

Creditors agree to extend €3.4bn loan for German department stores and the associated CMBS bond maturity dates amid spate of loan maturities this month

# CMBS investors extend Karstadt loan by three years

Creditors to the landlord of a portfolio of German department stores let to Karstadt and Quelle have agreed the restructuring of a €3.4bn property loan and the Fleet Street Finance II commercial property-backed securities secured on it.

The loan to buy the department store-tenanted property was taken out by a consortium including Whitehall Street International Real Estate, RREEF and Pirelli RE in April 2008. The consortium bought a 49% stake in the store portfolio.

This is the first time both the real estate loan and related bond maturity dates have been

simultaneously extended.

The news comes at a crucial point for CMBS borrowers as rating agency Fitch says that impending European CMBS loan maturities in March and April will inflate the number of loans that are in standstill or workout. Two loans will mature this month and another ten are due next month (see loan maturities Analysis, page 8).

Note holders in the €1.13bn Fleet Street Finance II CMBS issuance voted for a three-year extension to the bond maturity date at an extraordinary general meeting two weeks ago. The loan on the underlying real estate has been extended for a similar period.

The operator of the department stores, Arcandor, filed for insolvency in June 2009, placing the rental income from the stores in jeopardy. Under the new agreement, the tenants of the properties will receive rental decreases, with a reversion to their previous levels by 2015.

Under a total liquidation scenario, Cushman & Wakefeld valued the real estate at €713m, compared with a valuation under similar circumstances in December 2008 of €1.23bn.

Brookland Partners is advising Capita Asset Servicers, which is acting for noteholders in the CMBS issuance.