

France adopts Grand Paris capital gains tax

Both houses of the French parliament have now approved a controversial capital gains tax designed to help fund the massive Grand Paris project that includes construction of 130km-140km figure-eight automated metro line linking the main business and residential areas of the French capital, and for the establishment for the Société du Grand Paris to oversee the new transport infrastructure. Real estate groups have objected to the tax, saying it would hinder incoming investment.

(See inside pages for full story)

Spain's Santander bank postpones Banif asset sale

Spain's largest banking group Banco Santander has postponed the sale of assets from the €2.6bn Banif Property Investment Fund, a mutual real estate fund it is trying to unwind, citing the illiquid and depressed state of the domestic property investment market. The manager is hopeful over expected advantages that will follow legal modifications for fund liquidation. Banif is the largest mutual property investment fund in Spain, with a portfolio of €2.6bn. *(See inside pages for full story)*

French REIT FdR aims at €159m in share dividend

The annual meeting of French REIT Foncière des Régions has approved the option of paying out the 2009 dividend in a new issue of shares that could raise up to €159m in fresh equity and put the group on track to cut loan to value ratio to around 50% within the next 12 months. The issue price of €65 per share is well below the late May level around €74, and will be offered as an alternative to the cash component of €3.30. *(See inside pages for full story)*

INREV names EBS professor Thomas new CEO

The European property funds association INREV has appointed as new CEO Matthias Thomas, a former head of IPD Germany and currently professor of real estate at the European Business School in Wiesbaden. He will succeed Lisette van Doorn, who stepped down last October to join ING REIM. The post had been filled by interim INREV CEO Andrea Carpenter. *(See inside pages for full story)*

Sweden's Scribona acquires Catella for €43m

Swedish firm Scribona is to acquire the finance and real estate group Catella for SEK417m (€43m). Renaming to Catella, the merged group will employ 420 staff in 14 countries. Seller is Catella's management, which acquired it from a Luxembourg holding and original owner Inter IKEA, controlled by the IKEA global furniture retailing group. Catella Financial Advisory CEO Johan Ericsson has been named CEO. *(See inside pages for full story)*

INSIDE)))

Frankfurt's DIC holding gains new shareholder

French govt to sell 6% of buildings to cut deficit

Deka, RREEF said bidding for €160m Barcelona asset

Gecina changes said attracting takeover interest

Lucette completes €163m Colisée sale to Allianz

Sony Center price said close to €600m

Real estate to fall short of sustainable goals by 2020

Orco's restructuring plan approved by Paris court

IKEA enters Bulgarian, Croatia, Slovenia to follow

Polish GTC starts €170m mall jv, sells Warsaw offices

OUT NEXT MONDAY
169 Property Investor Europe

SAVE THE DATE! PIE NORDIC PROPERTY BREAKFAST

Registrations will begin soon for the next in PIE's expert seminar series, the Nordic Property Breakfast that takes place on **Friday 2 July in London in the offices of DLA Piper in the City**. PIE subscribers receive complimentary attendance to four Breakfasts during their 12-month subscription; normal entry price is £195 (plus UK VAT). **Contact events@pfeurope.eu to reserve your place today.**

Santander postpones Banif asset sale due to lack of demand

Spain's largest banking group Banco Santander has postponed the sale of assets from the €2.6bn Banif Property Investment Fund, a mutual real estate fund it is trying to unwind, citing the illiquid and depressed state of the domestic property investment market.

The bank said the "lack of any reasonable offers" for properties placed on the market for sale caused the fund's managers, Santander Real Estate, to postpone further disposals, the *i-comparables.com* website reported. The manager said it is also hopeful about the expected advantages which will follow legal modifications by the government for the liquidation of these types of funds. Banif is the largest mutual property investment fund in Spain, with a portfolio valued at €2.6bn and 43,400 shareholders.

In a communication to Spain's stock market regulator CNMV, Banif Inmobiliario said fund asset sales will be delayed until 2011 at the earliest, from the originally planned second half of 2010. Due to the illiquid and generally depressed Spanish property market, managers considered that offers received for a high number of its assets were insufficient to justify going ahead with a sale. Madrid plans to change laws allowing managers of funds undergoing liquidation to sell assets without any time limit also influenced the decision. ■ pie

French REIT FdR proposes share dividend to raise €159m

The annual meeting of French REIT Foncière des Régions has approved the option of paying out the 2009 dividend in a new issue of shares that could raise up to €159m in fresh equity and put the group on track to cut loan to value ratio to around 50% within the next 12 months.

