

French REIT reform approved as UK launches, G-REITs gear up for spring

The 'SIIC 4' reform of the French REITs regime was approved by the Senate as expected in late December and came into effect last week as the UK launched its new regime, and Germany geared up for G-REIT issuance in spring.

Welcome back to work, and a very Happy New Year 2007. Not only did the news flow become barely lighter during the year end, it actually seems to have accelerated. This first issue of Property Finance Europe for 2007 starts a trajectory that will take us through to issue 60 on 10 December. Plenty to do before then, even though the conference circuit starts off the year light. This issue sees the first of two guest columns per edition we are scheduling to provide expert views on very specific topics. In this issue ING Real Estate's Jan Meulenbelt comments on multi-manager property funds, while Scenari Immobiliari Chairman Mario Breglia provides his close-up view on REITs in Italy following the sudden legislative amendment in December legalising them.

The PFE team is preparing other changes for the starting blocks, all designed to serve your information needs better. PFE will be increasing distribution globally over the next few months and particularly in the US. One of our missions is to be the platform for non-English Europe to speak to US and international investors. Contact Advertising Manager Max Kamenshine to make sure you benefit with your message. Meanwhile, watch this space. Good luck and good hunting!

SIIC 4 aims at diversifying share capital and avoiding control by a single shareholder or concert parties where SIIC distributions are fully tax exempt. It imposes 20% tax on dividends paid by French REIT/SIICs to corporate entities that own more than 10% of capital but do not themselves have REIT status either in France or abroad.

The measure targets SIIC 'captives', created by institutional investors solely for fiscal reasons (see p2 and PFE Interview p8). In particular, Spanish property companies and Luxembourg funds have, since France created REIT/SIICs in 2003, benefited from shareholder tax exemption. SIIC 4 boosts the required free float for SIICs to a minimum 40% of share capital, and 15% prior to application for the status. It also provides a special exemption to encourage investment in hotel, café and restaurant property.

Meanwhile, senior figures from the UK property sector celebrated the start of the UK REIT regime and launch of a new UK REIT index at the London Stock Exchange last week. "We are delighted to celebrate the commencement of the UK REIT regime," LSE Chairman Christopher Gibson-Smith said. "We are confident that the result will be cheaper capital-raising for companies, and more opportunities for investors."

In Germany, Rainer Riess, Managing Director of Deutsche Börse, said the first G-REIT flotations could take place as early as the second quarter, with individual volumes exceeding €700m. Specialists believe up to 30 IPOs flotations could take place this year, some with asset bases as low as €100m. German states have spoken out in the Bundesrat against the exclusion of residential property from G-REITs. (see pages 3 & 4) pfe

Spain's Astroc Mediterráneo ends year with meteoric rise

The Valencia-based Astroc Mediterráneo ended 2006 with a meteoric rise in its share price and huge growth in its asset base. [page 3](#)

Italy's REITs launch prompts Beni Stabili to cut foreign plans

The launch of REITs in Italy has prompted Beni Stabili to cut plans to invest abroad and renew a search for opportunities at home. [page 5](#)

Deutsche confirms German fund asset sale to Eurocastle for €2.1bn

DB Real Estate confirmed the sale of German property assets in its grundbesitz invest fund to Fortress' Eurocastle unit for €2.1bn. [page 10](#)

European property shares have little potential in 2007 - Kempen

Amsterdam's Kempen calculated the total return on European real estate shares in 2006 was 41%, but it sees very slight rises in 2007. [page 7](#)

Dorian Kelberg, French Federation of Property Companies

The PFE Interview [page 8](#)

Italy's Agnellis diversify into US, property with Cushman & Wakefield purchase

Italy's Agnelli family, founders and major shareholders of Fiat, has confirmed that it is paying \$563m (€430m) in cash to acquire a 67.5% share of global realtor Cushman & Wakefield, its first major diversification into the global real estate sector.

The seller is Rockefeller Group International, the US real estate arm of Mitsubishi state, and it puts an enterprise value on C&W of \$975m and an equity value of \$834m.

