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The EREIS - Newsletter

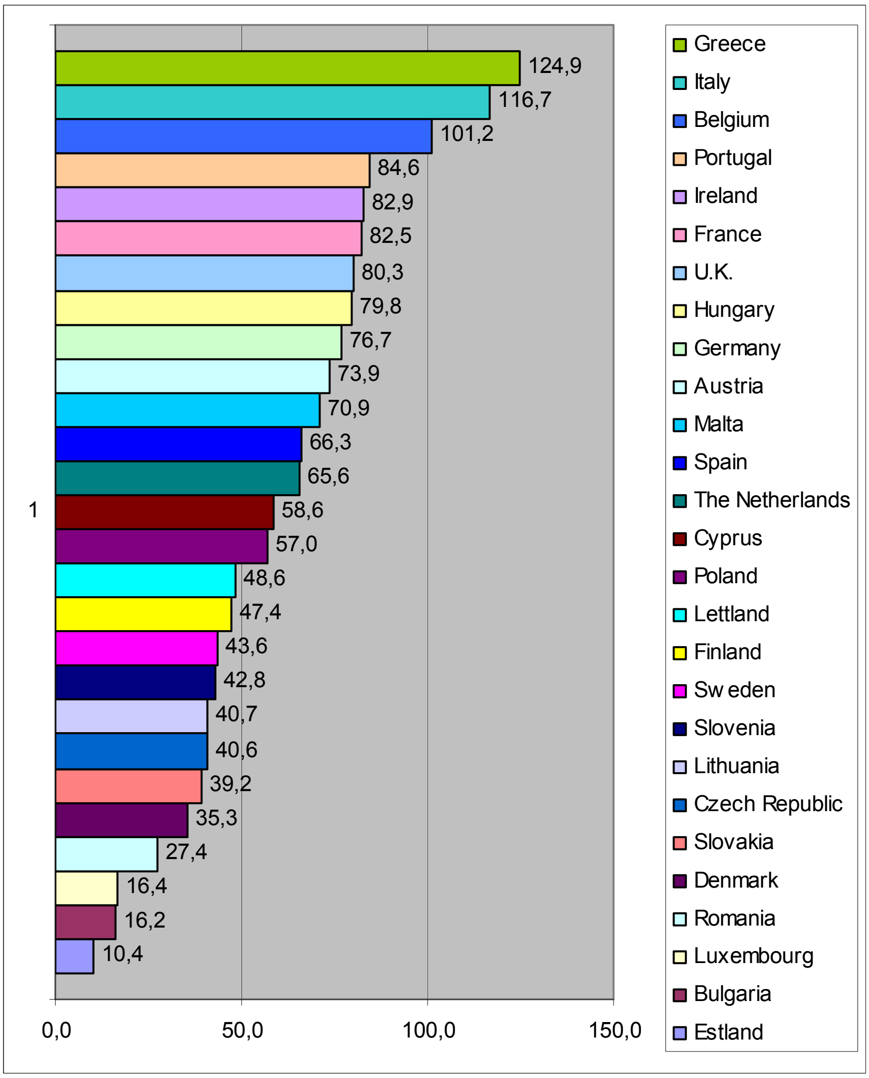
The EREIS - Newsletter is part of the online portal EUROPEAN REAL ESTATE INFORMATION SYSTEM (www.p1-info.com). It is regularly issued in a two weeks term by the P1 PUBLISHING HOUSE. The following headings are subject to the newsletter:

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

Editorial

Instead of giving statements to the actual crisis in Europe, we would like to post the actual debts of each country without comment. (chief-editor: Dr. Roger Schöntag)

National debts of the European countries in % of GDP:
(december 2009)
(source: *eurostat*)



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Real Estate News

31.01.2010 The Netherlands/France: Corio sold a retail building and an office building in France
Corio has sold the The Bordeaux Megastore and an office in Rueil Malmaison for respectively € 67.3 m and € 30.6 m net. Both properties were sold around book value. Corio decided to sell the Bordeaux Megastore because it wants to focus on shopping centres with more growth potential. The building accommodates 4 large tenants in the city centre of Bordeaux. The sale of the office is part of the disposal plan of the offices and industrial portfolio which was communicated in 2007. Bordeaux Megastore was acquired by Corio in 2001 and the renovation was completed in 2003. The total cost of acquisition and renovation was € 48.8 m.The building comprises 16,700 m² GLA with an occupancy rate at time of disposal (end of January 2010) of 100%. The buyer is Westinvest InterSelect (subsidiary of the DekaBank Group). The Net Theoretical Yield at time of disposal was slightly under 6%. Corio acquired the Fréres Peugeot Office building in Rueil Malmaison in 2000 for € 25.1 m. The office comprises 7,400 m² GLA with 144 parking places with an occupancy rate at time of disposal (end of December 2009) of 100 %. The buyer is Citadel. The Net Theoretical Yield at time of disposal was around 8%. (source: *Corio*)

