

Editorial:

We welcome you to the EREIS-Newsletter. Why another Information system in midth of the crisis may ask the gentle reader of this Newsletter?

Due to the actual situation on the real estate market, detailed information becomes more and more important. Many companies failed because of wrong risk mangement, plunged into investments they couldn't handle in the end.

As a consequence of the financial break down future property acquisitions will rely much more on profound information about the object, the specific market situation and the own financial capacities.

Balancing the pros and the cons concerning an investment is of course only possible if as many facts as possible are known. In this situation analysts are compelled to do their jobs very carefully and to pay attention to every detail the investment is involved. On the other hand unfortunately a lot of jobs in the real estate sector have been cancelled and probably still will be. Investment companies therefore will lack the human resource to charge own reports, studies and analyses in an extent which would be necessary to evaluate the upcoming investment opportunities.

But for an effective due diligence, even a soft one, detailed background information is anyway needed, so that they have to rely on external sources, indeed more than ever.

The EUROPEAN REAL ESTATE INFORMATION SYSTEM is designed to satisfy this additionally need for information concerning the real estate market of the future. We provide daily updated news, the important deals of the branch and actual reports & analyses. News and Deals are also available in a edited and structured form to guarantee a perfect overview of a specific sector. Furthermore we offer a platform for job advertisement and soon a forum for confidential expert communication. (chief editor: Dr. Roger Schöntag)



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The EREIS - Newsletter

The EREIS - Newsletter is part of the online portal EUROPEAN REAL ESTATE INFORMATION SYSTEM (www.p1-info.com). It is regularly issued in a two weeks term by the P1 Publishing House. The following headings are subject to the newsletter:

- Editorial (actual overview of the real estate market)
- Real Estate News & Deals
- Company profile & analysis
- Real Estate Job Center



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Real Estate News

15.12.2008 Germany/U.K.: IVG Development sell's City of London project development 14 Cornhill for 140 million euro

London branch of IVG Development, a subsidiary of IVG Immobilien AG, has sold its development at 14 Cornhill across from the Bank of England and the Royal Exchange. A Sovereign Wealth Fund has agreed to purchase the completed Offices and Retail development for 140 million euro (£125m), which was acquired by IVG Development in 2002 from Lloyds Bank, it being their former Headquarters. The Sovereign Wealth Fund was represented by the Mercantile Group and Chesterton Commercial Agents. Originally built in 1920, the building has undergone extensive refurbishment and extension work between 2004 and the beginning of 2008. The historic facades and listed Banking Hall of the former Lloyds Bank headquarters have been retained while the interior has been brought up to the highest standards, with 16,220 m² of Retail and flexible Office space over ten floors. In the ground floor, the existing Banking Hall and Mezzanine areas, will become the home to a number of restaurants and retailers, and below them a gym, providing facilities for the occupiers of 14 Cornhill and City workers. Tenants in 14 Cornhill include VTB Bank Europe, Vestra Wealth, Aviva Fund Management and Gymbox. (source: IVG)

15.12.2008 U.K. St.Modwen: End of year trading update

St. Modwen Properties PLC, the UK's leading regeneration specialist, announces continued progress in uncertain market conditions Prior to entering its close period, the company is pleased to advise that significant progress has been made since the Interim Management Statement issued on 1st October, in a number of important areas:- We will be in full compliance with banking covenants at 30th November 2008, our year end. We have agreed revised covenant definitions, at no extra cost, with all of our banks, whereby the realisation of previous years' revaluation gains, which otherwise would not be recognised, is added to current year's cash profits for interest cover purposes. This amendment gives the company significantly greater headroom in our forward projections of loan covenant compliance. We remain totally focussed on cash management, and have benefitted from strong levels of rental income (up 8% on the first half of the year). We have additionally achieved annualised cost savings of £3m by reducing our headcount to meet current lower levels of activity. We have also continued to scale back our speculative development programme. Following the recent base rate cut, our average cost of debt has fallen to 5.6%, down from 6.3%. The cash management initiatives, overhead and interest cost reductions, combined with a strong forward sales position, give us confidence that we will remain compliant with all our banking covenants throughout 2009. As a result of an extensive refinancing programme in 2007, we have no material refinancing requirements until 2011. We are also continuing to trade actively and profitably at the operating level, despite the very slow market conditions, realising more than £150m from development and asset disposals in this financial year in accordance with our usual policy of disposing of those assets to which we can add no further value, Our recently-announced selection by BP as preferred partner for the acquisition of a further 2,500 acres demonstrates both the strength of the company's business model and its reputation, as well as our ability to structure self-financing deals for the hopper. (source: St.Modwen)

