

## The EREIS - Newsletter

The EREIS - Newsletter is part of the online portal EUROPEAN REAL ESTATE INFORMATION SYSTEM ([www.p1-info.com](http://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

The new year in the real estate business will be marked by the hope of market stability and a slight upward trend. As 2009 was definitely the year of the crisis - e.g. in Germany the transaction volume was only half of 2008 (10 billion Euros instead of 21 billion) - the upcoming months will be a proof for many companies, if they're able to overcome the crunch.

In Germany the tightness of the market is still sensible, even if this country did not undergo the same heavy ups and downs as other European partners.

The situation is still positive for commercial leasing, selling & buying, if we speak of prime locations in major cities and of solid tenants with good financial standing. But for the rest, we have to testify a rather tense situation, also due to the banks, which are still struggling with the consequences of the stock market crash and their accumulated toxic papers on the one hand and on the other unwilling (or unable) to forward governmental subsidies to the customers in form of e.g. good interest rates or other supporting financing conditions. Nevertheless the largely stability might attract some more foreign investors to Germany, which would support the prognosticated recovery of greater parts of the market.  
(chief-editor: Dr. Roger Schöntag)



© P1 Verlag GbR

## Real Estate News

### 15.01.2010 Germany: Savills strengthens German investment Team

Alexander Zahrt has joined Savills Immobilien Beratungs-GmbH as Senior Investment Consultant in its Munich office. Alexander Zahrt has joined Savills Immobilien Beratungs-GmbH as Senior Investment Consultant in its Munich office. The Finanzwirt (IHK) and Certified Financial Planner (EBS) has many years of experience in finance and investment. He last worked for Colliers CRE in London where he was responsible for UK/German investment and as head of acquisitions for Quadriga Real Estate in Germany. Zahrt started his professional career with Volksbank Mittelhessen where he worked for six years in various divisions and headed the residential investment team up to 2007. "We are pleased that Alexander Zahrt has joined as another experienced consultant for our investment team. With his extensive market knowledge and expertise Alexander Zahrt will further strengthen both our investment team as well as our overall comprehensive approach to the consulting business." says Roy Frydling, Head of Savills Germany. (source: *Savills*)

### 14.01.2010 Germany/Prague: HOCHTIEF to extend Prague Metro for approximately EUR 190 million

Contract awarded to joint venture around subsidiaries - Total project volume roughly EUR 500 million HOCHTIEF as member of a joint venture has been awarded the contract to extend Prague's metro: The subsidiaries HOCHTIEF Construction and HOCHTIEF CZ take on the project with a total volume of approximately EUR 500 million together with a partner. The HOCHTIEF share amounts to roughly EUR 190 million. Construction will start in a few weeks from now and be completed in 2014. As part of the construction contract, the Czech capital's metro line A to the airport will be extended by a total of 6.2 kilometers. To this end, the HOCHTIEF companies will carry out drill-and-blast tunneling works and build two of the four underground stations. In addition, they will provide the adjoining above-ground infrastructure such as a bus terminal and the exterior facilities. "The market for infrastructure projects in Central and Eastern Europe continues to be stable. We are excellently positioned in these regions and bring in key competences - such as tunneling in this case," says Henner Mahlstedt, Chairman of the Executive Board of HOCHTIEF Construction. (source: *Hochtief*)

### 13.01.2010 USA: Balfour Beatty awarded AMP 5 contracts worth approximately £600 million

Balfour Beatty, the international infrastructure group operating in construction services, professional services, support services and infrastructure investments, announces today that it has been awarded two AMP 5 capital programme contracts worth in the region of £600 million in total: United Utilities has appointed Balfour Beatty for its AMP 5 infrastructure contract. The total value of the five-year contract is likely to be worth in the region of £500 million, covering capital delivery for United Utilities throughout North-West England as part of United Utilities' AMP 5 long-cycle contract. Balfour Beatty has also secured a five-year extension, likely to be worth over £100 million in total, to its existing alliance partnership contract with Anglian Water. The extension is part of the @one Alliance £1 billion AMP 5 programme and covers the whole of Anglian Water's region in the East of England. Commenting on these awards today, Balfour Beatty Chief Executive, Ian Tyler, said: "We are delighted to have secured these AMP 5 capital programme contracts. We look forward to working closely with our customers and drawing on our skills and experience to deliver first-class customer service, excellent health and safety management and innovative ways of working." The scope of the work for United Utilities involves the delivery of clean water and wastewater major projects and DG5 flood alleviation schemes. The extension to the alliance with Anglian Water will add further to Balfour Beatty's already substantial capability in alliance working. The contract comprises design and construct operations, asset and mains renewal, service connections and the repair of sewerage infrastructure. Both contracts will commence in April 2010. (source: *BalfourBeatty*)

