European Real Estate Information System

Newsletter

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Editorial:

The actual situation on the international real estate market is considered to be marked by the financial crisis which affected the European market at least in the last quarter of 2008. The US induced economic clash initially reached the European banking sector. As a result of the lacking confidence in the stability and liquidity of the banks the property business realized very quickly the negative effects of the problems in the finance sector. The climax of the struggling real estate business was reached in the end of october 2008 when 11 funds had to close temporarily and mostly decided to suspend share redemption.
The afflicted real estate funds were: Kanam US-Grundinvest, Kanam Grundinvest, Axa Immoselect, TMW Immobilien Weltfonds, SEB Immoinvest, Morgan Stanley P2 Value, UBS Euroinvest and UBS 3, Credit Suisse Euroreal, Degi Europa and Degi international.
After the first shock which paralyzed the market significantly in the way that most of the real estate companies tried to observe the market and put projects on hold, the leading investors slightly recovered and continued to score the market.
According to a ZIA survey in the beginning of december 2008 a third of all relevant investors stated that they want to pursue new projects despite of the still difficult market situation. About half of all asked companies believe that it is quite possible to get a financing support for a two digit million amount, but that it may be very hard for projects which are calculated with over 200 million €. The quoted report also emphasized that 1A office buildings and residential units are actually in the focus of the investors.
A careful prediction for 2009 would expect a still cautious market in Q1 09 with increasing activity and a relaxing of the situation in Q2 09
(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 regularily issued in a two weeks term by the P1 Publishing House. The following headings are subject to the newsletter:

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

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Real Estate News

29.12.2008 U.K.: KENMORE SECURES PLANNING TO DEVELOP 180,000 SQ FT LANDMARK BIRMINGHAM SCHEME
Kenmore has secured detailed planning consent from Birmingham City County for the first phase of its landmark redevelopment of No 1 Snow Hill Plaza. Birmingham City Council has unanimously passed plans to redevelop the site into a major 180,000 sq ft (16,720 sq m) NIA, Grade A office and retail scheme, characterised by its strong green credentials. Proposals for the £75 million investment comprises 15 storeys of office space set above ground and lower ground floor retail premises, with provision for up to 78 cars and 75 bicycles arranged over three levels of basement parking. The 0.5 acre site, formerly known as "The Strip", is located at Snowhill in the heart of Birmingham's CBD and is currently occupied by disused retail units. The site is situated adjacent to the Kennedy Tower and will form part of the larger Snowhill Plaza scheme, which received planning in November 2007 for 450,000 sq ft (41,300 sq m) NIA of offices and retail space over 29 storeys. The development has been designed to allow for a second phase, which can be interlinked, and offers large floorplates of over 12,000 sq ft (1,115 sq m). The site is located opposite Snowhill Station and is serviced by a variety of bus links, with easy road access off St Chads Queensway. It is also close to Colmore Row, the prime office location in Birmingham. The proposed development will target a 'Very Good' BREEAM rating as a minimum and plans include a green roof, to improve site biodiversity, and a number of innovative energy and waste reduction initiatives. The scheme designs also include the provision of a new public access route through the site to Weaman Street, complementing the wider regeneration plans of Birmingham City Centre. Kenmore is now actively seeking pre-lets on the scheme. (source: *Kenmore*)

27.12.2008 USA: ProLogis Reports $1.26 Billion of Gross Proceeds From Fourth Quarter Contributions
ProLogis , a leading global provider of distribution facilities, today announced that it made contributions of properties in North America, Europe and Japan during the fourth quarter for total proceeds of $1.26 billion. The contributions included a total of 59 properties in 12 countries, representing 15.2 million square feet of space. "As we outlined in November, we are de-risking our development business and preserving capital," said Walter C. Rakowich, chief executive officer. "The ongoing contribution of development properties into funds and sales to third parties is a critical element of our plan. We simultaneously decrease the size of our pipeline and generate proceeds that can be used to pay down debt, thereby helping us to accomplish our de-leveraging objectives." Property contributions to ProLogis North American Industrial Fund (NAIF), ProLogis Mexico Industrial Fund, European Properties Fund II, ProLogis Korea Fund and ProLogis Japan Properties Fund II have now been completed for the fourth quarter 2008. Additionally, incremental equity was called from NAIF investors to substantially reduce the outstanding balance of the NAIF warehouse line of credit. (source: *Prologis*)