10.12.2008 Germany: IVG establishes office building in Businesspark Hamburg Nord – Hermes Logistik leases entire building for corporate headquarters

IVG Investment and IVG Development are launching a joint project in Hamburg. On a site of IVG Business Park Hamburg IVG Development will construct an office building and a parking garage for IVG Investment on a property owned by IVG Investment in the IVG Business Park Hamburg-Nord. The start of construction and the signing of the rental contract about the entire property with office and storage rental space of 9,300 sq m with Hermes Logistik took place at the same time. The building in the northern part of Hamburg will be constructed directly next to an office building which also is used by Hermes. The four-storey building with an additional penthouse level will be linked to the existing building (also built by IVG) by a connecting wing. The new block of buildings is going to be used by Hermes as the new companies head office. In addition to the office building a parking garage will be built with approximately 360 parking spaces, of which Hermes will rent 120. The rental contract with Hermes will run for ten years. Construction will begin early in 2009 and handover to the tenant is scheduled for the spring of 2010. (source: IVG)

09.12.2008 Germany: German Financial Markets Stabilisation Fund ("SoFFin") increases framework guarantee

As part of its ongoing support for Hypo Real Estate Group, the SoFFin has, at unchanged terms and maturity, increased the EUR 20 billion framework guarantee granted to Hypo Real Estate Group on 21 November 2008 by an additional amount of EUR 10 billion, bringing the total amount to EUR 30 billion. As already announced, Hypo Real Estate Group and the SoFFin are also holding discussions regarding comprehensive liquidity and capital support to be provided by the SoFFin to Hypo Real Estate Group. (source: HRE)

03.12.2008 Germany: Union Investment continues to invest in Germany

Hamburg-based Union Investment Real Estate AG has acquired the STEP 9 office building in Stuttgart-Vaihingen for its Immo- Invest: Europa institutional real estate fund, in a transaction worth some 13 million euros. The vendor of the property, which was completed in 2004, is CLS. STEP 9 is an efficiently designed building with usable space of 5,240 square metres and is almost fully let. Union Investment has obtained a rental guarantee from the vendor for the remaining space. "For us, the Stuttgart property market is one of the key investment regions in Germany with its stable conditions for investment and low vacancies," explains Dr. Frank Billand, Management Board member of Union Investment Real Estate AG. Several office buildings have been constructed at the Stuttgart Engineering Park (STEP) since 1999 and let to leading technology companies such as debitel, Lexmark and Deutsche Telekom. Union Investment acquired the STEP 6 office property for its UniImmo: Global open-ended real estate fund back in 2006. The Stuttgart Engineering Park benefits from a central service and conference building, known as the infrastructure building, with a restaurant, large fitness studio, a bistro and other amenities like a mini supermarket, hair salon, travel agency, dry cleaner's, daycare facility for children and a bank. STEP is situated in a prime location in the Vaihingen district of Stuttgart and has superb transport links courtesy of the park's own suburban rail station, access to the motorway and fast connections to the airport. The centre of Vaihingen is just a ten-minute walk away. (source: UnionInvestment)

01.12.2008 U.K./Slovakia: OPTIMA SHOPPING CENTRE COMPLETES IN SLOVAKIA - Phase II opens in time for Christmas trading with 96% of units let -

Atrium European Real Estate Limited, one of the leading real estate companies focused on shopping centre investment, management and development in Central and Eastern Europe, announces today that it has completed the development of the Optima shopping centre in Kosice, Slovakia. This follows the opening of Phase II of the scheme on Saturday 29 November 2008 and brings online a further 16,000 m² of gross lettable area (GLA). Phase I of Optima originally opened in 2002 and, following the opening of phase II, is 96% let. The two storey shopping centre is anchored by Hypernova, a major food retailer in Slovakia and the Czech Republic owned by the global supermarket operator Ahold, and also offers a seven screen Cinemax cinema and a variety of restaurants ranging from McDonalds through to local operators such as Viccolo and Bright. There are 145 units within the centre which has attracted a range of national and international brands including Deichmann, Intersport, Peacocks, Marks & Spencer, H&M, C&A, Reserved, Guess, Esprit and Nike. Optima is the largest shopping centre of its kind in Slovakia, outside the capital of Bratislava. It has been designed to make it a destination location for the local population and aims to attract visitors from a wide catchment area, where Atrium has identified a gap in the market for such a facility. There are over 250,000 inhabitants in Kosice making it the second largest city in Slovakia. The location close to the main junction of the E51 motorway and the city ring road I50, opens the centre up to a further 290,000 consumers who are within a 30 minute drive. The facility also offers car parking for up to 1600 cars. (source: Atrium)

