

Global RE stocks slide 45%; worst 2008 asset class

Global real estate stocks fell by 45% through 2008 as a whole, a significantly worse performance than industrial equities, which were off just under 39%, and global fixed income securities which rose by over 10%, according to the European Public Real Estate Association. All regions were measured in Euro terms. *(See inside pages)*

Corporate raider Vedder, Santo build stake in Germany's IVG

One of Germany's most renowned corporate raiders Clemens J. Vedder has taken a stake in the nation's largest listed property company IVG Immobilien, which in December announced that he controls shares worth 3.01% of total outstanding equity capital. Vedder raised temperatures in Germany when he took a run at Commerzbank eight years ago. *(See inside pages)*

Spain's Metrovacesa insists on Gecina separation

Spain's largest listed property company Metrovacesa is insisting on the terms of a legal agreement with its French unit Gecina, made in 2007, to separate equity and business activities completely, alongside an agreed split of owned assets. A highly opaque three-year takeover-telenovela looks likely to enter its fourth year. *(See inside pages)*

French REIT Gecina sets €700m disposals, interim dividend

French REIT/SIIC Gecina will make €600m-€700m of asset disposals in 2009 to further cut debt, and said it expected to have cash and available credit lines of over €500m at the end of 2008. Bank debt maturities in 2009 will be some €150m, equivalent to 3% of net debt. It also confirmed an interim dividend of €2.5 per share to be paid at end January. *(See inside pages)*

Italy's Risanamento signs €475m project sale to Limitless

Dubai developer Limitless has signed a binding agreement to buy one of Europe's largest development projects from struggling Italian listed developer Risanamento for €475m. The fruit of at least six months of negotiation, the sale is however still contingent on the successful outcome of due diligence by Limitless, it said in a statement. *(See inside pages)*

German property OEFs see €721m net capital outflows in November; total €83.8bn assets under management

German open-end property funds saw net outflows of €721m in November, tipping the capital balance for 2008 to date into net redemptions of €234m, according to new figures from the Federal Association of Investment and Asset Management, BVI. *(See inside pages)*

Warsaw's Echo enters Romania in €150m Transylvania mall

Polish commercial and residential investor and developer Echo Investment, listed in Warsaw, plans to build a €150m shopping and entertainment centre in the city of Brasov in the Romanian region of Transylvania. The project will begin in the first half of 2009 for completion in 2010. Korona will be Echo's first investment in Romania, and one of the company's biggest developments to date, says Echo CEO Piotr Gromniak. *(See inside pages)*

on the inside pages

Patrizia's Egger stake fall below majority 50% in bank stock transfer

French REIT Icade to sell off residential, earmark cash for commercial

Pirelli RE splits business management by region: Italy and Germany

Starwood's Louvre, Austria's Warimpex to develop four new hotels in Poland

Tishman Speyer leases four more floors in Frankfurt's Opera Tower

Italy's Intesa Sanpaolo securitises €13bn residential mortgage

Hungary's OTP Ingatlan slashes two-thirds of housing projects

Welcome back to Property Finance Europe 2009, and Happy New Year 2009 to all our readers! A number of exciting changes are in the pipeline for us and you in the next few weeks. Watch this space!

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Global RE stocks slide 45% in Euro in 2008; worst of three asset classes

Global real estate stocks fell by 45% through 2008 as a whole, a significantly worse performance than industrial equities, which were off just under 39%, and global fixed income securities which rose by over 10%, according to the European Public Real Estate Association. All regions were measured in Euro terms.

Its year-end data showed that December alone saw a fractional rise in property stocks globally, while bonds and equities returned -5.2% and 2.4% respectively. Performance for the year had an adverse effect on the five-year rolling return measure for listed real estate, almost taking it into negative territory for the first time. Returns over five years were zero, better than the slide of 5.5% for global industrial equities but well below the 27.7% returned in bonds.

"Listed property companies face a variety of challenges due to the slowdown in global financial markets," EPRA said. "Maturing debt covenants and falling property values in particular were observed as major concerns." With markets anticipating a challenging 12 months ahead, all three regions shed close to half their value since the start of 2008.

North America was the region with the least poor performance in total returns, shedding 37.6% in Euro terms over the year, as against 48.6% for Europe. With a heavier concentration of developers, Asia took a stronger hit as development pipelines came under pressure from the crisis. The region as a whole returned just over a negative 50%.

Depleting investor confidence and near frozen debt markets took a severe toll on values, EPRA said. Smaller European markets in particular, namely Spain, Austria and Norway were on historical lows by December. Markets with REITs performed relatively better than countries without REIT legislation with the exception of Spain where REIT laws were only introduced late last year.

