

Italian government amends disputed VAT property decree

In response to strong protests from the property sector, Rome has amended a highly controversial draft decree changing VAT rules. **Page 3**

Spain's Madrileña sells 10% Colonial stake into Inmocaral bid

Insurance firm Mutua Madrileña has agreed to sell its 10% stake in takeover target Colonial to bidder Inmocaral. **Page 3**

Bouwfonds attracts bids from Rabobank, Lehman, Cerberus

Rabobank and a consortium including Lehman Brothers and Cerberus have joined bidding for Bouwfonds, the property finance arm of ABN Amro. **Page 3**

Daimler Chrysler sells €300m in property to French ICADE

Daimler Chrysler is to receive €300m from the sale of 13 properties to French investor and developer ICADE. **Page 5**

ING RE fund targets €700m in European office investments

ING Real Estate is targeting €700m of European office assets for its closed-end fund. **Page 7**

German Finance Ministry to fast-track G-REITs for January launch

The German Finance Ministry is working actively on legislation for the introduction of Real Estate Investment Trusts and has released plans to have a draft ready for September and fast-track the legislative process to allow introduction in January.

Despite widespread scepticism across the real estate sector that the schedule can be met for launch of G-REITs at the start of 2007, the Berlin Finance Ministry, in an internal schedule published Thursday, showed that it plans to shorten the legislative process to accommodate REITs. Final reading by the Bundesrat upper house of parliament is planned for 15 December, allowing introduction for effect 1 January.

Finance Ministry staff have in recent weeks posed specific questions to sector professionals on technicalities associated with the listed property holding vehicle. The Financial Centre Germany Initiative (IFD) has been leading the lobbying for G-REITs. One of its members, DekaBank legal department head Heiko Beck, told PFE, "We have taken a number of calls from Finance Ministry staff recently over some of the issues involved in the launch of G-REITs. My expectation is that we will see a draft in September which, we hope, will have a smooth path through the legislature so that we can indeed get started in January."

The internal paper, reported by Reuters, showed that the draft legislation should go to the federal cabinet in a meeting on 20 September, be submitted for first Bundestag Lower House reading on 19 October, and is planned to be through subsequent discussions in the Bundestag financial committee on 29 November.

A G-REITs working group composed of both Christian and Social Democrats from the German grand coalition has disbanded over severe differences after its chairman, CDU Bundestag member Leo Dautzenberg, handed in a concluding report in favour of introducing G-REITs. (cont. p2)

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Property Finance Europe

is taking its traditional summer break following this edition. No PFE is issued on the second August Monday or the fourth December Monday for obvious reasons. This is the holiday season! We are back on 28 August, fresh and full of vigour after some rest and relaxation. We'll be ready to bring you an even better, new and improved PFE for all the news and info on continental European real estate finance that you need for your business.

To let you plan ahead until year end, we have expanded the Bulletin Board to two pages in this issue, dropping the PFE interview in order to fit everything in. A mass of property conferences are taking place in this period, and we intend to be present where possible to make sure you are fully informed even if you can't attend them all. The PFE team will also take a look a sharp look at our format in the summer break to see if there are improvements we can make to ensure you get the best and clearest information supply. Thank you again to all those - in growing numbers - out there who have subscribed and/or are thinking about it. Some big names are coming on board now. It makes it all worthwhile. Have a good summer!

**NEXT ISSUE:
MONDAY
28 AUGUST**

Banque de France renews Paris HQ lease at €481 sq.m., sets new regional selloff

The Banque de France is renewing the lease on its headquarters building at 48 rue Croix des Petits Champs in Paris for a further nine years, based on an annual ground rent of €866,000 or €481 sq.m. It is also launching a new call for tenders for the sale of 11 branches.

The French central bank is the only tenant of its 1,800 sq.m. HQ, owned by Citadel Holding and situated close to the Place des Victoires in the 1st Arrondissement. Acquired in 1998 for over €8.9m, the building was valued at €12.56m at end-2005. The 11 regional branch buildings are no longer needed, and are mixed-use, office-housing, offered in three lots, representing 16,000 sq.m. The properties are situated at Saint-Omer, Cambrai, Senlis, Levallois, Boulogne-Billancourt, Montbéliard, Draguignan, Dax, Bergerac, Saintes and Fontenay-le-Comte. (See p17) pfe

G-REIT LEGISLATION TO BE FAST-TRACKED (cont. from front) The sector had thus seen the decision handed up to the deputy heads of the two parliamentary groups Michael Meister, CDU and Joachim Poss, SPD. Since the latter is a hard-line opponent of REITs, the sector has been expecting the bill to be put on ice - despite positive declarations from Finance Minister Peer Steinbrück since receiving the report.

"The introduction of REITs in Germany threatens to deteriorate into an object of universal ridicule because ideology-driven dissenters prevent Germany from introducing REITs as the last one of the G7 countries," commented consultant Rainer Zitelmann.

However, Beck said the draft bill is taking concrete shape: similar to the model adopted for UK REITs from January, the German model will limit direct ownership to 9.9% of equity. In contrast to British plans however, indirect ownership via holding companies can be open ended and will be fully dividend entitled. This reflects differences in the wording of the double taxation agreements concluded multilaterally by both countries, but it also reflects the needs in the German sector, which is structurally different from the UK.

IFD has been lobbying hard for this differentiation. While

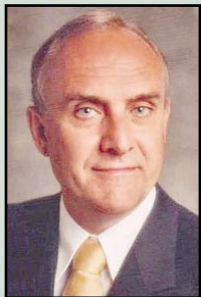
the UK stock market lists 44 property companies with a large proportion of free float, in Germany the sector is very underdeveloped and relatively closely held by comparison. Most G-REITs likely to be formed will be out of privately-held assets.

"In Germany, we have to make sure that majority shareholders are permitted," Beck said. "We need to have spin-offs, SPVs, holdingco's and other structures to allow us to bring these assets to market. External shareholders need to see there is a longer and larger commitment from the original owners to make the company work."

It is undecided yet if G-REITs will have limitations on leverage - levels of debt financing in proportion to equity. The UK regime will have such a limit, but the French SIIC/REIT legislation is open on the point. Base REIT rulings such as an obligation to pay out 90% of income in dividends and have at least 75% of activity in the real estate sector are likely to be encompassed. The withholding tax base, as in the UK, should be 15% of payout.

For the vast amounts of property assets currently held in German corporate balance sheets - estimates are mostly around €100bn in value - the 'exit' tax is an important element, and is as yet undecided. The French SIIC rules allow a halved 16.5%

On a recent TV news bulletin, in the midst of a rabble of striking German hospital doctors roaring with protest at the hours they have to work for such low pay, quietly stood one lone, older medic wearing the same yellow T-shirt as his colleagues. But instead of 'Down with Merkel', or 'More money, less work!' his T-shirt just read, in large letters, 'I Am Dissatisfied With The Entire Situation'. Well, yes! A commentary on life, really. Aren't we all? Mid-East blowing up (again); icebergs melting; rainforests and gorillas dwindling; still not as rich as Warren Buffett. So remember this phrase when you



are sitting in an 11-kilometre traffic jam on the motorway to the sun, or confronted with Steven the butler who has once again, dammit, brought Bollinger for the evening aperitif instead of your favourite Krug... or just can't find the puff to blow up the Minnie Mouse water wings for little Susie on the sands. IT'S HOLIDAY TIME! PFE is taking its usual summer break, dipping its collective toe into the Med in two weeks' time rather than slaving to bring you the usual, must-have mass of info and analysis on real, genuine estate sur le continent. We will be back. On 28 August to be precise.

If anyone should be dissatisfied, word has it that some ladies and gentlemen involved in German non-performing residential loans have had all vacation cancelled until further notice. Something is rotten in the state of Germany, and it is the recovery amounts

that purchasers of residential NPL portfolios are achieving. Cash recoveries are much lower than expected, much more property is being returned than anticipated, and capital in special servicing JVs is being eroded in a sort of PacMan effect as housing units are sold for 30% of outstanding rather than the 60-70% paid for the portfolio. In one case, all further lending has been stopped by order from on high. Yes, this is certainly the moment for a broad band of the property community to say, 'I told you so!' The Anglo-Saxons piled into ressy NPLs during 2004 and 2005, smelling a one-way bet on their way to high profit. But the market for recovery is highly imperfect. Getting rid of foreclosed properties in Germany is very hit-and-miss and highly resource-intensive. Sometimes you walk away with 90%, and sometimes the house doesn't even sell at the 40% reserve price. The other problem is that in the rush for assets, due diligence has often gone by the wayside. Ergo: all quiet on the NPL front nowadays. Wings have been trimmed. The big names, we hear, are talking to each other - reaching for insights on what to do, or seeing if the other guy will take a slab of NPLs off their hands.

Doesn't mean that demand for German home portfolios is fading; it remains as hot as the burning sun out there. UK, Spanish, Australian REITs, US and Israeli private investors, French funds, Dutch companies, Luxembourg SOPARFIs - all are picking up packets of German homes, seeing the base of a cycle that the German professionals cannot. Well, most, that is. Hanspeter Gondring, Stuttgart real estate academy professor, has raised a lone

voice. In a report on behalf of apartment privatisation firm Mondura, he points out that the cash foreign buyers are deploying to boost privatisation in their residential portfolios is a huge benefit to Germany and is offsetting the substantial under-investment by former state sector owners. He cites Bundesbank statistics to show that in 2004 and 2005, state investment in existing housing did not even keep pace with depreciation, in other words a negative net rate of investment. And those big private investors in German housing can go on holiday a little more cheerful. Exits await. The German government is, after all, getting serious about REITs next year. See front page and above. As usual, Cerberus and Goldman Sachs have been particularly perspicacious. "Thomas Rucker, communications director of IVG Immobilien, is stepping down to take over communications responsibilities in the executive leadership of German housing company GSW Berlin," read the announcement. Yes but why? Well, GSW, which manages 70,000 apartments in Berlin, was sold by the City in 2004 to Cerberus and GS's Whitehall. Someone's coming to market somewhere soon, methinks! And if the sun shines on Finance Minister Peer Steinbrück and his staff, it could easily be on the Deutsche Börse come January. Sorry London and Paris, but we think you will anyway be busy with the 44 British listed property companies jostling to change to UK REIT status, plus a bunch more SIIC launches, many of them Spanish! No need for anyone at all to be dissatisfied with the entire situation. See you in late August!

Allan Saunderson, editor@pfeurope.eu

tax rate on the capital gain on sale into a REIT structure. The UK will impose a tax of 2% of gross asset value. "We don't know yet if the Ministry of Finance will copy the French system identically," Beck said, "but we do know they are looking at it closely. There is a lot of real estate that could be mobilised through a well-founded and well thought through exit tax in the German regulation." pfe

Italian government amends disputed real estate legislation, new uncertainty looms

In response to virulent protests from the Italian property sector, the centre-left government of Prime Minister Romano Prodi has amended a highly controversial draft legislation that proposed a new 10% registration tax on property acquisitions and abolition of deductibility of 10% value-added tax at time of sale.