Real Estate Deals

15.12.2008 Austria: IMMOFINANZ presents restructuring concept to the six core creditor banks

The IMMOFINANZ Group has today presented a detailed restructuring concept including a new business plan and a positive prognosis for the continuation of IMMOFINANZ and IMMOEAST to its core crediting banks (Erste, RZB, Bank Austria, WestLB, EuroHypo, HeLaBa). Representatives of the six banks have agreed to assess the business plan as a basis for the restructuring concept. IMMOFINANZ CEO Thomas Kleibl: "As we planned, we have managed to achieve a major step towards the stabilisation of the group before Christmas." IMMOEAST CEO Eduard Zehetner: "Our cash-focused strategy and the consistent optimisation of the IMMOEAST portfolio are cornerstones of the restructuring concept." (source: *Immoeast*)

14.12.2008 France/Netherlands: REDEVCO sells VIP in Lyons to Foncière Masséna for €43 million

On Thursday, REDEVCO concluded the sale of the VIP building to Foncière Masséna for a total of € 43 million. The VIP is an office building located in Lyons's Part Dieu district. Construction of the building was completed in 2001. It offers over 12,000 sq. m. of rental space and 227 basement parking spaces. 'The sale is completely in line with our strategy to streamline our portfolio, favouring major retail properties in prime locations in city centres,' says Jean-Christophe Bretxa, Managing Director of REDEVCO in France. REDEVCO has just inaugurated a mixed complex in Paris's rue du Havre (1,300 m²) which includes a Jennyfer brand name store measuring 500 m². Construction of three other projects is currently under way in Haguenau (with retail space of 3,500 m²) to be opened in September 2009, in Lyons (with retail space of 15,000 m²) to be opened in April 2010, and in Paris's rue de Rivoli (4,000 m², including 2,000 m² of retail space) scheduled for early autumn 2010. REDEVCO recently acquired the former offices of the Groupe Sud Ouest located in the heart of Bordeaux's historical centre, where it is planning to build an eco-community (25,000 m², including 15,000 m² of retail space) and is preparing to launch the construction of a 43,000 m² retail park in Pontault-Combault which will include a very powerful solar power station. (source: *Redevco*)

12.12.2008 Austria/Hungary: Warimpex sells office building in Budapest

The sale of the Pauler office building in Budapest by Warimpex Finanz- und Beteiligungs AG to an international private investor was closed yesterday. The selling price was above the fair value that was last appraised in June 2008 by the international independent estate appraiser CB Richard Ellis (CBRE). "This deal shows, that even in these hard times on the financial markets, it is possible to set up good transactions - given a high quality property such as the Pauler office building", says Franz Jurkowitsch, CEO of Warimpex. Pauler office building was constructed in 1995 and was acquired by Warimpex in February 2006. Renovations were completed by the end of the year 2007, and the building is fully rented out today. The property consists of approx. 3,000 sqm net leasable office space, arranged over eight floors and a two-level underground parking garage. The building's address - Pauler utca 11 - is located in central Buda, near the castle and in a strong office location. The immediate area is mixed use in character incorporating both residential and commercial functions. Public transport and main traffic arteries are within the vicinity. For over 25 years, Warimpex has been successfully active in the Hungarian real estate business. After selling the Pauler office building, Warimpex now owns the Csalogany, Erzsebet, Dioszegi and Sajka office buildings in Budapest, which together have a total net floor space of around 16,000 sqm. (source: *Warimpex*)

03.12.2008 Austria/France/Poland: Louvre Hotels and Warimpex to develop four new hotels in Poland

Louvre Hotels and Warimpex have acquired three prime-located plots in major Polish cities to develop Campanile and Premiere Classe hotels in the framework of their joint venture. The projects will allow the joint venture to develop more than 500 rooms on high quality locations. "Our projects in the joint venture with Louvre Hotels are well on their way. In most parts of Central- and Eastern Europe there is still some catching up to do in terms of budget hotels. Thus, we are expecting good demand and success for our projects in Poland," says Franz Jurkowitsch, CEO of Warimpex. In Wroclaw, the site acquired by the joint venture will permit the development of a multi-brand project under the brands Campanile and Premiere Classe. The project located in the centre of the city at the crossroads of two major arteries, Slezna and Borowska Street, will benefit from the proximity of the office and retail area, the Central Station, the Aquapark and the Old Town. Due to proximity of the Central Station and to major roads leading south to the highway this central location will guarantee quick and convenient access to the hotels. The project is planned to be delivered by the end of 2010. In Bydgoszcz and Zielona Gora two Campanile projects will be implemented in the city centre on major streets next to recently opened retail centres. The Campanile Zielona Gora on Wroclawska Street is due to open mid-2010 and the one in Bydgoszcz on Jagiellonska street by the end of 2010. (source: *Warimpex*)