The issue price of €65 per share is well below the late May level around €74, and will be offered as an alternative to the cash component of €3.30. Already FdR proposed that part of the dividend will comprise six shares in Italian property development subsidiary Beni Stabili, designed to boost its free float and

meet equity levels to qualify for Italian REIT/SIIQ status. Shareholders representing 40% of FdR capital committed to take the remainder of the 2009 dividend in shares.

"The program of strengthening the financial structure of Foncière des Régions is continuing and we are taking the opportunities presented to us to achieve this," said FdR CEO Christophe Kullmann. "Since the beginning of the year, a capital increase of more than €110m has been raised through the exercise of equity warrants issued in December 2009, to which will shortly be added the proceeds of the proposed dividend payable in shares. At the end, the goal of a LTV close to 50% one year from now appears perfectly achievable."

FdR has a portfolio valued at €9.3bn in group share focused on office real estate and large company leases to institutions such as France Telecom, EDF, Accor, Dassault Systèmes, Suez Environnement and Telecom Italia. It raised some worries in the community when the global crisis dried up bank refinancing just at a time when its LTV was above 60%. However, this has been progressively reduced over the last 24 months. Rental income last year totalled €526m, and it reported recurring net profit of €304m and net asset value of just over €4bn. ■ pie

PIE COMMENT: Another smart move by this group that seems likely to succeed if, as we suspect, property stocks regain some poise after uncertainty of recent weeks engendered by the euro's fall on Greek and Eurozone debt worries. The major shareholders are founder Charles Ruggieri's Batipart and Italian industrialist Leonardo del Vecchio's Delfin, plus the Predica insurance firm, part of the Credit Agricole group, Italian insurer Generali, and other major institutions.

INREV appoints EBS professor Thomas as new CEO

The European property funds association INREV has appointed Matthias Thomas as new CEO, effective in August. Thomas, a former IPD Germany head and currently professor of real estate at the European Business School in Wiesbaden, will succeed Lisette van Doorn, who stepped down last October to join ING REIM. The post had been filled by acting CEO Andrea Carpenter.

FLAG

Operating Office/Enquiries

PFE GmbH
An der Welle 4
60322 Frankfurt am Main, Germany
Switchboard tel. +49 69 7593 8566,
Fax +49 6101 813 405,
Email: info@pfeurope.eu

Managing Editor / Director

Allan Sanderson, editor@pfeurope.eu
Cell. +49 172 672 3938

Publisher

Richard Betts, publisher@pfeurope.eu
Tel. +44 20 8340 4328
Cell. +44 780 393 8659

Co-Publisher/Managing Director

Gaby Wagner, business@pfeurope.eu
Cell. +49 173 3177191

Senior Sales Manager

Germany/Italy
Thorsten Herbert, market@pfeurope.eu
Cell. +49 162 2719208

PIE Italia Cooperation Partner

Giacomo Morri
Director Master in Real Estate
SDA Bocconi, Milano
pieitalia@pfeurope.eu

Office Manager

Vanessa Pillay-Müller
service@pfeurope.eu

Business Development, France

Bernhard Meyer
COFIMO, Brussels/CIFRAL Paris
paris@pfeurope.eu
+33 671 39 4008

Director/Editor in Chief, CEE/SEE-Russia/CIS

Andreas Schiller
editor-russia@pfeurope.eu

Editor, France

Steve Whitehouse
news-france@pfeurope.eu

Editor, Spain

Stan Dickens, news-spain@pfeurope.eu

Editor, Central/Eastern Europe

Caroline Studdert
news-cee@pfeurope.eu

Editor, Russia/CIS

Marianne Schulze
news-russia@pfeurope.eu

Manager, Subscriptions

Richard Betts
subscriptions@pfeurope.eu,
Tel. +44 780 393 8659

Graphic Design

[designed by] christian harnoth
info@christianharnoth.de
design@pfeurope.eu

Publishing company

PFE GmbH, Frankfurt, Germany

If you are active in European real estate, PIE wants your information for publication. Please send all your media announcements to:

news@pfeurope.eu

PROPERTY INVESTMENT EUROPE is published in print and online on Mondays from Frankfurt, Germany. PIE is independent of investing or selling institutions. Information it contains is under copyright protection and is based on sources believed to be reliable though their complete accuracy cannot be guaranteed. Neither the information in PIE nor the opinions expressed therein constitute or are to be construed as an offer or solicitation of an offer to buy or sell investments. PFE GmbH thus accepts no liability for actions based on information herein.
ISSN 1869-9146 (print) ISSN 1869-9154 (online)

© 2010 PFE GmbH

INREV Chairman Johan van der Ende said that after an extensive search, “the management board is delighted to have found a new CEO of Matthias’ calibre, with the experience, understanding and passion for real estate to lead INREV into the future and support our members through this period of recovery.” Van der Ende, CIO at the giant Dutch PGGM pension fund, is also due to step down, and to be succeeded by Michael Morgenroth, board member of the Göttingen-based Gothaer Asset Management.

