

A Partner from the Start.
Listening. Understanding.
Looking Ahead.
Taking Responsibility.

Annual Report 2008

Key Figures for the Group in accordance with International Financial Reporting Standards (IFRS)

	31 Dec. 2008 € million	31 Dec. 2007 € million	Change € million	%
Income Statement				
Net interest income	179.1	156.2	22.9	14.6
Allowance for losses on loans and advances	- 27.3	6.8	- 34.1	< 100.0
Net interest income after allowance for losses on loans and advances	151.7	163.0	- 11.2	- 6.9
Net fee and commission income	25.9	18.5	7.5	40.4
Net trading income	17.4	21.6	- 4.1	- 19.0
Net income from non-current financial assets	5.0	- 18.5	23.4	< 100.0
Administrative expenses	80.7	83.1	- 2.4	- 2.9
Profit before tax	121.2	105.0	16.2	15.5
Income taxes/deferred taxes	12.5	10.8	1.8	15.7
Loss after tax from discontinued operations and assets held for sale	- 12.0	- 2.1	- 9.8	> 100.0
Consolidated profit for the period	96.7	92.1	4.7	5.1
	€ million	€ million	€ million	%
Balance Sheet				
Total assets	26,170.9	23,827.1	2,343.9	9.8
Equity	861.0	915.9	- 54.9	- 6.0
New Business				
Total	6,013.8	9,633.9	3,620.1	- 37.6
Commercial use	4,799.3	8,407.0	3,607.7	- 42.9
Residential use	1,214.5	1,226.9	12.4	- 1.0
	%	%		%
Key Figures				
BIS core capital ratio (in %)	8.4	6.1	-	-
Cost/Income Ratio**	35.5	40.4	-	-
Return on equity before taxes**	13.5	12.0	-	-
			Number	%
Employees				
Employees (annual average)	515	499	16	3.2
Rating***				
Standard & Poor's rating for Westdeutsche ImmobilienBank AG				
- long-term				BBB+
- short-term				A-2
Mortgage Pfandbriefe				AAA
Public sector Pfandbriefe				AAA

* The core capital ratio was calculated in accordance with Basel I in 2007 and Basel II in 2008

** The cost/income ratio and RoE were calculated excluding discontinued operations

*** Information correct as of May 2009

WestImmo in 2008

On track in a challenging year with improved earnings capacity.

Active in new business throughout the year despite financial markets crisis: a reliable partner for the real estate industry.

Consistently focused on commercial real estate financing.

Strengthened position as agent and arranger.

Collaboration with the savings banks intensified.

Structures in portfolio and exit management systematically expanded.

Contents

Key Figures

WestImmo in Brief 3

Management Team 4

Letter from the Managing Board 5

What WestImmo Stands for

Listening 8

Understanding 10

Looking Ahead 12

Taking Responsibility 14

An Introduction to WestImmo

Smoothing the Way 17

A Reliable Business Partner 19

Individually Personalised 21

Achieving More Together 23

The Biggest Compliment 25

Creating Shared Values 27

Building on Experience 29

Offering Reliability 31

Winning with Ideas 32

Names and Locations 35

Members of the Managing Board, Managing Directors and Branch Managers 36

Heads of Central Departments 37

Subsidiaries 38

Members of the Supervisory Board of Westdeutsche ImmobilienBank AG 39

Contacts 40

Imprint

WestImmo in Brief

Westdeutsche ImmobilienBank AG (WestImmo) is the Centre of Competence for commercial real estate financing and structured real estate transactions in the WestLB Group. It is one of the leading real estate financiers in Germany and maintains a strong presence in the western, central and eastern European markets as well as in North America and Asia.

WestImmo prides itself on its customer focus, reliability, flexibility and lean structures. Our decisions are based on extensive knowledge of markets and products; we attach great importance to country-specific expertise and comprehensive research.

Our customers include institutional investors, global developers, property companies, real estate corporates and medium-sized enterprises. We finance office, commercial and residential property as well as shopping centres, hotels, logistics facilities and public buildings.

In addition to financing at property, project or portfolio level, we also offer customers a full spectrum of additional products such as real estate joint ventures, syndications and interest and exchange derivatives.

Collaboration with the savings banks in commercial real estate financing has a high priority for us. We complement the products offered by our association partners and improve the ability of savings banks to finance even large-scale projects.