It also announced a reversal on the concept of scrapping the retroactivity of the application of the VAT exemption that had previously allowed firms, at sale of a property, to offset the VAT it had paid in acquiring it. The Economics Ministry said that in many cases that clause would erase fiscal advantages already incorporated in this year's budget. The original decree was mainly aimed at curbing tax evasion in the sector. Even after the amendments, the ministry estimates that the total tax income will not be reduced thanks to the widening of the tax base.

Rome put forward an optional regime for the taxation of firms buying properties, in which real estate investors are offered the choice of paying a registration tax (Imposta di registro) on acquisition of commercial properties. This totals 10% and comprises a 7% registration fee and 3% in property register (cadastre) tax. Alternatively, purchasing bodies can pay VAT of 10% with an additional 4% in surtax. The surtax will be reduced to 2% for real estate funds.

VAT-exempt firms choosing to pay the Imposta di registro will not be able to offset any tax paid against this so that most analysts see this option taken up only marginally, by no more than 5% of firms. The majority are likely to remain in a VAT regime allowing for deductions, even though rendered much more onerous by the imposition of a new surtax ranging between 2 and 4%. Non-deductibility of VAT will remain in place for residential properties.

Although onerous, the new formulation of the fiscal decree is far from having the devastating effects of the first version denounced by Assoimmobiliare, the association of the main Italian real estate companies. It had seen the original draft costing the sector around €30bn. On the day of the announcement, 4 July, shares of listed companies lost about 10% of their value at the Milan Stock Exchange

Assogestioni, the association of Italian funds and savings companies, estimated the original damage of the decree for its members at around €1.4bn. Research published by "Il Sole-24 Ore" calculated that on a total of 21 real estate funds the financial impact was around €1.12 bn. With the new version of the decree the impact should be around €700m.

Separately however, the Italian property sector is faced with a new source of uncertainty arising from announced changes in taxation on financial incomes being considered by Economics Minister Tommaso Padoa-Schioppa that envisage a standardisation of tax on financial incomes. Currently

real estate funds are subject to a tax of 12.5% on total yields. However, bank current accounts, for instance, are subject to a tax of 30% and this is seen as inequitable. Most analysts see 18% as a feasible compromise, but sector professionals fear even this could be very onerous for fund investors. pfe

Spain's Mutua Madrileña agrees to sell 10% Colonial stake into Inmocaral bid

Spanish real estate company Grupo Inmocaral has received agreement from Spanish insurance company Mutua Madrileña to sell its stake in Inmocaral's takeover target and larger rival Inmobiliaria Colonial. Madrileña is Colonial's second largest shareholder. The largest, savings bank group La Caixa, has already agreed to sell its 39.4% stake into the €3.7bn bid.

Mutua Chairman José María Ramírez Pomatta said it will sell its 10% stake in Colonial, taking capital gains from the operation of about €370m, which will be used for new investment.

The news came three days after Inmocaral began its €2.7bn capital increase to help finance the takeover. Inmocaral shares rose as much as 35% on 11 July. Activity was so rampant that the stock market delayed trading in the stock until midday.

Last month the company approved the capital increase – more than double that expected. With this operation new shareholders will include Nozar, Reval, Caja Duero, Grupo 2002 and entrepreneurs Domingo Díaz de Mera and Alicia Koplowitz.

Separately, financial newspaper Cinco Días reported that Banco Bilbao Vicaya Argentaria (BBVA) and Inmocaral are negotiating an option to allow the Spanish bank to buy at least 5% of Inmocaral after the capital increase.

Inmocaral Chairman Luis Portillo subsequently issued a statement however, saying the BBVA option has lapsed because it was conditional on Inmocaral capital remaining unchanged. BBVA advised Portillo and helped finance his takeover of Inmocaral last year. Following the capital increase, Portillo will own 38% of the company. pfe

ABN Amro's Bouwfonds attracts bids from Rabobank, Lehman, Cerberus

Dutch cooperative lender Rabobank and a consortium including Lehman Brothers and the Cerberus investment fund have joined the bidding for Bouwfonds, the property financing arm of ABN Amro, the Financial Times reported.

Their bids now compete with that of a consortium led by GE Commercial Finance Real Estate, reported by Dutch financial newspaper Het Financieele Dagblad to be still in the running despite earlier reports that it had dropped out after looking the business over. Goldman Sachs and Morgan Stanley are part of the GE's consortium. The US Blackstone private equity firm, whose initial approach to ABN Amro late last year prompted the Bouwfonds auction, is reported to have withdrawn.

ABN Amro solicited bids for Bouwfonds at end-2005, citing a price guideline of €1.5bn. No longer regarding Bouwfonds as a core business, the big Dutch bank needed the cash to finance its 2005 takeover of Italy's Banco Antonveneta. Bouwfonds is engaged in housing development as well as lending, and netted €314m in profit last year. It has €7bn in outstanding loans and

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another €5bn in managed property assets. It sold 10,000 houses in 2004 and does foreign business in Germany, France, Belgium, Spain, Czech Republic and Slovakia.

Bouwfonds is regarded as an important brand on the Dutch residential property market. ABN Amro acquired it in two stages between 1999 and 2003 from Dutch municipalities, which founded it in 1946 to finance housing for a growing population. pfe

Italy's Pirelli Real Estate to invest total €2bn in Germany since home prices low - Puri Negri

Listed Italian property company Pirelli & C. Real Estate plans to raise its investment stake in Germany by €2bn in the next three years because the market has great prospects, Chairman Carlo Puri Negri says.

"We want to invest around €2bn in Germany within three years," he told the Handelsblatt newspaper in an interview. "We believe in the German market because the prices there are still unbeatable in European comparisons and the ratio of people who own their own houses is still low."

Pirelli RE already manages €170m in German property and together with minority partners has developed P & K Real Estate as a platform. It bought a €72.5m housing package from savings-bank agent Corpus last year and added housing in Berlin this year.

Chevreux analyst Marco Cristofori told the newspaper Pirelli RE has a unique business model based on asset management, property services and a highly specialised product portfolio. It has cleverly used a leveraging strategy of working with financing partners DB Real Estate and Merrill Lynch to become Italy's market leader.

Puri Negri said he will seek other partners in Germany too, packaging purchased property into closed-end funds or REITs (Real Estate Investment Trusts). "If Germany permits REITs, we would prefer them. Otherwise, we'll use closed funds," he said. pfe

LISTED

Spain's Fadesa mulls buying remaining 30% in France's Rive Gauche - Bolsacincio says

Spanish property group Fadesa is studying whether to acquire the 30% it does not already own in French real estate firm Financière Rive Gauche, according to the Bolsacincio newspaper.

When Fadesa bought the initial 70% in June 2005, it also acquired a three-year option on the remainder. Since its entry into the French market, Fadesa has built two skyscrapers in Paris for €500m and also begun a €213.5m project with the French subsidiary of California's Colony Capital in Massy, near the French capital.

Along with Metrovacesa and Colonial, Fadesa is one of the most active Spanish companies in the French market. Colonial, currently the takeover target of smaller rival Inmocaral, recently bought an office building in Paris from insurance company Axa Reim for €94m. The deal was conducted via Colonial's French unit Société Foncière Lyonnaise.

Fadesa, founded in 1980 in the Galician city of La Coruña, posted a net profit during the first quarter of 2006 of €41.3m, a 67% rise over the same period last year. Its real estate sales also did well in the first quarter, surging 113% to 246.5m. pfe

French residential property group Foncia to convert to SIIC to buy real estate

French residential property management company Foncia plans to transform its wholly-owned real estate company Foncière Foncia into a Real Estate Investment Trust (REIT/SIIC) and start acquisitions.

"Its purpose will be the acquisition of the bricks and mortar of small and medium-sized shops and offices in France," Foncia said. Traded on the secondary market of the Paris stock exchange, Foncia has 278 branches across France and recently announced the creation of franchises. It also has operations in Belgium, Germany and Switzerland.

The company also announced a 19.6% rise in first half turnover to €210m compared to the same period last year. "The dynamism of Foncia's external growth during the first half of 2006 leads us to expect a growth in 2006 turnover above the 15% announced at the beginning of the year, with the maintenance of a high level of profitability," the company said. pfe

Spain's Castmor plans SIIC, €200m property investments over medium term

Barcelona-based property company Castmor plans to create a French Real Estate Investment Trust (REIT/SIIC) for further investment in the French market following its first acquisition there.

"Because we plan to invest about €200m in France, adoption of the SIIC status in the medium term should also be part of our strategy," Castmor top executives Felix and David Castilla told the Businessimmo property portal.

Castmor recently acquired a relatively small building on the prestigious Rue du Faubourg Saint Honoré. New investments will mostly comprise office buildings worth €30-45m.

Castmor see the Parisian property market as more dynamic than those in Barcelona, Madrid and Valencia, and see more growth potential and transparency in France. Property investment vehicles such as SIICs (Société d'Investissements Immobiliers Côtée) SIICs offer benefits from a lower tax regime on capital gains, the two men said. pfe

Daimler Chrysler to receive €300m from sale of real estate to France's ICADE

Daimler Chrysler is to receive €300m from the sale of 13 German properties to ICADE, a traded French property investor and developer.

The carmaker said it would transfer ownership of the properties on 1 August and 1 December, booking gains in the third and fourth quarter, and the transaction should boost operating profit by about €100m.

The properties are located in Munich, Berlin, Hamburg, Frankfurt, Stuttgart, Düsseldorf, Ahrensdorf and Bad Homberg. Daimler Chrysler said it no longer needed the properties for its operations. They consist of office buildings, land reserves and other business locations.

The company said it was culling its property book to im-

prove its return on net assets. It was unable to say whether further sales were planned. pfe

Gecina sells two office property portfolios worth €304m to France's Inovalis

Gecina, a French REIT/SIIC owned by Spain's Metrovacesa, has agreed to sell office properties worth €304m to Inovalis, a French real estate investment management company, as part of a wider arbitrage plan.

The properties are in two portfolios representing 78,000 sq.m. and totalling 25 assets in central Paris and the inner suburbs of La Défense, Boulogne-Billancourt, Levallois-Perret, Montreuil, Clichy, Suresnes and Vanves.

"For Gecina this deal marks the start of the arbitrage plan being rolled out on its property portfolio, and is in line with its business plan," Gecina said in a statement. "The capital gains generated on this sale will be taken into account over the second half of 2006, with the transaction expected to be finalised in September."

