

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

Editorial

As still the real estate market downturn is eminently linked with the problem of missing confidence of the bank institutes among themselves and towards debtors, we would like to talk about the bad banks, an idea to overcome just this banking crisis.

In Germany the planned institution of a bad bank to swap the so called toxic papers of the indebted bank institutes doesn't seem to be fully elaborated. In the actual model the state offers to take the problematic papers with a markdown of 10%. In exchange the bank will get valuable papers of the government to rise its equity. The term of this unique outsourcing program is fixed with 20 years. But the problem remains for the banks as they can indeed rise their short term equity, but still have to assume the risk of the toxic mortgage papers. On the other side the state will be furthermore indebted for a unprecipitable number of years without receiving a quid pro quo for this financial engagement. In addition the value of the papers in question, rated in periods before the crisis are probably much more worthless than estimated.

This measure to overcome the financial problems will probably have an immediate positive effects, but burdens the banks, the state and the tax payer in an unproppriate way for a long time without promoting the necessary structural changes of the financial regulatives. (chief-editor: Dr. Roger Schöntag)



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Real Estate News

19.05.2009 USA: Despite "Green Shoots", Retail Real Estate Faces Huge Challenges

On the cusp of the International Council of Shopping Centers' (ICSC's) RECon retail real estate conference (May 17-20 in Las Vegas), Colliers International, the global real estate services firm, today issued its Spring 2009 Retail Report. Per Colliers' report, even though the apparent stabilization of the stock market has provided a bit of hope that the worst of the recession is behind us, the fact remains that significant pain is still in store for the retail sector. Shopping center owners, investors and tenants alike have fallen victim to a severe reduction in retail spending, leaving store space vacant and same-store sales well below levels seen in recent years. Retailers have shown little interest in opening new outlets, and are instead waiting on the sidelines for economic conditions to improve and for a visible uptick on the jobs front. In the meantime, a perfect storm has developed for retailers. The shrinking consumer dollar has essentially left the retail real estate marketplace overbuilt, and as a result, the retail sector is in the midst of one of the greatest contractions experienced in decades. (source: *Colliers*)

19.05.2009 Germany: Ulrich Lindhaus new head of Front Office Southern Germany of WestImmo

Ulrich Lindhaus will head up the Front Office Southern Germany and the Munich office of Westdeutsche ImmobilienBank AG (WestImmo) from 1 June 2009. Ulrich Lindhaus comes from the Sparkassen organisation and began his career at WestLB as a key account manager in 1972. From 1985 to 1990 he helped to build up the nationwide acquisitions of the construction financing departments of WestLB, moving to the key account team of the newly established WestLB office in Munich in 1990. He has been a key account manager in WestImmo's Munich office since 1995, most recently as deputy head of the Front Office Southern Germany. He succeeds the retiring Jörg Basche in this post. "The priorities on my agenda are to stabilise existing business relations and develop particular new potential target groups", Ulrich Lindhaus says. WestImmo is the centre of competence for real estate financing and transactions in the WestLB group. The bank has offices in Berlin, Düsseldorf, Hamburg, Mainz, Münster and Munich as well as in London, Madrid, New York, Paris, Prague, Warsaw and Tokyo. (source: *Westimmo*)

18.05.2009 France: Stable sales excluding petrol (at constant exchange rates) Q1 2009 sales inc. VAT: €22.7bn

Q1 2009 sales including VAT: €22.7bn, 1.4% at constant exchange rates; Sales excluding petrol were flat at constant exchange rates despite a challenging comparable base; Sales were up 1.5% excluding petrol and adjusted for calendar effect*, in line with the Q4 2008 performance. In France, tangible gain in market share**, with broadly stable sales excluding petrol and calendar effect: Market share gains in all formats, notably in hypermarkets, Hypermarkets are resilient thanks to promotional efforts Carrefour Market continues to report strong performances with 385 stores converted to the new banner at the end of March. Internationally, mixed performances: In Spain, deterioration in the economic environment, impacting hypermarkets in particular, good performance of hard discount. In Latin America, continued growth (+14.4% at constant exchange rates) Slowdown in China (+3.1% at constant exchange rates vs +6.9% in Q4 2008) In most other growth markets, the group reported market share gains, despite unfavourable consumer trends. Consumer trends observed in the Fourth Quarter extended into the First Quarter of the year with a decline in non-food purchases and a shift to Carrefour - branded products in food. The easing of food price inflation, already notable in Q4 2008, accelerated in virtually all our markets. (source: *Carrefour*)