19.12.2008 France: KLÉMURS' CORPORATE GOVERNANCE Adhering to AFEP-MEDEF's code
The Klémurs Supervisory Board met today under the leadership of its Chairman Mr. Dominique Hoenn to examine the conformity of the Company's governance with the recommendations issued by AFEP-MEDEF on October 6, 2008 related to executive compensation for listed companies. The Board noted that these recommendations are consistent with the Company's approach to corporate governance. Consequently, the AFEP-MEDEF corporate governance code is the one which the Company shall refer to in the preparation of the report mandated under Article L.225-37 of the French Commercial Code. New organization at the helm of Klémurs In addition, the Supervisory Board has duly noted the resignation of Mr. François Demon – effective January 1, 2009 – as member of the Board and has asked Mr. Michel Clair to step in as his replacement. (source: *Klémurs*)

18.12.2008 Germany/Turkey: MULTI CORPORATION CLOSES € 4.3 BILLION TURKEY RETAIL FUND
Multi Corporation, Europe's largest retail developer, today announced that it has closed on a new Turkish retail property fund. The Multi Retail Turkey fund ("the Fund") is a real estate development platform that consists of 21 completed, under construction or planned shopping centers throughout Turkey with a projected real estate value upon completion of € 4.3 billion that will be financed through a combination of Fund equity and bank facilities. The establishment of the Fund creates Turkey's largest portfolio of retail real estate assets at the same time as being the largest publicly announced private equity investment in the Turkish real estate sector in 2008. This premier collection under the Forum brand includes the 178,000 square meter Forum Istanbul which, when opened in mid-2009, will be the third largest in Europe and two more of the largest in Istanbul, Forum Bakirkoy and Forum TEM. (source: *Multi*)

17.12.2008 The Netherlands: Corio's net rental income shows strong growth (continuing operations 18.1%), values under pressure
Highlights first nine months of 2008 (Comparative figures for 9M 2007 results in brackets; unless stated otherwise):
· Net rental income from continuing operations increased by 18.1% to € 220.1 m (€ 186.4 m). 'Like-for-like' net rental growth was 4.9% for the total continuing portfolio and for the retail portfolio 4.5% (6.4%).
· Corio received € 622 m in cash from the sold Dutch offices and industrial portfolio on 30 September 2008.
· EBIT increased by € 32.8 m to € 253.4 m (€ 220.6 m) which outweighs the increase in net financing expenses of € 26.3 m to € 96.4 m (€ 70.1 m).
· Direct result increased by 4.5% to € 155.9 m (€ 149.2 m) or € 2.36 per share (€ 2.25).
· The average occupancy rate for the first nine months of the total property portfolio increased by 0.2% point to 96.6% (96.4%), average occupancy rate of retail remained the same at 97.7%.
· Value of the property portfolio (including discontinued portfolio [1] and share of associates) decreased to € 6,415 m (year-end 2007: € 6,460 m); 92% of the portfolio is invested in retail.
· Share of profit of associates increased by € 0.8 m to € 11.7 m (€ 10.9 m).
· Operating income from discontinued operations increased by 5.8% to € 43.7 m (€ 41.3 m).
· Fixed pipeline decreased by € 526 m, mainly due to the transfer of Grand'Littoral in Marseille and Pieter Vreedeplein in Tilburg to the investment portfolio. Total FVP-pipeline (fixed, variable and prospect pipeline) decreased to € 3,045 m (year-end 2007: € 3,485 m).
· Leverage was 39.2% [2] at 30 September 2008, average interest rate in Q3 2008 was 5.1%, debt with a fixed interest rate increased to 65% (year-end 2007: 56%).
· Indirect result from continuing operations was € 81.9 m negative (€ 238.7 m) and the indirect result of discontinued operations was € 41.8 m negative (€ 38.5 m).
· Triple NAV (NNNAV) per share decreased by 1.6% to € 60.77 (year-end 2007: € 61.77). (source: *Corio*)

