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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

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Editorial

As we now receive little by little the half year reports of the important real estate companies, it seems that the financial crisis is definitely restrained. Despite the still difficult situation on the market some German property companies even show respectable profit on their balance sheets and others at least don't have serious troubles. Only VIVACON has actually problems with its liquidity, but also GAGFAH with their residential housing projects sustained heavy losses. It seems that some companies, as e.g. IVG, took the chance to restructure some of their investment fields or the company's processes and management policy.
Everyone who is observing the actual developments on the European real estate market is asking the question, if the crisis has found an end. But there can't be a definite answer. We see the bank institutes now becoming stronger. The U.K. government just decides against France and Germany to set a limit for bonus payments which surely can be seen a the strong position of these institutes. But nevertheless the credit and financing situation for the property market did not ameliorate significantly. The last months of 2009 and the beginning of 2010 will show if the companies made the right decisions, when the bottom of the crisis was reached. Prognosis for the coming months and year can't be reliable as we're still in an unstable situation. (editor-in-chief: Dr. Roger Schöntag)

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Real Estate News

04.09.2009 USA/Japan: ProLogis to Develop New Facility for Senko in Japan
ProLogis, a leading global provider of distribution facilities, announced today it will develop a new, 616,000-square-foot (57,200-square-meter) distribution facility in Osaka, Japan, for Senko Co., Ltd., an integrated distribution services company with a vast national network of office locations, vehicles and cargo ships. ProLogis and Shimizu Corporation, a leading architectural, engineering and general contracting firm, have formed a joint venture for the project. As a part of its investment, ProLogis will contribute a five-acre (two-hectare) parcel of land it currently owns in Osaka. In addition, ProLogis will receive a construction management fee. Through the joint venture, ProLogis will continue to own and manage the property, receiving asset and property management fees and its portion of rental income. Construction of the facility, to be called ProLogis Parc Maishima IV, will commence in September 2009 and is expected to be completed in the summer of 2010. Senko will operate the five-story distribution center as a new distribution hub in Osaka. The site for ProLogis Parc Maishima IV is strategically situated within a growing distribution hub in Japan. The facility is approximately four miles (six kilometers) from the Port of Osaka, less than six miles (nine kilometers) from the Osaka central business district and approximately 17 miles (28 kilometers) from the Kansai International Airport. ProLogis is one of the largest providers of distribution space in Japan with approximately 8.5 million square feet (794,000 square meters) completed and under development, as well as 98 acres (39.7 hectares) of land available for future development. Major ProLogis customers in Japan include Yamato Logistics, Konoike Transport, Costco, Daikin Industries, Sanyo Electric Logistics and Kintetsu World Express. (source: *Prologis*)

02.09.2009 U.K.: LAND SECURITIES AGREES DEBT FACILITY AGAINST ST DAVID'S DEVELOPMENT
The St David's Limited Partnership, a 50:50 joint venture between Land Securities and Liberty International PLC subsidiary, Capital Shopping Centres, has agreed a facility for up to £290 million against its development of the St David's shopping centre, Cardiff. The joint venture partners will each be able to receive up to 50% of the proceeds which can be drawn down over the first twelve months subject to progress on construction and letting of the scheme. The facility is for a five year term. Commenting on the facility, Land Securities Group Finance Director Martin Greenslade said: "We are pleased to have completed this fund raising for an asset held outside our Security Group. The cash raised increases our flexibility to take advantage of opportunities as the cycle turns and takes us closer to meeting our aspiration to pay down debt within our secured debt structure at the right time." The facility is being provided by way of term finance from joint Mandated Arrangers DekaBank, Eurohypo, Nationwide Building Society and WestImmo. WestImmo are acting as Facility Agent with DekaBank and Nationwide Building Society acting as Co-Monitoring Agents. St David's 2 will deliver 967,500 sq ft (89,880 sq m) of new retail space, in addition to the existing 427,000 sq ft (39,670 sq m) St David's shopping centre, which attracts more than 27 million shoppers each year. The new 1.39million sq ft (129,135 sq m) St David's will deliver more than 100 new shops, 25 cafes and restaurants and luxury apartments in the heart of Cardiff. The scheme is also delivering the largest John Lewis department store outside London's West End. (source: *Land Securities*)