The revival of major investment by the Agnellis is seen in Italy as a sign of recovery in the family fortunes, a signal that the accounts of automaker Fiat have returned to equilibrium after years of disastrous losses, and a positive signal for the economy. John Elkann, deputy president of Fiat, said, "Cushman & Wakefield is precisely the kind of company we've been looking for as we continue diversifying our investments." (See p3) pfe

French SIIC 4 reform curtails cross-border dividend tax leakage in 'captives'

The 'SIIC 4' reform of the French REITs regime, approved by the French Senate as expected in late December, aims at diversifying share capital and avoiding control by a single shareholder or concert parties where SIIC distributions are fully tax exempt.

It imposes 20% tax on dividends paid by French REIT/SIICs to corporate entities that own more than 10% of capital but do not themselves have REIT status either in France or abroad. It does not apply to individuals in this situation. The measure clearly targets SIIC 'captives', created by institutional investors solely for fiscal reasons as opposed to the economic goals in the original intent of the legislation.

In particular, Spanish property companies and Luxembourg funds have, since France created REIT/SIICs in 2003, benefited from shareholder tax exemption by owning more than 10% of stock. This is the level above which national jurisdictions may no longer levy tax on dividend payouts, according to international law.

Approved by the French Senate as expected in late December and effective last Monday, SIIC 4 boosts the required free float for Real Estate Investment Trusts to a overall minimum 40% of share capital - 15% prior to application for the status - and also provides a special exemption to encourage investment in hotel, café and restaurant properties.

SIIC 4 requires existing French REITs to reduce stakes held by single shareholders or concert groups to a maximum 60% of equity capital from January 2009. It is effective immediately for all newly-created SIICs. In addition, companies will become eligible for the REIT/SIIC status only if they already exhibit 15% free float prior to IPO, with no one shareholder holding more than 2%.

"The logic of SIIC 4 comprises a strong signal for private individual investors to become shareholders, and our federation will, alongside the government, very closely follow what hap-

pens over the next two years or so," Dorian Kelberg, director of the Paris-based Federation of Property and Land Companies, told PFE (see also PFE Interview, p8).

SIIC 4 coincides with the long-awaited creation this month of a new French property mutual funds OPCI (Organisme de Placement Collectif Immobilier), a non-listed retail investment vehicle designed to have parallel fiscal benefits to REIT/SIICs.

France was the first large European country to introduce REITs four years ago, though they have long existed in The Netherlands and Belgium and were introduced early in the decade in Bulgaria. The success of its SIIC model (Société d'Investissements Immobiliers Cotée) convinced Britain and Germany to introduce REIT regimes, with the UK starting last week. German G-REITs are expected to be brought into law in early spring, with legislation made retroactive to 1 January. Just before year end, the Italian government also suddenly introduced a budget amendment allowing REIT structures, based on the French model.

Other main elements of SIIC 4 are:

- To extend the scope of the regime to make possible tax neutral transfer of ownership of buildings among companies belonging to the same SIIC group,
- To make SIIC status available to companies jointly held by several SIICs,
- To exempt from tax dividends distributed by one SIIC to another holding at least 5% of share capital and voting rights of its subsidiary for at least two years,
- To extend SIIC status to firms held at least 95% directly or indirectly by a SIIC,
- To allow the transfer of building among companies belonging to the same SIIC group under a specific tax neutral regime under certain conditions,
- To make the SIIC regime available to companies jointly held by several SIICs.

The clauses covering exemption from capital gains for intra-group sales are aimed at rendering relationships between parent companies and subsidiaries more manageable. The goal is to

encourage creation of specialised SIIC companies following the model of the Foncière des Régions group.

"Everyone is very pleased," Kelberg said. "What we have in SIIC 4 is nothing more or less than a package of measures that overhauls the incorrect or negative effects of the regime as it existed until now. The measures are extremely significant and positive for improving the functioning of the system."

In a study, Olivier Mesmin and Christine Daric from Baker & McKenzie in Paris noted that failure to comply with the minimum 40% free float would make a SIIC liable to corporation tax under standard conditions, and the condition need to be met on a continuous basis. Exceptions are allowed for tender offerings, restructuring and bond conversions.

