

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

Still 6 out of 24 open-ended real estate funds are closed and Germany's investors fear massive losses. About nine billion Euro are bound to these funds, to which its investors don't have any access. The global economic crisis still dominates the property market and the sometimes high vacancy rate in office towers and retail units, because of companies reducing their capacities or becoming bankrupt, is actually a big problem. The risk for the investors to lose all their money seems relatively low, but a devaluation of their shares is more than possible, as measurements for restructuring the funds won't be easy. The properties, which are held by the funds obviously could only be sold under book value, which is of course not the best option and on the other side the profitability of the objects may hardly rise under the present circumstances. New investment is also not really a possibility, as interest rates are rather high at the moment which presupposes an absolute top investment, or in other words an object which amortizes itself and promises to cover some of the losses of the other properties - something really hard to find on the actual market. Besides hope for a recovering economic situation, it may be best to restructure some of the values on the side of the funds and to hold the investment on the side of the investors.
(chief-editor: Dr. Roger Schöntag)



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Real Estate News

15.04.2010 Germany: IVG with strong rental success

Despite the difficult situation on the property markets, a slight improvement on employment markets has led to numerous rental contracts for IVG. Eight of the larger contracts are listed below.

5,800 m² in Paris

Here, ALMA rented 5,800 m² in Front Office 92. The newly concluded rental contract runs until the end of July 2019. BNP Paribas Real Estate was the advisor. Front Office 92 consists of three wings with a total of 23,470 m² office space on 9 storeys with an underground garage, between the Seine and the city in a newly created district in Asnières. It is an environmentally friendly building (HQE - High Quality for Environment - standard certified) with good local public transport links and 20 minutes by car from Charles de Gaulle airport.

8,770 m² in London

At this location IVG, assisted by Montagu Evans, restructured an existing rental contract covering approximately 8,770 m² at EuroSelect 8 in Victoria between the Houses of Parliament and Westminster (1 Neathouse Place) for its closed-end property fund. The contract aroused considerable interest in professional circles in London, as the tenant – a multinational commodities company – waived a termination clause. The risk of vacancy was thus avoided and income was ensured for the remaining rental period of approximately 8 years. The building has won numerous architectural and design prizes and is fully let, with 2,000 m² leased by retail companies.

17,580 m² in Berlin

As already reported, IVG has extended the rental contract with Universal Music Entertainment GmbH in the listed and converted Eierkühlhaus (egg cold storage depot) near the Oberbaumbrücke, covering 17,580 m², by 10 years to the end of 2019. The leading music company has three options at 5 years each. CB Richard Ellis was the advisor for Universal Music, with Jones Lang LaSalle acting for IVG.

2,350 m² in Luton

With the help of Savills & Bray Fox Smith, IVG Asset Management leased two rental contracts totalling 2,350 m² in Capability Green for its Institutional Funds. Shortly before this, IVG Asset Management had concluded a contract for 2,500 m² in the same building. This means that two thirds of the 8,000 m² building are now let. It is located off Junction 10a of the M1 in the direction of Luton Airport, north of London.

1,420 m² in Brunnthal

At the Eugen Sänger Ring, the technology location in Brunnthal, south of Munich, IVG extended a rental contract for 1,420 m² with Securetec Detektions-Systeme AG until April 2015.

1,280 m² in Stuttgart

Here, assisted by Colliers, Bräutigam & Krämer, IVG leased 1,280 m² of office space on Reinsburgstrasse (directly next to the Karlshöhe) to the state media authority until October 2015.

1,280 m² in Neuss

In the Forum 1 logistics centre, with excellent motorway links, IVG leased 1,280 m² of office, hall and storage space to Swedex GmbH Industrieprodukte until August 2016 for its Institutional Funds. BNP/SIC acted as advisors for the new contract.