Gecina is France's largest private listed rental property firm. Inovalis, an eight-year-old private company with ties to the Qatar Islamic Bank and the Audi-Saradar Bank, has a portfolio under management of €1.7bn and 380,000 sq.m, mostly in Germany and France. pfe

Finland's Sponda may build €100m logistics site for port of Helsinki

Sponda, a large property investor listed on the Helsinki Stock Exchange, is negotiating with the port of Helsinki to build a logistics base and business park at Vuosaari harbour.

As the prospective long-term owner, Sponda said it will be responsible for leasing and maintaining the facilities scheduled to be ready by the end of 2008.

Investment will commence the end of 2007 to create a rentable surface of 130,000 sq.m., beginning with 70,000 sq.m. of warehouses and throughput terminals. The port of Helsinki's cargo operations would be transferred to Vuosaari by the end of 2008. The 50-hectare logistics area will be the site of the terminals and warehouses as well office and social facilities directly related to harbour operations. pfe

Austria's Conwert buys Budapest residential developer to enter market

Conwert Immobilien Invest, a Vienna-traded residential property fund has acquired housing developer and investor Immo-Rohr of Budapest as a vehicle to enter the promising Hungarian residential property market.

Conwert has concentrated so far on the residential markets of Austria, Germany and Czech Republic. Its policy is to invest abroad only in cooperation with a local partner.

Immo-Rohr has specialised since 1992 in developing and selling of new freehold flats in Budapest. Under the brand name Bokréta buildings since 2001, it has developed and sold 500 high-class residential units. Four more projects with around 500 units are being built in upmarket Budapest neighbourhoods and will be completed by early 2008.

Conwert plans to erect 300 or 400 residential units a year in coming years. "As an additional business segment, Conwert plans to develop and let high-quality flats in old buildings," said Johann Kowar of the Conwert managing board. With its many old buildings and an affluent middle class, Budapest offers a substantial development potential. pfe

Spain's Renta Corporación celebrates five years and €200m in Paris

Spain's Renta Corporación celebrated its fifth anniversary of property investment in Paris by buying a new building in the French capital. So far the holding firm has invested €200m in 12 projects, and it aims to double the size of its French operations.

Renta Corporación's chief executive officer Josep-Maria Farré said the company's goal is to boost the average investment to €50m per project in the medium term, from the current value of around €25m.

Renta posted 2005 net consolidated profit of €32.5m and EBITDA up 70% to €54m - on investments of €331m and total revenues of €324m. ROE for the year was 46.5%, and it used these strong numbers to launch a highly successful IPO in spring.

Spain's Riofisa debuts at bottom end of target price, capitalisation €812m

Shares in Riofisa, one Spain's leading shopping centres developers and managers, began trading on 19 July at €18 per share, valuing the company at €812.4m following an IPO. The price came in at the bottom of the range targeted in the flotation.

Riofisa listed 26.1% on the market, but earmarked as much as 30% of equity to provide a 'greenshoe', or over-allotment, option. Riofisa is controlled by the Losantos family and savings bank Caixa Catalunya. The Losantos family aims to reduce its holdings to about 52% and Caixa Catalunya to some 21% as a result of the flotation. pfe

Spain's Sacyr Vallehermoso floats French Tesfran unit as REIT/SIIC

Spanish construction and real estate company Sacyr Vallehermoso plans to list 10% of its French unit Tesfran on the Paris stock market, and will seek the legal status of a Real Estate Investment Trust (REIT/SIIC).

Tesfran shares will be priced at an indicative €20 and the of-

fer closes today. The planned flotation includes up to 3.85m shares, including a 500,000-share greenshoe option. Tesfran aims to raise up to €77m in new capital and start trading by the end of July, converting to as a SIIC (Société d'Investissements Immobiliers Cotée) status as soon as permitted.

Tesfran will invest in tertiary property, mainly offices in the Ile de France Paris region, and in large towns in the provinces. It intends to prioritise the acquisition of office buildings in the Paris region but the company said it does not exclude any opportunity in the hotel and shopping centre field. Tesfran has set the objective of achieving a property portfolio valued at €1bn-€1.5bn by the middle of 2008.

Tesfran currently owns one asset, the Tour Adria tower, a 54,000 sq.m. office development on 40 floors let to Technip, which it acquired for €564.5m and which generates an annual rental of €24m. pfe

WestLB property subsidiary seeks to become private joint stock company

The Mainz-based Westdeutsche Immobilienbank (WIB), a wholly owned property-financing subsidiary of Düsseldorf's West LB, says it plans to change its legal form to that of a joint stock corporation the start of next year if the state legislature of Rhineland-Palatinate honours its request for special legislation.

"The conversion to an AG will strengthen our presence on the capital markets, opening new business opportunities" said WIB Chairman Hubert Beckmann. "We are currently intensifying above all our capital-market activities and expanding our foreign business."

The special bank was chartered in 1995 under the law on public savings banks, which means that it cannot change to a private status (Aktiengesellschaft, AG) without a change in the law. Mainz is the state capital of Rhineland-Palatinate. The change is being sought because of last year's overhaul of the Pfandbrief law which stripped WIB of its market advantage for its refinancing. West LB has already become a joint-stock company.

Along with its six domestic bases, WIB has foreign offices in New York, London, Madrid and Paris. It plans a liaison office in Warsaw from the fourth quarter. pfe

Newly independent Deutsche Wohnen gains from Prime Standard share listing

The share of residential property investor Deutsche Wohnen gained 2.4% to reach €235 on 17 July, its first trading day in the Prime Standard premium segment of German stock exchange Deutsche Börse.

The share had been promoted from over-the-counter trading, where it made its public debut 3 July. Deutsche Wohnen had been controlled by Deutsche Bank's DB Real Estate until it was spun off by a conversion from registered to bearer shares and the severing of contractual ties. pfe

FUNDS

Banca d'Italia authorises Aedes to launch €375m Ariosto real estate fund

The Bank of Italy has authorised the launch of Ariosto, a closed real estate investment fund reserved for qualified investors and managed by the funds manager of listed company Aedes.

The fund, run by Aedes BPM Real Estate SGR, will receive part of its starting real estate assets from the parent company. The lifespan of the fund, the fourth from Aedes BPM Real Estate, will be 10 years and is aimed at an eventual GAV of €375m, with the option of increasing the amount through subsequent issues. Aedes BPM Real Estate will launch two more funds shortly. With this authorisation, the total investment target for the Aedes BPM Real Estate funds amounts to €2.06bn.

Aedes has also decided to apply for authorisation for a speculative fund management company, either newly established or to be acquired, the purpose of which will be to manage closed real estate funds of an opportunistic nature, reserved for qualified investors both in Italy and overseas. These funds will be specialised in residential, development, retail, tourism, offices and trading sectors, and will have a 5-7 year lifespan.

Aedes is a leading player in Italian real estate, mainly focused on office, retail and logistics. It runs a mutual funds Investietico, a specialised retail fund Dante Retail, a fund specialised in the development of marinas Virgilio, an institutional retailing fund Boccaccio, and Petrarca, a fund specialised in office properties. pfe

Macquarie Goodman's Arlington boosts 2005 Celogix fund assets, returns

The Celogix Property Fund managed by Arlington Securities, part of Australian listed Macquarie Goodman Group, boosted its invested European logistics assets to €397m in 2005 from €355m at the end of 2004, and saw record returns of 16.6%.

The pan-European logistics property fund, based in Amsterdam, realised a total investment result of €31.3m for 2005 compared with €13m in 2004. The increase in gross asset value last year was supplemented by the €17.5m acquisition of the Dutch logistics centre for the Royal Leerdam Glass Factory in Gorinchem. This brought the number of properties in the portfolio to 23, spread over five countries.

Arlington Property Investors Europe said Celogix is now closed to new equity capital, and has met the original targets. However, the lifetime of the fund has been further extended by one year, enabling the fund manager to further improve performance. Last month, Arlington took the decision to start preparing for the launch of a new €1bn fund to invest directly in logistics in the main Eurozone and core central European countries.

Jeff Pulsford of Arlington Securities commented: "We are pleased with the fund's record performance and anticipate the demand for high quality, strategically located logistics property to show a steady increase in 2006." Arlington is an investment management and property services businesses in the UK, European and international markets, having €11.1bn under management. It was acquired by Macquarie Goodman, the largest industrial property group listed on Australian Stock Exchange, in December 2005.

Arlington has access to an extensive development pipeline

via its European development associate, Eurinpro International. Eurinpro is a leading developer of tailor made logistics property having developed over €1.2bn of projects across Europe. pfe

PFE COMMENT: This is a good example of strong Australian enthusiasm for euro assets. The giant Sydney-based MG bought Arlington in December, and then the Luxembourg-based Eurinpro this May in order to feed logistics assets into it and/or develop more. Given the still rapidly developing warehouse sector, it looks to us like a good strategy to have a development company in the centre of the Eurozone and a funding vehicle collecting capital in London. An efficient pipeline financing, one might say.

Allianz Global Investors pulls €450m Australian REIT launch of DEGI assets

Allianz Global Investors has withdrawn the Sydney IPO of an Australian REIT/LPT intended to contain four office properties and a shopping centre from the group's DEGI property fund company worth around €450m.

In a release, AGI cited, "shifting investor interest in the light of global REITs developments" for the withdrawal. A 75% stake in five properties of DEGI's Grundwert fund should have formed the initial portfolio of the Allianz Global Investors European Property Trust scheduled for flotation on 14 July. Due to the withdrawal of the IPO, the properties remain in the fund.

The move was aimed at diversifying the DEGI funding base. DEGI had wanted to repeat the strategy by investing the liquidity in new assets in France, Scandinavia and Eastern Europe, and then on-selling them a further €1bn of German assets into an Australian REIT. pfe

PFE COMMENT: Oh dear! Times are getting tough when the Australians are hesitant at buying German assets! There is certainly no respite in demand from Ozzie investors active directly in German and other continental European markets. See the following item, plus two or three other articles in this issue.

ING RE fund targets €700m in European office property investments

ING Real Estate, property arm of the Dutch financial services giant, says it has targeted €700m in office property investments in four European countries for its closed-end ING Real Estate European Office Fund.

Set up last October, the unlisted fund has just been closed to subscriptions after reaching its capitalisation goal. It seeks an internal rate of return of at least 10% on office properties throughout France, Spain, Belgium and Italy during its 10-year initial term.

Fund manager Leo Weidenaar said property acquisitions will accelerate now that the equity target has been reached and because an economic upswing should help the targeted property markets. "Careful property selection together with active local asset management will be key to exceeding the targeted investment returns," said Weidenaar.

