

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

Even if now nearly a year has gone by since 11 of the German real estate funds closed (oct. 2008), there are still six of them which remain closed despite of the slightly recovering world economy. The redemption of shares is still in suspension for UBS (1,8 billion €), DEGI EUROPA (1,7 billion €), MORGAN STANLEY P2 VALUE (1,7 billion €), UBS (D) EUROINVEST (1,2 billion €), TMW IMMOBILIEN WELTFONDS (1,0 billion €) and KANAM US-GRUNDINVEST (0,5 billion €). Economy seems to stabilize, but the funds have to struggle with the re- and devaluation of their assets, because most of them went down during the crisis. In addition it is also reasonable to consider that a good part of the investors will redraw their money for the obvious risk of being blocked again. For the funds a reopening will only be possible with a clear future strategy for risk management, an adequate evaluation and comfortable financial reserves to prop up the next deficit. The general downturn of prices on the world wide real estate market is still a problem for the already existing properties. Upward trends as the increasing prices in the German retail sector concerning inner city locations can be seen as a glimmer of hope, but this allows not yet to bring back to feet the big companies with international investment aims. (editor in chief: Dr. Roger Schöntag)



© P1 Verlag GbR

Real Estate News

16.09.2009 France: "Positive is back" Carrefour's new positioning expressed in a resolutely optimistic advertising campaign

Having resolved to become "France's favourite retailer", Carrefour has chosen to forge ahead, make a fresh start, whilst at the same time using its heritage as a stepping-off point. "Positive is back" is the Group's new slogan, an expression of the brand's unshakably optimistic and committed state of mind. Its new stance is in line with the current concerns of French citizens, who are seeking simple, accessible solutions to improve their day-to-day lives. It is also motivating and attractive for employees of the brand, encouraging them to go that extra kilometre to help their customers. "The positive has been a key element in our identity for a number of years. This stance is symbolic of our determination to become France's favourite retailer. We are more determined than ever to provide our customers with concrete and innovative solutions to improve their quality of life," explains Gilles Petit, Executive Director of Carrefour France. High quality discount products, easier shopping, accessible organic goods, new technologies, eco-friendly products ... these are all examples of positive undertakings Carrefour intends to reinforce as the Group evolves. On 4 September, Carrefour will launch a large-scale campaign to announce its new platform, orchestrated by the dedicated structure within the Publicis Group known as "K4". This communications campaign will be rolled out widely in France through press releases (photographs by Matthieu Deluc) and TV spots produced by Laurent Chanez. The announcement of Carrefour's new stance will be followed by advertising campaigns spotlighting real examples of action taken to make customers' day-to-day lives more positive, such as a menu at €1 per person. (source: *Carrefour*)

15.09.2009 Germany: Deutsche Pfandbriefbank issues € 1.5 billion Jumbo Mortgage Pfandbrief

Deutsche Pfandbriefbank successfully placed a € 1.5 billion Jumbo mortgage Pfandbrief on Tuesday. The Pfandbrief, which marks the bank's first public issue for more than a year, met with very positive market response: the issue was 3 times over-subscribed. The 5 year mortgage Pfandbrief has a 3.125% coupon. Deutsche Pfandbriefbank pays 50 basis point 0.50 % spread over mid-swaps. Based on the reoffer price of 99.69 %, the Pfandbrief has a 3.19 % yield. Dr Axel Wieandt, CEO of Deutsche Pfandbriefbank, said: "The successful Jumbo Pfandbrief issue demonstrates that the market accepts Deutsche Pfandbriefbank as an issuer. The Group's return to the public funding markets marks yet another milestone in its realignment process." Deutsche Pfandbriefbank's mortgage Pfandbrief currently has a rating of AAA by Standard & Poor's (watch negative), AA+ by Fitch Ratings (watch negative), and Aa3 by Moody's. The issue was arranged by a syndicate comprising Citibank, Commerzbank, Deutsche Bank, DZ BANK, HSBC and LBBW. At 66 %, Germany accounted for the largest share of placements, followed by Scandinavia (14 %) and Southern Europe (6 %). (source: *HRE*)