Real Estate Company Profile

Union Investment

Union Investment provides customised real estate solutions to meet the requirements of private and institutional asset allocation. Thanks to an international property portfolio diversified across 22 national markets, they are able to leverage the opportunities that arise from global market cycles to benefit their customers. Five open-ended real estate funds with assets under management totalling some 14 billion euros are currently offered under the Union Investment brand. Within the commercial real estate sector, Union Investment is active as an investor, property seller, project/property developer and landlord, as well as providing services across all areas of the market. Union Investment is committed to further developing the open-ended real estate fund concept and is leading the campaign to create transparency standards.

Union Investment Real Estate AG is a leading international investment management company specialising in open-ended real estate funds for private and institutional investors. Assets under management amount to EUR 14.0 billion. The portfolios of Union Investment's open-ended real estate funds comprise some 160 properties and projects in Germany, Europe, the Americas and Asia. Within the commercial real estate sector, the Hamburg-based company is active as an institutional investor, developer and landlord.

| Key figures (09/2008) | |
|--------------------------|----------------------------------|
| Assets under management | 163 billion Euro |
| Public funds: | 106 billion Euro |
| Special funds: | 42 billion Euro |
| Portfolio management: | 15 billion Euro |
| Deposits: | 4,6 million |
| Sales partner: | More than 13.600 bank affiliates |
| Employees: | about 2.238 |
| Main shareholders: | DZ BANK AG, WGZ BANK AG |

Union Investment Real Estate AG invests primarily in commercial property in the service and retail sectors. Risk is minimised by pursuing a careful policy of diversification in terms of property types, uses, tenants and lease lengths, and investing across various countries, regions, locations and industries. The Union Investment Real Estate AG funds' property holdings therefore include office and business premises, as well as hotels, business parks, shopping centres and city quartier developments

The Union Investment Real Estate AG open-ended real estate funds according to the latest ratings (May 2008) from independent rating agency Scope:

- **UniImmo: Deutschland** was rated "A -" (previous year: "A")
- **UniImmo: Europa** was rated "A+" (previous year: "AA -")
- **UniImmo: Global** was rated "AA-", representing a further improvement on last year's impressive ("A+")result. (source: *Union Investment*)

Real Estate Company Profile

Union Investment

Latest News

01.12.2008 Germany: Planning permission for "Emporio" Union Investment creates a mixed-use development in central Hamburg comprising refurbished office tower, apartments and hotel

Union Investment Real Estate AG has been granted planning permission for refurbishment of the landmark Unilever building at Dammtorwall 15. Next year, the company plans to add a separate new building featuring a hotel, apartments and office space alongside the office tower, which was built in 1965 and enjoys listed status. Union Investment has finalised agreement on a longterm lease with leading Scandinavian operator Scandic Hotels. "We will be investing some 270 million euros in the office tower and new building, which will comprise the new Emporio complex and are part of the portfolio of the open-ended real estate fund UniImmo: Deutschland," says Dr. Frank Billand, member of the Management Board, Union Investment Real Estate. On completion in 2011, the office tower and new building will form a landmark real estate ensemble with a revitalising effect on the entire area. Significantly, this urban island will provide excellent access to neighbouring parts of the quarter from the inner plaza. The plans include green spaces with newly planted trees, plus paved areas where people can stroll and relax. Wide steps will create an attractive entrance to the Emporio complex from the direction of Gänsemarkt. A carefully structured set of pathways will link Emporio's green and leisure areas with the neighbouring streets and parks as well as the Musikhalle. This office block and new building development in Hamburg's Neustadt area now has a new identity in the property market: It has been named "Emporio", based on the historic Spanish word for a trading centre, accompanied by the slogan "Working at a high level". "The complex is located in prestigious surroundings in Hamburg's Neustadt area and offers companies an outstanding opportunity to occupy one of the city's most sought-after addresses in a thriving downtown location with excellent transport links," says Billand. (source: *UnionInvestment*)

Real Estate Job Center

The Real Estate Job Center will start on 01/01/2009.

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