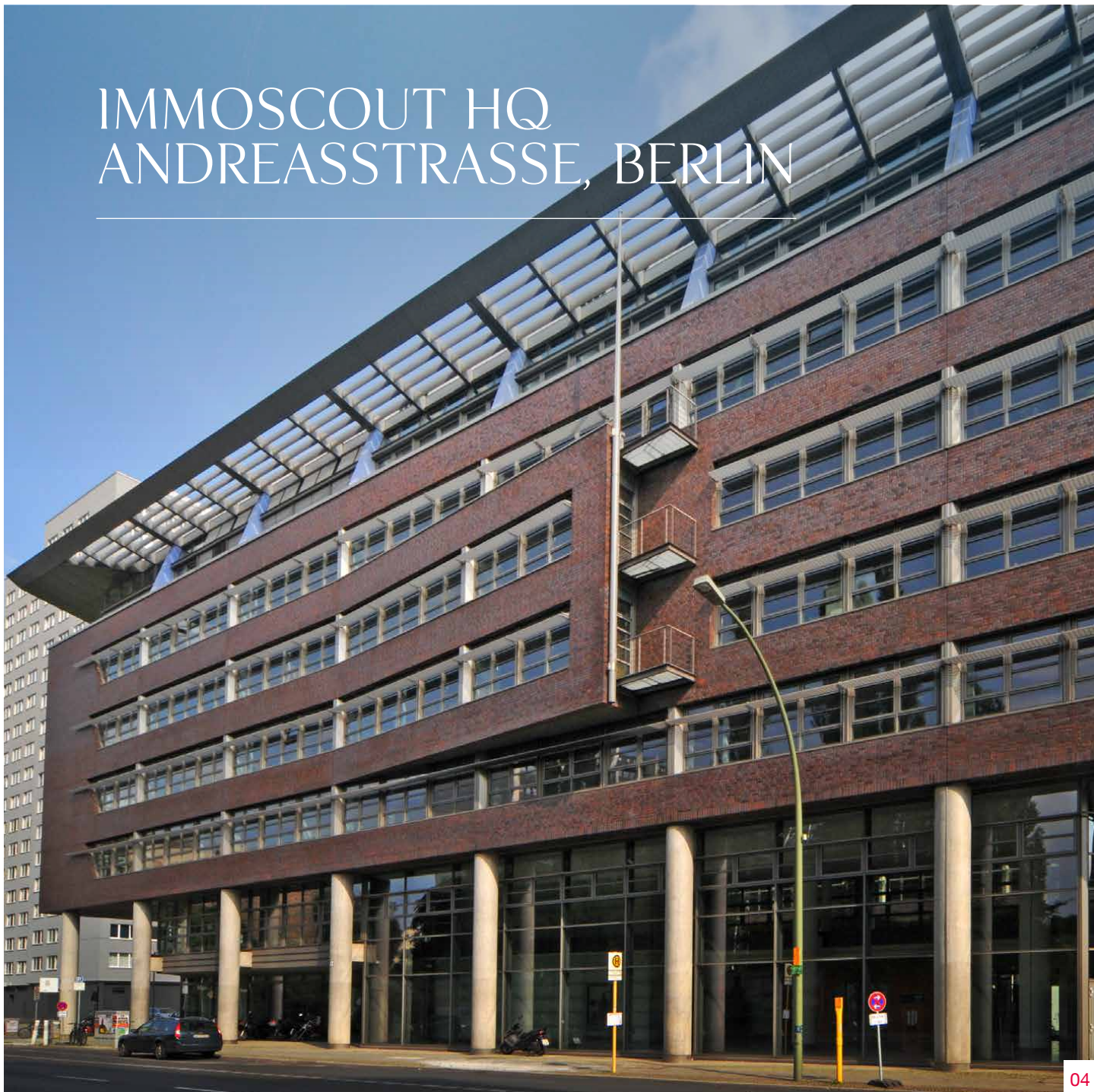
03

**BMW Design Center
Hufelandstrasse 11-15, Munich**

Client Prime Office AG / Deutsche Office AG

Details 8,250 sq m office/light industrial building anchored by BMW. Sold for €20.5 million to a German fund reflecting a gross yield of 8.3%.

IMMOScout HQ ANDREASSTRASSE, BERLIN



04

04

Immoscout HQ
Andreasstrasse, Berlin

Client Archon / Goldman Sachs

Details 18,000 sq m office building let to ImmobilienScout24 as HQ for 9 years remaining. Sold for €30.5 million reflecting a gross yield of 6.35%.

"The strong demand for investment products within the top 5 cities will fuel increasing activities for B-cities."



