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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

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Editorial

According to a study of JLL, the German market of commercial real estate in the first quarter of 2009 is down by 80% in comparison to the year before. From january to march 2009 only 1,75 billion Euro could be registered as transaction volume. Nevertheless according to King Sturge the real estate index could rise in march by 12,1 points which indicates a slight upwards trend.
Still the situation is instable, not only for Germany, and the pressing question is still how to overcome the crisis?
Therefore we wish to refer to the upcoming congress of our partner company *P1 Euro Invest*. *The Real Estate Congress Kitzbühel* is an international Congress for Decision Makers of the Real Estate Business and takes place in the Tyrolian holiday resort Kitzbühel (Austria), from the 18th to the 19th june 2009. The subject of the congress is *Property companies through change. Business models and concepts during and after the crisis*. The real estate congress offers the opportunity to contact people, to exchange ideas and to develop new concepts. One of the focus interests is the projected strategies of the companies, particularly how they are dealing during and after the crisis and what sort of business and company policy they are aiming at. Further information and the subscription formular can be found under www.p1-invest.eu.
(chief editor: Dr. Roger Schöntag)

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D-80333 München · Westenriederstrasse 19
www.p1-info.com
Germany

Real Estate News

16.04.2009 Austria/Russia: ATRIUM OPENS RUSSIAN SHOPPING CENTRE EXTENSION
Jersey, 16 April, 2009: Atrium European Real Estate Limited announces the opening of an extension to its Togliatti Park House shopping centre in Russia. The extension comprises a 12,100 sqm, stand-alone retail unit which is fully let to Castorama, which is part of one of Europe's leading DIY groups, on an initial 10 year lease with an option for a further five years. Having officially opened on 11 April, the new store had a successful first weekend's trading that contributed to an increase in footfall of more than 20% per day over the average for a weekend. Togliatti Park House is a shopping centre with a GLA of approximately 38,000 sqm (including Castorama) and is located on a 6.6 hectare site in Togliatti, in the Samara Oblast region of Russia. It was originally opened in December 2006 and is anchored by the German based Metro group with a 7,000 sqm "Real" hypermarket. Other tenants include a mixture of local brands such as Technosila and Sportmaster, as well as number of strong international brands such as the electronics giant Apple, fashion retailers Next and Sisley as well as Mothercare, the specialist mother and infant retailer. A further extension, a 6,780 sqm stand-alone retail box is also due to open in August this year and is already fully pre-let to Media Markt, Europe's leading consumer electronics retailer. Togliatti Park House is located in the centre of the city and has approximately six million visitors per year. (source: *Atrium*)

16.04.2009 Romania: Opening of the 23rd Carrefour Hypermarket in Bucharest city
On March 25, Carrefour Romania inaugurated a new hypermarket in Bucharest : Berceni store Carrefour Berceni is the 7th hypermarket of the capital. It offers sales area of almost 8.000 sqm, 46 checkouts and spacious parking area which can accommodate 1800 cars. This opening created 470 jobs. (source: *Carrefour*)

15.04.2009 USA/Russia: Hyatt Regency Ekaterinburg Opens April 2009
Hyatt Hotels & Resorts announced its Hyatt Regency brand debuted in Russia today with the opening of the 296-room Hyatt Regency Ekaterinburg. Situated in Russia's fourth largest city and the capital of the Ural region, the hotel is the second Hyatt property in the country following Ararat Park Hyatt Moscow. Additional Hyatt development plans in Russia include Grand Hyatt Moscow Residences & Spa, the first phase of which will open this year with 18 exclusive residences for long term rental, a Hyatt Pure spa and a signature restaurant. Located in the rapidly developing financial center of the city on the bank of the Iset River and across from Drama Theatre, Hyatt Regency Ekaterinburg has been designed by the renowned Parisian architecture firm Valode & Pistre. In keeping with the Hyatt Regency emphasis on authenticity, the 20-story hotel reflects the city's flavor and culture in the design of its common areas and the 296 generously sized deluxe rooms and suites. Hyatt Regency Ekaterinburg boasts impressive, technologically advanced meeting and event facilities with nearly 27,000 sq ft (2,500 sq m) of conference and banquet space including a 6,500 square-foot pillar-free ballroom (600 sq m), five meeting rooms and one boardroom. (source: *Hyatt*)