30.01.2009 Germany: HOCHTIEF wins new PPP project in education segment
Design, construction and interim construction financing of high school in Höhenkirchen-Siegertsbrunn - Investment volume about EUR 33 million HOCHTIEF PPP Solutions secured the contract for another public-private partnership (PPP) project: In Höhenkirchen-Siegertsbrunn in Bavaria, the company will design, build and operate a new high school complete with gymnasium, outdoor and sports facilities. In addition, it takes over the interim financing for the project up to completion of the construction works. The contract volume over the entire 25-year period totals approximately EUR 50 million. The investment volume is roughly EUR 33 million. The construction works which will start in May will be performed by HOCHTIEF Construction and take about 20 months. HOCHTIEF Facility Management will operate the educational facility from school-year 2011/2012 onwards and maintain an area of approximately 15,500 square meters. Almost 1,000 students will receive teaching at the school. HOCHTIEF PPP Solutions now is responsible for a total of 92 schools in Germany, the UK and Ireland with far more than 60,000 students. The company’s portfolio includes 26 PPP projects in the Social Infrastructure and Roads segments. (source: *Hochtief*)

29.01.2010 Sweden: Jan Odelstam new President of Skanska Commercial Development Nordic
Jan Odelstam has been appointed new President of Skanska Commercial Development Nordic (CDN), the Skanska business unit that develops office premises, volume retail properties and logistics properties in Sweden, Denmark and Finland. Jan Odelstam will commence duties immediately and replace Anders Kupsu, who, as announced earlier, will be assuming the position of President of the Diligentia property company on July 1. (source: *Skanska*)

28.01.2010 Portugal/Romania/Brazil: Sonae Sierra continues to expand in Europe and Brazil
- Adora Mall is the new brand for Sonae Sierra's Craiova project, Romania;
- The new shopping centre in Romania already has 60% of its GLA pre-leased;
- Adora Mall will boast 190 shops and 59,000 m2 of GLA;
- Sonae Sierra Brazil will invest € 9,1 million (R$ 23.6 million) in the expansion of Parque D. Pedro Shopping, in Campinas. In the scope of its international growth strategy, Sonae Sierra has just announced the beginning of Parque D. Pedro expansion in Campinas-São Paulo, Brazil, and the agreement with another important tenant for the Adora Mall in Craiova, Romania. Owned and developed by Sonae Sierra, Adora Mall will represent the main shopping and leisure attraction in the city of Craiova with 59,000 m2 of GLA, 190 shops and 1800 parking spaces. We highlight the recent agreement for the presence of Cinema City, the largest cinema offer - 3,000 m2 - in the region. With more than 60% of its GLA (Gross Lettable Area) already pre-leased, Adora Mall will offer a unique combination of shops, services and entertainment for the biggest city in the south-west region of Romania, Oltenia. The architecture of the new Shopping Centre is inspired by the Four Seasons, due to its location next to the landmark of the city, the Romanescu Park. Its architecture and decoration, will recreate nature in its different stages, reproducing different phases and images of the flora, which together recreate the feeling of nature's environment in each of the four seasons. Located in the Central-Southeast area of town, facing one of the main streets in the city and connected to the Romanescu Park, Adora Mall has a privileged location in terms of access roads, and will serve a population of 420,000 inhabitants in its catchment area within a 30 min. distance. (source: *SonaeSierra*)

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27.01.2010 USA/Europe: ProLogis Closes on Euro 622 Million of Financings for European Property Funds
ProLogis , a leading global provider of distribution facilities, announced today that over the past four weeks it has completed four financings for its European property funds, totaling euro 622 million. The four financings have a weighted average coupon of 4.91 percent. Three, four-year financings, resulting in euro 441 million of funding, were completed for ProLogis European Properties (Euronext: PEPR). They have loan-to-value ratios of between 50 and 55 percent and are secured by assets located in Germany, Belgium, France, Italy, Spain, Poland and the United Kingdom. The largest component of these financings is a euro 300 million Pan-European, syndicated loan with six European lenders, arranged by Goldman Sachs, which was one of the largest loans of this kind done in the European real estate sector since 2008. ProLogis also completed a euro 181 million financing for ProLogis European Properties Fund II, the largest single-lender mortgage financing completed in Europe since the fall of 2008. This financing is secured by 22 assets in France and has a loan-to-value ratio of 60 percent. (source: *Prologis*)

