

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

This time we would like to turn the spotlight on the real estate market of Dubai. The recent financial bubble that bursted in the Golf Region will also have its effects on the European market. Only considering German real estate investors, the loss might be higher than a billion Euro. This money was bound in real estate funds, which invested in Dubai. If we take into account investors of other European countries the financial loss has to be seen considerably for the whole market.

Actually the construction industry in Dubai is completely down and subsequently the whole real estate market. Many big and prestigious objects in this financial capital are in danger. As many major European banks are involved in this crisis, it can't be exactly predicted which consequences have to be feared for European business, but surely there will be some negative effects anyway. Dubai Worlds has approximately 59 billion dollars of debts which have to be restructured.

Even if the Dubai stock market is not one of the biggest in the world, the involvement of many foreign investors who already suffer from the global crisis, might really cause a problem. The European real estate market will probably suffer again from banks and other major investors, which have lost money in this region and now lack the financial resources to invest in local European market or offer good financing conditions. (chief-editor: Dr. Roger Schöntag)



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Real Estate News

30.11.2009 Spain/Europe: Savills Spain is best Real Estate Consultancy

Savills has won the award for the best real estate consultancy services provider in Spain. The annual ceremony, which is run in conjunction with Spain's most widely read real estate publication *Via Inmobiliaria*, saw Savills win the accolade for the first time. Savills has won the award for the best real estate consultancy services provider in Spain. The annual ceremony, which is run in conjunction with Spain's most widely read real estate publication *Via Inmobiliaria*, saw Savills win the accolade for the first time. Attended by over 300 guests from the property industry, the event took place on Wednesday 18 November 2009 at Hotel Hesperia, Paseo de la Castellana, Madrid. Savills Head of Spain, Rafael Merry del Val collected the award and paid tribute to the rest of the team. Rafael Merry del Val says: "This award has been possible thanks to the team behind Savills Spain. A team which I am very proud of, and with our effort we have been able to win this prestigious award." He went on to mention former Head of Savills Spain Borja Sierra, and the unconditional support of CEO Jeremy Helsby. Jeremy Helsby, who attended the ceremony, adds: "Our Spanish business has gone from strength to strength over the past few years and we are pleased to have a leading client base. The team's input into some of the market's most prestigious deals this year is testament to their hard work and commitment." Savills has represented RREEF on its acquisition of the portfolio of BBVA, Techos Valenza España in the operation of Sant Andreu de la Barca and advised on the leasing of the business park Can Sant Joan Business Center in Sant Cugat del Valles, Barcelona. Savills was this year ranked number one in the UK for the tenth consecutive year and number four in Europe. (source: *Savills*)

26.11.2009 Germany: Bernhard Scholz appointed to the Management Board, to assume responsibility for Real Estate Finance

Bernhard Scholz (51) will assume responsibility for the Real Estate Finance business of Deutsche Pfandbriefbank AG. The bank's Supervisory Board appointed Mr Scholz as a member of the Management Board with effect from 1 January 2010. He will also be responsible for Real Estate Finance on the Management Board of HRE Holding AG. Scholz joins from Münchener Hypothekenbank eG, where he was a member of the Management Board, and most recently held responsibility for commercial real estate finance and IT. Having completed his economics and philosophy studies with a doctorate, Bernhard Scholz started his professional career in 1985, as a consultant. He joined Munich-based Bayerische Hypotheken- und Wechselbank AG in 1990 – which subsequently merged into Bayerische Hypo- und Vereinsbank AG (HVB), where he was appointed Risk Manager. In 2001 Bernhard Scholz assumed responsibility for the bank's business with professional real estate investors. He subsequently served as Head of Restructuring and Workout at HVB Real Estate (a predecessor institution of pbb Deutsche Pfandbriefbank), where he held this position until his move to Münchener Hypothekenbank in 2004. Dr Axel Wieandt, CEO of pbb Deutsche Pfandbriefbank, stated: "With Bernhard Scholz, we have managed to attract a seasoned real estate finance expert, filling the vacancy on the Management Board with responsibility for Real Estate Finance." (source: *HRE*)