As an issuer of Pfandbriefe and bonds, WestImmo stands for stability and reliability. Our Pfandbrief have been given the top AAA score by ratings agency Standard & Poor's (S&P).

WestImmo is a fully-owned subsidiary of WestLB AG. In addition to the headquarters in Mainz, the company also has offices in Berlin, Düsseldorf, Hamburg, Munich and Münster and is represented in London, Madrid, New York, Paris, Prague, Tokyo and Warsaw.

WestImmo is supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – Federal Financial Supervisory Authority) and is affiliated to the Sicherungsreserve (Guarantee Fund) for the Landesbanken/Girozentralen (state banks/central giro institutions) in the Deutscher Sparkassen- und Giroverband e.V. (German Giro and Savings Banks Association) and the Reservefonds (Reserve Fund) of the Rheinischer Sparkassen- und Giroverband (RSGV) (Savings Banks and Giro Association of the Rhineland) and the Westfälisch-Lippischer Sparkassen- und Giroverband (WLSGV) (Savings Banks and Giro Association of the Westphalia-Lippe).

MANAGEMENT TEAM



Claus-Jürgen Cohausz
Member of the Managing Board



Rainer Spielmann
Member of the Managing Board



Dr. Peter Knopp
Chairman of the Managing Board



Dear Clients,

Some six months since the crisis in the economy and on the financial markets took a dramatic turn for the worse in autumn 2008, no one can yet say with any certainty just how long this situation will continue and how great the damage it causes will be. Transactions on the commercial real estate markets have declined markedly, while the lack of, or significant restrictions in, the exit and refinancing options of the banks limited the new business of almost all market players. Even the Pfandbrief, which with a default rate of “zero” has for more than a hundred years been one of the most stable forms of investment in the world, fell victim to the maelstrom of events towards the end of 2008.

Against this background, one thing at least is certain: these events mark the end of an era in the history of finance and business.

Despite the extremely difficult conditions, WestImmo has posted good figures for 2008. The IFRS result before tax climbed 15.5% year on year to reach €121.2 million, largely driven by a much improved interest, fee and commission performance. Net interest income rose 14.6% to €179.1 million, while net fee and commission income grew to €25.9 million (2007: €18.5 million). As we also managed to cut costs while boosting earnings, all the bank’s profitability indicators improved sharply. The cost/income ratio dropped below the 40% mark at 35.5%, while the return on equity rose above last year’s 12% to reach 13.5%.

WestImmo responded early to the global evidence that some real estate markets were overheating and to the economic downturn by analysing the markets closely with an eye on economic risks and by continuing to pursue our conservative risk policy. This put us in a position to maintain our planned development even in a year dominated by the economic and financial crisis. In particular, our active liquidity control enabled us to exploit new business opportunities on the real estate markets and provide financing even in the fourth quarter of 2008. This demonstrates the strength of our business model. We can both keep and manage loans on the book for the long term and are not reliant on a rapid exit on the capital market.

WestImmo attaches great importance to maintaining long-term relationships with its customers that are founded on mutual trust. Just how valuable these are is demonstrated precisely in times of crisis such as these. Our traditionally conservative accounting policies, which lead us to pursue congruent refinancing options, have proven to be particularly appropriate at this time.

The main developments of significance for the long-term progress of the bank in 2008 were as follows:

- We continued to strengthen our international presence. The Warsaw office, opened in 2007, the office in Prague that was set up in February 2008 and our Japanese subsidiary established themselves on the market and expanded their business activities significantly within a very short space of time. In the USA we were one of the very few banks able to conclude new business, which enabled us to consolidate and strengthen our market position as a commercial real estate financier. In other countries too, particularly in the core Germany market, WestImmo was one of the banks able and willing to act as a financing partner despite the crisis on the financial markets.
- We have gained international recognition as a reliable partner. The transactions in the 2008 financial year, details of which you can read in this report, are evidence of our much stronger position as arranger and agent for financing. The decision to intensify our exit management and build up our own team of specialists proved to be the right one.
- We also strengthened our collaboration with the savings banks in commercial real estate financing in the 2008 financial year. Both the volume and the number of savings banks with whom we are collaborating grew. Cooperation with our association partners will be expanded in the future and complemented with additional product ranges.
- We again optimised our structures and streamlined internal processes. This is reflected above all in our cost/income ratio, but it is always with the aim of providing our customers with a speedy, comprehensive and reliable service.
- We pushed ahead with our focus on the core business of commercial real estate financing and sharpened our profile as the centre of competence within WestLB.

