EUROPEAN REAL ESTATE INFORMATION SYSTEM

NEWSLETTER

WWW.P1-INFO.COM

ISSN 1867-8467 / price: 9,90 € p. issue



## The EREIS - Newsletter

The EREIS - Newsletter is part of the online portal EUROPEAN REAL ESTATE INFORMATION SYSTEM (www.p1-info.com). It is regularily 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

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## Editorial

What about Turkey? How did the country manage the global crisis? It is not unimportant to focus this expanding economy. Turkey has not only the megacity Istanbul (10 millions inhabitants), but also four other metropoles (Ankara: 3,3 million, Izmir: 2,3 million, Bursa: 1,2 million, Adana: 1,1 million) and further big cities (e.g. Gaziantep, Konya, Antalya, Diyarbakir, Mersin, Kayseri).
According to a study of PWC and ULI, Istanbul is number five in new real estate purchases and rank seven in Europe for existing investment performance. In development expectations the city is even number one in Europe, followed by Hamburg, Warsaw, London and Zurich. Purchases in the real estate sector had only been more in Munich, Hamburg and Paris.
But as already said, Turkey is not just Istanbul, even if the city has a lot of potential with its young population. Other big cities are also developing very well. The tourist branch is very stable , especially on the coasts, were hotel and residential investments are still profitable, but also retail and office, at least in the big cities.
Besides, Turkish economy recovered far better than some of the European economies, which partly still don't manage the effects of the crunch very well. (chief-editor: Dr. Roger Schöntag)

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## Real Estate News

**15.03.2010 Germany/Bulgaria: Serdika Center in Sofia celebrates its opening**
The biggest and most modern shopping center of Bulgaria houses more than 210 shops – Unique architecture and highest quality standard – 98 % of the shops leased out After a construction period of roughly two years one of the biggest shopping centers in South-Eastern Europe, the Serdika Center in Sofia, opens its doors. The state-of-the-art shopping center has been realized by Sparkassen Immobilien AG, which is listed on the Viennese stock exchange, and ECE Projektmanagement, European market leader with 45 years of experience in the field of inner-city shopping centers. Serdika Center comprises more than 51,000 square meters of leasable space on three levels and about 30,000 square meters of Class A office space, which will be opened for operation by the end of 2010. Around 210 shops of international and Bulgarian brands offer a huge variety of latest fashion trends, international and local cuisine as well as a wide range of services. The total investment amounts to EUR 210m. (source: *ECE*)

**15.03.2010 U.K.: Atrium: Final results for the full year and fourth quarter 2009**
Atrium European Real Estate (ATX/EURONEXT: ATRS), one of the leading real estate companies focused on shopping centre investment, management and development in Central and Eastern Europe, announces its results for the twelve months and fourth quarter ended 31 December 2009.
**Financial highlights:**

- Net cash from operating activities grew 111% to €64.7 million (December 2008: €30.6 million)
- Operating margin improved to 81.47% over the year compared to 70.95% for 2008, reflecting the significant progress made by the Group's operational efficiency programme
- EBITDA excluding property revaluation and exceptional items increased by 132.8%, or €51.9 million, to €90.9 million (December 2008: €39.1 million, June 2009: €39.7 million)
- Standing investments remained stable for the fourth quarter, but with a slight increase in valuation of €1.1 million to €1.48 billion (December 2008: €1.64 billion), following a devaluation of €272.7 million over the first nine months of 2009
- EPRA NAV and Triple NAV ("NNNAV") per ordinary share were €5.78 (2008: €10.56) and €5.86 (2008: (11.74), respectively
- Net asset value ("NAV") per share was €5.81 (June 2009: €8.97, December 2008; €10.66), impacted by the 155.2 million shares issued during the year
- Gross rental income increased by 10.86% to €148.8 million (December 2008: €134.2 million, June 2009: €74.6 million) while net rental income grew by 27.3% to €121.3 million (December 2008: €95.3 million, June 2009: €58.8 million), as a result of ongoing operational efficiencies over the year
- - Like-for-like net rental income increased by 4.5% to €98.6 million (December 2008: €94.4 million, June 2009: €49.8 million), again showing the benefits of improved efficiencies when compared to like forlike gross rental income which decreased 9.3% to €112.3 million (December 2008: €123.8 million, June 2009: €58.1 million)
- Cash balance of €610.7 million (September 2009: €814.1 million; December 2008: €1.25 billion)
- Borrowings decreased to €658.8 million (December 2008: €1.51 billion, September 2009: €1.07 billion).
- Loss before taxation amounted to €486.6 million (December 2008: €924.4 million), with a loss per share after taxation of €1.83 (December 2008: loss of €3.95)
- Special dividend of €0.50 per ordinary share paid in December 2009
- Initiation of a dividend policy of €0.12 per ordinary share per year, paid quarterly, with €0.03 paid in December 2009
- The Company will pay a €0.03 quarterly dividend on 31 March 2010, with an ex date of 22 March and a record date of 24 March. (source: *Atrium*)