Thomas, who founded IPD Investment Property Databank in Germany in 1998, will work with the INREV team, its board and its membership to create greater transparency, accessibility and standards of best practice in the real estate funds industry, as well as tackle emerging issues such as sustainability. INREV, the European Association for Investors in Non-listed Real Estate vehicles, was launched in May 2003. It currently has 342 members, of which investor members total 55 and have real estate assets under management of over €135bn. ■ pie

PIE COMMENT: This is a very positive appointment since INREV has suffered in recent months from poor communication and was hit by the cancellation of its annual meeting earlier month in Venice when the Icelandic volcano’s ash cloud disrupted air traffic. The European real estate fund industry badly needs to press further with its laudable efforts to set best practice guidelines in all areas, particularly fees and performance measurement issues. With Thomas and Morgenroth, it will have two Germans at its head, and should therefore make stronger inroads into that very large national fund sector.

French govt to sell 6% of buildings to cut deficit

The French government is aiming to sell 6% of its total building stock over the next three years as it seeks to cut its ballooning fiscal deficit. Budget Minister François Baroin announced a plan to offload 1,700 of the government’s 28,000 property assets in total.

Many of the sales will come from local and decentralised services where Baroin hopes to get rid of 750 buildings or 500,000 sq.m. of office space. The planned sales are one of the key measures in a plan to bring down the public deficit, expected to reach 8% of GDP this year, to 6% in 2011 and 3% in 2013. “The government’s wants the state to have a property portfolio which is more contained, better adapted to its tasks and more economic for the public purse,” said Baroin.

The sales target is ambitious, particularly in current market conditions, and compared to recent targets. Over the past three years Paris has only been able to reduce the amount of space occupied by 184,000 sq.m. out of a total of 12m sq.m. in public sector ownership. “That is still not enough and we are a long way from the target set of 12 sq.m. per civil servant,” said Baroin.

The government has raised €3bn from property sales since 2005 but receipts fell well short of expectations in 2008 and 2009. Sales totalled just €200m in 2009 compared with a target of €1.2bn, and the €900m objective set for 2010 may also be difficult to achieve. Plans to sell the defence ministry Paris buildings to a single buyer for around €700m have failed. Baroin is also looking to cut the cost of buildings leased by government.

“It would be irresponsible for government departments to continue leasing offices at too high a price, so in Paris I will refuse any rent above €400 per sq.m.,” he said. The economy and budget ministries are planning to save €22m by relocating 55% of their staff to offices outside of Paris. ■ pie

French Lucette completes €163m Colisée sale to Allianz

French office REIT/SIIC Compagnie La Lucette has completed the sale of its Colisée building in Paris to Allianz Real Estate, which was carried out through a purchase of shares in a holding company. Terms were not disclosed but Agence France-Presse reported the transaction valued the Colisée building at €163m.

Lucette was taken over late last year by larger peer Icade, which is itself controlled by French state financing institution Caisse des Depots, and the Colisée sale forms part of Lucette’s plan to divest €200m of assets. The 10-storey Colisée building in the La Défense business district offers 24,860 sq.m. of office space and is rented to companies including Regus, Expansience and ACE Insurance. It was completed in 1998 and was acquired by Lucette in 2006.

The transaction is Allianz RE’s second major acquisition in Paris this year, following its purchase of the Capital 8 Messine office building from Unibail Rodamco. Capital 8 has a total lettable area of 18,000 sq.m. and is located near Parc Monceau in the heart of the CBD. ■ pie

Sony Center price said to be close to €600m

South Korea’s National Pension Service, the fifth largest pension fund in the world, has confirmed it closed its first acquisition in continental Europe with the purchase of Berlin’s Sony Center. It gave no price details but industry sources said it paid close to €600m in an all-share deal, taking over a holding company.

“We are happy to announce the first acquisition in continental Europe with the most prominent commercial property in Germany, if not Europe,” said NPS manager Jayme Younghee Han. Added Christoph Reschke, managing director of Hines Germany, which advised it on the deal: “The purchase of this prime asset is an appropriate way to execute NPS’ acquisition strategy in Europe. We are proud to advise NPS on signing this deal.”

The sellers are Cologne-based Corpus Sireo, the Chicago-based John Buck Company, and Morgan Stanley’s real estate fund MSREF VI International. Sony Center is located at Potsdamer Platz in the heart of Berlin and consists of eight buildings with a total leasable area of some 115,000 sq.m. The property serves as headquarters for tenants such as Deutsche Bahn, Sony and Sanofi-Aventis.

