

UK hedge fund Cardinal buys troubled Bremen Space Park

London hedge fund Cardinal Asset Management has acquired the troubled Bremen Space Park and intends to build shopping and leisure activities. **Page 6**

French house price growth slows to 2.2% in first quarter

Growth in French house prices skidded to 2.2% during 1Q06 after a 10.3% increase in the same 2005 period. **Page 7**

CMBS boosts European ABS more strongly than expected

Mainly propelled by the boom in CMBS, the European ABS market has started very strongly in 2006, according to participants at the ESF annual conference in Venice. **Page 9**

L.A.'s Colony Capital eyes Paris St. Germain soccer club

Los Angeles-based private equity group Colony Capital has teamed up with a French firm to acquire the Paris St. Germain football team and its stadium. **Page 17**

Ed LaPuma, Alistair Calvert

W.P. Carey & Co. LLC
The PFE Interview: **Page 8**

French property sector continues to attract as CeGeReal lists as SIIC

Germany's hausinvest europa, an open-end fund subsidiary of Commerzbank's Grundbesitz Group, has raised €122m in the first flotation of a German-controlled company on the French stock exchange, with its CeGeReal unit.

CeGeReal was twice oversubscribed at launch on 29 March, placing 28.7% of shares at an issue price of €31.80. In listing the portfolio in the legal form of a French REIT (Société d'Investissement Immobiliers Cotée, SIIC) hausinvest europa halves the potential capital gains tax liability incurred in re-capitalising the three large Paris properties – savings officials put at €88m.

CGG Managing Director Frank Pörschke told a news conference in Frankfurt the corporate tax-free REIT status would also cut around €6m annually from the tax bill. "There are clear advantages for hausinvest europa investors in this move," he said.

The IPO was the latest sign of the growing attraction of the French real estate sector for domestic and foreign companies alike. The Stockholm-based Aberdeen Property Investors, managing over €8bn in assets, is establishing a presence in France, primarily attracted by the possibility of launching funds under the newly-introduced OPCVI legislation. CGG, with €2.7bn of its €13bn assets in France, has hinted that CeGeReal will not be the last SIIC it floats on the Paris Euronext.

Despite this and the UK's confirmation last month that it will introduce a REIT regime in January, German financial sector lobbying for G-REITs is hitting growing resistance from the Social Democrat grand coalition partner. "This is a product that we can well live without," SPD financial spokeswoman Nina Hauer said last week (See p4). Left-wingers calculate a potential loss in tax income of several billion euros, and warn against negative consequences of REITs for tenants. pfe

Germany residential property firm Patrizia Immobilien IPO strongly over-subscribed

The German residential property group Patrizia Immobilien was 10 times over-subscribed in its initial public offering of 46% of total equity on the Deutsche Börse last month.

Patrizia was offered at €18.5 per share, valuing the home privatisation firm at €877m. The stock price rose to €23 on first day of trading, taking the company valuation to €937m. In 2005, Patrizia reported net profit of €36m for 2005 on turnover of around €100m.

Some 83% of the 24.5m shares on offer were placed with non-German institutions, with US investors in the forefront. "You only have to say the words Germany and real estate in America and people raise their hands," one investment bank said. Company founder Wolfgang Egger reduced his holding to around 50% from a prior 93%. (See p6) pfe

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Onward and upward! The first issue of the **Property Finance Europe** 'new year' is also the first to go up to 24 pages - just because the sector is throwing off such a mass of information that, we think, you need to know. Not only that, PFE Issue 23, in your hands or on your screen, is the first to enjoy the patronage of an advertiser on the back page, which is indeed a highly welcome development. A big thank you to Morgan Stanley European CMBS Servicing for this première! That means the subscription form is on the inside back, and our People item, trying desperately to track all the job changes fit to print, wriggles onto p22.

Also in this issue you will find the first tracking of the major listed real estate companies on the continent, put together by our friends at Global Property Research, an arms-length unit of Kempen & Co in Amsterdam. Find as well a separate table of property firms listed on the UK AIM market, which certainly seems to be the flavour of the past few months for funding many European property investment ventures.

Lots of changes still to come for PFE, and plenty of conferences still joining the Bulletin Board by the week... but not until you - and we - have had a chance to open Easter eggs and take a long weekend with feet up, or on the spring ski slopes. Happy Easter to all!

European listed property stocks outperform US, Asia again in March

For the second month running, Europe on a global comparison with the US and Asia was the best performing region for listed real estate companies in March, according to the FTSE EPRA/NAREIT Global Real Estate Index.

The Europe index rose 4.1%, led - for the third consecutive month - by France which added 6.8%, followed by Sweden up 4.9%. British companies rose an impressive 4.8% following the announcement about UK-REITs in the budget. EPRA/NAREIT Netherlands was up 3.4%. Broad European volatility stands at about 9%, the lowest of the three regions.

Expressed in euro terms, real estate firms worldwide have added 11.1% in aggregate in the year to date. They rose 3% in March, outstripping bonds - down 1.1% - and industrial equities, down 0.6%. All three real estate regions moved forward for the third consecutive month. Europe added an impressive 4.1%, North America gained 3.4%, and Asia firmed 1.5%.

The European Public Real Estate Association (EPRA) said in a release the format of the UK REITs structure was viewed positively by the industry. The main criteria are:

- 90% of taxable profit distributed to investors
- 2% of gross value of investment properties conversion charge
- Rental income at least 1.25 times interest costs
- 10% limit on total dividend payout, or share capital, or voting rights

The best performing real estate share in Europe in March was that of Italian developer Risanamento, which soared 26% after Dutch merchant bank Kempen & Co rated it a 'strong buy' on 13 March. Nordicom, the Danish office developer added 16%, closely followed by another Italian company IGD up 14%. Germany's IVG Immobilien also advanced 14%, a return mirrored by the UK's Mapeley which entered the Index in the month.

Polish diversified developer Globe Trade Centre continued to do well since joining the index on 19 December 2005 - with its stock adding 10% in March. Globe Trade has added an incredible 67% since it joined the index. The bid by Barcelona developer Grupo Sacresa for a 20% stake in Spain's Metrovacesa boosted the latter's share price by 12% in March. Sacresa is increasing its rental portfolio as house price growth slows after a seven-year surge. pfe

Whoa, I had thought that matters might become a little more sedate considering the hectic pace of change in mainland Europe real estate over the past 12 months, but spring in the northern countries of ye olde Europa means only one thing: rising sap! In property terms, the continent is in full bloom: Le sacré du Printemps. DaimlerChrysler suddenly reflecting on selling a few billion of its real estate, Aberdeen Investors dancing down from the frozen north to harvest the budding OPCIs shoots in France, Patrizia Immobilien springing like a lamb replete with the joys of life onto the German stock exchange, Italian developer Risanamento sprouting 26% onto its stock price in one month, a Portuguese-French joint venture bounding into the heart of Berlin to show Prussian friends how to put together a vibrant, blossoming shopping centre. Right in the Alexanderplatz, doncha know! Everyone, in short, is full of the joys of life - feeling the throb of real money surging through the veins of any company or group of people claiming to have their fingers on the pulse. Phew! They say dynamic change creates opportunity; stasis gets you, well, nowhere much. But we haven't got onto the German grand coalition yet, so I digress. The prize for greatest chutzpah in the field of capital raising goes this month - well, this PFE issue



at least - to the German private property company S&P German Retail Reit. No prizes about what this property-AG, founded by the funds group Sontowski & Partner, wants to be when it grows up. All power for taking the bull by the horns! Well the spring lamb by the wool, at least!

Talking of prizes.....it's got to be done. We do apologise. We are, in advance, awfully sorry. But when are we going to give birth to the PFE Worst Corporate Communication Of The Month Award (PWCCOTMA) if not in springtime? It is launched in a spirit of constructive criticism - of trying to persuade the continental real estate industry to think and practice clear communication and benefit from the dawning, disintermediated New Real Estate World. And the award goes this month to, drum roll, Citycon, the listed Finnish property company which has just made a capital increase. Er, we think. Or will do soon. We think. Not absolutely clear. No one picked up the phone in answer to our questions. Perhaps at lunch. Oh well. They are not alone. In the recent past we have grappled with 'communications' from Corio, Kungsleden, Beni Stabili to name but a few - and often just not had time to figure it out. Even IVG, whose website is a paragon, frequently manages to make news releases into Le Monde articles - a general impression of what might be happening. Please, please remember that the average global investor in all likelihood does not know your company, and that

your share price or fund certificate or capital raising venture or financing proposal can only benefit if you tell her/him who you are, what you are doing, why you are doing it. Here endeth the lesson.

It is only coincidence that the Daily Telegraph reported that Tesco Plc may place its \$21bn freehold property portfolio into a UK-REIT to boost investor returns just at the moment when KarstadtQuelle's Thomas Middelhoff was announcing the €4.5bn sale-and-lease-back of his department stores into a JV jointly held with Goldman's Whitehall Funds. Tesco Finance Director Andrew Higginson said the British supermarket chain was 'obviously interested' in doing this - and indeed, almost all listed property companies on the Sceptred Isle are likely to follow suit. Meanwhile, Germany Real Estate AG is trying to stay sunny despite the renewed efforts of the left-wing in Berlin to nip the REITs blossoms in the bud. Did we mention stasis earlier? Let us be very clear about one thing: Chancellor Angela Merkel is not a reformer and never will be. The trade-off with the SPD, in the charming position of taking no responsibility for anything but fully consulted on everything, means she is in spring nurturing mode and nowhere near shearing season. Can't fault Fr. Merkel's communications though: 'Reformer' implies very good PR!

Allan Saunderson, editor@pfeurope.de

Most UK property companies likely to convert to REITs - Fitch Rating

The flexibility inherent in the newly-announced UK real estate investment trust (REIT) legislation is greater than that at present enjoyed by listed property firms so that most major British quoted real estate companies are likely to convert to REIT status when it comes into effect next year, says the rating agency Fitch Ratings.

In particular, the minimum interest cover of 1.25 times effectively allows leverage up to 80% loan-to-value - higher than the limits under which most large UK property companies currently operate. „Newly announced UK REIT details, particularly the minimum interest cover of 1.25x, are flexible enough to enable most large listed quoted UK property companies to convert,” said Fitch European Property Analyst Jean-Pierre Husband. “Current credit ratings on some £15bn of property companies’ debt are unlikely to be immediately affected if companies convert and continue with the existing capital structures.”

Neither is there any significant need for UK majors to raise new equity to convert. It was initially feared that a rush to raise new capital might destabilise the market. Although losing tax benefit on debt funding theoretically cuts the incentive for leverage, converting companies are unlikely to replace long-term debt with equity. In addition, Fitch does not consider the conversion charge of 2% of qualifying assets as an especial hindrance.

UK Chancellor Gordon Brown in his budget speech last month confirmed expectations that Britain will introduce REITs legislation, effective next January. The German government has committed to follow suit but the move still depends on Chancellor Angela Merkel’s Grand Coalition achieving political consensus. A cross-party commission of MPs set up to consider the question convened for the first time last Wednesday.

Britain circumvented the tax question by limiting to just under 10% the dividend payout to any single shareholder - a threshold above which double taxation agreements take effect. Fitch also considers that the 90% dividend distribution requirement will not materially affect converting companies’ post-finance cash-flow. “Property companies are capital-intensive and do not rely on operational cash-flow to fund acquisitions or property development,” it said. While REITs worldwide have tended to concentrate on dividend yield, UK REITs can continue to be capital growth players as well - in which case, nominal debt (a form of non-value appreciating capital) has a purpose. pfe

German grand coalition sets committee on G-REITs but SPD resistance grows

The German grand coalition government of Chancellor Angela Merkel has set up a six-member ‘expert commission’ of politicians from its Christian Democrat and Social Democrat parties to work out proposals, within eight weeks, for legislation on Real Estate Investment Trusts (REITs).

The aim is to bridge differences between the two parties on REITs introduction, and reform of hedge fund legislation. However the Handelsblatt reported Friday that widespread SPD parliamentary resistance to REITs threatens to scupper the entire effort of the German financial centre to persuade the government to introduce them.

“This is a product that we can well live without,” it quoted the SPD parliamentarian and financial spokesman Nina Hauer

as saying. Her colleague Florian Pronold pointed to unsolved tax problems that would reduce the tax take by, he said, several billion euros, while the former Hamburg Mayor Ortwin Runde warned against negative consequences of REITs for tenants.

“The new financial market instrument must at least be fiscally income-neutral,” Runde said. In addition, REITs would be under pressure to return yields of up to 14% on equity, and to exceed the 6% that is the current standard in real estate, they would put pressure for rental increases in their residential holdings. In regard to the tax reform planned for 2008 there was also a question as to whether REITs would not introduce new and unacceptable tax privileges.

