

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

Again we would like to focus a country in Europe which normally is not very much discussed in the real estate business, despite it is a member of the European Community: Greece. The recent election was won by Papandreou and its socialist party Pasok against the Nea Dimokratia of Karamanlis. One of the programmatic tasks of the new government is the fight against corruption, as the designed prime-minister announced. But this problem, once nourished in the days of the founding father of the Pasok, Andreas Papandreou, also the father of the actual election winner, might be too much rooted in the administrative and political system of the country to get rid of it within one legislative period. This is probably also the reason why Greece receives since many years enormous subsidies from the European Union without showing a sign of economic recovering. This is also true for the real estate market. Besides in some tourist hot spots, where hotel industry might be profitable, commercial property investments in Greece have always been a risky business. Major cities of the country, as Athens or Thessaloniki, not small in European comparison, were not able to attract too many of the international real estate companies. The next months will show in which direction Greece will be guided and if it will become more than just an exceptional place for opportunities. (chief editor: Dr. Roger Schöntag)



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Real Estate News

16.10.2009 Poland/Austria: Warimpex and VI growing strong with angelo hotel brand

Warimpex today has handed over the operation of the angelo airport hotel in Ekaterinburg to Vienna International. The listed real estate developer that specializes in hotels began the construction of the four-star hotel at Ekaterinburg- Koltsovo airport nearly 18 months ago. The 211-room airport hotel is owned by Warimpex and the Russian Renova Group. The majority owner of Ekaterinburg-Koltsovo airport, the Russian Renova Group of Companies, and Warimpex Finanz- und Beteiligungs AG initiated a joint venture for two airport hotels Liner and angelo. "Today's opening marks the implementation of another key project on the growing Russian market with our long-time partner Vienna International. We see excellent long-term growth potential on this promising market," explained Franz Jurkowitsch, CEO of Warimpex. (source: *Warimpex*)

15.10.2009 Finland: Citycon Oyj's Interim Report for 1 January - 30 September 2009

Solid performance enhanced by low financing costs / Summary of the Third Quarter of 2009 Compared with the Previous Quarter

- Turnover increased slightly to EUR 45.9 million (Q2/2009: EUR 45.6 million).
- Net rental income increased by 4.8 per cent to EUR 32.5 million (EUR 31.0 million) mainly due to lower property operating expenses than in the previous quarter, reflecting common seasonal variations.
- Net cash from operating activities per share was EUR 0.05 (EUR 0.09). The reduction was due to extraordinary items during the previous quarter and timing differences.
- Earnings per share were EUR 0.06 (EUR -0.03).
- Direct result per share (diluted) was EUR 0.06 (EUR 0.06).
- The fair value change of investment properties was EUR -1.2 million (EUR -26.0 million). The fair market value of investment properties was EUR 2,162.7 million (EUR 2,104.5 million).
- The average net yield requirement for investment properties remained at the previous quarter's level, at 6.6 per cent (6.6%) at the end of the period, according to an external appraiser.
- Financial expenses totalled EUR 11.7 million (EUR 11.8 million).
- On the basis of Citycon's loan agreement covenants, Citycon's interest cover ratio improved and was 2.2x (2.1x) and equity ratio declined to 42.4 per cent (42.9%).
- Citycon agreed on the sale of 181 apartments in Åkersberga Centrum in the Greater Stockholm area for a sale price of approximately EUR 16.7 million. Simultaneously, the company made a decision on the redevelopment of the shopping centre. The estimated total investment is EUR 46 million with Citycon accounting for 75 per cent. (source: *Citycon*)