Ole Sauer

Partner

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05



06



07

05

**T6 Telekom Portfolio
Various locations**

Client UBS

Details Co-advisor with JLL + BNP in a structured sales process of 6 office assets anchored by Deutsche Telekom AG. Sold all 6 assets to an international fund.

06

**Theodor-Heuss-Allee 112
Frankfurt**

Client Aberdeen

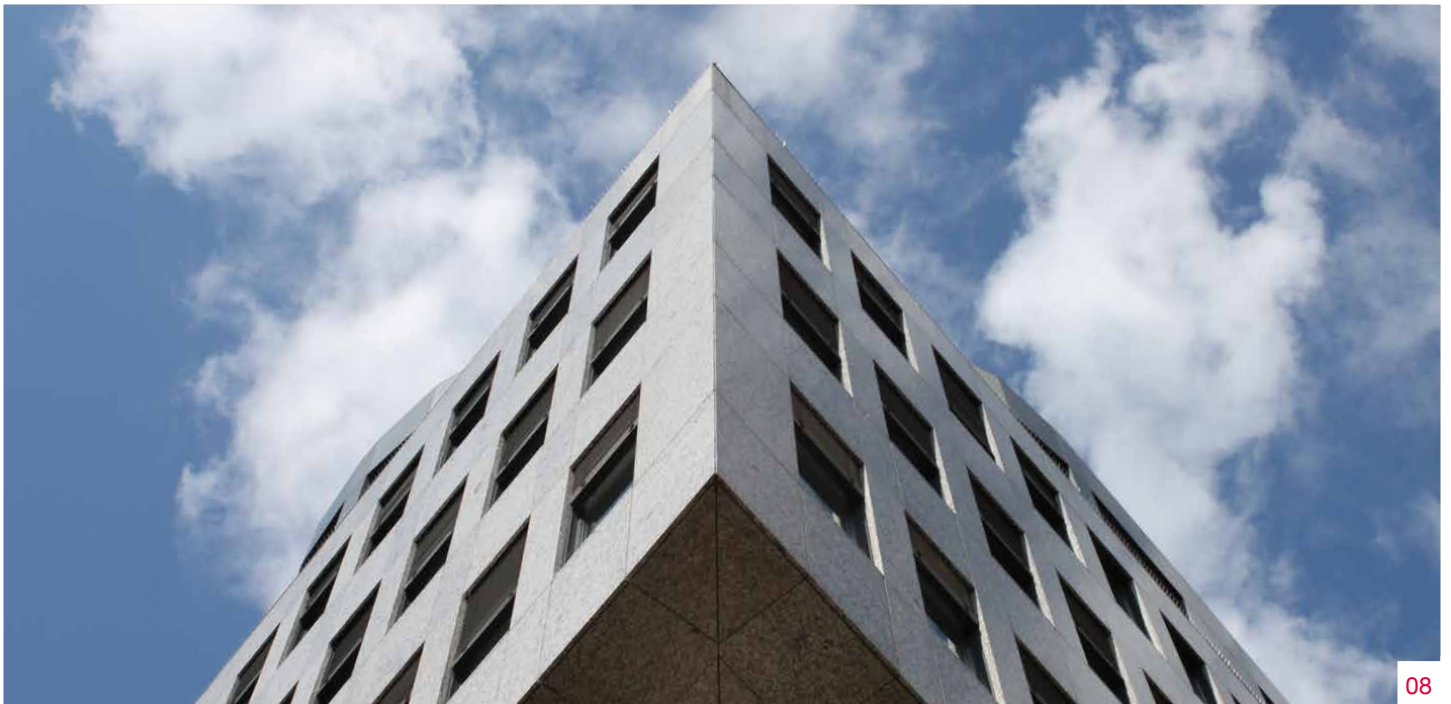
Details 30,000 sq m office building in excellent office location. Sold for €58.0 million to Signa Fund.

07

**Machtlfinger Strasse 5-15
Munich**

Client Commerz Real

Details 22,000 sq m office building acquired from a local developer. Acquired for €47.5 million.



08



09



10

08

Atrium Charlottenburg
Kaiserin-Augusta-Allee, Berlin

Client Atheel

Details 41,000 sq m multi-let office building anchored by local authority, Fraunhofer Institute and Tele Columbus. Acquisition advice on the €60.5 million purchase.

09

Konrad-Celtis Straße 75-83
Munich

Client Terrafinanz

Details 17,000 sq m office building, Knight Frank acquired the office building for Terrafinanz, a German developer.

10

Frankfurter Ring
Munich

Client Inovalis

Details Marketing campaign on basis of a sole instruction. 10,600 sq m of lettable office area; sold to a foreign private investor.



RETAIL

The retail sector remains very active and investors have been purchasing much more aggressively outside of the big 5 cities, as second-tier cities become more attractive due to an overall improvement in their underlying economic situation. Locations with local populations exceeding 100,000 are becoming increasingly attractive to investors; approximately 80% of all transactions have been in these cities.