It was the focus on commercial real estate financing in particular that led to the decision taken by the Managing Board and Supervisory Board in November 2008 to discontinue new business in the retail construction financing segment with effect from 1 January 2009. The main factor in this decision was that WestImmo

does not have any deposit business which it can tap for the purposes of refinancing, nor are there any sales synergies with the other activities of the group. The portfolio remains under management. It is to be offered for sale in 2009. Working in close consultation with employees' representatives, we have already found socially acceptable solutions for the necessary staffing cutbacks.

Given the market environment, it would make little sense for us to offer concrete targets for 2009 performance. Further developments hinge on too many factors which we are unable to predict with any degree of certainty, let alone influence.

Nevertheless, we are convinced that WestImmo is well positioned to maintain itself under the current difficult conditions.

This is where our business model in particular has proven its viability and resilience; our conservative risk policy and the strategy of growing modestly and organically are paying off.

On behalf of my colleagues on the Managing Board, I would like to pay particular tribute to the dedication and enthusiasm of our staff. In the same vein, I would like to thank you, our customers and partners, for the confidence you have placed in us, allied to the hope that we can continue to rely on it in the future.

To win confidence, and restore it where it has been lost, is widely regarded as critical if the crisis is to be overcome. Confidence presupposes openness. That is why we have significantly expanded the group reporting and the information on the risk situation in this report.

We are well aware that the financial crisis and its consequences are a challenge for us all. We will have to measure ourselves by how we deal with it, what we learn from it and the way in which we manage it.

Best regards,

Yours sincerely,

A handwritten signature in blue ink that reads "Peter Knopp". The signature is written in a cursive, flowing style.

Peter Knopp

Chairman of the Managing Board



Customer Focus is Our Strength.

LISTENING

Anyone wishing to provide tailor-made solutions must know what the customer's requirements are. Here at WestImmo, therefore, great importance is attached to listening. Not only do we take our time, we also pay attention to shades of meaning and to what remains unsaid. We know this: financing is not an end in itself, rather a vital resource by which our customers achieve their goals. Understanding these goals is the starting point for everything that we do – for every project, all the way from the beginning to a successful conclusion. Because we are convinced that the effectiveness of solutions depends on it, we are always ready to listen to our partners.



Expertise is Our Business.



UNDERSTANDING

Anyone seeking lasting success in real estate investment needs one thing above all else: comprehensive knowledge of properties, locations and markets. Our customers bring it to the table and also expect it from their financing partner. That is why the teams at WestImmo consist of experts from a wide variety of disciplines in the real estate business. That is why we have our own offices to provide a local presence in our major markets. And that is why we are further expanding our capacities in research and market investigation. Because this is our business: to understand real estate, the markets and the requirements of customers.

Anyone working in real estate takes a long-term view – the investment horizon often stretches over decades. On the other hand, business and society are evolving at a rapid pace. The early identification of underlying trends is, therefore, one of the key

LOOKING AHEAD

requirements for being able to take the kind of decisions that will still be the right ones tomorrow. For us, this means constantly working on ourselves and our range of products, and being open to what's new without losing sight of the tried and tested. This means that the answers we find to today's challenges must also be capable of standing the test of time in the future.



The Future is Our Benchmark.



Creating Value is Our
Standard.

TAKING RESPONSIBILITY

We are rooted firmly in our markets and globally active. Wherever we operate, we do so with high standards, seeking, with our customers, to create value that has lasting stability. Even in a difficult market environment WestImmo stands alongside its partners and customers, bringing its expertise and financial strength to bear. We give our staff the freedom to develop their own potential. We are swift and reliable: whatever we promise, we keep to it. This is in keeping with our understanding of good corporate leadership. To act responsibly is to create lasting value.



La Défense, Paris (France) – Office complex financing: €400 million

Tower “T 1” and Building “B” with some 92,000 m² of office space and 1,345 parking spaces in “Jacques Cartier”. WestImmo refinanced this project in conjunction with Helaba and Deutsche Postbank as mandated lead arranger, with DG HYP also in the consortium. It has also been possible to gain the services of Berlin Hyp and LBBW as additional financing partners.