14.10.2009 U.K./Germany: Aberdeen signs asset and property management mandate in The Netherlands

AMSTERDAM - Aberdeen Property Investors The Netherlands has signed an asset and property management contract with Hamburg's HSH Real Estate AG for a 29,000 sqm retail unit based at the Sijsjebergweg in Amsterdam. The unit, bought by LB Immo Invest GmbH from Borghese Real Estate, is leased to four tenants, Van Neerbos Bouwmarkten, Leen Bakker, Kwantum and Woonexpress. The new contract with LB Immo Invest GmbH is effective as of the 1st of October 2009. Bob Reidsma, CEO of Aberdeen Property Investors The Netherlands commented: "We are very pleased with the new contract with LB Immo Invest GmbH and their parent company HSH Real Estate AG. This assignment increases our third party client basis to six investors exclusive to the Aberdeen Group. Our total portfolio of assets under management, servicing eight clients, is now close to €900 million." (source: *Aberdeen*)

13.10.2009 USA/Netherlands: ProLogis Research Group Releases New Report on Industrial Property Markets in Europe

ProLogis, a leading global provider of distribution facilities, announced today the release of a new research report on the state of the industrial property markets in Europe, entitled "Looking for the Rainbow." The report is based on market statistics and data compiled from a variety of sources, including ProLogis market officers, brokerage companies and market research groups. The information covers distribution property markets in the United Kingdom as well as northern, southern and central Europe up to and including the first half of 2009. "Europe's logistics property markets are feeling the weight of both a severe economic downturn and a lingering credit crunch," commented Len Sahling, first vice president of the ProLogis Research Group. "The European economies are starting to emerge from several quarters of negative GDP growth, and the logistics property leasing markets will follow suit, albeit with a lag. Meaningful GDP growth combined with obsolescence and no new supply will eventually pull Europe's logistics property leasing markets out of their slump." (source: *Prologis*)

13.10.2009 Spain: NEINVER LAUNCHES THE STYLE OUTLETS IN EUROPE

NEINVER, the leading European real estate company in development, investment and asset management, has created a new outlet concept, THE STYLE OUTLETS. Under this new brand the Company will unify all the centres it actually develops and operates in Germany, Italy and Portugal, which together represent approximately 105,000 square metres of gross lettable area (GLA) and about 500 stores. With the development and management of eleven outlet centres, NEINVER is positioned as the leading outlet operator in Spain, Poland and Germany, and the third in Europe. The company uses multidisciplinary teams to manage almost 223,000 square metres (GLA) of outlet centres. Last year they registered 27 million visitors and its turnover amounted to €550 million. NEINVER pioneered the introduction of the outlet concept in Spain and Poland, under its leading FACTORY brand. It has now developed a new outlet concept in order to adapt to the needs of other European markets where it operates and to remain the benchmark of its sector. THE STYLE OUTLETS will start to come on line in Zweibrücken (Frankfurt, Germany), continuing with Castel Guelfo (Bologna, Italy), Vila do Conde (Porto, Portugal) and, in 2010, in Vicolungo (Milan, Italy). In the retail sector in Europe, the next three years, NEINVER will invest a total of €500 million. In this sector, it currently operates more than 348,000 square metres of GLA in shopping malls and outlets, around 1,300 shops with over 700 of the best international firms. In addition, it has nearly 267,000 square metres of GLA under development. (source: *Neinver*)

10.10.2009 U.K. Hammerson plc – Appointment of Terry Duddy as a Non-Executive Director and Tony Watson as Senior Independent Director

Hammerson plc announces the appointment of Terry Duddy as a non-executive Director of the Company with effect from 3 December 2009. John Clare, who has served as a non-executive director for over 10 years, and as Senior Independent Director for the last two, will be retiring from the Board on 31 December 2009. Terry is Chief Executive Officer of Home Retail Group, a position he has held since the GUS demerger in 2006. He was previously a Board Director of GUS which he joined in 1999 as Chief Executive of the newly acquired Argos. Following the retirement of John Clare, Tony Watson will succeed John as Senior Independent Director and as Chairman of the Remuneration Committee. Tony has been on the Hammerson board since February 2006. (source: *Hammerson*)