14.09.2009 Poland: Colliers represents Raiffeisen Bank Colliers International Poland

Colliers International has signed a contract with Raiffeisen Bank Polska. Colliers will become the exclusive agent in advising the bank in the reallocation process. Colliers International will work with Raiffeisen Bank Polska to search for new office space and represent them in negotiating lease agreement conditions. „Our priority in this process is optimalization of the lease costs.“ – says Marcin Kania, Partner at the Office Department of Colliers International – „In this particular case it means looking for the new office space and negotiating in the name of our client“ – Kania adds. Raiffeisen Bank Polska currently leases a 13 000 sqm office located in Warsaw at ul. Piękna. (source: *Colliers*)

11.09.2009 U.K.: QUINTAIN REPATRIATES A FURTHER £31.3 MILLION OF CASH

Quintain announces the sale of units in The Quercus Healthcare Property Partnership for a total cash consideration of £31.3 million. The units have been sold to a number of UK institutional pension funds through the anonymous matched bargain dealing facility provided by Aviva Investors, Quintain's partner in the Fund. This transaction was undertaken as part of Quintain's strategy to repatriate cash and reduce gearing, thereby enhancing the Company's financial flexibility. The proceeds of the disposal bring the total amount of cash repatriated since 1 April 2009 to over £42 million, representing 85% of the £50 million Quintain had targeted to raise in the year to 31 March 2010. The total cash repatriated by the Group since 1 April 2008 is now £140 million. Quercus is the largest fund within Quintain Fund Management. As at 30 June 2009, it had £759.9 million in funds under management and owned 264 assets, comprising nursing and residential care homes for the elderly, specialist care homes for those with long term disabilities, private hospitals, and care villages. The units were sold at a 12% discount to the Fund's reported NAV at July and a discount to Quintain's March valuation of £10.8m, representing a loss against book cost of £1.8 million. In the last twelve months, the units delivered £2.5 million of income to the Group. As a result of this disposal, Quintain's total holding in Quercus is reduced from 25.4% to 16% and the number of investors in the Fund has increased to 50. (source: *Quintain*)

10.09.2009 Europe: AXA REIM appoints Dennis G. Lopez as Global Chief Investment Officer

AXA Real Estate Investment Managers (AXA REIM), the leading Real Estate manager in Europe with € 39.5 billion of assets under management, today announced the appointment of Dennis G. Lopez as Global Chief Investment Officer. Heading up all AXA REIM Fund Management activities, Dennis will be responsible for the quality and consistency of investment services as well as the performances delivered to all AXA REIM clients. Dennis will report to Pierre Vaquier, Chief Executive Officer of AXA REIM, and will join the Management Board of the Company. Considering Dennis' new role, Pierre Vaquier, said: "Dennis will coordinate the management of the complete range of AXA REIM funds, and will contribute to the expansion of AXA REIM activities, bringing his global view on business and key expertise for managing our clients' portfolios with excellence". With over 23 years spent in the investment industry, Dennis has extensive experience in investment banking and Real Estate investment management and a deep knowledge of the US, European, Indian and Russian markets; he has been involved with investors from Japan, the Middle East, US and Europe. Dennis, a London based American, is graduated from the University of California at Los Angeles with a MBA Finance & Accounting. Prior to joining AXA REIM, he was Chief Executive Officer, Sun Real Estate, operating in UK, Russia and India since 2008. Before, he was successively Global Head of Real Estate at Cambridge Place Investment Management (2005 – 2007) and had several assignments at JP Morgan including Managing Director and Head of European Real Estate (1998 – 2004). (source: AXA)

09.09.2009 Germany: Bilfinger Berger AG preparing transformation into a European Company

The Executive Board of Bilfinger Berger AG resolved today to pursue the transformation into a European Company (SE). A resolution to this effect will, subject to the approval of the Supervisory Board, be presented to the 2010 Annual General Meeting. The planned transformation reflects the substantial growth in the importance of Bilfinger Berger's Europe-wide activities as a Multi Service Group. (source: *BilfingerBerger*)

