EUROPEAN REAL ESTATE INFORMATION SYSTEM

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The EREIS - Newsletter

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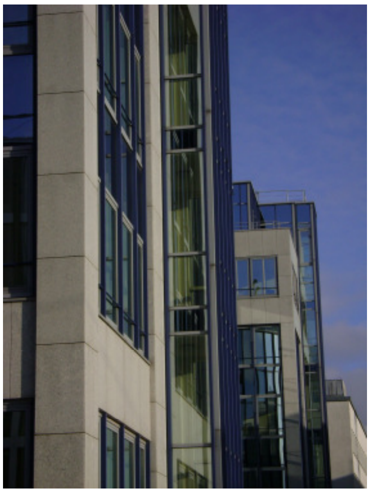
- Editorial (actual overview of the real estate market)
- Real Estate News & Deals
- Company profile & analysis
- Real Estate Job Center



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Editorial

As the real estate sector is about to undergo significant changes due to the financial crisis we can also observe a different situation on the job market. The jobs which have been cut or set free an enormous potential of human resources. The last years were marked by a strong emphasize on the investment and acquisition side, whereas nowadays the property stock has to be managed and maintained. Considering the actual situation we face a shift on the employment market to a predominantly need for manpower in the property management and the facility management sector.
The redistribution of the employments and equally the numerous dismissals bring about another phenomenon which directly interferes in the structure of the real estate market. The crisis effects are especially noticeable on the property markets in the big financial centres of Europe as London or Frankfurt, where due to the problems of the banks and other investment companies jobs are cut and as a result the once unrestrained acquired office space is set free again. More and more buildings are no longer fully let and the loss of the rental revenues contributes to the general downturn. Under these circumstances the value of the properties will much more depend on the maintenance of the objects. Therefore investment companies will be well-advised to set up a proper estate management to guarantee their profit. (chief editor: Dr. Roger Schöntag)

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Real Estate News

30.01.2009 Germany: IVG Funds successfully closes distribution of Luxemburg fund – 248 million euros fully placed

The IVG Funds division of IVG Immobilien AG has fully placed the closed-end real estate fund EuroSelect 16 The Square. Within six months, private investors subscribed to altogether 248 million euros including the premium. In July last year, IVG launched a fund for the first time in the scope of its EuroSelect series which invests in Luxemburg's attractive office property market. Georg Reul, Board member in charge of funds business: "Our placement success shows that private investors are very interested in investing in real estate in Europe, all the more so in financially difficult times. We are convinced that the demand for top-quality property in Europe will continue to grow in future. As a value investment with protection against inflation, real estate is the investment of choice. We will therefore offer more solid funds in the EuroSelect series in 2009." The property The Square is located in Kirchberg, a flourishing office center in Luxemburg City consisting of four independent office buildings which were constructed between 2002 and 2004. The architecture of the buildings is upscale and modern; their space can be used very flexibly, and the technical equipment is state-of-the-art. The property's rentable space amounts to approximately 54,000 sq.m. The Square is fully rented to tenants with excellent credit standing. Over 60 percent of the total rental area is occupied by Clearstream International S.A., a wholly-owned subsidiary of Deutsche Börse AG and one of the world's largest investment service providers. 28 percent of the rental space is rented jointly by the European Court of Justice and the European Court of Auditors, together comprising the second largest tenant. (source: *IVG*)

30.01.2009 The Netherlands: Nieuwe Steen realises excellent direct investment result and successfully enters the Swiss market

Nieuwe Steen Investments N.V. (NSI) closed the year with a direct result ofEl.40 per share. This is the best direct result realised by NSI since its incorporation in 1993. The direct result is distributed in full to shareholders in cash. The interim dividends distributed in the course of the year amounts to €1.05, therefore the final dividend comes to €0.35 per share. During the third quarter of 2008, the trend in recent years of rising real estate values turned into a decline. Over 2008 as a whole, the value of the real estate feil by €42.7m (2007: €23.6m positive). With the downward valuations in Q3 and Q4, the office portfolio is valued at a gross initial yield of 8.9%. The retail portfolio is vaiued at a gross initial yield of 7.2%. In December 2008, NSI extended an existing credit facility of€275m on attractive terms, whereby the refunding requirement has been fully met for 2009 and mostly for 2010. (source: *NieuweSteen*)

