

Germany expected to launch G-REITs, excluding residential

The German government is expected soon to announce it will legislate to allow REITs from January but will exclude residential property **Page 3**

Higher Spanish CPI, indexed office leases ratchet up returns

Spain's higher inflation than the Eurozone average, plus rent indexation, mean property investors gains grow as lease income outstrips funding costs. **Page 5**

IEIF study urges France to extend SIIC tax treatment

A study by the French IEIF property association urged Paris to extend SIIC legislation indefinitely and widen the permitted asset base. **Page 7**

TIAA-CREF sees US property capital seeking growth abroad

Most dynamic and long term growth markets in real estate are to be found abroad, says TIAA-CREF Managing Director Alice Connell. **Page 9**

Maarten Hulshoff

Chairman, Rodamco Europe
The PFE Interview: **Page 8**

Metrovacesa Chairman Rivero launches €80 per share bid to counter Sanahuja

Joaquin Rivero, chairman of Spain's largest listed real estate company Metrovacesa, on Friday launched an €80 per share counter-offer for 26% of the company in response to an bid by the Catalonia-based Sanahuja family in March for an additional 20% stake.

Roman Sanahuja on 1 March announced an unsolicited offer of €78.1 for 20.4m shares via investment vehicles Cresa Patrimonial and Sacresa Terrenos Promocion to raise the family holding to 44.29%, and valuing Metrovacesa at €7bn. The bid has been cleared by the Spanish competition authority, though the stock market commission CNMV has requested more information. It may yet decree that it must launch a full bid. Rivero's bid is supported by Valencia football club Chairman Juan Bautista Soler. Metrovacesa stock was last trading around €75. (See p6). pfe

European property may be bubble but soft landing seen most likely

European property markets may be exhibiting a bubble in some locations but opportunities remain and a market crash is unlikely, according to a number of real estate fund professionals at the INREV 2006 annual conference in Rome.

Aref Lahham, managing director of Orion Capital Managers, said finding assets at the opportunistic end of the risk/return spectrum is becoming more difficult. "For an opportunity fund it is a very tough market and needs a lot of discipline", he said.

Rockspring Chairman Richard Plummer said that for a core investor markets in Europe remain local and fragmented, but presenting opportunities outside the major centres. "There, we are not being beat up by competition as we would be in the major market locations," he said. He currently favours German retail rather than office assets.

Simon Foxley, from UBS global asset management, said: "We think we are not in a bubble but where it goes from here is more difficult to say." The meeting consensus was that expected returns for core, value-added and opportunistic assets need to be cut back about 200 bp, and that rental growth definitely must come through to support yields.

INREV research manager Ville Raitio estimated that some €40bn of new equity capital flowed into non-listed property funds during 2005, roughly the same as into private equity in Europe. This should continue in 2006, with about half of the capital targeting single-country funds, followed by western European and Eurozone-specific.

Nick Mansley, research head for the UK's Morley Fund Management, cited four main risks in European real estate but said they should not prevent 2006 being the strongest market this decade. "2005 was probably the strongest year for total return in European properties since 2000," Mansley said. "I personally would not be surprised if 2006 didn't turn out to be just as strong." pfe

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After listening to the interesting high-level discussions in Henri Alster's Deutsche GRI in Frankfurt today and tomorrow, **Property Finance Europe** visits Lisbon and Warsaw at week's end, ably represented at CEPIF in the Polish capital by Business Manager David Jayne. At the same time, Gerald Nabarro's highly esteemed Investment Property Databank meets for its annual shindig in the Portuguese capital, warmer, we warrant, than Copenhagen in 2005. If we know British real estate bankers, IPD is likely to take half the City of London with them. Well, it is discussing leisure property as well as plain-vanilla, ordinary yield-producing, er, non-leisure assets!

Looking ahead, Terrapinn's Real Estate Investment World Europe 2006 should be a date for your diaries in London at the end of this month, while EuropeServicing run in the British Film Academy by our friends at Eurocatalyst also looms on the far May horizon to make stars of the silver screen out of just about everyone! Meanwhile the Third Man may be alive and well at Real Vienna in the Austrian capital on almost the same dates, and perhaps checking out property investment opportunities in southern and central Europe at this inaugural event. All is reliably (we hope) recorded in the PFE Bulletin Board as usual (see p8). Oh, and CoreNet Global has finally reappeared on the radar. Keep 17-19 Sep. free. Lisbon again!

European property may be bubble, but less likely to burst than to land softly

European property markets are certainly very hot and may be exhibiting a bubble in some locations but opportunities remain and a market crash is unlikely. That was the consensus of real estate fund professionals speaking at the INREV 2006 annual conference in Rome in late .

Aref Lahham, managing director of Orion Capital Managers, said finding assets at the opportunity end of the risk/return spectrum is becoming more difficult. "For an opportunity fund it is a very tough market and needs a lot of discipline", he said. "However, real estate markets are imperfect and it is possible to find assets that are for instance smaller and in less good shape that we have been able to invest in, improve and resell."

As a core investor, Rockspring Chairman Richard Plummer agreed, adding that markets in Europe remain local and still quite fragmented, presenting opportunities outside the major centres. "There, we are not being beat up by competition as we would be in the major market locations," he said. German retail should perform better than office property in the future, and

Rockspring targeted this asset class with a new fund in 2005.

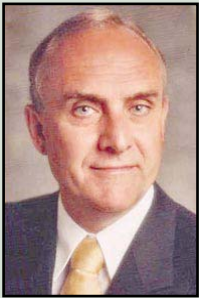
Simon Foxley, from UBS global asset management, said his fund is targeting a 12%-14% rate of return and can achieve it without using leverage above 50%. "We think we are not in a bubble, but where it goes from here is more difficult to say," he told the conference. Rental growth needs to come through now to support yields.

Plummer is not so sure. Although he sees little evidence of irresponsibility in bank lending, transactions are not cheap. "This feels a bit like a bubble," he told the conference. Rockspring avoids participating in auctions where the cost of due diligence - between €200,000 and €500,000 - may be wasted if the deal is not won.

Lahham said a sudden crash could occur, sparked by a geopolitical instability, but property prices are more likely to make a soft landing. Nonetheless, he added, "We think it is a good time to sell and not particularly a good time to buy."

Orion is branching out from standard asset classes to find value and has recently looked at hotels, healthcare, assisted living, and sale and leaseback. "In a very, very liquid market managers have to be very careful about risk adjusted returns," he said. Many in the business lack the experience to judge this. pfe

The 'Mandy Rice-Davies strategy' made me sit up and take notice at INREV's splendid annual conference in cool, rainy Rome in late April. I wasn't at all sure what connection LaSalle Investment Management's Robin Goodchild saw between a lady of the night involved in the Profumo scandal in 1963 Britain that eventually toppled the Harold MacMillan government - and modern-day non-listed fund investment. I was, however, certain



that almost all the 350 participants in the hall were either a. too young, or b. busy playing soccer or grooming doll's hair in a completely other European country to know who the blue blazes he was referring to. Me, I remember at the time being utterly absorbed by a strange harmonica break in a catchy song called Love Me Do by a new group with the rather silly name of the Beatles. It had climbed into the low 20s of what at the time we used to call 'the charts'. Probably a one-hit wonder, we thought. Moral: We all make mistakes!

Like its listed company counterpart EPRA, also based in Amsterdam, INREV's abbreviated name does not make immediately clear that it is a non-listed property funds' association. The words European Association have got lost along the way but the crucial terms have remained: Investors in Non-listed Real Estate Vehi-

cles. It should be EANREV really. But we quibble. What was most important to note in Rome was that the mood among the European real estate fund community was pretty much the same as in the more global MIPIM in Cannes in March: Elation over the stellar performance of real estate as an asset class over the last couple of years but wonderment and caution over whether the yield compression, already mostly at record lows, can really go any further. And what if it does? Should we get in or get out? And what if interest rates rise? And where do we look for value now? See items on the topic in this PFE.

Really though, it's all about the efficient allocation of capital. A survey of INREV investors identified advantages of funds: Expert management, asset diversification, enhanced returns, diversification out of domestic markets, and access to markets where the investor has no expertise. But a lot of these are evident in the listed. What INREV Chief Executive Lisette van Doorn has to do now is tackle the reasons for not investing in funds: high costs, lack of transparency, lack of suitable products and limited liquidity. Rome participants erred on the side of common sense in ratcheting down their expectations for returns in core, value-added and opportunistic funds by around 200 basis points. Goodchild prompted and prodded and reason prevailed. A grudging show of hands brought consensus expected returns for this year in core funds down to 10% or less, for value-added to 10-15%, and for opportunity, something over

15%. Let's be clear though: This has not detracted from general enthusiasm for the asset class. Thankfully, 'Darth' Goodchild-Vader brought forward his cultural references by two or three decades. "Investors want to put more into all aspects of real estate this year," he declared. "The force is with the market." Cue swelling sounds behind swooping spacecraft.

Yields and returns are the bread and butter of the property sector worldwide but the real nourishment lies in the fee structure that largely hinges on these. Another INREV survey found that gross asset value is the most common basis for management fees. No surprise there. Core funds charge an average 0.56%, value added retain 0.61%, and opportunity get a median 0.58%. In addition, performance fees have been more common in recent years. Three quarters of all funds have either periodical or at-termination performance fees, or both. These are typically based on absolute total return (IRR), or relative to an agreed benchmark, with opportunity funds applying the highest hurdle rates. Across the board, average first hurdles are 10%, and second are 16.6% when there is one at all. The median fee level of excess return bonus for jumping over the first hurdle is 20%. This is important. Hurdles may have to be lowered to keep even the good athletes in the game. After all, real estate managers, like everyone else, like to be well rewarded for working hard at something they really love doing.... Well, like Mandy Rice-Davies really!

Allan Saunderson, editor@pfeurope.de

Non-listed property funds see repeat of 2005 capital inflows around €40bn

Around €40bn of new equity capital flowed into non-listed property funds during 2005, roughly the same as the estimated amount coming into private equity in Europe, and real estate managers intend to maintain this steady stream, according to Ville Raitio, research manager with the INREV non-listed fund group.