The Financial Times Deutschland newspaper had previously reported that differences over the issues of REIT taxation have been largely resolved. This has been a sticking point since discussion began over the issue in late 2004 under the prior Social Democrat-Green government under Gerhard Schröder. Commerzbank Chairman Klaus-Peter Müller, president of the Federal Association of German Banks, also told various media that the Finance Ministry has sorted out 90% of tax issues. He also praised Finance Minister Peer Steinbrück for taking a clear position in favour of G-REITs despite considerable resistance to any legislation from the left-wing of his Social Democratic Party. pfe

PFE COMMENT: Oh, oh, problems! We find the views of the SPD Left incredible - but everyone is, naturally, entitled to her or his opinion. We simply cannot share the concerns in any shape or form. The benefits to the nation of revitalising its, for years, completely moribund real estate sector, wheth-

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er residential or commercial, massively outweigh the concerns of the SPD Left, in our view. Creating a transparent stock exchange-regulated vehicle to channel capital - whether domestic or international - into German real estate would bring huge asset revaluations that would knock on directly into private family balance sheets now squeezed to breaking point by the twin pressures of disappearing manufacturing jobs and growing state tax demands. Apart from the relief rising home valuations would provide to individuals facing evaporating state pensions - trapped also by the consistent refusal of successive German governments to open up private old age provision - the macro-economic impact of REITs on private consumption has the potential to bring very strong benefits. Almost all other industrialised countries have seen rises in property values directly passed through to consumption - and therefore economic growth to the benefit of overall national wealth. Add to that a multitude of other potential benefits from G-REIT introduction that certainly include an incentive for industrial companies to divest property, raise liquidity and provide funds to refocus manufacturing to face rapidly shifting global competition, and the myriad jobs that a sorely overdue revitalisation of the German real estate would create.

KarstadtQuelle in €4.5bn sale-and-leaseback JV with Goldman's Whitehall for department stores

The Essen-based retailer and catalogue sales group KarstadtQuelle has sold a €4.5bn real estate package comprising the vast majority of its department stores to a joint company it has formed with Goldman Sachs' Whitehall Fund, taking 49% of the equity.

KarstadtQuelle receives an immediate cash payment of €3.7bn, and expects an additional €800m to accrue from participation in the appreciation of the assets. CEO Thomas Middelhoff said the assets should substantially increase in value over coming years. The group therefore opted for a strategic model that allows complete redemption of debt now, while keeping a participation in an eventual capital valuation upside.

"We reduce group debt to zero, and this gives us new flexibility for further development and growth on the basis of a less capital-intensive business model", he told the annual press conference in late March. "We are strengthening our equity ratio directly to approximately 20%." The move will boost group pre-tax earnings by more than €100m a year on a sustainable basis, and KarstadtQuelle will realise one-off extraordinary income of almost €2bn.

Karstadt will continue to operate the department and sports stores at unchanged leasing conditions.

Middelhoff also announced that in 2006 the group will sell further real estate assets with a value of €600m in a separate transaction, bringing the total value of transactions to €5.1bn. Separately, Chief Financial Officer Harald Pinger later told the Euro am Sonntag newspaper that KarstadtQuelle expects to sell this portion of its remaining real estate portfolio, including its Essen, Germany headquarters, with the next two weeks.

The department store portfolio will be re-positioned. Five stores, including the Alsterhaus in Hamburg and the KaDeWe in Berlin, are to be combined into the Premium Group, and eight more will follow. All the stores are in top locations and will offer an international buying ambience with leading brands and high service level.

The other department stores will be combined in the Boulevard and Boulevard Plus segments. "With this strategy we will create considerable additional value in our department store portfolio over the next few years. This is already evident in the sales figures our modernized stores are generating", said Middelhoff.

Middelhoff told the conference 2005 had been a challenging year of restructuring and realignment in a difficult retail environment. Group sales slid to €15.5bn from €16.1bn in 2004, but adjusted EBITDA improved by 5.1% to €544m. "The core business areas are department stores, home shopping and tourism," he said, adding the group has set an EBITDA margin target of 6-7%. "For the first time

in many years, KarstadtQuelle Group's planning is back under control." pfe

PFE COMMENT: This seems to us like a very shrewd transaction. Take a slight minority position in the JV in cooperation with some clever people, get the investment bank to front you some of the potential upside just to make up the liquidity for the balance sheet, stay in a minority position to avoid consolidation, position for future flotation and significant capital gains once foreign investors get a chance to take a stake. Yes, flotation. Yes, REITs - if they come to Germany. Then, use the liquidity to modernise, consolidate, revamp, reposition the stores, and throw money at the catalogue companies Quelle and Neckermann. There, they missed the move out of heavy 300-page glossy books onto the Internet - and into a different customer group. Don't forget, when he was on the board of the Bertelsmann in the 1990s, Middelhoff was the one with the foresight to buy a stake in AOL, selling it a few years later for a huge capital gain. Of course he also bought Napster, which might have worked - but ultimately contributed to his departure from the giant publisher in 2002.

Aberdeen enters French Market, attracted by OPCl fund potential

The Stockholm-based Aberdeen Property Investors, a leading European property investment manager with over €8bn in assets under management, is establishing a presence in France, primarily attracted by the possibility of launching funds under the newly-introduced OPCl legislation.

In a release, Aberdeen said it will look to play a major role in the development of the property asset management industry in France by increasing the number of funds available and through the future OPCl developments. "Such developments provide a better base for the expansion of our international property funds," it said. "We see property funds becoming an even more important part of the portfolio of institutional investors."

In line with its European growth strategy, Aberdeen announced that it has appointed Jacques Yves Nicol as managing director of its new French business. Aberdeen International Director Ubbe Strihagen said there is growing interest from investors in Europe looking for cross-border property investments. pfe

DaimlerChrysler considering selling up to €4bn of real estate

The giant German-US automaker DaimlerChrysler is looking into selling real estate worth up to €4bn, CFO Bodo Uebber told the Financial Times Deutschland newspaper in late March.

Buildings and lots worth €3-€4bn are being analysed, including 17 buildings at Potsdamer Platz in downtown Berlin as well as the castle-like group headquarters in Stuttgart-Möhringen. However, no timetable has been set for a possible sale. „Anything operationally dispensable will be under review," the newspaper quoted Uebber as saying.

PFE COMMENT: The key question in all these transactions,

specifically in regard to sale-and-leaseback and the eventual anticipation of REITs legislation in Germany, is the valuation of the assets in balance sheets. While the KaufhofQuelle assets were evidently fairly fully priced, it is clear that DaimlerChrysler - along with the vast majority of German industrial companies - has avoided marking its industrial properties to market for years in order to 'achieve tax efficiencies'. In other words, there has been little or no upside in making these major revaluations if 35% needs to be paid over to the German state at the end of the exercise. Why do it? In this case, the value of the buildings and lots is certain to bring to light hidden reserves, ie discrepancies between book and market values. A Deutsche Bank study from last year estimated the total current worth of the Daimler real estate at €21bn, which is no less than €9.5bn above the price recorded in the balance sheet.

Germany's KanAm fund re-opens grundinvest after hasty divestitures

The German open-end fund group KanAm Grund has re-opened its grundinvest domestic fund to investors following a sudden closure in mid-January followed by some hasty asset divestitures that mostly brought capital profits.

The company said in a release that sale of assets combined with inflow of fresh capital has raised its overall liquidity ratio to 30% of total assets. KanAm announced the sale of a Paris portfolio for €1.11bn (see below) as well as properties in London and the Hague. The fund now holds some 27 properties remaining in seven countries.

Coming around one month after the closure by Deutsche Bank Real Estate of its Grundbesitz-Invest Funds, the KanAm closure sparked a near-crisis in the German open end fund industry and calls for changes in regulation. The fund closures were unprecedented and led to a general massive outflow of capital that is reduced total investment in the segment by around €10bn to some €76bn now.

KanAm said investor confidence in Grundinvest funds is returning. Around €120m has been invested in the funds despite the hold to certificate redemptions during the last 10 weeks. Another €55m in sales orders have been rescinded. Certificate values have risen 2% in that time.

The Immobilienwirtschaft property magazine also reported that two leading German rating agencies, the Berlin-based Scope and the Bad Homburg-based Feri, remain in strong disagreement over the rating for KanAm. A shift by Scope to a sell recommendation from a prior 'hold' was the principal cause of the run on liquidity in January that prompted the KanAm fund closure and the agency has come under strong pressure in the last two months from the sector.

Scope Managing Director Alexandra Merz told a conference discussion in late March in Hamburg that the agency set most focus for its assessments on the relationship between real estate holdings, debt levels and liquidity. For Feri, which in January issued a positive rating on KanAm, Managing Director Helmut Knepel said his company set more store on the quality of the properties in the portfolio, the management and the investment method and investment structures employed. The ability of the fund to raise liquidity quickly had been proven over the last 10 weeks, he noted. pfe

KanAm portfolio attracts mainly foreign investors, French less aggressive

Five Parisian office buildings recently sold by the German open-end fund KanAm Grundinvest attracted mainly foreign interest while French investors largely stayed out of the bidding, the French real estate portal Businessimmo reported. Mines de Lucette, a listed property group controlled by Morgan Stanley, acquired the KanAm portfolio for €1.11bn.

Of the eight bidders, five were willing to pay more than €1bn and were based in the US, Britain, Spain and Australia. French investors offered less and were not interested in the entire portfolio, according to realtor DTZ, which handled the sale. DTZ International director Timo Tschammler said bids totalled almost €13bn. Investor funds which could potentially flow into the French office market could top around €30bn.

The sudden sale by KanAm came after it froze two open-ended property funds in January after a heavy run of capital withdrawals following a ratings downgrade. The five buildings together make up about one third of KanAm's French property holdings. pfe

UK hedge fund Cardinal purchases troubled Space Park in Bremen

The London-based hedge fund Cardinal Asset Management has acquired the „Space Park“ in Bremen, a development which has become a white elephant for the city and into which it and the Allianz/Dresdner Bank open-end fund DEGI poured several hundred million euros for little or no return.

In a release that provided no price details due to a confidentiality clause, Cardinal said it planned to reconstitute the park concept and relaunch the property as a shopping, business and leisure centre for the city of Bremen. The total park area encompasses 26 hectares and comprises the former port area three kilometres northeast of the city centre. The region had hoped to be revitalised by the original Space Park concept planned in the 1990s.

Cardinal partner Nick Corcoran said the fund would work very closely with the local community and the city of Bremen in developing the new concept over the next few months. “We want to create a dynamic environment and a top-class shopping and excursion destination on the property from which the entire region will benefit,” he said in a release.

On the leasable area of around 100,000 sq.m., Cardinal plans include a covered shopping centre, an Imax 10-screen multiplex cinema, a 162-room hotel and indoor leisure park.

Corcoran and partner Nigel McDermott founded Cardinal in the early part of the decade, and it has offices in London and Dublin.

The DEGI fund invested some €300m in the concept around the turn of the decade, with the city of Bremen committing another €150m. However, the Space Park was never able to attract a break-even level of visitors, which was 1.5m per year. The former owner-operator was of the view that the main problem was the absence of an operating shopping centre. Pfe

PFE COMMENT: The Space Park has been an absolute disaster for all concerned and certainly for the investment managers of DEGI who, since making the decision to commit capi-

tal to the Bremen venture, have in the main discretely left the company for pastures new. However it is too easy for media commentators and analysts to deride such ventures since it is not in the nature of the aforesaid professions to ever have to take major decisions whether ideas or concepts will or will not create huge projects and thousands of jobs. Every asset manager knows that no one ever has 20/20 vision; many of the “best ideas since sliced bread” have gone disastrously wrong. Which hedge fund was it that shrewdly went long on General Motors debt and shorted the shares just prior to the downgrade of GM bonds to junk a couple of years ago? Luckily for them, we can't remember. Even if the new Space Park investment seems strangely long-term for a hedge fund, we hope Cardinal has the expertise and the staying power to put this project on track. We'd still like to know how much they paid!

Aareal Bank establishes subsidiary for holding, marketing its NPL

The Wiesbaden-based real estate bank Aareal is to propose to the annual shareholders meeting in May a divestiture of a portfolio of distressed debt from its balance sheet into a subsidiary, to be named Aartemis Credit Management.

Aartemis will be tasked with selling the credits to one or more investors. This can either be through sales or via external institutions taking an equity stake in the company itself, an Aareal spokesman told the Immobilien Zeitung newspaper. Though it has not yet been established how much of the remaining €1.8bn in non-performing loans will be handled in this manner, the sum will be considerably more than the €800m of NPLs already announced for disposal by the bank.