### 12.01.2010 USA/Germany: ProLogis to Participate in the Deutsche Bank 2010 Real Estate Outlook Conference

ProLogis (NYSE: PLD), a leading global provider of distribution facilities, announced today that it will participate in the Deutsche Bank 2010 Real Estate Outlook Conference being held at The Pierre Hotel in New York City on January 13, 2010. Bill Sullivan, chief financial officer for ProLogis, will participate in an industrial panel at 3:00pm Eastern Time. You may listen to the webcast of the panel by going to ProLogis' website at <http://ir.prologis.com> and clicking on the link provided under "Presentations & Webcasts." At this location, you will also find the company's presentation being used in meetings with investors starting at 8:00am Eastern Time on January 13, 2010. The presentation covers topics such as property fund financing activity, land monetization and future earnings upside. (source: *Prologis*)

**11.01.2010 U.K.: Development and Asset Management Appointment 08 January 2010**

Hammerson has been appointed by Deloitte LLP, joint administrators to Thornfield Ventures Limited ("TVL"), a non-trading holding company within the Thornfield Capital Limited group of companies in a development and asset management role for Thornfield's properties. Phil Bowers and Angus Martin of Deloitte, the business advisory firm, were today appointed Joint Administrators to Thornfield Ventures Limited ("TVL"), a non-trading holding company within the Thornfield Capital Limited group of companies. The group's principal development asset is The Rock shopping centre development in Bury, Lancashire which is currently under construction. Administrators have not been appointed for the Thornfield Bury companies, nor any Thornfield Capital Limited group company (including Thornfield Properties Plc, the group's main operating company), other than TVL. Phil Bowers, Partner in the Reorganisation Services practice at Deloitte, comments: "We are working closely with all stakeholders to support the completion of Bury and maximise the potential of the other development schemes. It has been agreed by all parties that Hammerson, a leading European development and asset management partner has been appointed to deliver the completion and opening of Bury and will also be supporting the Joint Administrators in evaluating the other schemes in the portfolio." (source: *Hammerson*)

**11.01.2010 Germany/France: pbb Deutsche Pfandbriefbank provides € 42,5 million investment financing for Paris office building to Invesco Real Estate**

pbb Deutsche Pfandbriefbank has provided a medium term € 42,5 million investment financing facility for the acquisition of an office building located 148 rue de l'Université in Paris, France. Invesco Real Estate, acting as Asset and Investment Manager, completed the acquisition on behalf of a US discretionary Fund. This transaction was signed on 30 December 2009. The 10,300 sqm prime Class A office building is located in the heart of 7th district, on the left bank of the river Seine, close to Quai d'Orsay and Les Invalides. The property was completed in 2003 and is partially let to tenants with strong covenants. The building has 1,600 sqm average storey area, and its letting outlook is strong. Harin Thaker, Head of Real Estate Business International at pbb Deutsche Pfandbriefbank, commented: "This transaction demonstrates our capability and willingness to support strategic clients by swiftly and flawlessly executing challenging transactions. This transaction follows the EPL Portfolio refinancing for BNP Paribas Real Estate Investment Services closed on 15 December 2009 as announced on 6 January 2010 and further highlights the importance of France as a strategic market as well as our keenness to fund strong property stories." Paul Joubert, Head of Transactions - Europe at Invesco Real Estate, commented: "In the past 6 months we have openly shared our market views of the good opportunities that are now accessible for those who can deeply analyse the leasing market. We are implementing what we recommended. (source: *HRE*)

**04.01.2009 Russia: X5 RETAIL GROUP ESTABLISHES PARTNERSHIP WITH PERFUMES PLANET SWITZERLAND**

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. In accordance with the agreement, PPS and X5 will set up a joint venture that will develop perfume selling points adjacent to X5's food retail stores in Moscow, Saint-Petersburg, Nizhny Novgorod and respective regions. PPS and X5 will own 80% and 20% of the joint venture, respectively. At the initial stage, perfume selling points will be opened mainly in Moscow and the Moscow region. X5 will offer the joint venture to lease or sublease space of 15-30 sq.m. next to X5's cash desks (outside of X5's stores) at commercial market rates. In its turn, PPS will contribute its proprietary perfume business "know-how" and provide 100% of the financing needed to develop the business for the first three years. The agreement grants X5 a call option to acquire the entire business in three years. Lev Khasis, CEO of X5 Retail Group, commented: "This partnership is a good way to provide additional convenience to our customers by locating perfume selling points right next to X5 food retail stores and offering consumers an opportunity to buy high quality perfume products at attractive prices. If the business proves to be a success, we will consider buying it out or selling our stake to third parties. This partnership does not imply any cash investment from X5, while it further enhances customer appeal of our stores." Guillaume Vanthier, CEO of PPS Russia, added: "Thanks to the joint venture agreement with X5, we have a unique opportunity to enter the Russian market with its huge growth potential, allowing us to look to the future successful development of our company with confidence. We believe, that the new format of perfume by PPS, which is well-known and popular in Europe, be in demand by Russian customers. We are proud to work together with such a reliable partner as X5 and consider this as an important step towards our successful co-operation going forward." (source: X5)