15.05.2009 Germany: Alstria on target with Q1/2009 results

Alstria office REIT-AG (symbol: AOX, ISIN: DE000A0LD2U1), an internally managed Real Estate Investment Trust (REIT) focused solely on acquiring, owning and managing office real estate in Germany, today announces its financial result for the first quarter of 2009. Alstria came up to its forecasts on all key financials. Revenues and FFO in accordance with company's guidance: Revenues increased 9% year on year to 25.7 million, mainly as a result of full year consolidation of assets acquired in the first quarter 2008. The Funds from operations for the first quarter was EUR 8 million (vs. EUR 9 million in Q1/2008). The expected decline in FFO is attributable to increased financing costs and additional real estate operating costs (8.1% of revenues in Q1/2009 vs. 4.4% of revenues in Q1/2008). The main drivers for the increased real estate operating expenses were tenant improvement measures which resulted from the lease-ups executed in the last quarter of 2008. (source: *Alstria*)

15.05.2009 U.K./Germany: Foster + Partners unveils the Aurelis masterplan for Duisburg

Foster + Partners has revealed the Aurelis masterplan for Duisburg in the Ruhr region of Germany, which will regenerate a 36-hectare site close to the city centre with a major new commercial and residential hub. The project will extend the lively, mixed-use character of the practice's masterplan for Duisburg's centre and Inner Harbour to create a thriving new business community with shops, cafés, homes and an extensive green heart. The Aurelis masterplan occupies a prime location – the Alter Güterbahnhof – close to Duisburg's arterial road network and the main railway station, which is just 10 minutes by train from Düsseldorf airport. The elongated site forms an island within the city centre, bounded by a motorway on one side and railway lines on the other. Access to the site is restricted to just the northern and southern points, so the masterplan will reinstate a lateral connection to the adjacent residential neighbourhoods by raising the former railway tracks currently buried under the landscape. The park is a continuous landscape that creates a green link to the River Rhein and provides a focal point for the new development, intersected by pathways to establish new pedestrian links to the city. Accommodating workspaces for around 10,000 people, the character of the scheme gradually changes as it progresses through the park along the central pedestrian promenade. The area closest to the station is urban and dense, incorporating a rich mixture of uses, with a hotel, shops, offices and a public square. (source: *Foster + Partners*)

13.05.2009 Switzerland: Credit Suisse Real Estate Fund Green Property: Investors Show Immense Interest in First Sustainable Real Estate Fund in Switzerland

The Credit Suisse Real Estate Fund Green Property, which was open for subscription from April 15 to April 29, 2009, has met with immense demand from investors. The target volume of CHF 300 million was successfully reached. The Credit Suisse Real Estate Fund Green Property (CS REF Green Property) is the first Swiss real estate fund to invest in properties and real estate projects that meet sustainability and energy-efficiency criteria. The selected projects and buildings are for the most part situated in economically strong and urban locations in Switzerland and must fulfill the strict requirements of the new greenproperty® seal of approval. The real estate fund has already secured projects of a magnitude of CHF 220 million. The greenproperty® seal covers not only ecological criteria, but also includes economic and social aspects. Property is assessed by independent appraisers certified by the Swiss Financial Markets Supervisory Authority (FINMA). Buildings approved under the scheme are subjected to an annual check. As CS REF Green Property is the direct owner of the properties, earnings distributions derived from direct property ownership are not subject to income or corporate income tax for qualifying investors domiciled in Switzerland. Similarly, the value of fund units pertaining to direct property ownership is not subject to wealth or capital tax. The units subscribed for in CS REF Green Property are to be paid for in three tranches. Following settlement of the third and final tranche on December 1, 2009, the fund units will be traded on an over-the-counter basis by Credit Suisse. It is planned to open the CS REF Green Property fund to public investors within five years and to list it on the Swiss exchange. (source: *CreditSuisse*)

12.05.2009 Portugal: Sonae Sierra recorded Direct Net Profit of €17.5 million in the first quarter

Sonae Sierra's Consolidated Net Profit in the first quarter of 2009 was a negative result of €87.5 million compared with a positive consolidated net profit of €21,8 million in the same period of last year. This variation in Net Profit is mainly driven by Indirect Net Profit that were adversely affected by the continuous increases in market capitalization yields in Europe. The Company's policy was to have its properties re-valued twice a year (June and December), on the basis of an independent valuer opinion. Starting in September'08, the Company decided to move to quarterly valuations, as a result of commitments agreed with the Investors in the Sierra Portugal Fund. The accounts now published for the 1st quarter 2009 includes therefore the effect of the valuation of the portfolio. In the same period Sonae Sierra's Direct Net Profit reached €17.5, compared to the €15,6 million in the same period of 2008. (source: *SonaeSierra*)