Smoothing the Way

Helping our customers to find individual solutions to realise their goals – this is our strength in commercial real estate financing.

The real value of a partnership often only becomes apparent when times get tougher. At WestImmo we know this: real estate investors need a bank by their side on which they can rely. It is precisely because we share the passion of our customers for real estate that we attach the greatest importance to long-term stability and reliability in our financial solutions.

If it is to have an accurate understanding of a customer's requirements, a bank must have knowledge of its markets, aims and products. WestImmo has direct local representation in the most important real estate markets worldwide. This enables us to identify changes in the market at an early stage, and to adapt our range of products accordingly. We speak the language of our customers. In the figurative as well as the literal sense of the word.

We employ specialists with knowledge of every aspect of the real estate business. We know how our customers' products work, how they are made and how they are marketed. We understand the criteria according to which they are judged on the market. That is why financing from WestImmo is consistently adapted to the needs and aims of borrowers.

For all that we value established knowledge, we do not confuse thoroughness and diligence with long-windedness. On the contrary: our structures are designed for swift decision-making. Credit enquiries are dealt with directly by our New Deal Committee which, alongside the front office and group control, also includes capital market specialists with expertise in risk management and arrangements. In this way our customers receive a prompt answer as to how and on what basis we can make finance available. And we stick by this answer.

As a financing partner, therefore, we smooth the way – even during the tough times. For example, in just four weeks in Paris during December 2008, we arranged financing to the tune of €400 million in the form of a club deal.

The services portfolio of WestImmo encompasses the whole spectrum of the real estate value creation chain:

- Long-term real estate financing
- Interim construction loans and acquisition financing
- Portfolio financing
- Real estate joint venture financing
- Subordinated loans for existing customers
- Syndication, syndicated financing (club deals)
- Guarantees/sureties
- Interest rate and currency derivatives



Andrassy Palace (top) and Liget Center (bottom), Budapest (Hungary) –

Office and commercial premises financing: €52.3 million

WestImmo financed a real estate portfolio for ING Property Fund Central Europe consisting of historic office and commercial premises, a first-class office building and a retail property (not illustrated) in the best location in Budapest.

“A Reliable Business Partner”

With a portfolio totalling €115 billion, ING Real Estate is among the world’s leading real estate companies. It has been engaged in central and eastern Europe since 1990. An interview with Jirka Lhotak, Managing Director of ING Real Estate Investment Management Central and Eastern Europe:

Mr. Lhotak, what does your investment strategy for the difficult markets of central and eastern Europe look like?

We have put our strong expansion in the region on hold for the time being. We are concentrating instead on the best possible management of our existing real estate so as to come through these stormy times with the least possible damage. In a situation like this it is particularly important to communicate actively with the different interest groups, especially shareholders, banks and tenants, and to work closely together.

How will the real estate market in central and eastern Europe develop?

In the short to medium term, the market will again concentrate on the “old new” Europe. This is mainly Poland, the Czech Republic, Slovakia and Hungary. Even if the market enters a new period of recovery, today’s essentially more risk-aware investors will hold back from aggressive strategies, preferring to stay with established markets.

Who will emerge from the crisis as winners?

The long-term outlook for investors remains good, particularly in Romania. Prices are also expected to fall more sharply there, which will offer some lucrative opportunities.

As you take stock today: what are the advantages for you of working with WestImmo?

Together with WestImmo we have managed – bucking the general trend – to finance a further real estate portfolio in Hungary with two office buildings and a retail property, in addition to the portfolio in Warsaw already financed by WestImmo.

We have widened our cooperation with WestImmo, whom we find to be a reliable business partner characterised by openness and transparency. These strengths are first and foremost the result of having very competent employees with a high degree of freedom to make decisions. We also appreciate the fact that decision-making processes are fully comprehensible at all times.



Jirka Lhotak
Managing Director
ING Real Estate Investment Management
Central and Eastern Europe



The CEE Retail Real Estate Award is one of the most distinguished awards for real estate companies in central and eastern Europe. In 2008 experts from the real estate magazine “EuropaProperty” voted WestImmo “Bank/Finance Provider of the Year 2008”. The bank saw off five other competitors. The countries of central and eastern Europe are among the most important markets of the future for WestImmo. Since 2007 and 2008 we have been represented in Warsaw and Prague with our own offices.