1,000 m² in Frankfurt

In "Frankfurt Central", directly by the main railway station, 890 m² of a total 10,000 m² usable floor space was leased to Hessische Landesbahn in the building fitted out according to environmental criteria, as well as 100 m² to a gourmet delicatessen. As already reported, 6,900 m² were previously let to Universal Investment. (source: IVG)

15.04.2010 Germany: WestImmo strongly increases operating income, new business grows to 6.2 billion €, good earnings performance also expected for 2010

Westdeutsche ImmobilienBank AG (WestImmo) underlines its special position in the commercial property finance market with the presentation of its 2009 annual results. The bank has generated profits continually in recent years, particularly throughout the period of the economic and financial market crisis. This is also the case for 2009. In the year which was overshadowed by the global economic crisis, WestImmo achieved a consolidated IFRS surplus for the year of about 83.4 million € (previous year 96.7 million €). Operationally, the WestImmo business model proved particularly sustainable and future-proof. The bank's interest income achieved growth in double figures to 198.7 million € (previous year 179.1 million €). Commission income rose to 32.4 million € (previous year 25.9 million €), an increase of 25%. The determining factor here was that WestImmo has increasingly assumed the arranger and agent functions in the syndicate business. The bank placed a total of around 1.5 billion € of an arrangement volume of 2.6 billion € with bank partners, giving it top position among the syndicating banks in Europe. The bank's operating profit reached a record high after several years' continuous growth at approximately 147.7 million € (previous year 141.8 million €). (source: Westimmo)

12.04.2010 Germany: Morschbach to leave HRE Group

Dr. Marcel Morschbach, who was a Member of the Management Board at DEPFA Deutsche Pfandbriefbank AG until its merger with Hypo Real Estate Bank on 28 June 2009, left the bank of his own accord on 31 March 2010. Originally part of the DEPFA-Group, the DEPFA Deutsche Pfandbriefbank AG became part of the HRE Group following the merger in 2007. Dr. Marcel Morschbach joined the DEPFA-Group in the year 2000, where he held various positions within the company. He served as a Member of the Management Board at DEPFA Deutsche Pfandbriefbank AG from 2002 to 2005, and again from 2008 onwards. In this role he was responsible for Public Sector Client Business, Treasury, Human Resources and the Legal Department. The bank thanks Dr. Marcel Morschbach for his successful work and his significant commitment in dealing with the crisis and wishes him all the very best for the future. (source: *HRE*)

09.04.2010 Spain/France: NEINVER, GRANTED THREE MAGDUS 2010 AWARDS IN FRANCE

NEINVER, the second largest factory outlet operator in Europe with eleven outlet centres and over 1,000 stores, was granted three MAGDUS 2010 awards during the 4th European Conference of the European Factory Outlet Centres Observatory (MAGDUS) held in Troyes, France. The company was honoured as 'Manager of the Year'. NEINVER manages, in five European countries, factory outlet centres with 222,900 square metres of gross leasable area (sqm of GLA). Being leader in Spain, Portugal, Poland and Germany and the second one across Europe allows the company to provide operators comprehensive management and presence in key European markets. Its project, 'Honfleur The Style Outlets', with 18,000 sqm of GLA, 100 units and approximately 1,000 parking spaces, developed with MAB Development, received the 'Best Project' award in the European category. This is another step towards NEINVER's European leadership as manager of factory outlet centres, following its recent entry in the French market. The company also received the 'Best Promotion Activity' award for 'The Style Outlets'. NEINVER has recently launched the new brand 'The Style Outlets' which unifies under a single brand the outlet centres managed by NEINVER in Germany, France, Italy and Portugal, with approximately 105,000 sqm of GLA and 500 stores. 'The Style Outlets' offers a different shopping experience in terms of style and target public diversity, where the customer can find their own personal, contemporary and inspiring style, in a modern environment with well-kept and quality finishes, with an attractive and diverse shopping and restaurant offer. (source: *Neinver*)

03.04.2010 USA/Germany: Hines' POSTQUARTIER in Germany Awarded LEED Gold Pre-Certification

The Stuttgart office of Hines, the international real estate firm, announced today that POSTQUARTIER has earned Gold pre-certification under the U.S. Green Building Council's LEED® for Core & Shell Rating System. POSTQUARTIER is positioned to be the first LEED certified property in Stuttgart and the first LEED certified redevelopment project in all of Germany. Originally constructed in 1927, POSTQUARTIER is a 285,243-square-foot, 11-story office building with retail on the first two floors. The property is owned by the Hines European Value Added Fund and is currently being redeveloped by Hines Germany with expected completion in late 2010. Located at the corner of Kronenstrasse and Thouretstrasse, the building will maintain much of its historical architectural interest, but will feature completely new interiors, new roof terraces and new mechanical systems. Other green features and programs include: the use of low-VOC materials, adhesives, paints and sealants; the use of certified woods; the use of regionally manufactured materials; the installation of water-efficient fixtures; the replacement of obsolete mechanical systems; and the installation of a green roof to reduce HVAC loads and manage storm water runoff. Hines Co-Managing Director of Germany Alexander Moell said, "The conversion of the 1920s building into POSTQUARTIER represents the transformation of an obsolete existing building into a high-performing one that competes with the best new product in the market. Furthermore, POSTQUARTIER reflects heightened sensitivity to tenant experience, occupant productivity and environmental integrity. Hines is excited to deliver Stuttgart's first LEED certified property." (source: *Hines*)