International real estate firm Hines will also be responsible for asset management. The landmark acquisition was the first deal of NPS and Hines in the context of their strategic partnership in continental Europe. The sellers were advised by BNP Paribas Real Estate and Morgan Stanley. ■ pie

Sweden's Scribona acquires Catella for €43m

Listed Swedish firm Scribona is to acquire the finance and real estate group Catella for SEK417m (€43m), including goodwill of some SEK240m. Renaming to Catella, the merged group will employ 420 staff in 14 countries, and have pro-forma equity of SEK870m, listing also on the Nasdaq OMX Stockholm.

The merger creates a financially-strong European finance group in financial advisory services, asset management and banking, Scribona said. Seller is Catella's management, which acquired it from a Luxembourg holding and Inter IKEA, the original owner, controlled by the family owners of the IKEA global furniture retailing group. Johan Ericsson, former Catella Financial Advisory CEO has been named CEO of the new group, and Scribona CEO Lorenzo Garcia will step down. "Our business operations complement each other perfectly," Ericsson said. "By merging with Scribona, Catella can take an important step towards the growth we see for financial services in the fund market and the property sector. Aside from benefiting from business synergies and the competence Scribona has in its subsidiaries Banque Invik and EETI, Catella will gain a stable and long-term ownership solution."

Garcia said Scribona had been seeking just such a growth business. "The new Scribona-Catella will form a strong platform for growth and value creation," he said. In part payment, Scribona will offer subscription options with a value of SEK30m to the sellers, who also form Catella's management group. Part of the options, with a maturity of between three and six years, will then be acquired by an additional 50 leading individuals in Catella.

Catella is a leading advisor in Europe in property transactions and financing, and had a transaction volume of almost SEK300bn in the past three years. It also has specialist competence in capital market services and other areas of corporate finance. On a rolling 12-month basis, the operating profits of the acquired Catella should be around SEK100m. ■ pie

Holding firm of Frankfurt's DIC gains new shareholder

Germany's Deutsche Immobilien Chancen, the major shareholder of listed office investor DIC Asset, has gained a new strategic investor in Hannover-based insurance firm VGH which has purchased 6.4% of its shares in a capital increase. The parties agreed not to disclose price details.

The shareholders of the DIC Group comprise associated companies, several insurers, international investors and family offices. "In VGH Versicherungen, we have won a renowned investor with a long-term focus and real estate experience as a new shareholder for the DIC Group," said DIC CEO Ulrich Höller. "It will enhance our group of shareholders in the best possible way and will provide active support to the DIC Group in implementing its plans for growth over the coming years." Among the major shareholders in DIC are Morgan Stanley Real Estate Funds, and Thurn & Taxis private family wealth.

DIC, founded in Frankfurt in 1998, currently holds some 40% of DIC Asset equity, while real estate assets managed by the group amount to some €3.2bn. VGH is the largest regional insurer in

the northwest German state of Lower Saxony – offering property and personal insurance. Its service network comprises around 600 independent brokers and its cooperation partners are savings banks and the LBS building societies. ■ pie

Real estate to fall short of sustainable goals by 2020

One in five surveyors globally believe that 90% of commercial real estate stock will fall short of meeting good sustainable standards by 2020 without a rethink of green incentives, says the Royal Institution of Chartered Surveyors.

In its survey of commercial property agents it says the numbers are even starker at a regional level with nearly half of all surveyors in Latin America believing it will take more than a decade for even a small minority of the commercial real estate stock to meet good sustainable standards such as those championed by LEED and BREEAM. "Despite the general view that new buildings are meeting better standards, with new stock typically representing only 1-2% of existing supply in any one year, the survey of agents highlights the immense challenges that governments face in putting idealistic real estate plans into action on a global scale," RICS said. It is calling for an urgent rethink to incentivise refurbishment of existing stock, saying this should be seen as a top priority over the coming decade.

Commenting on the survey results, RICS Global Head of Sustainability Policy Ursula Hartenberger said: "The findings clearly indicate that governments worldwide have a key role to play in providing the right sort of fiscal and direct incentives to raise the quality of the real estate stock. ■ pie (Full story to appear in PIE 169 published on 7 June)

France's OFI, F&C raise €100m for second fund

French property investment manager OFI REIM and UK-owned international fund manager F&C REIT have raised almost €100m in an initial closing for their new FOSCA II property fund, which ultimately aims to build a €600m portfolio in French commercial property.