15.04.2009 Europe: AXA REIM completed € 5.7 Billion of transactions in 2008
In 2008, AXA Real Estate Investment Managers (AXA REIM) completed € 5.7 Billion of transactions on behalf of its clients. Investments worth around € 3 billion and € 2.7 Billion in disposals were completed on behalf of the various funds managed by AXA REIM. Major acquisitions completed in 2008 included: - Rivas Futura retail park in Spain by ERIV II - 57 Accor hotels portfolio in France and Switzerland by EHV and APIV - Marseille Clinic Portfolio in Germany by APIV - Rodamco logistics portfolio in Spain, Perspective Défense office property in Paris, France and first part of the Stora Bernstorp retail park in Sweden by AXA Immoselect - Gazeley logistics portfolio in France, Hitachi Power office property in Duisburg, Germany and Sovereign House office property in London, UK by AXA Immosolutions - Vespucci House office property in Hamburg, Germany by AXA REAL INVEST II Major sales in 2008 included: - St. Jakobs Park Soccer Stadium in Basle, Switzerland - Batigere residential portfolio, France - Logement Français residential portfolio, France - Rue du Rocher office property in Paris, France - Castel Guelfo factory outlet in Bologna, Italy - La Illa office property in Barcelona, Spain Other activities included the development of a Solar Power Station on the roof of a logistic building under construction in Fos sur Mer, France. The generation facility which is composed of 10,700 photovoltaic panels will deliver 1,677 MWp of electricity, making it one of Europes most powerful and innovative solar power plants on delivery in July 2009. This plant will provide energy for about 800 households, and is predicted to produce a reduction of carbon dioxide emissions of 244 Tonnes over a 20 year period. Pierre Vaquier, CEO of AXA REIM said "We have completed € 29 Billion of transactions in Europe during the 5 past years on behalf of our over 130 institutional clients and have reviewed more than € 300 Billion property deals over the last 3 years. (source: *Axa*)

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14.04.2009 Germany: Colonia Real Estate AG announces preliminary figures for fiscal year 2008
After preliminary, unaudited figures and due to high non cash effective market valuation changes Colonia Real Estate AG reports a loss of 82.9 million Euros (2007: 67.1 million Euros) for the fiscal year 2008. Especially the tightening of the financial crisis led to a negative market valuation of the property assets of -71 million Euros. This equals a depreciation of the whole real estate portfolio including the co-investments of 7.6 percent in comparison to the previous year. Therefore, the earnings before interest and tax (EBIT) fell to -58.2 million Euros (2007: 83.3 million Euros). Before depreciations earnings (EBITDA) were at 12.5 million Euros (2007: 22.5 million Euros). However, CRE was able to further improve their core business: rental income (NRI) increased from 47.5 million Euros in 2007 to 60 million Euros for the fiscal year 2008 which equals to a growth of 26.3 percent. Net operating income (NOI) increased by 17.9 percent to 38.9 million Euros (2007:33 million Euros). In 2008 the vacancy rate decreased significantly from 15.2 to 13.1 percent. At the same time average rent increased by 2 percent to 4.62 Euros per square meter (same-store basis). The new rents for refurbished portfolios increased above average from about 4.5 Euro (original rent) to 5.64 per square meter. With around 20,000 residential units and total assets of approx. 900 million Euros, Colonia Real Estate is Germany's third largest publicly traded residential property company. The asset management of the CRE Groupis responsible for more than 2.1 billion Euros real estate assets under management. (source: *Colonia*)