29.01.2009 Germany: Helaba strengthens its presence in real estate business through its offices in Berlin and Munich

Helaba Landesbank Hessen-Thüringen is opening real estate offices in Berlin and Munich in January and February. The decision to be directly present in these locations is part of the sales strategy in domestic real estate business and continues the strong expansion of business in the last few years. Johann Berger, responsible at Board level for real estate business sees also future potential in both investment centres: "As real estate financier, we have established ourselves in the Greater Berlin and Munich areas over many years. Against this backdrop, the next logical step was the reinforcement of our presence there. That we are able to do this amid a difficult market phase shows that the course of our strategy is correct and the path we are following promises sustained success." (source: *Helaba*)

26.01.2009 Germany: Speymill plc: Trading Update and Suspension of Trading of Shares

Further to an announcement that was made on 23rd December 2008 with regard to the expected final results for Speymill Contracts Limited ("Speymill Contracts") and for the Group, for the year ended 31st December 2008, the Board of Directors ("Board") wishes to provide a further update to the market. The worsening macroeconomic environment has further affected Speymill Contracts. The results of Speymill Contracts have now been impacted by additional client and sub-contractor administrations, combined with further margin slippage on other projects due to the current environment. The impact of these events, has led the Board to conclude that the Group will now realise a significant loss before tax and exceptional items, which has yet to be quantified, for the year ended 31 December 2008. Exceptional items will, as previously advised, include a charge to adjust the carrying value of goodwill relating to the Group's investment in Speymill Contracts and will also include a charge to recognise committed reorganisation costs in that company. (source: *Speymill*)

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21.01.2009 Germany: Allianz on the prowl for deals In an interview with Wall Street Journal Olivier Piani explains Allianz Real Estate's investment strategy
As many investors flee the troubled property market, the real-estate arm of Allianz SE, Europe's largest insurer, has embarked on an aggressive global push into the sector and could double its property assets over the next five years. In his first interview since taking the helm of Allianz Real Estate last September, President and Chief Executive Olivier Piani, 54 years old, says his job is to transform Allianz's fragmented real-estate business into a single, focused organization with global reach and a more diversified real-estate portfolio. Allianz's expansion has already begun. This week, Allianz plans to announce it has acquired a 50 percent stake in One Beacon Street in Boston, a 34-story office tower, for an undisclosed amount. The deal follows the purchase of a 25 percent stake in 1301 Avenue of the Americas in Manhattan in September for 110 million US-dollars. (source: *Allianz*)

21.01.2009 USA: Hilton Hotels Corporation Announces Plans to Relocate Global Headquarters from Beverly Hills to Washington, DC Area
Hilton Hotels Corporation (Hilton) today announced its intention to relocate its global headquarters from Beverly Hills, CA, to the greater Washington, DC metropolitan area. Locations in Maryland and Virginia are currently being considered. The move will occur during the third quarter of 2009. The decision to relocate the company's headquarters is part of Hilton's ongoing business reorganization and follows a thoughtful and rigorous review of Hilton's corporate operations and locations. Potential locations were evaluated against multiple criteria including costs, proximity to Hilton's US and international offices, and talent attraction and retention. (source: *Hilton*)

20.01.2009 Germany: German Financial Markets Stabilisation Fund ("SoFFin") extends the framework guarantee granted to Hypo Real Estate Group by an additional EUR 12 billion
The German Financial Markets Stabilisation Fund ("SoFFin") has extended its framework guarantee granted to Hypo Real Estate Group by an additional EUR 12 billion, bringing the aggregate guarantee amount to EUR 42 billion. Hypo Real Estate Bank AG, part of Hypo Real Estate Group, can use the additional guarantees to be issued by SoFFin to collateralise debt securities to be issued, which must be due for repayment by 12 June 2009 at the latest. Hypo Real Estate Bank AG will pay to SoFFin a pro-rata commitment commission of 0.1% on the undrawn portion of the framework guarantee, and a 0.5% p.a. fee on guarantees drawn upon. Negotiations between Hypo Real Estate and SoFFin regarding more extensive and longer-term liquidity and capital support measures for the Group have not yet been finalised. (source: *HRE*)

20.01.2009 U.K.: Land Securities - Third Quarter Interim Management Statement
Land Securities continues to focus on its near term priorities of balance sheet management and leasing in a market which experienced an accelerated deterioration in the last quarter. During the period between 30 September 2008 and the date of this announcement the company completed the sale of Trillium along with £213.8m of other assets. The cash generated from these disposals was largely used to pay down debt. The company made further progress on lettings in the period but this remains challenging in the current economic environment. Looking ahead, the company expects that the rate of deterioration in the market will ease, but the direction will continue to be negative. In light of this the company believes it is following the right strategy to maintain a resilient position through current conditions with a view to being ready to react quickly when the cycle turns. (source: *LandSecurities*)