A survey of around 221 funds grouped in INREV member institutions showed that about half of the capital this year will target single-country funds, followed closely by western European and Eurozone-specific. All investors expect to increase their capital allocation to non-listed vehicles over the next two years, considerably more than those seeking direct investment or investment in property via listed companies.

In 2005, core and value added funds captured around 80% of a new equity capital. Office, diversified and retail were by far the largest asset classes, but non-traditional sectors such as hotels, car parking and infrastructure projects saw increased interest.

“The wall of money that we are and the private equity people are seeing is very real,” Raitio told the INREV conference in Rome in late April. Jones Lang Lasalle calculated total asset investment in property in Europe in 2005 at around €72bn which, given leverage of about 50%, roughly equates to the INREV’s own estimates.

The Netherlands and Germany are the source countries for around 40% of new capital allocated to non-listed funds last year, followed by the UK, France, US, Singapore and the Mideast. The vast majority of commitments are for less than €10m but committed sums above €60m are also significant. Nordic investors, taken together, are becoming more important for the market overall, seeking increasing diversification out of domestic markets.

Of the different institutional investors, Raitio said, more than half of the capital was allocated by pension funds and life insurance groups. They were followed by banks, manager co-investment, government bodies and foundations, corporates and individual investors. Last year also saw strong growth in fund-of-funds directing capital into the property market. pfe

2006 may be strongest property market this decade despite risks - Morley

Four main risks exist in European real estate markets but they should not prevent 2006 being the strongest market this decade, says Nick Mansley head of research for the UK’s Morley Fund Management.

He told the INREV annual meeting in Rome that the tremendous convergence and general decline of property yields – except for Germany “doing its own thing” – means risks have risen across the continent. However, he added: “there is very little sign that investment demand is likely to switch off rapidly”, citing the INREV survey showing that investment managers intend to boost real estate allocations, with focus on central and eastern European plus France.

Even with property prices across all classes above trend valuations, the increased risk this brings is partially counteracted by other assets such as bonds providing real rates of return far lower, only around 1%. The risk that yields are below financing rates in some markets will not be a problem if there is income growth, Mansley said.

Even in deals where re-letting risk is ignored, rental growth should pick up – while the risk of newly-listed companies being initially weak as partners in property deals may be solved by the introduction of Real Estate Investment Trusts (REITs) and other structural capital market changes. “2005 was probably the strongest year for total return in European properties since 2000,” Mansley said. “I personally would not be surprised if 2006 didn’t turn out to be just as strong.”

In addition Mansley sees the economic background as fairly benign and a recovery beginning in some of the major continental European economies. Most internal rates of return – varying from around 10% in core property investment to around 20% in opportunity strategies – should be reached at least this year but it is getting harder. “You may be able to get the target rate of return still, but can you do it and get the capital invested quickly?” he said, noting that huge sums are now seeking placement in very tight property markets. pfe

Germany said favouring 10% share limitation for G-REITs, excluding homes

The German government is set to announce soon the launch of Real Estate Investment Trusts (REITs) in January in a model similar to that announced by the UK in March but likely to exclude the ability to encompass residential property assets in the new vehicle.

Various media reported that the federal Finance Ministry has moved away from the two-tier model of a trust and an AG combined, which has been heavily promoted by the Financial Initiative German (IFD) lobby. It is now favouring solving the principal tax challenge by limiting dividend payout rights in G-REITs to just under 10% of equity. Maintenance of this ceiling allows imposition of a withholding tax even for non-residents from nations with whom the REIT country has double taxation agreements. Under international rules, tax on dividends is significantly reduced or even abolished for holders of stakes in excess of this level – a loophole, for example, successfully exploited by several foreign companies, particularly Spanish, investing in French REITs/SIICs.

British Chancellor Gordon Brown opted for this model in his decision on UK-REITs announced in March. Ownership is permitted in excess of 10% of equity since European Union laws prohibit restrictions. The limitation can apply to dividend payouts, and equity owners above this are able to trade or sell their dividend rights. The UK is to impose a 22% withholding tax at source though this will be cut to 15% for most industrialisation investors.

The reflections on the G-REIT model was due to be proposed by Finance Minister Peer Steinbrück in a meeting of the grand coalition partners last Monday chaired by Chancellor Angela Merkel. The exclusion of residential property assets is reported to have been inserted to allay fears by Social Democratic partners of pressure on tenants in apartment portfolios sold by various levels of government.

The Financial Times Deutschland reported however that the exclusion of residential assets may yet be averted. Steinbrück has set a meeting tomorrow with the main SPD REIT adversaries in the Bundestag, Ortwin Runde, Florian Pronold and Nina Hauer.

Analysts see exclusion of apartment portfolios as problematic since financial investors – headed by US and UK private equity funds – have acquired around 600,000 apartments over

PROPERTY FINANCE EUROPE

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ISSN 1748-8281 (printed copy)
ISSN 1748-829X (online version)

the last three years. "Rented apartments make up a proportion of around 50% of listed property assets in Germany and therefore have a much greater significance than in other countries," HSBC Trinkaus & Burkhardt Peter Barkow told the newspaper.

PFE COMMENT: This seems to be headed toward a rather messy compromise, but one that is fully in line with the current political mood in Germany right now. One should perhaps be grateful: most 'tough and intense' negotiations in the grand coalition so far have led to a decision to spend a lot more government money on subsidies, and put up taxes to finance them. It is a formula guaranteed to keep Merkel's popularity rating high and the left-wingers smiling, but one that is utterly irresponsible in terms of fiscal coherence. Any restriction on residential property will in all likelihood lead holders of such assets – Fortress' GAGFAH first and foremost (see below) – to seek a listing as a UK REIT on the London Stock Exchange. British Trusts can achieve corporate tax free status even with a base of assets located outside the country. The REITs advantage of a potential halving of national capital gains tax at creation is less important for German residential assets, where a balance sheet undervaluation usually does not pertain.

Fortress Investment may list parts of German residential portfolio as UK REIT in London - reports

The probable exclusion of residential property from potential legislation permitting German Real Estate Investment Trusts (REITs) is likely to prompt US private equity fund Fortress Investments to float parts of its giant 160,000-apartment holdings on the London Stock Exchange in a UK REIT.

The Börsen-Zeitung newspaper reported in late April that Fortress could, as early as this summer, choose a consortium bank for its portfolio, made up primarily of residential assets from the housing companies Gagfah, Nileg and Woba-Dresden. No other details were available.

German property specialist Rainer Zitelmann commented that while it is nonsense to exclude residential REITs on the basis of purely ideological reasons of the political Left of the Social Democratic Party, it is better than shelving the initiative completely. "However, we have to be very clear that the renters' association and the ideologues in the ranks of the SPD are currently dictating policy," he wrote. "The plans of Fortress for an IPO in London show just how stupid is the opinion of some critics that flotations of residential companies can be prevented in this manner." pfe

G-REIT introduction may boost German special fund sector if rules eased - Oppenheim Immobilien

The introduction of German Real Estate Investment Trusts (REITs) is unlikely to be of great benefit to German special funds or other institutional investors unless the so-called "Spezialfonds" are also given more flexibility under the current investment law, says the chairman of the country's largest specialist property funds group.

Peter Le Loux, chairman of Oppenheim Immobilien-KAG (OIK), told PFE that the existing Special Funds are more suitable to the needs of long-term institutional investors. But any easing of the rules could help make the sector more interesting for major institutions and allow it to grow from current total investment volume of around €22bn.

Despite this, introduction of REITs in Germany would also cause OIK to consider launching such a vehicle. "We are keeping an open mind. But the rules discussed right now for German REITs seem to be less attractive for institutional investors than the rules for special funds," he told PFE. "However, if there are any changes and it proves to be the most efficient vehicle for managing certain kinds of capital then we would certainly consider it."

Oppenheim Immobilien had €9.7bn in property assets under management for clients at end-2005, about a 43% market share of the €22bn sector. With 28 funds under management, mostly co-mingled but around 12 single client, its has 100 institutional clients and is by far the largest real estate asset manager for institutional investors in Germany. Clients are predominantly German, Austrian or Swiss insurance or pension groups.

"Discussions are in progress in the sector that could result in more flexibility, particularly on the equivalent tax treatment front if REITs are finally introduced," Le Loux said. OIK has been fully involved in discussions over potential legislative changes over recent months within the context of the German investment funds association BVI.

OIK is 50.1% owned by the Bonn-based listed property company IVG AG, which is, in turn, 20% held by the Sal. Oppenheim bank private bank, based in Cologne. The remainder of OIK is held directly by Sal. Oppenheim.

The special funds group currently has 522 properties under management, encompassing some 3.5m sq.m. of leased space in 12 countries, and last year invested €940m in 33 properties in nine countries and sold 18 properties for around €330m. The first US fund was launched in 2005. This year, Le Loux expects to extend assets under management to over €10bn and launch at least one fund focused on Asia.

German special funds have been allowed to invest in property since 1959, but the sector has reached nowhere near the size of open-end mutual funds which, until their recent problems, had aggregate capital under management approaching €100bn. The German closed fund segment is about the same size but is a retail product and mainly tax-driven, with the asset focus almost exclusively outside Germany.

Le Loux said rules enshrined in the German Investment Company Law (KAGG) have meant that special funds are ideal for long-term investors with a strong accent on steady yield income and moderate risk. Yields on OIK's client equity has held in recent years stable at a fairly 5% return. "Our customers are seeking steady returns and access to our local market presence, which allows the implementation of a professional, global investment strategy", he said.

The principal challenge in recent years has been to locate new products – a process that may take several months after a client commitment to invest with OIK. "We have plenty of capital commitments right now and are seeking the right products for the different portfolios actively," he said.

OIK grew assets by more than 10% last year from €8.8bn in 2004. Other specialised funds are run by MEAG, an asset manager belonging to the Munich Re and the Ergo insurance groups, the iii Group belonging to HVB, Hansa Invest, DEFO and DekaBank. pfe

Higher Spanish inflation plus indexed office leases ratchets up returns

Spain's much higher rate of inflation than the average in the Eurozone means its property investors can benefit from a ratchet effect of rental indexation that eventually well outpaces the cost of funding, says Javier Fernández Clavé, director of the Spain and Portugal operations of German funds manager Oppenheim Immobilien.