Morinomiya, Osaka (Japan) – Office building financing: JPY 5.7 billion

WestImmo financed a 14-storey class A office building with some 20,000 m² in the centre of Osaka for Lone Star Real Estate Fund in Japan.

Individually Personalised

Opening up opportunities, risk management and control – the services provided by WestImmo at the interface of the real estate and capital market.

Real estate and capital markets are inextricably linked. This holds considerable long-term potential for the real estate sector. If properly implemented, financial reforms directed at the capital market lead to individual solutions which increase customers' room for manoeuvre.

WestImmo has special expertise in the relevant areas of real estate finance geared towards capital markets. We thus offer our customers a comprehensive range of modern instruments for their interest and currency management. Borrowers can use derivatives to hedge interest and currency risks in a way that suits their individual requirements. For example, a swap transaction can be used to fix a variable interest rate. Anyone wishing to eliminate the risk of interest rate rises without losing out on the possibility of falling interest rates can do so with caps and collars. The great advantage of derivatives is that they are independent of the actual loan agreement and make the management of interest and currency risks more flexible and convenient.

The range of services offered by WestImmo also includes consultancy on portfolio transactions, equity investments and structured financing. In addition, real estate companies and REITs are supported with stock market flotations and capital increases in close cooperation with WestLB.

Securitisation specialists are available with suitable transactions to open the door for our customers to financing on favourable terms as soon as the situation in the markets allows.

Our experienced financing teams accompany projects through every stage of decision-making to find an individually personalised solution for each separate case. We rely on clear and comprehensible products to do this. In all that we do, our thinking is always based on real estate. For us, being connected to the capital market is not an end in itself, but rather a means of enhancing the opportunities for our customers and ensuring the success of their projects.

Large network of high-powered partners

Modern and efficient exit management at WestImmo means that customers are offered optimised financial solutions whatever their business model. A major advantage of WestImmo is that, quite apart from its own financial strength, it provides a large network consortium of high-powered partners in the banking and savings market. WestImmo is increasingly taking on the role of arranger and agent for finance consortia. Even in 2008, a tough year, the bank was in a position to successfully conclude complex syndication agreements. To give an example, WestImmo placed its first Japanese transaction of around €116 million in the German banking market.



City centre Soest (Germany) – Centre financing: €18 million

Together with Sparkasse Werl, WestImmo is financing an attractive centre with around 10,500 m² of retail floor space. This partnership adds both to the customer and local know-how of the savings bank and to the real estate expertise of the bank.

Achieving More Together

Seeking further opportunities for cooperation in open dialogue in order to create a win-win situation for everyone – WestImmo in its role as a partner of savings banks.

Medium-sized businesses are the backbone of the German economy. Some 4.5 million medium-sized businesses in Germany represent nearly half of all gross investment and gross value creation. Close to 80 per cent of all wage earners are employed in medium-sized businesses, which also serve as the careers springboard for eight out of every ten trainees. Savings banks stand alongside medium-sized businesses as reliable partners.

You can rely on the expertise and resources of WestImmo for commercial real estate financing. In our capacity as a centre of competence within the WestLB Group, we are available to the savings banks as consultant, service provider and finance partner in a specialised field of business.

We take a share in financing if it is not feasible for a savings bank alone on the grounds of rules governing lending policy, or if risks in new or existing business need to be reduced. This means that savings banks can make their customers an offer, even for large-scale real estate projects, knowing that WestImmo will give them a quick decision. A loan decision from us is made on the basis of clear parameters agreed with the savings banks. To this end, the so-called “traffic light” system, established as part of the lending process by the savings banks, has also been introduced for commercial real estate financing by WestImmo. The regional expertise of the savings banks combined with the real estate know-how and financial strength of WestImmo make it possible to strengthen customer ties and generate cross-selling potential.

This teamwork also functions in reverse: WestImmo offers the network institutions the option of being involved in the finance consortia that it assembles, and to thus exploit additional opportunities for new business. A further example of the close cooperation within the network is the involvement of savings banks in syndication deals. As a first step, WestImmo is offering the savings banks in North Rhine-Westphalia a stake in a portfolio of twelve regionally centred real estate financing plans. Only first-class finance plans, which are well-diversified to protect against risk in line with the type of portfolio, have been selected. The first saving banks are expected to take part in the first half of 2009.