The fund's seed portfolio includes properties at San Cugat in

Barcelona, Palazzo Verocchio in Milan and French offices on Paris' Rue des Jeuneurs and at Europrogramme in Marseille. pfe

Beni Stabili closes acquisition of Comit Fund portfolio

Italian listed property company Beni Stabili has closed its €1.1bn acquisition of 100% interests in two companies from Banca Commerciale Italiana's pension fund that own the Comit Fund's giant property portfolio.

The firms are Immobiliare Fortezza and Immobiliare Commerciale Prima, and the acquisition was carried out by BS Immobiliare 1, a wholly-owned subsidiary of the Beni Stabili Group.

About 82% of the whole portfolio consists of 24 buildings and 27 construction lots for commercial use worth €806m. Another five buildings and 15 lots for residential use have a price tag of €300m. Around 92% of the portfolio is located in Lombardy, with 74% of these in the centre of Milan.

Beni Stabili will finance the purchase primarily via a €725m loan raised by a banking consortium led by San Paolo IMI, Banca IMI, and Banca Antonveneta. The remaining €381m will be funded out of cash flow. The company said that in view of the nature the property involved, most of the commercial assets will be added to the investment portfolio, while the residential and part of commercial will be added to the trading portfolio of the group. pfe

Invesco fund acquires Raiffeisen Business Center building in Warsaw

The Invesco property division of Amvescap, a global asset manager listed in New York, London and Toronto, has acquired for an undisclosed price the Raiffeisen Business Center in central Warsaw for a new regional property fund.

The investment yield and price per square metre of rental space "are in line with current values for investment properties in Central Europe," the purchaser said. The purchase was the first investment for the CEE II Fund.

The fully let 16,500 sq.m. office building was purchased from a regional real estate unit of Austria's Raiffeisen Zentralbank for the portfolio of Central European Real Property Fund II (CEE II), managed by Doris Schumacher. Raiffeisen Bank rents 94% of the space in the fully let building, which is close to the Polish parliament and several embassies.

INVESCO Real Estate manages at least €20bn in worldwide property assets and real estate securities. pfe

Capital & Regional buys German retail portfolio for €214m, 6.8% initial yield

British investor and property asset manager Capital & Regional says it is buying a €214m portfolio of German retailing properties, raising the value of its real estate assets in the nation to €450m.

Net initial yield on the income-producing portion of the prop-

erties, 44% leased to German retailer Metro, comes to 6.8% with net annual income estimated at €13.6m. Including 16 hectares of retail and commercial development land that came with the portfolio, the net initial yield would be 6.3%. The portfolio included the land, a 52,000 sq.m. retailing distribution facility and 22 mostly large stores with combined space of 134,000 sq.m. in suburban areas. The seller was a private individual.

Most of the properties will be assigned to Hahn, a joint venture 90% owned by C&R and 10% by Hahn group of Bergisch Gladbach. The rest will be redeveloped and sold later. Portfolio earnings will help C&R's result in the first full year after closing.

ABN Amro's London branch provided the senior debt for the acquisition. C&R has €4.3bn of assets under management. pfe

Rodamco Europe sells €150m mixed Dutch portfolio to Aberdeen Property

Rodamco Europe, the largest traded investor and manager of European retailing properties, says it sold a Dutch portfolio of 150 shops and 50 apartments to Aberdeen Property Investors for €115m.

Karin Laglas, Rodamco Europe's managing director for the Netherlands called the disposal part of the company's "long term strategy to focus on high-quality retail, primarily dominant shopping centres in key European cities."

The properties taken by Aberdeen, a unit of London-listed Aberdeen Asset Management, are scattered across the Netherlands. The apartments are located above the shops, which have combined retailing space of 36,500 sq.m.

Rodamco Europe's share trades in Amsterdam, Brussels, Frankfurt and Paris. Aberdeen manages property assets of €9bn. pfe

RESIDENTIAL

Banco Sabadell's Landscape to expand into home, commercial outside Spain

Landscape, the real estate unit of Spanish bank Banco Sabadell, is to expand into other European countries and invest 20% of an earmarked €2.85bn in the next four years in developing residential housing outside Spain

"Our objective is to invest €2.85bn until 2010, of which 20% will be allotted to projects in Europe," Managing Director Salvador Grané told journalists recently. The external expansion follows eight years of growth and consolidation in the domestic market. The main countries on Landscape's scope will be France, Portugal, Britain, Germany, Italy and Poland.

The first step is €24m construction of a residential building in Warsaw with Catalan firm Espais. Also, Landscape is now closing a deal to buy an office building in Paris. The group will also use its funds to build 20 new budget hotels in Europe, primarily close to airports.

Last year, the company earned €297m in sales and posted net income of €36.8m, a 30% increase compared to 2004. Its portfolio at the end of 2005 was worth about €1.9bn.

Banco Sabadell, Spain's fourth largest banking group, is a listed company based in Sabadell near the Catalonian capital Barcelona. Its largest shareholder is La Caixa savings bank

group. Landscape, incorporated in 1998, is active in property asset management, land management, and development. pfe

Political opposition in Germany against government housing sales mounts

Political opposition is mounting in Germany against the sale of residential assets by the various levels of government to foreign private investors, a roundup of media reports by the Zitelmann consultancy showed.

Although the Black Forest city of Freiburg intends to sell a portfolio of 8,900 apartments for at least €510m, the disposal would not be to Anglo-Saxon financial investors, the Die Welt newspaper reported. The buyer of choice is likely to be the quasi-public company LEG Baden-Württemberg. Talks are already under way and Freiburg city hall does not envisage going to public tender.

Politicians want at all costs to avoid the protest they would incur if they sold the apartments to Anglo-Saxon investors. „Even traditionally Christian Democrat voters have put up signs on their houses saying ‘Stop the Locusts,’ and have joined the activist group ‘Housing is a Human Right,’“ according to the newspaper.

In the northern state of North Rhine-Westphalia, a public action group has formed to oppose the sale of the LEG NRW housing association - containing 100,000 apartments - as planned by the state government. Unions, the Social Democrat party, the Greens, the left-wing parties Linkspartei/PDS and WASG, and the Deutsche Mieterbund tenant union are taking part in the initiative. Die Welt quoted a representative of the initiative saying, „We fear that rent rates would go up by 20 to 30% if we sold to a private investor, and that many of the present tenants would no longer be able to keep their apartments.“

Germany’s political Left has found a new theme, consultant Rainer Zitelmann wrote in a commentary. “Basically, all of the groups involved in the campaign are convinced that the formation of property is in itself a bad thing and that the German home ownership quota -extremely low by international comparison - should be cemented for all time.” There is every reason to worry that this alliance might succeed in fanning tenant fears and hindering municipal and state government sales of housing portfolios. “The sale of LEG NRW will possibly play an exemplary role that will decide over the question whether we are seeing the beginning or the end of further sales of municipal housing associations,” he said. pfe

German house prices flat this year but rises may come faster than expected

German residential property is unlikely to experience any significant price rises this year since supply is meeting demand but a coming scarcity means that they “might come faster than would seem possible today,” the German Landesbausparkassen state home-building and loan associations said in a recent study.

Germany is expected to have annual aggregate demand for 300,000 new housing units through the year 2010, while just 220,000 are likely to be built this year, the study said. Buyers

most favour single family homes, while new terraced housing is increasingly hard to position on the market. The demand for used condominiums should begin to stabilise, and then to increase again in southern Germany. Therefore, any decline in price yet to come would most likely be relatively modest.

Separately, a survey conducted by the Allianz insurance group showed that home ownership measured in proportion to per capita income is cheaper today than it was in 1991. This is one factor in favour of a sustainable rally of German home prices. Others include the residential portfolio demand from international investors, revival of the construction industry, and the consistently positive difference between rent yield and mortgage interest.

The Munich-based Empirica research institute also said residential rents should rise, at least in southern Germany, mainly due to the strong economy. Particular strong demand is expected for single family homes and duplexes. pfe

German home-purchase savings contracts rise 8% in first five 2006 months

Home-purchase savings contracts signed by Germany’s 11 state home-building and loan associations (Landesbausparkassen) rose in volume nearly 8% in the first five months of 2006 to a total of €15bn, while mortgage lending rose by 7%.

Some 1.5m new savings contracts should be signed this year in total, according to the LBS Group director Hartwig Hamm, quoted in the Handelsblatt newspaper. Last year, the bank group took in €35bn in new savings. Home-purchase savings contracts in Germany have some tax advantages at pay in, and generally offer lower interest rates on mortgages that they are eventually used to finance. However, the financings are not obliged to be used for home purchase, and often are eventually directed at major consumer items.

Hamm called for the government to bring owned housing property into the eligible assets for pension savings. “Even Germans in the age group 20 to 29 years old are nowadays putting most reliance on their own property whenever they are asked what they consider the most appropriate investment form for income security in old age,” he said, citing a recent study by the polling firm Infratest.

The Landesbausparkassen group had a combined balance sheet of €51bn last year, breaking the €50bn-mark for the first time. At year end they served 9.2m customers who have signed 11.6m home-savings contracts for total savings assets of €245bn, an average savings account of nearly €24,000. “This is already 23% above the value at the end of 2004, and it shows how focused new customers are these days - particularly the many young people - at saving to eventually buy a home,” HB quoted Hamm as saying. pfe

Foreign capital inflows now felt in German apartment prices - Hypoport HPX

The impact of foreign capital flowing into German apartment property is making itself felt now in prices, Hypoport House Price Index (HPX) data show. Prices of apartments strengthened by 1.1% in June and 1.5% over the prior 12 months, out-

stripping growth to May. Overall however, nationwide house prices slowed in June an annual 2.3% from 3.3% in the prior month.

In new homes, quite steady price growth over the last few months ebbed in June, with the index showing prices remained flat in the month. The annual rise slowed to 6.4%, following a quite strong showing in May that had taken the increase up to 8.6% y/y. Existing home prices stage a slight comeback from a weak May, rising 0.5% in the month. However these prices are still lower than a year ago, and in fact weakened further to -1.0 y/y in June.

Hypoport said the impact of the end-2005 abolition of the government's own-home premium (Eigenheimzulage) is only slowly waning in the market. Price trends for the three categories of dwelling are however showing signs of moving back toward a narrower range after the own-home premium effect strongly boosted demand, particularly in new homes.

June marks the fourth release of the HPX index, the only nationwide house price index published with monthly regularity. Berlin-based mortgage and financial services group Hypoport, publisher of Property Finance Europe, has designed HPX to allow home owners, potential buyers and professional agents to track nationwide residential property price developments more reliably. pfe

Spanish starter home sales fall 8% during first half - Knight Frank

Sales of first homes in Spain fell 8% during the first half of 2006 compared to the same period last year, according to a study by Knight Frank.