OFI REIM, which started operations in 2005 and focuses on French office and retail property, manages a real estate portfolio of €650m and is backed by the OFI asset management group, which has €22bn under management. F&C REIT Asset Management was formed through the combination of F&C's property business and REIT Asset Management in September 2008 and manages a global portfolio worth £7.5bn

Initial funds for FOSCA II have come from European institutions, mainly insurance firms and pension funds. The partners are expecting further subscriptions over the next year and have set a target of €300m, with leverage then giving it an investment capacity of around €600m. They aim to build a diversified portfolio of offices and attached retail shops in France. "We have developed a wealth of experience in investing in offices with a high level of quality. We create added value by a customised tenant approach and repositioning strategies focused on increasing the consistency

of our assets,” said OFI REIM chairman Brigitte Sagnes Dupont. Added F&C REIT CEO Nick Criticos: “Raising almost €100m is a fantastic result for a first close on FOSCA II.” The fund is the second joint venture between OFI REIM and F&C REIT. FOSCA I raised more than €200m in 2005-2006 and now has an office and retail portfolio of €700m. ■ pie

Gecina reschedules debt, set for return to growth

French REIT/SIIC Gecina has gained financial flexibility through further debt restructuring moves and says it is now in a position to return to growth. “With €490m in free cash flow and after re-establishing its position on the financial markets, the group once again has the flexibility, visibility and means required to resume its sustainable growth,” it said.

CEO Christophe Clamageran set financial flexibility as a key goal when he took on the role in November. He replaced Joaquin Rivero who faces a judicial investigation over his running of Gecina, the second largest French REIT with assets of €11.3bn. The group recently renewed three bank financings maturing in 2011 and 2013, and rescheduled to 2014 and 2015. At the same time it increased the total to €1.15bn from €1.02bn. The renegotiations and new facilities mean Gecina only has €312m of debt falling due in 2010 and 2011. Redemptions of €999m are scheduled in 2012 and of €1.15bn in 2013, while €3bn falls due for repayment in 2014 or beyond.

Separately, Gecina said last month’s successful €320m convertible bond issue highlighted its ability to diversify its sources of financing by calling on the capital markets. The issue was many times oversubscribed, with investors responding favourably to recent changes in the governance and the realignment of its strategy around its core French business. The group, which is owned 26.9% by listed Spanish firm Metrovacesa, earlier this month sold three French office buildings for €108m, also to raise cash. ■ pie

French parliament adopts Grand Paris capital gains tax

The French parliament has approved a capital gains tax on property that increases in value as a result of new transport networks created through the Grand Paris urban renewal plan. The capital gains tax plan was retained in the law on the Grand Paris project that was adopted by the National Assembly lower house on 26 May and the Senate upper house on 27 May.

The Grand Paris law also paves the way for the construction of the new 130km-140km figure-eight automated metro line linking the main business and residential areas of the Greater Paris area, and for the establishment for the Société du Grand Paris (SGP) body that will oversee the new transport infrastructure.

The capital gains tax plan was introduced into the Grand Paris draft legislation when it went through the Senate for the first time in April, prompting an angry reaction from real estate groups who argued that it would deter international investors from the Paris market. The French listed property association FSIF (Fédération des Sociétés Immobilières et Foncières) called for an alterna-

tive financing solution, such as a tax based on a property’s rental value or an additional tax on transactions.

The automated metro line is expected to cost around €21.5bn, and while the SGP will receive an initial €4.5bn from central government and will raise further funds through long-term loans, it will also be dependent on tax revenues for part of its financing.

The capital gains tax will apply to sales of a property close to a new station in the Ile-de-France region during a 15 year period. For buildings or land within 800 metres of a station, a tax of 15% will be payable to the central government to finance the SGP while a further 15% tax could be charged by the regional government to finance infrastructure development by the regional transport authority. For property between 800 and 1,200 metres from a station, the capital gains tax rate would be 7.5% in each case. These taxes will be charged on 80% of the capital gain and cannot exceed 5% of the sale price in total. The capital gains tax will not apply to sales by a developer. The Senate had originally proposed that the tax should apply to properties within 1,500 metres of a new station. ■ pie

Deka, RREEF said bidding for €160m Barcelona prime asset

Foreign and national investor interest in the Spanish commercial real estate market is still strong. Spanish media report that bidding interest in Barcelona’s prime landmark office building at Avenida Diagonal 640 is intensifying.

The two German fund managers Deka and RREEF have made bids, with Deka’s said to be the highest, the i-comparables.com website reported. Realía, the owners of the building, consider that its value is €160m which makes it the largest ongoing sale in the Spanish commercial real estate investment market at the current time.