25.11.2009 Germany/Turkey: FORUM KAPADOKYA, 8th MULTI PROJECT IN TURKEY OPENS TODAY

Forum Kapadokya, Multi Turkmall's 8th project to open in Turkey, welcomes its first visitors today, November 25th. Positioned at one of the most valuable locations in Nevşehir, central Turkey, on the Kayseri-Aksaray highway; Forum Kapadokya will be one of the most prestigious and strongest attraction points of the city. Forum Kapadokya will bring a whole new standard of shopping and entertainment to Nevşehir, and be an important attraction locally and for the many domestic and foreign tourists that visit Cappadocia. With a GLA of 25,000 m², Forum Kapadokya combines local architectural elements with state-of-the-art technical and aesthetic vision. With a hypermarket, cinema, entertainment spaces, restaurants, distinguished local and international brands and parking for 800 vehicles, Forum Kapadokya is designed to be THE shopping and lifestyle centre. Forum Kapadokya will also enliven the social life of Nevşehir, with its restaurants, cinema on 1,500 m², Kipa hyper-market on 8,500 m², and Funtime entertainment space. Sited on the former Nevşehir bus terminal, Forum Kapadokya is easily accessible and visibly located on the development axis of Nevşehir centre, on the Kayseri-Aksaray highway, northwest of the city where new residential and commercial areas are planned. Nevşehir in the Cappadocia Region of central Turkey, has one of the most fascinating atmospheres on earth with its unique nature and epic landscape. Named Nyssa in ancient times, Nevşehir attracts 2 million visitors each year with its cultural, spiritual, nature, sports, congress, and entertainment features. Forum Kapadokya is expected to attract more than 4,4 million visitors a year. Multi Turkmall, has previously realized Forum Bornova, Forum Mersin, Forum Çamlık (Denizli), Forum Trabzon, Forum Aydın, Forum Ankara Outlet and Forum Istanbul Shopping and Lifestyle Centres. (source: *Multi*)

24.11.2009 Austria: conwert with record revenues and clearly positive result in the first three quarters of 2009

+ Strong operating development through growth in letting and sale of properties: revenues up 70% to EUR 414.50 million + Clearly positive development of results: EBITDA up 17% to EUR 80.67 million, cash earnings (FFO) up 45% to EUR 51.38 million + Best operating result expected for the whole year 2009 – dividend payment planned. Conwert Immobilien Invest SE (Vienna Stock Exchange: CWI, Reuters: CONW.VI, Bloomberg: CWI AV) recorded a strong operating development in the first three quarters of 2009: Significant increases in the sale and letting of properties business led to record levels on a 9-month basis for revenues (up 70% to EUR 414.50 million), earnings before interest, taxes depreciation and amortisation EBITDA (up 17% to EUR 80.67 million) and cash earnings (FFO: up 45% to EUR 51.38 million). For the entire year 2009, conwert expects an ongoing strong operating development and a profit that allows a dividend payment. "The current key figures confirm our business model: Even in a generally difficult economic climate, we are able to generate high cash earnings. We expect the best operating result ever realised in our company's history for the whole year of 2009. Therefore, we are on track to paying our shareholders a dividend for the financial year 2009", Johann Kowar, Chairman of the Executive Board of conwert, comments on the company's development in the first nine months of 2009. (source: *conwert*)

21.11.2009 Germany: SoFFin grants EUR 20 billion framework guarantee to Hypo Real Estate Group

The German Financial Markets Stabilisation Fund ("SoFFin") has granted a EUR 20 billion framework guarantee to Hypo Real Estate Group, to strengthen the Group's liquidity. Hypo Real Estate Bank AG, part of Hypo Real Estate Group, can use the guarantees to be issued by SoFFin to collateralise debt securities to be issued, which must be due for repayment by 15 January 2009 at the latest. Hypo Real Estate Bank AG will pay to SoFFin a pro-rata commitment commission of 0.1% of the undrawn portion of the framework guarantee. The fee for guarantees drawn will be 1.5% p.a. The agreed framework guarantee is a result of the ongoing negotiations of Hypo Real Estate Group with SoFFin regarding longer-term and comprehensive liquidity and capital support measures for the Group. (source: *HRE*)