20.01.2010 Germany: IVG letting success: good start into the new year
Despite the ongoing difficult situation affecting the real estate markets, IVG has started the new year by reporting strong letting success once again. IVG Institutional Funds has concluded three major letting agreements in the Netherlands: One of the agreements relates to the new letting of a former office building (Orly Plaza) with a rental area of 8,198 sqm, which has been converted into a hotel and is operated by Holiday Inn. The building is located at Orlyplein, near Amsterdam Sloterdijk station. The letting has a term of 25 years. Near the medical faculty (Paasheuvelweg 33) in Amsterdam, an office building with a rental area of 2,067 sqm has been newly let to a service provider in the sport and recreation sector for an initial term of 10 years. The third transaction is the prolongation of a letting agreement in Houten, 50 km from Amsterdam in the vicinity of Utrecht. The user, an American pharmaceuticals company, has prolongated the letting on the 2,315 sqm of office space for a further five years. IVG Institutional Funds: rental agreement in Milan extended In the Bicocca commercial district (Viale Libero Temoto – Viale dell Innovazione) in northern Milan, Equitalia Esatri – a public-sector tax collection company – has prolongated its letting agreement for 7.376 sqm of space by a further five years. (source: *IVG*)

19.01.2010 Russia: AFI Develolment announces projects
AFI Development PLC, a leading real estate company focused on developing property in Russia and the CIS, has today announced a number of recent developments in its business plan for 2010 that reflects its objective to enhance the construction activities and to continue the development of its main projects.
The Company's Board of Directors approved on 18 January 2010 the following amendments to the Company's business plan for 2010:
I. Mall of Russia
The Company has reached a preliminary understanding with the City of Moscow, according to which it is expected to complete the public infrastructure works immediately adjacent to the Mall of Russia project on behalf of the City of Moscow, in consideration for which the City of Moscow is expected to offset the related costs against the City's share in the Mall of Russia project. As a result and after careful consideration by the Board of the volume of works required to complete the public infrastructure elements and the current status of construction works, the Company has updated the expected completion to September-October 2010. Leasing activity at the Mall of Russia continues to progress, reflecting improving demand from the Russian retail sector. Around 40% of the Gross Lettable Area is now fully pre-let and an additional 30% to 35% is covered by non-binding letters of intent and memoranda of understanding. Recent new tenants have included X5, the leading Russian supermarket chain, taking up circa 2,400 sq. m, and the Company believes that demand for retail space will strengthen in 2010.
II. Construction work at Tverskaya, Ozerkovskaya, Paveletskaya and Kalinina projects
Following the Company's announcement of 17 November 2009 concerning the possible commencement of construction works at the Ozerkovskaya Embankment project (Phase III) and the Paveletskaya project, the Board has decided to resume these works. These projects are expected to be completed in the first half of 2011. Resuming the works at the Ozerkovskaya Embankment Project (Phase III) remains subject to securing favourable bank financing. The Company continues the engineering works on the Tverskaya underground shopping mall project, according to the Company's business plan. The Company has further secured financing for its Kalinina hotel project in Zheleznovodsk (Caucasus Mineral Springs area in Southern Russia) from Sberbank through a Russian Ruble loan for a total amount equivalent to US$20 million at an effective interest rate of circa 9.25%. The Board has also decided to reactivate construction works at this project, which is financed to completion through the Sberbank loan. Completion of this project is expected in the first half of 2011. The Kalinina project complements the Company's existing developments in the region, including the operating Plaza Spa Hotel in Kislovodsk. (source: *AFI*)