The RREEF bid is associated with Metroinvest, the investment group of Spanish savings bank La Caixa and two Spanish family offices, Gallardo (owners of Almirall) and Costafreda (founders of Panrico). ■ pie

French Eurosic wins first HQE operation label of 2010

French REIT/SIIC Eurosic’s Quai 33 building on the outskirts of Paris has won the coveted HQE environmental certificate, the first operating building to be awarded the label this year.

An HQE (Haute Qualité Environnementale) green building standard for construction has existed since 2005 but critics argued this paid no attention to the way buildings were operated once they were delivered. The performance of HQE-certified buildings sometimes fell well short of expectations. French buildings certification body Certivéa therefore developed the HQE standard for buildings in operation. The new certification takes account of ongoing environmental performance, which reflects not just the quality of construction but the manner in which the building is maintained, and the practices of users and service providers. The certificate is awarded for five years but buildings are subject to an annual audit. The first eight HQE buildings in operation certifications were awarded in December, following the

launch of the scheme in September, and Eurosic is the first company to receive the award since this initial wave. ■ pie (Full story to appear in PIE 169 published on 7 June)

Gecina governance changes said attracting takeover interest

Because of recent corporate governance changes at French REIT/SIIC Gecina, including the waning influence of former chairman and CEO Joaquin Rivero amid a legal investigation, several firms are interested in a potential takeover, say Paris real estate sources.

These include first and foremost Foncière des Régions where its major shareholder Charles Ruggieri knows Gecina well since he was a major shareholder in the group after a merger into it of his Batipart company in 1999. Ruggieri ultimately devoted his activities to FdR and sold out of Gecina with other major shareholders in the middle of the last decade. The buyer was Metrovacesa, at the time headed by Rivero.

Another interested party is likely Icade, where its chairman Serge Grzybowski worked as CEO alongside former Gecina chairman Antoine Jeancourt-Galignani in the early part of the last decade building the asset base. A further interested party cited is Léon Bressler, founder and former chairman of Unibail, and now real estate partner at the New York-based mergers and acquisitions house Perella Weinberg. None of the companies cited have commented. Rivero has been replaced as chairman and CEO over the last few months and now says his 15.7% stake in Gecina is a financial investment only. He remains on the board. ■ pie

▼ RUSSIA/CIS-CEE

Orco's restructuring plan approved by Paris court

The Paris Commercial Court in early May approved a restructuring plan for troubled listed Czech CEE developer Orco Property, ending its period of protection from creditors begun last March. It also reported a first quarter net loss narrowed to €15.6m from €45.7m in 1Q09.

Orco said the plan's implementation and, in particular, debt rescheduling, will allow it to reinvest in property projects to re-establish a value-creating cycle frozen by the crisis. It will also continue to consolidate and refocus activities. The plan includes the repayment of 100% of admitted claims over 10 years. President and founder Jean-François Ott said the restructuring and the plan gives Orco time to restore financial health and the opportunity to re-launch CEE projects. The procedure covered some €1.5bn debt.

Prague's Atlantik analyst Patrick Vyroubal said the news substantially reduced the risk of potential liquidation. The key point is the extension of the average maturity of bonds to eight years from three, boosting cash-flow and allowing a gradual restructuring. But total debt remains high and the property recovery is likely to be slow. Orco's shares look relatively overvalued at 18% discount to NAV versus 46% sector average.

Orco's 1Q10 revenues slipped 6% to €51.5m. While its net loss was above consensus forecast, EBIT of €5.0m was below. Adjusted EBITDA rose 42%, and financial expenses fell. Refinanced projects totalled €43m. Orco Germany sold assets for €22m and signed sales of commercial developments with 2HOffice and healthcare (€40m) to be recognised in 2Q10 revenues. In Warsaw, an appeal court cleared the zoning permit for its flagship Zlota apartment project, with a decision on a suspended building permit expected in June. Orco said average yields and rents of Prague and Berlin office markets were stable in the quarter; CEE investment activity is picking up and residential sales in Prague and Warsaw are rising while prices have stabilised. At March end, bank debt was €1.1bn, 62% of total financing. For the full year, Orco is forecasting €280m-€300m of revenues including €72m from more German sales. ■ pie

IKEA in first Bulgarian store, to enter Croatia, Slovenia

Construction on the first IKEA store in Bulgaria, a 28,000 sq.m hypermarket in Sofia, begins in June, and the Sweden-based furniture retailer plans to build two more in the nation - in the cities of Varna and Plovdiv - Vassilis Furlis, chairman of IKEA's franchise-holder Furlis, said.

In Croatia, IKEA plans its first shopping centre in Rugvica, near Zagreb, in mid-2012, InterIKEA manager for Croatia Branko Mihajlov, said at a recent conference. The centre, Zagreb East, will have a total built area of 140,000 sq.m. and 130 stores. IKEA plans to open eight shopping centres and nine IKEA stores in Croatia in total. The company's next target locations are Split and Rijeka, where it is looking to buy 20 ha of land.