16.12.2008 U.K.: Leading sustainable logistics provider retains focus on customers by providing tailor-made solutions
Global provider of sustainable logistics space, Gazeley, has secured important deals for a total of 133,000 m2 of space for Ceva logistics, one of the leading global supply chain companies, across three key markets (France, Spain and Dubai). This exciting agreement will continue to strengthen Gazeley's global expansion plans and represents a successful partnership with Ceva, in line with the policy of excellence of the logistics company. The deals cement Gazeley's reputation as a global leader: Jebel Ali Free Zone, Dubai: Strategically located within the major transport and logistics hub in the heart of the Middle East, the first deal will see the plot re-developed to house a 12,000 m2 warehouse and the development leased to Ceva for a 20-year period. A Letter of Intent has been signed for a second agreement, which will result in an additional 60 000 m² build-to-suit warehouse. Combined, these deals demonstrate that Gazeley is making its mark in the Middle East. . (source: *Gazeley*)

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Real Estate Deals

30.12.2008 Austria/Hungary: Warimpex sells Dvořák Spa Hotel in Karlovy Vary
Warimpex Finanz- und Beteiligungs AG has sold its shares in the project company that owns the Dvořák Spa Hotel in the Czech city of Karlovy Vary to a subsidiary of Raiffeisen-Leasing. "Following the sale of the Pauler office building in Budapest at the beginning of the month, we have succeeded in executing yet another positive transaction. This is an important sign that we have the trust of the banks despite the difficult conditions on the financial markets," says Franz Jurkowitsch, Warimpex's Management Board chairman. The Dvořák Spa Hotel, which Warimpex will lease from 2009 and continue to operate following the sale, is one of the company's best booked hotels and has enjoyed an average occupancy rate of 85% over the last few years. The hotel will continue to be managed by Vienna International Hotelmanagement AG in the future.The selling price was just under 7% less than the fair value determined by the international real estateassessor CB Richard Ellis (CBRE) in June 2008. In addition, the transaction amount is roughly twice the book value of the property because Warimpex values its hotel properties at adjusted historical costs. (source: *Warimpex*)

22.12.2008 France: KLÉMURS COMPLETES THE ACQUISITION OF 21 STORES OPERATED BY THE KING JOUET GROUP
After signing a memorandum of agreement in June 2008 with the founders of Teddy Toys, a company that was sold in 2005 to the King Jouet group, Klémurs has completed the acquisition of 21 of the 23 retail stores covered by the agreement, of which 20 operate under the King Jouet logo and 1 as Joupi, for a total investment of 18.3 million euros. The acquisition of one of the stores included in the original agreement has been postponed until 2009, while that of another has been removed from its scope. The assets acquired are located throughout France in retail park-type areas located just outside mid-sized cities in the French provinces, including 15 that are located in the same retail parks and nearby the Défi Mode / Vivarte retail store properties owned by Klémurs. In all, they represent GLA* of 17,541 sq.m. These assets will generate 1.5 million euros of full-year net rents and are subject to 10- year leases that provide for a firm period of 6 years and a variable rent clause. This acquisition brings to 27 the total number of retail stores operated by the King Jouet group and managed by Klémurs. Currently, Klémurs owns a total of 301 retail assets. Together, they cover GLA of 227,696 sq.m., are located in just about every region of France, and are operated by leading retailers in their respective market segments: Buffalo Grill, Défi Mode / Vivarte, King Jouet, Mondial Moquette, etc. (source : *Klémurs*)

17.12.2008 U.K.: KENMORE EUROPEAN INDUSTRIAL FUND ANNOUNCES BELGIUM ASSET DISPOSAL
Kenmore European Industrial Fund is pleased to announce that it has sold its newly completed industrial scheme, Houthalen II in Belgium, to MC Capital nv for €2.9 million, reflecting a net reversionary yield of 7.08%. Located at Centrum Zuid 3032, in 3530 Houthalen-Helchteren, the vacant property comprises 6,086 sqm of light industrial space, arranged as seven units and set over 9,033 sqm of land. The development was forward-funded by KEIF in December last year (2007) and the Fund simultaneously bought and sold the asset on 12 December 2008, for the same price. Rob Brook, Managing Director of Kenmore Financial Services Limited, commented: "While the leasing market is forecasted to remain stable in Belgium over the medium to long term, this timely sale allows KEIF to redeploy the earmarked equity towards maxmising its LTV headroom and focusing its energy upon lower risk investments." (source: *Kenmore*)