20.11.2009 Austria: Conwert interim report

+ Rental income up 11%: Reduction in the vacancy rate in Germany, increased rents under new rental contracts in Austria led to an 11% rise in rental income, to EUR 80.34 million. On a like-for-like basis, the growth in rental income amounted to about 6% (on the basis of an unchanged property portfolio compared to the first half of 2008). + Half-year record level in sales proceeds: EUR 130.20 million; Due to lively demand for freehold flats and apartment buildings, sales proceeds rose by 55% in the first half of 2009 from the comparable period of the previous year, to EUR 130.20 million. The cash margin was stable at 27% as in previous years. + Significant increase in EBITDA and cash earnings Earnings before interest, taxes, depreciation and amortisation (EBITDA) could be improved by 16% in a difficult market environment, to EUR 55.58 million. Considerable growth was also achieved in respect to cash earnings. The funds from operations (FFO) rose 72% year-on-year, to EUR 44.44 million. + Stable-value property portfolio; Organic rental increases and attractive locations ensure the stable value of conwert's property portfolio. Impairment losses in the first half of 2009 as determined by independent experts only represented 0.1% of the total property portfolio value or EUR 3.1 million out of EUR 2.5 billion. + Successful completion of cost reduction and efficiency enhancement programme; Personnel and other operating expenses were reduced to 12.9% of total revenues in the first half of 2009, down from 15.9% in the previous year. The workforce was cut by 7%, to 606 full time equivalent employees. (source: *conwert*)

16.11.2009 Germany: WestImmo successfully places its second 500 million € mortgage Pfandbrief in 2009 on the market

Today Westdeutsche ImmobilienBank (WestImmo) successfully placed its second 500 million € benchmark mortgage Pfandbrief on the capital market. The coupon amounts to 2.5 %. The mortgage Pfandbrief runs until June 2013 and the yield mark-up is 23 basis points above swap-mid. The issue has been very well received by investors. Due to very strong demand books could be closed after 75 minutes already. The consortium backing the transaction comprises of WestLB, NordLB, Commerzbank and Deutsche Bank. The issue has largely been placed with German investors (87 %). 5 % have been sold to investors from Benelux countries and 4 % to investors based in UK, Italy, Austria and Switzerland. About 73 % have gone to banks – whereby 13 % went to Central Banks, 12 % have been sold to other asset managers, 13 % were taken by retail investors. The strong interest shown by investor expresses clearly the trust the market has into WestImmo as an issuer of mortgage Pfandbriefe. The rating agencies Standard & Poor's rate WestImmo's mortgage Pfandbrief with its best rating AAA. (source: *Westimmo*)