As in most other continental European countries except Germany, commercial office leases in Spain are 100% indexed to inflation. However, as the nation with the consistently high-

est rate of euro inflation – between 3.5% and 4% on a steady basis in recent years compared to a regional average of around 2% – Spain consistently exhibits above average rental increases. Financing rates linked to Euribor have however barely risen so that real rates of return on property investment can be expected to rise.

This plus the very tight letting market and the tremendous lack of adequate product for investment in both major Spanish conurbations, Madrid and Barcelona, has ensured that prime yields have fallen to the lowest in Europe, excluding London, and are now fast approaching 4%. Investors accept these low yields because of the expected increase in rents.

"That is the interesting thing about the Spanish market," Clavé told journalists in Madrid. "It means however that there are constant rises, since last year's inflation rate is for most of the assets fully factored into the rental rate in the next year."

One recent prime office location was purchased at a record low entry yield of 3.8%, he said. However, since OIK and many other investors finance over Euribor at relatively short term, this could still be made to work economically. Financing is generally available on prime properties at around 50 basis points above Euribor, usually the three- or six month rate.

OIK Espana, a subsidiary of the Oppenheim property group owned by Sal. Oppenheim and the German property IVG, owns €380m of property in Madrid and some €29m in Barcelona. Totals in recent years have been much higher but reduced recently by highly profitable disposals. Investments in both cities, mainly office, reached just over €2bn last year with around €1.6bn corresponding to Madrid alone.

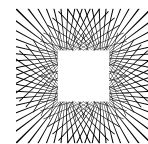
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Average yields in the two towns are around about 5.5%. In the Spanish capital, the lack of vacant quality properties in the city centre and 100% lettings of nearby areas is encouraging letting of buildings on the periphery. The industrial investment market is being scanned by foreign investors for sale-and-lease back transactions, but it is very difficult to get contracts longer than five years' duration.

In Barcelona, the most remarkable aspect of 2005 was limited supply, Clavé said. "This lack of product is even forcing many domestic investors to take positions in other European cities, such as London, Paris and Berlin as well as in the main capitals of eastern Europe", he added.

Vacancy rates have fallen to 6.5% in Madrid or around 1.1m sq. m. of office space, and to 5.7% in Barcelona – a level not seen since 2002. The rate dropped in the mediterranean city last year by around 200bp, with some 125.000 sq. m. net absorption. Gross take-up was 413.000 sq. m. The decline in the Spanish capital was particularly noticeable in the city centre where vacancies stand at 3.1% compared with 9.5% and 20% in the periphery area and the satellite location.

For this year and next, the forecast for supply in office space in Madrid is lower than net absorption, Clavé added. In 2004 net absorption was 300.000 sq. m. and in 2005 net absorption climbed to nearly 400.000 sq. m. and demand remains strong. The estimated supply this year is around 360.000 sq. m., declining to around 330.000 in 2007. pfe

PFE COMMENT: The only exception to the strong indexation in Spain is leases that include a market rent review, usually every five years. Here, the lease rate is adapted to the current market level; depending on the state of the cycle this could possibly be lower than the indexed rent. Of course, the upside for investors of the general trend of steady above inflation increases in rents is somewhat offset by the real revaluation that the Spanish economy, like that of Italy, is also steadily undergoing as part of the Eurozone. So far Spain,

because of its long-term strong growth pattern, helped in the recent past by EU structural funds, has avoided any cyclical damage. But it is a concern to Spanish property specialists, industrialists and politicians.

Metrovacesa Chairman Rivero launches €80 per share bid to counter Sanahuja

Joaquin Rivero, chairman of Spain's largest listed real estate company Metrovacesa SA, has launched an €80 per share counter-offer for 26% of the company in response to an unsolicited bid by the Catalonia-based Sanahuja family in March for an additional 20% stake.

The announcement came on Friday after media had earlier reported Rivero was considering three options. These included a counter-offer, but also resignation and investment of €500m in another large European property group. A pact with family holding company head Román Sanahuja to allow Rivero to continue as Metrovacesa chairman, or selling his 6.7% stake into one of the offers he has received from two European property groups were also among the options.

The Rivero bid is being undertaken with the support of Juan Bautista Soler, chairman of Valencia football club, and is pitched at €2.16bn, valuing Metrovacesa at over €8bn. Newspapers reported it is being supported by three foreign banks – two probably being French – and one Spanish bank, most likely BBVA.

Sanahuja has been a member of the group supervisory board for several years, and participated with Rivero in January in a combined purchase of a smaller company that owned a minority Metrovacesa stake. Media suggested that Rivero felt betrayed by the Sanahujas, and initially planned to resign from his post and seek a new foreign partner in the real estate business. He was reported to have been in talks with companies in Holland and Belgium to take a stake in their share capital. The newspapers did not identify the companies.

Metrovacesa had previously had no official comment since the bid was launched on 1 March by the Sanahuja investment vehicles Cresa Patrimonial and Sacresa Terrenos Promocion to raise the family holding in Metrovacesa to 44.29%. Sacresa has bid €78.1 for 20.4m shares, valuing the company at around €7bn. It has been cleared by the Spanish competition authority. However, the stock market commission CNMV has requested more information from Sanahuja on his intentions. Metrovacesa common stock has gained 43% since the start of the year and was last trading just under €75.

The Sanahuja bid has been financed by syndicated loan of €1.6bn extended by five banks led by the Banco Santander subsidiary Banesto, the daughter of Santander Chairman Emilio Botín, headed by Ana Patricia Botín. The other syndicate banks are BBVA, Caja Madrid, and Banco Popular y Sabadell.



Madrid: Offering, alongside Barcelona, the lowest vacancy rates in Europe and falling yields but a strongly indexed rental environment which virtually guarantees to outstrip financing costs in a short time.

Separately, Metrovacesa reported that it has raised a loan of €3.2bn to refinance the majority of its purchase last year of Gecina, one of the largest French Real Estate Investment Trusts (REITs/SIICs). Members of the lending consortium are Royal Bank of Scotland, BBVA, BNP Paribas, Caja Madrid y Calyon (unit of Crédit Agricole). Metrovacesa last year paid €3.8bn for a 68.5% stake in Gecina in an agreed takeover.

PFE COMMENT: A dramatic turn of event - which fully reflects the internal politics of the Madrid financial scene as well as the white-hot state of the Spanish real estate sector. Rivero built up Metrovacesa over a decade, and is in the process of expanding strongly and shrewdly outside the national borders, primarily into France and central Europe. However the Madrid property sector is a hive of activity as companies jockey for competitive advantage to ensure they have the right asset base to diversify risk away from the overheated Spanish market in both commercial and residential. In fact, Metrovacesa is waiting for CNMV approval of the offer, which has been delayed while it seeks clarification from Sacresa management. The original anti-monopoly authority 'no objections' report hinted that Sacresa's resulting 44% holding could be considered as a "control stake", making it mandatory to launch a new offer for 100% - a move which would stretch Sacresa financial resources. Metrovacesa management had been taking a low profile, in any case respectful of the offer launched by the main shareholder. The bid by Rivero however opens up the entire situation. Sacresa and the Sanahuja family had previously publicly declared its desire that he remains in office. Now, as they say, read on!

Study urges France to extend SIIC tax treatment, geographic asset base

Two years after their creation, French Real Estate Investment Trust (REIT/SIICs) are a resounding success, adding some €15bn in market value to the country's property sector and becoming major market players, a new study concludes.

But to make them more attractive in the future, the study, by the Parisian think-tank, Institute for Real Estate and Land Property Savings (IEIF), urges the French government to extend indefinitely the favourable tax rates for SIICs on capital gains, and to widen permitted geographic asset base perhaps beyond the French borders.

"From now on the main challenge will be to further deepen the Paris property sector to create a lasting virtuous circle of liquidity and performance," the report of the IEIF (Institut de l'Épargne Immobilière et Foncière) says. "Recent initial public offerings and capital calls indicate that this is the tendency."

One of the driving forces behind the creation of French SIICs (Sociétés d'Investissements Immobiliers Cotées) was government concern about finding safe and profitable investment schemes to pay for pensions. As a measure of their success, returns over the past three years have been 130%, about one third higher than the traditional corporate sector and also more than the 100% returned by the British property sector during the same period. The study includes the performance of would-be SIICs in the year leading up to their official creation.

SIICs have added €15bn in value to the French listed property sector, now worth some €29bn. Dividends paid out by French SIICs rose by double-digit percentage points the first year after listing. Since their inception, French SIICs have also

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The PFE Interview: Maarten Hulshoff, Chairman, Rodamco Europe

REITs tax transparency seen bringing major advantages to corporates, asset managers and revitalisation of property sector across Europe

The chairman of Europe's largest listed retail property investment management company, the Netherlands-based Rodamco Europe, says the tax transparency of Real Estate Investment Trusts (REITs) will bring major advantages to corporates and a general revitalisation of the property sector as they are introduced across Europe.

Maarten Hulshoff should know. Rodamco Europe is listed as a REIT in its home market in the legal form of an FBI (fiscale beleggingsinstelling), and in France on Euronext as a SIIC (Société d'Investissements Immobiliers Cotée). It is included in the Euronext 100, the MSCI World Indices, and is the first Dutch property company to join the AEX index, Amsterdam's main board grouping the top 25 Dutch listed corporations.



Rodamco Europe Chairman Maarten Hulshoff: "We like a tax transparent situation, it's good for the investor and it's good for the sector."

"We like the tax transparency," Hulshoff told PFE in an interview. "We have been a Dutch REIT all along, and now France is the other major country where we are operating that also has this regime. Since France is 18% of our overall asset base and Netherlands is 38%, we actually conduct business with 56% of properties in this form."

Rodamco Europe was founded in 1979 as the Robeco property investment fund. It became independent in 1999, taking a stock exchange listing and expanding the Dutch portfolio through three significant acquisitions – Piren in Sweden, Amvest, and Rodamco Retail Nederland. In the Netherlands, Rodamco Europe systematically divested its office properties ahead of the general cyclical downturn and grew its retail portfolio, taking the dual role of owner and operator.