09.10.2009 Bulgaria/Germany: Serdika Center celebrates topping-out

The construction of one of the biggest shopping and office centers in South-Eastern Europe, the Serdika Center in Sofia, is running at full speed. On 8 October, construction workers and the planning staff celebrated the topping out, which means that the building of the shopping center reached its full height. "Despite the current economic situation the construction works are in line with our schedule, which shows the investors' strength and the unrivalled experience and professionalism of the parties involved", stated Plamen Iltchev, Managing Director of ECE Bulgaria. Serdika Center is being realized by Sparkassen Immobilien AG, which is listed on the Viennese stock exchange, and ECE Projektmanagement, European market leader in the field of inner-city shopping centers. General contractor is the Turkish construction company Kayi. The total investment amounts to EUR 210m. Serdika Center's opening is scheduled for spring 2010. (source: *ECE*)

08.10.2009 Portugal/Germany: Shopping centre inauguration in Weiterstadt

Sonae Sierra and Foncière Euris are today inaugurating LOOP5 in Weiterstadt (near Frankfurt) one of the region's largest shopping centres. Tomorrow, the shopping centre will be opening its doors to more than one million potential customers. Spread over 56,500 square metres (GLA), well-known international, national and regional brands will create a modern and tailored tenant mix and thus provide an attractive offering for the entire family. Lifestyle and fashion will be two important focal points of the shopping centre, which will stand out in terms of its unusual and fresh ambience and will offer space for 175 tenants. There are 3,000 free parking spaces and the € 265-million investment will create around 1,000 new jobs at LOOP5. "With LOOP5, we are opening the 52nd shopping centre in our portfolio and our third centre in Germany and it will perfectly showcase our high demands and expectations in terms of architecture, design, product range and leisure offerings. The total success of both the ALEXA in Berlin and the MÜNSTER ARKADEN clearly shows that our innovative concepts are precisely what people want. LOOP5, our second partnership with Foncière Euris, is now ready for take-off and about to embark on a course for success", stated Álvaro Portela, CEO of Sonae Sierra. "The partnership between Foncière Euris and Sonae Sierra is an extremely successful business model, as both companies bring extensive and invaluable experience as international shopping centre specialists to the table. Furthermore, both are resolutely pursuing a business model that is aimed at long-term commitment and high standards of quality", comments Pierre Féraud, CEO of Foncière Euris. (source: *SonaeSierra*)

Real Estate Deals

16.10.2009: IVG sells properties for just short of €470 million, achieving its objective of safeguarding the Company's liquidity earlier than expected

In spite of the challenging situation on financial and real estate markets, IVG sold a number of properties over recent weeks for a total of c€470 million, the majority of them directly on the market, to private and institutional investors. At a 0.9% discount, sales proceeds were only slightly below the most recently ascertained market value. Hence, IVG has taken a considerable step to increase its financial flexibility and to safeguard the Company's liquidity situation in the long term. The sales consist of 5 transactions in Milan (approximately €300 million), Paris (approximately €50 million), Luxembourg (approximately €49 million), Düsseldorf (approximately €37 million) and Budapest (approximately €33 million). In the first half of 2009, IVG already sold properties for approximately €550 million, around 50% of which on the market and 50% to funds. (source: IVG)

08.10.2009 USA/France: ProLogis Leases 341,000 Square Feet of Its Development Portfolio in France

ProLogis, a leading global provider of distribution facilities, announced today it has leased a total of 341,000 square feet (31,700 square meters) during the third quarter to three customers in France. "Our customers throughout southern Europe continue to seek large, modern and efficient distribution facilities to improve the effectiveness of their distribution networks," said Ranald Hahn, managing director for ProLogis in southern Europe. "ProLogis is well positioned to capture new business because we have available, high-quality distribution space throughout the region, and we are highly focused on our customers' individual needs. We are pleased to sign new lease agreements with three customers." ProLogis' portfolio of properties in France comprises more than 25 million square feet (2.34 million square meters) of space owned, managed or under development as of June 30, 2009. (source: Prologis)