Real Estate Deals

30.11.2009 USA/Europe: ProLogis Leases 378,000 Square Feet in Europe

ProLogis, a leading global provider of distribution facilities, announced today it has signed new fourth-quarter lease agreements in Europe totaling approximately 378,000 square feet (35,100 square meters) in its development portfolio. "We are very pleased to announce continued leasing activity in our European portfolio," said Philip Dunne, ProLogis president in Europe. "We are seeing signs of stabilization in the market, and with well-located, high-quality and modern distribution space throughout Europe, ProLogis is positioned well to both capture new business and continue to serve the ongoing needs of our customers." Recent activity included: 104,000 square feet (9,700 square meters) leased to a leading German retailer with operations in 25 countries worldwide. The new ProLogis customer will occupy the space at ProLogis Park Neuenstadt Building One, located in southwestern Germany in the trade and industrial park of Unteres Kochertal (GIK), in the city of Neuenstadt. 81,000 square feet (7,500 square meters) leased to Plenty Market, a retailer of general consumer products. The new ProLogis customer will occupy the space at ProLogis Park Bologna, located 10 miles (15 km) southeast of Bologna, Italy. 68,000 square feet (6,300 square meters) leased to a third-party logistics provider. The new ProLogis customer will occupy the space at ProLogis Park Clesud Building Seven, located in southern France. With this transaction, the facility - totaling 624,000 square feet (58,000 square meters) - becomes fully occupied following its recent completion in July 2009. 67,000 square feet (6,200 square meters) leased to Honold International, a third-party logistics provider that serves customers in 22 locations throughout Germany, Romania, Russia, Slovakia and China. The new ProLogis customer will occupy the space at ProLogis Park Augsburg Building Two, located in southern Germany near the city of Munich. 58,000 square feet (5,400 square meters) leased to Euro Freight Logistics, a third-party logistics provider. The new ProLogis customer will occupy the space at ProLogis Park Sochaczew Building Five, located near Warsaw, Poland. ProLogis is Europe's leading provider of industrial and distribution space with a 124.9-million-square-foot (11.6-million-square-meter) portfolio owned, managed or under development in 13 countries. (source: *Prologis*)

27.11.2009 Germany: WestImmo and pbb completed the investment financing for Arka's Alfa Shopping Center in Poland

pbb Deutsche Pfandbriefbank acting as Facility Agent and Westdeutsche ImmobilienBank AG (WestImmo) are pleased to announce that they have provided Arka Property Funds with a €48.5 million investment financing for Alfa Shopping Center in Olsztyn, Poland. Westimmo in addition provided a PLN 25.0 million VAT facility. The transaction was successfully arranged, underwritten and completed in a Club Deal structure on 17 November 2009. The third generation Alfa Shopping Center is prominently located in Olsztyn comprising phase 1 and newly completed phase 2. Olsztyn, with approximately 176,000 inhabitants, is located in north-eastern Poland and is the capital of the Warmia and Masuria districts. Alfa Shopping Center, which has a total rentable area of over 24,500 sqm, is the premier retail destination and comprises four floors above ground and the only multi-screen cinema in the city. The scheme is fully let to over 100 international and national retailers. (source: *Westimmo*)

26.11.2009 U.K./China: Bank of China acquires One Lothbury, London EC2 for its own occupation

Bank of China has today exchanged contracts to buy Westfield Investments' 1 Lothbury, London EC2 for its own occupation. Located over ten floors, the development which was finished in September 2009, is a new build behind the existing Portland stone façade and provides 117,500 sq ft of prestigious offices in the heart of the City next to the Bank of England. Bank of China launched its City-core owner-occupier requirement in July this year and the deal is part of the bank's expansion plans and more than doubles its office space in the City. It currently occupies 48,000 sq ft at 90 Cannon Street, EC4, which it plans to refurbish and sublet over the coming months. The bank is keen to increase its wholesale and retail business in the UK as the "bank of choice" for corporate and personal customers with interests in China. CB Richard Ellis is acting for Bank of China; Cushman & Wakefield and Drivers Jonas are advising Westfield Investments. (source: *cushwake*)

24.11.2009 Sweden: Kungsleden divests properties for SEK 88 m

Listed Swedish property company Kungsleden AB (publ) is selling two commercial properties for a total purchase price of approximately SEK 88 m excluding transaction costs. The total sales price exceeds book value by about SEK 8 m and acquisition cost by around SEK 3 m. This latter amount will be posted to Kungsleden's profit for calculating dividends for 2009. Gross leasable area is 8,834 sq.m. One of the properties is located in Västerås, west of Stockholm, with the majority let to regional newspaper Vestmanlands Läns Tidning. The second property is in Viggbyholm industrial estate in Täby, north of Stockholm. Completion on the Västerås property is on 30 November 2009, and for the property in Täby, on 1 December 2009. (source: *Kungsleden*)