14.04.2009 France: Banque de France profits remain at a historically high level
The General Council of the Banque de France met on Friday 10 April to approve the audited annual accounts of the Bank for the year 2008. Profit before tax - which amounted to EUR 1,509 million - and exceptional items reached EUR 4,185 million, up by 10% compared to 2007. Banque de France profits are at historically high levels thanks to its net interest income and to the efficient control of operating expenses. Two factors contributed to the high level of net income: 1. The average amount of interest-bearing assets increased significantly, mainly due to growth of banknotes in circulation in the euro area. Banknotes in circulation within the Eurosystem rose by an average of 8.8% in 2008 to EUR 685 billion, notably owing to an increased demand for banknotes as the financial crisis worsened. Further sales of gold also contributed to this trend, with 103 tonnes sold for a total of EUR 2 billion. As a result, the amount of interest-bearing assets increased by an annual average of EUR 17 billion. 2. Outstanding assets benefited from a high average rate of return in 2008, since the interest rate cut decided on in October in the euro area only affected returns on assets at the end of the year. As a result, net interest income reached EUR 6.2 billion. (source: *Banque de France*)

09.04.2009 Austria: IMMOEAST issues Promise of Guarantee in the Context of the Convertible Bond Exchange Offer by IMMOFINANZ
In the context of the exchange offer by IMMOFINANZ, IMMOEAST AG has issued a promise of guarantee to the holders of the convertible bonds who will be accepting the exchange offer by IMMOFINANZ AG announced today. This guarantee is collateralising claims under the new convertible bonds. In the context of the exchange offer, IMMOFINANZ offers holders of the two outstanding convertible bonds due 2014 and 2017, respectively, to exchange five of their convertible bonds due 2014 or 2017 each for two new convertible bonds plus a cash bonus of EUR 5,000 for each existing convertible bond tendered. The strike price of the new convertible bond is set at EUR 2.00 per share. As set forth in the ad hoc announcement issed by IMMOFINANZ AG, the outstanding nominal value of the convertible bonds of IMMOFINANZ would be reduced from EUR 1.5 bn to EUR 600 million, and the company’s equity would be increased by up to EUR 825 million, assuming full acceptance of the exchange offer. (source: *Immoeast*)

09.04.2009 Spain: Renta Corporación reaches an agreement to refinance its long term debt
The operation, amounting to 380M€, involves the selling of some of its assets, allowing Renta Corporación to reduce its debt by half. The 2008 results confirm the existence of an international crisis: with the sale of 244 M€ in assets and after a provision on inventory of 63.8M€, the result has been negative by 111.5 M€. RENTA CORPORACION Group has reached an agreement with financial institutions. In February 2007 Renta Corporación signed a syndicated loan for 500 M €. The terms and conditions of the new agreement allow Renta Corporación to refinance its long term debt with improved economic conditions that will help in the current market situation. The company has also lowered its debt exposure by selling some assets. Regarding the deal, Juan Velayos, Renta’s CEO emphasizes that “in an atmosphere of confidence in our business model the financial institutions have provided us with much needed stability in the short and long-term, crucial in today’s market to get over the current crisis. Without a doubt we have tailored this agreement to the current situation in order to take advantage of the new cycle as soon as there is an upturn in the market. The success of the deal it is been possible mainly because all parties involved made a maximum effort to be flexible at all times. Now we herald the new business cycle on a more secure financial footing”. Part of the success of the deal has been possible thanks to the skilful management of Uría Menénez and N+1 as company advisors. (source: *rentacorporacion*)

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Real Estate Deals

16.04.2009 Sweden: Klövern sells properties in Linköping
Klövern has sold two properties in Linköping to a local buyer for SEK 147 million. The sale has resulted in a realised change in value of SEK 34 million, which will be listed in the books for the second quarter of 2009. "It is satisfying to see that Klövern's valuations match up and that it's possible to close transactions. This sale releases capital that can be invested in suitable projects or acquisitions," says Klövern's CEO, Gustaf Hermelin. The two properties sold, registered as Elektriciteten 2 and Doppingen 15, occupy central situations on Stora Torget and Trädgårdstorget in Linköping. Elektriciteten's tenants include Sweco and the fashion retailer Lin & Co and among the tenants at Doppingen are McDonald's and Netto. The total rentable area amounts to approximately 8,900 sq. m. of which 3,600 sq. m. is in Elektriciteten and 5,300 sq.m. in Doppingen. The properties will be handed over on May 4, 2009. (source: *Klövern*)