In a commentary on SIIC 4, the Amsterdam-based Kempen investment bank said, "we do not expect a rapid sell off by



Attendees at celebrations at the London Stock Exchange launch of REITs last week included Chairman Christopher Gibson-Smith, Liz Peace of British Property Federation, Fraser Hughes of EPRA, Francis Salway of Land Securities, Stephen Hester of British Land, John Nelson of Hammerson, Nigel Rich of Slough Estates, David Fischel of Liberty International, and Tony Hales of Workspace Group.

Spanish and Italian companies, as taxation only represents part of the costs whereas we believe investment decisions are based on the total return expectations for French property. However a potential shift in holdings in time could arise given the tax disadvantage.”

Spain's Astroc Mediterráneo ends year with meteoric valuation rise

The Valencia-based property firm Astroc Mediterráneo ended 2006 with a meteoric rise in its share price and huge growth in its asset base, transforming the company from an unknown to a major player in the Spanish real estate market. Its share price closed Friday at €50.75, about an eight-fold rise from its debut initial public offering price of €6.40 in May 2006.

With new acquisitions in place, Astroc boasts property assets worth about €1.75bn. Just prior to year end the company said it aimed to close 2006 with sales worth €633m and a net profit of €154m. In December, Astroc closed its acquisition for Landscape, the real estate unit of Banco Sabadell, for €990m. It announced it will sell about 40% of Landscape's assets – which Astroc considers non-strategic – to General Electric Real Estate for €650m.

Also, the group signed a deal to sell two of Landscape's hotels in Barcelona to the Rayet Group for €97m. And 10 days ago, Chairman Enrique Bañuelos became the largest shareholder in Banco Sabadell after acquiring a 5.24% stake for €544m. Bañuelos has permission from the Bank of Spain to buy up to 10% of the savings bank.

Pacts also surrounded the newest shareholder of both Astroc and Landscape: Spain's wealthiest person Amancio Ortega, the founder and chairman of the Inditex retail group which owns the Zara chain. After buying a 5% stake in Astroc – of which 4% was sold by Bañuelos – Ortega agreed to buy about 10% of Landscape via an investment vehicle. pfe

Spain's Urbas to develop 20,000 homes in Morocco, sees 7-fold value rise

Spanish residential real estate firm Urbas plans to build up to 20,000 homes in Morocco over the next five to seven years as part of a long-term project. It also announced last week that it had achieved a seven-fold growth in market value during 2006.

The firm's international director Ignacio Otero told Europa Press that Urbas (Urbas Proyectos Urbanísticos) is developing two housing projects in Tangier. It is also interested in building a tourist complex in the northern city of Tetouan and a hotel in the southern coastal city of Agadir. Otero said Urbas is also studying investments in Romania, Bulgaria and Portugal.

In a stock exchange note, the company said its capitalisation at year end totalled €274m, a 717% rise compared with just €33.5m one year ago. Its share price closed Friday at €2.96, up from €2.05 one year ago, but the company has financed growth primarily by boosting equity, and it had 94.4m shares in issue at end-2006, compared to just 16.3m one year earlier.

Urbas also announced Tuesday that it will convene an EGM to approve a further capital increase, and also to approve the merger project with its principal shareholder Guadahermosa Proyectos Urbanísticos and its subsidiary Costa Rey, announced in October. Deputy Chairman Juan Antonio Ibáñez said the aim is to support its continuing growth strategy designed to

convert Urbas into “one of the property companies of reference in Spain.” pfe

First G-REIT IPOs seen in April; up to 30 possible this year - stock exchange

The first German Real Estate Investment Trust flotations could take place as early as the second quarter of this year, with individual volumes exceeding €700m, according to Rainer Riess, Managing Director of Deutsche Börse.

Riess told the Wirtschaftswoche magazine some real estate companies are already making active preparations for the introduction of the new asset class, but did not provide further details.

Separately, Morgan Stanley predicts that G-REIT IPOs will be under the spotlight this year. Klaus Fröhlich, Head of Equity Capital Markets for Germany, Austria and Switzerland, told the Handelsblatt newspaper the sector may see as many as 30 primary offerings, with at least five having a volume of more than €700m.

The Cologne investment bank Sal. Oppenheim has also described the real estate sector as one of the focal points for IPOs in the Prime Standard next year.