After being largely absent from the market in 2011 and 2012, foreign investors have been very active since the middle of 2013, driving increased transaction volumes. In H1 2014, just under €4.0 billion were invested in German retail properties, representing a 67% year-on-year increase.

With negotiations underway for the sale of several large retail portfolios, a number of significant major deals are likely to be completed by the end of 2014. As a result, the retail sector may claim almost 40% of the annual commercial transaction volume for Germany, comfortably reaching €10.0-12.0 billion.

A major current driver of portfolio retail investments is the added value angle, as new development levels for supermarkets and retail parks are down and many existing retail units have imminent lease expires. Lease extensions often involve capital expenditures into the property and, in many cases, are an easier task for new international funds than for the current owners.

Prime yields for single supermarkets, hypermarkets and retail warehouses are at 6.90%, while retail parks with lot sizes of above €10.0-15.0 million are currently trading at prime yields of 6.50-6.75% and secondary product is at 7.25-8.50%. Recent portfolio transactions have been recorded at yields as high as 10.00-14.50%, particularly where assets have shorter remaining lease terms and immediate capital expenditure requirements.

“No matter what quality, size or location, any retail product with an investment story will find its purchaser.”



Sebastian Wiedmann
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04

01

Schultheiss Quartier Stromstrasse 11-17, Berlin

Client IKB Bank

Details New development as well as re-development of a shopping center. Advising on the sales process.

02

Louis Portfolio Various locations

Client Louis Group

Details 5 retail shops, mainly supermarkets with 9,000 sq m lettable area. Sold for €13.5 million to several private investors.

03

Retail Portfolio Aprirose Various locations

Client Aprirose

Details 9 retail assets mixture of Lidl, Netto and others with 17,600 sq m of lettable area. Sold for €17.0 million to several private investors.