A smaller portfolio of commercial property NPLs in the ‘double-digit millions’ is likely to be sold in the near future. pfe

Germany's Patrizia Immobilien property firm IPO strongly oversubscribed

The German residential property company Patrizia Immobilien has made a hugely successful IPO debut on the German stock exchange with the valuation of €877m and the offer 10 times over-subscribed for a flotation of 46% of total equity.

Floated at the end of March, Patrizia was offered at €18.5 per share and saw its stock rise to €23, taking its valuation on the first day of trading up to €937m. The company reported net profit of €36m for 2005 on turnover of around €100m. Almost 100% of the 24.5m shares on offer were placed with institutions, of which around 83% were non-German.

US institutional investors were particularly keen on the stock. “You only have to say the words Germany and real estate in America and people raise their hands,” one investment bank told the Financial Times Deutschland newspaper.

Patrizia is in the business of privatising residential housing. Company founder Wolfgang Egger reduced his holding to around 50% from a prior 93%. The stock will be listed in the ‘Premium Section’ of the German stock exchange.

Dawnay, Day Treveria becomes largest cap property firm on AIM with German retail

Dawnay, Day Treveria has quickly become the largest capitalisation real estate company on the UK Alternative Investment Market (AIM), worth around £360m, based on its declared objective of investing exclusively in German property in the retailing sector.

Treveria aims to compile a property portfolio worth up to €2.3bn by June 2007. Admitted to AIM in December, it initially raised €375m of equity through an offer to institutional investors, together with a €35.5m direct investment by affiliates of the group. Around 50% is UK sourced, 20% from the US and the rest mostly from continental Europe.

Treveria will use the funds, with leverage of around 80%, to generate total returns for shareholders through the payment of regular dividends and growth in net asset value through capital appreciation. It will invest in a diversified portfolio of German commercial real estate assets, focusing on retail, across a range of tenants and a wide geographical area. Target dividend payout ratio is 85% of recurring net operating profit, excluding revaluation gains and losses.

Incorporated in the Isle of Man, the board is chaired by Ian Henderson, former CEO of the UK's Land Securities PLC. Merrill Lynch has built up a stake of 16.5% in recent weeks. pfe

Fitch affirms rating on €820m French Coeur Défense CMBS

Fitch has affirmed ratings on a securitisation of a €820m commercial mortgage loan originated by Morgan Stanley Dean Witter Bank Ltd in December 2003 to refinance an office property, Coeur Defense, located in the heart of La Défense, Paris.

The interest coverage ratio - net operating income over amount of loan interest - improved to 3.4x from the 3.1x of October 2005 and 2.9x as of closing in 2004. At the same time, the vacancy rate went down to 0% from 4.8% at closing. One vacant floor has now been let and will soon be occupied by Rhodia, a global specialty chemicals manufacturer organised around eight companies. Total rental income in the last four quarters increased to €99.3m, while the average quarterly rents are €24.8m, above Fitch expectations.

No amortisation of the loan is scheduled until maturity in April 2010, but the loan includes triggers that may be used to trap excess cash. The initial loan-to-value ratio was 65%.

The lease profile comprises 18 tenants, three shops, one fitness club, one conference centre and 14 offices, with the earliest lease break option in June 2007. The largest tenant provides 20.4% of the total passing rent. pfe

Fitch assigns AAA to Spanish Caja de Ahorros del Mediterraneo CMBS

Fitch Ratings has assigned final ratings of AAA to most tranches of a Spanish CMBS transaction comprising €1.3bn of first-ranking residential mortgage loans granted by the savings bank group Caja de Ahorros del Mediterraneo and due in April 2044.

The ratings address payment of interest and principal accor-

ding to terms and conditions stipulated. Fitch analysed the collateral using its loan-by-loan mortgage default model specific to Spain. It also modelled the cash-flow contribution from excess interest using stress scenarios.

The Class A1 and A2 notes have defined principal amortisation schedules and legal maturities in July 2012 and April 2016, respectively. The 'AAA' ratings assigned to these notes are sized using conservative constant prepayment rate scenarios. Additionally, a sole purpose credit facility sized at 10% of the original collateral balance is in place to guarantee that the schedule amortisation profiles of these notes are satisfied, and also to retire them at their final legal maturity dates in case cash-flow from the collateral is not sufficient. pfe

French housing price growth slows in first quarter to 2.2%

The rate of increase in French housing prices skidded to a near halt during the first three months of this year compared to doubled-digit increases over the past four years, according to new data from the National Real Estate Federation (FNAIM).

Prices for apartments and houses rose 2.2% between January and March and dropped 1.4% during March alone. This compared to a 10.3% rise last year and increases of between 11.9% and 15.5% during the three previous years.

"The changes in housing prices during the past three

Major Australian International Funds Management Business seeks European-based JV Partner to establish European Property Portfolio

A major Australian-based Funds Manager with strong experience and a proven track record is looking to establish a European Property Investment Fund through a Joint Venture partnership.

In response to intense Australian demand for quality property investment product overseas, this Fund Manager seeks to use its reputation and domestic market position to grow an initial €100-200m portfolio base to €1bn within two years, focussing initially on Germany, Sweden and France.

Criteria:

- Seeking property owner / developer with substantial, good-quality assets looking to divest ownership through available Australian equity;
- Owner to retain minimum equity holding, with possibility for ongoing management role and profit share;
- Preference (in order) for retail, logistics and offices;
- Confidentiality required and guaranteed between the two parties.

Please respond in confidence by email to jv@pfeurope.de

The PFE Interview: Edward LaPuma, Alistair Calvert, W.P. Carey & Co LLC

NYSE-listed REIT manager W.P. Carey pushes into Europe as it aims to raise international component to half of \$9bn assets under management

The New York-based investment group W.P. Carey & Co. LLC last year for the first time invested more capital in real estate assets outside the US than at home. It would invest another €1bn this year in mainland Europe but, even after a large deal in Poland last month, €500m looks more likely, say two of the company's top officers.

Edward V LaPuma, President of W.P. Carey International, and European Director Alistair Calvert told PFE in an interview that Europe holds strong potential for the firm's strategy of funding via unquoted REITs in the US and identifying cash-flow-stable, sale-and-leaseback assets there and around the world. "Our goal is to invest more in Europe this year than last," LaPuma said. "How much would I like to invest on the continent? Over €1bn. But will I get there? It's going to be hard but we should be able to invest at least half of that in 2006."



Ed LaPuma: Mature US market prompts push into Europe, Asia

W.P. Carey manages around \$9bn in real estate assets worldwide, of which 20% are located outside the US. It is now pushing hard into Europe and Asia with the goal of reaching 50%. "From a diversification standpoint, it's good for us not to have too many eggs in one basket," LaPuma says. "Secondly, we have been a leader in the US for 30 years now, and as time passes, markets mature." While sale-and-leaseback or other transactions have ensured that US and British industrial companies hold only around 25% of manufacturing and office

facilities on balance sheet, the converse is the case in Europe.

W.P. Carey's standard modus operandi is to acquire a property and lease it back on a triple net long-term basis - i.e. leaving the tenant to look after maintenance, insurance and real estate taxes. The tenant keeps operational control, benefits from access to capital to improve its balance sheet, fund growth or reduce debt. W.P. Carey ties in cash-flow to repay its investors, less a margin. The portfolio now consists of about 50% industrial and around 25% office, with the remainder largely logistics and retail.

W.P. Carey participates in a lot of leveraged buyouts in the industrial sector, cooperating closely with private equity funds, in particular, the US-based firms Apax and Bridgepoint. W. P. Carey takes over the real estate component, generally paying between 10 and 15 times annual net rent for the assets. "We are so cash-flow driven and long term that the asset class is less of a hurdle than the fundamentals of the deal itself," Calvert says.

Last month the firm paid €170m in a sale-and-leaseback deal for 18 home improvement stores in Poland from the Hamburg-based OBI. In a similar deal late in 2005, it bought 16 German stores from the DIY chain Hellweg for €126m. Total global assets are now close to 700 commercial and industrial facilities throughout the US, Europe and Asia.

Currently, the company is looking hard at markets such as

Thailand, Malaysia, China and India, but also South America. In Europe, it is most interested in Germany, Poland, Czech Republic, Hungary and the northern Nordic countries except for Norway. France is less attractive since yields have fallen fast over the last few years. "We are really opportunity driven," says LaPuma. "The UK market is more mature than the US in terms of prices. Asia has a lot of opportunities but it is tricky and resource-intensive to deal with."

The firm's long-term strategy of providing capital through net lease financing of corporate real estate assets was set by founder William Polk Carey in 1973. In 1979, the firm launched its Corporate Property Associates series of limited partnerships, which in 1998 was consolidated into Carey Diversified LLC and floated on the New York Stock Exchange. Two years later the firm acquired its manager. In recent years the CPA series has been structured as SEC-registered but non-traded Real Estate Investment Trusts (REITs). It has four: CPA 12, CPA 14, CPA 15 and CPA 16 - Global, the last of which began raising new money again last month. Investors are generally tied in for 10 years.



Alistair Calvert: "Cash-flow driven and long-term, so asset class is less important."

"Though we can easily raise investment capital on the institutional side very, very easily, most of the money is retail," LaPuma says. "Our history has been with long-term investors and is cash-flow driven. The typical investors are more interested in seeing steady cash-flow, rather than a company that buys and tries to flip the investment for a quick buck. Our tenants like this too since they get to deal with the same people in the future." To this extent W.P. Carey does not fit into the speculative foreign investor bracket that left-wing German politicians last year started to denote as 'locusts'. "We have a fundamental history of not being that kind of investor," LaPuma says. "The key is to understand the company's corporate credit environment and then buy the assets with the intention of making cash-flows out of their rental payments for our investors."

To this extent the huge real estate assets tied up in German corporate balance sheets are of major interest, the two men note. Calvert says: "The trend for companies in Germany to start improving their balance sheets by selling off real estate is only just beginning, and we want to accompany this process from the start." And what kind of yields is W. P. Carey expecting? "Last year I would have said 8%, but this year it is probably lower," Calvert adds. pfe

months... confirms once again a slowdown in the rise," the federation said. The study is based on 10,000-12,000 real estate transactions across France for properties which are not brand new.

Property analysts do not predict that the country's real estate market is a bubble ready to burst but do say the rate of increase will slow considerably this year. pfe

Deutsche Börse sets date to start trading investment fund certificates

Germany's senior stock exchange, the Deutsche Börse Group, announced it will start trading domestic funds certificates from the beginning of May this year.

Deutsche Börse will introduce the certificates of 2600 German funds. Up to now, the exchange had only traded the so-called no-load funds and 113 exchange traded index funds. However, the success of Hamburg, Berlin and Düsseldorf in fund certificate volumes over the last two or three years has prompted the move by Deutsche Börse.

The three regional exchanges saw trading volume of €1.4bn in the first two months of 2006, boosted by the turnover in certificates of two open end real estate funds – Deutsche Bank's Grundbesitz Invest and KanAm real estate funds – which were closed temporarily due to liquidity problems.

Trading over the stock exchange allows investors to avoid the initial purchase commission deducted by the funds, which can range up to 5% of investment volume. However the Deutsche Börse intends to cooperate closely with the various fund companies, according to information in Handelsblatt newspaper, and to respect any veto by the companies of trading in its own certificates. pfe

Lone Star's German AHBR announces €2bn buy-back of jumbo Pfandbrief

The German mortgage bank, Allgemeine Hypothekbank Rheinboden (AHBR), owned since early this year by the US opportunity fund Lone Star, is to buy back just under €2bn of its outstanding Jumbo Pfandbriefe covered bonds to reduce its ongoing interest rate payments on liabilities.

A spokesman for the bank told the Handelsblatt newspaper it would buy proportions of four jumbos which have a total volume of €5.875bn, but ensure that each of them maintains over €1bn volume in the secondary market as liquidity regulations dictate.

Calculations by DZ Bank Research show AHBR is the fourth largest issue of German Jumbo Pfandbriefe, with around €31bn outstanding. The bank was purchased at the end of last year from a trust set up by former owner, the building society BHW. BHW has since been taken over by Postbank, the subsidiary of the giant partially state-owned German post office.

Lone Star, chaired in Germany by former Eurohypo Chairman Karsten von Köhler, intends to convert AHBR into a special bank for financing German commercial property and to reduce business with state sector financing through Pfandbriefe. pfe

Berlin to keep most distressed public housing despite huge debts

The Social Democrat-Socialist coalition government of the debt-ridden city-state of Berlin has decided to keep its six public housing organisations, even though their sales to private bidders could raise an estimated €5bn for the empty treasury.