19.01.2009 Germany: IVG Funds consolidates market leadership in the institutional funds business
In the course of the past year, the IVG Funds Division of IVG Immobilien AG has significantly improved its position in the German market in its business with institutional customers (e.g. insurance companies, pension funds) and has thus consolidated its position as the market leader. One indicator of this development has been the increase in assets under management (AUM) to more than € 12 billion currently (beginning of 2008: € 10.3 billion) and the increase in the number of management mandates from 31 to 37. As a result, IVG Institutional Funds will probably increase its market share in the past year in terms of assets under management – from approx. 28 per cent in the previous year to more than 31 per cent. The increase in assets under management is due – roughly in equal proportions – to the balance of purchases and sales made for the specialised funds under the management of IVG Institutional Funds (about 1bn €) and the new IVG Caverns Funds (about 850m €). Hence, the number of properties managed by the investment company has increased from less than 500 at the beginning of the year to 564 properties today. The increase in the number of mandates is due to three specialised fund mandates, two direct mandates and the management of a Luxembourg SICAV. Aside from the growth in the portfolio funds, the new mandates will also make a major contribution to the increases in assets under management in this year because the customers' investment strategy will be implemented step by step. In line with the larger business volume, the number of fund managers has also increased from four to ten today. (source: *IVG*)

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Real Estate Deals

27.01.2009 Germany: IVG Development: KPMG leases another 6,000 sq m in AIRRAIL CENTER FRANKFURT
KPMG, the international accounting and consulting firm, is expanding its current lease agreement for the AIRRAIL CENTER FRANKFURT by 6,000 sq m. The company had already leased 30,000 sq m. of the large-scale project at the airport in 2007. Having rented over 36,000 sq m. KPMG, along with the Hilton group (2 hotels, 34,500 sq m) is the anchor tenant in the property on the roof of the ICE railway station at the Frankfurt international airport. In addition to office tenants, a medical centre and numerous retail businesses and restaurants have opted for this location which is ideal in terms of transportation links. Occupancy now stands at over 58 percent. Construction is proceeding according to plan and the 660-meter long and 65-meter wide building is continually growing. Completion is scheduled for the end of this year. (source: *IVG*)

27.01.2009: Germany/USA: Catella arranges Sale to US Pension Fund
TIAA-CREF purchases the Munich "ARTrium". The American pension fund TIAA-CREF has purchased the 8,000 square meter office and commercial building "ARTrium" in Munich. Centrally located at Sonnenstrasse 12, the office property was fully refurbished in 2008. Besides a Financial Institution, the main tenants are Zooplus AG and Hieber Lindbergh GmbH. The seller JP Commercial 1 S.a.r.l. was advised by Catella. The purchasing price is confidential. (source: *Catella*)

26.01.2009 Germany: Allianz signs new leasing contract with the City of Munich for the Rosenka-valierplatz
Allianz Real Estate Germany GmbH, South division, has leased around 635 square metres office and storage space in the Rosenkavalierplatz 11, in Munich, to the office of social affairs of the City of Munich. A fixed leasing period of ten years starting on 1st January 2009 was agreed. The City of Munich has been using parts of this building for already 25 years as a service centre for senior citizens. The city's increased need for space and the forthcoming renovation of its offices prompted the new leasing contract with a long-term duration. The real estate in Rosenkavalierplatz 11, Munich, is an investment property of Allianz Versicherungs-AG. (source: *Allianz*)

26.01.2009 France : SOCIÉTÉ DE LA TOUR EIFFEL : First leases in Le "Domino" project Porte des Lilas, Paris
Société de la Tour Eiffel has signed several leases in Le Domino, their prestigious HQE labeled office and retail development situated at Porte des Lilas overlooking the Boulevard Périphérique in the North East of Paris. The paper conglomerate ANTALIS has signed a 7/9 year-closed lease for 3 025 m² of offices at close to the asking terms of 320 €/m². Two ground floor shop units have also found takers in the CREDIT MUTUEL bank and ESPACE FLEURS, a florist, making the building's occupation 35%. Considerable interest has been expressed in the remaining 6 000 m² of office space in the building and adjacent properties in this new office quarter are also letting up well, demonstrating the relative resistance of the peripheral market amidst the downturn. CBRE was the leasing agents on the offices and Cushman and Wakefield for the retail space. About Société de la Tour Eiffel A « SIIC » quoted on the Euronext Paris Exchange, the company pursues a strategy focused on the ownership and the development of quality office and business space capable of attracting a wide range of tenants in both established and emerging locations. The company's portfolio stands at about 1.1 billion Euros of assets spread evenly between the Paris area and the regions. (source: *SociétéTourEiffel*)