One-room apartments accounted for 8% of the total sales, a 25% rise since 2003. Four-room homes, which represented 21% of total sales three years ago, fell to 11% of total sales during the first six months of the year. The most popular size of home had three bedrooms, accounting for 50% of sales. Two-bedroom homes were 30% of total sales.

Knight Frank said the drop in sales is due to rising prices in Spain – about 150% over the past seven years. Also, buyers tend to be single people or younger couples with few children, and are finding it harder to enter the highly priced market. The study cited a decrease in visits to real estate information offices, thought to be caused by consumer reticence in the face of soaring prices and rising interest rates. pfe

Spanish Mortgage Association sees total home lending up 26%

Total outstanding mortgage lending by Spanish companies broke a record in May, rising 26% over the prior 12 months to €811bn, according to the Spanish Mortgage Association (AHE).

Savings banks have provided the bulk of the lending, with mortgages outstanding worth €435bn, a 36.7% rise over the same period last year. Private commercial banks have volumes outstanding of €294bn, followed by credit cooperatives with €48bn and the Financial Credit Establishments with €7bn.

The Bank of Spain has issued several warnings over the past two years to lenders and consumers about the dangers of rising debt – especially considering the recent and expected future increases in interest rates in Europe. pfe



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RATINGS

Ocwen-Merrill German servicer JV GSSG given Fitch ratings

The German mortgage servicing joint venture between the Florida-based Ocwen Financial Corporation and Merrill Lynch, Global Servicing Solutions Germany GmbH, has been assigned Fitch ratings for its commercial mortgage primary servicing and its residential and commercial special servicer activities.

Fitch said it assigned GSSG a commercial primary servicer rating of 'CPS3+D' and residential and commercial special servicer ratings of 'RSS3D' and 'CSS3D' respectively.

As all performing loans are collateralised by commercial real estate, the primary servicer rating reflects GSSG's ability to administer commercial mortgages only. As the company acquires new servicing mandates to administer residential mortgage loans and builds the necessary platform to administer such assets, Fitch will ascertain the suitability to assign a residential mortgage primary servicer rating.

"While the company has been actively servicing mortgage loans for just one year, it benefits from the extensive industry experience of its management and staff," Fitch said. "GSSG also has a well-developed IT infrastructure including bespoke servicing and asset management systems tailored for the German market, although further enhancements are required." In addition, the company enjoys solid support of its rated shareholders

As of May 2006, GSSG collectively managed four unsecured portfolios (two performing and two NPLs) including just over 415 loans and 2,700 properties with a gross book value of €833.5m. The NPL book comprises 25% of the total servicing portfolio by value. Commercial assets form the bulk of the portfolio although residential assets make up 2.2% and multifamily 56%. The portfolio also includes one large loan originated by ML included in the commercial mortgage-backed securities transaction Taurus CMBS (Germany) 2006-1 plc - that closed in July 2006.

Fitch said although limited performance data are available on the NPL portfolio, figures as of May 2006 show net collections meeting expectations. However, collections in one portfolio are 146% of budget. Recoveries against gross book value are somewhat below GSSG's peers but remain satisfactory, considering the small number of resolved assets. pfe

STUDIES

Dutch retail sales jump 12.3% in the year through May

Dutch retail sales, paced by merchandise, rose by 12.3% in May from the year-earlier month, only the third double-digit increase recorded in the last 10 years, the Central Bureau for Statistics said.

The statistics agency, which tracks sales of pharmacies and repair shops separately, said the nominal increase included inflation of 0.3% and a real gain of 11.9%. Corrected for year-to-year calendar differences in the numbers of shopping days in May, the nominal increase was still more than 10%.

Merchandise sales alone surged by a nominal 15.6%, led by clothing retailing. Volume there jumped by 15.4%, while prices were up 0.2%. Sales of food, drink and tobacco rose a nominal 7.0%, or a real 6.3% adjusting for 0.6% higher prices. pfe

First half 2006 Paris office investment already reaches 2005's record €12bn

Investment in Parisian commercial real estate reached €12bn in the first six months of the year, nearly the amount registered for the whole of 2005, itself a record year in the French capital region Ile de France, according to latest data from the Immostat measurement company.

During the second quarter, business property transactions totalling 677,700 sq.m. and worth €4.5bn were carried out compared to 759,000 sq.m. worth €5.8bn during the first three months of the year. This includes office, retail and warehouse real estate, said Immostat, an organisation created to compile market statistics by four of the country's largest realtors Atisreal, CBRE, DTZ and Jones Lang Lasalle.

On the negative side, Paris rents slid slightly during the second quarter to €448 per sq.m. in the central business district and €327 in nearby La Défense -from €442 and €329 at end-1Q06. At the half year mark, some 2,514,000 sq.m. of office space was available for occupancy, slightly down from the 2,571,000 sq.m. at the end of the first quarter. Vacancies has been dropping steadily since a high of 3,144,000 sq.m. at end-2Q04.

According to CBRE, most investment came from institutional investors, with just over half from France. Entry yields fell 50 to 75 basis points during 1H06 to about 4.25% in the Paris CBD and 4.60% in La Défense. The widening number of REIT/SIICs on the French market as well as increasing investment funds should make 2006 a record year. pfe

Frankfurt property investment gains 47% in first half-year – Atisreal

Strong foreign buying lifted the volume of property transactions in Frankfurt by 47% in first half 2006 to €1.08bn from

Latest European mortgage backed securities, covered bond transactions

June 2006

Asset Class	Asset Type	Country	Currency	Deal Name	Originator / Arranger
CMBS	Commercial mortgages	UK	GBP	Ursus 2 (Octane) plc	Principal Real Estate Funding Corporation Limited
RMBS	purchase of new vehicles	IE	EUR	Emerald Mortgages No. 4 Plc	EBS Building Society
RMBS	Schuldscheine	UK	EUR	Graphite Mortgages PLC	Northern Rock PLC
CMBS	Commercial mortgages	UK	GBP	White Tower 2006-2 PLC	Société Générale
RMBS	Residential mortgages	ES	EUR	Fondo de Titulización de Activos Santander Hipotecario 2	Banco Santander Central Hispano, S.A.
RMBS	Residential mortgages	IT	EUR	Cordusio RMBS 2 S.r.l.	UniCredit Banca SpA
CMBS	Covered Bonds	SE	EUR	Nordea Hypotek AB	Nordea Hypotek AB
RMBS	Residential mortgages	RU	USD	Russian Mortgage Backed Securities 2006-1 S.A.	JSC Vneshtorgbank
CMBS	Commercial mortgages	DE	EUR	Taurus CMBS (Germany) 2006-1 PLC	Merrill Lynch Intl., MLCapital Mkts Bank, Capmark AB No.
RMBS	Residential mortgages	UK	GBP	Residential Mortgage Securities 22 PLC	Kensington Mortgage Co. Ltd.
CMBS	Commercial mortgages	EU	EUR	Quirinus (European Loan Conduit No. 23) PLC	Morgan Stanley Bank International Ltd.
CMBS	Commercial mortgages	EU	EUR	Epic (Brodie) PLC	The Royal Bank of Scotland PLC
RMBS	Residential mortgages	UK	GBP	Landmark Mortgage Securities No.1 PLC	Unity Homeloans., Infinity Mortgages Ltd., Amber Homeloans
CMBS	Commercial mortgages	IT	EUR	Patrimonio Uno CMBS S.r.l.	BNL, Intesa and MS Bank
CMBS	Commercial mortgages	EU	EUR	Titan Europe 2006-3 PLC	Credit Suisse International and Credit Suisse
CMBS	Commercial mortgages	UK	GBP	EQUINOX (ECLIPSE 2006-1) PLC	Barclays Bank plc
RMBS	Residential mortgages	NL	EUR	Delphinus 2006-1 B.V.	Fortis Hypotheek Bank N.V.
RMBS	Residential mortgages	ES	EUR	AyT HIPOTECARIO BBK II Fondo de Titulización de Activos	Bilbao Bizkaia Kutxa (BBK)
RMBS	Residential mortgages	GR	EUR	Themeleion III Mortgage Finance PLC	EFG-Eurobank-Ergasias S.A.
RMBS	Residential mortgages	UK	GBP	Newgate Funding PLC Series 2006-2	Mortgages 1 Limited ("ML1")
RMBS	Residential mortgages	IE	EUR	Fastnet Securities 2 PLC	Irish Life & Permanent PLC
RMBS	Residential mortgages	UK	GBP	RMAC Securities No. 1 PLC Series 2006-NS2	GMAC-RFC Ltd.
RMBS	Residential mortgages	IT	EUR	BPM Securitisation 2 S.r.l.	Banca Popolare di Milano
CMBS	Commercial loans	IT	EUR	Imser Securitisation 2 S.r.l.	Credito Fondiario e Industriale SpA

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DIARY DATES AND UPCOMING IN 2006

September 7, Thursday

Inaugural ECBC European Council (ECBC) conference, Madrid. With 75 members, the ECBC represents the interests of the covered bond industry. More than 400 delegates attended the last event in Rome, and this event is the premier conference for this fast evolving asset class. Confirmed keynote speaker is EU Economics and Monetary Affairs Commissioner Joaquín Almunia.

More info: www.euromoneyconferences.com

September 7-8, Thursday-Friday

EPRA Annual conference 2006, Budapest

This event brings together listed property companies in Europe to discuss current issues, including the development of REITs in Europe.

More info: www.epra.com

September 11-12, Monday-Tuesday

The GRI European Summit, Paris

GRI is organised in discussion groups. Discussion chairs design topics to get everybody to talk to one another in collegial small groups in the inspiring environment of the French capital, devoid of 'selling' pressure.

More info: www.globalrealestate.org

September 15 - 16, Friday-Saturday

Scenari Immobiliari conference, Santa Margherita Ligure, Italy

14th forecasting and strategy forum of the real estate market. It is now essential that real estate companies put the accent on developments regarding products, protagonists and competitive position. The forum is a key appointment to examine Italian and foreign markets and firms.

More info: www.scenari-immobiliari.it

September 17-19, Sunday-Tuesday

CoreNet Global, fifth European Summit, Lisbon

This Summit will take the theme 'New Maps for Real Estate: Europe's Expanding Reach', exploring real estate perspectives on Europe's expanding reach to other cultures, markets, businesses and partners. Focus will be the convergence of companies, corporate functions and communities and how this affects the boundaries of traditional multi-national business.

More info: www2.corenetglobal.org/summits_events/lisbon_2006

September 20-21, Wednesday-Thursday

Business Arena, Nordic Real Estate investment conference, Stockholm.

The Nordic nations have become an integrated part of the global real estate market, and Business Arena is the Nr. 1 meeting point for the region. It presents visions for the future and a picture of the current rental and investment

market. Over 5000 delegates have participated since 2001, most representing major real estate owners, business developers, architects, financial institutions, real estate investors and advisors.