Global REITs performed relatively better than non-REITs, with a difference of 9.55%. At a regional level, comparisons amplify the edge REITs have displayed in terms of performance over non-REIT property stocks. In the European markets the distinction is the highest, where the difference at the end of the year stands at 14.25%. The European region is composed of 15 markets in which only six have REIT legislation in place.

In Europe, constituents of the EPRA/NAREIT index showed that France and UK rose by 4.3% and 0.7% respectively, bucking the average negative trend. Investors gained 2.0% in December from investments in the Netherlands. Investor returns for the one year period was negative from all European markets, with the regional heavy weight, the UK, declining by 46.1%. In France investors lost 32.6%, while the Netherlands fell behind by 34.9%.

"As the European markets came to terms with the magnitude of the economic slowdown, all real estate sectors crashed below from the starting values at the beginning of the year," the association said. Stocks purely focused on the residential market fell 69.6% as banks became less eager to finance all new home purchases. The office sector lost 41.3% taking a hit from the financial crisis - the UK in particular. European retail and residential focused stocks finished the year down, 51.8% and 69.6% respectively. pfe

Corporate raider Vedder, Santo build stake in Germany's IVG

One of Germany's most renowned corporate raiders Clemens J. Vedder has taken a stake in the nation's largest listed company IVG Immobilien, which in December announced that he controls shares worth 3.01% of total outstanding equity capital.

Vedder was one of the leaders of the Cobra group, which eight years ago built up a significant minority stake in Germany's Commerzbank, unnerving the bank's management under then-chairman Martin Kohlhaussen, and sparking market anticipation of a takeover bid. Vedder's main business partner Klaus-Peter Schneidwind. No bid materialised, and the two later sold their nearly 10% stake back to the bank after a sharp capital gain.

IVG said Vedder holds 0.57% of its voting stock directly, and another 2.44% via the Cayman Islands registered Blacksmith Fund, and another holding Goldsmith Capital Partners.

Various media have reported that Vedder intends to build a holding of 5%-10% in IVG stock, but this has not been independently confirmed by either company. Vedder and Schneidwind were already major shareholders in IVG and earlier this

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ISSN 1748-8281 (print) ISSN 1748-829X (online)

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3,000 print issues twice
per month audited by



decade. Up to February 2004, they held almost 50% of its outstanding voting stock via the Sirius holding company, which was controlled by their Amsterdam-registered holding firm Rebon.

Vedder says he has orchestrated investments and takeovers of 14 companies with a transaction volume of €7.5bn and a return of investment of between 100% to 600% per deal.

Separately, IVG also announced that Santo Holding based in Zürich has taken a stake of 15.63% in its equity. The company is controlled by the two brothers Andreas and Thomas Strüngmann, who are the founders of Hexal, a producer of generic drugs. They previously held an 11% IVG stake via the Stuttgart-based Santo, which now has cancelled this.

Its share was last trading at around €6, up from its recent low of €3.20 but far below the 52-week high above €24. The Cologne bank Sal. Oppenheim now controls nearly 25% of IVG after stocking up its 10% participation twice during the sharp selloff last year. pfe

PFE COMMENT: Expect merger and acquisition moves to intensify over the next few months in German listed real estate. Not only do we anticipate a mass of re-positionings and speculation in the 'bombed out' listed sector across Europe but in Germany the announcement of offshore and/or Swiss holdings taking high stakes is likely to be partially a response to the imposition of a 25% capital gains tax on all equity holdings by domestic residents, effective from 1 January. This is an especially short-sighted and ill-advised move by Berlin and particularly nefarious considering the almost total absence of anything resembling 401ks or other types of tax promotions for private pension savings among a rapidly ageing population.

Germany's Colonia re-focuses on core activities, sees institutional stakes rise

The Cologne-based listed commercial and residential asset manager Colonia Real Estate, in reaction to a dramatic fall in its share price amid the financial crisis, has withdrawn from several commitments outside its core business, and seen existing institutional shareholders raise their equity stakes significantly.

CRE said the group cut staff by 20% by end year, and made cost savings of €9.5m for 2009. It has also centralised group structures, especially administrative, accounting, marketing, sales and acquisition. All subsidiaries will be advised by one tax consultancy.

Reorganisation has also taken place in the subsidiary CRE Resolution, where its office in Stuttgart has closed and the business taken over by the office in Frankfurt.

The company announced during December that it decided not to pursue the third-party solar business. It renounced its call option on a 10% stake in the solar panels maker Systaica, and sold the group's 20% share in the Hamburg-based SolarRe to company management at book value. SolarRe was founded in connection with CRE's internal solar project, and develops concepts for equipping properties with solar energy systems.

CRE had planned to begin to equip much of its 20,000-unit residential portfolio with solar panels, but it has now abandoned all mutual commitments.