02.10.2009 Germany: IVG leases office space in Munich to US pharmaceuticals company

Environmentally friendly and energy-efficient office buildings improve the lease prospects of attractive office buildings, reports Christoph Nebl, IVG branch manager in Munich. Cephalon GmbH, the German subsidiary of the American pharmaceuticals company, has now rented 1120 m2 of office space in the almost completed complex "An den Brücken" on Landsberger Straße, between Hacker- and Donnersberger Brücke, for a period of 10 years. The lease for Building I with approximately 6000 m2 begins in December 2009. Jones Lang LaSalle acted in an advisory capacity. Building II with close to 22,000 m2 of office space was rented in its entirety by FTI Frosch Touristik GmbH in June – the biggest letting in the Bavarian capital this year. As low-energy buildings (30% below the German energy saving regulation), both buildings are pilot projects in sustainability; they are heated and cooled solely through the use of ground water. The use of environmentally friendly and natural materials creates a healthy indoor climate, and electricity consumption for lighting is reduced by up to 60% thanks to daylight-dependent lighting control and motion sensors, including in the underground car park. (source: IVG)

02.10.2009 Portugal: GuimarãesShopping's expansion 100% let

Sonae Sierra has just opened the expansion of GuimarãesShopping, a project that represented an investment of 15.2 million euros, and is a leasing success with 100% of its Gross Lettable Area (GLA) let. GuimarãesShopping now has an additional 4,000 m2 of Gross Lettable Area (GLA), for a total of about 31,500 m2 of GLA and 113 shops, with the added selection brought by 14 new shops and 6 new restaurants. The new food court is already opened to the public with a total of 16 restaurants. This new sector includes, among other brands, Vitaminas, Quasi Pronti, Aki há Sopas, McDonald's, Pizza Hut, Docelândia and Miki Gourmet, a new sushi concept soon to be open. Among the brands that are present, we highlight FNAC - the big novelty in town - which joins the Modelo Continente Hypermarket, C&A, Sportzone, Worten, Castello Lopes cinemas, Massimo Dutti, Salsa, Pull&Bear, Multiópticas, Springfield, Mango, Perfumes & Companhia, Benetton and many others. The expansion project began last March, and had the purpose of revitalizing GuimarãesShopping, celebrating the centre's 14 years in existence. The success in the marketing of the new shops is proof of the qualities and commercial success of this centre, as demonstrated by its 8.8 annual visits, and an annual sales volume that reaches 52.4 million euros. This expansion process also allowed for the creation of 290 new jobs, to add to the 1018 already in existence. (source: SonaeSierra)

Real Estate Company Profile

Sponda

Sponda Plc is a real estate investment company that specializes in leasing business premises and developing and owning properties. By developing business premises into attractive, a tailored business environments, Sponda promotes its customers' success. With its innovative, customer-orientated solutions, and high-quality properties, Sponda actively develops the best practices in its sector and enhances the environment and cityscape in a responsible way. Sponda's office, retail and logistics properties are located in the largest cities in Finland and Russia. The properties in Finland are mainly located in the Helsinki metropolitan area and in Oulu, Tampere and Turku. In Russia Sponda owns properties in St Petersburg and Moscow. The total leasable area of Sponda's investment properties is about 1.5 million square metres and consists of office and retail space, shopping centres and logistics properties. The fair value of the property portfolio is EUR 2.8 billion (30 June 2009). The company's operations are organized into four business units: Investment Properties, Property Development, Real Estate Funds and Russia. Sponda serves customers in Finland through nation-wide customer service center and ten regional offices. In addition Sponda has two offices in Russia: in Moscow and St Petersburg.

Sponda's business operations

The company's operations are organized into four business units: Investment Properties, Property Development, Real Estate Funds and Russia.