More info: www.businessarena.eu

September 21, Thursday

Conferencia `Internacionalización del Sector Inmobiliario, Madrid Spanish language conference on internationalisation in the real estate sector. Latest estimates indicate they will invest €1.5bn abroad this year, two-thirds more than in 2005.

More info: www.recoletosconferencias.com

September 22-23, Friday-Saturday

15th International Investment and Financial Fair REFE, Wroclaw, Poland

The 15th edition of the International Investment and Financial Fair REFE, and the International Investment Market conference attract participants who want to consolidate their position in international real estate investment, and extend their knowledge about finance and investment property. The 2nd International Economic Forum of the World Polonia Business Club will take place at the same time.

More info: www.refe.pl

September 25-26, Monday-Tuesday

Euromoney Legal Training - Real Estate Finance Law Forum, London

The forum looks at the key legal and regulatory developments in structuring real estate finance transactions, with special focus on Real Estate Investment Trusts. To be chaired by Slaughter and May's James Featherby; includes key presentations from experts in the field including Merrill Lynch Investment Managers, SJ Berwin and HM Revenue & Customs. More info: www.euromoneytraining.com/legal

October 3, Tuesday

14th Annual Les Echos Property Investment Conference, Paris French language conference on investment real estate. Program to be announced.

More info: thatemoglu@lesechos.fr

October 4-5, Wednesday-Thursday

8th Annual German & Northern European Securitisation Forum, Munich

This event is established as the premier securitisation conference in the German & Northern European market. It will include discussions on structural innovations, warehousing structures, the skyrocketing CMBS sector, Mezzanine Funds, and new focuses in conduits including multifamily securitisations, latest developments in True Sale International (TSI), RMBS, and ABS information technology.

More info: www.imn.org

October 5, Thursday

2nd Annual Summit on German Non-Performing loans, Munich
Running concurrently with the German ABS Summit, attendees will share thoughts on types of transactions, market potential, comparisons with the rest of Europe, international perspectives on NPL sales, what to take into account when deciding to sell, how German NPL sales fit into credit risk management, structural options and special solutions for smaller portfolios, options available to Sparkassen, time-frames and documentation issues and servicing platforms.
More info: www.imn.org

October 12, Thursday

Real Estate Share Initiative 2006, Frankfurt
The sixth annual Real Estate Share Initiative is a one-day seminar of the main listed German property companies. These are Deutsche Wohnen, Deutsche EuroShop, IVG Immobilien, TAG Tegernsee Immobilien, Polis, Deutsche Grundstücksauktionen, Deutsche Beamtenvorsorge Immobilienholding, Vivacon, Colonia Real Estate.
More info: www.deutsche-wohnen.de/eng/

October 12-14, Thursday-Saturday

FIABCI European Congress, 12th CERAN Conference, Sofia, FIABCI, CERAN and the Bulgarian National Real Property Associations are inviting to this conference which will feature a wide variety of sessions on challenges facing the real estate markets, and complemented by an exhibition for companies to showcase the latest advancements in the field.
More info: www.fiabcisofia2006.com and www.cereansofia2006.com

October 23-25, Monday-Wednesday

Expo Real 2006, Munich
The 9th International Commercial Real Estate Exposition presents the entire value-added chain and functions as a 'working fair'. Project presentations, exhibitor forums and an extensive accompanying program offer a review of latest trends and innovations in commercial real estate. Since its premiere in 1998, Expo Real has developed into one of the leading trade fairs in Europe.
More info: www.exporeal.net

November 2-3, Thursday-Friday

7th European Real Estate Opportunity and Private Fund Investing Forum, London
Information Management Network is coordinating the 7th Annual European Real Estate Opportunity and Private Fund Investing Forum in London, UK.
More info: <http://www.imn.org>

November 7, Tuesday

OPCI-SIIC: New opportunities in French fund and REIT legislation, Paris
French language conference for analysing the impact and the challenges of the new regulations, and the fiscal implications. It is designed for various agents in the real estate sector including asset management companies, deposit banks, and assessors.
More info: www.comundi.fr

November 7-9, Tuesday-Thursday

The International Symposium of Barcelona Meeting Point
This event bills itself as the best international real estate symposium in Europe, with 104 world-class speakers. The International Symposium has won the collaboration of the European Property Federation, the Global Real Estate Institute, the Royal Institute of Chartered Surveyors, the Urban Land Institute, and the business schools ESADE and IESE.
More info: www.bmps.com

November 8-10, Wednesday-Friday

CMSA Europe Conference, Rome
The second annual conference, with the objectives of encouraging innovation and building clarity and transparency in the CMBS industry in Europe. The conference begins with educational seminars and brings together industry experts to ensure a frank exchange of views on hot topics. An opening market overview will be followed by concurrent sessions on specialised issues. Time for networking at the 2006 Conference has been extended.
More info: www.cmbs.org

November 16/18, Thursday-Friday

Expo Alpe Adria Immobiliare, EXAAI, Trieste, Italy
This is the meeting point for real estate operators interested in investing in the Alpe Adria region, which extends from Lombardy to western Hungary, and from Bavaria to Croatia. Three days of meetings, conferences and exchange opportunities in an international event.
More info: www.exaai.it

November 21-23, Monday-Tuesday

REIT World UK 2006, London
In January 2007 investors will be able to invest in UK REITs, a tax efficient vehicle. Now in its third successful year, REIT World is a two-day networking and content-based event, and business development opportunity to tell the market about your expertise. Be the first to anticipate market movements, and to meet those looking to convert. Meet the investors and the deal advisors.
More info: www.terrapinn.com/2006/reituk/

November 22-23, Wednesday-Thursday

European Mortgage Federation Conference 2006, Brussels
Bringing together more than 225 participants, including industry representatives, investors, market makers, mortgage providers, government officials and European Union officials, the conference in 2005 was a resounding success!
More info: www.globalrealestate.org

November 27-28, Wednesday-Thursday

The New Europe GRI, Budapest, Hungary
The Global Real Estate Institute conference will bring together the leading local and international real estate players in an enlarged Europe. The GRI format is to have no speeches or panels. But there will be speakers: you, everybody. The mission of the discussion chairs is to enable everyone to talk freely and to benefit from all viewpoints that are out there.
More info: www.globalrealestate.org

€736m the same period last year, Atisreal Deutschland said in a report. Foreign buying accounted for not less than 82% of the registered purchases.

Another reason for the higher volume was a greater supply of property. Nearly €230m of the volume involved portfolio sales. Apart from office space, investors with diversified strategies were increasingly attracted to retailing and logistics properties.

Looking for bargains or value growth, foreign funds and property firms easily dominated the investment market. They invested €740m, 69% of the transaction volume. Project developers and pension funds accounted for, respectively, €116m, nearly 11% of the market, and €105m, nearly 10%.

Property funds and insurers were absent as buyers but open-ended property funds were very active sellers, contributing about half the turnover.

In the second half, foreign interest should attract more foreigners, keeping liquidity high. Recovery of the office market makes rented objects more plentiful and gives buyers more confidence in the German market. Institutional investors will use new products to overhaul portfolios, and owner-users can focus on core businesses by selling real estate. Municipalities can gain revenue by selling, for example, housing blocks, undeveloped land and public installations.

“Other reasons for the favourable are yields that are still internationally competitive and the low square-metre prices for commercial property,” said Patric Fiegle, Atisreal director. “The outlook however also depends upon the interest rate policy of the European Central Bank.”

Main realtors anticipate lift in German office market after poor first half

The market for office space in German big cities has not improved so far this year but the main realtor companies anticipate more rental demand.

A roundup in the Handelsblatt business newspaper showed that market analyses from leading property consultants Atisreal, Colliers Property Partners, DIP Deutsche Immobilien-Partner and Jones Lang LaSalle agree that new office rentals fell 16% to 980,000 sq.m. in the first half in the major cities but the recent rise in demand for space in Munich and Düsseldorf gave cause for optimism.

All analysts cited economic fundamentals and the forecast 1.8% GDP growth for an improved outlook. Atisreal business manager Piotr Bienkowski said a shrinking supply of new office space would also tighten the market in the second half of this year. Robert Menke of Cushman & Wakefield said supply in high-end market segments in the Frankfurt banking district is tightening. pfe

June inflow ends capital leakage from German open-ended property funds

For the first time this year, investors in June bought more shares of Germany's open-ended property funds than they sold, according to statistics from BVI, the country's association of investment firms and asset managers. A net €220.3m flowed in.

A wave of selling swept over the industry starting in mid-December after Deutsche Bank's DB Real Estate froze redemp-

tions of shares of a fund slated for asset revaluation. A month later KanAM was forced to suspend redemptions of a fund that was weakened by an adverse rating comment.

In first quarter 2006, €7.5bn of investment capital has been withdrawn from the open-ended property funds, particularly those of DB Real Estate, Deka Immobilien and DIFA Deutsche Immobilien. The sell off dwindled to only €700m in the second quarter as the panic subsided.

BVI said the performance of the fund operators was uneven in the second quarter. AXA Investment, Credit Suisse Asset Management and SEB Immobilien-Investment each netted sales of at least €200m, while KanAM, Morgan Stanley Real Estate and UBS Real Estate each took in more than a net €100m.

In the loser's column DB Real Estate sustained net selling of €940m in the first quarter and was down by €2.8bn by mid-year. Deka Immobilien and DIFA Deutsche Immobilien, the firms managing the largest assets, also suffered. In the second quarter Deka had net redemptions of €719m, DIFA €187m. pfe

Foreigners make over half of German commercial property investments

Foreign buyers were involved in 55.2% of the 152 commercial property transactions in Germany in the first half of 2006, worth €21.34bn, says a market analysis from DEGI Deutsche Gesellschaft für Immobilienfonds, the property investment manager of Allianz insurance.

Of these, 12.3% were from the UK, 7.1% were from the US and 18.2% were from EU countries. Germans were sellers in 77.6% of all transactions, and 52.5% of the properties were outside the major urban property markets, a sign that optimistic investors were willing to accept larger risks. “Property investors ... cannot afford to ignore ‘hot spot Germany,’” said Thomas Beyerle, DEGI's research and strategy chief.

A large proportion of the deals DEGI analysed were portfolio sales, not individual transactions. “Capital market investors want to use portfolio purchases to rapidly build up an exposure in Germany, so as to take advantage of the currently favourable phase of the market,” said Beyerle.

Compared with 2005, he detects a shift towards commercial properties, with retailing sites forming 48% of the first-half volume, offices 26% and residential properties adding only 15%. The largest deal was a €4.5bn package sold by retailer Karstadt-Quelle to a venture owned 51% by Whitehall Fund and 49% by Karstadt Quelle. pfe

German commercial RE investment rises 189% in first half - Atisreal

More than €18bn was invested in German commercial properties in the first six months of this year – 189% more than in the first half of last year, says a survey by Atisreal, a real estate services unit of BNP Paribas.