The Frankfurter Allgemeine Zeitung newspaper said the Berlin Senate on 13 March rejected a proposal to sell the bulk of the housing, agreeing to sell only 30,000 apartments. The six public housing organisations, which are facing severe financial distress, have a total of 280,000 apartments.

WBM, one housing organisation on the brink of insolvency, had sought to sell 10,000-15,000 units. Berlin previously sold the GSW housing organisation, with 65,000 apartments. The city's cumulative public debt has swelled to €60bn, while all housing is worth around €5bn, specialists estimate. The city of Dresden last month erased its entire debt by selling all its public housing to the US private equity fund Fortress. pfe

Spain's NH Hoteles to expand in Germany

Just four years after it first entered the market, the Spanish exchange-listed hotel chain NH Hoteles plans to expand in Germany during 2006, seeking to purchase at least another five totalling around 800 more rooms in capacity.

German CEO Erik van Kessel told the Financial Times Deutschland newspaper that the chain had spent the last four years consolidating its take over of the Astron chain of hotels and was now ready to grow. "We have created structures within which we now want to grow quite quickly," van Kessel said. NH Hoteles owns 53 hotels in Germany.

The take over of Astron cost NH €175m, causing it to report red figures since that time. For 2005 its German business was still in slight negative territory at net level but improved on the €7.9m loss of 2004. Van Kessel expects strong growth this year.

NH Hoteles was obliged two years ago to fend off a takeover bid from its small Spanish competitor Hesperia Hoteles, which now owns nearly 4% of NH. In recent weeks, the head of the French market leader Arcor expressed an interest in the Spanish assets of NH, where it has 110 of its total 260 hotel locations. However, van Kessel told the FT, "we would much prefer to take over others than to be taken over ourselves."

NH is in talks in Italy for acquisition of another competitor, and in Britain is also seeking smaller takeovers and is interested in vacation resort acquisitions.

CMBS seen propelling European ABS more strongly than expected this year

Mainly propelled by the boom in commercial mortgage-backed securitisation, the European ABS market has started very strongly in 2006, according to participants at a recent specialist conference.

Speaking in a session at the annual conference of the European Securitisation Forum, Jonathan Keighley, managing director of the Guernsey-based Structured Finance International, said the SPV administration and management business has seen as much ABS volume in the quarter to late March as in all of

PROPERTY FINANCE EUROPE - BULLETIN BOARD

DIARY DATES AND UPCOMING IN 2006

April 19-20, Wednesday-Thursday

Euromoney's inaugural global REITs conference, London

This two-day event covers all aspects of global REIT markets. Topics include: What makes REITs attractive to investors and where should they feature in your portfolio? Why have REITs been so popular in the US? What can the UK market learn from the US experience? Which model will become the industry's vehicle of choice post UK REIT Introduction? Why convert to REIT status? More info: www.euromoneyseminars.com/reits

April 21-23, Friday-Sunday

14th International Real Estate and Investment Fair REFE, Wroclaw, Poland

To examine current themes on investment and property financing, including apartment building for communes, strategies of investment funds, a forum of economic cooperation with regions such as the Persian Gulf, Russia and Siberia, and central and eastern European markets evaluated in the light of the economic situation and opportunities for further investment. More info: www.refe.pl

April 27-28, Thursday-Friday

INREV Annual Conference, Rome, Italy

The 2nd Annual Conference will address key issues on the current state and future evolution of unlisted real estate vehicles in Europe and beyond. The conference program is divided into three main themes: Economy, Capital Markets and Real Estate: current state and prospects, Going Global, and INREV Initiatives. More info: www.inrev.org

April 28, Friday

Paris-London The Perfect Match! Paris, France

INSEAD Alumni Association and Cambridge University Land Society seminar in association with HEC Paris. "The two major cities in Europe observe each other with mutual envy and admiration. Founded and fostered in different historical, environmental and architectural contexts, each has developed specific answers to Real Estate challenges upon which the future quality of life depends." Register by 25 April. Info: www.the-perfect-match2006.com

May 8-9, Monday-Tuesday

Deutsche GRI 2006, Frankfurt, Germany

This brings together the leading international players and national decision-makers driving the real estate business in Germany and Austria today. The Deutsche GRI consists of interactive conversations, involving all participants. More info: www.globalrealestate.org

May 10-11, Wednesday-Thursday

13th Handelsblatt Annual Conference on Real Estate, Berlin

This conference in German language brings together top class speakers and offers numerous panel discussions and is one of the most important meeting points for the real estate industry in Germany. More info (in German): www.immobilien-forum.com

May 10-12, Wednesday-Friday

IPD European Property Investment Conference 2006 and IPD Leisure Property Investment Conference, Lisbon, Portugal.

This will explore the dimensions of the property investment universe: new financial mechanisms and debt instruments, evolving national markets and greater cross-border activity, innovative asset categories and forms of tenure, wider investor base, such as those in private equity, indirect vehicles. More info: <http://www.ipdindex.co.uk>

May 11-12, Thursday-Friday

Central European Property & Investment Fair (CEPIF), Warsaw, Poland.

This is the third annual event, and this year is expected to attract up to 3,500 participants active in central and eastern European property. CEPIF is an exhibition plus conference, and topics include public-private partnerships, the CEE commercial property market, the CEE retail market, risks in property acquisition in CEE. More info: www.cepif.com

May 23-25, Tuesday-Thursday

Real Estate Investment World Europe 2006, London.

The conference covers the latest developments in the European commercial property market, including the various investment vehicles available to investors in new and emerging regions within Europe and types of property that are yielding a high ROI. More info: www.terrapinn.com

June 6-8, Monday -Wednesday

NAREIT Institutional Investor Forum, Waldorf Astoria, New York,

June 7-10, Wednesday-Saturday

The 13th annual European Real Estate Society Annual conference, Weimar, Germany.

A forum for the exchange of research in a wide range of real estate related areas, the topics of the conference cover all areas of real estate, urban economics and urban studies. The conference will be hosted by the Bauhaus-Universität Weimar in cooperation with the German Society of Property Researchers and chaired by Prof. Dr. Ramon Sotelo. More info: www.eres2006.org

2005. The ESF's own prognosis of 15% growth in European ABS this year was certainly an underestimate. "I think they are completely potty because what we are seeing is a lot stronger market than that," he said.

In 2005, a widespread discovery and understanding of MBS, in particular for commercial property – coupled with a change in regulations in Germany introducing a loan register – is propelling the market massively now. Spain has now overtaken Italy to be the second largest securitisation market in Europe after the UK, mainly on the back of RMBS issuance to refund its booming house market.

Total European ABS volume in 2005 was €340bn, comprising 315 deals. This was a 43% increase in volume terms and 16% upturn in the number of transactions. Within this, CMBS issue volume more than doubled, rising by 134% over 2004 to a total €46bn. RMBS remains the largest asset type with 48% of issuance volume, or around €163bn in 2005, and rose in volume by 30%, mainly due to a huge increase in Spain and the Netherlands.

Fitch Ratings European securitisation analyst Emanuelle Nasse-Bridier said the UK's lead in market share is gradually dwindling. In Spain now, more than 90% of all financial institutions have already used securitisations for at least a part of their funding needs. In Italy, growth overall was only 10% last year and the state is the key seller in that market, taking 40% national share. Germany tripled ABS volumes last year, mainly because of increased CMBS and large state asset volumes. "We are expecting a new increase for 2006 almost certainly in double digits," Nasse-Bridier said. pfe

Germany's IVG posts leap in 2005 net result, heightened NAV

Projecting a continued upswing this year, Bonn-based property group IVG Immobilien proposed to boost its 30 May dividend by 3 cents to €0.38 a share on the basis of sharply higher 2005 results. Group net profit rose by 47% to €110m, while net asset value of its real estate holdings gained 18% to €18 a share.

IVG also projected consolidated net profit of around €120m for 2006 on operating earnings of €255m-€265m. Secure real estate sales of €420m under contract by end-March alone should help pre-tax profit by €105m. Rising demand for oil and gas storage facilities provided in cooperation with Cavern Facilities in Hamburg should also drive earnings.

IVG attributed its strong 2005 performance to better tenancy rates, new rental agreements, the sale of some real estate and project developments, and income from its private and institutional "Euro-Select" funds. Investments of €535m in Brussels, Budapest, Düsseldorf, Hamburg, London, Munich and Paris in 2005 outweighed €451m in sales.

With real estate assets of €18.5bn now under management, IVG is targeting €25bn by end-2008. Property transactions amounted to €3bn last year: €1.8bn in purchases and €1.2bn in sales. IVG said it wants raise its transaction volume to €10bn annually by 2008.

Along with its business model of buying and selling real estate, the company is one of Germany's 10 largest providers of closed-end property funds. The volume of funds in trust for institutional investors rose last year to €9.7bn from €8.8bn.

The IVG share price has risen by about one-third since the start of the year, following a gain of one-half last year. pfe

Corio posts excellent results for 2005, following Turkish Akmerkez debut

Corio, the Netherlands-based shopping centre specialist, nearly doubled profit last year while making its debut in the Turkish market, reporting a 97% surge in 2005 net to €589.

The result, €8.89 a share, meant it could earmark a cash dividend of €2.45 a share, up from €2.39 for 2004. Corio has purchased a 46.9% interest in Istanbul's Akmerkez shopping centre for €148.8 m. This addition contributed to its 6.3% rise in net rental income in 2005, since the corresponding increase for older projects was only 3.8%.

Corio lifted its direct result by 5.7% to €201.4 m, compared with the adjusted IFRS result for 2004 of €190.6m. Excluding non-recurring profit of €4m in 2004, the direct result would have risen by 7.9%. Average occupancy rose to 96.1% in 2005 from 95.6% in 2004, and to 98.3% from 97.8% for the retail portfolio alone.

With Akmerkez, an upward portfolio revaluation of 10.7% lifted the indirect result to €387.7m in 2005 from €108.3m in 2004. Net asset value increased by 18.4% to €40.33 a share. Triple net-asset value (NNNAV) according to EPRA (European Public Real Estate Association) was €42.80 a share at the end of 2005.

Gross yield on the whole portfolio declined to 7.7% the end of 2005 from 8.4% a year earlier. The property portfolio grew by 16% to €4.5bn, while its retail share rose to 79% the end of 2005 from 75% a year earlier. Since the close of accounts, the Coignières retail park near Paris was added for about €85m. pfe

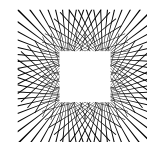
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European property associations: Romanian Ass. of Real Estate Agencies

Romanian constitutional change to bring market re-evaluation by international property investors as nation approaches European Union entry

As one of the more undeveloped and slower-developing economies in eastern Europe, not yet in the European Union, Romania was off the radar screen for many international property investors until recently. However the national real estate association hopes that a constitutional change affecting property ownership will bring a wholesale re-evaluation of the market.

Cristian Mitris, executive director of the Romanian Association of Real Estate Agencies (ARAI), says the Bucharest market is just now reaping the benefits of the important legal change. "The constitution now has a paragraph recognising private property... This changes everything for foreign investors," he told PFE.

Created in 1993 out of a need to address some of the problems of a newly-emerging property market, ARAI has been active in recent years lobbying for legal changes governing property ownership and working to bring best professional practices to a large and diverse real estate brokerage profession. As in other CEE economies, the beginning of the 1990s saw the housing market privatised practically overnight, leading to a huge number of real estate brokers and commercial transactions - but little clear regulation.

Romania's economy grew by an estimated 6% last year, a relatively cool clip compared to the blistering 8.3% in 2004. Industrial production expanded about 7.5% in 2005 and inflation hovered around 9.5%. This, plus the prospect of Romania joining the EU in 2007, has ignited the economy and the property market. "It's the right time to buy now and then maybe sell after European integration," Mitris says.

In the capital, Bucharest, the office market reflects the country's booming economy. New buildings are generally pre-leased, and vacancy rates have dropped steadily. Office supply was particularly tight in 2004 and the overall vacancy rate hovered at between 4% and 5%. The total take-up, including Class A and B categories of offices, was about 130,000 sq.m., a 30% jump from the previous year.

This changed last year when some 80,000 sq.m. of office space was delivered, boosting the vacancy rate to about 11%, according to ARAI calculations. Estimates for this year are for another 70,000 sq.m. of space to be delivered. The total stock of the highest quality office space is also growing after three new buildings came onto the market at the end of last year. Six other projects are under construction. About half of this has already been rented. Another 100,000 sq.m. of prime office space is in the planning stages and could be delivered within a couple of years. Rents are generally €18-20/sq.m. for existing buildings, while top rents reach €21. However, ARAI sees pre-leases being signed at slightly lower rates, a sign that rents are coming down.