- ◆ Investment Properties, concentrate on the leasing, maintenance, purchase and sales of Sponda's business properties in Finland. The properties are located in the largest in Finland.
- ◆ The Property Development unit focuses on generating and marketing new property projects. Sponda's targets for property development are primarily its undeveloped sites and the buildings in need of modernization.
- ◆ The Real Estate Funds unit owns and manages holdings in office, retail and logistics properties owned by the funds. The unit operates in medium-sized towns and cities in Finland.
- ◆ Russia business unit leases, manages and develops business premises in Russia. Sponda's properties are located in Moscow and St Petersburg.

Real Estate Funds

Through its real estate funds, Sponda invests in office, retail and logistics properties located in medium-sized towns in Finland, outside the company's core geographical operating area. Sponda's real estate funds for international and Finnish institutional investors provide an easy way to invest in real estate. The indirect form of investment releases the resources of investors, for Sponda manages its funds.

Sponda Fund I invests in logistics properties outside the Helsinki metropolitan area. The target size was reached in the beginning of the year 2008. At the end of the second quarter of 2009 the properties the fund owned had a fair value of EUR 190.1 million. Sponda owns 46 per cent of the fund.

Sponda Fund II mainly invests in logistics, warehouse and industrial properties in medium-sized towns in Finland. The fund has a target size for its real estate investments of about EUR 200 million and at the end Q2/2009 the value of the property investments made by the fund stood at EUR 96,6 million. The fund will operate for seven years. Sponda has a 44 per cent holding in the fund. There are four other institutional investors in the fund.

First Top LuxCo specializes in office and retail premises. At the end of June 2009 the fund's property investments had a fair value of EUR 105.9 million. Sponda owns about 20 per cent of the fund. Sponda also manages the property and assets of the WH 2005 / NIAM III East Holding Oy fund. The size of the fund is approximately EUR 300 million. (source: *Sponda*)

Real Estate Company Profile

Sponda

News

27.10.2009 Finland: Sponda to build production premises for Metso in Hakkila, Vantaa

Property investment company Sponda Plc and Metso Automation Inc. have signed an agreement for production premises to be built in Hakkila, Vantaa. The new building, with a floor area of some 22,000 square metres, will be erected beside the Honkatalo logistics centre owned by Sponda at Vanha Porvoontie 229 in Vantaa. The new building will be leased in its entirety to Metso Automation's business line with a long-term, 15 year lease. Sponda is also leasing to Metso some 12,000 square metres of office and warehouse premises in the Honkatalo office building next to the new building. Almost the entire office building will be occupied by Metso. Overall costs for Sponda for the investment are estimated at about EUR 40 million, and this will be financed by the sale of property. Construction work on the new building is expected to begin in January 2010, and the project should be completed by the end of 2010. The new build investment meets the profitability targets set by Sponda for its development projects. Metso Automation is transferring to the business premises in the Honkatalo area its business operations currently in the Roihupelto district of Helsinki, including those in the production property in the Tulppatie road owned by Sponda. "The new premises will provide considerably better facilities for our business operations. We will enhance the production process and logistics for industrial valves for demanding applications, and we will be able to strengthen the flow of information. The new premises are also a positive signal to our personnel; we will continue to serve our customers from Finland, especially those in Europe," states President Markku Simula, who is responsible for Metso's valve business. Juhani Paajanen, Mayor of the City of Vantaa, considers that Metso's move to Hakkila reinforces the importance of the area as a logistics, industrial and retail centre mid-way between Helsinki-Vantaa airport and Vuosaari Harbour. "The city is working closely with business and landowners in the Vantaan Akseli (Vantaa Axis) project to develop facilities and infrastructure in the area for a wide range of business," says Paajanen. "Sponda owns altogether some 67,500 square metres of logistics premises in the Hakkila business centre, and still has scope for further building in the area, in addition to the current project. The agreement signed will have a positive impact on our occupancy rates," says Perttu Hokkanen, regional manager responsible for logistics properties at Sponda. (source: *Sponda*)

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