CEO Stephan Rind important steps in the cost-cutting program according to schedule are done. "Major steps have now been taken such as the new organised subsidiaries and contracts with external consultants," CEO Stephan Rind said. "Even after additional restructuring costs we expect administrative costs to be below €4m in the fourth quarter."

As part of restructuring, CRE also sold its 56% stake in Colonia Fonds Management to its management, as well as consolidating structures elsewhere by merging six subsidiaries into its CRE Wohnen housing management unit - measures which are expected to generate savings of over €1.2m per year. CRE said it, "can now go forward with a tightly focused market position that concentrates on the profitable core business areas of residential real estate and asset management." It retains asset management joint ventures in commercial property.

The group also announced that the Paris-based Generali Investments France has

raised its stake so that voting rights now exceed the 3% limit, and now amount to 3.16% - some 721500 shares. As well, the Frankfurt fund manager cominvest Asset Management also made a similar announcement to the group and now holds 3.1154%, or 711,105 voting rights.

In late November, CRE announced that its original financing institution, the Swiss-based FortmanCline, had cut its shareholding to just below the 25% equity threshold. Just prior to this, a 19% stake had been taken by the principality of Liechtenstein. Voting rights on the entire stake have been taken by the Liechtenstein Landesbank and the holding Milfolium Management Inc., a company registered in the British Virgin Islands. pfe

PFE COMMENT: This refocusing was well overdue with CRE, which has suffered disproportionately in the stock market bloodbath for listed property companies due to its diffuse business strategies, straddling commercial and residential. It reported a consolidated loss of €49.8m for 3Q08 caused by substantial devaluation of properties and interest rate securities, but saw a climb in rental income of 31%. However refinancing is secured until the start of 2010. Reported NAV fell to €13.07 per share, which compares to a stock price that fell below €2 last October from a peak above €40 at the start of 2007.

Spain's Metrovacesa insists on spin-off as Gecina suspends separation

Spain's largest listed property company Metrovacesa is insisting on the terms of a legal agreement with its French unit Gecina, made in 2007, to separate equity and business activities completely, alongside an agreed split of owned assets.

Gecina, a Paris-based REIT/SIIC controlled by Metrovacesa founder and former chairman Joaquin Rivero, said in mid-December it had suspended plans to split from Metrovacesa. It said the agreement between the Sanahuja family, Metrovacesa's majority shareholder, and creditor banks, could lead to significant changes in the shareholding structure of Metrovacesa, which owns a 26.9% stake in Gecina. "Pending the signing of this agreement between the Sanahuja family and these banks, and an analysis of its consequences, Gecina is suspending the implementation of the Separation Agreement," Gecina said.

Metrovacesa, in a statement signed by chairman and senior shareholder Román Sanahuja, said it considers the separation agreement signed in February 2007 to continue in full force, and that the group and its principal shareholder the Sanahuja family are keen to demand full compliance as promptly as possible. "There has been no change in circumstances justifying suspension of the separation process, and that, in consequence, Metrovacesa will demand that Gecina immediately resume and execute the separation process in its entirety."

It is unclear what the motivations for Gecina's move are. However Metrovacesa, like several other Spanish property companies,

is now effectively controlled by the banks after they agreed late last year to swap significant outstanding credit lines and loans for equity totalling well over 50% (*see also separate item*).

Reuters reported a Metrovacesa spokesman saying that shareholders of the combined Metrovacesa/Gecina group - including Rivero, Bautista Soler - a former top Metrovacesa officer and now a major Gecina stakeholder - and Sanahuja signed up last September to changes in the initial spin-off agreement which included a statement that the split would not go ahead if shares in either of the companies were sold.

The moves are the latest developments in a massively complex and long-running battle for control of Metrovacesa which began in March 2006 with a bid by the former minority stake-

holding Sanahuja family for control. This was fiercely resisted by then-chairman Rivero, driving the stock price up to €120 in late 2007. It was last trading near 52-week lows at €38.

Gecina is the second largest French REIT by assets, behind Unibail-Rodamco. Its portfolio at end June 2008 was valued at over €13bn and primarily comprises office and residential properties, with the majority located in Paris and the Paris region. Over the last few years, it has also developed a portfolio of assets in logistics, hotels and healthcare. pfe

PFE COMMENT: This is a massively complicated saga, which stock market investors have not really been able to satisfactorily penetrate. Among other aspects, it is not clear why there has been a

forward thinking

Happy holiday reading and listening for investors in the eastern parts of Europe

One of the things that is good about Christmas, New Year, or whatever event you celebrate at year end, is that you get the chance to take in information about subjects not in the core professional focus but which are interesting and are useful to a wider understanding of context. In my break, among other things, I joined the iPod generation. Without wanting to advertise Apple consumer products excessively, this and other similar MP3 download systems seems to me a fair revolution in information and content provision. While it is great to have music now available



Allan Saunderson
PFE Managing Editor

globalisation with its facilitation of cross-border money transfers and investment.