“The result of the first six months confirms our forecast that investment would continue to rise in 2006, with portfolio business still making a big contribution,” said Piotr Bienkowski, managing director of Atisreal Germany.

Atisreal sees record transactions this year. If residential port-

folios and non-performing loans are included, the half-year commercial turnover swells to €25.95bn.

Portfolio transactions of €10.31bn formed 57% of the commercial property transactions, individual deals of €7.78bn were 43%. Retailing properties were 57% of the commercial total, thanks to the sale of a very large Karstadt package. Office buildings were 23% of the total, or €4.2bn and logistics properties worth €1.1bn were 6%.

German office space rentals in the first six months matched those of the same period last year. In the nine most important office locations – Berlin, Cologne, Düsseldorf, Essen, Frankfurt, Hamburg, Leipzig, Munich and Stuttgart – new lease contracts were concluded for a total of 1.32m sq.m. Rental price levels for modern, favoured premises have stabilised in virtually all locations. pfe

German legal change may encourage insurers to hold more property assets - IVD

Proposed changes in German insurance law could increase the proportion of real estate in the financial investments of underwriters, says German real estate federation IVD.

The current ratio of 5% for property investments could rise to 8%-10% in the next five years, estimated IVD (Immobilienverband Deutschland). Vice President Jürgen Michael Schick cited draft legislation requiring insurers to credit their policyholders every two years with all financial investment gains and 50% of their valuation reserves. This would cause a restructuring of the financial assets of the underwriters.

A larger proportion of real estate could then be anticipated in the financial portfolio in order to reduce fluctuations in the value of investments. That implies a shift in weighting away from stocks and bonds. pfe

FINANCING

Eurohypo in €280m funding for development of huge dockside Hamburg project

Eurohypo says it is financing €280m of a multi-billion project to replace part of Hamburg's old docks with new houses for several thousand people on a site of more than 380 acres.

Called Hafen City, the project is supposed to start this year after 20 year of planning and to be completed in 2012. It is described by Eurohypo as the "biggest inner urban development project in Europe."

The Commerzbank-owned real estate bank, Germany's largest, said it is financing a part of the development called Überseequartier, which it called the centrepiece of the whole project.

Along the Elbe River waterfront, 21 buildings with 270,000 sq.m. of mixed-use space will go up on 20 acres of land next to Speicherstadt, the restored dockside warehouse area. This section will have offices, 400 apartments, shops, restaurants and a hotel along with a large aquarium and a hybrid science museum-adventure park to attract visitors.

Realtor Groß and Partner, ING Real Estate and ABN Amro's Bouwfonds Property Finance form the construction con-

sortium for Überseequartier. Eurohypo's loan is financing the cost of acquiring the land and the first construction phase. pfe

German Hypo Real Estate finances deals for Swedish SAGAX, Docks Lyonnais

Hypo Real Estate Bank International, Germany's No. 2 property financier, says it has underwritten a €118m senior investment facility plus an acquisition facility for listed Swedish property company AB SAGAX. It has also arranged financing of €199m with which the French SA Docks Lyonnais acquired an office building in Nanterre.

The SAGAX's arrangement finances all the firm's real estate holdings in the Stockholm area, along with acquisitions for expansion. The senior investment facility covers 30 greater Stockholm assets with rental space of 210,000 sq.m., let to 133 tenants in services and light to medium industry. The yearly rental value of the portfolio is €16m. The Munich real estate bank has been financing SAGAX's expansion since 2000.

The Docks Lyonnais financing will be achieved through an exchange of shares. Rebuilt in 1990, the 76-year-old building called Le Capitole includes six connected structures with 62,400 sq.m of space and parking for 1,058 cars. Some 74% of the space is offices, the rest light industry. pfe

Hypo Real Estate Bank arranges €341m facility for new Dassault headquarters

Hypo Real Estate Bank International has arranged a €341m facility for the joint venture building the new headquarters of Dassault Systèmes in Velizy south of Paris.

The joint venture includes MSREF IV, a property fund belonging to Morgan Stanley, FSA Properties and Foncière des Régions, Hypo said in a statement.

The facility will refinance an existing loan for a portfolio of four buildings in Velizy-Villacoublay and Meudon leased to French groups Thales, Alcatel and Alstom and will finance development of the Dassault headquarters, which will consist of four buildings totalling 55,000 sq.m. of Class A office, light industrial and cafeteria space. The site is expected to be complete in July 2008. pfe

DEALS

Australian REIT buys €333m of German office properties leased by Telekom

Record Realty, an Australian REIT/LPT has paid €333m for seven office buildings that are under lease to Deutsche Telekom for at least the next 10 years.

Record Realty, a unit of Allco Finance Group, declined to name the seller. Financial Times Deutschland said the buildings were part of the holdings of Israeli investor Igal Ahouvi, who resold at a profit of around €70m after having acquired them more than a year ago from Telekom's Millennium Portfolio. This portfolio had been bought from Telekom in 2001

The real estate associations: German Central Real Estate Committee (ZIA)

German Property Federation is ultimate goal of new German Central Real Estate Committee headed by former chairman of IVG, Eckart John von Freyend

The German Property Federation is by far the youngest real estate association in mainland Europe - so new, in fact, that it doesn't yet exist! However its creation is the ambitious goal behind the launch in June of the Central Real Estate Committee (ZIA) by major players headed by Eckart John von Freyend, former chairman of the listed property group IVG AG.

The idea for forming ZIA has been germinating for some time. "Until today even though real estate is one of the biggest sectors in this country, we don't have one association with responsibility for the whole industry," John von Freyend told PFE. "This was one of the reasons why we have been discussing how to handle this over the last few years." The main question was how to obtain appropriate representation in the political process. "My view is that we have to be a political organisation and not just a roundtable," he says. "We decided to build this ZIA, and after that transform it into the German Property Federation."

However the foundation of a new property association in Germany is akin to opening a large can of worms. So deep are the divisions among competing associations that the Property Association of Germany (Immobilienverband Deutschland, IVD) was last year successfully sued to veto use of a name that implies broad sectoral representation. Created in 2004 from the merger of the German Brokerage Ring (Ring Deutscher Makler, RDM) and the Association of German Brokers (Verband Deutscher Makler, VDM), IVD represents around 80,000 home mortgage brokers grouped in 6,000 small firms. It is not significantly active in commercial or investment property.

IVD is appealing the verdict of the Hamburg state court that found in favour of three plaintiff organisations. The Federal Association of German Residential and Property companies (GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen), represents around 3,200 housing companies. The Federal Association of Free Property and Housing Companies (Bundesverband Freier Immobilien- und Wohnungsunternehmen, BfW) defines itself as the main association of the entrepreneurial housing and property sector, with 1,600 members managing 3.2m housing units, and developing 70,000 homes per year. House & Land (Haus & Grund), is an interest group bringing together around 1m of the 15m private owners of residential property and building land.

Last year as well, the Bundling Initiative of the German Property Industry (Bündelungsinitiative in der Deutschen Immobilienwirtschaft) became the first recent effort by major investment property players to build nationwide representation. Headed by Jürgen Ehrlich, former chairman of the DIFA property fund, BI shares offices with the ZIA in Berlin. Deutsche Bank Real Estate and IVG were founding members, alongside DekaBank, Bouwfonds, Eurohypo, Henderson Global Investors, SEB, Vivico and others. As well, John von Freyend, since 1 July an IVG supervisory board member, was instrumental in calling into life the Corporate Governance Initiative of the German Property Industry, a partner of BI.

Observers remain sceptical that the ZIA can unite the dispa-

rate views and organisational structures under a combined German Property Federation. John von Freyend responds however that ZIA representation does not imply loss of justification for others. "We don't think that any one of these organisations, if they are working well and are well financed, have to give up what they are doing. They can all be members in this new federation. We have started off with about 15 companies during the first step. Now we are collecting still more companies and also bringing in federations."

The founding announcement points out that the ZIA will act as a platform for a top-level German real estate association, joining the German Industry Federation (BDI), and setting up representation in Brussels. "The property branch worldwide is devolving structurally in the direction of a transparent and capital market-oriented sector of the economy," John von Freyend commented. "For Germany as an industrial location, we must now exploit the potential growth elements via an active and internationally-oriented structuring of our sectoral framework. Currently on the agenda are certainly the G-REIT and also a workable and appropriate tax structure for dividend payments."

He sees the success of ZIA linked to acceptance by the BDI, of which he was once a director. "I have already discussed it with the director general of the BDI and he

accepts that we will shortly become a member," he says. "This will give us a position in the economy just like the auto industry, the steel industry, the chemical industry or tourism as one of the big economic branches." The ZIA has also checked statutes of bodies such as the British Property Association. "These are very good models," he says.

"We want to present a united face to the parliament - to be present if real estate-related activities are discussed at parliamentary and government level, and to give parliamentarians and civil servants somebody to talk with who has responsibility for the whole industry." ZIA is in favour of the introduction of G-REITs and for a market orientation. Any new members would have to accept this majority view. "I don't know if all residential associations will be happy to be a partner in an organisation that might have quite a few differences in positions," he says. "We are strictly for the introduction of REITs. We are strictly for all sorts of competition." The next step is a meeting on 6 September when ZIA hopes to win membership of the IVD. "Then we should have the first big federation in as a member," he says. "After that we will see which other associations want to take part." pfe



Eckart John von Freyend: "For the introduction of REITs. Strictly for all sorts of competition."

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

by a consortium of Morgan Stanley and Corpus, an agent for German savings banks.

Australian funds are combing the world for attractive investments because Australians are obliged to save part of their income for retirement. Many funds see Europe and Germany as being undervalued, considering the potential for economic recovery. pfe

PFE COMMENT: Another example of strong demand from the Australians - and hats off to Mr. Ahouvi, whom we do not know. In microcosm, this is the perfect example of first mover advantage in Germany's investment property market. There is no reason to believe that demand will weaken anytime soon for the rare euro real estate assets that have not undergone a radical revaluation in the last five years. As well, valuations will also be strongly impacted if the elements in our front page story come to fruition: ie if Germany, following its collective dithering, finally does embrace the REIT as an efficient property investment vehicle. Watch, as they say, that particular space.

Banque de France renews Paris HQ lease at €481 sq.m., sets new regional selloff

The French Banque de France central bank is renewing the lease on its headquarters building at 48 rue Croix des Petits Champs in Paris for a further nine years, based on an annual ground rent of €866,000 or €481 sq.m. excluding tax and charges.

Separately, it is launching a new call for tenders from private investors for the sale of 11 branches no longer used as a result of the territorial location revision plan started in 2004.

