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Newly established Continuum Capital seeks to invest in German ground rent properties

Continuum Capital, which was set-up in Frankfurt/Main in 2009, is focussing on investments in German ground rent properties and intends to further establish this particularly attractive asset class with long-term institutional investors. Cash-flows from ground rents are characterized by their first-ranking title over the property and full inflation protection of up to 99 years.

The company views the currently restrictive financing markets and the tax environment as particularly conducive for the application of ground rent investments structures. "The German ground rent code has been well established since 1914 and allows for a risk/return adjusted tranching of real estate related cash-flows, serving different financing and investments preferences" says Michael Jung, founding member of Continuum Capital. "Through a sale & lease-back type of transaction property owners may reduce their debt financing disproportionately by selling the land. Alternatively in a new investment scenario, the immediate sale of the land as a ground rent property to Continuum Capital as a co-investor will lead to a substantial improvement of the cash yield and an up to 30% lower capital requirement."

Sönke Schwartz, who previously has worked as a certified tax advisor and auditor for Deloitte and KPMG, is also a co-founding managing partner of Continuum Capital and has been structuring ground rent investments and the EUR 300 mn securitisations of the German Ground Lease Finance SPVs with Michael Jung.

Bernd Knobloch (the former CEO of Eurohypo AG, Eschborn) as well as Dr. Rainer Sticken and Dr. Walter Wübben (both managing partners of ABG Allgemeine Bauträgersgesellschaft mbH & Co. KG, Munich / Cologne) have recently joined Continuum Capital as shareholders and non-executive directors.

"With this shareholder structure and the market know how and access that comes with it, Continuum Capital seeks to make ground rent structures much more common in the German real estate market. We expect ground rent transaction volumes from sale & lease back as well as co-investment models in the triple digit million area in the next few years." states Sönke Schwartz. Bernd Janssen, is completing the management team as Head of Acquisitions. Mr. Janssen has previously led the equity research department of UBS Deutschland AG as a managing director and with a focus on the German real estate sector. The company will focus its acquisition strategy on ground rent generating properties in the key metropolitan areas of West Germany and Berlin and residential, office and retail related assets.

For further information please contact:

Continuum Capital GmbH & Co. Kommanditgesellschaft, Liebigstr. 53, 60323 Frankfurt/Main,
Tel: +49-69-247041440, Presse@Continuum-Capital.com