Africa, because of the widespread kleptocracy by many leaders, is frequently described in the series as a bath tub with many holes, so that the water of inward investment runs out faster than it can be poured in. But this whole theme has also paralleled some recent reading on Russia. When we started Property Finance Europe - four years ago now - one of the main questions was what is Europe and whether to include Russia or at least the European part

of it - generally considered to be up to the Ural Mountains - as well as other CIS countries such as Ukraine, Belarus, perhaps even central Asia. Our decision at that time was not to go that far. We considered, and still do, that the institutional investment decision for allocation into real estate in Europe can be considered relatively consistently across the Eurozone - even given huge and wide divergence amongst national cycles. The allocation decision, on the other hand into Russia and CIS, is a completely different risk-reward scenario that we simply didn't feel we could analyse with enough authority and depth to be of real value-added help to institutional readers. This thinking may be drawing to a close; PFE is now considering various ways of expanding coverage eastward so that Europe becomes a much larger place altogether. The Old Continent has to be considered increasingly as a single investment area. The global

financial crisis has levelled many national playing fields to a point where institutions would be, we think, well advised to stand back and take an overview of the entirety of the European investment proposition - across to the Urals.

Precisely at this point in the economic cycle - at or near the bottom of the curve perhaps - the wise capital allocator has a huge raft of opportunities to choose from. This is where a study of illicit capital flows in modern times synchronises together nicely with any study of recent events in Russia. It is astonishing to me, as an old Russian Studies graduate, that the West in the last 10 years has failed to overcome its pre-1989 deep ignorance of what is happening in Russia. I did not expect ever to have to hear, for example, such an expert Russia hand as Condoleezza Rice say recently that Russia was in better condition during the '90s than it is now under Prime Minister Vladimir Putin and President Medvedev. I believe this is the converse of the truth. Another of my year-end break information-absorption duties, you see, was a book called *The Piratization of Russia* by US expert Marshall Goldman. In this the events of the later Boris Yeltsin years of the 1990s are clearly outlined, along with the theft of state resource revenues. Goldman has chapter and verse on the background to what has been transpiring since the early part of this decade to claw back revenue streams which are essential and vital to the rebuilding of Russia after 70 years of communism. Read it before you invest in Russia, the country is an opportunity for real estate investors, but not for the naïve.

Allan Saunderson, editor@pfeurope.eu

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late-in-the-day change in the separation agreement, setting up a new clause apparently stipulating suspension in case of substantive change in Metrovacesa ownership. Unfortunately, the Spanish stock market authority has shown itself often in the past unequal to the task of imposing transparency on publicly listed companies within its jurisdiction, and this is no exception. Undoubtedly Rivero is talking to the Spanish banks. Considering he built Metrovacesa using their money, his connections are at least as good as that of the Sanahuja family. On top of that, their privately run real estate interests are struggling badly in the financial crisis. This particular telenovela looks likely to continue into its fourth yearly series.

Metrovacesa debt-equity swap made in framework of Cresa-Sacresa deal

The debt for equity swap between Spanish listed property company Metrovacesa and its banks was made on the basis of the total debt owed by the Cresa-Sacresa Group holding company of the Sanahuja family, which also controls Metrovacesa.

Roman Sanahuja, the head of the family, and his sons Román, Javier, Juan Manuel and Ricardo Sanahuja Escofet, in early December agreed to cede part of their 80.62% of Metrovacesa stock to a group of banks comprising Banco Bilbao Vizcaya Argentaria, Banesto, Banco Popular, Banco de Sabadell, Banco Santander, and Madrid savings bank Caja Madrid. The agreement, announced by Metrovacesa, was with three Sanahuja-controlled companies Cresa Patrimonial, Sacresa Terrenos Promoción and Undertake Options.

As payment of debt held by the Cresa-Sacresa group of some €2.1bn, the family ceded 54.75% of the capital stock of Metrovacesa as collateral. In addition to cancelling the outstanding loan agreements, the banks agreed to pay a cash sum which, when added to the total debt repayment, would determine a transfer price per share of Metrovacesa of €57.

In addition, the creditor banks agreed to each acquire 1.25m shares of Metrovacesa - representing 1.78% of the capital stock - from shareholders not connected with or controlled by the Sanahuja family at a price of €57 per share, and then to grant a purchase option for these to the Cresa-Sacresa group for a period of four years at the same exercise price plus annual compound interest of 3.5% minus dividends.