At €3.5bn in investment assets, the Netherlands remains Rodamco Europe's largest home market, defined as more than €1bn in investment assets and a local organisation. But it now has three more: Sweden & Denmark with €1.5bn, France with €1.6bn, and Spain with €1.2bn. Central European assets are just under the €1bn threshold, but Rodamco Europe has opted to establish the home market structure to support growth in that region.

Hulshoff does not see the two REIT structures in the balance sheet as making accounting any more complex, nor

that investors have any more problems understanding the firm than any other in Europe. "That's the consequence of operating in 14 different countries, of operating in Europe," he said. "Yes, if you are in the same business in the US of course then life is easy, but I didn't volunteer for an easy life! We like a tax transparent situation, it's good for the investor and it's good for the sector. In the Netherlands, a lot of institutional investors have shifted direct property holdings over into indirect holdings since the FBI was introduced. In France we haven't seen too much yet but I am sure it's going to happen. That means more transactions in the marketplace, more liquidity, and everybody benefiting."

Rodamco Europe reported 2005 direct earnings after tax rose 7.5%, with triple NAV per share up by 23.3% to €60.4 supported by a revaluation of over €1bn in the asset base. Net shareholders' profit rose an astounding 230%. The company has built a €2.4bn pipeline, and the total portfolio including this currently tops €11bn. The group expects the result after tax for 2006 to grow by more than 7%, excluding potential revaluations of the investment portfolio.

The most recent opening of a shopping centre in the Dutch city of Almere is a typical transaction. With some 180,000 inhabitants, Almere is the fastest growing city in the Netherlands and the new Stadshart Almere mall, expected to attract 12m visitors a year, adds 65,000 sq.m. retail space, 4,000 sq.m. leisure, 8,000 sq.m. cinema and 2,000 sq.m. office space to the city centre. Rodamco Europe spent €240m to develop a property generating a net initial yield of 7%.

Yield and stability in a less cyclical asset class is why the group moved out of office earlier this decade. "We've been shifting into a more stable cash-flow generating asset class," Hulshoff says. "Retail is a stable cash-flow generating business particularly if you are focusing on A1 dominant shopping centres in their catchment areas. We have concentrated on the bigger European cities, mostly the capital cities in Europe until now and had a pretty good result over time. This has given a very stable occupancy rate, plus a healthy revaluation over time, resulting in a pretty decent dividend payout as well as capital appreciation."

For the future, the group might look at Germany, though Hulshoff says he wants to see evidence that the German consumer will go shopping. "The high tax there is no different from Sweden and the Netherlands but the Germans put their money in the bank," he says. "We are less pessimistic on Germany than a few years ago but we are not optimistic yet."

In central and eastern Europe it has projects ranging from Budapest to Prague and Warsaw. For now, Rodamco Europe is also watching the explosive growth of retail in Russia. "We are not dying to get in tomorrow but in the long run we will be there," he said. The reason is that Russia is part of Europe and the firm has no ambitions to move further afield for now. "Our home turf is Europe; our currency is the euro; our business is retail, and we stick to that," he says. "We like focus." pfe

become major actors in the local property market. In 2004, they acquired €2bn worth of property, about 17% of total acquisitions that year, and sold €2.5bn worth. SIICs last year acquired €4bn worth of real estate, or 25% of the total.

Some analysts worry that SIICs are too loosely regulated in terms of debt, commercial activities and shareholders. Unlike their equivalents in Belgium and the Netherlands - and also the planned UK REITs - French SIICs are not subject to leverage rules. As a result, loan to value ranges widely from 20% to 60%. The newer SIICs, such as Foncière des Régions and Société de la Tour Eiffel, maintain debt ratios at the higher end, around 50%.

The IEIF study, written by Philippe Tannenbaum, director of investment banking research at Eurohypo, dismisses these concerns. SIIC freedom to sell assets and benefit from reduced capital gains tax rates has worked to keep their cash-flow in line so that banks have not had to meddle too much in the trusts' operations and decision-making.

Another criticism of the SIIC regime is that the absence of rules governing ownership and type of activity has left them vulnerable to takeovers. A particularly prickly part of the SIIC debate concerns a string of takeovers by foreign companies - most recently that of Gecina by Spain's Metrovacesa. SIIC shares worth nearly €7bn have been de-listed so far by foreign companies. Instead of this being cause for worry, the study says, it has likely improved SIIC management and shareholder return. pfe

French OPCIs seen better sheltered from upheavals than German funds

The long-awaited French version of open-ended property funds (OPCIs) will be better armed to withstand financial shocks than their German counterparts, French market specialists say.

Paris has drafted legislation to replace non-listed property vehicles called SCPIs with the new more flexible OPCi (Organisme de Placement Collectif Immobilier), and a decree outlining rules is expected to be published in June or July. Key details are still being hammered out by the government and the private sector but analysts expect the first OPCIs to be created by the end of the year.

One of the most important rules not yet finalised concerns asset allocation. OPCIs will have to invest at least 60% of their funds directly in property and keep 10% cash as a liquidity buffer. Up to a maximum of 30% of gross asset value can be invested in listed property shares, but the definition of qualifying investment instruments remains unclear.

Etienne Marcot, director at UFG, the investment advisory arm of French banking group Credit Mutuel, says French OPCIs will be better insulated than German open-end funds for two reasons: the requirement that they keep 10% liquidity and a provision that they can take out bank loans in case of a cash crunch.

"OPCIs will be better sheltered than German funds," he told PFE on the sidelines of a Paris conference recently organised by the European American Chamber of Commerce. "If there is a crisis, OPCIs can resort to debt and will have 12 months to correct the problem."

French investors have been particularly attentive to recent upheavals in the German open-ended real estate fund sector ahead of the launch of OPCIs. The French market will compete with Germany for investment capital but wants to avoid

similar pitfalls. The launch of OPCIs is expected to attract a large amount of new investment money to the French property market, but the adequacy of product may be a problem. "UFG is expecting about €2bn in new funds each year over five or six years," Marcot said. "We won't be able to place this on the market." pfe

US RE capital seeking dynamics, long-term growth globally - TIAA-CREF

US capital is now obliged to invest outside its real estate domestic market since opportunities are to be found in changing dynamics and long term growth and most of these are outside the US, according to Alice Connell, Managing Director of real estate portfolio management and strategy for the \$360bn New York-based TIAA-CREF fund.

While most US investing institutions have concentrated on the domestic market for the last 15 years, the major change has been that international markets have become accessible, and US investment capital is seeking higher risk adjusted returns outside North America.

"Given the pace of change in global markets over the last few years there is an opportunity cost in simply staying at home," Connell told the INREV annual conference in Rome at end-April. Property is a local asset and national cycles are rarely coordinated.

In a value-added asset strategy the opportunities that this presents must be realistically assessed. Returns must compensate for the higher cost of investment and asset management going abroad; a non-domestic investment must yield 100-200 bp more than a North American investment. "We have sought traditionally a 20% internal rate of return as an average goal retrospectively, but going forward we are realistically looking at 15%-18% net returns, given the revaluation of real estate worldwide," she told the conference.

TIAA-CREF will probably set up an office in Europe this year, and aims to invest \$600-700m in indirect vehicles since power in the sector is decidedly shifting toward fund managers. "The case for global real estate investing is now compelling," she said.

TIAA-CREF, a merger of the US teachers insurance and college retirement fund, now has 138 professionals managing \$60bn of real estate worldwide. Since 1995, it has invested only \$2bn of this in Europe, mostly in France and UK, with small parts in Portugal and Italy. Now however, a number of structural changes including shifting demographics are throwing up good opportunities. Examples are retail property, or retirement assets in Spain or the southern coast of Turkey, Connell said. pfe

GE Real Estate France, Orpea planning to launch French SIICs

The unveiling of plans for new French Real Estate Investment Trusts (REIT/SIIC) continues unabated. GE Real Estate and retirement home operator Orpea are among the latest candidates vying for the tax advantages of the listed status.

GE Real Estate France said it plans to take control of a company called IPBM, which is listed on Euronext Paris. The US

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May 8-9, Monday-Tuesday

Deutsche GRI 2006, Frankfurt, Germany

This event brings together 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, 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.terrappinn.com

May 31-June 1, Wednesday-Thursday

EuropeServicing 2006, London

Run by EuroCatalyst, this is a showcase for mortgage administration in Europe to highlight issues facing CMBS, RMBS, and covered bond servicers. Supported by the Commercial Mortgage Securities Association and host partners Homeloan Management Limited, FitchRatings, and Morgan Stanley Mortgage Servicing.

More info: www.eurocatalyst.com

May 31-2 June, Wednesday-Friday

Real Vienna, Vienna., Austria

Real Vienna a real estate business fair that specializes on the CEE. It is organized by Reed Messe Wien and provides an opportunity for international investors to become aware of the enormous investment opportunities within the CEE-region.

More info: www.realvienna.com

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 Ramon Sotelo.

More info: www.eres2006.org

June 12-15, Monday -Wednesday

Global ABS 2006, Barcelona, Spain

Annual event bringing together several thousand participants in the asset backed securitisation sector at the Hotel Arts, on the waterfront in Barcelona.

More info: www.imn.org

June 19/20, Monday-Tuesday

European Real Estate Capital Markets Conference, London

This conference focuses on the importance of real estate and real estate solutions as drivers of capital and financial markets activity. It poses such questions as what are the macro drivers in key European countries? Has the market reached a level playing field? Who is financing the real estate sector? It will also look at the latest trends in CMBS and pan-European REITs.

More info: www.ifrconferences.com/erecm/

group plans to inject property assets and transform its juridical status into a REIT/SIIC. "Our goal is to have a new investment tool, adapt to the market and benefit from the advantages of SIIC status," GE Real Estate's Marc Henrion was quoted as saying by the Business Immo real estate portal.

GEREF intends to take advantage of the SIIC 2 and 3 status which will allow assets to be sold into the REIT for cash while still benefiting from the halved capital gains tax rate of 16.5%.