## Real Estate Deals

### **15.01.2010 Netherlands/Germany: Nieuwe Steen Investments sells Swiss apartments**

Nieuwe Steen Investments NV (NSI) sold 56 apartments located above the Perolles Centre shopping centre in the Swiss town of Fribourg on 31 December 2009. The sales volume amounts to CHF 13.9 million (€9.4 million). NSI decided to specialise in retail in Switzerland. The portfolio, currently at a value of approx. €100 million, will grow to a volume of €300 million to €400 million. In order to realise this growth, NSI established its own Swiss management Organisation during 2009. This management Organisation is operational since August. The 56 apartments located over the ProIles Centre shopping centre (approx. 8,000 m<sup>2</sup>) do not belong to NSI's core activities and therefore NSI sold these to a Swiss private investor. The sales price of the apartments was above book value. (source: *NieuweSteen*)

### **13.01.2010 Sweden/USA: Skanska signs Interim Agreement for a potential Public Private Partnership project in the U.S.**

Skanska, its partners and the Virginia Department of Transportation (VDOT) have entered into an Interim Agreement under which Skanska will conduct a feasibility study and prepare proposals regarding the Public Private Partnership (PPP) development project Downtown Tunnel/Midtown Tunnel/Martin Luther King Freeway (MLK) Extension project in Virginia in the U.S. The Skanska-led team will conduct a feasibility study and prepare design, engineering, construction, operations, tolling and financing proposals required for delivery of the project located in southern Virginia. The agreement grants Skanska, as part of the Elizabeth River Crossings consortium, the exclusive right to develop and implement the financing, construction and long-term operation of the project should it proceed as a PPP. VDOT and the consortium have agreed to share the cost of development up to the execution of a comprehensive agreement for the project. The feasibility study, project development activities and negotiations are expected to be conducted during 2010 and 2011. The Interim Agreement pertains to a proposal regarding the new Midtown Tunnel between Norfolk and Portsmouth in Virginia, an extension of the adjoining MLK Freeway, and upgrade of the existing Midtown and Downtown tunnels. The feasibility study will also include a proposal for a free-flow tolling system. The new two-lane Midtown Tunnel will run parallel with the existing Midtown Tunnel, which is 1.4 km long. (source: *Skanska*)

### **12.01.2010 Switzerland/Germany: CORESTATE Capital AG to turn around 4,700 apartments in Germany**

BGP Investment s.à r.l. (BGP) and CORESTATE Capital AG, Zug (CORESTATE) have entered into a comprehensive agreement in respect of approx. 4,700 apartments located predominantly in Western Germany. The portfolio comprises over 300,000 sqm of lettable space and currently carries approx. €150mn of debt financing. Under the terms of the proposed transaction, a holding company of CORESTATE Group will be assuming ownership of the portfolio from BGP and implementing a comprehensive investment and capital expenditure programme. The transaction remains subject to consents to be granted by – inter alia – the existing financing parties. This consent has to be obtained by the end of February 2010 for the transaction to complete successfully. Commenting on the transaction, Mark Dunstan, Managing Director of BGP said: "This is the first transaction to be signed as part of our strategy to dispose of our non-core property interests in Germany. We are pleased to execute it on terms which allow us to focus our investment management efforts on the remaining assets." Ralph Winter, Founder of CORESTATE stated: "We plan to add these 4,700 apartments to CORESTATE's extensive base of residential properties, for which we have already achieved significant improvements. We are now looking forward to bringing the former BGP estate forward with our expert asset management team." (source: *Coreestate*)

### **11.01.2010 U.K./France : Sale of 148, rue de l'Université, Paris**

Hammerson has sold the office building at 148, Rue de l'Université, Paris 7ème to a client of Invesco for a consideration of €84.5 million (£75.0 million#). The book value at 30 June 2009 was €97.8 million, and the sale will be reflected in the Company's 2009 financial statements. Acquired by Hammerson in 1999, the property was redeveloped in 2002 to provide 10,300m<sup>2</sup> of modern office accommodation in a seven-storey building. At disposal, the property was 44% vacant and passing rents were €3.9 million. Hammerson was advised by CBRE. (source: *Hammerson*)