IKEA is also looking for a suitable land plot in the Slovenian capital of Ljubljana. IKEA Manager Igor Stefanac said the company is interested in entering the Slovenian market as soon as possible, with the first store to open a year after obtaining all permits. It is also reportedly looking for a site in the Czech Republic, between Pardubice and Hradec Kralove. IKEA currently has 301 stores in 37 countries, and has been expanding fast in CEE and Russia. ■ pie

Polish GTC starts €170m mall jv, sells Warsaw offices

Warsaw-listed Polish CEE developer Globe Trade Centre has entered a 50-50 joint venture with Polnord to develop a €170m shopping and entertainment centre in Warsaw. GTC also agreed to sell two Warsaw office buildings for yields of 7%-7.2%.

Construction of the Warsaw mall on a 7.5 ha site in the Wilanow district currently owned by listed Polish construction and development company Polnord is expected to start in the next year after obtaining a building permit, with its opening planned for 2013. It will have some 60,000 sq.m. of retail space. The primary catchment area includes the most affluent housing districts of Warsaw and the Konstancin resort area. GTC will have a leading role in the project development and management. The value of the mall on completion is put at €250m.

The Topaz and Nefryt Warsaw office buildings in the Mokotow business district, with 27,000 sq.m. of rentable space, will be sold at €3,000/sq.m. for yields of 7.0-7.2% on current income to an unnamed international property investor. Final execution is subject to due diligence and approvals and is scheduled for end-June. Also in Warsaw, GTC is starting its fourth building in Platinum Business Park, to be finished end-May 2011. The first three are almost 100% let.

GTC's Bulgarian subsidiary has meanwhile started construction of a €75m, 37,000 GLA shopping mall in the Bulgarian city of Bourgas, Galleria Bourgas, expected to be completed in a year and a half. EBRD is considering €51.5m in funding, which has passed concept review with final approval scheduled for 8 June. In Croatia, GTC has already received a €40m EBRD financing package for its energy-efficient Avenue Mall Osijek under construction, including 20% equity and a loan syndicated with Raiffeisen Zentrabank

GTC reported 1Q10 operating profit down at €18.5m from €33.1m as there were no revaluation gains this year, with after-tax profit easing to €4m from €4.4m. Rental income advanced 42% to €30.6m and the gross margin from operations rose 15% to €24.6m. Residential sales revenue dropped to €6.5m from €23.7m due to lower completions. GTC's strategy is to reduce exposure to residential and focus on office and retail development. GTC has increased its 50% stakes in mid-sized Romanian malls to about 70%. Its strategy of recycling capital provides for selective asset sales: the Nefryt and Topz transaction in Warsaw will further improve its liquidity and financial ratios. GTC operates in Poland, Hungary, the Czech Republic, Romania, Serbia, Croatia, Slovakia, Bulgaria, Russia and Ukraine, and has total assets of over €2.6bn. ■ pie

Germany's Lidner in €85m business park in Albania

German development company Lidner Development is developing Tirana Business Park in the Albanian capital, the project to include 200,000 sq.m. of office, warehouse and small-scale light industrial buildings. The project has been estimated at €85m.

Tirana Business Park will be the single largest commercial development project in Albania since the fall of communism, and the country's first business park, said Colliers, which is providing leasing/selling and development advisory services. It will be located near Mother Tereza International Airport and will be constructed in two phases with the first phase expected to start in October/November. The project is the fourth business park developed by Lindner in Europe; its previous 300,000 sq.m. park was built in Sofia, Bulgaria. Lindner is a European market leader in interior fit-out and façade construction, and had 2009 revenues of over \$1bn. ■ pie

Plaza Centers opens 30th CEE mall in Poland

Listed emerging markets shopping centre developer Plaza Centers has completed and opened to the public Suwałki Plaza in Poland, its thirtieth shopping centre in central and eastern Europe and its ninth in Poland, following closely on its Zgorzelec Plaza mall opened in March.

The 20,000 sq.m. GLA centre with a catchment area of 200,000 inhabitants was about 80% let on opening and includes a cinema, bowling and entertainment centre. Suwałki is in northeast Poland, and Zgorzelec in the southwest, close to the German border with a catchment area of 190,000 inhabitants. The 13,000 sq.m. GLA Zgorzelec Plaza is the first mall in the region to include entertainment facilities.