Cresa-Sacresa also agreed to transfer other assets, not specified, to the banks for payment of other credit lines. Following execution of the restructuring, the agreement stipulated that none of the creditor banks should hold a stake in Metrovacesa equal to or more than 30% of the capital stock and, therefore, none should reach the takeover bid threshold. pfe

French REIT Gecina sets €700m of asset disposals in 2009, interim dividend

French REIT/SIIC Gecina will make €600m-€700m of asset disposals in 2009 to further cut debt, and said it expected to have cash and available credit lines of over €500m at the end of 2008. Bank debt maturities in 2009 will be some €150m, equivalent to 3% of net debt. It also confirmed an interim dividend of €2.5 per share to be paid at end January.

Gecina said the interim dividend payment modifies the previous single-dividend policy, and reflects the company's active shareholder remuneration policy. By paying out two dividends, part of this remuneration is brought forward by several

months, bringing the dividend distribution schedule more in line with the profit generation schedule.

The asset disposals mean that its loan-to-value of under 40% makes it lower than the European industry average. Furthermore, an improvement in the interest cover ratio should be expected for 2009 in view of current expectations for cash-flow and interest expenses and set against a reduction in debt.

For this year, cash-flow before sales and after tax is expected to grow by more than 10%, chiefly due to a reduction in finance costs and operating expenses and a favourable like-for-like performance from rental revenues. pfe

PFE COMMENT: Gecina stock was last trading around €54, well up from a base below €40 in October but around one-third of its value at the peak in early 2007 - giving it a market capitalisation of around €4.3bn. Chairman Joaquin Rivero and Bautista Soler own 16.2% and 15.3% respectively, with non-resident institutions having another 20%. A major domestic French institutional investor is Credit Agricole's Predica insurance group.

Risanamento signs €475m project sale to Dubai's Limitless, wins credit line

Dubai developer Limitless has signed a binding agreement to buy one of Europe's largest development projects from struggling Italian listed developer Risanamento for €475m. The fruit of at least six months of negotiation, the sale is however still contingent on the successful outcome of due diligence by Limitless, it said in a statement.

The deal on the Renzo Piano-designed, 1.3m sq.m. mixed use project on the former site of the Falck steel works in Sesto San Giovanni, north of Milan should provide much needed liquidity for cash-strapped Risanamento, which is struggling to service €2.6bn in debt. Limitless will pay for the ex-Falck project in three tranches: €250m at closing and the rest in two payments over two years. A Risanamento presentation last May had valued the property at €1.3bn.

In addition, the group said it has negotiated new credit lines and partial debt freeze and also gained approval from the banks Intesa Sanpaolo, UniCredit, Popolare di Milano and Monte dei Paschi di Siena to open a €75m revolving credit line. The new credits have been negotiated after Risanamento's creditors representing 65% of the group's debt in Italy, agreed to a moratorium on interest rate payments for now.

The company reported third quarter losses of €168m, and last reported a profit in 2006. The credit line became necessary after it failed to repay the first tranche of a €150m bridge loan granted by Intesa Sanpaolo, due last September.

The mayor of Sesto San Giovanni Giorgio Oldrini said Limitless appears ready to follow the basic design of the original plans, which consist of residences, offices, research laboratories, a university, small shops, a train station, and roughly 1m sq.m. of park. Oldrini warned against ditching the plans, saying others could encounter clearance trouble with city council. The project's next hurdle is approval for site decontamination plans. pfe

Patrizia's Egger sees stake fall below majority 50% in bank stock transfer

The Augsburg-based property company Patrizia Immobilien has announced that the voting rights of its founder and chairman, Wolfgang Egger, in mid-December fell below the level of

majority control and now total 49.97 % or just over over 26m of shares.

The change came in a three-way move in which Egger transferred to lending banks 100,000 shares which had been part of a securities lending agreement to board member Alfred Hoschek, who stepped down in November. The share transfer was part of a designated sponsor agreement with the banks as collateral for outstanding loans and credit lines.

Patrizia, like several other European property groups, was caught with a high debt load as the financial crisis struck, and has been struggling to improve this situation over the last 12 months. It only marginally managed to boost its equity ratio last year, and at end September it reached 21.7%, up slightly from 21.3% at the end of June.

Patrizia focuses mainly on residential property but also manages commercial assets and has ambitions to cover much of the real estate value chain. Last audited portfolio value was around €3bn, grouped between real estate management covering 20,000 residential and commercial units.

Earlier, Patrizia announced that its Patrizia Euro City Residential Fund I made its first Swedish purchase of 1,018 housing units in greater Stockholm. The properties have a total use area of 94,000 sq.m. The seller and price were not made public. pfe

Tishman Speyer leases four more floors in Frankfurt's Opera Tower

A further lease has been made for Frankfurt's Opera Tower, with a contract for 4,500 sq.m. taken over four floors by the law firm Ashurst, advised by NAI Apollo, to add to space taken by the anchor tenant UBS and the US-based law firm Morgan Lewis & Bockius.