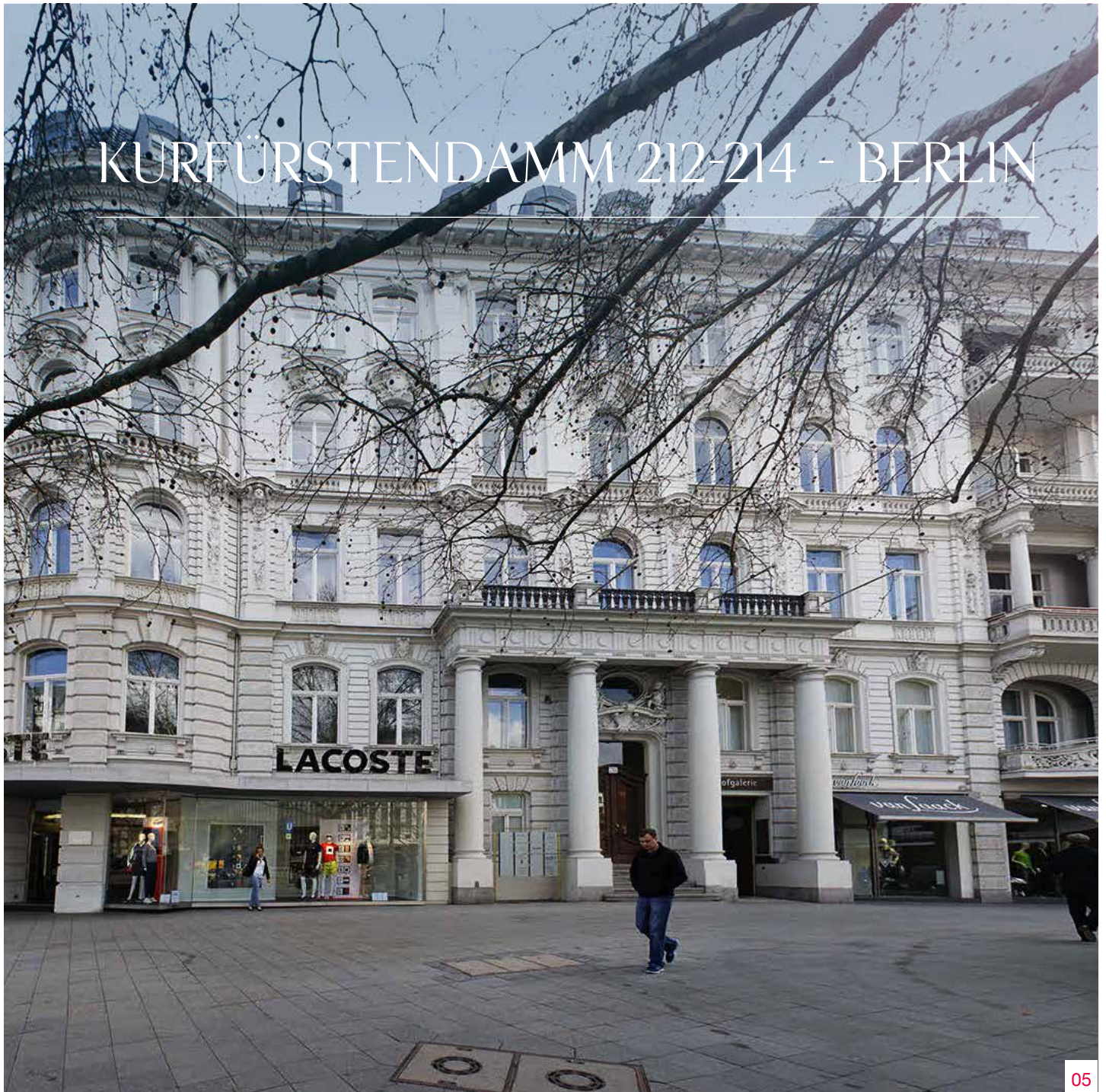
04

51 Portfolio (4 Properties) Various locations

Client Merchant Place

Details Marketing campaign on basis of a sole instruction. Sold for € 23.0 million to regional private investors.

KURFÜRSTENDAMM 212-214 - BERLIN



05

05

**Kurfürstendamm 212-214
Berlin**

Client Family Trust Becker & Kries

Details 14,800 sq m high street building, multi-let, retail anchored by Lacoste, Palmers and van Laack. Acquisition for €83.9 million.

"An increasing amount of high street investors will continue purchasing trophy assets in the top 5 cities in Germany now competing with other international metropolitan cities."



Sascha Hettrich

Partner

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LOGISTICS

German logistics and industrial investment increased by more than 60% in 2013, totaling €3.0 billion. The positive trend continued into the first 6 months of 2014, with H1 investment volumes amounting to €1.4 billion. Investment activity has been mainly driven by increased demand from foreign investors; in H1 2014 a total of 65% of all logistics investments in Germany came from international investors.

Although investment demand for logistics and industrial property remains very strong, activity is constrained by a lack of quality product. Continued investment allocations into this sector, especially by foreign investors with a focus on portfolio transactions, have caused demand to exceed supply and resulted in yield compression. Prime logistics yields have hardened to 6.25%, after being in the 6.50-6.75% range during 2010-2013. Secondary logistics product is more likely to trade at yields of 7.50-8.50%, depending on micro-location and tenant profile.

Due to the shortage of good quality product, investors have started to accept higher risks and show more flexibility, which has resulted in increasing interest in last-mile distribution hubs, shorter lease terms and secondary locations.

“Over the last 18 months the amount of potential investors for logistics has almost doubled.”



Lutz Hahn
Partner

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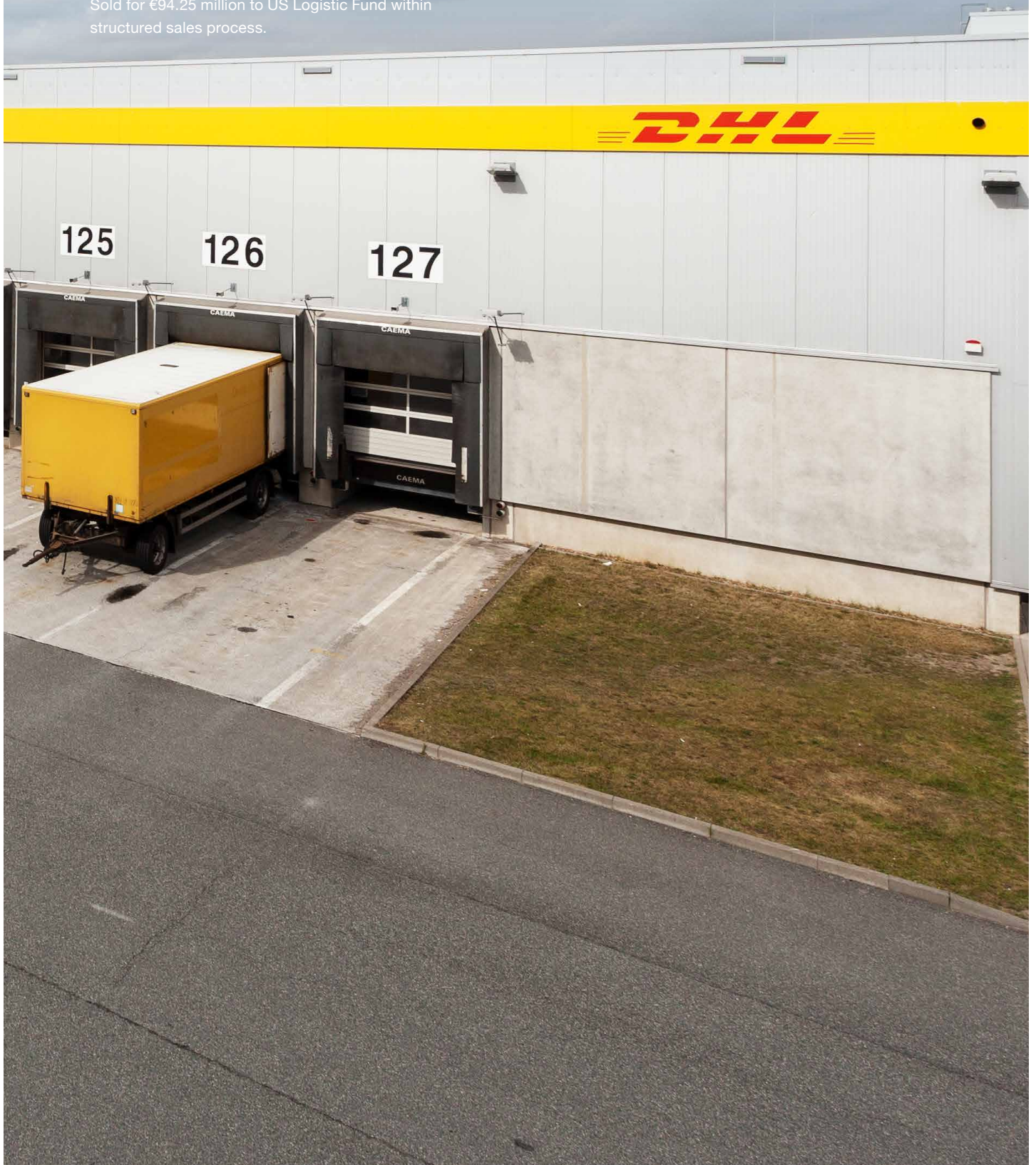