A host of large French companies have used REITS to sell and sometimes lease back property as a way to raise cash in the country's hot property market.

Another group planning to create a REIT is Orpea, an operator of retirement and specialised care homes. "We are studying the possibility of creating a SIIC into which we would put our property assets," Jean Claude Marian, chief executive officer of Orpea told the Business Immo property news portal.

Three quarters of Orpea's €311m debt load goes to financing high-end real estate assets, including 143 retirement, medium-term care and psychiatric homes. pfe

SCOPE withdraws from property fund recommendations as Merz leaves

The Berlin-based ratings agency Scope, whose sell recommendation in January triggered a run on liquidity in the KanAm open-end fund, has announced that it is withdrawing from making investment recommendations, and that Alexandra Merz, the managing director responsible, is leaving the company with immediate effect.

In a release, SCOPE said Frank Heimsaat will take over as managing director for all analysis in the agency – open-end funds, equity funds, closed funds and certificates.

Florian Schoeller, chairman of the executive board of SCOPE Holding GmbH, said the aim of the reorganisation is to combine the ratings systematic and external relations across all asset classes and to create transparency. One consequence is that SCOPE will no longer make trading recommendations for open end funds.

Merz, profiled in the last issue of PFE, is leaving by mutual consent, SCOPE said. Open-end fund rating will, however, remain an important activity of the group.

Separately, SCOPE said that a new annual update of open end property funds has shown that a "clear increase in quality has taken place in a series of funds." Some 28 open real estate funds were rated in recent weeks, including seven new vehicles. Of the 21 rated last year, eight received a ratings upgrade and six were downgraded.

PFE COMMENT: Ah yes. The community obviously continues to busy itself frenziedly lifting edges of carpets and sweeping everything underneath that it possibly can. We think it is erroneous to believe that the problem of distrust and even panic by the German retail investor will go away if suitably covered up. Instead, we propose that German open-end funds voluntarily publish their entire fee structure and provide an asset-by-asset value and investment breakdown, perhaps on a six-monthly basis. See the INREV corporate governance papers, for instance.

Baden-Württemberg examines €420m in real estate assets for future sale

The German state of Baden-Württemberg is planning this year to sell off directly owned real estate worth around €300m, while its state-owned asset company has another €120m to dispose of, according to media reports.

The Börsen-Zeitung newspaper reported that BW has set up a consortium of advisors consisting of Sireo Real Estate Asset Management, and the state landesbank LBBW.

Some 4,000-6,000 different assets are being examined for possible sale in a project, implying a substantial proportion of residential property is included. The entire project may not be executed in the short term however, since reports indicate that the state wants to push this back to 2011-2012. pfe

Hamburg's HII residential property company to see Frankfurt listing

The Hamburg-based HII Hanseatische Immobilien Invest (Hanseatic Property Investment Company) is to float on the Frankfurt Stock Exchange, seeking a listing in the Entry Standard junior category of companies.

HII said it will seek the IPO still during the second quarter of this year, and plans to place shares from a capital increase in the form of a public offer for sale. It gave no details of this

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The real estate associations: Institute for Real Estate & Land Property Savings France's IEIF carves out neutral, analytical role in frenzied real estate market

France's listed property sector, which has already shown spectacular growth in the past few years, is getting hotter as companies rush to market, and the Paris-based Institute for Real Estate and Land Property Savings (IEIF) prefers a bird's eye view of the stampede.

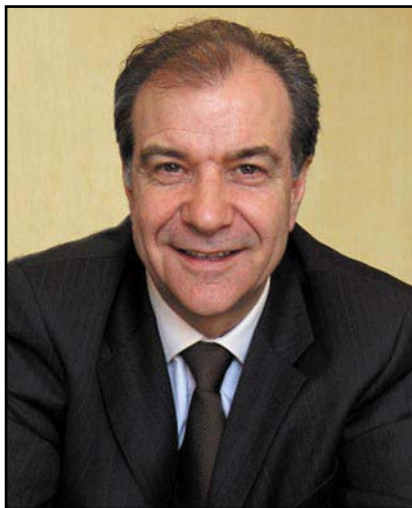
From this perch, where the IEIF (Institut de L'Épargne Immobilière et Foncière) churns out property market analyses and indices, Director General Guy Marty sees few clouds on the horizon. "What is certain is that there will be growth in the number of properties accessible (to investors) on the stock market," he told PFE. "Now is a good time for companies to go to market."

Hardly a week goes by without a corporate announcement of plans for a new Real Estate Investment Trust (Société d'Investissements Immobiliers Cotée, SIIC), for which France created the first round of legislation in 2003. Driving the move to market is the status provision (SIIC 3) that allows assets to be sold into a SIIC for cash and retaining the SIIC benefits of the halved capital gains tax rate of 16.5%.

French companies are reaping the benefits of a red-hot property sector by consolidating operations, selling off their valuable owned property assets and renting better-suited or improved office or other accommodation. IEIF estimates that just one quarter of private French companies have taken part in this move towards sale and leaseback. It expects this trend to widen beyond the large multinationals into the smaller firms. As the listed property sector grows, the IEIF sees its role as a neutral space for cool-headed data analysis becoming increasingly important. "We live in the world of numbers and analysis - which is why investors and market players come to us," says Marty.

IEIF was created 20 years ago as a means for the property industry to play catch up with the financial industry in terms of access to independent market analysis from a neutral source not tied to commercial or consulting operations. Today, it counts a wide pool of market participants as members, including funds, listed property companies, insurers, banks and other investors as well as property consultants, agents and real estate managers from some of the country's largest industrial groups.

One of the IEIF's principal activities has been to develop indices for the quoted property sector. These include the Euronext IEIF SIIC France index - which includes all property companies that have adopted SIIC status - the IEIF General property index and the IEIF Europe index, which covers a sampling of European listed companies. About 40 listed property com-



IEIF Director General Guy Marty: "We live in the world of numbers and analysis - which is why investors and market players come to us."

panies with a market capitalisation of about €35bn are listed on the French Euronext stock exchange, including 24 SIICs worth some €27bn at current share prices. Some 114 share and quasi share issues were made last year to raise new capital in the sector.

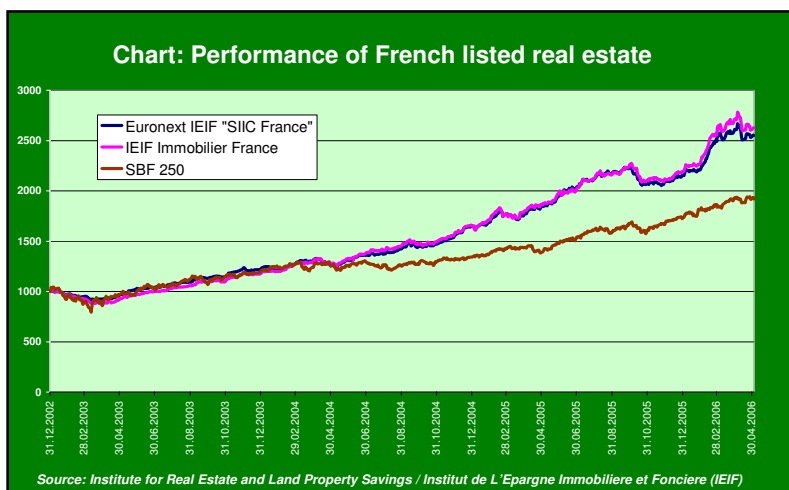
In March 2003, the association created a science committee to work with company heads, financial analysts and portfolio managers to keep index categories up to date - ensuring that the indices are used as firm

benchmarks for unit trusts investing in the quoted sector. They show just how clearly companies with SIIC corporate form have outpaced a general index of the Paris stock market, the SBF 250. "Since SIIC status was first announced in November 2002, this sector has outperformed quoted French companies as a whole, with the Euronext IEIF 'SIIC France' index soaring 94% against a 50% rise for the SBF 250," the association says. Last year, the IEIF's General Property index rose 33%, with the SIIC France index close behind at nearly 31%.

Legislation for a new generation of non-listed open-ended funds is scheduled by the end of the year, the OPCIs (Organismes de Placement Collectif Immobilier). Retail capital flowing into these new funds - which have many of the same tax advantages as SIICs - is expected to mushroom. Specialists are concerned that the combination of the two implies that more capital will flow into the property market than it can easily absorb in terms of product.

On the listed side, property companies are still small fry as a proportion of overall French stock market capitalisation, representing just 2.3% of the total board at the end of last year. But their importance is growing. And so is interest in projections about how the French real estate market is expected to fare this year. Given the revitalised market that the SIIC regime has brought so far, and the coming OPCIs, opinion on the near term future are wide-ranging. Taking into account the trend to higher interest rates and increasing fund allocation to the property sector, Marty says, "French investment yields could drop further. We said it six months ago, yields will continue to fall." pfe

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



in a release, but said it is working with the Axxon brokerage in Frankfurt to produce a sales prospectus soon.

HII is a profitable business specialised on acquisition of multi-family residential property and its division into owned apartments, trading in housing properties and the identification and mediation and placement of high quality investment real estate.

The company founders and current directors are Kai Nicolas Andritschke and Sebastian Siemers, each of whom have more than 10 years real estate experience.

Proceeds from the IPO are projected for expanding the current business areas, and taking participations in other real estate firms. This should also allow an expansion of the regional focus beyond the greater Hamburg area. pfe

ING takes multi-manager concept global, lists first closed property fund on LSE

ING Real Estate has announced that it will expand its successful UK multi manager and fund of fund concept into global property, and is listing the first-ever closed fund on the London stock exchange that focuses on purely European assets.

Nick Cooper, who successfully built a similar concept into a £2bn business in the UK over five years, will run the new activity, which seeks to place client institutional capital with managers and funds inside and outside the ING banking group. The Hague-based Jan Meulenbelt will head the European fund.

Cooper said ING will market the new service to pension funds and smaller insurance institutions seeking diversification amid the globalisation of real estate markets. "There is a whole raft of smaller institutions who would like a real estate exposure in the portfolio but who don't know where to go," he told PFE on the sidelines of the INREV annual meeting in Rome. "Institutional investors are focused on the diversification of investment risk not only by asset class, region, real estate sector and investment style, but also by manager risk... These kinds of institutions are prepared to pay a fee to help them make that decision."