In addition, Excellent Business Center group has leased one full floor with 1,500 sq.m.

Realtors in Frankfurt expect the Opera Tower, due for completion in September, to gradually fill up since it has become the most prestigious address in Germany's main financial centre. Tishman, which has just lost its long-time Germany head Stephan Brendgen to Allianz Real Estate, has intentionally avoided exclusive contracts with any one realtor for the building's 62,500 sq.m. of office space spread over its 170m-high 42 floors. The building is located right next to the Alte Oper at the Opera Square in the central business district.

Floor rents, prior to the intensification of the financial crisis, were anticipated to reach as high as €50 sq.m., but this is now unlikely. Recent deals have been made closer to €40, according to realtors familiar with the situa-

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tion. The building is now over 60% leased, and Tishman Speyer said it sees the transactions as a good sign for Frankfurt's letting market.

"These lease agreements show that the market continues to be good for first-class

projects and locations even when times are becoming more challenging. We are pleased to see that excellent tenants continue to be attracted by the exceptional location, quality, and tenant structure of OpernTurm," according to Tishman Speyer's Markus Wiedenmann.

Tishman has had an active presence in Germany since 1988, when it began development of the MesseTurm, a 60-storey skyscraper which became Europe's tallest building and a symbol for Frankfurt. Since then, the firm has acquired or developed some €4bn of property in the five major cities in Germany, and €10.6bn across Europe. pfe

French housing group Nexity in talks to sell CNCE its Credit Foncier stake

Despite denials late last year, the listed residential property group Nexity and its senior minority stakeholder Caisses d'Épargne have opened talks aimed at agreeing a cash offer by CNCE for the 23.4% stake in Crédit Foncier de France held by Nexity.

Terms of the transaction will be determined during the coming weeks, the two companies said. The sale will not entail any change in the interest held by CNCE in Nexity, nor in the terms and conditions of their industrial cooperation.

With respect to valuation of the offer, the parties intend to apply a multi-criteria method,

with the equity book value of CFF as the main reference. This valuation will be submitted to an expert appraisal. The transaction is expected to be completed in early 2009.

One of the largest retail banks in France, with the individual Caisses d'Épargne, Crédit Foncier, Banque Palatine, Océor and its specialised subsidiaries, Groupe Caisse d'Épargne is the central savings banking institution, covering investment and retail banking services, similar to the DekaBank in Germany. In real estate, it covers all financing requirements of various clientele, and currently finances one housing purchase in five by private individuals in France.

The Euronext-listed Nexity is a fully integrated real estate group, with strong presence in developing and marketing residential property to private individuals. But it also develops commercial real estate for companies and local authorities. pfe

French REIT Icade to sell residential segment, earmark cash for commercial

French REIT/SIIC Icade, majority owned by the state-controlled financial institution Caisse des Dépôts, in December confirmed a shift in strategy that it had floated in the public arena during the early part of the year.

The group said that the board meeting of 11 December empowered Chairman and CEO Serge Grzybowski to explore the disposal of its entire housing segment to one or more investors, particularly social investors, at survey value.

"After this operation, Icade would distribute 50% of the capital gains from the disposal, as is provided by its SIIC status," Grzybowski told the directors, according to a release. "The remainder would provide Icade with considerable leeway as op-

portunities arise in the commercial sector."

Considering the economic and financial advantages of this project, the board empowered Grzybowski to study the implementation of such an operation as quickly as possible, Icade said.

Icade business activities cover the value chain of investment, development and provision of services in the housing, office, business park, commercial property and shopping centre and public-health equipment sectors. At 30 June 2008, the group recorded consolidated turnover of €762m and net current cash flow of €112. The revalued liquidation net asset value rose to €5.39bn, equivalent to €110.4 per share. Its stock price was last trading around €65 - giving market cap of some €3.2bn - but down from above €100 at the start of 2008. pfe

Axa makes €260m acquisitions for German open-end fund

Axa Investment Managers has made a series of acquisitions for its German open-end fund Axa Immoselect, totalling €260m. Separately, it also named Achim Gräfen to the executive management from December.

The acquisitions in Luxembourg, Sweden and Spain have already been contractually undertaken and the capital set aside for the deals, the company said. In Luxembourg Axa bought into a five-storey building K-Point in the Kirchberg quarter of the city which offers 9,900 sq.m. of retail space, spending €70m.

In Sweden, Axa invested in a retail park near Malmö with a total usable floor space of 37,000 sq.m., while in Spain it acquired a logistics asset at a size of some 137,000 sq.m.