11.05.2009 Italy: Pierino Isoldi appointed Deputy Chairman, Nicola Cinelli appointed C.E.O. at AEDES

Aedes S.p.A.'s new Board of Directors, that met today chaired by Tommaso Cartone, has resolved the appointment of Pierino Isoldi as Deputy Chairman and Nicola Cinelli as C.E.O. During this first phase, the Board of Directors has decided not to set up the Executive Committee. The C.E.O. has been endowed with the role of Head of the Company by the attribution of the proper powers. The Deputy Chairman has received proxies in the real estate issues. The Chairman will deal with the Institution, Investor and Media relations; he will also supervise the functionality of the System of the Internal Control. Appointment of the Internal Control Committee: The Board of Directors has also appointed members of the Internal Control Committee the Independent Directors: Paolo Ingrassia, Fabrizio Redaelli and Pio Giovanni Scarsi. Appointment of the Pay and Incentives Committee: The same Directors as above, Paolo Ingrassia, Fabrizio Redaelli and Pio Giovanni Scarsi have been appointed members of the Pay and Incentives Committee. (source: *Aedes*)

Real Estate Deals

19.05.2009 Germany: PATRIZIA Immobilien KAG buys 208 residential units for its German specialized fund

For the PATRIZIA KAG, these purchases represent an investment of around EUR 200 million in its specialized fund and means that the Company now manages a total of around 2,000 apartments. In the past fiscal year, the PATRIZIA German Residential Fund I generated a BVI return of 7%. "Over the coming weeks and months, we will consistently utilize the buying opportunities that arise in Germany and abroad," commented Michael Vogt. Establishing the asset management company enabled PATRIZIA to expand its range of services in 2007 to include specialized real estate funds. The Company now offers institutional investors the possibility of investing indirectly in real estate. In doing so, the asset management company benefits from PATRIZIA Immobilien AG's twenty five years' market experience. (source: *Patrizia*)

18.05.2009 Germany: Europa Capital acquires Forum Steglitz shopping centre, Berlin, for €70 million

Europa Capital LLP, the pan-European real estate fund manager, is pleased to announce it has agreed to acquire the Forum Steglitz shopping centre on Schlossstrasse in Berlin for its new Europa Fund III from Hammerson plc, the European REIT. Schlossstrasse is one of the two established shopping locations in Germany's capital. The 32,600 sq metres Forum Steglitz shopping centre, one of the best known, was constructed in 1970 and comprehensively refurbished by Hammerson between 2005 and 2007. Anchored by a number of well known retailers the centre has also recently been enhanced by the arrival of one of Berlin's biggest fitness clubs managed by local operator SuperFit. Europa Capital has agreed to pay approximately €70 million, representing a net initial yield of 8%. The acquisition has been facilitated by a €47 million loan provided by a German bank. Vacancy within the centre currently stands at around 17% of the floor space. Europa Capital plans to enhance the tenant mix through new lettings, and to implement a series of value-creating initiatives. (source: *Europa Capital*)

15.05.2009 Germany/USA: Harder & Partner acquire the Pfizer site in Karlsruhe

The property investors Harder und Partner acquired the company site of Pfizer in the industrial area Hagsfeld at Karlsruhe. The purchase price was kept undisclosed. The effective area of the plot is 200.000 sqm including the actually non occupied buildings and the 90.000 sqm of wasteland. The transaction included the industrial plot and the adjacent landscape park and the lease agreement with the tenant EnBW, an energy company. (source: *Pfizer*)

15.05.2009 Sweden: Fabege sells two properties

Fabege has sold its Adam och Eva 10 office property at the corner of Drottninggatan/Gamla Brogatan to Rodret AB for SEK 150m. The property comprises about 2,400 m² of space and the occupancy date is 1 June 2009. Fabege has also sold an industrial land property, Hammarby Smedby 1:470, in the municipality of Upplands Väsby to Sevan AB for SEK 10m. The sales will result in a profit after tax of SEK 4m, which will be recognised in the second quarter of 2009. Fabege AB (publ) is one of Sweden's leading property companies focusing on commercial premises. The book value of the company's property portfolio is approximately SEK 29.4bn. The portfolio is concentrated to the Stockholm region and has an annualised rental value of SEK 2.4bn and a lettable area of 1.4m square metres. Fabege's shares are listed on the Stockholm Stock Exchange, Large Cap segment. (source: *Fabege*)