In keeping with the principle of “achieving more together”, we see it as our duty to strengthen the national and international performance of the saving banks in terms of their own and their customers’ businesses – and to do so quickly, flexibly and without bureaucracy.

“WestImmo, with its comprehensive specialist knowledge of every aspect of real estate financing, and the savings banks with their regional roots and local presence complement one another particularly well in supporting medium-sized customers. Both sides benefit from the partnership in equal measure: they strengthen customer ties and open up promising potential for extra business – a classic win-win configuration. WestImmo has set up its structures to cater for the requirements of savings banks and is continually working to develop further in this direction.”

Michael Schirmer
Rheinischer Sparkassen- und Giroverband



Shopping centre "Stadthausgalerie" Andernach (Germany) – Financing volume: €10.5 million

In a consortium with a large Rhenish savings bank, WestImmo financed the refurbishment of a former department store and its conversion into a shopping centre with a surface area totalling around 5,500 m².

“The Biggest Compliment”

August Heine Baugesellschaft AG of Oberhausen has converted the former department store in Andernach into a new inner-city shopping centre. In an interview, member of the Board of Directors Herbert Faust reports on his experience of the project and its financing.

You have converted a former department store in Andernach into the “Stadthausgalerie”. What were the biggest challenges of this project?

Technically speaking, the build was very challenging for two reasons. Firstly, we had to incorporate a two-storey passage into the existing department store design, which entailed shoring up the additional loads on top of two underground car parks. Secondly, the construction site was situated at the heart of Andernach’s old town, which naturally meant that we had limited space. But it all went well and we were able to open in March 2009 – with a remarkable occupancy rate of over 90 per cent.

How did you arrange the financing?

We have invested a total of some €13 million in the project. Of that, we have financed €10.5 million through a major Rhenish savings bank. The savings bank then called in WestImmo and the two institutions shared the amount of the loan equally. The real estate expertise of WestImmo was of great value in terms of analysing and evaluating the project.

And for you as a customer?

Project developers have to deal with a wide variety of problems. In the final analysis it’s all about having a project of suitably high quality in engineering and structural terms ready on time and, most importantly, of bringing it in on budget at the same time. We are also used to dealing with the unexpected and finding solutions. When it comes to financing, however, we don’t want any surprises: we prefer to have a partner who knows our requirements and on whom we can rely. This was certainly the case at all times with the team from the savings bank and WestImmo. This is the biggest compliment that we, as a real estate company, can pay to a bank.



Herbert Faust
Member of the Board of Directors
August Heine Baugesellschaft AG



Reschop Carré Hattingen (Germany) – Financing volume: €41 million

As part of a real estate joint venture with Concepta Projektentwicklung GmbH, WestImmo realised the construction of a 4-storey retail centre over an area of approx. 14,000 m² with 330 parking spaces directly in the town centre. The financing package was provided jointly with the Bochum and Hattingen savings banks.

Creating Shared Values

Turning plans for inspiring properties that hold their value into reality – this is the aim of real estate joint ventures between WestImmo and its customers.

An office building in the new district of Rheinauhafen in Cologne, inner-city shopping centres in Regensburg, Witten and Hattingen, a completely new district in the city of Munich, the listed Dalberger Hof in Mainz: the list of projects that WestImmo has realised in joint partnerships is extremely varied and expected to grow longer.

We have been involved in real estate joint ventures in Germany since our formation in 1995. For us, this is not just about assuming part of the corporate risk. We support our partners throughout the course of the project – from the initial concept to the sale of the completed and rented real estate. WestImmo structures the financing and takes a stake in the project company by making proportional equity or subordinated partner loans available. If required, we also involve the local savings bank.

WestImmo's participation in the relevant project company is between 20 and 49 per cent. Real estate joint ventures are normally limited to between three and five years. The customer benefits from the long-established experience of WestImmo in real estate acquisition, building legislation, the formulation of occupancy, letting and marketing concepts, calculations of profitability, and the legal and fiscal aspects of project design. We additionally provide our real estate networks, as well as the reputation and financial strength of a powerful bank.