Axa Immoselect remains closed as one of around 13 funds which were obliged to halt redemptions in October after a run on available liquidity mainly from institutional investors.

Gräfen will become one of five managing directors of the German property funds arm of the giant French insurer, and will take over responsibility for the open end funds for private and for institutional clients - in addition to his current task of heading fund management of Axa Immoselect. pfe

German property OEFs see €721m net outflows in November; €83.8bn AUM

German open-end property funds saw net outflows of €721m in November, tipping the capital balance for 2008 to date into net redemptions of €234m, according to new figures from the Federal Association of Investment and Asset Management, BVI.

German property OEFs thus held assets under management valued at €83.8bn at the end of that month. Investors took out over €5bn during October, forcing 11 funds to halt redemptions, spread over around seven management institutions.

These are scheduled to open again at the end of January, but it remains unclear at yet if this can be achieved, and internal discussions coordinated by BVI are ongoing. These funds saw around €143m flow in during November, BVI figures showed. pfe

Pirelli RE splits business management by region: Italy and Germany

Pirelli Real Estate is reorganising business management along geographical regions: Italy and Germany. Roldolfo Pet-

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rosino will lead the Italian business while Paolo Bottelli will run German activities. Both will report to Executive Vice-Chairman Carlo Puri Negri, formerly CEO of the listed real estate asset manager.

The announcement marks a fundamental reorganisation since Pirelli RE embarked on overhauling its management structure after first quarter 2008. It highlights the mounting importance of its German business as a result of the DGAG and Highstreet acquisitions in 2007 and 2008, which shifted activity toward German residential and retail sectors.

Petrosino was appointed Managing Director of Asset Management & Commercial Services in July, after having previously served in the Acquisition & Asset Management Office. Bottelli was appointed Managing Director of Asset Management & Residential Services after a period heading General Services.

The company also noted its ongoing restructuring is intended to steer the business toward a less expansive model toward one based increasingly on recurring income. Claudio De Conto is to help spearhead the effort as head of finance. Pirelli RE confirmed it will announce a new strategic plan 11 February. pfe

Italy's Intesa Sanpaolo securitises €13bn residential mortgage loans

Intesa Sanpaolo bank has launched securitisation of €13bn of performing residential mortgage loans through investment vehicle Adriano Finance 2.

The bank said the operation is part of a plan announced in November to accumulate eligible assets for tapping liquidity from central banks on a precautionary basis. It follows the securitisation of €5.7bn in residential mortgage loans through the vehicle Adriano Finance in December. The European Central Bank has added mortgage securities to its eligible assets amid the financial crisis in order to provide much-needed market liquidity.

Other European banks have been stockpiling similarly eligible assets given the mounting global financial crisis. Unicredit in November launched the securitisation of nearly €24bn in residential mortgage loans with a similar aim.

The Intesa Sanpaolo transaction consists of a single senior tranche of €12.2bn, which is listed on the Luxembourg Stock Exchange and rated AAA by Fitch, as well as one junior tranche worth €876m. pfe

Starwood's Louvre, Austria's Warimpex to develop four new hotels in Poland

Louvre Hotels and Warimpex, working in a joint venture, have acquired three prime plots in major Polish cities to develop Campanile and Premiere Classe hotels; the projects will allow the JV to develop over 500 rooms.

Louvre is indirectly owned by real estate funds managed and controlled by Starwood Capital. Warimpex, listed in Vienna and Warsaw, is an Austrian CEE development and investment company.

Warimpex CEO Franz Jurkowitsch said: "In most parts of central and eastern Europe there is still some catching up to do in terms of budget hotels. Thus, we are expecting good demand and success for our projects in Poland."

In Wroclaw, the JV plans development of a multi-brand project under the Campanile and Premiere Classe brands, close to the Wroclaw office and retail area, central station and Old

Town, for delivery by end-2010. In Bydgoszcz and Zielona Gora, two Campanile city-centre projects will be implemented next to recently-opened retail centres. Campanile Zielona Gora is due to open mid-2010 and the Bydgoszcz Campanile by end-2010. The joint venture plans to develop further hotels in major Polish cities including Gdansk, Katowice, Poznan, Krakow or Rzeszow.

Warimpex owns or co-owns 18 business and luxury hotels with over 3,700 rooms as well as seven commercial and office buildings in Poland, Czech Republic and Hungary. In the medium term, it aims to become market leader in hotel property in New Europe. Louvre has over 800 hotels and over 50,000 rooms in 9 European countries.