A recent study by the Colliers realtor said economic stability is allowing clients to set out longer-term strategies for the local market and therefore sign lease contracts for longer periods: "This proves to be advantageous for both parties, with tenants

benefiting from lower real rents, and landlords creating better prospects for the building's future sale process."

The retail market in the Romanian capital is also tight. Existing shopping malls have waiting lists for space to become available and a handful of new projects are not expected to be ready for a couple of years. One of these projects, Baneasa, will have a shopping area covering about 170,000 sq.m. of land. Rumours are swirling about which large western retailers have signed leases

for space in the mall, and Sweden's Ikea is said to be among them. Prime retail space in the city centre is scarce and rents are expected to continue to rise. Domestic and international banks are the most active in the Bucharest market and continue searching for the best spots in all areas of the city. Each major crossing in Bucharest has already attracted a branch of a financial institution and demand is not expected to subside anytime soon. Also driving the market are large western retail chains such as Germany's Metro and Kaufland and France's Carrefour. New entrants include Germany's Real - a Metro subsidiary - as well as



Bucharest's 3100-room House of the People built by Romanian dictator Nicolae Ceaucescu is the world's 2nd largest building after the Pentagon."

France's Mr. Bricolage and Auchan.

Also reflecting Romania's booming economy is the logistics and warehousing market where demand for space is high, and supply is limited. A little more than 120,000 sq.m. of good quality warehousing exists already in the Bucharest region, according to ARAI. Developers plan an additional 800,000 sq.m. within the next five years.

Colliers said however that investment yield compression in all sectors is expected to continue this year due to lack of new supply and still massive foreign investment demand. "The office investment segment has and will see a continuation of the steep yield compression that we witnessed in 2004," the realtor concluded. "The market is still caught between a scarce pipeline of investment grade products and large amounts of money looking for yields above the central and eastern European average."

Yields fell below 10% last year and have hovered there or below ever since. This also holds true for the retail market while yields have remained slightly higher, but not by much, in the residential sector. Mitris said the biggest foreign investors in Romanian real estate are mostly from the European Union, including Austrians, Italians, British and French. "There are some Americans but most are from the EU," he said. pfe

This *Property Finance Europe* series looks at national and trans-national associations and the implications of their activities for European property investment

Citycon owners ask board to set capital hike with rights issue

The stockholders of Citycon Oyj, the traded Finnish property investor, have authorised their managing board to plan an increase in share capital based on a rights issue.

At their 14 March general assembly in Helsinki, the shareholders also approved the 2005 dividend of €0.14 a share, disbursed on 24 March.

Following a March option issue, the registered share capital of Citycon amounted to €185,148,919.80 and the number of outstanding shares to 137,147,348. All shares trade on the Helsinki Stock Exchange.

The company last month boosted its share capital by €20,250, issuing 15,000 new voting shares with a nominal value of €1.35 each under a 1999 stock option plan.

Subscribed between 17 and 23 March 2006, the new shares entitle their holders to a dividend for the financial year 2006 and other entitlements from 28 March 2006. They also entitle those who exercised their A/B/C option rights to participate in the proposed capital increase of €5,098,852.80, announced by the board 24 March. pfe

Sontowski property-AG, GRR, to shop for €500m in retail properties

S&P German Retail Reit, a private property investment company founded last month by the Erlangen-based funds group Sontowski & Partner, plans to invest €500m in shopping assets in the next two or three years and specialise in German retail for the longer term.

The company, set up as a property-AG, is to fund its acquisitions with around 80% debt, and has already secured a line of credit to this end with several German banks. First tranche of €150m is ready to be drawn down.

“The German market for retail property is currently receiving a powerful endorsement – especially from foreign investors,” said GRR Chairman André Langmann in a release. “We have an edge over them because we know well the regional markets and the requirements of German retailing chains, thanks to our expertise as a developer.”

GRR recently added three new properties to its founding portfolio of 10 objects, and is expected to grow its investment to nearly €70m by mid-2006. It most recently purchased a portfolio from the Netto retailing chain as well as two new merchandising centres. Supervisory board Chairman Klaus-Jürgen Sontowski was a founder and long-time director of the commercial property specialist Deutsche Immobilien Chancen (DIC). pfe

French CDC-owned Icade in IPO to finance €1.8bn investment

French government-controlled real estate investment group Icade has launched an initial public offering to float just over one quarter of its capital and raise up to €650m towards a three-year investment plan of €1.8bn.

At the offer price range is €24.95-€28.95, net proceeds will range between €567 and €653m. An additional 2.5% will be sold to employees. Subscription closes April 11.

Icade is the property arm of the giant state-owned investment bank the Caisse des Dépôts, and the float cuts the CDC stake to around 71%. Icade had revenue in 2005 of €1.2bn and net profit of €76m. It expects revenue to grow 8-10% annually through 2009.

Icade is an integrated property company present in private rental housing, housing for first-time home buyers or investors, business property (offices, leisure and retail) aimed at businesses and institutional investors and public and health care aimed at local authorities, administrative and public services. It is France's largest healthcare property operator, having built about half of all new hospitals over the past 20 years.

Through its Foncière des Pimonts unit, Icade holds office property in Paris's central business district, and has also developed a business centre in the north of the city.

Formerly known as Société Centrale Immobilière de la Caisse des Dépôts, Icade was formed in 1954. Since the beginning of the 1990s, it has transformed itself by numerous external growth operations. It built on skills acquired in property-related services to gradually become a principal investor and extended from residential into commercial property. Having changed its name in September 2003, the firm also initiated a strategy of international expansion, and now has operations in Belgium, Spain, Hungary, Italy and the Czech Republic. pfe

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Société de la Tour Eiffel doubles portfolio, profit and capital

France's listed property firm Société de la Tour Eiffel (STE) is pursuing an aggressive growth strategy, doubling its property portfolio, share capital and profit in one busy year. Profit for 2005 rose to €9.7m from €4.2m in 2004.

Following the disposal of Central Paris offices, provincial warehouses, light industrial space and assorted French business parks, the company's portfolio was valued at €672m on 31 December 2005. With a debt-equity ratio of 43%, revised net asset value was € 324m, or € 63.8 a share, up from €159m, or €62.7 a share, after the rights issue the end of 2004.

The exchange-traded French REIT/SIIC closed its 2005 financial year with the acquisition of the Locafimo portfolio, valued at €285m, and a 1:1 rights issue subscribed by 99% of the existing shareholders at €62 a share. The discounted offering was part of a strategy to retain returns. The addition of Locafimo, which includes 35 properties totalling 300,000 sq.m., fol-

lowed €105m in other new portfolio investments made the first half of 2005. The additions extended the company's portfolio commitments to €705m, including €620m already let. pfe

Meinl European Land commits €400m to Moscow malls, bank enters Turkey

Meinl European Land, a UK-based property unit of Austria's Meinl Bank, has acquired four large shopping centres in Moscow for €400m.

Two centres, one in Southeast and another in the North of Moscow, were bought for €120m. A plan to expand these centres during the next year would raise that capital outlay to

€200m. The same amount was committed for two more shopping centres pending development in western Moscow. When completed this year and in 2007, these facilities will

Table: Leading listed real estate companies in Europe
Performance, by country

Country	Company	REIT	Curr	Price local	52W Low	52W High	Market cap €m	chge% 1mth	chge% YTD	chge% 1Yr	chge% 5Yr	
1	Austria	CA Immobilien Anlagen	No	EUR	21,25	20,36	21,75	927	0,0%	1%	5%	5%
2	Austria	Conwert Immobilien Invest	No	EUR	14,9	13,31	15,31	583	-0,9%	3%	13%	0,0%
3	Austria	Immoeast Immobilien Anlagen	No	EUR	9,05	7,07	9,49	2012	0,0%	9%	0%	0%
4	Austria	Immofinanz Immobilien Anlage	No	EUR	8,56	6,97	8,7	2873	0,0%	6%	22%	10%
5	Austria	Meinl European Land	No	EUR	15,5	13,67	15,54	2790	0,3%	4%	14%	0%
6	Belgium	Befimmo	Yes	EUR	82,75	73,1	88,5	810	7,1%	7%	20%	14%
7	Belgium	Cofinimmo SA	Yes	EUR	137,5	120,4	139,5	1351	3,5%	3%	17%	16%
8	Denmark	Nordicom	No	DKK	1150	270	1194	482	15,6%	26%	342%	59%
9	Finland	Sponda OYJ	No	EUR	8,8	7,01	9,4	696	8,8%	17%	33%	25%
10	France	Klepierre	Yes	EUR	102,9	69,6	102,9	4750	6,3%	33%	57%	30%
11	France	Silic	Yes	EUR	91,8	284,4	380	1595	1,7%	18%	37%	23%
12	France	Unibail	Yes	EUR	149	91,4	149	6797	8,4%	34%	69%	30%
13	Germany	Deutsche EuroShop	No	EUR	58,35	38,5	58,35	1003	7,0%	23%	56%	13%
14	Germany	Deutsche Wohnen	No	EUR	262,5	154,5	266	1050	9,4%	34%	72%	0%
15	Germany	IVG Immobilien AG	No	EUR	24,82	12,47	25,05	2879	13,9%	40%	94%	15%
16	Italy	Aedes SpA	No	EUR	6,08	4,6	6,8	609	4,9%	11%	40%	15%
17	Italy	Beni Stabili	No	EUR	0,93	0,74	0,96	1582	3,4%	14%	29%	17%
18	Italy	Immobiliare Grande Distribuzion	No	EUR	2,55	1,53	2,6	720	14,4%	25%	61%	0%
19	Netherlands	Corio NV	Yes	EUR	53,25	41,5	56	3581	-3,5%	16%	31%	24%
20	Netherlands	Eurocommercial Properties NV	Yes	EUR	32,05	26,38	33,45	1131	-1,3%	10%	30%	19%
21	Netherlands	Nieuwe Steen Investments NV	Yes	EUR	23,5	17,97	24,5	841	6,0%	16%	37%	18%
22	Netherlands	Rodamco Europe	Yes	EUR	82,85	56,6	83,6	7427	7,7%	18%	51%	20%
23	Netherlands	VastNed Offices/Industrial	Yes	EUR	28,41	19,05	29,1	551	7,2%	26%	48%	12%
24	Netherlands	VastNed Retail	Yes	EUR	66,2	50,15	66,8	1119	6,8%	23%	33%	20%
25	Netherlands	Wereldhave NV	Yes	EUR	92,8	75,6	93,2	1929	3,8%	17%	24%	18%
26	Poland	Globe Trade Centre	No	PLN	289,5	105,5	315	1469	9,7%	67%	0%	0%
27	Spain	Inmobiliaria Colonial	No	EUR	58	36,5	61	3462	7,6%	21%	58%	36%
28	Spain	Metrovacesa SA	No	EUR	70,1	45,43	96,59	7135	12,2%	39%	91%	41%
29	Sweden	Castellum AB	No	SEK	329,5	234,5	350	1502	2,6%	19%	47%	33%
30	Sweden	Fabege AB	No	SEK	164	30,72	42,24	1672	4,5%	8%	26%	31%
31	Sweden	Hufvudstaden AB	No	SEK	64,75	48,3	65,25	1394	10,8%	27%	32%	23%
32	Sweden	Kungsliden AB	No	SEK	296	311	643	1428	6,9%	29%	106%	60%
33	Sweden	Wallenstam Byggnads AB	No	SEK	110,5	420	577,5	741	4,3%	18%	35%	59%
34	Sweden	Wihlborgs Fastigheter AB	No	SEK	237	160	241	483	8,5%	23%	0%	0%
35	Switzerland	Allreal Holding	No	CHF	133,4	111,7	140,6	823	4,6%	15%	28%	14%
36	Switzerland	PSP Swiss Property	No	CHF	64,9	50	65	1925	8,1%	18%	39%	15%
37	Switzerland	Swiss Prime Site	No	CHF	66,7	291,3	341,1	1082	8,6%	15%	26%	9%
38	Turkey	Atakule REIT	Yes	TRY	2,3	0,74	2,96	89	-18,4%	12%	0%	0%
39	Turkey	Is REIT	Yes	TRY	3,34	1,84	3,86	677	-11,6%	13%	0%	0%

Source: Global Property Research

add more than 80,000 sq.m. to the Russian portfolio of Meinl European Land.