Founding board of the German Central Real Estate Committee (ZIA):

- Dr. Eckart John von Freyend, Supervisory Board Chairman IVG AG (Chmn.)
- Walter Klug, Managing Director, Morgan Stanley Real Estate Investment
- Dr. Bernd Kottmann, Board Member of IVG Immobilien
- Dr. Gerhard Niesslein, Chairman, DeTeImmobilien und Service
- Bärbel Schomberg, CEO of DEGI Deutsche Gesellschaft für Immobilienfonds (Chairwoman of real estate committee of Federal Association of Investment und Asset Management, BVI)
- Werner Knips, Senior Partner, Heidrick & Struggles consultancy
- Dr. Dierk Ernst, CEO, Hannover HL Leasing
- Christoph Kahl, CEO, Jamestown US-Immobilien
- Andreas Lehner, Chairman, Deutsche Wohnen AG
- Alexander Otto, Chairman, ECE Projektmanagement (President of Urban Land Institute Deutschland, ULI Germany)
- Dr. Joachim Seeler, CEO HGA Capital Grundbesitz und Anlage (Chairman of the German Closed Funds Association, VGF)
- Dr. Klaus Trescher, Supervisory Board Chairman of Pramerica Real Estate Investors (Europe)

The Banque de France is the only tenant of its 1,800 sq.m. HQ building, owned by Citadel Holding and situated close to the Place des Victoires in the 1st Arrondissement of Paris. Acquired in 1998 by Citadel for over €8.9m, the building was valued at €12.56m at the end of 2005. The 11 buildings it is selling in the regions are mixed-use, office-housing and are offered in three lots, representing a total of about 16,000 sq.m. They are situated at Saint-Omer, Cambrai, Senlis, Levallois, Boulogne-Billancourt, Montbéliard, Draguignan, Dax, Bergerac, Saintes and Fontenay-le-Comte.

The sale process is being managed with the assistance of the Odiprom company (Société Générale group), itself selected through a call for tenders. It will take place in three phases: call for candidates, submission of indicative offers, and submission of firm offers. The sales should be finalised during the fourth quarter of 2006.

The French central bank last year sold a first portfolio of 34 assets to the American Carlyle Group. Hotel operating company, the Société d'Exploitation de l'Hôtel Majestic (Barrière group), bought its former Cannes branch building for €28m. pfe

PFE COMMENT: The Banque de France headquarters building - a huge ranch of a complex, breathtakingly mismanaged for years, sorely overpopulated with scores of employees who are really not needed but can't be let go, hugely under-invested, like the vast majority of the French government's period property assets, and a pearl for any astute investor who can persuade nice M. Christian Noyer to move out to a more appropriate location. Rocco Forte would have a field day restoring it to its former glory - but he would need someone with deep pockets such as GE Real Estate, MSREF or Macquarie to support him.

GE Real Estate pays €555m for 16 Polish hypermarkets from French Casino

GE Real Estate is to pay €555m to acquire a portfolio of 16 hypermarkets with attached retail space from the French hypermarket operator Groupe Casino. GE already owns nine galleries that it acquired in a transaction with Casino in 2003.

Simultaneously, Casino announced it is disposing of its Geant hypermarket business in Poland to the German Metro Group and disposing of the Polish operations of its Leader Price supermarket chain to the UK-based Tesco. Total sales proceeds from its Polish retail and property assets will reach €884m.

GE Real Estate Central Europe has agreed 10-year leases on the hypermarkets, which have a total gross lettable area of 339,686 sq.m. The US-based group said it is building on its strong track record of owning and managing retail assets in Poland, Bulgaria, Czech Republic and Slovakia. The deal also builds on GE's relationship with Casino following the acquisition of 12 retail galleries from them in a €220m transaction in 2003.

Managing Director Karim Habra said: „This 100% equity transaction rapidly accelerates GE's growth in the region. It will more than double our ownership of retail assets in Poland and make us the leading real estate investor in Central Europe.“

Metro's Real supermarket unit will pay €224m for the Polish retailing assets of Geant, Casino's chain store operator. Tesco Plc is buying the Polish Leader Price chain of convenience stores for €105m.

The three-way transaction is part of a plan to reduce Casino's net debt by €925m. The French retailer will keep Polish real estate valued at €130m. All Casino's Polish activities contributed only €6m to group operating profit in 2005. pfe

Corio's Spanish unit acquires Barcelona shopping centre for €122m

Corio España has agreed to buy Barcelona shopping centre Maremagnum for €122m. It will control the lease for the 22,000 sq. m. port-side mall until 2049.

Corio bought the shopping centre from DLJ Real Estate Capital Partners, a fund managed by Credit Suisse First Boston, and the General Property Investment Company, which is part of the Pacific Investments Group. Under the concession agreement there is pre-emptive right in favour of the concession holder at the expiry of the concession.

Including the Barcelona mall, Corio España owns and manages nine shopping centres in Spain. At present, the company is renovating centres in Madrid, Parla and Jaen. The deal is pending approval from the Barcelona Port Authority. Maremagnum was built in 1995 as part of the construction boom surrounding the 1992 Olympic Games. Renovation was finished in 2005. pfe

CBRE acquires companies in UK, France, Netherlands to boost reach

CB Richard Ellis, the giant US-based real estate services firm, has acquired French property managers CPMS and Artequation, UK industrial property specialist Holley Blake and Dutch

building consultant Rietmeijer & Partners.

Paris-based CPMS, a property manager and provider of corporate facilities management services since 1986, has served such customers as AIG, Morgan Stanley, DB Real Estate, DEKA, GE Capital, Curzon and Kanam. Artequation is a French project manager and building consultant that expands CBRE's service offering in Europe. It has worked on such Paris office buildings as Centorial, Madone, Wilo, Jade, Inovatis 1 and Radisson Hotels.

Ten-year-old Holley Blake has become the UK's leading specialist in industrial real estate services, advising such prominent customers as Brixton, ProLogis, Gazeley, Astral and Parkridge. The Dutch Rietmeijer & Partners, also known as Rietmeijer Huusvestingsadviseurs, is a building consultant with which CBRE has worked on combined projects in the past. pfe

Tishman Speyer acquires La Défense office from international consortium

US real estate company Tishman Speyer continues a deal-making spree in Paris with the recent acquisition of the office building Tour Esplanade in the La Défense business district of the French capital. No price details were given.

The selling consortium includes Caisse de depot et placement du Quebec, France's Caisse des depots et consignations and GIC, the investment arm of the government of Singapore, the French property portal Businessimmo reported. The 53,000 sq.m. building is leased entirely to mobile operator SFR/Cegetel.

"Our choice was influenced by geographic location, the quality of the building, the notoriety of the tenant and the rent, which is reasonable under current market conditions in La Défense," Philippe Joland, Tishman Speyer director said.

PFEPEOPLEPFEPEOPLEPFEPEOPLEPFEPEOPLEPFEPEOPLEPEOPLEPEOPLE

Rodolphe Boesflug was made head of investment at **Keops commerces** in Paris, the retail and hotel arm of Keops... **Cyril van den Hoogen** and **Robert Eujen** have been appointed as CFO and director of portfolio management respectively at **Holland's Altera Vastgoed**... **Daniel Dupard** was named senior advisor at **Aurel Conseil**. He is a former president of **Nexity Conseils** and **Nexity Expertise**... **Pieter Roozenboom** has been appointed by shareholders to the management board of **Uni-Invest Holding**. He moves over from **ING Real Estate Investment Management Europe** where he was **Chief Operations Officer**... **Joyce den Burger** has joined **Dutch fund Uni-Invest** at 1 May 2006 as legal council. She has been a real estate solicitor with the firm **Boekel de Nerée** for seven years... Spanish real estate consultant **Asesoramiento Inmobiliario Roan** named **Emilio Velasco Azagra** as director of new Hotels and Resorts division. Azagra previously worked at consultants **BPR**, **BPO** and **Christie Owens & Davies**... **Wim van der Kooij** has joined **Arlington's Amsterdam office** to co-manage a fund for Swedish pensions firm **Alecta Pensionförsäkring**. He moves over from managing the Dutch steelworkers' pension fund... **Jan Dirk Poppinga** has been named the new Head of **Retail Investment at CB Richard Ellis** in Berlin. He had been a member of the **Jones Lang**

LaSalle Retail Investment Team for six years... Italy's Impregilo said **Rosario Fiumara** has been appointed to head its Corporate Administration, Finance, Control & Information Systems Division. She had previously been controller for Europe... **Ralf Lehmann** is to join **Corpus Asset Wohnen** from 1 September in Düsseldorf. He moves over from **Deutsche Annington**... Bulgarian property developer and hotel operator **Orchid Developments Group** has appointed **Yedida Maor** as its new finance director with immediate effect... Wiesbaden-based real estate bank **Aareal** has appointed **Andreas Pfaff** to take over the **Real Estate Structured Finance Team** based in Hamburg. He moves over from **Barclays Capital**... **Toby Monckton** has been named director of international investments for **Atisreal**, to be based in London... **Cyril Schlessner** will become director general of **Siicinvest**, a property arm of **Locindus**... **Hasan Gulbol** will help steer **Ile de France** operations at **Lazard** in Paris... **Andre Camo** was named president of the board of **UFG group**... **Xavier Lepine** was made director general of **UFG group**... **Henri du Boucher** was named president and director general of **Sogeprom**... New **CEO** at Italian state property company **Patrimonio dello Stato** is **Pierpaolo Dominedò**, a former manager at **Iri**, at **Rai Holding** and at **Fintecna**. pfe

Purchase of Tour Esplanade marks the return of Tishman to La Défense after it sold the Tour CBX, months after development was complete. Tishman recently acquired the largest private office building in Paris, La Lumière, as well as two other buildings in the city centre. Tishman owns property worldwide worth €19bn, including New York's Chrysler Building and Rockefeller Centre. Its French portfolio is worth about €1.6bn. pfe

Spanish retailer Cortefiel sells properties for €315m to GE/AXA consortium

Spanish clothing retailer Cortefiel has sold 43 properties to a consortium led by General Electric Real Estate and Axa Investment Managers. The sale was conducted via an international auction managed by CB Richard Ellis.

The properties comprise 23 commercial centres in Spain and Portugal, seven commercial assets in France and Belgium, its Madrid headquarters, five industrial assets and seven other properties. Cortefiel said the divestment will be used to finance and increase the funds in its main line of business. pfe

Interconti sells seven European hotels for €634m to Morgan Stanley

London-traded InterContinental Hotels Group said it has sold a portfolio of seven branded hotels in continental Europe to Morgan Stanley Real Estate Funds for €634m.

As part of the deal, the international hotel chain and the US investment bank agreed to change the brand of some other MSREF hotels into Interconti hotels. pfe

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