EUROPEAN REAL ESTATE INFORMATION SYSTEM

NEWSLETTER

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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 regularily 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

Recent studies concerning the German real estate market still prove that Germany is one of the countries in Europe which was less hit by the crisis than others. In general, prices did not underlie heavy fluctuations, nevertheless the economic slump was sensible. What has been true and probably right for many commercial property dealers during the last months is also valuable for private buying and selling: Careful observation of the market and in case of doubt, better hoping for a total recovery of the market and the prices. It can be still advised to keep private residential units as houses and apartments until a general price increase for condos will be in sight. The top locations for residential living are often found in privileged areas at the gates of the big cities as Berlin, Frankfurt, Munich or Hamburg, where a mixture of nature and infrastructure offers comfortable living. Concerning building land, the situation is actually different from portfolio property. Due to the crisis the prices from plots had a general downturn. People often didn't dare to invest in building as the situation of the past 12 months wasn't favourable. As an effect of a very cautious investment of commercial property companies in new building land and of the lacking private initiative, prices are now down in some regions. In the past years commercial property companies did more invest in inner city office buildings which are now often unleased.

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The vacancy rate for office units in Germany is now mostly higher than before, respectively the prices keep being low. This trend is completely similar to other European cities.

(editor-in-chief: Dr. Roger Schöntag)

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Real Estate News

18.08.2009 U.K.: PRUPIM revises market forecasts upwards as yields stabilise
Recent industry data suggests that yields are beginning to stabilise across many UK commercial property market sectors, signaling that the worst of the commercial property downturn is drawing to a close, according to leading global real estate investment manager, PRUPIM. Despite continued uncertainties for the economy and short term difficulties for rental markets, yields have reached levels across a range of commercial property sectors to suggest that they are now 'cheap' and able to provide medium term property investors with at least their required investment returns, according to PRUPIM's latest half year UK forecasts released today. "After the torrid conditions of the last two years, we seem to be heading into a more stable period for UK commercial property. Falling rents will ensure that total returns for property will still be noticeably negative in 2009. However, we foresee marginally positive total returns for commercial property in 2010 and above long run average returns from the sector in 2011," said PRUPIM Head of Research, Professor Paul McNamara. "Investors are likely to remain cautious in the short term about commercial property given the continuing impact of the recession on rental levels and tenant security. However, given its current level of pricing, we are not surprised to see signs of renewed investor interest in UK property which, we believe, is now one of the most attractive markets in the world." "We expect an increasing number of interesting investment opportunities to emerge as 2009 progresses with global investors likely to find the UK relatively attractive compared to other core real estate markets. Given investor caution, prime investments with guaranteed rental income streams are likely to be the most obviously in demand." (source: *Prupim*)

17.08.2009 Poland: GTC achieves strong operating results in H1 2009
Globe Trade Centre S.A. (GTC) has published its H1 2009 results. Operating revenues were EUR 83.5m (+138% y-o-y), while the gross margin from operations rose 69% y-o-y to EUR 41.7m. The net loss of EUR 9.56m in H1 2009 resulted mainly from write-offs on completed investment property. Total assets were EUR 2.6bn, and the value of investment property was EUR 2bn. 80% of GTC's debt matures in 2014 or later. Growth in both rental and residential revenues contributed to strong top-line performance. Revenues from rental operations increased 40% y-o-y to EUR 43.5m, while residential sales surged 889% to EUR 40m. In Q2 2009 GTC recorded EUR 38m in operating revenues. Rental revenues were EUR 21.9m (+33% y-o-y). Residential sales in Poland (Osiedle Konstacja), Serbia (Park Apartments), Romania (Rose Garden) and Hungary (Sasad Resort) contributed to EUR 16.4m in contract income. GTC achieved an impressive 79% margin on rental operations (vs 76% in Q1 2009) and maintained a 20% gross margin on residential sales. In the first half of 2009 GTC wrote off approximately EUR 55.2m from the value of its completed assets, mainly as a result of expansion in investment yields. This loss was mostly offset by the revaluation of Investment Property under Construction (IPUC) and newly completed property, which contributed in total EUR 50.7m profit. During Q2 2009, together with its partner Unibail Rodamco, GTC successfully negotiated a refinancing loan for Galeria Mokotów, a leading shopping mall in Poland, with a consortium of German banks. At the beginning of August 2009 one of the largest refinancing transactions in the region was finalised, providing Galeria Mokotów with a loan of EUR 205m. The cash level at GTC may reach EUR 200m at the end of the year, following the drawdown of the loan. (source: *GTC*)