Meinl said the four shopping centres would yield at least 10% a year. German retailer Metro has agreed to operate one of its Real food markets in each of the centres.

Including development projects, Meinl European Land now has 159 retail properties worth at least €2.6bn in seven central and eastern European countries and in Turkey. In the Czech Republic, the property company recently acquired an Interspar food market in Mlada Boleslav. When expanded into a retail park during the next 12 months, this investment will total €30m. Meinl said it would also enter the Ukraine this year.

Separately, the Meinl Bank parent company said it will finance the development of a waterfront shopping centre in the Turkish Black Sea port of Trabzon. Local developer Multi Turkmall Management will manage and commercialise the 42,000 sq. m. centre, which is supposed to take 18 months to complete from the start of construction in mid-2006. This company already manages centres in Spain, Portugal and Czech Republic. pfe

London's AIM draws property companies focused on Germany, eastern Europe

A long line of small companies, particularly property investors engaged in the German and eastern European markets, is preparing to list on Alternative Investment Market (AIM), a regulated junior segment of the London Stock Exchange.

The line-up of pending debuts in coming months includes Atlas Estates, Puma Brandenburg, Pactolus Hungarian Property, O Twelve Estates, and Bluehouse Accession Property, AIM said. AIM offers small companies a "flexible regulatory regime," coupled with the access to large pools of capital that comes with LSE exposure. pfe

Deutsche Bank ponders German residential prices, expected yields

The yields expected from the German public housing projects currently being sold to private property investors will have to decline if the prices of those properties keep rising, says a Deutsche Bank expert.

"It is striking to see that the prices paid regularly exceed the sellers' expectations, and that the prices per square metre have climbed steadily," Tobias Just of DB Research told the Handelsblatt business newspaper when asked whether the German market for municipal housing is currently overheating. "To what extent the prices paid are already too high though, depends solely on the expected returns on the investors' part. Yet the expected total yield will have declined in any case."

The interview was published 24 March in connection amid news that the city of Dresden had erased its entire municipal debt by selling its public housing, 48,000 apartments, to US investor Fortress for €1.7bn. More such deals are said to be in the making because debt-ridden German cities are sorely tempted

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by the lofty prices offered by the investors, especially foreign funds, despite the stagnation of the German housing market.

„The calculated yield will be realised only if investors do private with as much success as they assumed they would in their calculations,“ Just said when asked whether a strategy of rent raises and privatisations would pay off. The ratio of house ownership and the level of rents in Germany are low compared with the rest of Europe and that both should rise. But a swift adjustment to the ratios currently seen in Britain and Spain is less plausible. pfe

Hypo Real Estate Group exceeds 2005 targets, raises dividend

Hypo Real Estate, an international real-estate financier listed in Germany, says it will almost triple its dividend to €1 a share after exceeding its 2005 targets for earnings and new business. The newly restructured company also projected a “considerable increase” in earnings for the current year.

Germany's No. 2 property financier reported consolidated

2005 net income before taxes of €408m. Adjusted for restructuring expenses, return on equity after tax hit 8%. Adjusted net income rose to €313m from €168m. The company raised new business of €22.3bn, up 75% compared with 2004.

Formerly part of Munich's Hypovereinsbank, HRE in late 2004 sold €3.6bn in sour loans to the U.S. Lone Star fund. It has been listed on Germany's blue-chip DAX index since last December. pfe

Sonae Sierra, Foncière Euris land top retailers for Berlin Alexa project

The Portugal-based shopping centre specialist Sonae Sierra and France's Foncière Euris have teamed up to develop a retail complex in the heart of Germany's capital city, east Berlin's busy downtown Alexanderplatz.

Named the Alexa project, the complex will offer at least 160 stores, 17 restaurants and 1,600 parking spaces when completed in spring 2007. The concept boasts gross rental space of 54,000 sq.m., including 43,000 sq.m. for merchandise, 2,000 sq.m. for food and beverages and 9,000 sq.m. for leisure and entertainment. The project is supposed to create 1,000 jobs.

Sonae CEO Álvaro Portela and Foncière Euris Chairman Pierre Féraud said in a release the project would reinvigorate the Alexanderplatz neighbourhood by acting as an urban anchor. High-profile national and foreign retailers queuing to participate. The list already includes Media-Saturn-Holding, Rossmann, Edeka –Reichelt, Douglas, Thalia.de, Zara and Intersport.

The Art Deco design envisaged by architect José Quintela is deliberately reminiscent of Berlin's golden years, when it was a European cultural metropolis on a par with Paris and London. Themes of Alexa's leisure offering - metropolis, dance, music, light and food court – recall the Berlin boom period with its coffee shops, variety shows, cabarets and cinemas. Excellent transport links are in place. pfe

**Table: Issuance of European MBS, covered bonds
Since January 2006**

Asset class		Country Currency		Closing Date
CMBS	Commercial Mortgages	UK	GBP	Mar 2006
RMBS	Covered Bonds	UK	EUR	Mar 2006
RMBS	Residential Mortgages	UK	GBP	Mar 2006
CMBS	Commercial Mortgages	DE	EUR	Mar 2006
RMBS	Residential Mortgages	NL	EUR	Mar 2006
RMBS	Residential Mortgages	FR	EUR	Mar 2006
RMBS	Covered Bonds	UK	EUR	Mar 2006
RMBS	Residential Mortgages	UK	GBP	Mar 2006
RMBS	Residential Mortgages	ES	EUR	Mar 2006
CMBS	Commercial Mortgages	EU	EUR	Mar 2006
CMBS	Commercial Mortgages	UK	EUR/GBP	Mar 2006
CMBS	Commercial Mortgages	UK	GBP	Mar 2006
RMBS	Covered Bonds	IE	EUR	Mar 2006
RMBS	Covered Bonds	ES	EUR	Mar 2006
RMBS	Residential Mortgages	UK	EUR/GBP/USD	Mar 2006
RMBS	Covered Bonds	ES	EUR	Mar 2006
RMBS	Covered Bonds	ES	EUR	Mar 2006
RMBS	Residential Mortgages	UK	EUR/GBP/USD	Mar 2006
CMBS	Commercial Mortgages	UK	GBP	Apr 2006
RMBS	Residential Mortgages	NL	EUR	Apr 2006
CMBS	Commercial Mortgages	UK	GBP	Apr 2006
RMBS	Residential Mortgages	UK	GBP	Apr 2006
RMBS	Residential Mortgages	NL	EUR	Feb 2006
RMBS	Residential Mortgages	UK	GBP	Feb 2006
RMBS	Residential Mortgages	UK	GBP	Feb 2006
RMBS	Residential Mortgages	DE	EUR	Feb 2006
RMBS	Residential Mortgages	IT	EUR	Feb 2006
RMBS	Residential Mortgages	IT	EUR	Feb 2006
RMBS	Residential Mortgages	NL	EUR	Feb 2006
RMBS	Residential Mortgages	UK	GBP	Jan 2006
CMBS	Commercial Mortgages	IR	EUR	Feb 2006
CMBS	Commercial Mortgages	UK	GBP	Feb 2006
CMBS	Commercial Mortgages	UK	GBP	Jan 2006
RMBS	Covered Bonds	ES	EUR	Jan 2006

Source: Europace for investors

Horizon, Ixis create property funds eyeing French, European office space

Horizon Investment Management is launching its first French property fund to be called the Horizon French Property Partnership 1.

The fund plans to invest around €450m in office and logistics space in and around Paris and in some of France's regional cities. Investors in the fund include

US, European and Australian institutional investors, the French real estate portal businessimmo reported.

„More precisely,” Horizon said in a release, “it aims to acquire leased assets offering a higher return on investment and vacant assets concealing value creation. It could take part in repositioning buildings through renovation and/or restructuring operations as well as in VEFA future completion operations.”

Horizon Investment Management France is the fund adviser with a team of eight specialists based in Paris, led by David Robinson, Peter Winstanley and François Menagé.

Separately, Ixis AEW Europe, owned by the Caisse d'Épargne and the Caisse des Dépôts, has closed its Eurooffice fund with capital of about €172m and the ability to invest €425m. It plans to use the fund to buy Eurozone office space and says equity capital should rise to €250m over the coming months giving it the ability to invest €600m. pfe

Dutche Heijmans group unit wins Liège redevelopment bid worth €100m

Himmos Belgie, an Antwerp unit of the Dutch Heijmans, has won a design competition to redevelop an island in the Meuse River in the Belgian city of Liège. The project was expected to generate turnover of around €100m.

An international jury chose Himmos over four competitors to build 600 apartments on a former hospital site of 5.3 hectares. The plan also includes shops, catering establishments, facilities for sports and recreation, a children's day-care centre, 500 trees and 700 covered parking places.

The Himmos concept would give the Bavière neighbourhood a new image of pleasant residential life that could serve as a symbol for modern Liège, the jury said. Building was slated to begin next year. pfe

Weak economy, demographics to keep Paris office market languishing - Credit Foncier

A sluggish economy and weak demographics mean that the Paris region's office market is likely to languish for the foreseeable future, says a new study by banking group Credit Foncier.

Slow economic growth and weak job creation in the region will combine with a forecast 2m sq.m. of new office space coming onto the market by 2009. “Strong growth in (Paris) seems, for the moment, to be wishful thinking,” the study concludes. “What little office demand occurs in 2006 will come from some net job creation.”

Paris office space rose 6% last year and the rate of renovation was also stronger, taking vacancy rates to just over 8% in the La Défense business district and elsewhere in the city, double the rate in 2001. While the French capital continues to attract students and young people looking for work, between 1999 and 2004 the high cost of residential property sparked a net movement away from Paris of the over-30s, especially couples with children and retirees.

According to the study, two possible demographic scenarios are possible: (i) Growth in the number of working people continues until 2008 and then declines. “Under this scenario Paris office supply has already reached maturity,” the study said, no-

ting that just 20,000 office jobs were created last year. (ii) People retire later so the number of professionally active Parisians continues to expand for 20 years. This could boost office supply.

Credit Foncier noted the number of property transactions rose by 10% last year mostly in the CBD and western suburbs, absorbing some of the supply overhang and causing the decline in rental rates to slow. However, the bank said, “The largest European market has not managed to extract itself energetically from the bottom of the cycle... Weak office take-up, an indicator of market activity, reflects the lacklustre economy.” pfe

Colony Capital vying for Paris soccer club and rights to Parc des Princes Stadium

The Los Angeles-based private equity group Colony Capital has teamed up with a French firm led by former soccer club chairman Luc Dayan in a bid to acquire the Paris St. Germain football team.

The seller, Canal Plus, a French television production company, owns the soccer club and the rights through 2014 to use the Parc des Princes stadium in western Paris. The French real estate portal businessimmo reported that Colony's interest has more to do with the stadium than the sports team. The takeover plan includes a project to modernise the stadium and make it more commercially lucrative, with boutiques and other retail outlets.

Canal Plus has poured money into the soccer club based in the wealthy western Parisian suburb of Saint Germain en Laye,



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but the club has not performed well this year.

Colony operates worldwide in the hospitality sector, and has close links with the Accor hotel operations chain. Its investments in France include the Buffalo Grill chain of restaurants, casino operations with the Groupe Lucien Barriere and Accor, and other office building investments in La Défense and south of Paris. Colony is headed by founder Tom Barrack, labelled last year by Fortune magazine as the world's best real estate investor. pfe

Deגי fund pays Codic €110m for new Luxembourg properties

German funds operator Deutsche Gesellschaft für Immobilienfonds (DEGI), a unit of the Allianz insurance group, has paid Belgian developer Codic €110m for two properties in the Kirchberg section of Luxembourg city.

Purchased for Degi International, an open-ended property fund, were the Forté office building and the Ellipse retailing centre. Codic made a medium-term rental guarantee for the two projects, which are scheduled to be finished the start of 2008. DEGI said the purchase price could be adjusted in step with Codic's marketing successes. pfe

DIC Asset AG doubles share capital, adopts Reit payout ratio

DIC Asset AG, a Frankfurt property company that trades over the counter, is doubling its capital in anticipation of pending German legislation permitting the Real Estate Investment Trusts.

Chairman Ulrich Höller said DIC would raise share capital this spring to €20.34m from the current €10.17m. In order to qualify for the "prime standard" segment of official Frankfurt stock trading, free float will be increased to around 50% from the current 10%.

DIC's share price has tripled in thin trading during the past 12 months to a recent quote of €29. The company plans to use the proceeds of the capital increase to boost its property holdings well above the €1bn level from the current €414m.

The company, in which investment company Forum Partners holds the main minority interest of 5%, will henceforth disburse 90% of its earnings so that, said Höller, "we offer a payout ratio like a REIT."

