

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

With the end of 2009 the customs barrier in Eastern Asia belong to the past. At least 90% of all customs duties have been abolished in this new free trade area. The economic agreement of China, Indonesia, the Philippines, Malaysia, Thailand, Singapur and Brunei created the biggest free trade area of the world as far as inhabitants are concerned and the third strongest regarding the trade volume (about 200 billion USD). According to the master plan, other countries of South East Asia should follow in about five years and the remaining customs barriers are projected to be reduced to a minimum.

Without a doubt this economic union will affect the world market in many ways. The dominating country China will of course try to strengthen its economic and political role through this alliance. Until now it is not quite clear what will be the exact effects on the world wide real estate market or the European one. Probably the influence will be sensible through the construction industry as raw materials and mainly steel will become cheaper in this region. Anyhow, investors, especially those connected in this corner of the world, should observe the economic developments in Eastern Asia very thoroughly. (chief-editor: Dr. Roger Schöntag)



© P1 Verlag GbR

Real Estate News

29.12.2009 Portugal: Ocidente Tower already under construction

The consortium owner of the Colombo Towers project, equally composed by Caixa Geral de Depósitos Group, Iberdrola Inmobiliária, ING Real Estate and Sonae Sierra, has just sold the Oriente Tower to an open-ended real estate fund of Hamburg-based Union Investment Real Estate GmbH for approx. € 70 million. The acquisition marks Union Investment's entry into the Portuguese real estate market. Union Investment has assets under management of € 18 billion in six real estate funds and belongs to the leading real estate investment managers in Europe. In a market dominated by the effects of the crisis - the performance of the city's office market decreased 9% in the second quarter in comparison to the previous quarter, and 74% in comparison to the same period of 2008 - the Oriente Tower concentrated the two biggest letting operations of the year in Lisbon, with Barclays Portugal and Fujitsu (which occupy, respectively 12,213 m² and 7,275 m²), becoming the development with the best performance of the year. The Colombo Towers project, which is comprised of two office towers with 14 levels and a total gross area of 29,000 m² each, answered the evident shortage of quality large dimension areas observed in Lisbon today. Some of the characteristics that make this real estate product unique are the ease of access, the vast offer of public transportation, an area of 2,000 m² per level with virtually no structural limitations, and the services made available by the Colombo Shopping Centre (restaurants, hypermarket, gymnasium, pharmacy, launderers, and financial institutions, among others). The two towers, the shopping centre and the parking lot make up the largest built set and mixed used project in the country, with a total of about 500,000 m². (source: *SonaeSierra*)

23.12.2009 Germany: Colonia Real Estate AG Demands Wind-up of HSH Nordbank Group's HGA/Colonia CareConcept I

Colonia Real Estate AG (ISIN DE0006338007) sees no basis for a continued working relationship with HSH Equity Partner GmbH due to the continuing negative news coverage of the HSH-Nordbank Group and the resulting severe impact on sales. This relates particularly to the closed-end real estate fund HGA/Colonia CareConcept I. Even though the placement period was extended, HGA Capital GmbH, the responsible subsidiary of HSH Equity Partners, failed to place more than around 29 percent of the planned volume in the market in spite of the product's exceptional ratings. By contrast, competitors were markedly more successful in placing products in the care facility real estate sector with concepts comparable to HGA/Colonia CareConcept I. Negotiations with institutional investors who had expressed an interest in the care facilities in September in response to the efforts of Colonia Real Estate AG were cancelled by the managing board of HSH Real Estate AG with no reason given. The Board of Management of Colonia Real Estate AG blames the placement failure on the negative news flow regarding the HSH Nordbank Group and demands the complete wind-up of HGA/Colonia CareConcept I. Otherwise, placement guarantor HSH Equity Partners and thus the HSH Group would have to put up approx. 20 million Euros in capital, even though HSH Nordbank is already heavily dependent on government support programs. (source: *Colonia*)