08.09.2009 Germany: "Lateral Towers Frankfurt" – Commerz Real Takes a New Approach

Commerz Real will market the office property located at Neue Börsenstrasse 1 in Frankfurt's Hausen district under the new name of "Lateral Towers Frankfurt." So far, the building has served as seat of Deutsche Börse AG. The latter announced in early 2008 that it would relocate its headquarter to neighbouring Eschborn. Deutsche Börse AG has not given notice to terminate the lease yet, which means that the building will not become available for follow-up usage before July 2011. The property, which is owned by the closed-end CFB Fund 130, is a state-of-the-art office scheme that was completed in the year 2000. Its layout as eight symmetrical building units connected by a glassed-in crossbeam structure is unique in architectonic terms. As its new name suggests, the horizontal orientation of "Lateral Towers Frankfurt" distinguishes it from conventional, vertically oriented office buildings. "The 'Lateral Towers Frankfurt' symbolise a sense of realism, transparency, flat hierarchies, and thus a modern corporate culture," said Hans-Joachim Kühl, Member of the Board of Commerz Real and, among other responsibilities, in charge of asset management. "This makes us rather confident that we will be able to present this special object as an attractive alternative location." Under the new marketing concept, the premises can be used either by a single or by several tenants. "The individual building units permit flexible structuring both in a technical and a logistical sense. For instance, letting the property by wing or by floor is equally conceivable". (source: *Commerzreal*)

07.09.2009 U.K.: ROCKSPRING SECURES MANDATE FROM THE WORLD'S FIFTH LARGEST PENSION FUND

Rockspring Property Investment Managers LLP ("Rockspring") today confirms that it has been instructed by The National Pension Service of Korea ("NPS"), the world's fifth largest pension fund, to invest on its account in Central London trophy assets. Rockspring is currently evaluating a number of possible acquisitions in the Central London market on behalf of the newly established, Rockspring-managed, 'NPS Central London mProperty Limited Partnership' and expects to conclude a number of transactions before the end of 2009. Rockspring is targeting major individual properties, typically prime landmark assets located from the West End through to the City, which benefit from long leases with strong tenants in the office and retail sector. Typically individual lot sizes will be in excess of £150m, and can be acquired with or without debt, enabling each acquisition to be agreed and concluded speedily. NPS is the world's fifth largest pension fund and is an existing client of Rockspring as an investor in its Rockspring TransEuropean IV fund. It was established in 1988 and has current reserves of approximately \$200 billion and a targeted fund size of \$440 billion by the end of 2012. It has a specific strategy to invest up to \$3 billion acquiring real estate assets in London, New York, Tokyo and Sydney in 2009. Mike Pryer has been appointed as Fund Manager for NPS Central London Property Limited Partnership, reporting to Chief Executive and Fund Director, Robert Gilchrist. With his extensive experience of managing both segregated and UK focused funds for Rockspring, Mike will work alongside Hugh Elrington, Rockspring's head of UK transactions, in sourcing acquisitions for the fund as well as managing the assets once acquired. (source: *Rockspring*)

Real Estate Deals

15.09.2009 Germany/U.K.: Deutsche Pfandbriefbank completes new investment financing of over £32 million for Paddington offices Deutsche Pfandbriefbank has signed a medium term loan facility of over £32 million for a Far Eastern fund purchaser for the acquisition of 40 and 50 Eastbourne Terrace, Paddington, London. The financing represents new debt for a new client of the bank. Contracts exchanged on 2nd September. The well-let properties consist of two office buildings let to a variety of tenants. The 83,000 sq ft, 40 Eastbourne Terrace, comprehensively refurbished in 2004, provides office accommodation on lower ground, ground and four upper levels at a total rent of just over £2.9 million pa. 50 Eastbourne Terrace, provides just over 60,000 sq ft consists in three blocks, of multi-let office and retail accommodation at a total rent of £1.7 million pa. (source: *HRE*)

