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Eurohypo successfully concludes second major synthetic securitisation via Semper

- High investor demand, especially for non-investment grade tranches
- Equally successful placement of second loss piece from first synthetic Semper securitisation of 2006

Eschborn. Eurohypo has successfully concluded its second major synthetic securitisation via its Semper platform. Through Semper Finance 2007-1 GmbH, the Bank placed risks from a package of German commercial real estate loans with a volume of EUR 1 billion with investors. The special purpose vehicle, Semper Finance 2007-1 GmbH, was set up by True Sale International (TSI), the German securitisation initiative in which Eurohypo is the only real estate bank to be a founding member.

The loans were offered in eight tranches, most of which carry a rating from the agencies Standard & Poor's and Fitch. Commerzbank acted as the Lead Manager and sole Bookrunner for the transaction. Demand from institutional investors for the broadly diversified loan risks was high and Semper Finance 2007-1 was placed with investors from 8 countries. Demand was particularly strong for the three non-investment grade tranches rated BB+, BB- and B respectively.

"We are very pleased with the performance." said Christian Schmid, Head of Debt Capital Markets at Eurohypo. "The high level of demand and resultant excellent pricing, particularly for the non-investment grade block of the transaction, reflect the trust that Eurohypo enjoys as a frequent issuer in the securitisation market." Through its securitisation transactions, Eurohypo offers investment products which reliably and calculably take account of the risk appetite of investors.

For Eurohypo, Semper Finance 2007-1 also makes a significant contribution to the Bank's portfolio management from a risk viewpoint.

Under Semper Finance 2007-1, only the risks are sold via commercial backed securities (CMBS), not the loans themselves. These remain on Eurohypo's books.

Placement of second loss piece of Semper Finance 2006-1 equally successful

Today, Eurohypo also successfully placed the second loss piece of Semper Finance 2006-1, its first synthetic securitisation of German residential real estate loans. As a result of the high level of investor demand for investment opportunities, particularly in the non-investment grade block of Semper Finance 2006-1, the Bank decided to further split the then first loss piece, which in a securitisation transaction is traditionally held by the issuing bank. Through the synthetic securitisation Semper Finance 2006-1, at the end of 2006, Eurohypo successfully placed risks from eastern German residential real estate loans in the capital market.

“We set up this securitisation as well because there was such a high level of interest from institutional investors in a large-scale, granular portfolio of residential real estate credit risks,” explained Schmid. The Bank also made the quality of the portfolio a priority for Semper Finance 2006-1. The loans cannot be classed as NPL or have a history of restructuring and there should be no repayments in the near future,” commented Schmid. The demand for the second loss piece confirms the Bank’s issuance strategy once more.

Through the Semper transaction and true sale transactions via its “Opera” platform, Eurohypo is the market leader in Europe for the securitisation of commercial real estate loans. After securitising financings primarily from England, the Netherlands, Ireland and France in the past, the Bank expanded its offering last year to include German true sale and synthetic CMBS transactions. Eurohypo has already placed a EUR 550 million loan via a true sale securitisation in the capital market via “Opera”Germany (No.3).