LIMA PORTFOLIO VARIOUS LOCATIONS

Client Credit Suisse

Details 3 logistic assets in Bremen, Hannover and Biebesheim with tenants including DHL and Fresenius.
Sold for €94.25 million to US Logistic Fund within structured sales process.





01



02

01

Logistics Centres Schwaig and Gomaringen

Client Aprirose

Details Advisory during the due diligence process. Sold for €35.0 million to Blackstone.

02

BBS Logistic Centre Herbolzheim, Freiburg region

Client Accentis

Details Marketing campaign on basis of a sole instruction. Sold to a regional private family office.



03



04

03

**Europort
Kelsterbach**

Client BEOS AG

Details Knight Frank acquired the Europort for BEOS AG, a German investor specialised in logistics and light industrial.

04

**Baurat-Koehler-Strasse
Hildesheim**

Client A local developer

Details 44.300 sq m logistic facility developed for "Reifen.com". Sold for €23 million to Palmira Henderson.

BMW LOGISTIC – NIEDERAICHBACH

Client IM Properties

Detail 100,000 sq m logistics facility
anchored by BMW. Sold for €43.0 million
within a structured sales process.





OUR NETWORK OF SPECIALISTS

Through our 'one team' approach we provide market leading investment advice for our German clients.

- ◆ We have successfully concluded transactions for our clients in all major German areas and sectors
- ◆ We have acted on behalf of the major national and international open-ended, close-end, special funds, property companies and private investors
- ◆ We also have German speakers in seven countries across Europe including UK, France and The Netherlands

