

Annual Report 2009



Commerz Real (Real Estate / Assets / Leasing)

With 45 billion euros in assets under management, Commerz Real AG ranks among the world's largest property asset managers and providers of structured leasing and investment solutions. Commerz Real offers investment options in open-ended and closed-end real estate funds, real estate special funds, as well as closed-end funds for mobile economic goods, such as regenerative energies. Beyond that, our service spectrum includes the area of structured investments, comprising real estate leasing, big ticket leasing, and structured financings, as well as equipment leasing. Commerz Real therefore acts as a partner of choice for institutional investors and high-net-worth individuals, as well as for corporate clients and the public sector.

Before the background of the continuing financial and economic crisis, conditions in the markets relevant to Commerz Real were difficult in 2009. The reticent investment behaviour among investors and clients, as well as the limited financing options, have imposed narrow confines on potential new business. Attempts to consolidate risk positions in the portfolio met with limited success because of the impact of the economic situation and led to high impairments on real estate and shipping assets. That said, Commerz Real achieved respectable operative earnings in all service sectors during the reporting period.

“hausInvest europa” Wins Scope Award for the Third Consecutive

Investments in tangible fixed assets with a long-term horizon and low risk inclination are very much in vogue. Due to the massive net inflow of funds from the private client business caused the fund volume of hausInvest europa to

grow from 8.5 to over 10 billion euros in the course of the year. The return on investment achieved under difficult market conditions, and the strategic advantages scored in the process, were instrumental in winning – for the third consecutive time – the Scope Investment Award as “best German open-ended real estate fund targeting the European market” for hausInvest europa. The jury specifically cited the excellent financial structure of the fund. It also highlighted the well-balanced structural diversification of the real estate portfolio. Mentioned moreover was the fact that the fund was able to exploit its solid liquidity situation for extensive new institution. Investments concentrated on Germany, France, the United Kingdom, and Scandinavia.

Investors were clearly more reticent in their commitments in hausInvest global, a fund whose worldwide investment strategy causes it to operate in an environment altogether more exposed. The volume of this fund dropped to 1.7 billion euros. Nonetheless, the liquidity situation permitted selected acquisitions, e.g. in Calgary/ Canada. Between them, the two hausInvest funds transacted investments with a total volume of more than 600 million euros. The take-up worldwide added up to more than 450,000 square metres.

Professional Investments for Institutional Investors

Among other things, Commerz Real is a fund specialist for institutional investors. On the basis of tailored consultancy, the company provides safety-driven and sustainably attractive investment solutions. The range of investment products comprises eight specialised funds under German or Luxembourg law. The real estate assets under management have a total volume of approximately 2 billion euros. New investments focus on two office schemes in the inner



city of Paris with an aggregate acquisition volume of approximately 50 million euros.

Successful Placement of Closed-End Funds

The activities in the closed-end fund area focused primarily on the investment segments of European core real estate and renewable energies. Launching three new funds, Commerz Real Fonds Beteiligungsgesellschaft mbH (CFB) raised equity capital with a total volume of approximately 60 million euros. Sales for CFB Fund 173, offering investors the opportunity to acquire interests in the new corporate headquarters of mobile phone provider E-Plus in Düsseldorf, started in June 2009. By early December 2009, the company announced that the equity capital was fully placed.

Photovoltaic power plants worth approximately 150 million euros were acquired during the reporting period to launch closed-end solar funds that were backed by firm placing commitments. In October 2009, CFB put its first solar fund on the market – CFB Fund 174. It includes four photovoltaic plants in Germany, and was fully placed by the end of the year. Sales for the second solar fund (CFB Fund 175) started in December 2009. Here, too, the first weeks saw an enormous demand.

The dramatically altered market environment and the negatively impaired parameters in container shipping prompted the company's decision in November 2009 to suspend the placement of three CFB ship funds until further notice. This decision will not affect the investor capital already paid in because CFB fully met its obligations arising from placement guarantee agreements. The intention is to resume placing the acquired interests as soon as the market environment recovers.

Structured Investments: Opportunities Offered by a High-Quality Provider

In the service area of structured investments, Commerz Real offers integrated financing and investment know-how for the most diverse financing and investment requirements. This paves the way for optimal solutions, adapted to individual client requirements. The economic parameters and the limited possibilities to obtain financing have put strains on new business, especially on large-scale transactions. As a high-quality provider, Commerz Real managed nonetheless to close deals in a total volume of approximately 600 million euros with commercial clients from various industries. These included companies from the utility, food, and automotive sectors, and even the aviation and space industry. By contrast, the expectations ve-



sted in public private partnerships with the public sector in conjunction with the Federal Government's economic stimulus program have not been met during the reporting period.

Equipment Leasing Operations Stand their Ground in Difficult Environment

The persistently difficult investment climate during the 2009 financial year also limited the new business opportunities in the equipment leasing sector. In fact, the industry suffered a sharp downturn by more than 20 percent in 2009. All the more remarkably is the new-business volume that Commerz Real realised during the reporting period: At approximately 900 million euros, the volume of domestic orders placed remained almost level year-on-year. Two out of three deals closed represented the machine and equipment leasing segment.

Outlook

Since 2008, the parameters for the business activities of Commerz Real have undergone a massive change that is explained by the financial and economic crisis. 2010 it is still to see volatility and unease on the markets that are important to Commerz Real. With a view to this situation, the company launched a strategy project in November 2009 that includes the redevelopment of the business model so as to pave the way for an enhancement of the company's market positions in a challenging environment.



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