23.12.2009 Portugal: Sonae Sierra leads Corporate Climate Responsibility ranking for the 4th time

Sonae Sierra is, for the fourth time in the study's five years of existence, the leader of the "Corporate Climate Responsibility: ACGE Sectorial Index 2009" ranking, published by "Euronatura - Centre for Environmental Laws and Sustained Development", reinforcing the national and international acknowledgment of the Company in the Sustainability area. To reach this position, the results achieved in terms of administrative structure, supervision of environmental issues, environmental management and audits, dissemination of climate changes and inventory of greenhouse effect gases were decisive. In its 5th edition, the "Corporate Climate Responsibility: ACGE Sectorial Index 2009" ranking evaluates the performance of about 50 companies which, as a whole, represent the financial, transport and energy sector, and are committed to fighting the climate change phenomenon. The Index allows the comparison of the results of management policies of the different companies, from a perspective of competitiveness and improvement of environmental performance, and assumes a dimension of public awareness and information. Environmental acknowledgement Sonae Sierra's strong commitment to the sustainability area has been widely acknowledged internationally. In 2009, the company was distinguished at the "Sustainable Energy Europe Awards" (SEE), an initiative of the European Commission, aimed at rewarding the best and most innovative programs in terms of energetic sustainability at a European level. (This distinction, in the "Market Transformation" category, acknowledges the company's innovation in the energetic sustainability area, through the implementation of the pioneer "green centre" concept in the development and management of its centres. In 2008, Sonae Sierra had already been distinguished with the "Green Thinker Award", from Expo Real and Dutch magazine PropertyEU, acknowledging Sierra's pioneer attitude in this subject, and labelling the company as the "most sustainable developer in Europe", in the real estate sector. (source: *SonaeSierra*)

21.12.2009 Norway: NPRO - Svein Hov Skjelle new CFO in Norwegian Property

Svein Hov Skjelle has been appointed as new Chief Financial and Investment Officer (CFO) in Norwegian Property ASA. I am very pleased with the recruitment of Svein Hov Skjelle as the new Chief Financial and Investment Officer of Norwegian Property. With broad experience within finance and treasury and in-depth knowledge of the property industry, he will be a positive contribution to the operations and further development of the company, says Olav Line, CEO of Norwegian Property as from 1 January 2010. Svein Hov Skjelle knows Norwegian Property very well from his former period as CFO in the company, Svein Hov Skjelle (42) comes from the position as CFO in the state-owned property company Entra Eiendom AS. Prior to joining Entra he held the position as CFO in Norwegian Property, a position he held from before to the stock listing of Norwegian Property in 2006 until February 2009. In addition, Skjelle has extensive managerial experience from earlier positions within finance and treasury in Veidekke, Merkantildata and TeleComputing. Skjelle will be effective in his new position as from mid-January 2010. (source: NPRO)

21.12.2009 Netherlands: Corio reorganizes its pipeline in Turkey in line with its investment strategy

Corio has cancelled the Akkoza (25% interest) and Akasya (7% interest) shopping centre development projects in Turkey (€ 79.5 m) and removed these projects from its pipeline. Corio's investment strategy in Turkey is currently focussed on established operational centres in primary cities rather than development projects. As a result of this Corio has reached an agreement with the developers of the Akkoza and Akasya shopping centre project to cancel the participation of Corio in these development projects. Akkoza was included in Corio's fixed deferrable pipeline for € 73.4 m. Also Akasya was part of the fixed committed pipeline and to date € 6.1 m had been invested in this project. Future equity contributions were not yet planned. Corio prefers to be in control of the management and letting of the project and therefore has decided to waive the 25% (during development and 50% upon delivery) and 7% interests in the shopping centre projects described above. The total costs for Corio to waive both projects are € 3.0 m. The costs will be in Corio's indirect result over 2009. Corio and Acteeum Group have jointly decided to restructure their cooperation by terminating their General Development Agreement. Corio has decided to continue in-house with the development of the Tarsus and Malatya shopping centre development projects. Corio will manage the process and Acteeum will provide its services for the next eight months. The project in Malatya is part of the variable deferrable pipeline and is as such temporarily on hold, awaiting better (local) market conditions. For the project Tarsus in Tarsus, which is included in the fixed committed pipeline the predevelopment work has been nearly completed and the preletting is progressing. Construction will start in the second quarter of 2010 with an expected delivery mid 2011. As usual Corio will not take the construction risk and put that aside with a construction company. Corio is very excited with the design and concept of the centre and the application for a BREEAM Development certification for Tarsus; it is expected that the centre will receive a 'very good'. (source: Corio)