Real Estate Company Profile

Banimmo

Banimmo is a property repositioning company, which means that it specialised in the technical and commercial renovation of under-valued or obsolete buildings of a certain size (in principle at least € 5.000.000 including work) in the three geographical markets on which it focuses, namely Belgium, France and Luxembourg. It targets B2B property assets, that is to say office buildings, shopping centres and shopping malls as well as more specific commercial property, such as conference and exhibition centres. After having identified potentially profitable buildings, Banimmo carries out the necessary renovations, which may involve structural work, while retaining, as far as possible, existing tenants. The renovated spaces are rented by Banimmo which, with the support of brokers, plays an active role in their commercialisation. The aim is to increase the property's value, based on threefold approach: increasing the potential rental value, cutting property management costs and reducing the property's capitalisation rates. Finally, the property is resold to end investors. To that end, Banimmo relies on a wide range of competences, in the area of local networks, project management, as well as financial and tax expertise. Thanks to its strong equity base and the availability of external financing, Banimmo is able to raise substantial financial resources and to commit itself rapidly.

Activities 2009

Disruption of investments markets overall (compared to H1/2008, decline of investments: 78% in Belgium and 73% in France) (1)

- Disposal occurred after June 30th: sale of Atlantic House at the beginning of July 2009
- Acquisition in progress since June 30th: GalerieSt. Germainat the end of July 2009
- Sirius (Mobistar) building progressing well: completion and acceptance scheduled for September/October 2009
- New rentings in Alma Court , Atlantic House, PrinsB. 5, Diamond, Corvettes...
- Annual gross rental income of €21,1 M based on signed leases on 30/06/2009 (excluding Mobistar lease)
- ERV(1) of €25,4 M for investment properties implying gross yield of 9,9%
- Total ERV of €32,3 M taking into account built to suit project (Mobistar), leasing up of Les Jardinsdes Quais(50%) and office buildings on the Dolce La Hulpe-site (49%).

Portfolio presentation

◆ Alma Court	◆ Lozana
◆ Ans	◆ North Plaza
◆ Antwerp Expo	◆ Picardie Park
◆ Arts 27	◆ Prins Boudewijnlaan
◆ Athena Business Center	◆ The Loop
◆ Atlantic House	◆ Bordeaux
◆ Da Vinci H3/H4/H5	◆ Clamart
◆ Diamond	◆ Dolce Chantilly
◆ Dolce La Hulpe Brussels	◆ Galerie Vaugirard
◆ Evere	◆ Les Corvettes
◆ Kruger Center	◆ Orléans

(source: *Banimmo*)

Real Estate Company Profile

Banimmo

News

27.11.2009 Belgium/France: Banimmo acquires a new retail asset in the centre of Paris

In the framework of its policy to invest in real estate assets fit for restructuring, Banimmo France announces the acquisition of the retail outlet Marché Saint-Germain, located in the 6th district of Paris, in Saint Germain des Prés. This gallery counts about twenty covered shops and contains a part arranged as a covered market. It is located in a residential and retail environment, in one of the most dynamic areas of Paris, characterized by its important number of shops. The retail gallery develops an area of 3.924 m² and its occupancy rate reaches 93%. This gallery has been acquired from Klépierre for a price of €29.6 mio (costs included). It generates an annual gross rental income of €2.1 mio. Banimmo has also signed a new credit facility for an amount of €25,000,000 that will be entirely dedicated to this new acquisition. A dynamic management policy will be undertaken in order to make use of the excellent localization of this asset, and this taking into account the market evolution in the coming months. This policy will enable Banimmo to gradually attract new retail shops that are more in line with the excellent location of this asset. With this acquisition, Banimmo confirms its investment strategy on the French market and reinforces the weight of the retail assets in its portfolio. These assets offer both a high rental return and an important value growth potential. After this operation, the indebtedness ratios of Banimmo remain moderate, with a ratio « financial debt on total assets » below 50%. (source: *Banimmo*)

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