ING Real Estate has a global network of 142 property research staff worldwide in the main markets. "Given that property is still a local business, having access to that sort of network is a major competitive advantage," Cooper said.

Meulenbelt will head up the fund of funds being floated on the LSE. It will select investments from within ING REIM proprietary vehicles as well as from third party managers, with the main focus being unlisted funds. The listed construction is the first of its type to be listed.

Meulenbelt says there are 800 pension funds in The Netherlands alone and well over 1,000 in the UK. Netherland pension funds own around €1.2trn of property assets, of which between 8% and 12% are in real estate. "Currently most of this is in direct investment but there is a shift toward indirect vehicles," Meulenbelt said. ING intends to offer a model portfolio to clients, developed by its global real estate research network, aimed at those smaller institutions lack the capacity for global research and capital allocation. It will be looking for new commitments to co-mingled funds of between €5m and

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€50m. Sums above this would more likely imply the creation of a single mandate vehicle. pfe

Switzerland shows 1.5% growth, stable property market – CBRE

CB Richard Ellis, the big New York-listed international property services firm, projects stable development for the two main property markets in slow-growing Switzerland.

CBRE said Zürich's vacancy rate has risen to an average of 6.23% because of a trend toward consolidation of corporate support functions in new office buildings on the city's periphery. This has vacated offices in less desirable locations, while discouraging new construction without advance rental agreements.

Meantime, the vacancy rate in Geneva, where supply and demand are in balance, fell below 2% and the demand for large premises can now only be met by new construction, CBRE said.

The firm said Switzerland's economic outlook has improved slightly on a strong increase in domestic demand last year compared with the pronounced weakness in 2004, it is hobbled by comparatively high unemployment for which a rate of 3.6% was anticipated in 2006. Despite higher energy prices, inflation was forecast as 1%.

CBRE said rents in the fourth quarter of 2005 for prime office locations ranged from CHF 780 to 800 (€494-€506) sq.m. in Zürich, with CHF850 (€538) demanded in the choice Bahnhofstraße location. Zürich's average rent was CHF320 - 340 sq.m. pfe

Danish Asschenfeldt earmarks €200m a year for German retailing property

Asschenfeldt Invest Gruppen, a Danish property investor from Copenhagen, says it plans to invest around €200m a year in retailing property in Germany.

With the assistance of the Hamburg law firm of Reichelt, Klute, Aßmann, Asschenfeldt plans to review and settle several new German projects each month, reports Germany's Immobilien Zeitung newspaper

The Danish company launched this plan last autumn with the purchase of properties worth at least €50m and scattered over the northern half of Germany. It bought specialty stores and discount foods stores in the northeastern town of Waren and the western town of Wolfstein as well as department stores and retailing facilities in the cities of Lübeck, Solingen, Lünen, Delmenhorst, Erfurt and Remscheid. pfe

Aareal finances €121m Macquarie acquisitions for Sony lease-back

Aareal Bank, a listed German property-financing bank, says it is lending Macquarie Global Property Advisors (MGPA) €121.1m to purchase buildings from Sony in six European countries under a lease-back arrangement.

The buildings, with rentable space of 188,627 sq.m. are being purchased for the MGP Europe Fund II of MGPA from Sony Europe. Included in this property portfolio are eight office buildings and logistics facilities in the United Kingdom, Italy, Belgium, Switzerland and Germany. Most of the property will be leased back to the electronics manufacturer.

Aareal, traded on the middle tier of the Frankfurt Stock Exchange, said it was providing flexible senior-debt financing for a structured multi-currency and pan-European facility.

Alex Jeffrey, MGPA's managing director, said Wiesbaden bank was an obvious source for debt financing because of its experience in pan-European structuring in combination with a strong branch network and the expertise of its logistics financing team.

Christian Nickels-Teske, director of Aareal's structured logistics financing, said the bank was delighted to welcome the new MGP Fund II as a customer. pfe

Swiss property returned only 5.2% last year due to weak economy – IPD

Weak economic expansion depressed commercial property returns in Switzerland last year to an average of 5.2%, the lowest of any European country surveyed by Investment Property Data Bank (IPD), this London-based information service said.

IPD compared the low Swiss return for 2005 to property earnings ranging from a high of 19.1% for investors in Britain and a weak 7.4% for properties in Finland. The 5.2% return made Switzerland "the lowest yielding country in the IPD property universe for 2005," IPD said.

"There are hardly any international property buyers entering the Swiss market. This means it has always been and seems set to remain very stable," said Andreas Arend, an IPD senior analyst.

In the near absence of capital appreciation, the Swiss return came mostly from rental income which stabilized last year as the sluggish economy grew by slightly more than 1%. Retailing property, the best performer, returned 6% last year, down from 6.4% in 2004. Residential property returned 5.3%, up from 5% in 2004. Office space returned 4.7% in 2005, following 4.8% the preceding year.

The IPD index was dominated residential property, almost half of Switzerland's total and decisive for combined returns. Equities led all Swiss asset classes, returning 35.8% last year, while bonds returned 3.2%. pfe

Shopping centres offered highest return in French property market last year

The hot-ticket items in France's property market last year were shopping centres, offering an average return on capital of 27%, more than twice the rate from more traditional investment commodities such as Parisian office buildings, a new study shows.

Shopping centres also scored well in a comparison of entry yields across all sectors last year in the market study by property investment consultancy IPD. Yields mostly fell in 2005 from

the previous year, with those in the logistics sector ending the year at 8.5%, shopping centres at 6.2%, Paris office at 5.4% and western and central Parisian residential at 4.3%.

Rents for shopping centre space rose nearly 10% last year compared to 2004, while office rents in and around Paris stagnated. Residential rents increased an average of 3% across France. The study also shows vacancy rates for office space in the French capital creeping up to an average 11.6% last year compared to 10.7% in 2004. Within Paris and in the provinces, the rate dropped, but in suburbs close to the capital, vacancy rates jumped by nearly 3%.

Overall, the allocation of investment capital to the French property market last year reflected these changing dynamics. Since the end of 2000, investors have put more money in commercial and industrial property and less in the residential sector. The amount of money slated for office space has remained steady during the five-year period to just over half of the total. pfe

Austria's Immofinanz buys Munich office, hotel project for over €200m

Austrian Immofinanz Immobilien Anlagen says it has purchased Munich's Lenbachgärten office and hotel project from Frankonia Eurobau Max-Viertel for at least €200m.

When completed in 2007 near the city centre, the project will have 65,000 sq.m. of rental space, two-thirds of it offices and the rest with a five-star hotel rented for 30 years by the Forte hotel chain, headed by Rocco Forte. The space has been rented for 11 years by the German subsidiary of US publisher Conde Nast and by consultant McKinsey & Co.

With this flagship German development, IMMOFINANZ now has 27 properties with 376,572 sq. m of rental space in Germany. "We now own real estate in one of the best locations in Munich and letting to first-rate international companies guarantees us good long-term revenues," said Chairman Karl Petrikovics.

Immofinanz is the largest property company listed on the Vienna Stock Exchange. pfe

NCC launches unique Swedish plant for prefabricating apartment modules

NCC, a Swedish builder, says will reduce the cost, raise the quality and halve the time of residential construction by prefabricating modules of dwelling units in a new €35m factory at Hallstahammar, Sweden.

The company said its concept, called NCC Komplet, is an innovative industrial process to make 90% of an apartment unit in a factory. The plant's 60 workers can produce complete kitchens, walls, floors and ceilings for as many as 1,000 apartments a year, it said.

"It is a completely weather-protected process without any risk of damp-related problems," says Alf Göransson, president and chief executive officer of NCC.

The Hallstahammar plant expects to produce about 200 apartments this year and NCC has received orders for around 600 more for 2007. Finished modules are trucked to a site where

four fitters and a manager join them into apartments at a rate of three to five a week. Insulation and surface finishing can be customized on location.

NCC said its industrial technique simplifies planning, improves the working environment, raises efficiency, streamlines logistics, lower purchasing prices and enhances quality control. pfe

Spain's Inmobiliaria Colonial posts €27.8m net profit in first quarter 2006

Inmobiliaria Colonial, one of Spain's largest listed property companies, says it recorded net profit of €27.8m for the first quarter of 2006, down from the year-earlier quarter's €35.8m when land sales buoyed earnings.

Colonial said it raised its net rental income in the first quarter of 2006 by 14.3% to €66.7m, thanks partly to a 97.4% occupancy rate in the strong office market. The occupancy rate was 95.3% a year earlier.

The group booked net revenue of €176m in the quarter, up by 12.2% from the year-earlier period. This growth was paced by a 6.7% increase in rental income to €80.7m and by €70.9m from sales of housing developments, against €59.2 million in the first quarter of 2005.

The group invested €184m in the first quarter -- €154m in rental business and €30m in residential development and land. Debt of €2.82bn at the end of the reporting quarter represented 45% of the group's assets at market value.

Properties in Paris, where Colonial deals through Société Foncière Lyonnaise, contributed 57% of the office revenue. Offices in Madrid add a share of 24% and Barcelona 19%. Occupancy in the latter two cities reached nearly 100%.

Barcelona's Torre Marenostrom building, with 22,000 sq.m. of above-ground space and 553 parking, was opened during the quarter and will be fully let to the Gas Natural Group. Another highlight of the quarter was the purchase of Madrid's Philips building, with 25,000 sq. m. for €103m. The tenant is Philips Ibérica. pfe

BNP Paribas Immobilier reports 21% rise in 2005 net profit

BNP Paribas Immobilier reported a 21% rise in net profit before taxes to €111m in 2005 compared to the previous year. The jump in profits was fuelled by the buying and selling activities of realtor arm Atisreal.

The current aim is to work to develop its consulting business in France while at the same time growing externally in Britain, Spain and Italy, the French real estate portal Business Immo reported. About 80% of the group's activities are concentrated in the office property market of which about two-thirds are in France.