19.12.2009 U.K.: £15M RETAIL DEVELOPMENT IN FLINTSHIRE STARTS ON SITE

St. Modwen, the UK's leading regeneration specialist, has started work on its £15 million, six acre Deeside District Centre in Connah's Quay, Fford Llanarth, Flintshire. The new district centre will feature a 52,000 sq ft Morrisons food store and 20,000 sq ft of additional retail space. It will have 325 car parking spaces, improved pedestrian links and a bus pick-up point. Connah's Quay MOT Testing Centre and Deeside Fish and Chip Shop both committed to units earlier in the year and deals are nearing completion for other retailers to sign up at the development. Paul Batho, senior development manager at St Modwen, said: "There are very few developments of this nature starting on site at the moment in the UK and this is great news for residents in Connah's Quay and Flintshire generally. "The project represents a very significant investment in the area which will provide a modern retail centre incorporating a mix of retail outlets and improving public spaces. The scheme, when completed, will be of a high quality and will be a landmark in the area. "We've already secured two retailers for the scheme, which will occupy some of the smaller units and we're very close to announcing some more names." Mark Gunter, group retail director at Morrisons, added: "It's fantastic to see work start on the site as it's the first step in bringing Morrisons great value fresh food to the people of Connah's Quay, as we move from national to nationwide. "We're proud to be investing in the area and are delighted to be able to offer so many new jobs to people locally. "For me personally this is a special development as it was at a store on this site that I began my retail career and I am really looking forward to seeing Morrisons open its doors to the same community that I enjoyed serving many years ago." Demolition of the original 1970s-style centre started in June 2009 and was completed in August. It is currently projected that construction of the scheme will be completed in the summer of 2010 to hand over to the retailers to start work on the units internally. Outline planning consent was granted to St Modwen in April 2008 by Flintshire Council. Detailed planning consent was granted in July this year. Morgan Ashurst is contractor on the scheme. (source: St.Modwen)

Real Estate Deals

29.12.2009 Sweden: Fabege sells in Nacka and Västberga

Fabega has sold its Sicklaön 145:20 property in Nacka to Järila Marknad AB for a consideration of SEK 50m and its Elektra 20 leasehold to Fastighets AB TESST for SEK 7m. Sicklaön 145:20 comprises a lettable floor area of 3,300 m². The Electra 20 leasehold property is undeveloped and has a floor area of 3,870 m². The sale will result in a profit after tax of SEK 5m, which will be recognised in the fourth quarter of 2009. "The sale fits in with our ambition to concentrate our property portfolio to a few select sub-markets," Christian Hermelin, Fabega's CEO, says. (source: *Fabega*)

28.12.2009 Germany: HOCHTIEF generates sales proceeds of around EUR 550 million just before end of year

Properties, projects and land sold in German conurbations – strategy confirmed by year end transactions HOCHTIEF has closed the year by generating proceeds of around EUR 550 million from planned sales in the HOCHTIEF Real Estate division. The division, which primarily bundles the subsidiaries HOCHTIEF Projektentwicklung and aurelis Real Estate, disposed of properties, projects and land at predominantly prime real estate locations in Germany, including the former Lufthansa building maxCologne in Cologne. "We have deliberately kept our powder dry this year, refusing to sell our real estate holdings at below their value. This was exactly the right approach, as we have achieved our target prices in these year-end sales despite the economic crisis," commented Rainer Eichholz, head of the Real Estate division. The assets sold are in various stages of maturity, from undeveloped land in conurbations such as Berlin and Nuremberg through to completed projects, e.g. four nursing homes in Baden-Württemberg, Bavaria and Hesse. The buyer of these projects, which offer a total of 312 nursing home places, is the life insurance company Swiss Life, which also acquired three facilities from HOCHTIEF in early 2009. HOCHTIEF Projektentwicklung also sold a further ten owner-occupied apartments in the prestigious Marco Polo Tower project in Hamburg, meaning that the occupancy rate of the residential tower is now already more than 60 percent. "Our strategy of only investing in prime locations and projects has again proven successful," noted Rainer Eichholz. (source: *Hochtief*)