16.04.2009 Greece/Cyprus: DCI to acquire remaining 15% interest in Aristo Developers LTD
Dolphin Capital Investors Limited, the leading investor in the residential resort sector in south-east Europe and the largest real estate investment company quoted on AIM, announces that it has increased its ownership in Dolphin Capital Investors Holdings Two Limited ("DCIH2"), the intermediate holding company of Aristo Developers Limited ("Aristo"), from 85% to 100% (the "Transaction"). Aristo is the largest private land owner and the leading residential developer in Cyprus. The Transaction follows the exercise by Mr. Theodoros Aristodemou, the Founder and Managing Director of Aristo, of his put option right relating to his remaining 15% shareholding in DCIH2, pursuant to the terms of the shareholders' agreement entered into in April 2007 in connection with the acquisition by DCI of a majority holding in Aristo (the "Put Option Right"). (source: *dolphincapital*)

16.04.2009 Sweden: Kungsleden completes divestment to Sweden's Third AP Fund
Listed Swedish property company Kungsleden AB (publ) is completing its divestment of 50% of the shares of Hemsö to the Third AP (Pension Insurance) Fund. Hemsö owns and manages Kungsleden's Public Properties in Sweden, mainly retirement home, care and school properties. This transaction was previously announced in a press release on 22 December 2008. The transaction was conditional on the Swedish Competition Authority's approval and retained financing, conditions that are now satisfied. The sales price, which containes slightly fewer properties than previously, is based on a property value of SEK 14.6 bn, against the SEK 15.4 bn reported previously. The sales price exceeds historical cost by SEK 2.1 bn and corresponds to book value. The transaction will affect Kungsleden's profit for calculating dividends for 2009 by approximately SEK 800 m, unchanged from the previous estimate. The property holding is well diversified nationwide but concentrated on the major city regions. The transaction involves 239 properties with area of 1,191,000 sq.m., against the previously reported 277 properties with area of 1,326,000 sq.m. In terms of sales price, the property yield is 6.3% based on the operating net 2008, pro forma. Total rental value is about SEK 1.3 bn. (source: *Kungsleden*)

15.04.2009 France: Horizon leases Vitalys building in Paris
Horizon Investment Management France SAS has advised Horizon French Property Partnership 1 S.C.A. on the leasing of the Vitalys building located in the ZAC de la Porte de Lilas, Paris 19th arrondissement. NMPP (Les Nouvelles Messageries de la Presse Parisienne) distributor of newspapers and magazines throughout France and in over 100 countries worldwide, has signed a 9 year fixed term lease for the entire 14 300 m² building, due to be completed at end of March 2009. Atis Real and Jones Day advised Horizon and AOS and Lefèvre Pelletier advised NMPP. (source: *horizon*)

14.04.2009 Italy/France: BNP Paribas sells a property object in Milan
The BNP Paribas Reim SGR p.A. sold from its "Portfolio Immobiliare Cresita" an office building to Mediolanum Gestione Fondi SGR p.A. for its real estate fund "Fondo Mediolanum Real Estate" for about 23 million Euro. The transaction price is 8,37% higher than the estimated value at 31.12.2008. The object is located in Milan Corsico. (source: *BNP Paribas Reim*)

09.04.2009 Norway: NPRO - sale of Drammensveien 144 and the Park Inn hotel
Norwegian Property ASA has entered into an agreement for the sale of Drammensveien 144 in Oslo. The property value is NOK 324 million, which is approximately NOK 17 million above current valuation. The buyer is Arivest AS, a company owned by the Havila Ariel group. The current external financing of the property will be continued under the new ownership, on renegotiated terms. The sale is in line with Norwegian Property's strategy to actively develop the portfolio. The transaction is estimated to be completed in the beginning of March 2009. (source: *Norwegian Property*)