Frankfurt ◆

Munich ◆

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OUR GLOBAL CASE STUDIES

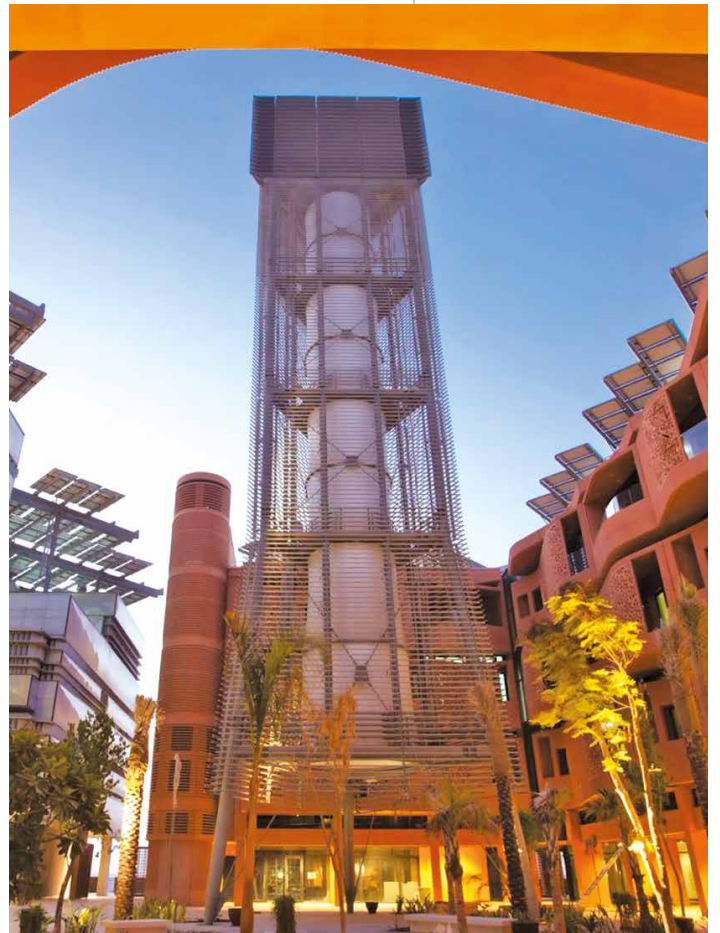


EMPIRE STATE BUILDING NEW YORK
INSTRUCTED AS THE LEASING AGENT FOR THE WORLD'S MOST FAMOUS OFFICE BUILDING TOTALLING 2.8 MILLION SQ FT



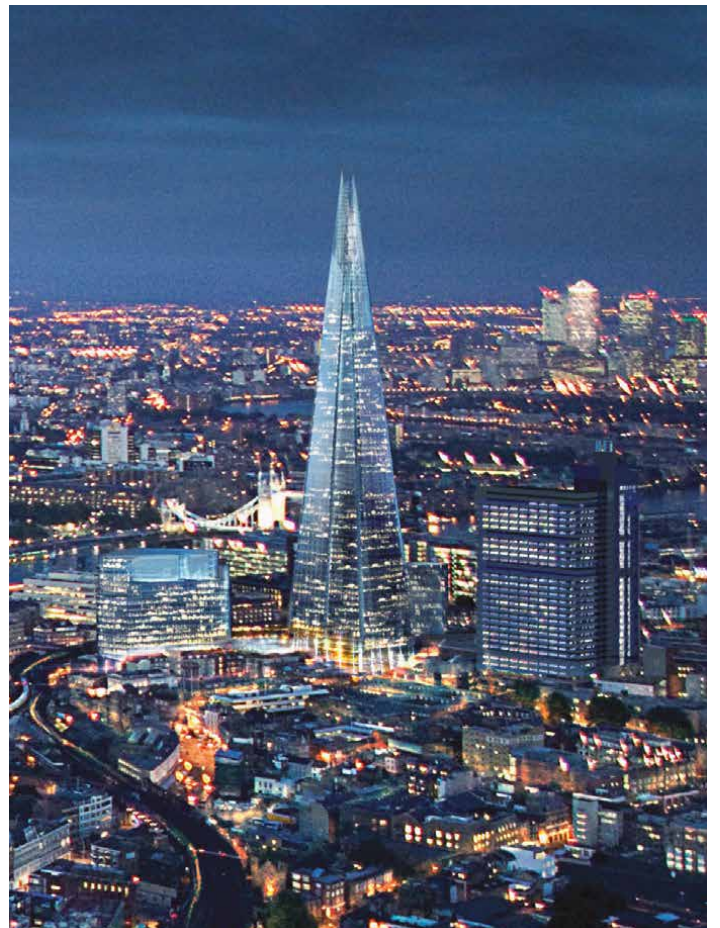
WILLIS TOWER CHICAGO

RETAINED FOR THE DEBT AND EQUITY RECAPITALISATION OF THIS ICONIC TOWER IN CHICAGO - STANDING AT 1,450 FT AND 110 STORIES HIGH, WILLIS TOWER IS THE TALLEST BUILDING IN THE WESTERN HEMISPHERE