31.08.2009 Austria/Poland: IMMOEAST AG strengthens asset portfolio: Investments in expansion increase attractiveness of the Silesia City Center in Southern Poland
IMMOEAST AG is currently expanding one of the most successful real estate investments in Poland. The Silesia City Center in Katowice, the capital of the voivodship of Silesia (Southern Poland), has become the most important shopping centre in the entire region and, since its opening in November 2005, shown an impressive above-average performance. The number of customers this year has risen 3.4 percent year on year, turnover with tenants 5.4 percent. Rental income even rose an above average 9.1 percent. The fact that already upon opening 100 percent of the available space was let also demonstrates the shopping centre's success. The average remaining term of existing rental agreements is six years. Due to the country's robust economic constitution, the level of domestic consumption in Poland is high, providing growth especially to well-structured shopping centres such as the Silesia City Center. 12.8 million visitors per year, tendency rising: Strong international anchor tenants such as retail chains Tesco, Saturn, C&A, Zara and Intersport are pleased with the steadily growing visitor numbers. In 2008 the electronically counted customer frequency had already totalled 12.8 million. Daily there are more than 35,000 visitors to the shops, which are distributed over 66,000 m².
Expansion by 16,500 m²: In order to accommodate this satisfying development, IMMOEAST AG is planning to expand the shopping centre and to create additional rental space on two sales floors after all necessary board approvals have been obtained. The property on which the new section is to be built already belongs to IMMOEAST AG and also has the required planning approval so that a speedy realisation is imminent. The expansion is to be concluded in spring 2011, whereby the total investment costs will be EUR 48 million. (source: *Immoeast*)

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27.08.2009 Netherlands: Rabobank: Net profit EUR 1.3 billion, Tier 1 ratio 13%
"While some economists have spotted a swallow, I, for one, do not see an economic recovery yet. Many western countries are battling with recession, including the Netherlands, which is experiencing its most severe economic decline since World War II. This has created serious problems for customers, which in turn is reflected in Rabobank Group's results. Despite difficult economic conditions, Rabobank Group has achieved solid results for the first six months of 2009, with net profit at EUR 1.3 billion and an improved capital position. Our Tier 1 ratio has improved towards 13%," says Piet Moerland Chairman of Rabobank Group. Net profit at EUR 1.3 billion; Equity up 10% to EUR 37 billion; Tier 1 ratio higher, at 13%; Private sector loan portfolio up EUR 7 billion, at EUR 415 billion; Bad debt costs at 55 basis points due to adverse economic conditions. "In a market in which growth in both mortgage lending and corporate lending slowed down, the local Rabobanks succeeded in strengthening their market positions. More loans were extended to food & agri clients by Rabobank International and De Lage Landen. The private sector loan portfolio grew by EUR 7 billion to EUR 415 billion. As a result of lower levels of activity among our clients in the second half of 2009, growth in lending is likely to level off further. In addition, bad debt costs are expected to continue to be higher than the long-term average. (source: *Radobank*)

26.08.2009 Austria: Sparkassen Immobilien AG posts profits in first half of 2009
Sparkassen Immobilien AG can look back on a successful first half of 2009, with a significantly positive EBIT, a net profit, an increase in rental income and revenues and a positive performance on the stock market. Operating results: growth in revenues and rental income: Compared with the same period last year, revenues were up 6% to EUR 57.3m and rental income was up 4% to EUR 44.7m. Other operating income rose to EUR 10m (HY1 2008: EUR 2.2m). This increase is mainly due to the higher income from the Marriott Vienna and Marriott Budapest hotels after completion of renovation. Revaluations and disposal of properties: In the first six months of 2009 revaluation of properties led to a slight decrease in value of EUR 4.9m, compared with a break-even outcome with a minimal gain of EUR 118,000 for the same period last year. In the same period, two property sales were finalised, resulting in gains on disposal of EUR 290,000 (HY1 2008: EUR 5.43m). The properties realised a profit compared with their values at the time of the last revaluation, carried out just a few months earlier. EBIT significantly positive: Cash flow from operating activities was up by 17% to EUR 33.0m from EUR 28.3m in the first half of 2008. At EUR 11.3m, funds from operations (FFO) were marginally lower than in the same period last year (EUR 11.8m). EBITDA fell slightly by 3% to EUR 33.5m (HY1 2008: EUR 34.3m), while EBIT was down 26% from EUR 32.2m (first six months of 2008) to EUR 23.8m. Growth of property portfolio: With development projects on schedule, in the first half of 2009 Sparkassen Immobilien AG's property portfolio grew to EUR 1.85bn (31 December 2008: EUR 1.78bn). At 30 June 2009 the portfolio comprised 261 properties with total lettable area of 1,517,300 sq m. The majority of the properties are in Austria and Germany (27% and 51% respectively), with 19% in Central Europe (the Czech Republic, Slovakia, Hungary) and 3% in Southeast Europe (Croatia, Bulgaria, Romania). For the first half of 2009 the gross rental yield was 6.7%. (source: *Sparkassen Immobilien*)