14.08.2009 USA: NEW HINES GLOBAL REIT ANNOUNCED
Hines, the international real estate firm, announced today the commencement of the initial public offering of Hines Global REIT, a public non-traded real estate investment trust. The company seeks to raise a maximum of $3.5 billion in the offering. Shares of Hines Global REIT will be sold through a network of broker dealers and financial advisors across the United States. Hines is the sponsor of Hines Global REIT, and as its advisor will be responsible for executing its real estate strategies and managing its day-to-day operations. Hines Global REIT contemplates investing in a diversified portfolio of quality commercial real estate properties and other real estate equity and debt investments, including office, retail, industrial and multi-family in both the U.S. and internationally. In addition to attempting to capitalize on current distress in the market to acquire attractive properties at historically low prices, Hines Global REIT will seek to make tactical investments that may offer value-add potential, and time acquisitions and dispositions for maximum benefit to investors. One of the goals of Hines Global REIT is to generate an attractive total return for investors over an expected hold period of approximately eight to 10 years. Hines President and CEO Jeffrey C. Hines commented, "Our firm has relied on solid investor relationships for more than half a century. We look forward to making this new investment product work for advisors and investors seeking diversification through real estate. We think Hines Global REIT will benefit from the expertise of our many offices and tenured employees in 17 countries on four continents." (source: *Hines*)

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14.08.2009 Germany: AGM of HRE Holding AG elects new Supervisory Board
On Thursday, the annual general meeting of HRE Holding AG elected a new Supervisory Board as scheduled, and decided to reduce the number of members on the Supervisory Board to six. The following persons have been elected onto the Supervisory Board: Dagmar P. Kollmann, Dr. Hedda von Wedel, Dr. Günther Bräunig, Dr. Alexander Groß, Dr. Albert Peters and Dr. Bernd Thiemann. In the constituent meeting of the Supervisory Board, Dr. Bernd Thiemann was elected as chairman of the Supervisory Board by the members. The former members of the Supervisory Board Dr. Michael Endres, Bernd Knobloch, Siegmar Mosdorf, Hans-Jörg Vetter, Dr. Bernhard Walter and Manfred Zaß did not stand for re-election. (source: *HRE*)

13.08.2009 Germany: Deutsche EuroShop: First half of FY 2009 according to plan
The shopping center investor Deutsche EuroShop's operational business went according to plan in the first half of FY 2009. Additionally the result was affected by positive exceptional and currency effects. Revenue in the first half of 2009 totalled EUR 63.0 million, representing a 14% rise year-on-year (EUR 55.2 million). The full consolidation of the results of the Kassel center resulted in higher revenue contributions than in the past. In addition, the two centers opened in Hameln and Passau in 2008 also contributed to revenue growth. Revenue from existing properties climbed 1.4% year-on-year. EBIT increased by EUR 6.9 million (+15%) from EUR 46.9 million to EUR 53.8 million. This was chiefly due to contributions to earnings from the recently opened properties in Passau and Hameln and the full inclusion for the first time of the property company in Kassel. Net finance costs totalled EUR 27.7 million, EUR 4.9 million more than the EUR 22.8 million recorded the previous year. This was attributable firstly to the higher interest expense incurred following the consolidation of Kassel, and secondly to the interest expense for the Hameln and Passau centers. Interest income declined due to the sharp fall in capital market rates. Measurement gains rose from EUR 2.2 million to EUR 10.8 million, thanks to a special effect related to the first-time full consolidation of the City-Point Kassel and to the unrealised currency gains of EUR 7.3 million because of the depreciation in the Polish zloty and Hungarian forint. EBT rose from EUR 26.3 million to EUR 36.9 million. This corresponds to a year-on-year increase of EUR 10.6 million or 40%. FFO (funds from operations) increased by EUR 0.06 from EUR 0.70 to EUR 0.76 per share (number of shares as at 30 June 2009). This represents an increase of 9%. Consolidated profit totalled EUR 30.5 million, up by EUR 8.9 million versus the first six months of 2008 (EUR 21.6 million). This is equivalent to profit growth of 41%. (source: *DeutscheEuroshop*)

12.08.2009 U.K.: INVESTMENT SENTIMENT SHOWING SIGNS OF IMPROVEMENT IN UK COMMERCIAL PROPERTY
According to the latest research from Invista Real Estate Investment Management ("Invista" / the "Company"), there has been a noticeable thawing in the near-term outlook for UK Commercial Property, driven by increasing economic optimism and tangible evidence of buyers re-entering the commercial property market. In particular, it points to a growth in demand, primarily from overseas investors, for prime, well located, long-let properties. These early positive signs need to be considered against the ongoing fall in capital values for UK Commercial Property, which according to IPD figures are down 4.0% for the three months ending June 2009. Nevertheless these falls seem to be slowing, pointing to a potential stabilisation in capital values. This, together with above trend yields we are seeing, could make the UK Commercial property market relatively attractive. However, according to IPD UK commercial property rental values fell by 2.7% during Q2 2009. This pace of decline has not been seen since the end of 1992 and the emergence of the UK from its last major recession. Despite the falling rental values, Invista believes that the prospects are encouraging for a quicker recovery in rental values than was witnessed in the 1990s, assuming that there are no further major financial shocks in store. It attributes this difference to an economically driven contraction in rental values as opposed to a glut of new space in the market and says that this comparatively steady positioning is reinforced by the fact that rents have not risen sharply over the preceding years. (source: *Investa*)