The banking group manages about €4.5bn in funds and is planning to launch a second fund dedicated to the Eurozone with about €600m in capital and also another dedicated to the Paris region next year.

Following a trend in France's property market, BNP Paribas Immobilier is planning to look more closely at regions outside Paris by opening offices in Nantes, Bordeaux and Strasbourg. pfe

Danish property surges, boosted by strong residential performance - IPD

Danish property returns almost tripled to a record high of 18% last year on very strong residential performance and robust demand for commercial property on the part of foreign investors, says London-based Investment Property Data Bank (IPD).

IPD said returns on residential property reached 38.1% as yields declined for all types of Danish property last year. Performance of offices led the commercial sector, benefiting from a relatively large fall in yields and strong capital growth. Retail property return slowed to 5.8% amid steady rental growth of 2.9%.

Yield valuation fell by 60 basis points, driving capital values up by 11.9%. Strong economic growth helped to stabilize rental values, reversing last year's modest decline. Declining yields caused performance in all sectors shared to strengthen across the board.

Returns in the office market, 58% of the capital value of property portfolios, surged to 12.4% in 2005 from 4.7% in 2004. A gain of 0.7% in office rental values compared with a decline of 2.4% in 2004.

Danish property performance outpaced the 3.3% return on bonds but finished behind equities, which returned 51.2% in 2005. In five-year matchups, property return led 10.5% a year, followed by 9.6% for equities and 5.6% for bonds. pfe

Warburg-Henderson pays over €100m for European retail warehouse portfolio

Hamburg-based Warburg-Henderson, a German property fund operator, says it paid more than €100m for the four warehouses in France, Germany, Italy and Sweden.

As reported in the 24 April issue of Property Finance Europe, the warehouses were bought for the institutional property funds Pan-Europa Fonds Nr. 1 and Pan-Europa Fonds Nr. 3. The objects are located near Nantes, Cologne, Bologna and Malmö. pfe

Spain's Sacyr exercises blocking minority at Eiffage EGM

A deadlocked general and extraordinary stockholders meeting of French construction company Eiffages in Paris on 19 April rejected the request of Sacyr Vallehermoso (SV) to appoint directors commensurate with the Spanish company's 32.1% stake in Eiffages, SV said.

At the same meeting SV, now the largest stakeholder, voted against a series of extraordinary resolutions it called purely defensive measures that were against the company's interests. SV said it voted against extraordinary resolutions that would have permitted the retirement of treasury stock, reduced to five days of the mandatory deadline for reporting to the company the purchase of 1% of its capital and non-monetary capital increase.

SV said it voted at the general meeting for resolutions on annual financial statements, payment of dividend and renewal of directors. At the extraordinary meeting it voted for a share split. It said these resolutions supported the company's future.

SV has acquired nearly 13.8m shares of the French builder for €1.66m, giving it a stake of 30.7% and voting rights of 31.8%. As the largest shareholder, SV said it planned to continue its talks with its Eiffage.

SV was formed from the merger of property company Vallehermoso and construction company Sacyr. pfe

Shopping centre rents boost Klépierre first quarter sales by 18%

Klépierre, one of the largest French REIT/SIIC owners of shopping malls across Europe, reported an 18% rise in first quarter revenues to €135.4m compared to the same period last year.

The strong performance was fuelled by a 20% jump in rental income, mostly due to acquisitions made in 2005 which added €14.5m to rental income. Klépierre bought or expanded retail property in Poland, Italy, France and Belgium. About half of the group's lease income now comes from shopping centres outside of France.

The group was upbeat on Europe's business environment and reported an average overall rise of 3.1% in sales in Klépierre malls during the first two months of the year.

"The first quarter of 2006 was satisfactory in France overall despite the wave of strikes and demonstrations, combined with inclement weather," Klépierre said in a release. Office rental revenue fell 5% to €13.1m in the first quarter, with the shortfall attributed to the sale of property worth €128.8m last year. Klépierre said the occupancy rate of its offices at the end of March was 98%. pfe

AMB Generali plans €1.7bn in property investments by 2008

AMB Generali, the German arm of Italian insurer Generali plans to expand its property portfolio by €1.7bn to €4.7bn by 2008 while concentrating on commercial property and indirect ownership, the Frankfurter Allgemeine Zeitung (FAZ) has reported.

The German newspaper reported 20 April that ABM currently has a yield target of 5% for its property holdings after a major overhaul of the portfolio. ABM has current plans to buy commercial properties worth between €30m and €70m.

Since 2002 the insurer has reduced the residential share of its properties to 30%, or to €300m from €900m, and has also sold €400m worth of commercial properties. In a second phase, ABM purchased commercial properties for €900m.

ABM has also culled the staff of its property subsidiary to 60 from 150. pfe

Étoile Properties acquires €286m office portfolio for Fishman

The Paris-based L'Étoile Properties has acquired an office portfolio worth €285.5m for the Israeli-based Fishman group which includes 15 buildings across France.

The office buildings, totalling 270,000 sq.m., include seven occupied by the French industrial group Thales. The buildings are located in Parisian suburbs, including Colombes, Cergy-Pontoise and Versailles as well as the provincial cities of Aix en Provence, Grenoble and Toulouse, the French real estate portal Business Immo reported.

L'Etoile Properties was founded in 1990 by Didier Unglik, now chairman. The Fishman transaction was largely debt financed by Credit Suisse. pfe

Cofinimmo posts 50% rise in first-quarter earnings per share

Cofinimmo, Belgium's largest listed real-estate company, says it raised its net profit by nearly a third in the first quarter of 2006 and lifted its earnings by 50% to €2.76 a share.

„This good performance was achieved by keeping costs under control and by improving the occupancy rates of the buildings," the Euronext-listed company said.

The occupancy rate for the reporting quarter rose to 96.24% from 94.68% in the first quarter of the previous year. The first-quarter net profit compared with €17.4m in the year-earlier quarter, when earnings per share had been €1.84.

Cofinimmo is based in Brussels and Antwerp. pfe

Spain's Urbis lifts 1Q06 net by 27% to €44m, projects 20% full-year rise

Inmobiliaria Urbis SA, one of Spain's biggest real-estate companies, says it lifted its net profit in the first calendar quarter by 27% from the year-earlier period to €44m and projected net profit to grow by 20% this year on a 10% increase in revenue.

Urbis said revenue climbed by 71% to €287m in the reporting quarter and earnings before tax and financial adjustments rose by 31% to €80m compared with the year-earlier quarter.

It said 18 months of future revenue is guaranteed by property sales of at least €1bn that have already been negotiated. The company said it planned to sell at least 4,100 units this year after 3,400 in 2005. It said disposals would rise above 5,000 units by 2008 and that it would continue to invest in new land to expand growth. pfe

German-Russian cooperation to modernise 145m Russian apartments

Germany and Russia have agreed in bilateral governmental consultation to cooperate in the renovation of Russia's antiquated housing stock, which was estimated to include around 145 million apartments.

The housing cooperation was arranged by German Construction Minister Wolfgang Tiefensee and Russian Construction Minister Vladimir Yakolev at a top-level German-Russian consultation in the Siberian city of Tomsk the

end of April. The two officials also agreed to hold a conference to take stock of the project's progress in the summer of 2007 at Krasnoyarsk, Russia.

Cooperation will include seminars for Russian experts seeking new techniques in cooperative housing projects and municipal housing administration this summer at Berlin's Europäische Akademie für die Bau- und Immobilienwirtschaft. A German-Russian pilot project involving the renovation of 220 apartments in St. Petersburg was launched the start of this year.

„There are about 145m apartments in Russia needing renovation in the near future," said Tiefensee. He said Germany had gathered 15 years of experience in the modernization of the housing stock of former East Germany, where the old „Plattenbau" housing architecture was identical to that of Russia.

Yakolev and Tiefensee agreed to launch quickly model renovation projects in several Russian cities and to sponsor partnerships between German and Russian cities for this purpose. „An interesting market, for example, is opening here for municipal and construction planners, manufacturers of building materials and project developers," said Tiefensee. pfe

AIM-listed Dawnay, Day Treveria spend €232m on two German retail portfolios

The UK-based funds manager Dawnay, Day Treveria, listed on London's Alternative Investment Market, has purchased two German retail portfolios worth €232m.

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GMSA EUROPEAN COUNCIL OF MORTGAGE BANKERS COUNCIL OF MORTGAGE BANKERS

In a release it said the larger of the two encompasses 139 properties in city centres and different tenants, spread among 79 German cities. The smaller comprises three city-centre properties in different cities.

Dawnay, Day Chairman Ian Henderson said the group has so far placed more than €1.2bn of real estate capital in German acquisitions. pfe

Continental Europe catching up with UK commercial property -- RICS

Continental European property investment and demand, notably in Germany, is starting to catch up to the fast-paced property market of the UK, says the 2006 Global Property Survey of the Royal Institution of Chartered Surveyors (RICS).

Worldwide investment in commercial real estate is rising at its fastest pace in 18 months, despite high oil prices and investment competition from strengthening stock markets, said the 21 April, semi-annual RICS' survey of property professionals in 80 urban markets in Europe, Asia, Australia and North America.

While total returns on UK commercial property were projected to hit a healthy 17% in 2006 before falling to 9% for 2007, RICS said investors are piling into continental European commercial property despite sluggish, static or even negative rental trends. Demand for business property is firm in Germany and France, although high levels of vacant space are still holding back rents, it said. Italy was the only European country without growing demand.