**12.03.2010 Germany: IVG with significantly improved operating result despite year of crises**
According to preliminary, unaudited figures, IVG Immobilien AG recorded a Consolidated Net Loss of € 158.0 million in its profit and loss account for the year 2009. This is a substantial upward trend compared with the previous year's loss of € 451.7 million and reflects the first results of the restructuring programme initiated in 2009. Consolidated Net Loss of €158 million, however operating profit (EBIT) of € 64 million after unrealised changes in value with a significant improvement relative to the previous year. Further value adjustments for portfolio properties and development projects in 4Q09; Six future caverns successfully let; Adjusted NAV stabilised at € 9.95 per share; loan-to-value ratio remains at 68 per cent; Significant cost reduction already achieved; Restructuring process continues to be well on track (source: *IVG*)

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15.03.2010 **Issue 03/2010-I** 

**11.03.2010 Sweden: Skanska starts second phase of office project Bassängkajen in Malmö, investing SEK 215 M**
Skanska invests around SEK 215 M in the second phase of the office project Bassängkajen on Universitetsholmen in Malmö, Sweden. This phase comprises about 7,800 square meters of modern and energy efficient office premises in seven floors with an underground garage beneath. The new building will be completed during first quarter 2012 and will then conclude the office project Bassängkajen. (source: *Skanska*)

**09.03.2010 Germany: WestImmo wins CEE Real Estate Quality Award for Banking & Financial Services 2009**
Westdeutsche ImmobilienBank AG (WestImmo) is proud to have won the CEE Quality Award in the "CEE Real Estate Banking & Financial Services" category. The award was handed over at the 7th CEE Real Estate Quality Award Gala in Warsaw. A total of ten national and international competitors had been nominated in this category. The jury comprised 24 representatives of international businesses, including law firms, brokers, investors and project developers, all of whom have been involved in the various categories for many years and have considerable expertise in the relevant fields. Claus-Jürgen Cohausz, member of the Managing Board, emphasised: "This award is further recognition of the success of WestImmo in the CEE region. Both the staff in our Warsaw and Prague offices and the staff in Mainz have worked very hard this last year and are delighted to have now won this award. We would, of course, particularly like to thank our customers and partners for the trust and partnership we have enjoyed. This success would never have been possible without them." WestImmo is one of the leading commercial real estate finance providers in Germany and enjoys a strong presence in western, central and eastern Europe as well as North America and Asia. Its customers include institutional investors, global developers, real estate corporates and small and medium-sized businesses. In 2009 WestImmo provided its customers with funding totalling more than €6 billion. (source: *Westimmo*)

**08.03.2010 The Netherlands/Germany: MULTI DEVELOPMENT'S CENTRUM GALERIE, DRESDEN WINS THE BREEAM INTERNATIONAL SUSTAINABILITY AWARD**
During Ecobuild, the world's biggest and most important event for sustainable design, construction and the built environment, in London on Wednesday March 3, Mr. Arco Rehorst, Technical Director and Chairman of the Sustainability Committee of Multi Development was presented with BREEAM's 2010 International award for Centrum Galerie Dresden. Carol Atkinson, Chief Executive and Martin Townsend, Director of BRE Global, awarded Centrum Galerie Dresden as being the first building in Germany – and the first shopping mall in continental Europe – to receive BREEAM Excellent. The centre combines international retail stores, restaurants, a day-care centre and multi-storey car park, with highly attractive architecture and outstanding sustainability credentials. Careful use of resources and optimal energy and space consumption has been critical to the project since planning began in 2006. (source: *Multi*)