24.12.2009 Belgium: BANIMMO has completed the sale of two assets

Banimmo (NYSE Euronext BANI) has completed the sale of two assets for an amount of 20 million € and has achieved its annual sales objective. office building located in Brussels which, given its size, is not strategic. During the entire year Banimmo has transferred 4 assets and has realised over € 120 million additional cash which will allow it to start the year 2010 in optimal conditions. In Belgium, different acquisition files are being examined. The aggregate of the sales have generated a capital gain i.e. higher values than the most recent values assessed by the statutory expert, which demonstrates the conservative character of these assessments. It is to be reminded that as Banimmo is not a REIT ("Sicafi/ Vastgoedgbevak"), this expert is appointed further to the request of the pool of banks financing Banimmo. Therefore the expert's report to be submitted to the banks has to be most carefully worded. It is to be noted that since the initial public offering of Banimmo, all transfers occurred at higher values than those assessed by the experts, regardless the real estate cycle at the of time of the sale. Further to these operations, Banimmo closes the year with an extremely solid balance sheet, which is confirmed by a pro-forma ratio "financial debt on total balance sheet" of 45%, this ratio is amongst the lowest of all real estate companies listed on Euronext Brussels. In general and despite an extremely difficult context, Banimmo closes the year 2009 in excellent conditions. (source: *Banimmo*)

23.12.2009 U.K.: HP Properties buys The Clyde Shopping Centre for £69m

HP Properties Limited, a joint venture between Helical Bar and Prime Commercial Properties, has acquired the long leasehold interests in The Clyde Shopping Centre in Clydebank for a price of £69million. The Clyde Shopping Centre is the dominant retail centre for Clydebank and the north west quarter of Glasgow. The centre extends to around 625,000 sq ft, comprising 120 shops, a multiplex cinema and parking for nearly 1,700 cars. There are six large anchor stores occupied by ASDA, Dunnes, Primark, Bhs, Boots and Wilkinsons. Duncan Walker of Helical Bar said "We hope that this is the first of a number of similar transactions. This is a good asset with a strong tenant lineup and plenty of opportunity for enhancement." Claude Gubbay of PCP said "The Clyde Shopping Centre is typical of the type of property we traditionally like and are looking to acquire, having so many asset management opportunities for us to work on in conjunction with our partner and the Council." Cushman & Wakefield represented HP Properties Limited. DTZ acted on behalf of AXA Real Estate Investment Managers (UK) who fund manage the property on behalf of the vendors, the Co-operative Insurance Society Ltd. (source: *cushwake*)

Real Estate Company Profile X5 Retail Group

Company Information

X5 Retail Group N.V. is the largest retail company in Russia in terms of sales. As at 30 June 2009, X5 had 1,164 Company-managed stores located in Moscow, St. Petersburg and other regions of European Russia, Urals and Ukraine, including 900 soft discount stores, 211 supermarkets and 53 hypermarkets. As at 30 June 2009, X5's franchisees operated 605 stores across Russia. Pyaterochka and Perekrestok have merged their operations as of 18 May 2006 to create the clear leader in the Russian food retail market. In June 2008, X5 acquired Karusel hypermarket chain and substantially strengthened its position in hypermarket format. Pyaterochka soft discounters are conveniently located, open seven days a week from 9 am until 11 pm, and offer 4,500 SKUs. The average trading area is approximately 600 square meters.