15.09.2009 Germany: Record lettings for IVG project developments

In the midst of this international financial and economic crisis, IVG has announced outstandingly successful lettings in its project developments. Since the start of the year, agreements have been concluded with renowned tenants for around 72,000 square metres of rental space. By way of comparison, IVG let some 81,000 square metres in development projects in the whole of 2008. Since January, therefore, the number of pre-lettings in the projects currently undergoing implementation has risen from 48% to over 61%. In some towns and cities, IVG has even managed to achieve record lettings. With its "An den Brücken" project in Munich, for example, IVG announced this year's single biggest office letting in the Bavarian capital after concluding an agreement with Frosch Touristik GmbH for over 22,000 square metres. With the recent completion of the initial stage of construction "Broadway One" in Glasgow, IVG concluded a record-breaking letting agreement for 11,500 square metres with "Tesco Personal Finance", one of the UK's largest retail banks. This was the single biggest letting in the history of the city. Among the biggest lettings this year was the conclusion of an agreement with Deutsche Telekom for over 9,200 square metres in the Artquadrat in Bonn. This is followed by lettings for 7,000 square metres for "Am Hauptbahnhof 18" in Frankfurt, 6,800 square metres for the RiverPark project in Budapest and 5,400 square metres in the final stage of construction of the Infopark, as well as several small-scale acquisitions covering more than 4,200 square metres in the recently completed Horizon Plaza in Warsaw. (source: *IVG*)

14.09.2009 Germany/USA: Deka Immobilien purchases top class office building in Washington

Deka Immobilien purchases top class office building in Washington Acquisition of 1999 K Street designed by star architect Helmut Jahn Deka Immobilien GmbH has acquired a newly-built office property in Washington D.C. designed by acclaimed architects Murphy/Jahn. The vendor is real estate investment trust Vornado Realty Trust. The 12-storey landmark building with an overall rentable area of 23,000 sqm is located in Washington D.C.'s central business district (CBD) and was recently awarded a LEED-CS Gold certification. The state-of-the-art office building was purchased for the open-ended property fund Deka-ImmobilienGlobal for approximately USD 208 million. The property is fully leased on a 15-year term to an internationally renowned law firm. CB Richard Ellis buy-side investment advisory group, Global Property Advisors (GPA), with the support of the firms Washington DC Capital Markets team, represented Deka in this transaction. (source: *Deka*)

11.09.2009 U.K.: LAND SECURITIES SELLS 40-50 EASTBOURNE TERRACE, LONDON W2

Land Securities has exchanged contracts for the freehold sale of 40/50 Eastbourne Terrace, a partially refurbished office investment in Paddington, London W2, to a Far Eastern fund purchaser for £50.5 million. The properties consist of two office buildings originally constructed in 1960. 40 Eastbourne Terrace, is a 83,000 sq ft (7,711 sq m) grade A building refurbished back to the frame in 2006 with strong environmental credentials including geo-thermal cooling, fully let to CB&I until 2016 at a total rent of just over £2.9 million pa. 50 Eastbourne Terrace provides just over 60,000 sq ft (5,574 sq. m.) in three blocks of older multi-let office and retail accommodation let on shorter leases at a total rent of £1.7 million pa. (source: *LandSecurities*)

09.09.2009 USA/U.K.: ProLogis Leases 382,000 Square Feet of Its Development Portfolio to Marks & Spencer in the United Kingdom

ProLogis, a leading global provider of distribution facilities, announced today it has signed a new lease agreement at ProLogis Park Stoke in the UK for 382,000 square feet to Marks & Spencer, a leading UK retailer. "ProLogis' flexibility has resulted in the smooth and swift completion of this third-quarter transaction and has provided Marks & Spencer with a new building that provides additional distribution space in Stoke-on-Trent," said Jonathan Buck, UK first vice president, development for ProLogis. ProLogis Park Stoke is located on Campbell Road approximately one hour from the Birmingham city center in the heart of the West Midlands and has easy access to the A500 dual carriageway from the M6 motorway at junction 15. (source: *Prologis*)

Real Estate Company Profile

OVG

OVG Projectontwikkeling bv

OVG is a Dutch real estate developer with an innovative approach. The company was founded in 1997 by Coen van Oostrom. Firmly established in the Netherlands, the organization actively seeks out opportunities for European expansion, both in the field of re-development (for example, restoring buildings or regenerating neighborhoods) and as a developer of uncultivated areas. The strength of our comprehensive real estate strategies – with a strong focus on integrated solutions that allow our clients to prosper – is demonstrated by our prominent position in the domestic market. As an advocate of sustainable real estate development, OVG strives to undertake projects that cater to the needs and wishes of our clients, their staff, the immediate surroundings and the larger environment. Our decision to opt for sustainable development – projects that seamlessly combine timeless esthetic principles with modern comfort-levels – has resulted in astounding real estate solutions and elated customers. The mounting interest in our client-driven approach, allows OVG to enter into durable partnerships with many leading organizations.