11.08.2009 Germany: Aareal Bank Group reports robust business development during the second quarter of 2009
Aareal Bank Group's robust business development continued into the second quarter of the current year. Against the background of a difficult market environment, the Group once again achieved a satisfactory result, therefore remaining successfully on track. Group profit before taxes improved to € 25 million in the second quarter of 2009, after € 17 million in the first quarter (Q2 2008: € 48 million). Both segments – Structured Property Financing and Consulting/Services – once again posted positive quarterly results, in spite of the dramatic slump affecting the global economy and the continuing challenges on the financial markets. Aareal Bank Group is therefore one of the few banks, in Germany and abroad, to have achieved a positive result in all quarters since the outbreak of the financial markets crisis two years ago. "Aareal Bank Group remained on track in a difficult environment", said Dr Wolf Schumacher, Chairman of the Management Board. (source: *Aareal*)

ISSN 1867-8467 / price: 9,90 € p. issue
17.08.2009 **Issue 08/2009-I** page 4

Real Estate Deals

18.08.2009 U.K./Japan: C&W acquires leading Japan asset management company
Cushman & Wakefield, the world's largest privately held real estate services firm, announced today that it has acquired Pacific Investment Corporation, the private fund asset management subsidiary of Japanese real estate fund giant Pacific Holdings Group. With immediate effect the firm will begin operations as Cushman & Wakefield Asset Management KK. Pacific Investment Corporationwas the asset management arm of Pacific Holdings, formerly the second largest investment firm in terms of assets under management in Tokyo, and currently manages approximately US$2 billion of assets totaling 4.73 million sq.ft of office, retail and residential properties. "This is an important strategic acquisition for us as it is consistent with Cushman & Wakefield's vision to strengthen and expand our services to clients in core 'flagship' markets" commented Michael Thompson, CEO of Cushman & Wakefield's Asia Pacific operations." (source: *Cushwake*)

17.08.2009 U.K.: Cribbs Causeway Retail Park lands 70,000 sq ft letting
Leading real estate property investment manager PRUPIM has today announced one of the biggest out of town lettings of 2009 at its Cribbs Causeway Retail Park – a 70,000 sq ft multi-unit space to DSG Retail Ltd trading as Currys Megastore. PRUPIM and Capital Shopping Centres who jointly own the retail park have agreed to let units 1-4 to DSG Retail Ltd for 15 years. "This new letting marks the beginning of a phase of master planning for the retail park, as the existing leases approach expiry. It also reinforces Cribbs Causeway Retail Park as one of the most well-positioned out-of-town retail parks in the south west," said Tim Hayns, Director of Asset Management at PRUPIM. The 70,000 sq ft space will be occupied by a Currys Megastore which is expected to be ready in time for trading by Christmas 2009. Located adjacent to the M5 and close to The Mall at Cribbs Causeway regional shopping centre, Cribbs Causeway Retail Park is 245,000 sq ft in size and currently has nine retailers at the site. The joint agents for PRUPIM are Hartnell Taylor Cooke and Cushman & Wakefield and Colliers CRE advised DSG Retail Ltd. (source: *Prupim*)

13.08.2009 Germany/U.K./Italy: DEGI INTERNATIONAL takes possession of property with company headquarter of Procter & Gamble
DEGI, part of Aberdeen Property Investors, has taken possession of the building occupied by the Italian headquarters of Procter & Gamble, following completion of the construction work. The preliminary contract for the office project located in Rome was signed in July 2007. Following completion of the construction work and acceptance by Procter & Gamble, the building has now been successfully incorporated into the portfolio of DEGI INTERNATIONAL, a Germany domiciled open-end property fund. The total investment volume came to approximately 110 million euros. The office park has a rental space of approximately 20,000 sqm and is located in the E.U.R. office sub-market in the southern part of the Italian capital. High quality, modern office space is a scarce commodity in the E.U.R., Rome`s important office sub-market. In contrast to the Central Business District in the historic centre of Rome, the E.U.R. sub-market is particularly appreciated by large tenants, since here they enjoy not only convenient links to the road and metro networks, and to Fiumicino and Ciampino airports, but also large floor areas and modern equipped premises. Rome`s economic structure is strongly influenced by the service sector and particularly by public institutions, which means the office market in Italy`s capital is less susceptible to cyclical fluctuations. In all, through its branch office in Milan, DEGI in Italy manages property assets of approximately 860 million euros for its various property funds. (source: *Degi*)