### **03.01.2009 U.K.: British Land Acquires 50% Interest in Surrey Quays Shopping Centre and Clifton Moor Retail Park, York**

British Land has today acquired SEGRO plc's 50% interest in a Joint Venture with Tesco plc in the Surrey Quays Shopping Centre in Rotherhithe, South East London and the Clifton Moor Retail Park in York. This is the fifth joint venture British Land has with Tesco. (source: *BritishLand*)

## Real Estate Company Profile

### Corestate

**CORESTATE Capital AG** is a private equity investor based in Zug/Switzerland and London with partner offices in Luxembourg and Frankfurt. Founded in early 2006, the business has invested more than €1.5 billion in the German real estate market either directly or through business holdings. Key CORESTATE Persons were involved in a Total Real Estate Transaction Volume of €8 billion over the last 4 years. With 50 employees in the Group, CORESTATE is active in the German market as an investor, co-investor, seller and asset manager. The business has raised equity capital for CORESTATE German Residential Limited, CORESTATE German Commercial Properties Fund LP, Special Situations and Student Homes.

**CORESTATE's investors** include international, institutional investors such as Aberdeen Property Investors, Lloyds TSB and Schroders, as well as pension funds and insurance companies advised by ING Real Estate Select and CBRE Investors.

GREAT GmbH, Frankfurt, advises CORESTATE on sourcing, due diligence and execution of real estate investments and disposals or disinvestments in German speaking countries.

#### **Real Estate Asset Management**

##### ***Improved performance through value chain management***

Today, only those who develop a portfolio strategy individually aligned to their investment horizon and subsequently implement it with a high level of know-how, market knowledge, experience and dependability, can achieve optimum results for their property venture. The CORESTATE Group takes on this role for institutional investors and for existing portfolios. The experienced specialists of Corestate, robust networks and excellent market knowledge enable Corestate to guarantee the clients growth-oriented management and active supervision of their property holdings. Corestate will accompany the customers property portfolio in all phases of the value chain, from analysis and conception through the active management of the portfolio to the exit strategy. In individual cases Corestate also operate as co-investor. (source: Corestate)

#### **Business Platform Funds Institutional and Private Wealth Management**

- German Residential Fund (closed)
- German Commercial Fund (open)
- German Theme Fund I and II (in preparation)
- Pan European Fund/ Emerging Market Fund (in preparation)
- Family Offices
- Managed Accounts
- Special Fund Solutions Tax optimised Structures

#### **Club Deals Asset and Portfolio Management/ Restructuring with Equity Alignment**

- Special Situations/Opportunities
- Stressed/Distressed Portfolios
- Partly Performing Debt
- Listed Equity below Value
- Deal by Deal Sourcing
- Asset and Portfolio Management
- Internal Funds
- Portfolios
- Situations External Funds
- Restructuring Turnaround

#### **Capital Raising Division**

- Institutional Sales
- HNWI, (High Net Worth Individuals) Club Deals
- Private Placement
- Product Placement Investor Relationship

(source: Corestate)



## Real Estate Company Profile

### Corestate

#### News

##### **Switzerland/Germany: Eighth largest residential real estate transaction of the year 2009 in Germany**

WGF Westfälische Grundbesitz und Finanzverwaltung AG is purchasing a real estate portfolio consisting of 1,879 residential units and 95 commercial units from the Swiss CORESTATE Group. The real estate properties are predominantly located in North-Rhine-Westphalia. The purchase contract with a volume of roughly 100 million euros has just been signed. WGF AG is using the properties to secure its WGF 6.35% mortgage bond (WKN WGFH05), which it issued at the beginning of October with a volume of 100 million euros. After examining the calculation models of the portfolio purchase during the preliminary phase, the Creditreform Rating Agency expects a rating of BBB- (Investment Grade) for this mortgage bond, provided that the assumptions are fulfilled. The total area of the portfolio encompasses 139,000 sqm, with an occupancy rate of 98%. The transaction is the eighth largest that has been executed in the market for German residential real estate in the year 2009. Pino Sergio, CEO and founder of the WGF financial group: "By means of this strategic portfolio enlargement we have achieved an important milestone in the history of our company, which is still quite young. As a result, we are not only the market leader for the issue of mortgage bonds; we have also confirmed our competence in our core business real estate." Ralph Winter, founder of CORESTATE Capital: "In the last few years, WGF AG has become an important and successful market participant. The negotiations were fair and professional. We are pleased that we have concluded a deal that is lucrative for both sides." CB Richard Ellis, the international real estate consulting firm, was commissioned with the appraisal of the portfolio. (source: *Corestate*)

#### 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.