23.01.2009 U.K.: Land Securities completes sale of Fleet Street Estate
Land Securities Group PLC has completed the sale of its Fleet Street Estate to the City of London Corporation for £74 million. The Fleet Street Estate comprises eight adjoining self-contained buildings which provide an aggregate lettable floor area of 200,512 square feet (18,628 square metres). The freehold site occupies a prime position in the heart of London's Midtown district. The Estate is bounded by Fleet Street to the north, Whitefriars Street to the west, Salisbury Square and Salisbury Court to the east and the Harrow public house and Primrose Hill to the south. A substantial part of the site is occupied by the Office of Fair Trading. Ownership is being transferred to the City in three tranches. Richard Linnell, Head of Investment Management in Land Securities' London Portfolio, said: "We have assembled this site around the Headquarters of the OFT, and have added value with the recent extension of the OFT lease. We believe that the capital released by this sale will work better for us by generating outperformance in other areas than through redeveloping this particular site." (source: *LandSecurities*)

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Real Estate Company Profile

Sonae Sierra

Sonae Sierra is a international shopping centre specialist. Incorporated in Portugal in 1989, it is owned by Sonae SGPS (Portugal) with 50% and Grosvenor (United Kingdom) with 50%. The integrated approach to the shopping centre business includes the ownership, development and management activities. Whilst benefiting from the active support of its key shareholders, Sonae Sierra is a leader in the Iberian market and has created new retail formats and innovative concepts. Sonae Sierra is present and operating in the following markets: Portugal, Spain, Italy, Germany, Romania and Greece, in Europe; Brazil, in South America.

(€ 000)

	NOI	
	9M08	9M07
Developments	-37,926	29,106
Asset Management	9,032	7,203
Property Management	4,040	4,411
Total	-24,853	40,719

Sonae Sierra has had a significant role in the modernisation of the shopping centre concept, having introduced new formats integrating retail and leisure and several innovative concepts in the shopping centres industry as shop utilisation contracts in shopping centre, themed shopping centres, "green" shopping centres or full integration of leisure with retail and services.

Sonae Sierra owns 50 Shopping centres, with over a GLA of 1.9 million m2. In 2007 the Company´s consolidated net profit rose to € 300.1 million Euros. The Net Asset Value (NAV) of the company's properties increased to € 1.713 million Euro, 15% more than in 2006. Sonae Sierra´s EBITDA grew to € 156.2 million in 2007, an increase of 5%, compared to € 150.3 million in 2006.

Sonae Sierra's Consolidated Net Profit in the third quarter of 2008 was a negative result of €18.1 million compared with a positive consolidated net profit of €206.6 million euros in the same period of last year. To note, however, that the share of the Consolidated Net Profit attributable to Equity holders generated a revenue of €5.5 million.
The NAV of Sonae Sierra, as of the 30th September 2008 was €1.671 billion. During the third quarter of 2008, Sonae Sierra concluded a new placement of the Sierra Portugal Fund (SPF), with the investment being made by an additional fund managed by Aberdeen Property Investors. The gross combined investment from these investors is over €55 million, which corresponds to a participation of about 18% of the SPF. With this new placement, Sonae Sierra reduced its position in the SPF to about 42%. (source: *SonaeSierra*)

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Real Estate Company Profile

Sonae Sierra

Latest News

27.01.2009 LOOP5 - second major construction site in Germany receives environmental seal
Sonae Sierra and Foncière Euris have achieved certification in accordance with the ISO 14001 international environmental standard for the management of the construction stage of the Loop5 shopping centre in Weiterstadt after examination by the Lloyd's Register Quality Association (LRQA). Among experts, the certification of the management of the construction in accordance with ISO 14001 is demanding - and Sonae Sierra is the only player in the German market that manages its construction sites in accordance with the ISO 14001 standard. The opening of the shopping centre close to Frankfurt is planned for the autumn of 2009. (source: *SonaeSierra*)

19.01.2009: Sonae Sierra takes over the management of two centres in Spain and Germany
Sonae Sierra has recently taken over the management of two shopping centres in Spain and Germany, "Los Conquistadores" in Badajoz and "Post Galerie" in Karlsruhe, increasing its international portfolio under management. Located in the centre of the German city of Karlsruhe - one of the cities with greater purchasing power in Germany - the "Post Galerie" has a Gross Lettable Area (GLA) of 26,000 m2, 58 shops, and covers a market of 1.3 million potential consumers. In Germany, Sonae Sierra already owns and manages the "Alexa", in Berlin, and the "Münster Arkaden", in Münster, and is scheduled to inaugurate next Autumn the "Loop5", in Weiterstadt. (source: *SonaeSierra*)

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