Plaza has sold 26 of its shopping centres to date for about €1.16bn, including 17 in Hungary, seven in Poland and two in the Czech Republic. The remaining four, two Polish, one Czech and one Latvian, are being held as operational assets. Completion of the two latest Polish malls coincides with a period when the local economy is outperforming its neighbours, with GDP forecast to grow by over 2% this year, Plaza noted. ■ pie

Cushman's Riabokobylko named to ULI Russia chair

Sergey Riabokobylko, a partner and co-founder of realtor Cushman & Wakefield in Russia, has been named new chairman of the Urban Land Institute in Russia, replacing Arnaud Dubois, Managing Director of IMAGIM in this voluntary leadership role.

Riabokobylko has over 15 years of real estate experience spanning corporate strategy, development advisory, investment advice, brokerage and marketing. He has advised local and foreign private and institutional investors and participated in the set-up and capital raising for two investment companies aimed at the Russian property sector. He serves on the board of Russian property developer and asset manager PSN (PromSvyazNedvizhimost).















ULI Russia, which began activities only two years ago, has nearly 60 members. Riabokobylko commented: "I'm enthusiastic about expanding ULI Russia activities through engaging market professionals in focused programs aimed at solving obvious needs of our developing cities and regions. These programs will benefit from the global resources and expertise resident in the ULI organisation." ULI is a global non-profit research and education institute dedicated to responsible land use, with some 34,000 members worldwide. ■ pie

**TURN ON, TUNE IN,
CATCH UP!**

with PFE/PIE's free podcast service

... available on iTunes and www.pfeurope.eu



<p>January 2010</p>  <p>Lakeside Shopping Centre</p> <p>GBP 525,000,000 Investment Loan</p> <p>United Kingdom</p> <p>Mandated Lead Arranger</p> <p>Westdeutsche ImmobilienBank AG</p>	<p>December 2009</p>  <p>GEORGE COMFORT & SONS, INC. <small>Commercial Real Estate Group, LLC</small></p>   <p>Office</p> <p>USD 181,500,000 Term Loan</p> <p>USA</p> <p>Agent & Lead Arranger</p> <p>Westdeutsche ImmobilienBank AG</p>	<p>December 2009</p>  <p>Office</p> <p>EUR 19,390,000 Investment Loan</p> <p>Poland</p> <p>Arranger & Original Lender</p> <p>Westdeutsche ImmobilienBank AG</p>	<p>December 2009</p>  <p>Bicester Village, a Chic Outlet Shopping® Village, actively managed by Value Retail</p> <p>GBP 190,000,000 Investment Loan</p> <p>United Kingdom</p> <p>Agent & Arranger</p> <p>Westdeutsche ImmobilienBank AG</p>
<p>December 2009</p>  <p>Offices</p> <p>EUR 170,000,000 Acquisition Facility</p> <p>France</p> <p>Agent & Co-Arranger</p> <p>Westdeutsche ImmobilienBank AG</p>	<p>December 2009</p>  <p>Shopping Centres</p> <p>EUR 119,795,000 Investment Loan</p> <p>Poland</p> <p>Agent & Co-Arranger</p> <p>Westdeutsche ImmobilienBank AG</p>	<p>December 2009</p>  <p>SEB Asian Property Fund SICAV-FIS</p> <p>Shopping Centre</p> <p>JPY 7,215,000,000 Acquisition Loan</p> <p>Japan</p> <p>Agent & Arranger</p> <p>Westdeutsche ImmobilienBank AG</p>	<p>November 2009</p>  <p>Nordic Fund IV</p> <p>Office</p> <p>SEK 325,000,000 Credit Facility</p> <p>Sweden</p> <p>Agent & Arranger</p> <p>Westdeutsche ImmobilienBank AG</p>
<p>November 2009</p>  <p>Office</p> <p>EUR 72,000,000 Investment Loan</p> <p>Belgium</p> <p>Agent & Arranger</p> <p>Westdeutsche ImmobilienBank AG</p>	<p>November 2009</p>  <p>Retail</p> <p>USD 115,000,000 Term Loan</p> <p>USA</p> <p>Agent & Lead Arranger</p> <p>Westdeutsche ImmobilienBank AG</p>	<p>November 2009</p>  <p>Retail Facility</p> <p>JPY 4,380,000,000 Refinancing</p> <p>Japan</p> <p>Sole Arranger</p> <p>Westdeutsche ImmobilienBank AG</p>	<p>October 2009</p>  <p>Retail</p> <p>USD 250,000,000 Term Loan</p> <p>USA</p> <p>Co-Lender</p> <p>Westdeutsche ImmobilienBank AG</p>

A Partner from the Start.
Financial solutions for clients all over the world.

When will you become our client? Please contact us to discuss your financial needs.

www.westimmo.com