**04.03.2010 U.K.: British Land Appoints Head of Retail**
British Land today announces a change to the responsibilities within its senior management team. Charles Maudsley, currently Executive Director for Business Expansion will assume responsibility for the Group's £5.3 billion Retail business in the UK and Europe. He retains his business expansion role. In addition, Ben Grose, who has been with British Land since 2005, has been appointed Head of Retail Asset Management, reporting to Charles. Other executive responsibilities are unchanged. Tim Roberts continues to be responsible for managing British Land's £2.5 billion office portfolio as well as for office investment and development. Steve Smith, in his role as Chief Investment Officer, is principally responsible for maximising the Group's capital returns and chairs the Investment Committee. (source: *British Land*)

**03.03.2010 USA: Hines Receives Top Award from EPA**
Hines, the international real estate firm, announced today that it has been recognized by the U.S. Environmental Protection Agency (EPA) with the 2010 ENERGY STAR® Sustained Excellence Award in recognition of continued leadership in protecting the environment through energy efficiency. Hines will be recognized at an awards ceremony in Washington, D.C., on March 18. This is the sixth time Hines has been recognized by the EPA as a Partner of the Year and the third time Hines has received the Sustained Excellence Award. Hines' portfolio of ENERGY STAR buildings consists of 147 facilities and more than 75 million square feet. With a weighted-average performance rating of 88 (38 points higher than the national average), the portfolio is 41.5 percent more energy efficient than the national average. This translates into a savings of $1.35 per-square-foot per year, as well as estimated annual greenhouse gas reductions equivalent to removing 100,000 automobiles from the road. Hines is also a leading developer in the EPA's Designed to Earn the ENERGY STAR program, which recognizes buildings designed to achieve superior results in energy efficiency. Twelve Hines projects have earned this designation. (source: *Hines*)

ISSN 1867-8467 / price: 9,90 € p. issue
15.03.2010 **Issue 03/2010-I** page 4

# Real Estate Deals

**15.03.2010 Germany: Helaba finances two shopping centers in Flensburg and Saarbrücken for Captiva Capital Partners**
Helaba is financing two shopping centres in Flensburg and Saarbrücken in an amount of EUR 96 m for the special purpose companies of the fund Captiva Capital Partners III. This closed-end real estate fund for institutional investors focuses on commercial property in Germany, France, Italy and Spain. All the funds of the Captiva family are managed by Natixis Capital Partners. In this transaction, Helaba is acting as agent and underwriter through the Real Estate Financing unit Germany, Northwest Region. The properties are the Fördepark in Flensburg and the Saarbasar in Saarbrücken. The Fördepark, located south of the town of Flensburg, has convenient transport connections and comprises a lettable floor area of around 48,000 m² and 2,400 parking spaces. The Saarbasar, with about 35,000 m² of lettable space and 1,500 parking spaces, is situated in the east of Saarbrücken with direct transport links to the city centre. Both properties were sold in the framework of a "sale & lease back" and have been leased back long-term by the Metro group. (source: *Helaba*)

**12.03.2010 U.K./Switzerland: Schroder Italian Property Fund 2 Completes First Acquisition**
Schroder Property Investment Management Italy together with Duemme SGR is pleased to announce the completion of its first acquisition for Schroder Italian Property Fund 2. The acquisition is a modern office building of some 12,300 sqm located in San Donato, Milan. The property, which was acquired from the listed real estate fund 'Valore Immobiliare Globale' managed by RREEF Fondimmobiliari SGR S.p.A, was built in 2005 and is fully let to major corporate tenants. Agents Cushman & Wakefield and the law firm DLA Piper acted on behalf of the purchaser in this transaction. Marina Bottero, Head of Fund Management Italy, commented: "We have been patient in entering the market after the first closing. However, we now consider it the right time to begin making acquisitions. We are now ready to invest approximately €450 million in retail, office and logistics properties in Italy. This amount could increase if we have a second closing scheduled for later this year." (source: *Schroder*)