25.08.2009 Germany: Ad-hoc Announcement pursuant to § 15 WpHG: Damages claim against IKB
CALYON has instigated proceedings against IKB in the High Court of Justice in London and claims inter alia damages in excess of US$ 1.675 billion. The Particulars of Claim were served on IKB on 24 August 2009 in the afternoon. IKB sees the action which includes an independent damages claim in connection with the proceedings brought by U.S. monoliner FGIC in March 2008. IKB is in the process of reviewing the claims made against it. Should risks from the currently asserted claims materialise IKB anticipates that they will not materially affect IKB's financial results. (source: *IKB*)

24.08.2009 Lithuania: Grand Opening of Ozas Gallery in Vilnius
The new shopping and entertainment center Ozas Gallery in Vilnius opened on the evening of August 20. It is one of the largest national retail developments with a total area of 180,000 m², a leasable area of approx. 62,000 m2 and an investment volume that sums up to approx. 170 million EUR. Ozas has been realized by two strong partners, Rubicon group and ECE. Construction, which lasted less than two years, was the work of the project's sole contractor, Kayı Construction.Visitors are attracted by a great number of international retailers among Ozas' 180 shops, service provision facilities, cafés and restaurants. The largest tenants are Finnish hypermarket Prisma, leading European fashion store Peek & Cloppenburg and consumer electronics store Topo Centras. The three level shopping gallery introduces several new stores and brands to the Lithuanian market, such as Jack&Jones, Forever 18, BiBa, Timberland and BijouBrigitte.A wide range of sportswear, shoes and cosmetics is guaranteed by brand outlets such as Ecco, Sportland, Nike, Douglas, Inglot and The Body Shop. In addition to this assortment of leading tenants, numerous fashion stores such as New Yorker, Lindex, Benetton, Seppala and Reserved can fulfil all wishes of their clients. Ozas is the only shopping center in Lithuania with so many international retailers represented corporately.The retail shops are complemented by a wide range of leisure facilities. (source: *ECE*)

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Real Estate Deals

25.08.2009 Germany: The 'Süd' branch office is letting 384 m² of officespace in a property at Urbanstrasse 1 in Stuttgart.
Stuttgart, 21st August 2009. The 'Süd' branch office of Allianz RealEstate Germany GmbH is reporting a leasing success in Stuttgart. It has let 384 m² of office space on the third floor of the property to Mosaiq Media GmbH, a marketing company from Korntal, from the1.10.2009. A long-term contract has been agreed. (source: *Allianz*)

24.08.2009 Finland: Finnair Plc Company Announcement FINNAIR SELLS PART OF ITS PROPERTIES
The Finnair Group's Finnair Facilities Management Oy has sold to NV Property Fund I Ky, and leased back on long-term lease agreements, four strategic properties located in the area of Helsinki-Vantaa Airport. The selling price is 77 million euros. The arrangement is part of a financing programme announced by Finnair earlier.The properties comprise Aircraft Hangar 7, the Ground Handling Fleet Centre, the Ground Equipment Maintenance Unit and the Training Centre. The properties will be leased by Finnair Facilities Management Oy and the users of the facilities are various business units of Finnair. The leased area totals around 60,000 square metres. (source: *Finnair*)

20.08.2009 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. 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*)

19.08.2009 Germany: Catella brokers 540 square meters in Berlin
The law firm Gülpen & Garay has rented 540 square meters office space at Kurfürstendamm in Berlin through the brokerage of Catella. The modernized historical building has a total letting area of approximately 4.600 square meters. The owner is Olivia Real Estate GmbH. The focus of the German-Spanish law firm is on corporate foundation and entrepreneurial support in Spain and Germany. (source: *Catella*)

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*)