After interest, tax, depreciation and amortization, DIC reported 60% higher group operating earnings of €18.7m for 2005. It also doubled its group net profit to €6.4m. pfe

Macquarie unit buys Sony's European properties for its fund

Australia's Macquarie Global Property Advisors has agreed to pay Sony Europe €121m for eight European office buildings and logistics bases in a sale and leaseback arrangement.

The Sony properties are located in the UK and five continental countries: Italy, the Netherlands, Belgium, Switzerland and Germany. Sony will remain the major tenant, leasing back 65% of the property from MGPA, which will go on the books of MGPA's European property fund, MGP Europe Fund II.

"This is an excellent first investment for the fund, providing it with a solid foothold in the European market and exposure to the office, industrial and distri-

Table: European real estate companies listed on London AIM

At 31 January 2006, by market cap

List date	Company	Country of Origin	Mkt Cap in £m	Mkt Cap equiv. €m	
1	14-Dec-05	DAWNAY DAY TREVERIA	UK	359,4	531,9
2	21-May-04	SONGBIRD ESTATES	UK	339,3	502,2
3	16-Dec-05	XXI CENTURY INVESTMENTS	Cyprus	248,3	367,5
4	13-Aug-04	WICHFORD	UK	184,8	273,6
5	29-Jul-05	RAVEN RUSSIA	UK	174,0	257,6
6	26-Jul-05	DAWNAY DAY CARPATHIAN	UK	166,5	246,4
7	14-Dec-05	EQUEST BALKAN PROPERTIES	UK	156,8	232,1
8	29-Nov-05	HANSTEEN HLDGS	UK	155,6	230,3
9	15-Dec-05	ENGEL EAST EUROPE N.V.	NL	115,4	170,8
10	16-Jan-06	ASIAN GROWTH PROPERTIES	Brit. Virg. Isles	94,7	140,2
11	25-Sep-02	TERRACE HILL GROUP	UK	89,9	133,0
12	20-Jul-05	JS REAL ESTATE	UK	85,9	127,1
13	08-Dec-05	DOLPHIN CAPITAL INVESTORS	Brit. Virg. Isles	85,6	126,6
14	22-Dec-05	CHINA REAL ESTATE OPPORTUNITIES SA	Luxembourg	77,7	115,1
15	14-Jul-05	ORCHID DEVELOPMENTS GROUP	Cay. Isles	74,2	109,8
16	16-Aug-01	COLLIERS CRE	UK	63,5	94,0
17	14-Mar-05	BLACK SEA PROPERTY FUND(THE)	UK	62,1	91,8
18	16-Apr-04	SOVEREIGN REVERSIONS	UK	45,5	67,4
19	28-Jun-05	EUROPEAN CONVERGENCE PROPERTY CO	UK	44,9	66,5
20	14-Jun-05	RUGBY ESTATES	UK	43,9	64,9
21	18-Dec-03	CITY LOFTS GROUP	UK	43,5	64,4
22	04-Jan-05	BULGARIAN PROPERTY DEVELOPMENTS	UK	42,4	62,8
23	27-Apr-01	HALLADALE GROUP	UK	38,3	56,6
24	27-Sep-05	LEWIS CHARLES SOFIA PROPERTY FUND	UK	37,7	55,8
25	15-Oct-97	SOLITAIRE GROUP	UK	27,8	41,1
26	09-Dec-97	COMLAND COMMERCIAL	UK	26,0	38,4
27	29-Nov-05	FARLEY GROUP	UK	25,0	37,1
28	16-Jun-05	PROPERTY RECYCLING GROUP	UK	24,8	36,7
29	29-Sep-95	CALEDONIAN TRUST	UK	21,4	31,7
30	22-Dec-00	FIRST PROPERTY GROUP	UK	18,1	26,8
31	18-Apr-05	INTERNATIONAL REAL ESTATE	UK	14,8	21,8
32	02-Dec-03	OAK HLDGS	UK	13,1	19,4
33	12-Dec-05	OFF-PLAN FUND(THE)	UK	9,9	14,7
34	21-Sep-95	WYNNSTAY PROPERTIES	UK	9,8	14,5
35	24-May-04	HAWTIN	UK	9,3	13,8
36	11-Aug-05	ELY PROPERTY GROUP	Ireland	9,1	13,5
37	15-Jun-04	HEMISPHERE PROPERTIES	UK	7,7	11,4
38	24-Nov-95	LONDON TOWN	UK	7,2	10,7
39	14-Jan-05	SERVICED OFFICE GROUP	UK	7,0	10,4
40	04-Aug-04	MEDSEA ESTATES GROUP	UK	6,7	9,9
41	07-Nov-00	YOUR SPACE	UK	6,5	9,7
42	02-Oct-95	CW RESIDENTIAL	UK	5,6	8,3
43	29-Jul-03	CITYBLOCK	UK	5,5	8,1
44	05-Dec-05	MISSION CAPITAL	UK	5,1	7,6
45	19-Aug-98	PATHFINDER PROPERTIES	UK	4,9	7,3
46	10-Jun-04	REAL ESTATE INVESTORS	UK	4,8	7,2
47	23-Mar-04	NADLAN	UK	4,8	7,1
48	07-Dec-05	BRAEMAR GROUP	UK	3,3	4,9
49	23-Dec-99	ABRAXUS INVESTMENTS	UK	2,1	3,0
50	03-Apr-96	HURLINGHAM	UK	1,9	2,8
51	04-Sep-00	NORTHACRE	UK	1,5	2,2
52	17-Jan-05	TRADING NEW HOMES	UK	1,5	2,2
53	25-Oct-95	CLAN HOMES	UK	1,1	1,6

bution sectors in markets we believe have good potential and are well positioned to improve throughout the life of this investment," said MGP Managing Director Alex Jeffrey.

He said the transaction tracks the trend among European companies to seek specialist real estate partners to enable them to concentrate on their core business activities. "We see this as the beginning of a long term relationship between Sony and Macquarie," said Jeffrey. The acquisition was the first for MGP Europe Fund II which closed late last year. pfe

Germany's HVB regains profitability in 2005

Hypovereinsbank, the Munich mixed mortgage bank that merged with Unicredito last year, returned to black figures with net profit of €642m for 2005, compared with a loss of €2.4bn for 2004.

The bank reported that it lifted its operating earnings by one-third to €1.8bn and proposed to pay a dividend of €0.25 a share for 2005, its first payout in three years. Adjusted for €693m in extraordinary charges related to the merger, the operating result came to €1.16bn. Extraordinary operating charges had reached nearly €3bn in 2004.

HVB set aside another €546m in provisions for sour loans, including €486m in the final calendar quarter. Analysts said the bank booked a capital gain of around €150m from the sale of shares in Munich Re. HVB's stake in the reinsurer has been reduced to 4.9% from 7.9%. Unicredito now holds 94% of HVB.

The Munich bank's real-estate restructuring unit showed a small loss of €16m, following a loss of slightly more than €1bn in 2004. The bank said its German business contributed one-quarter of the adjusted operating result, which it presented as €1.96bn, up 46% from 2004. pfe

Carlyle Group buys 34 Banque de France properties across France

US private equity firm, The Carlyle Group, has agreed to buy 34 real estate assets worth €35m from the Banque de France, the French central bank. The properties, which have a total surface area of 63,000 sq.m., are based in regional cities and have an average size of 1,800 sq.m.

"The majority of the assets have beautiful and high quality architecture and are based in the heart of the cities in excellent locations," Carlyle said in a release. "The buildings have been used as offices and residential space, including large basements, courtyards and gardens."

Carlyle plans to sell many properties immediately but may renovate some into apartments, retail space or offices. "The portfolio consists of many properties with good potential for refurbishment and renovations," said Carlyle director Marc Demumieux.

Carlyle bought the properties through its second European real estate fund, Carlyle Europe Real Estate Partners II, which has €760m in equity commitments. The fund has made a series of acquisitions in France including the Schlumberger campus in Montrouge, south of Paris, for €185m and a French government customs building in the centre for €165m.

The Banque de France said the properties were branches closed over the past few years. The sale of another one dozen buildings has begun. pfe

Inmobiliaria Colonial buys Madrid's Philips building for €103m

Spanish property company Inmobiliaria Colonial is again expanding in the booming Madrid market, where it already holds assets of €1.35bn. The company said it bought the Philips building on Madrid's Calle de Martínez Villergas from TMW Pramerica for €103m.

Colonial bought the French REIT Société Foncière Lyonnaise two years ago. On the TMW deal it engaged Savills to advise it, and said rents and occupancy in the Spanish capital's central office district are showing clear signs of an upturn.

The 13-storey building occupied by Philips Ibérica contains space of 24,240 sq.m. and has a parking lot for 500 cars. The acquisition, along with an asset-transfer deal with Mutua Madrileña last September, gives Colonial 23 properties in Madrid. It has engaged prestigious architect Jerónimo Junquera to renovate the former Gan Seguros headquarters, a project slated for completion late this year. pfe

HSH Nordbank finances €210m Dutch property deal for Evans Randall

HSH Nordbank, state bank for the German states of Hamburg and Schleswig-Holstein, is financing the first capital placement by the London investment bank Evans Randall in continental Europe, a major office property acquisition in The Hague.

Nordbank agreed to provide €180m in long-term financing and €30m in equity interim financing to purchase the "Haagse Poort" office development from German open-end fund KanAm. The transaction is the largest on the Dutch property market so far this year. The 18-storey landmark building, with nearly 68,000 sq.m. of rental space, has been fully leased to ING on a long-term basis.

Bernhard Visker, who heads HSH Nordbank's real estate business, said, "In view of the strong interest among international property investors, the Netherlands will remain in focus even though the number of attractive office properties has become very small and vacancy rates remain high."

Initial net returns on offices have fallen to 6% or 7% in central metropolitan areas. For very good locations and properties with good tenants and long-term leases, initial net returns are 5.5%-5.8%. Visker said the office market should bottom this year because signs of recovery have already been seen. pfe

Munich's HRE jump-starts German property lending after restructuring

Munich's Hypo Real Estate (HRE) has reactivated its German property financing business by extending €2.8bn in new credit in 2005. Germany's No. 2 property financing bank, after Eurohypo, said it extended €22.3bn in worldwide property loans last year, considerably more than the €13.5bn it had initially planned.

HRE lifted group result by 84.6% to €408m and its net by 32.5% to 359m last year. This left a return on own capital of 7.4% after restructuring costs, the first time it has recovered its cost of capital. Projected for 2006 was a return of 9%. The

bank said it anticipates rising demand for major property loans in Germany this year. Abroad it will now concentrate abroad on growth centres in the Asia-Pacific region. pfe

Irish owners of RyanAir invest in German office building

Ireland's Portico Management, representing the Ryan family that owns Ryan Air, has made its first investment in German commercial property.

Portico purchased the Monzanova building in the Rhine-Main regional city of Langen from Frankfurt project developer OFB. The building, completed the end of last year with 8,200 sq.m. of gross rental space, is already occupied by Fujitsu Microelectronics Europe, regional headquarters of the Japanese semiconductor and flat television screen manufacturer.

The transaction was arranged by Colliers Schön & Lopez Schmitt. Fay Property Management GmbH, a German unit of Ireland's Fay group, conducted a study of the building's technical status and business prospects and has been commissioned to manage the property for Portico. pfe

KanAm institutional property fund buys Hague office building

KanAm, the property funds group that was forced to shed assets to survive a German liquidity drain, has become a purchaser again.

KanAm Grund Spezialfondsgesellschaft bought the prominent office building, "Silver Toren" – Silver Gates – in the up-market Beatrix quarter of The Hague for around €81m. The 17-story Dutch building, with 27,216 sq.m. of rental office space, is under long-term lease to ING Bank. The KanAm fund caters strictly to institutional investors. pfe

UK's Resolution Property commits €1.5bn to retail parks

The London-based Resolution Property, which sold its property portfolio last year, has earmarked €1.5bn for mostly retail park acquisitions in continental Europe, CPN reported from the MIPIM conference in Cannes, France.

In its fourth recent acquisition, Resolution is buying a 20,000 sq.m. facility in Leipzig, Germany, for an undisclosed price. Apart from extensive property in England and Sweden, it has recently completed over €300m in retail acquisitions in Spain, Portugal and Germany.

Resolution executive Scott O'Donnell said the newest property contains strong discount stores for an economically struggling area. The initial yield is in the 7%-8% range. „Our whole strategy at Resolution is not to play the financing game,“ O'Donnell said. „We're more about moving tenants around, changing the tenant mix, adding value to the centre.“

Founded in 1998 by Robert Laurence with help from Warburg Pincus, Resolution invests for prominent US universities

and foundations, plus US and European private equity investors and pension funds. It has £250m of investment equity available for investment. pfe

Eurohypo makes strong start with first two months net up 27%

Germany's largest real estate bank Eurohypo, at the beginning of this month fully consolidated into Commerzbank, made a strong start in 2006, recording pretax profit up 27% to €133m.