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Real Estate Company Profile

Kungsleden

Kungsleden is a Swedish property company that views returns as more important than property type and geographical location. Operations encompass property trading and property management. Kungsleden has a flexible organization with secure local support and substantial property transaction skills. Since its initial public offering in 1999, Kungsleden has enjoyed robust growth of its property portfolio and profits. End of December, 2008 Kungsleden had 603 properties with a book value of SEK 28,6 billion. Its growth property types are care properties, schools and retirement homes.
Kungsleden utilizes an organizational structure that clarifies the parts and focus of its operations. At present , there are three divisions, each with responsibility for a holding, dealing with management, lettings and sales issues.

1. Commercial Properties
Commercial Properties is a Swedish property portfolio mainly comprising Offices, Industrial/Warehousing and Retail properties, managed from offices in Stockholm, Gothenburg, Malmö, Gävle, Karlstad, Umeå and Västerås. The overall operation is led by a Divisional Manager.

2. Public Properties
Public Properties are divided between the Retirement Home, School, Care and Retirement Homes Germany. The operation in Germany, comprising retirement homes exclusively, was previously an independent division, but is now being integrated into the Public Properties division. These operations are managed from offices in Stockholm, Gotheburg, Malmö, Härnösand, Jönköping, Linköping, Norrköping, Nyköping, Uddevalla and Västerås. The overall operation is led by an Divisional Manager.

Business Concept
Kungsleden owns and manages properties, generating high and stable long-term returns.

- Strategy. Kungsleden intends to achieve its objectives by:
- Enhancing a skilled and business-oriented organisation;
- Pursuing customer satisfaction through the active management and enhancement of its property holding;
- Proceeding from our existing holding, and through acquisitions and disposals, assuring high long-term returns.

Financial Targets

- A minimum return on equity of 15 per cent;
- An interest coverage multiple of 2.

Risk Limits

- Sourcing a maximum of 30 per cent of rental revenue from industrial and warehouse properties;
- Sourcing a maximum of 30 per cent of rental revenue from properties located in municipalities with populations of less than 25,000;
- A minimum interest coverage multiple of 1.5. (source: *Kungsleden*)

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Kungsleden

The Holding in Figures:

- Net sales increased by 11 per cent to SEK 2,897 (2,612) m and gross profit increased by 15 per cent to SEK 1,967 m (1,705).
- Kungsleden posted a loss before tax of SEK –1,185 (2,621) m of which value changes were SEK –1,803 m (1,372). The net loss was SEK –962 (2,400) m in the year, equivalent
- to SEK –7.00 (17.60) per share.
- As of 31 December 2008, the property holding comprised 603 (575) properties with a book value of SEK 28,576 (25,737) m.
- In 2008, 54 (213) properties were acquired for SEK 3,408 (9,625) m; 28 (222) properties were also divested for SEK 1,313 (9,475) m, generating a profit of SEK 12 (580) m. These divestments affected profit for calculating dividends by SEK 268 (1,465) m.
- Profit for calculating dividends for 2008 was SEK 840 (2,019) m, equivalent to SEK 6.20 (14.80) per share.
- The Board of Directors is proposing a dividend of SEK 1.50 (8.00) per share. Kungsleden entered an agreement with Sweden's Third AP (Pension Insurance) Fund regarding the sale of 50 per cent of the ownership of 282 public properties, corresponding to a value of SEK 15.4 bn. This transaction is consistent with book value, and expected to affect profit for calculating dividends by SEK 800 m for 2009. It is scheduled for completion in the first quarter of 2009. (source: *Kungsleden*)

Properties:	603
Floor-space	3,185, 000 sq.m.
Book value:	SEK 28,6 billion
Geographical diversification:	132 Swedish municipalities, 52 per cent in municipalities with populations of less than 100,000

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