16.12.2008 Germany/The Netherlands: MULTI VASTGOED SELLS STADSPLEIN IN SPIJKENISSE TO CORIO
Construction to start before the end of the year On Thursday 4 December 2008, Multi Vastgoed and Corio signed an agreement regarding the purchase of Stadsplein in the centre of Spijkenisse. The total investment value of the project is approximately €36 million. This purchase was included as part of the fixed and committed pipeline of Corio back on 30 September 2008. Construction will start before the end of 2008. The official start of construction will be announced in January 2009. The opening is expected to take place in 2011. Stadsplein Spijkenisse, which is being developed by Multi Vastgoed in close collaboration with the local authorities in Spijkenisse, will include approximately 10,000 m² of space for retail and catering facilities, 154 apartments, a 750-space underground car park and a new square. The sale to Corio includes the Stadsplein retail area and also the Kolkplein supermarket site, which covers an area of 2,200 m² and has 75 parking spaces. "We are pleased to be able to add Stadsplein to our retail portfolio in Spijkenisse. Stadsplein will lead into De Kopspijker, which is already owned by Corio. That means that we can make sure that these two retail areas complement each other perfectly," says Mette Janssen-Groothuis, project manager at Corio. AM in Rotterdam is responsible for the 154 private apartments. These spacious apartments will be located above the shops around inner courtyards and an eye-catching embankment. (source: *Multi*)

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Real Estate Company Profile

St Modwen Properties PLC

St. Modwen is a regeneration specialist operating through a network of regional offices in all sectors of the property industry. These regional offices enable the company to understand local needs and to exercise on the spot control. They work in partnership with private and public sector organisations. The company's operational strategy is based on a "hopper" of future developable land, and on marshalling that land through the planning and development process into a reliable stream of profits. The company focuses on four particular areas of specialisation: Town centre regeneration, Partnering industry in its restructuring, Brownfield land renewal and Heritage restoration.

The company's ambition is to double its net asset value per share every five years, through a mixture of realised profits and revaluation surpluses. by marshalling an extensive hopper of development opportunities, by delivering built-out schemes across all sectors of the property market, and by regularly recycling capital into the acquisition of new opportunities, the company has consistently exceeded this target over the last 15 years.

<u>Key data</u>
St. Modwen's portfolio currently comprises over 5,000 developable acres and 18 town centre schemes. For the actul share price analysis see table above (last price: 128,75 p). The revenue of 2007 was £ 127,5 mio, the profit before tax £ 101,1 mio, the net rental income £ 26,3 mio.

<u>History</u>
The company in its present form was created by the reverse takeover in April 1986 by Redman Heenan International plc of Clarke St Modwen Properties Ltd. Redman Heenan, formerly a capital goods engineering group, had become a property shell as a result of drastic restructuring following the manufacturing recession of the early 1980's. Clarke St Modwen, part of Clarke Securities, a private house-building and construction group was a commercial property development company formed in 1966 by Stan Clarke and Jim Leavesley. (source: *St Modwen*)

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Real Estate Company Profile

St Modwen Properties PLC

Latest News

31.12.2008 St Modwen signs up Aldi to £150 mio urban community scheme
St. Modwen, the UK's leading regeneration specialist has signed up discount supermarket Aldi for a 17,000 sq ft foodstore, on its £150 million urban community scheme, Wolverhampton, West Midlands. The new signing is an important step in bringing forward the regeneration of this 85 acre site which St. Modwen acquired from Goodyear in 2002 and - over a period of five years -will be turned into an attractive urban community of 600 homes, retail accommodation, a new park with sports facilities and a school. Building works are expected to start on the new store, which will anchor a 4,000 sq ft retail development here, in the summer next year with a view to opening at the end of 2009. (source: *St Modwen*)

30.12.2008 St Modwen completes £15 mio investment at Gloucester scheme
St.Modwen has completed a trio of deals worth circa £15 million at its 32 acre Quedgeley West Business Park - one of three sites owned by the company in Gloucestershire. At Phase 2 which comprises 120,000 sq ft in six units, a private investor has purchased the investment of two buildings totalling 46,811 sq ft, for £3.2 million, reflecting a net initial yield of 8.39%. At Phase 3, St. Modwen has just completed the £9 million pre-sale of a 102,000 sq ft warehouse for CM Downton (Haulage Contractors) Ltd. Due to the success of the first three development phases, St. Modwen is due to submit planning for the fourth and final phase of the Business Park which will provide circa 140,000 sq ft in up to six units with design and build opportunities available from 10,000 sq ft up to 70,000 sq ft. (source: *St Modwen*)

Real Estate Job Center

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

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