12.08.2009 U.K.: INVISTA COMPLETES CONDUIT STREET DISPOSAL
Invista Real Estate Investment Management ("Invista") announces that on behalf of clients it has exchanged contracts on the sale of a freehold office and retail property on Conduit Street, London W1 to a private overseas investor. The property was sold at a price significantly above its 30 June 2009 independent valuation. The property which totals 31,272 sq ft (2,905 sq m) is situated between Regent Street and Savile Row in the heart of Mayfair. Redeveloped by Tooley Foster Partnership in 1997 and part-refurbished by Invista in 2007/8, the building is arranged as seven storeys of Grade A office space over a 5,479 sq ft (509 sq m) ground floor retail unit and basement storage/ancillary accommodation. Fully occupied, the property has a passing rent of £2,517,118 per annum. The office space is let to five tenants and the retail unit is let to RBS Plc on a lease expiring in 2018. Ben Du Boulay, Director of London Offices at Invista, comments: "Following successful completion of asset management initiatives, the average rent on the office floors is over £85 per square foot and the sale allows us to take advantage of strong private investor demand." Invista Real Estate Investment Management was represented by Jones Lang LaSalle. (source: *Invista*)

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Real Estate Company Profile

GTC

GLOBE TRADE CENTRE S.A. (GTC S.A.) is one of the leading developers in the New Europe, developing real estate projects in CEE (Central and Eastern Europe) and SEE (South Eastern Europe), while exploring CIS markets for further expansion. Globe Trade Center S.A. carries out investments as a developer in Poland, Hungary, the Czech Republic, Romania, Serbia, Croatia, Slovakia, Bulgaria, Russia and Ukraine. GTC carries out investments in three key sectors of the property market: office buildings and parks, shopping and leisure centres and in the residential sector. GTC has developed about 600,000 sq m of net space and now owns completed commercial property with a net area of about 336,000 sq m. GTC also holds an impressive portfolio of 2.25 mln sq m of commercial and residential area at various stages of development. GTC S.A. shares are listed on the prestigious WIG20 index and are also included in the international MSCI indices. In January 2006, GTC S.A. shares were added to the GPR 250 index, which includes the 250 largest and most liquid companies in the world in the real estate sector.

Globe Trade Centre S.A.
Interim Condensed Consolidated Statement of Financial Position
as of 30 June 2009
(in thousands of Euro)

	Note	*30 June 2009 (unaudited)*	*30 June 2008 (unaudited)*	*31 December 2008*
ASSETS				
Non current assets				
Investment property	11	1,999,180	1,005,327	1,827,789
Property, plant and equipment		1,124	408,612	1,350
Investment in associates	10	52,422	33,356	44,869
Loans granted and other receivables		53,414	40,650	52,292
Deferred tax asset		1,869	9,951	3,229
Advances to contractors		-	11,015	-
Derivatives		-	1,563	-
Goodwill		-	7,983	1,343
Other non-current assets		403	2,021	559
		2,108,412	**1,520,478**	**1,931,431**
Current Assets				
Inventory		290,847	285,198	322,012
Advances to contractors		14,303	24,930	26,915
Debtors		3,020	3,822	3,094
Accrued income		867	1,776	3,257
Derivatives		-	40,562	-
VAT and other tax recoverable		41,732	36,293	38,243
Income tax recoverable		528	2,545	2,355
Prepayments, deferred expenses		1,961	4,951	3,631
Short-term deposits	6	36,464	26,167	26,704
Cash and cash equivalents		114,530	291,985	200,762
		504,252	**718,229**	**626,973**
TOTAL ASSETS		**2,612,664**	**2,238,707**	**2,558,404**

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Kazimierz Office Centre completed
State Street and Ernst & Young are the main tenants of Kazimierz Office Centre in Cracow. 15 200 sq m building has just been put into operation. Kazimierz Office Centre in Cracow was set up on a plot located by the Vistula river, between Gęsia and Podgórska streets, just aside to retail and entertainment centre Galeria Kazimierz, also developed by Globe Trade Centre S.A. (GTC) Five-storey building holds 12 600 sq m of superior office space, with an additional space of over 2 600 sq m commercial and service area on its ground floor. For the advantage of users of the object a two-level underground car park for over 200 cars was also built. One of the great advantages of Kazimierz Office Centre is its localization near to the strict city centre and what follows convenient public transport communication. State Street – world's leading financial services supplier, specializing in the service to institutional investors, will hold almost 12 000 sq m of office space in Kazimierz Office Centre. Office of Ernst & Young will take the area of 1 000 sq m. The construction of Kazimierz Office Centre began by the February 2008, and was finished according to the schedule – in June 2009. (source: *GTC*)

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