Investment Management

In addition to the development of sustainable real estate, OVG Real Estate is also active in the field of Investment Management. OVG takes on commercial challenges in the existing real estate stock with the focus directed entirely towards the client. Our services consist of fund, portfolio and asset management, with the asset management also overseeing the property management. OVG's Investment Management is distinctive due to our expertise in the areas of leasing, sustainability and (re-) development. Wherever desirable we will prepare an exit strategy and take care of the execution of this. Our aim is to provide dynamic management.

Activities

Specializing in commercial development, retail and area development, OVG offers its clients the opportunity to fully realize their potential.

- ◆ Commercial Real Estate
- ◆ Area development
- ◆ Retail Development

Financials

OVG, one of the largest and most innovative real estate developers in the Netherlands, has achieved solid results in 2007.

- ◆ Autonomous revenue growth of 78% to € 326,554,085
- ◆ Earnings before tax up 11,5%
- ◆ Net profit up 9,5% to € 22,185,000

Thanks to its strategy of sustainable real estate development and property outsourcing, revenues increased with 78% to €326 million. With a growth of 11,5%, the net earnings stayed at a high level. Net profit rose with 9,5% which resulted in a net profit of € 22 million. (source: OVG)

Real Estate Company Profile

OVG

News

18.09.2009 Netherlands: OVG leases 15,000 m2 to Commerzbank in Frankfurt

OVG Investment Management has leased 15,000 m2 to Commerzbank, on behalf of IVG Institutional Funds. As a result of this transaction the Pollux building occupancy rate exceeds 50%. The Pollux building is a skyscraper designed by Kohn Pederson Fox. BNP Paribas Real Estate advised the tenant. (source: OVG)

10.09.2009 Netherlands: OVG completes Laurenschhof in Rotterdam

OVG has completed the city-center project Laurenschhof in the Laurenskwartier in Rotterdam. The project comprises new-build offices of approx. 15,000 m2, a residential tower block with 124 apartments, 1,600 m2 of shops, cafes and restaurants, a redevelopment of 2,800 m2 and underground car park with 264 spaces. Laurenschhof is a complex city-center redevelopment of the former KPN complex on the Botersloot in Rotterdam by OVG Projectontwikkeling. The project is a design by Kollhoff architects and Rapp + Rapp. It belongs in the tradition of metropolitan European architecture and naturally merges into the existing urban structure. The realization of Laurenschhof forms one of the municipality's designated star locations in the city. The City of Rotterdam has bought the new-build offices as the new accommodation for the Department of Social Services and Employment (SoZaWe). The relocation of the SoZaWe forms part of the Council's wish to have more housing in city-center locations and more municipal services accommodated in the city-center. The entire tower block has been acquired by Direct Wonen. The Stichting Ouderen Huisvesting Rotterdam has occupied the redeveloped offices since 2007. Two private investors have purchased the cafe and restaurant area. SNS has provided part of the project financing. For the sale of the commercial areas OVG was advised by Ooms Makelaars Bedrijfshuisvesting and Remmers Retail. (source: OVG)

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

Imprint

Editorial office: Dipl. Kfm Jürgen Maier & Dr. Roger Schöntag, Munich (Germany)

Publisher & Editor: P1 Verlag GbR, Westenriederstrasse 19, D-80333 München

Subscription: The EREIS - Newsletter is issued twice a month. For subscribing, please contact the editors (info@p1-info.com).

Disclaimer: The editor reserves the right not to be responsible for the topicality, correctness, completeness or quality of the information provided. Liability claims regarding damage caused by the use of any information provided, including any kind of information which is incomplete or incorrect, will therefore be rejected.