14.05.2009 France: Proudreed acquired retail space at Colomiers

The French company Proudreed acquired a some buildings for retail purposes with an effective space of 5.800 sqm. The location of the purchased object is 32, chemin de la Salvetat, ZAC du Perget at Colomiers (France). The object is still in project phase. The first building with 2.095 sqm is planned to be finished in July 2009 and will be leased to Chantemur, Norauto and Bureau Vallée. The property is promoted and realised by the PACFA (Toulouse) and Atisreal acted as a consultant company. (source: *Atisreal*)

13.05.2009 Germany/Luxembourg: Union Investment acquires logistic centre from Goodman

The Union Investment Real Estate AG (Hamburg) acquired for its institutional fund Immo-Invest: Europa the logistic hall in Bad Hersfeld from the Goodman Bad Hersfeld Logistic Sarl. The project has an effective space of 102.020 sqm and should be finished September of this year. The logistic purchase is meant to contribute to the diversification of the union investment portfolio which also contains hotel and office objects. (source: *union-investment*)

Real Estate Company Profile

Aedes Immobiliare

Created in Genoa in 1905 and traded on the stock exchange since 1924, Aedes is one of Italy's most dynamic real estate sector companies.

With a managed property portfolio of 4.5 billion euros, the company is today a co-investor and management company focused on two areas of business: real estate services and co-investments.

- Property services
- Co-investments.

The property services business includes: 1. management of property funds: this activity is carried out through two savings 2. management companies: Aedes BPM Real Estate SGR and Aedes Value Added SGR.

The first of these, which was born as a strategic partnership with the Bipiemme banking group, manages fund of a traditional nature and is one of Italy's leading managed savings companies, with assets of over 1 billion euros and 5 property funds in its portfolio.

The second, which received authorisation from the Bank of Italy during the first quarter of 2007, operates in the management of property funds of an opportunistic nature. provision of property services: Aedes operates in the field of property services through five companies – Aedes Servizi, Aedes Project, Aedes Agency and Agorà .

Aedes is now an integrated group operating in the fields of property services and co-investments by acquiring units in property funds and entering into joint venture agreements, in three main segments: Core, Development and Dynamic.

- ✦ **Core** this segment consists of income properties located in strategic areas and intended to feed the property funds and new investment instruments such as the SIIQs (Reits).
- ✦ **Development** this segment consists of major development projects covering vast areas to be redeveloped and properties undergoing complete transformations. These forms of investment will be partly aimed at feeding new opportunistic funds.
- ✦ **Dynamic** this segment consists of properties or portions of properties destined for sale in the short term (with a turnover of 24-36 months) as well as housing properties, generally mixed use, which are enhanced over a period of approximately three years, by means of a restructuring and change of use process, and subsequently sold after having been split into separate properties. (source: Aedes)

Real Estate Company Profile

Aedes Immobiliare

14.05.2009 Italy: Approval given to the Interim Financial Report at 31 March 2009, which shows a loss of Euro 15.5 million

Despite a reduction in costs of about 24% compared to Q1 2008, the results generally reflect the major weakness in the property market and the fall in the number of transactions, which has been exacerbated by the situation of significant financial tension and liquidity crisis affecting the Group.

The main consolidated economic-financial data at 31 March 2009 are set out below:

- Net revenues of Euro 9.3 million (Euro 17.3 million in Q1 2008);
- Costs of Euro 12.4 million (Euro 16.3 million in Q1 2008);
- Operating loss of Euro 5.2 million (loss of Euro 1.1 million in Q1 2008);
- Loss before tax of Euro 15.5 million (loss of Euro 13.4 million in Q1 2008).

The draft of the Prospectus for the option being offered to the shareholders and for admission to listing on the Italian Electronic Stock Market (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A. of Aedes S.p.A. ordinary shares and Aedes S.p.A. 2009 – 2014 warrants. (source: Aedes)

For advertising, please contact:

Mr. Schöntag
Tel: 0049-(0)89-242143-67
Fax: 0049-(0)89-242143-68
mail: info@p1-info.de
E-mail: info@p1-info.com

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