The survey found that emerging markets of Asia and Europe led the world in demand for commercial space in the second half of 2005. In eastern and central Europe the high demand for office space was created by economic growth following EU membership. On the investment side,

Table: Leading listed real estate companies in Europe

Performance, by country

Country	Company	REIT	Curr	Price local	52W Low	52W High	Mkt cap €m	chge% 1mth	chge% YTD	chge% 1Yr	chge% 5Yr
1 Austria	CA Immobilien Anlagen	No	EUR	21,33	20,39	21,75	931	0,4%	1%	5%	5%
2 Austria	Conwert Immobilien Invest	No	EUR	15,26	13,31	16,02	896	2,4%	5%	16%	0,0%
3 Austria	Immoeast Immobilien Anlagen	No	EUR	8,6	7,07	9,49	1912	-5,0%	3%	22%	0%
4 Austria	Immofinanz Immobilien Anlage	No	EUR	8,68	6,97	8,73	2913	1,4%	7%	23%	11%
5 Austria	Meinl European Land	No	EUR	15,65	13,75	15,71	2817	1,0%	5%	14%	0%
6 Belgium	Befimmo	Yes	EUR	81,75	74,4	88,5	801	-1,2%	5%	14%	13%
7 Belgium	Cofinimmo	Yes	EUR	133,8	120,4	139,5	1315	-2,7%	0%	8%	15%
8 Denmark	Nordicom	No	DKK	1103	297	1194	463	-3,0%	22%	281%	55%
9 Finland	Sponda	No	EUR	8,5	7,24	9,4	673	-3,4%	13%	24%	20%
10 France	Klepierre	Yes	EUR	92,95	72,6	106	4291	-7,1%	24%	32%	27%
11 France	Silic	Yes	EUR	91,4	288	390,8	1588	-0,4%	17%	29%	22%
12 France	Unibail	Yes	EUR	138,1	96,35	154,4	6300	-6,7%	25%	49%	28%
13 Germany	Deutsche EuroShop	No	EUR	55,89	41,7	58,35	961	-4,2%	18%	39%	13%
14 Germany	Deutsche Wohnen	No	EUR	261	161	279,8	1044	-0,6%	34%	65%	0%
15 Germany	IVG Immobilien	No	EUR	22,78	13,46	25,05	2642	-8,2%	29%	74%	13%
16 Italy	Aedes	No	EUR	6,1	5,01	6,8	611	0,3%	11%	24%	14%
17 Italy	Beni Stabili	No	EUR	0,92	0,76	0,96	1567	-0,9%	13%	19%	15%
18 Italy	Immobiliare Grande Distribuzion	No	EUR	2,32	1,54	2,6	654	-9,2%	14%	47%	0%
19 Netherlands	Corio	Yes	EUR	50,15	41,72	56	3373	-1,2%	15%	27%	21%
20 Netherlands	Eurocommercial Properties	Yes	EUR	30,55	27,1	33,45	1078	-4,7%	5%	19%	17%
21 Netherlands	Nieuwe Steen Investments	Yes	EUR	21,23	17,97	24,5	759	-9,7%	5%	26%	15%
22 Netherlands	Rodamco Europe	Yes	EUR	85,3	58,95	90	7646	5,6%	24%	52%	22%
23 Netherlands	VastNed Offices/Industrial	Yes	EUR	28,07	19,05	29,45	544	4,9%	32%	55%	14%
24 Netherlands	VastNed Retail	Yes	EUR	65	50,15	66,8	1099	1,9%	26%	36%	19%
25 Netherlands	Wereldhave	Yes	EUR	82,7	76,75	93,2	1719	-6,0%	10%	14%	17%
26 Poland	Globe Trade Centre	No	PLN	266	105,5	315	1489	-8,1%	54%	0%	0%
27 Spain	Inmobiliaria Colonial	No	EUR	56,6	39,13	61	3379	-2,4%	18%	45%	36%
28 Spain	Metrovacesa	No	EUR	72,45	46,83	96,59	7374	3,4%	44%	94%	44%
29 Sweden	Castellum	No	SEK	71,75	256	350	1327	-12,9%	4%	12%	30%
30 Sweden	Fabege	No	SEK	142	30,72	42,24	1468	-8,8%	-1%	8%	27%
31 Sweden	Hufvudstaden	No	SEK	59,5	48,3	65,25	1298	-8,1%	17%	7%	20%
32 Sweden	Kungsleden	No	SEK	262	330,5	654,7	1281	-7,8%	19%	78%	57%
33 Sweden	Wallenstam Byggnads	No	SEK	107	425	577,5	727	-1,4%	17%	19%	60%
34 Sweden	Wihlborgs Fastigheter	No	SEK	215	160	248	444	-6,3%	16%	0%	0%
35 Switzerland	Allreal Holding	No	CHF	128,3	111,7	143,3	799	-0,2%	15%	22%	12%
36 Switzerland	PSP Swiss Property	No	CHF	65,5	51,75	65,9	1961	0,9%	19%	36%	15%
37 Switzerland	Swiss Prime Site	No	CHF	65,4	291,3	341,1	1071	-2,0%	13%	23%	9%
38 Turkey	Atakule REIT	Yes	TRY	2,04	0,74	2,96	77	-11,3%	0%	0%	0%
39 Turkey	Is REIT	Yes	TRY	3,42	1,84	3,86	678	2,4%	16%	0%	0%

Source: Global Property Research, end-April 2006

foreign money is particularly important for eastern Europe, in contrast to China and India, where property investment is purely domestic because of opaque risks.

“Low interest rates have been the primary fuel for a surge in demand, though by the end of 2006 we are likely to see these rising across the 12-country euro zone, the United States and Japan for the first time since the late 1980s,” said Milan Khatri, RICS’ chief economist.

“With global bond yields already on the rise for these three economic blocs, some of the impetus will come out of the property market next year as foreign investor interest cools,” he said. “As such, we believe that the tremendous returns made by investors in recent years are unlikely to be sustained in more mature property markets.” pfe

Good office space becoming scarce in Riga – Collier International

Foreign companies in Riga will soon face a shortage of suitable office space for their Latvian operations, says realtor Colliers International.

Riga is the Baltic capital city showing the fastest expansion by foreign companies, which drove the main demand for office space last year, it said, and the foreign companies are showing keen interest again this year.

Colliers International said that these companies are primarily seeking first-class office space of 500 m to 1,000 meters in the

best locations. Only around 32,000 sq.m. of this category will be added in Riga this year, it said, raising the threat of a shortage. Most of Riga’s rented office space involves contracts of less than 100 sq.m.

Assisted by Colliers International, GE Money, the financial services arm of General Electric Corp., has just signed a contract to rent about 2,400 sq. m. in Riga’s new Astras Biroji office center. Another 1,200 sq.m, is to let. pfe

Germany’s Fay developer shops for new commercial and housing properties

Fay-ImmobilienGruppe, a German developer based in Mannheim, says it is shopping this year for apartments and housing projects in prime locations of large German cities.

The developer, which said it improved its result in 2005, said it also wanted to add offices and commercial properties to its portfolio in 2006, with emphasis on refurbishing existing objects and developing them for the users or prospective renters.

Fay, a diversified commercial property group owned by Fay Management Holding AG, said it was managing 53 commercial properties of its own in 2005 and another seven on contract.

It said it would begin this year to build two housing projects, one in the Lindenthal section of Cologne and another in Frankfurt. pfe

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According to Germany’s prestigious European Business School in Oestrich-Winkel on the banks of the Rhine near Wiesbaden, long-time professor **Karl-Werner Schulte** is stepping down from the chair of real estate and leaving to take up a post at the **University of Regensburg**. Reports suggest that several staff are going with him. No reasons have been given... The supervisory board of **Dutch Corio NV** is to inform shareholders at the **AGM** of the intended appointment of three new members of the management board, namely **Corio France CEO Frederic Fontaine**, **Corio Nederland Retail CEO Gerard Groener**, and **John Kuik**, a former partner of **Arthur Andersen** and **Deloitte**. **Kuik** will take over the CFO position from **Jan Docter**... **Vast-Ned Retail** announces that **Jean-Paul Sols** has been appointed Chief Executive Officer of its Belgian subsidiary, **Intervest Retail** in succession to **Reinier van Gerrevink**... **Jaap Gillis**, COO of **Redevco Europe Services**, has been appointed as the new chairman of the **Internatinal Council of Shopping Centres**. He succeeds **Bertrand Courtois-Suffit**, Executive Manager of **Kharis Conseil**... In Paris, **Guillaume Poittrinal** is to become president and director general of **Unibail** replacing **Leon Bressler**... **Nicolas Reynaud** was named financial director and chief financial officer at **Société Foncière Lyonnaise**... **Reiner Kuklinski**, managing director of **Woba Dresden**, has left the company at his own wish... **ING Real Estate** has announced the appointment of **Michiel Rang** as Senior Managing Director International Real Estate Finance and Member of the Management Board. He will be responsible for business outside the Netherlands, and report to **Hein Brand**. **ING** will appoint **Paul Taris** to a new role as deputy managing director international of **ING Real Estate Finance**... **Matthias Euler**, Investment Manager Benelux for German open-end fund **KanAm Grund**, is to leave and will join **CB**

Richard Ellis on 1 July... **Francisco Pozo** has been named new director of marketing and communication of **Hipotecagratis**, a Spanish firm specialising in financial intermediation in real estate... **Italy’s Impregilo SpA** said its Corporate Chief Operating Officer **Luca Egidi** has left to assume important duties in the **Gemina Group**... The **Eurohypo** supervisory board is adapting to the new status quo after acquisition of a majority shareholding by **Commerzbank**, so that Supervisory Board Chairman **Manfred Gentz**, together with board members **Hugo Banziger** and **Andreas Georgi** resigned their posts on 31 March 2006. As successors the Commercial Court in Frankfurt am Main on 4 April has appointed **Klaus-Peter Müller**, **Wolfgang Hartmann** and **Achim Kassow** of **Commerzbank** as their successors. Their nominations will be put to the **Eurohypo AGM** on 29 May... **Freshfields Bruckhaus Deringer** has appointed London partner **Chris Morris** as sole global real estate practice head, with **Friedrich Heilmann** to act as his deputy. **Morris** takes over from **Johannes Conradi** and **Geoff Le Pard** who jointly led the group since August 2000 and will now return to full-time client work... **Philippe Mejean** was named head of consulting at **DTZ** in France... **Alexandre de Palmas** will become a director general for Casino Development in charge of commercial, economic and strategic studies as well as real estate investment... **Stephane Patrice** will join **HSH Nordbank Real Estate France** where she will oversee operations with investment funds... **Alexia Gottschalch** was named marketing director for clients and investors at **Pramerica Real Estate Investors** for northern Europe, Spain, Portugal and France. pfe

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