Perekrestok operates three formats: convenience stores (with an average trading area of 400 to 600 square meters and 7,500 SKUs), supermarkets (800 to 1,600 square meters with 20,000 SKUs) and city hypermarkets (4,000 to 7,000 square meters with 35,000 SKUs). Most Perekrestok stores work 24 hours a day. Pyaterochka and Perekrestok merged their operations on May 18, 2006 to create the leading multi-format food retailer operating in the Russian market. X5 Retail Group N.V.'s global depository receipts have been traded on the London Stock Exchange since May 2005 under the ticker "FIVE". Pyaterochka's 2005 net sales (pre-merger) reached US\$1.359 million, with gross banner sales in 2005 of over US\$2 billion. Perekrestok net sales over the same period were US\$1.015 million. For the full year 2008, X5's net retail sales including acquired Karusel stores on pro-forma basis totaled USD 8,892 mln. For the first half 2009, net retail sales totaled USD 3,959 mln. (source: X5 Retail Group)

Activities in 2009

As at 30 September, X5 was present in 42 cities of European Russia and the Urals, and also in Ukraine:

- In addition to Moscow and St. Petersburg, a leading position secured in 5 large regional cities: Nizhny Novgorod, Lipetsk, Samara, Chelyabinsk and Perm
- 89 thousand sq. m. or 116 stores added on a net basis:
 - 104 soft discounters
 - 3 supermarkets
 - 9 hypermarkets
- Since the beginning of 2009 X5 rebranded 5 supermarkets as soft discounters and closed 19 stores (3 supermarkets and 16 discounters)
- As at 30 September 2009, X5 operated 1,217 stores in total:
 - 952 soft discounters
 - 210 supermarkets
 - 55 hypermarkets
- In Q1 2009 X5 completely eliminated its short-term USD exposure:
- In June 2009 placed 7-year RUR 8 bln corporate bonds with a put option in 2 years. Proceeds were used to reduce short-term debt
- As at 30-Sep-09 X5's short-term debt increased versus 30-Jun-09 as the Company's RUR 9 bln bonds issued in July 2007 with a put option in July 2010 were reclassified to shortterm obligations
- As at 30 September 2009 X5 had access to RUR-denominated credit facilities of c.RUR 24.9 bln (c.USD 825 mln), out of which RUR 15.3 bln (c.USD 508 mln) are available undrawn credit lines. (source: X5 Retail Group)

Real Estate Company Profile

X5 Retail Group

News

30.12.2009 Russia: X5 Retail Group establishes partnership with Perfumes Planet Switzerland

Moscow, 30 December 2009 – X5 Retail Group N.V., Russia's largest retailer in terms of sales (LSE ticker: "FIVE"), and Perfumes Planet Switzerland (PPS), today announced they have entered into a partnership agreement. (source: *X5 Retail Group*)

18.12.2009 Russia: X5 redeems Paterson bonds

Moscow, 18 December 2009 - X5 Retail Group N.V. ("Company"), Russia's largest retailer in terms of sales (LSE ticker: "FIVE"), today announced that it has fully redeemed Paterson-Invest corporate ruble bonds. The redemption amount totaled RUR 1,386.6 million, which includes RUR 386.6 million of technical redemption of bonds, previously purchased from the market by another company of Paterson Group. X5 has also paid coupon on Paterson-Invest bonds in the amount of RUR 43.2 million. (source: *X5 Retail Group*)

15.12.2009 Russia: X5 Board Decisions & EGM Agenda

Moscow, 15 December 2009 - X5 Retail Group N.V. ("Company"), Russia's largest retailer in terms of sales (LSE ticker: "FIVE"), today announced decisions of the Company's Supervisory Board to accept Carlos Criado-Pérez Trefault's resignation from the Company's Supervisory Board effective 1 January 2010 pursuant to his decision to concentrate on personal business activities; and to convene an Extraordinary General Meeting of Shareholders on 15 January 2010 at 11.00 am CET (the "EGM"). (source: *X5 Retail Group*)

15.12.2009 Russia: X5 Retail Group named «Company of the Year» in Retail

Moscow, 7 December 2009 – X5 Retail Group N.V., Russia's largest retailer in terms of sales (LSE ticker: "FIVE"), won «Company of the Year» title in the "Retail Chain" category. (source: *X5 Retail Group*)

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, Isabellastraße 46, D-80796 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.