The earlier WestImmo is brought on board, the greater the opportunities for project developers to minimise risk and, by sharing the preliminary costs, to reduce their own load. Experience shows that a development scheme is more readily accepted by the relevant political and administrative decision-makers when a strong partner is standing alongside.

Our primary focus in joint venture financing is office buildings and retail floor space, as well as the preparation of undeveloped real estate in large German cities. We collaborate with the widest variety of players for this purpose: local authorities, development companies, construction firms, engineering companies, property owners, tenants, leaseholders and occupants. In this way WestImmo brings its wide-ranging expertise in financing and real estate to bear. Project decisions are taken in keeping with the slogan "job divided – experience multiplied", whilst those involved in them are provided with the best possible network.



Dalberger Hof, Mainz (Germany) – Financing volume: €23 million

As part of a real estate joint venture with J. Molitor Immobilien GmbH, Ingelheim, WestImmo is renovating the historic Dalberger Hof in Mainz. Amongst other elements, it is structuring the financing of the entire scheme (approx. 5,990 m² of floor space in the listed building, approx. 2,400 m² of floor space under construction, underground garage with 107 spaces).

“Building on Experience”

Albrecht Graf von Pfeil, Managing Director of J. Molitor Immobilien GmbH, discusses the “Dalberger Hof” project.

What’s behind the “Dalberger Hof” project?

The conversion and renovation work on the Dalberger Hof is a very expensive and complex operation, part of which is quite disruptive in terms of the substance of the building. An underground garage is being built into the existing complex, and a baroque garden is being laid out on its roof. This will make the Dalberger Hof into residential accommodation of unrivalled quality within the city centre of Mainz. A modern building is emerging, which caters extensively for the requirements of discerning contemporary users.

You are working on this project in collaboration with WestImmo as part of a real estate joint venture. How did this come about?

The city of Mainz issued an EU-wide invitation to tender for the project. We developed the residential concept in conjunction with Vivacon AG of Cologne and won first place with it. As events progressed, it soon became clear that the joint venture plan from WestImmo was an interesting one. We have already cooperated on a large conversion scheme with the team from Münster, so we forged an alliance between WestImmo and Molitor really quickly.

How is this threefold partnership organised?

Molitor already had a share in a shelf company provided by WestImmo for such purposes. It handles the project under the name Dalberger Hof GmbH in the capacity of an investor. Vivacon AG has assumed responsibility for sales and marketing of the apartments nationwide.

What are the advantages of this real estate joint venture?

The financing know-how and experience in project development combined with the local expertise and specialist knowledge of a regional developer had already proved to be very advantageous during the preceding project. In the meantime, the distribution of responsibilities among the partners has evolved naturally, spanning all areas of activity and taking account of the professional focus of each partner.

The Dalberger Hof is a landmarked building. Does this entail more problems for a project developer or more advantages?

On the one hand, the guidelines governing listed status are certainly a hindrance. An archaeological dig in the inner courtyard, for instance, lasted over nine months. The aim was to draw the historical picture of Mainz, particularly during Roman times. On the other hand, it preserved an architectural monument that will constitute a very good example of successful renovation, both for the city and the apartment owners. Apart from a unique city-centre property that will retain its value, buyers have the added advantage that the costs of renovating landmarked buildings depreciate very quickly.



From left to right:
Jochem Keller
Architect
J. Molitor Immobilien GmbH

Dirk Gemünden
Managing Partner
J. Molitor Immobilien GmbH

Albrecht Graf von Pfeil
Managing Director
J. Molitor Immobilien GmbH and
Dalberger Hof GmbH



Grand Hyatt Hotel, Washington D. C. (USA) – Financing volume: USD 190 million
Together with PB Capital and Aareal Bank AG, WestImmo financed the acquisition of the Grand Hyatt to the tune of USD 190 million – a first-class full-service hotel with 888 rooms over an area of around 4,000 m².

Offering Reliability

A safe haven even in troubled times – WestImmo as an issuer in the capital market.

Stability, reliability, transparency. What applies to lending business at WestImmo also serves as the guideline for our activities in the capital market. The German Pfandbrief symbolises these values. Virtually no other financial product possesses such an impeccable credit history. In over two hundred years, not a single Pfandbrief has defaulted – in spite of several economic crises and countless other political, social and economic upheavals. At a volume just short of €900 billion, the German market is the biggest in the world for Pfandbrief.