**08.03.2010 Germany/U.K.: £82,600,000 Financing of the Bentall Centre, Kingston**
WestImmo has advanced an £82,600,000 loan to support Meyer Bergman's purchase of a 50% interest in the prestigious Bentall Centre, Kingston from Aviva Investors.The Bentall Centre is the prime retail destination in Kingston. It is anchored by the Bentall department store and home to other leading brands such as Apple, H & M and Zara. The Centre opened in 1992 and comprises 90 retail units providing in excess of 660,000 square feet over four trading levels. The funding was arranged, structured and underwritten by WestImmo. The funding structure is particularly innovative: having been structured to ensure that the loan is eligible for pfandbrief, the German covered bond market, notwithstanding that it finances a 50%, rather than 100%, interest in the property. The funding has also been structured to enable WestImmo to split the loan into senior and junior tranches and so consider a range of syndication options should it decide to sell down some of the loan. Meyer Bergman was advised by Jones Day. (source: *Westimmo*)

**05.03.2010 Germany/Japan: WestImmo finances shopping mall in Japan for SEB Asian Property Fund**
Westdeutsche ImmobilienBank AG (WestImmo) is the arranger and agent financing the acquisition of the Aeon Mall Chiba New Town in Inzai City. The loan, of JPY 7,215,000,000 (55.5 Mio €), has a term of three years. The buyer and borrower is SEB Asian Property Fund SICAV-FIS, an open-ended real estate fund under Luxembourg law that was launched in August 2007. Finance is being provided for two buildings with a lettable surface area of 10,134 tsubo (33,506m²). The shopping mall comprises 127 shops and restaurants, a cinema, an arcade centre and a fitness studio. The two buildings will also offer 2,019 parking spaces. The Aeon Mall was completed in 2006 and comprises four buildings. It is located near the local railway station in Chiba New Town, halfway between Tokyo station and Narita Airport, the international airport for the greater Tokyo area. With 53 shopping malls, Aeon Co., Ltd. is the second largest retail company in Japan. (source: *Westimmo*)

**02.03.2010 Norway: Norwegian Property extends lease contract with Total in Stavanger**
Norwegian Property has agreed with Total E&P Norway AS to extend the existing lease contract for Finnestadveien 44 in Stavanger until 31.12.2021. The lease contract includes total office space of 22 032 m2, and the agreed annual rent is in excess of NOK 30 million, valid as from 1st of January 2010. The annual rent is adjusted annually by 2.5 percent. The extension is agreed based upon "as-is" terms, i.e. no investment obligations for the lessor. (source: *NPRO*)

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## Real Estate Company Profile

### Conwert

**Conwert Immobilien** (Real Estate) Invest SE is a Central European residential property company and is the leading company in Vienna developing older residential properties. Having originated in Austria, today conwert is also present in Germany, the Czech Republic, Hungary and Slovakia. conwert company invests in high quality, inner-city residential properties with development potential. conwert's property portfolio comprises 1,752 properties with a total usable space of more than 2,018,254 sqm. The total value amounts to EUR 2.52 billion. conwert is listed in the prime market of the Vienna Stock Exchange.
**The strategy** of conwert Immobilien Invest SE is designed to realise a sustainable increase in both the worth of the company and shareholder value. conwert follows a clearly defined corporate positioning with a focus on residential properties – in particular, high-quality older residential properties at inner city locations in Central Europe. As a fully integrated European residential property group, conwert generates income from the rental and sale of investment properties as well as from the provision of management and other property-related services.
**The focus** of property investments is on high-quality residential properties. The goal of the group’s investment strategy is to generate an attractive internal rate of return (IRR) over the mid-term by increasing rental income and/or realising value growth through the sale of properties.
**Business Segments**
In the residential properties segment, it specialises in four business segments:

- Letting & development of older residential properties
- Sale of flats and buildings
- Letting of newly constructed residential properties
- Temporary Housing (source: *conwert*)