Starwood, a leading player in the global real estate market, envisages further hotel investments in Poland and is considering opening hotels in Katowice, Wroclaw, Lodz, Zakopane, Gdansk, Szczecin and Mikolajki. It hopes to be operating a 1,500 strong worldwide network by 2013 and plans to spend some \$6bn up to 2011 on building new hotels and developing existing ones. The Polish market is particularly short of four-star hotels, the focus of its investments. It has been operating in Poland since 1996. pfe

Warsaw-listed Echo enters Romania with €150m shopping centre in Brasov

Polish commercial and residential investor and developer Echo Investment, listed in Warsaw, plans to build a €150m shopping and entertainment centre in the city of Brasov in the Romanian region of Transylvania.

The project will begin in the first half of 2009 for completion in the second half of 2010. Korona will be Echo's first investment in Romania, and one of the company's biggest developments to date, says Echo CEO Piotr Gromniak,

Korona will be a multifunctional shopping and entertainment centre with a total area of 153,000 sq.m. It will house 240-odd retail and service outlets on four levels, stocking goods such as textiles, sports equipment, interior decoration items, electronics, and multimedia. GLA will be around 53,000 sq.m. pfe

Hungary's OTP Ingatlan slashes two-thirds of house-building projects

One of Hungary's key house builders OTP Ingatlan, a unit of OTP Bank, is to step on the brakes in 2009 due to the global financial crisis. Its revenues are unlikely to exceed HUF8bn in 2008, down from HUF15bn in 2007, and to drop again to HUF4-5bn this year.

Chairman János Szabó told business daily Napi Gazdaság that the company will stop, suspend or not even start over two-thirds of its projects due to the negative implications of the global financial crisis that created 'impossible' funding conditions.

The company had 309 homes in the pipeline for Budapest, 100 of which will be completed in first half 2009, and the rest put on hold. The only projects to be continued are at Lake Balaton, where the market is doing very well, Szabó added. While OTP Ingatlan planned to build 500 flats in the country, it will complete the construction only of 100.

The rest will either not be launched or will be halted. Home-building projects already offered a small margin and now face problems on both the demand and the financing sides: virtually every player on the real estate market is shelving projects. pfe

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Tore Borthen, Managing Director, Realkapital Partners, Oslo
A Norwegian citizen, Mr. Borthen is a founder of Realkapital, a private equity real estate investment management firm based in Oslo. He manages two pan-European opportunistic funds that target 16% annual value creation. Previously, Mr. Borthen was IM director at Aberdeen Property Investors, and also served as CEO of Nordea IM in Norway where he managed €5bn in investments. Prior to that was Head of Structured Products for Den norske Bank. He holds an MBA from The Wharton School at the University of Pennsylvania.



Michael Bruhn, Head of Nordic Region, Valad, Copenhagen
Australia's listed Valad group has A\$10.2bn under fund management and 11 fund vehicles focused on Europe. Mr. Bruhn joined in 2001 and is responsible for managing and growing business in the Nordics, based in Copenhagen. He was formerly senior partner at DTZ after merging his previous company with the agency business, and has more than 20 years' experience in Nordic markets. With a background in chartered accountancy, he is a Chartered Surveyor, holding a Masters Degree in Economics from the Copenhagen Business School.



Marie Bucht, Managing Director, Newsec Advice, Stockholm
Newsec Advice is the real estate consultancy of the Newsec group, founded in 1994 and today a partnership with 40 partners and 500 employees in Stockholm, Gothenburg, Malmö and Helsinki. Both belong to the Stronghold group of companies. Ms Bucht, who joined in 1999, has a degree in business administration and is responsible for building Newsec Advice to be the leading property advisor in the Nordic and Baltic region. Annually it values properties worth over €65bn, and manages over 1,000 assets for a total value of €10bn.



Lars Fløyen, Head of Nordic Research, Aberdeen Property Investors, Oslo
Aberdeen Property Investors, which recently took over Goodman Property Investors and DEGI, is one of the largest real estate fund investors, managing €30bn worldwide. Mr. Fløyen is responsible for Nordic forecasts alongside the chief economist and market analysts. He also implements Aberdeen's official view in the Nordic organisation and supports decision-making among fund managers. He joined Aberdeen in July 2006 and holds a Master of Science degree in Industrial Economics and Technology Management from NTNU in Trondheim.



Henrik Saxborn, Deputy CEO, Castellum, Stockholm
Castellum is one of the major listed real estate companies in Sweden. The fair value of the real estate portfolio amounts to SEK29bn (€2.9bn), and comprises commercial properties. Mr. Saxborn holds a Master in Science from Royal Institute of Technology in Stockholm, and has during his career been CEO of an asset management company as well as management partner at the private equity company NIAM during 1998-2005. He joined Castellum in 2006 and is responsible for the group's business development.

Schedule

8.30 - 9 a.m. Breakfast
9 -11 a.m. Expert Seminar
11 - 12 noon Coffee/Networking

Date and time

Friday, 16 January 2009, 8:30 - 11a.m.
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