Even in the current crisis on the financial markets, the Pfandbrief proves to be a firm anchor. The rights and, above all, the capital of Pfandbrief investors are protected by the stringent provisions of the German Pfandbriefgesetz. This means that, in the event of insolvency on the part of the issuer, the funds used to cover the issue are not liquidated but instead accrue exclusively to the Pfandbrief creditors. In the context of its guarantees for private savings deposits, the German Government has affirmed that it will also support the Pfandbrief if necessary – and simultaneously emphasised that the stringent security standards render such a step unnecessary.

WestImmo has from the beginning placed Pfandbriefe at the core of its refinancing strategy. The high quality and security of our issues have been confirmed in the ratings for many years. In 2008 the mortgage Pfandbriefe and public-sector Pfandbriefe from WestImmo were awarded a top score of AAA by Standard & Poor's (S&P) rating agency.

When it comes to our other issues – covered and uncovered bonds – WestImmo again stands for quality and reliability. The basis for this is our conservative balance sheet and refinancing policy, which is geared toward stability. We have not deviated from the basic rule of always refinancing issued loans on a congruent basis, even in times when liquidity has enjoyed apparently unlimited and low-cost availability.

In the long term this benefits us, investors in our securities and, last but not least, our borrowers.

Pfandbrief on the up again

The German Pfandbrief demonstrates its qualities as one of the safest investments in the world. Since January 2009 movement has again been detected in the Pfandbrief market with the first issues. By February German Pfandbrief banks were once more in a position to issue Jumbo Pfandbriefe: proof of high investor confidence even during the financial crisis. WestImmo anticipates that the positive trend will continue and the Pfandbrief will emerge from the crisis stronger in comparison to other instruments.



Front, left to right: Maike Herda (Credit Management, Savings Banks),
Sabrina Sieberg (Credit Management, North Rhine-Westphalia/Hamburg/Berlin);
back, left to right: Werner Rogge (Analysis, Savings Banks Origination),
Michaela Frönd (Analysis, Rhine-Main/Special Financing),
Rainer Hilgemann (Real Estate Joint Ventures)

Winning with Ideas

The basis of our sustained success – the competent and hard-working WestImmo workforce.

In 2008, 515 people worked at WestImmo. With their expertise and commitment they embody the strengths of the bank in the face of competition. We promote skills and endeavour to offer them a working environment in which they can maximise their potential.

The employees of WestImmo have access to a wide variety of advanced training opportunities. As well as in-house seminars at various sites, we offer participation in external events and a variety of personnel development programmes.

As a globally active business we work in conjunction with customers and partners from different continents. Similarly, many of our employees come from a variety of cultural backgrounds. That is why we set great store by intercultural skills, both internally and in our external relations. We recognise diversity as an opportunity and a factor in success.

For us, managing diversity means promoting this diversity and harnessing the potential lying within. This concept includes the notion of creating conditions in which all employees are free to develop and display their abilities and creativity. Different perspectives produce creative and innovative solutions in the team – to the greatest possible benefit of our customers, the bank and staff.

Ensuring equality of opportunity for men and women in their careers is an aim of corporate policy at WestImmo. Almost half of our employees are women. The mentoring programme is designed to open doors to management level, particularly for highly qualified women. Additional measures to promote equal opportunities for men and women have been agreed in our development plan.

WestImmo achieved good results in the 2008 financial year, a year dominated by the crisis in the financial markets and the economy. This is down to the commitment of each and every team member. The Managing Board would like to express its thanks for this to all employees. Our thanks also go to the Works Council for its faithful and target-oriented contribution.

Children, career. To ensure that the word “and” appears between these two words for our employees, rather than the word “or”, we at WestImmo do a lot to be a family-friendly organisation. Childcare provision – including ad hoc care in case the usual arrangements are cancelled or during the holidays – are just as much a part of this as the option of an individually tailored part-time post during and after parental leave. It is precisely as employers that we see children for what they are: a blessing.

Westdeutsche ImmobilienBank AG

Names and Locations

Members of the Managing Board, Managing Directors and Branch Managers

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Chairman

[Claus-Jürgen Cohausz](#)

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