**Annual Report 2009**
The selling activities were offset by acquisitions and investments in the portfolio amounting to EUR 290.5 million. As a company with a good credit rating, conwert is able to refinance the new acquisitions at attractive conditions. In the service sector, conwert tapped the intended internal synergies. More than 2,000 units that had previously been managed externally were transferred to conwert’s own property management. At the same time, conwert restructured third-party business, especially in Germany. Conwert gave up unprofitable privatisation mandates and replaced them by profitable asset management mandates, above all in the fund segment. Conwert used our resources optimally. Based on the cost optimisation and efficiency enhancement programme implemented at the beginning of the year, the cost/revenue relation was reduced from 16% in the year 2008 to less than 12% in 2009.
Based on this strong operating development revenues increased to EUR 560.1 million (+43%) and EBITDA to EUR 105.0 million (+11%). Funds from operations (FFO) rose by 35% and reached a record EUR 72.6 million, a double-digit return on the equity of conwert valued on the stock exchange. Conwert is going into the year 2010 with confidence. Conwert expects a stable development again for conwert’s residential property markets in 2010. In good inner city locations the positive trend will continue because strong demand for residential properties by private investors will persist due to low interest rates and the prevailing fear of rising infl ation. With a high-quality property portfolio conwert is able to serve this demand both in the tenant and the buyer market. In 2010 conwert will increase its presence on the acquisition side compared with 2009. On the one hand, conwert benefit from the normalisation of the credit market, on the other hand from the financial strength and the broad access to different financing sources. This way conwert can take advantage of opportunities which are not open to other market participants. (source: *conwert*)

## Real Estate Company Profile

### Conwert

### News

**Austria: conwert: record revenues and clearly positive result enable dividend payout for the financial year 2009**
conwert Immobilien Invest SE (Vienna Stock Exchange: CWI, Reuters: CONW.VI, Bloomberg: CWI AV) recorded a strong operating development in the financial year 2009: Massive growth in the sales and rental business led to record levels of revenues (+43% to EUR 560.1 million), earnings before interest, taxes, depreciation and amortisation (EBITDA: +11% to EUR 105.0 million) and cash earnings (FFO: +35% to EUR 72.6 million). The operating result (EBIT) rose by 35% to EUR 94.9 million. Profit for the year, at EUR 23.8 million, was clearly positive. Based on these good results, a dividend will be paid for the year 2009. The dividend proposed to the Annual General Meeting amounts to EUR 0.25 per share. conwert was able to take advantage of the booming demand for residential properties in 2009 and significantly raised the proceeds on the sale of properties and rental income. Rental income rose by 3% due to successful new lettings in the property portfolio (without new acquisitions). At the same time, vacancies were reduced from 20% in the previous year to 17%. In the sales business theannual target was clearly exceeded and record proceeds on the sale of properties were realised. At the same time, conwert increasingly purchased properties again, especially in the second half of 2009. In the property service segment important third-party mandates were won in 2009. alt+kelber for example, conwert's subsidiary in Germany, was commissioned to manage a closed-end residential property fund of the fund company DWS. In addition to expanding operating business, conwert also successfully completed a programme designed to cut costs and increase efficiency in 2009. The cost/revenue relation was reduced from 16% in the previous year to less than 12%. At the same time, the integration of conwert's German property portfolio into the property management of alt+kelber was consistently continued. Overall, a total of 11,500 units previously managed externally have been integrated into the company's own property management to date. Revenues increased by 43% from EUR 391.1 million to EUR 560.1 million in the financial year 2009 due to the strong development in the letting and sales business. Rental income was up 10% on the previous year and amounted to EUR 162.3 million, which was primarily attributable to increased rents for new lettings in Austria and the reduction of vacancies in Germany. The organic growth of rental income is also documented by a 3% increase on the basis of an unchanged property portfolio (like-for-like). In the sales segment conwert benefited from strong demand by investors for freehold flats and apartment buildings. Proceeds on the sale of properties increased by 78% to EUR 361.3 million in comparison to the previous year, thus clearly exceeding the target, which was originally set at EUR 200 million and later increased to EUR 300 million. A double-digit IFRS profit margin of 10% and a cash profit margin of 15% were again realised. In the difficult climate of the year 2009, service revenues proved to be a stable success factor. As a result of concluding new mandates for external customers, roughly 52% or EUR 36.6 million of the total service revenues were generated in third-party business. (source: *conwert*)

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**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).