Real Estate Deals

31.01.2010 The Netherlands/France: Corio sold a retail building and an office building in France
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25.01.2010 U.K.: Max Property Group: Acquisition of office portfolio
Max Property Group Plc ("Max") today announces it has exchanged contracts for the acquisition of ten office investments from UBS Triton Property Fund (UBS Triton) for £36.5m plus acquisition costs. The transaction is structured as an unconditional purchase of nine freehold and one peppercorn leasehold investments for a contract price of £35.6m with completion on 5 February, 2010 and the purchase of one freehold property at Farnborough for £900,000 conditional on confirmation of planning consent for unrestricted office use within a four months long stop date. The vendor is placing £5.9m in an escrow account which can by drawn by Max against irrecoverable outgoings in respect of vacant accommodation up to the end of 2012. The properties are typically late 1980s air conditioned business parks predominantly located in the South East. Triton has been carrying out a rolling refurbishment programme with over two thirds of the vacant space now refurbished. The 760,000 sqft portfolio produces a rent roll of £5.0m pa and is 46% vacant by floor area, with a rental value on the vacant space of circa £3.5m pa. The net initial yield on the transaction is 12.7%. The individual assets are: 1. Concorde Business Park, Manchester (125,000 sqft in five buildings; peppercorn leasehold 105 years unexpired) 2. Brooklands Business Campus, Horsham (116,000 sqft in two buildings with consent for a further 100,000 sqft) 3. Centric MK, Milton Keynes (107,000 sqft) 4. Westpoint, Manchester (104,000 sqft) 5. Silbury Court, Milton Keynes (77,000 sqft) 6. 3500-3700 Solent Business Park, Fareham (71,000 sqft in three buildings) 7. Overbridge Square, Newbury (66,000 sqft in five buildings)8. New Bond House, Bristol (47,000 sqft) 9. Aldrin Place, Farnborough (25,000 sqft) 10. Workplace, Milton Keynes (27,000sqft) The total cash requirement for the acquisition is expected to be £38.9m, to be met from the Group's cash resources. (source: *MaxProperty*)

22.01.2010 Germany/France/U.K.: pbb Deutsche Pfandbriefbank concludes investment financing of € 74.5 million for a logistics portfolio in France and the U.K. for ProLogis European Properties
pbb Deutsche Pfandbriefbank has completed a new financing facility with ProLogis European Properties for € 74.5 million. The transaction was signed on 22 December 2009 and funded on 20 January 2010. The refinancing is for a portfolio of 10 prime distribution centres in France and the U.K., all of which are fully leased to international tenants, predominantly logistics and pharmaceutical companies. All centres are located in strategic distribution locations. (source: *HRE*)

20.01.2010: IVG letting success: good start into the new year
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Real Estate Company Profile

Max Property Group

Max Property Group Plc is a Jersey incorporated closed-ended real estate investment company. The company has an experienced Board, chaired by Aubrey Adams, and is externally managed by Prestbury Investments, which is owned and managed by a team led by Nick Leslau and Mike Brown.
The Management Team, comprising Nick Leslau, Mike Brown, Sandy Gumm and Tim Evans, has a long and successful track record of creating value for shareholders throughout the economic cycle by investing in and managing properties in a wide range of real estate asset classes in the UK.
The company's strategy is to exploit the current cyclical weakness in the UK real estate market through opportunistic investment and active management with a view to realising cash returns for shareholders over an investment cycle of approximately seven and half years from listing on 27 May 2009.
The company will invest in assets over a five-year period. After the end of those five years it will not seek new acquisitions and it will manage and realise its assets with a view to making a final return to shareholders over an investment cycle which, depending on prevailing market conditions, is anticipated to be seven and a half years from May 2009.

Strategy: The company's strategy is to exploit the current cyclical weakness in the real estate market, in particular through opportunistic acquisitions, active asset management and judicious use of non-recourse finance to enhance shareholder returns. The focus will be on UK real estate assets and the intention is to seek out investments wherever and in whatever asset class the directors consider the best opportunities lie without specific restrictions on the size of a single investment, exposure to a specific asset class, or a particular type of tenant or geographical area. (source: *MaxProperty*)

Financial Highlights:

- £211.4m net of expenses raised on 27 May, 2009 upon listing on AIM and CISX
- Maiden acquisition – Industrious portfolio:
- Seven properties acquired prior to 30 September for £12.9m including costs
- Balance of portfolio acquired for £231.2m including costs on 7 October – unconditional on 25 August, and included in the accounts as acquired on that date.
- Two properties sold in the period for £20.5m and a third property sold after the period end for £2.7m
- £113m of pro forma uncommitted cash post acquisition
- Pro forma net debt post acquisition of £14.4m

NAV per share* 103p (source: *MaxProperty*)

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Real Estate Company Profile

Max Property Group

News

25.01.2010 U.K.: Max Property Group: Recent Acquisition

Triton Office Portfolio
• £36.5m purchase price; £38.9m gross
• Ten office investments – mainly late 1980s air conditioned
• Nine freeholds; one 105 year peppercorn leasehold
• 61% South East, 33% Manchester, 6% Bristol
• 760,000 sqft in 21 buildings
• Multilet to 48 tenants typically on 5 year leases
• 46% vacant by floor area, 70% of which is refurbished
• Rents passing £5.0m (12psf). ERV of vacant space c. £3.5m
• £5.9m from vendor in escrow to be drawn against irrecoverables for three years
• 12.7% initial yield
• £50psf capital value
• Theoretical yield on letting up voids 20% (including refurbishment capex)
• Reinstatement cost £180m (source: *MaxProperty*)

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