01.04.2010 The Netherlands: Corio appoints new CFO and COO

The Supervisory Board of Corio N.V. has the intention to appoint Mr. B.A. van der Klift as Chief Financial Officer (CFO) and Mrs. F.J. Zijlstra as Chief Operational Officer (COO), both will also become member of the Management Board of Corio after notification to the general meeting of shareholders (AGM) on 23 April 2010. During this AGM the current CFO of Corio, Mr. J.G. Haars will resign. The COO position is an addition to Corio's current Management Board. The Netherlands Authority for the Financial Markets (AFM) has vetted the intended appointments. Ben van der Klift and Francine Zijlstra will be appointed as from 1 May 2010 for a period of 4 years. To guarantee continuity and a seamless transfer of responsibility, Mr. Haars has agreed to act as an advisor of Corio until 1 May 2011 at the latest. (source: *Corio*)

Real Estate Deals

08.04.2010 Germany/France: SEB Asset Management acquires Cap de Paris office building

SEB Asset Management has acquired the Cap de Paris office building, which is located in the Montrouge district of Paris and is fully leased to French publishers La Martinière Groupe, for its SEB Europe REI open-ended real estate special fund. The lease, which runs from the beginning of March 2010, has a fixed term of six years. The eight-storey office building is located on the corner of Boulevard Romain Rolland / Avenue Aristide Briand and offers approximately 8,100 sqm of office space plus 173 parking spaces in a four-storey underground car park. The purchase price for the property including transaction costs amounted to approximately EUR 50.6 million. The seller is Pfizer, the pharmaceuticals group. The building is situated in a prominent location in the direct vicinity of the southern Boulevard Périphérique and benefits from direct links to the public transport system (metro line 4, tram line 3) – something that is extremely important in Paris – as well as to the regional and national motorway network (A4, A6 and A86). Montrouge, which directly adjoins the City of Paris and used to be heavily industrialised, has gained substantially in prestige in the last 20 years due to its attractive transport links and tax location. Home to around 46,000 residents and roughly 2,000 companies, Montrouge is now one of the most important office locations in the Ile de France region. The purchase brings the total number of markets in which the real estate special fund, which was launched in 2009, is invested to three, following its acquisition of properties in the United Kingdom and Austria. Additional investments are planned in the course of 2010 to increase country diversification. (source: *SEB*)

08.04.2010 U.K.: Completion of Acquisition 8th April 2010

Hansteen Holdings (LSE:HSTN), the investor in UK and continental European real estate, is pleased to announce that further to the General Meeting held on 1 April 2010, the Company has now completed the acquisition of an 861,010 sq m German industrial property portfolio from HBI S.à r.l. and HBI Delta Sub S.à r.l. for an effective acquisition cost of approximately €330 million (the "Acquisition"). Full details of the Acquisition were set out in the Company's circular to Shareholders dated 16 March 2010. Morgan Jones and Ian Watson, Joint Chief Executives of Hansteen said: "The acquisition of this German portfolio, coupled with a new five year loan on very beneficial terms, is a compelling opportunity for the Company. We plan to apply our active management skills in order to create significant added value to the portfolio." (source: *Hansteen*)

07.04.2010 Germany/Italy: IVG: major letting in Milan to Gruner & Jahr

In Milan IVG has let 3.100 sqm in an office building of one of its institutional funds to the publishing house Gruner & Jahr. The contract has a duration until the end of August 2019 – a renewal for further 6 years has been announced. The modernized building is located in Via Battistotti Sassi, only few minutes away by car from City Airport Linate and from City Center (Duomo Square). The new letting has been acquired by the international acting real estate consultancy Savills. (source: *IVG*)