MASDAR CITY ABU DHABI

INSTRUCTED TO PROVIDE PROFESSIONAL SERVICES AND VALUATION APPRAISAL ADVICE ON THIS FLAGSHIP, CARBON NEUTRAL CITY



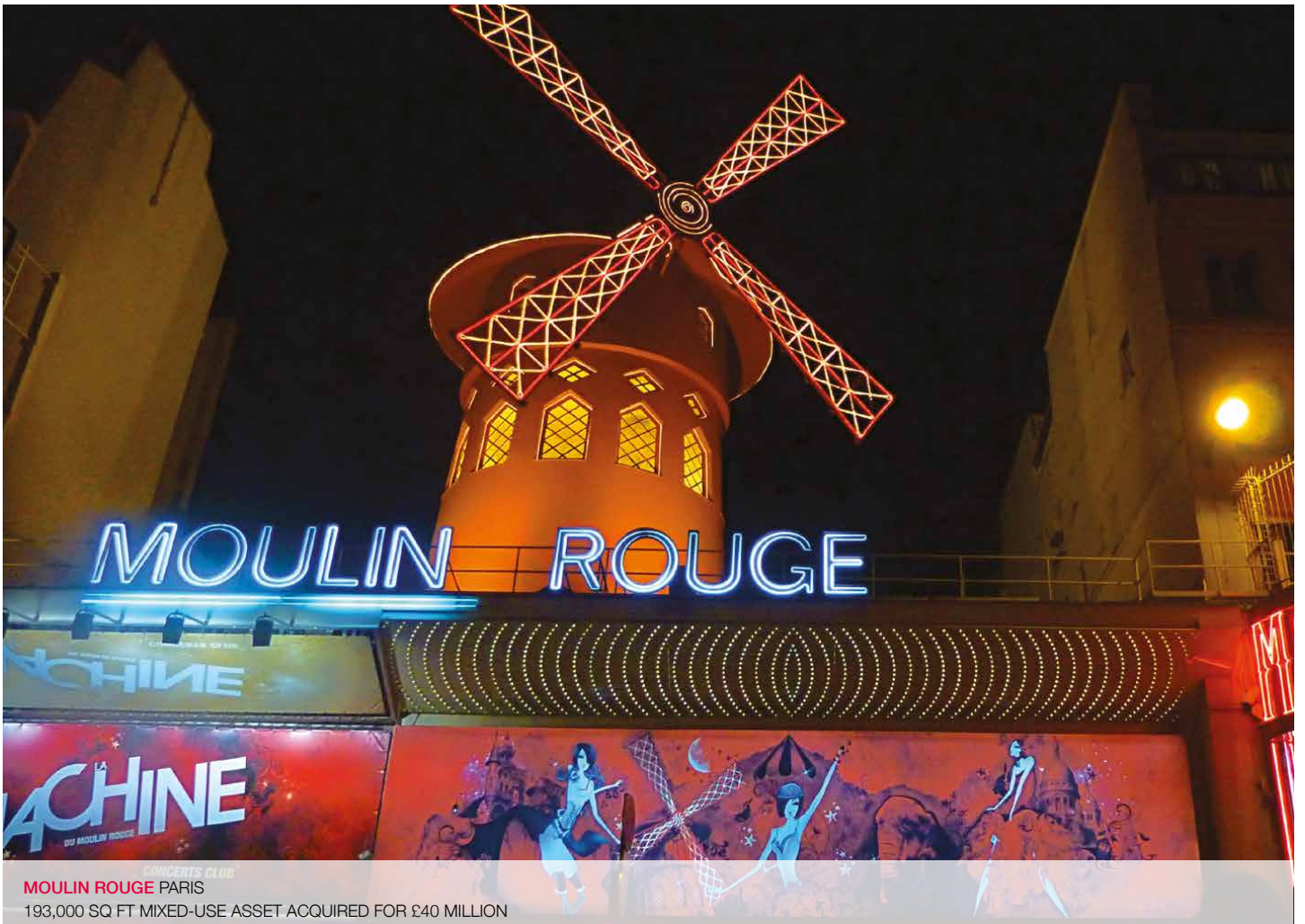
THE SHARD LONDON

KNIGHT FRANK IS JOINT OFFICE LEASING AGENT OF THIS ICONIC 1.2 MILLION SQ FT CENTRAL LONDON BUILDING



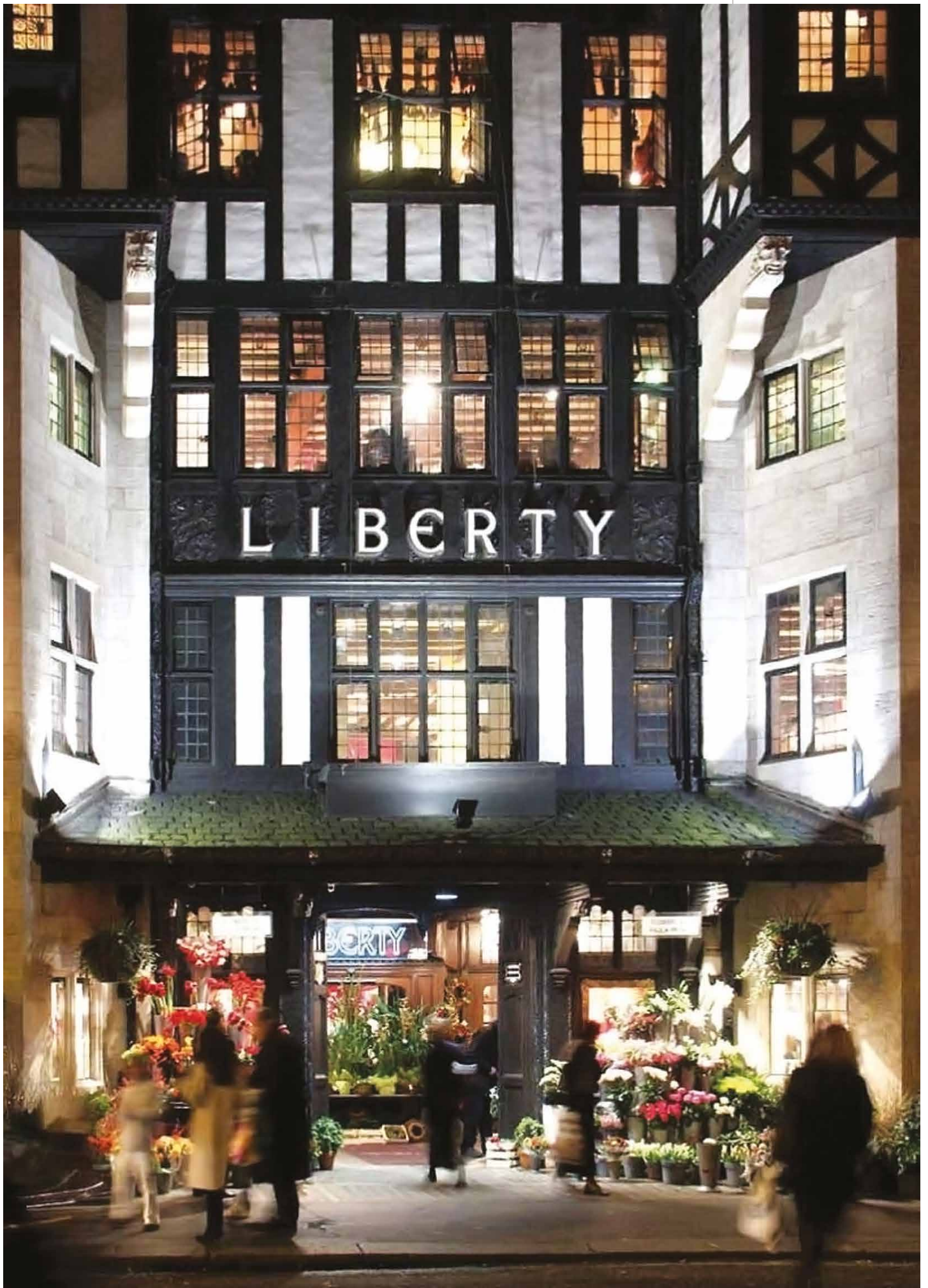
BATTERSEA POWER STATION LONDON

KNIGHT FRANK AND THE REAL ESTATE CORPORATE FINANCE TEAM AT ERNST & YOUNG LLP WERE APPOINTED AS JOINT ADVISERS ON THE DISPOSAL OF BATTERSEA POWER STATION



MOULIN ROUGE PARIS

193,000 SQ FT MIXED-USE ASSET ACQUIRED FOR £40 MILLION



LIBERTY LONDON

LIBERTY FLAGSHIP STORE, SOLD FOR £41.5 MILLION TO SIROSA LIBERTY ON BEHALF OF LIBERTY DEPARTMENT STORE

YOUR GLOBAL PROPERTY PARTNER

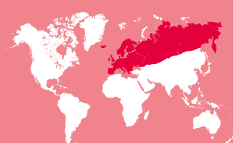
The four ingredients which set Knight Frank apart are our independence, our global network, and our commercial and residential platforms.

Through our US alliance with Newmark Grubb Knight Frank we have grown to a group of over 12,000 property professionals, in more than 335 offices in 52 countries. Being a partnership allows us to put our clients first, we focus on giving them the best advice

and putting long term relationships before short term wins. Trust and integrity are everything.

Working with private individuals, developers, investors, banks, corporate occupiers and public sector bodies we provide a range of agency, investment and professional consultancy services which are supported by our dedicated market research teams.

The combination of our people, research and technology has helped us grow our enviable track record and that's why clients come back to us for their personal and professional property requirements.



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UAE

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- ♦ Valuations
- ♦ Workplace Consultancy

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- ♦ Industrial & Logistics
- ♦ Offices
- ♦ Public Sector
- ♦ Residential
- ♦ Retail & Leisure
- ♦ Rural & Agricultural
- ♦ Student Property

COMBINATION
OF OUR PEOPLE, RESEARCH AND TECHNOLOGY
HAS HELPED US GROW OUR ENVIABLE
TRACK RECORD

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The Knight Frank network consists of Knight Frank LLP and its direct subsidiaries which provide services in the UK and an international network of separate and independent entities or practices providing services internationally.



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