16.08.2009 Germany: WestImmo provides €30m for Adina's two new hotels in Berlin
WestImmo and Adina Apartment Hotels, Europe's newest developer, owner and operator of upper market apartment hotels, have today announced details of a significant €30m debt facility to finance two new Berlin properties currently under construction. Adina's Director for Europe, Andrew Hunter, said: "We are privileged to enjoy a strong relationship with WestImmo, as demonstrated by this latest agreement. The successful performance of our existing properties in Berlin, Copenhagen and Budapest, and the impressive returns of the Toga Accommodation Fund, has helped us to secure this facility and ensure the success of our future openings in the region."He continued, "The Toga Accommodation Fund has delivered a 9% year on year return since its inception in 2006." "From our point of view, the proven track record, the professional management approach and the two excellent locations in Berlin-Mitte are summing up to a very attractive financing opportunity. (source: *WestImmo*)

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Real Estate Company Profile

Hammerson

Hammerson has been creating and managing some of the most exciting retail destinations and office buildings in Europe for over 50 years. The strategy is to create value by developing and actively managing high quality properties to meet the needs of our occupiers, the partners and the shareholders. A FTSE 100 company with a real estate portfolio in the UK and France of around £4.7 billion, Hammerson has investments in 14 major shopping centres and 18 retail parks providing a total of 1.3 million m² of retail space. They own seven office buildings, in central London and Paris, which provide 150,000 m² of prime accommodation. The high quality portfolio provides a secure and growing income stream that will be enhanced through development. Benefiting from tax-efficient REIT status in the UK and SIIC in France, Hammerson is listed on both the London Stock Exchange and Euronext Paris.

Strategy: Hammerson's objective is to meet the needs of its occupiers by actively managing its investment portfolio and by developing new properties. They operate in two sectors, offices and retail, and two markets, the UK and France. In this way, they're able to create value for shareholders and partners. The focus is prime real estate. The portfolio includes seven of the top retail destinations in the UK and five major shopping centres in the Paris region. Having set up and grown a successful retail parks business in the UK, They have expanded this activity into France. In the offices sector, They develop prime properties in the CBD of London and Paris.

Portfolio: Hammerson is one of Europe's leading real estate investors and developers. Our £4.7 billion portfolio in the UK and France provides over 1.3 million m2 of retail space and around 150,000 m2 of office accommodation. They earned reputation creating and managing some of the most exciting retail destinations and iconic office buildings. Just over half our business is in prime shopping centres, with around a fifth in retail parks and the balance in prime offices in London and Paris CBD. In the past six months they have completed four major developments in Bristol, Leicester, Paris and in the City of London.
The UK retail portfolio includes internationally recognised city-centre schemes such as Bullring, Birmingham, Brent Cross in North London and The Oracle, Reading. Recent additions include Highcross, Leicester and Cabot Circus, Bristol. The London portfolio includes landmark buildings in the City such as 125 Old Broad Street and 99 Bishopsgate. In France, they own and manage some of the top shopping centres in the Ile-de-France region, including Italie 2, and Les 3 Fontaines. They have also been responsible for major office schemes such as the redevelopment of 9 place Vendôme and 54 boulevard Haussmann in central Paris. These buildings have since been sold and the proceeds reinvested in acquisitions and the development programme. The investment portfolio provides a secure and growing income stream as They exploit asset management opportunities. The developments provide the potential to add prime new assets to the existing portfolio, and to increase income as schemes are completed and let. They create further value by recycling capital to invest in new opportunities and advancing the extensive longer-term development pipeline. (source: Hammerson)

Real Estate Company Profile

Hammerson

News

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

Financial highlights

Six months to:	**30 June 2009**	30 June 2008	Change
Net rental income	**£156.4m**	£145.8m	+7.3%
Loss before tax	**£(818.5)m**	£(417.1)m	
Adjusted profit before tax (1)	**£65.6m**	£60.5m	+8.4%
Basic loss per share (1) (2)	**(136.8)p**	(98.8)p	
Adjusted earnings per share (1) (2)	**11.0p**	13.8p	-20.3%
Interim dividend per share (3)	**6.95p**	12.6p	
Return on shareholders' equity (4)	**(29.4)%**	(8.8)%	

As at:	**30 June 2009**	31 Dec 2008	
Total property assets	**£4,717m**	£6,457m	
Equity shareholders' funds	**£2,547m**	£2,821m	-9.7%
Net debt	**£2,061m**	£3,333m	
Adjusted net asset value per share (1) (2)	**£3.73**	£5.16	-27.7%
Gearing	**81%**	118%	

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