06.04.2010 U.K.: NEW SIGNINGS FOR CARMARTHEN'S ST CATHERINE'S WALK DEVELOPMENT

Invista Real Estate and Simons Developments have secured four more tenants for their St Catherine's Walk shopping development, which is to open on 30 April 2010 in Carmarthen, Wales. Arcadia brands, Top Shop and Miss Selfridge, are taking an 11,000 sq ft, two-level store, which will be joined by Cotswold Outdoor, Costa Coffee and Vision Express, who all signed new deals recently. The new signings enhance the already strong line-up for the centre which will provide 245,000 sq ft of additional retail space for the historic market town. Carmarthen attracts around 800,000 tourists a year with a potential retail spend of £165.5 million. The new retail space will generate a 35 per cent increase in retail provision for the town. In addition to the latest deals, St Catherine's Walk has already attracted many of the UK's most popular retailers. The development will include an 87,000 sq ft anchor department store for Debenhams, a 17,000 sq ft store for New Look and a 13,000 sq ft store for Next. The leisure offer includes a 1,000 seat, Apollo cinema and signings for Pizza Express and Frankie & Benny's have also been secured. A 950-capacity car park will be provided with the new development. (source: *Invista*)

03.04.2010 U.K./The Netherlands: AEW Europe sells two retail units in Amersfoort

European Property Investors, L.P., a fund co-managed by AEW Europe and Tristan Capital Partners, has sold two retail warehouses in Amersfoort to a private investor. The asset located at Amsterdamseweg 45-47 has a total area of around 6,200 square metres and 55 parking places and is let to Monkey Town, Golftime, Kwantum Nederland, and Roobol Woontextiel. The second asset at Amsterdamseweg 49 comprises about 2,300 square metres and 57 parking places and is fully rented to BCC Elektro. EPI was closed to investors in 2004 after raising €769 million and the vehicle is now in its harvesting phase. Appellhoven Vastgoedadviseurs B.V. advised AEW Europe. (source: *AEW*)

Real Estate Company Profile

Valad

Valad Property Group is an active fund and "value-add" asset manager with an international network of local offices managing A\$9 billion of assets (as at 31/12/09). The core business is providing enhanced property returns to investors through value-adding activities. Valad's aim is to continue to build a sustainable property business by providing stakeholders with the "value-add" that underpins the Group's name and philosophy.

Portfolio

Valad has a diversified portfolio of properties throughout Australia, New Zealand, the UK and Europe. The focus is on commercial and industrial assets, although alternative asset classes such as self storage and retirement are a feature in some jurisdictions.

Development

The Development business acquires and develops properties to be traded on a proprietary basis as well as actively managing properties being warehoused for existing and future fund platforms. The bulk of the development business is done in joint venture with other parties. These business activities have been core to Valad since its inception, and whilst the acquisition of Scarborough has certainly increased the scale, activity, and number of property markets in which they operate - the simplicity and focus of the business model has remained consistent. The projects are diversified across the commercial, industrial and retail sectors but also includes a strong residential pipeline. The business focuses on executing value add active management of the properties in order to deliver enhanced returns. The property business is well resourced and well placed to identify and execute on a range of property transactions across the markets in which the Group operates.

Funds management

Valad Funds Management is a leading manager of property investment, repositioning, development and opportunity funds. Since 1995, the focus on providing the "value add" to generate superior returns to investors has resulted in steady growth of the investor relationships. With more than A\$9.2 billion (as at 30 June 2009) in assets under management within funds, they have developed a strong platform in Australia, New Zealand and the UK and Europe. Valad's co-investment approach is central to the investment philosophy and has been a major contributing factor to success. Being a cornerstone investor ensures that Valad's interests as the manager of these funds are in line with the outcomes for the investors. In addition, performance fees and executive remuneration are linked to asset and investor returns which ensures the fund managers and property executives are incentivised for success and further aligns Valad's interests with those of the investors.

Sales & Leasing

Valad does Sales & Leasing in the following countries: Australia, Czech Republic, Denmark, Finland, Germany, Hungary, Netherlands, New Zealand, Norway, Poland, Romania, Sweden, United Kingdom. (source: Valad)

Real Estate Company Profile

Valad

Valad countries



(source: Valad)

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