



ADVERTISEMENT

COMPANIES
FINANCIAL SERVICES

FT Home > Companies > Financials > Financial Services

German creditor tires of Beijing wheel

By Chris Bryant in Vienna

Published: March 17 2010 23:16 | Last updated: March 17 2010 23:16

German investors in the world's biggest observation wheel face large potential losses after a creditor seized control of the project in Beijing – a rotating viewing platform designed to trump the London Eye.

Around 10,000 retail clients of Delbrück Bethmann Maffei Fonds Invest, the closed-funds division of ABN Amro's German private banking business, have been left fearing for their investment in a €208m (\$286m) fund called Global View.

EDITOR'S CHOICE

[DIC conjures up Merlin stake sale](#) - Feb-15

[London Town poised to go into administration](#) - Feb-13

[Bankers count the cost of cancelled IPOs](#) - Feb-11

[Merlin puts £2bn flotation plans on hold](#) - Feb-11

[Merlin plans to open Florida resort](#) - Jan-21

DBM Fonds Invest created the fund in 2006 to help finance big wheel projects in Beijing, Berlin and Orlando, Florida but none has yet been completed.

Hundreds of investors – each of whom parted with at least €10,000 to buy an equity share in the wheels' profits – are now seeking compensation, claiming that they were not properly advised of the risks by distributors of the fund, who include Deutsche Bank.

Katja Fohrer, of Mattil & Partners in Munich, which represents about 100 Global View investors, questions whether advisers properly examined the plausibility of the Chinese wheel before pitching the investment to customers.

In a statement, Deutsche Bank said it had "advised customers based on the information given in the prospectus. The associated chances and risks were detailed at length".

DBM Fonds Invest seized on a demand for "experience" investments: tangible high-yield financial products that have a "story" to tell and to sell.

The fund's creators hoped to capitalise on the success of the London Eye, which since 2000 has welcomed around 36m guests, becoming a familiar feature of the capital's skyline. The ease with which the London Eye charges adult visitors more than £17 for a 30-minute ride has spawned a host of imitators in cities around the world.

But four years later, local project companies in Beijing, Berlin and Orlando have spent around €180m in Global View investors' equity, without completing a single wheel. "The fund is experiencing big difficulties, there's no doubt," said Christian Harreiner, managing director of DBM Fonds Invest. After months of negotiations Bavaria's HypoVereinsbank, which provided project financing for the Beijing wheel, finally lost patience. In January HVB terminated its loan and called in an administrator.

In a letter obtained by the Financial Times, DBM Fonds Invest warned investors that in the worse case scenario they faced a "complete writedown" of their €80m investment in the Beijing holding company.

This observation wheel was supposed to be the cream of the crop, rising more than 200m above Chaoyang Park and opening in time for the 2008 Olympic Games. But difficulties in gaining permits from Chinese authorities delayed the project, meaning only the concrete foundation has so far been built.

In the absence of ticket receipts, there was no money to repay creditors or fund dividends. Meanwhile, when the financial crisis struck it became impossible for project companies in Orlando and Berlin to obtain financing.

DBM Fonds Invest is still hopeful the Berlin wheel will move forward after cutting costs and appointing a new construction company in the coming weeks. It said that it continued to work on a remedy, "protecting the investors' interests as much as possible".

Copyright The Financial Times Limited 2010. You may share using our article tools. Please don't cut articles from FT.com and redistribute by email or post to the web.

[Print article](#) [Email article](#) [Clip this article](#) [Order reprints](#)

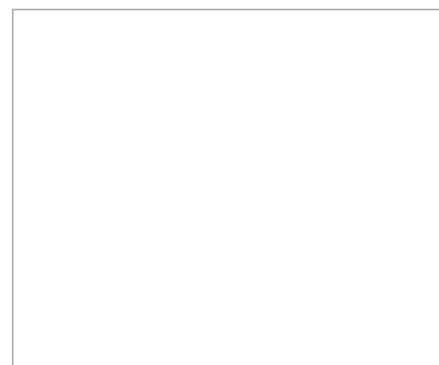
[Twitter](#) [Digg](#) [LinkedIn](#) [Yahoo! Buzz](#) [Delicious](#)
[reddit](#) [BX](#) [Facebook](#) [stumbleupon](#) [Viadeo](#)

MORE FROM THIS SECTOR

[Bourse rides wave of Saudi recovery](#)

[Greenhill to buy Australia's Caliburn](#)

[City receives bonus boost](#)



HEADLINES FROM THE BIG MONEY

[The Big Money's Brand New Commenting System](#)
[iFraud](#)
[Google's Biggest Blunder](#)
[Michael Lewis](#)
[Crapping Out at the Subprime Casino](#)

[More](#)

[Jobs](#) [Business for sale](#) [Contracts & tenders](#)

SEARCH

[Executive Director to the European Asylum Support Office](#)

European Commission

[Administrative Manager/Director](#)

European Commission

RECRUITERS

FT.com can deliver talented individuals across all industries around the world

[Post a job now](#)

RELATED SERVICES

FT Lexicon	MBA-Direct.com
FT Bespoke Forums	FT Newspaper subscriptions
Annual reports	FT Diaries
Market research	FT Bookshop
Growth companies	FT Conferences
Corporate subscriptions	FT Syndication services
Luxury Travel brochures	The Non-Executive Director
Analyst Research	



[Fairpoint resumes dividend payments](#)
[Calpers in push on investors' rights](#)
[Apax eyes Polycom as shares surge](#)
[KKR in \\$200m Indian coffee shops deal](#)
[Barclays Capital pins ambitions on Asian unit](#)
[ICG chief Attwood steps down](#)
[Diamond's shining moment amid the crisis](#)
[Nomura](#)

LATEST COMPANIES NEWS

[Valero seals biofuel deal with Australia's Mission](#)
[Rio appoints new China iron negotiator](#)
[Citigroup in talks for equity offering](#)
[HSBC poised to snap up RBS Asian assets](#)
[C&W appoints CFO for Worldwide arm](#)
[Sports Direct cuts debt and raises forecasts](#)
[Inditex's Asia push offsets domestic slump](#)
[VW secures Asian presence with Suzuki deal](#)

RECENT REPORTS

Market research reports

Spain Residential Construction Market.....	World Market Intelligence	12/3/2010	\$320
Saudi Arabia Banking Sector Analysis	RNCOS	5/1/2010	\$1000
Consumer Payment Trends in the U.S.	Packaged Facts	4/1/2010	\$3250
Analysis of U.S. Speciality Funds - Utilities	Frost & Sullivan	3/15/2010	\$6000
JP Morgan Chase Analysis of Q4, 2009.....	Tiarta, LLC.	3/12/2010	\$200

Free annual reports

[FT Home](#)

[Site map](#) [Contact us](#) [Help](#)

[Advertise with the FT](#) [Media centre](#) [FT Newspaper subscriptions](#) [FT Conferences](#) [FT Syndication](#) [Corporate subscriptions](#) [FT Group](#) [Careers at the FT](#)
 Partner sites: [Chinese FT.com](#) [The Mergermarket Group](#) [Investors Chronicle](#) [Exec-Appointments.com](#) [Money Media](#) [The Banker](#) [fDi Intelligence](#) [MBA-Direct.com](#) [The Non-Executive Director](#)
 © Copyright The Financial Times Ltd 2010. "FT" and "Financial Times" are trademarks of The Financial Times Ltd. [Privacy policy](#) [Terms](#)