The Handelsblatt newspaper reported Eurohypo Chairman Bernd Knobloch as saying that new real estate business in January and February rose by around 10% in volume to €5bn, with new business in public sector financing falling by around the same percentage.

Eurohypo has set the objective of raising the net result by 15-20% for the full year. It expects this to be helped by a decrease in risk provisioning against bad debts of 5-10%. pfe

NAREIT, German lawyers Beiten Burkhardt launch US REITs information centre

The US National Association of Real Estate Investment Trusts (NAREIT) and the German law firm Beiten Burkhardt have launched a German-language information centre to raise awareness of US REITs and in anticipation of Berlin introducing REIT legislation soon.

The centrepiece of the German US REIT Information Desk will be a knowledge centre that features NAREIT resources on listed US REITs, including a Web site. Other elements include media outreach and participation by US REIT industry leaders in major investment and real estate conferences in Germany and Europe.

Beiten Burkhardt partner Hans Volkert Volckens said: „Our goal is to enhance the general visibility and presence of US listed real estate companies as attractive and appropriate investments for the German capital markets.“ NAREIT President Steven A. Wechsler added the move was sparked by rising global interest in listed real estate investment.

Some 197 publicly-traded US REITs exist, with total equity market capitalisation of \$336bn. Over the last three decades, they have posted a historical compound annual total return of 14%, outpacing most stock market benchmarks. pfe

Berlin's first-quarter office rentals decline sharply from 2005 level

Some 85,000 sq.m. of office space was let in Berlin in the first calendar quarter, according to Aengevelt Immobilien. This was well below the 150,000 sq.m. for first quarter 2005, but topped the levels of 55,000 and 58,000 sq.m. for the same period in 2004 and 2003.

Aengevelt Research projected rentals of about 450,000 sq.m. for all of 2006, down from 483,000 sq.m. last year, when public demand for new job-referral centres buoyed the market. pfe

Fitch publishes CMBS rating criteria for German multiple-family housing

Securities rating agency Fitch has published criteria for rating commercial mortgage-backed securities (CMBS) written on multiple-family housing in Germany, where the agency anticipates further strong growth during 2006.

Presented at a seminar in London on 28 March, the Fitch methodology centres on a projection of net operating income (NOI) calculated for the portfolio being analysed. The method takes account of historical and projected performance as well as overall characteristics of the multi-family market.

After calculating base-case NOI, Fitch adjusts this to simulate the effects of various economic and property stress scenarios. This NOI is then used to determine the ability of the borrower to make timely interest payments and ultimate repayment of principal.

The methodology was developed in response to the rapidly growing German market in multi-family housing, a sector for which Fitch examined trends in a separate report. The market is characterized by international equity investors as aggressive buyers and German holders of large housing portfolios as the sellers.

Several acquisitions have been financed in the capital markets so far, and Fitch predicts that the CMBS trend will strengthen this year. pfe

Redevco sells German properties for C&A chain in €385m package deal

C&A, Germany's No. 3 clothing retailer, has joined the spreading trend of cashing reserves stored in business properties.

C&A clothing stores in Essen and Bremen, a Berlin retailing center and a Karstadt sporting goods outlet in Leipzig were included in a €385m package of 33 business properties sold by Redevco Holding, an Amsterdam property management company belonging to the Brenninkmeijer family, which controls C&A.

German trade magazine Immobilien Manager reported that the buyer was a consortium of River Group and Aerium Properties. Aerium belongs to the Leonard de Vinci group. pfe

Weak start for Frankfurt's 2006 office rentals

Office rentals in Frankfurt fell to 53,000 sq.m. in the first quarter of 2006 from 95,000 sq.m. the same period of 2005, estimated rental agent Cushman & Wakefield.

The agent blamed the decline on a dearth of large deals, saying that one-quarter of the newly rented space involved small units of 1,000-1,500 sq.m. and another one-quarter consisted of premises of less than 500 sq.m.

Landlords were also forced to make rental concessions, such as gratis periods and the absorption of expansion and renovation costs. Turnover in the banking capital is likely to strengthen considerably toward mid-year due to some large transactions. pfe

Residential rents stagnate in Germany's Rhineland-Palatinate

Residential rents mostly stagnated during the past 12 months in the western German state of Rhineland-Palatinate, which stretches from the Frankfurt region to the Luxembourg border.

According to an IVD market analysis, rents stiffened slightly to €10 sq.m. for new apartment buildings in the best locations and €8.50 for old ones in the capital city of Mainz on the Rhine River. Apart from Mainz, the biggest market, as well as Coblenz and Landau, prices marked time or declined. But prices for condominiums fell in numerous cities of this state, including a drop of 11% in Coblenz.

With 0.6% real GDP growth last year, the state underperformed the German average of 0.9%. Weak construction was blamed for the state's poor showing. pfe

German LRP landesbank expands property lending by one-third

Landesbank Rheinland-Pfalz (LRP), state bank for the German state of Rhineland-Palatinate, said that one-third of its property lending last year was new business.

The bank said it wrote €1.6bn in new property financing. At the end of 2005 LRP's property credit volume was €4.7bn, about 7% of its total credit volume of €62bn. Two-thirds of LRP new property financing was domestic and 86% of the loans were for commercial property. pfe

German apartment completions fell by 14% in 2005 - Federal Stats Office

Some 239,000 new apartments were completed in Germany last year, said the Federal Statistics Office. This was 39,000 fewer, or a decline of 14%, from 2004, when a gain of 3.7% was registered.

The statisticians attributed the decline to a debate over the abolition or curtailment of subsidies for house ownership. pfe

Munich and Bremen to lead German growth in condo prices

Prices of German housing should rise over the period to 2020 by 43% in Munich and by 42% in Bremen, according to a countrywide market study conducted by Berenberg Bank and Hamburg's Institute for World Economics.

The housing price rise during the next 15 years would be greatest in the Landshut region of Lower Bavaria, near the Czech and Austrian frontier. There, it forecast a 48% price increase by 2020. The Göttingen region of Lower Saxony, near the country's geographic centre, is likely to record a purchase price fall of 3%, the study said. pfe

German construction orders start 2006 showing strong growth

A big jump in orders at the start of the year has infused confidence into the depressed German construction industry.

A January rise of 8% in commercial building contracts was taken by the industry to signal a trend of growing business investment. Coupled with order growth of 18% for roads and 11% for housing, this yielded an increase of 9.8% in new orders for the month. pfe

Schroders wins German, Austrian approval for REIT fund

UK-based asset manager Schroders said it has received approval to market a new Real Estate Investment Trust fund in Austria and Germany.

The fund, a Luxembourg Sicav (mutual investment fund) called ISF Global Property Securities that will be managed by European Investors Incorporated (EII), will invest in property all over the world. The fund will be pitched to both retail and institutional investors.

Schroders recently formed a strategic alliance with EII, a New York investment boutique that specializes in Reit management and has a portfolio of about £1bn. The new fund, to go on sale in the second or third quarter, is part of the Schroder International Selection Fund group of Luxembourg Sicavs. pfe

Prime retail rents stabilise in Germany

The decline in rents for retail space in prime downtown German locations stopped last winter for the first time since 2001, Die Welt newspaper reported.

„More than three quarters of the investigated locations manifest stability or else register slight increases in rent already,“ the paper said.

Retail rent levels in western Germany are still averaging 7% below 1996 figures, although significant 10-year gains have been recorded in a few major business centres. Rents grew by 40% in Munich, 34% in Stuttgart and 30% in Frankfurt. Rent rates in the 25 largest eastern German cities maintained last year's level. pfe

GE Real Estate Nordic resumes residential investment in Sweden

Stockholm's GE Real Estate Nordic has acquired a portfolio of 28 residential, retail and office properties in Borås, Sweden, from the Kanico Group for about SEK200m (€21m).

About half of the 23,000 sq.m of space in the transaction consisted of 190 apartment buildings, GE's first big residential property acquisition in several years. The remaining 11,000 sq.m. is retail and office premises.

Borås is situated 70 kilometres from Gothenburg. pfe

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Dutch pension fund **PGGM** has named **Marc van den Berg** as chief operating officer of investments as of May 1. He has been a senior development manager since February 2005 and was previously a partner in **KPMG** and **Nolan, Norton & Co.** **Johan van der Ende** has been appointed director of structured investments, while **Paul Wevers** is appointed director of corporate communications.. **ING Real Estate** has announced the appointment of **Menno Maas** as CEO Development and member of the board of **ING Real Estate** as of 1 July. He will report to **George Jautze**... **Aberdeen Property Investors** has appointed **Jacques Yves Nicol** as managing director of its new French business effective 18 April. He was previously at **Tishman Speyer**... **The Royal Institution of Chartered Surveyors Deutschland** has named **Hansjörg Bach**, Professor on University for Economics and Environment in Nürtingen-Geislingen, as a Fellow... **Olivier Flamant** has been named director general at **EDM**... **Bernhard Blohm** is transferring to **HSH Nordbank** from **Dresdner Bank** in Frankfurt to take over group communications... **Brigitte van der Jagt-Buitink** has been named Director and Head of **Northern European Property** with **HSBC Property Investments Limited** located in London. **Van der Jagt-Buitink**, formerly Germany head for **CBRE**, will have responsibility for the Benelux, central European and Skandinavia... **Peter A. Kaemmerer** has been appointed to the board of Germany's largest landesbank **Landesbank Baden-Württemberg**... **Eric Ranjard** of **Segece-Klepierre** and **Maurice Bansay** of **Apsys** were re-elected as co-presidents of the board of the **French National Council of Shopping Centres (CNCC)**... **Martin Zielke** formerly head of Corporate Banking at **Commerzbank**, has been appointed to the

board of **Eurohypo** following its takeover on 1 April... **ECE** managing director **Klaus Striebich** has been voted onto the board of the **German Council of Shopping Centers** in succession to **Rainer Bodenbug**, who stepped down. **Wolfgang R. Bays** remains chairman, along with second board member **Stephan Jung**... **Hartwig Heyser** has take over as chief operating officer of **E&G Asset Management** in Munich, a subsidiary of the **Bankhaus Ellwanger & Geiger group**... As expected, the supervisory board of **Commerzbank** appointed **Eurohypo** Chairman **Bernd Knobloch** on 1 April to the board of the parent bank... **Jochen Ackermann** has been named as new managing director of **Quantum Immobilien** investment company in Hamburg... **Pierre Péberay**, a member of the Board of Real Estate Experts **FNAIM** (Chambre des Experts Immobiliers de la FNAIM), has been appointed as consultant to **ROCVAL** ... **Thomas Binder** has been named Chief Executive Officer of **Sierra Developments Germany** and takes over responsibility for new developments and all projects of the Portuguese Sonae Sierra shopping centre specialist in the country... **Rankvale European Property Partners**, an associated property arm of **Rankvale Holdings plc**, has appointed **Graham Emmett** as a partner to accelerate its European acquisitions program. He joins the existing advisory team of **Brian Cooper**, **Aubrey Glaser** and **Stephen Greene**... **Benoit Fort** will become a junior portfolio director on the French property team at **Henderson Global Investors**... **Olivier Lance** will head studies and financial analysis for the investment team at **UFG**... **Nicolas Verdillon** will join **CB Richard Ellis** as head of transactions of above €25m... **Karl Delattre** has been named to the asset management team at **Atemi**... pfe

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<p>€458,030,000 France</p> <p>Dionysus (European Loan Conduit No. 9) FCC Commercial Mortgage Backed Units Servicer</p> <p>June 2002</p>	<p>£547,581,650 United Kingdom</p> <p>Coronis (European Loan Conduit No. 8) plc Commercial Mortgage Backed Notes Servicer and Special Servicer</p> <p>November 2001</p>	<p>£524,909,600 United Kingdom</p> <p>European Loan Conduit No. 5 plc Commercial Mortgage Backed Notes Servicer and Special Servicer</p> <p>April 2001</p>	<p>£462,175,000 United Kingdom</p> <p>European Loan Conduit No. 4 plc Commercial Mortgage Backed Notes Servicer and Special Servicer</p> <p>September 2000</p>	<p>£359,440,000 United Kingdom</p> <p>European Loan Conduit No. 2 B.V. Commercial Mortgage Backed Notes Servicer and Special Servicer</p> <p>December 1999</p>

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