The items were reported by the Reits In Germany portal. pfe

Agnelli family diversifies into property with Cushman & Wakefield buy in US

Italy's Agnelli family, founders and major shareholders of the country's largest industrial company Fiat, has confirmed that it is paying \$563m (€430m) in cash to acquire a 67.5% share of global realtor Cushman & Wakefield, its first major diversification into the real estate sector.

John Elkann, deputy president of the Agnelli holding company IFIL and of Fiat, announced the deal, which puts an enterprise value on C&W of \$975m and an equity value of \$834m, in late December in the Rockefeller Center in New York. The seller is Rockefeller Group International, the US real estate arm of Mitsubishi Estate. “Cushman & Wakefield is precisely the kind of company we've been looking for as we continue diversifying our investments,” Elkann said.

The US real estate newsletter The Slatin Report said the fact that current management will remain in place was crucial to the deal. Although neither C&W CEO Bruce Mosler, nor IFIL CEO Carlo Sant'Albano specified additional investments that IFIL might make in the company, they said a strong rationale for it is synergies with IFIL's existing financial services businesses in Europe. For IFIL, which now has \$8.9bn in assets, the deal represents its largest position in the US and a doorway into American corporate boardrooms where it may not already have access.

C&W's Fast Forward strategy is focused on extending business in Europe and the Asia-Pacific region with the aim of generating 50% of its revenues from outside the US by 2011, and on increasing its presence in the investment services sector.

Along with expansion efforts in Europe and Asia, Slatin reported, Mosler said C&W will try to boost its mortgage brokerage business in the US, and also ramp up its already robust investment management, which has some \$7.5bn AUM, primarily in separate-account business in the UK. Mosler declined to speculate on whether the company may move to sell shares to the public. Under the terms of the deal, IFIL can elect to purchase

an additional 8.1% of the company; at present, the 32.5% it does not own are held by C&W management and employees. pfe

PFE COMMENT: This is a very big deal for Italy and also for the property sector in general in signalling a revival in fortunes of the Agnellis. The family has had some holdings in the past in tour operators and resorts but never in real estate companies with global reach such as C&W. IFIL, listed on the Italian stock exchange, manages a portfolio of assets across a range of sectors – including automotive and agricultural equipment in the Fiat Group, financial services via Gruppo Sanpaolo IMI and Gruppo Banca Leonardo, business services in SGS, paper via a holding in Sequana Capital, and leisure and entertainment via the Juventus soccer club, Alpitour and Turismo&Immobiliare. It has more recently targeted financial and real estate services as areas of potential growth, aiming at the same time to increase the geographic diversity of its assets. Some 32% of IFIL capital is in free float, with the balance held by Agnelli family entities. In 2005 IFIL reported a consolidated profit on an IFRS basis of €1.09bn.

France broadens La Défense office tax exemption to entire Ile-de-France

The bill initially stated that reconstruction operations for a

building, carried out within certain guidelines, are subject to taxes only on the creation of new office space based on the square metre size of usable floor area exceeding the usable floor area before reconstruction. The measure was conceived as part of the La Défense revival.

The French parliament adopted an amendment to the 2006 finance bill to this effect proposed by Gilles Carrez, an MP for the ruling party and general rapporteur for the parliamentary finance committee. Carrez argued it is better to extend the exemption rather than reserve it to the area already „best situated for office space“.

French Budget Minister Jean-François Copé described the proposal as „balanced and fair“ but the chair of the Ile-de-France regional council Jean-Paul Huchon said the move implied losses to the La Défense area of more than €36m. pfe

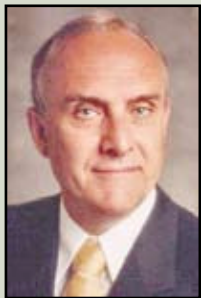
REITS

German Bundesrat speaks out in favour of residential G-REITs

German state parliaments have spoken out in the Bundesrat upper house of parliament against the exclusion of residential real estate in Real Estate Investment Trusts, claiming that re-

Looking into crystal ball of 2007: no more political logic, but less lost candy

Happy, er, New Year! What a wild start. I think PFE is going to have to add another 23 editorial staff just to keep up with the explosions going off in virtually every corner of in European real estate sector with nearly unpredictable timing. Don't even mention the record Greek issuance of CMBS or the will-they won't-they state of uncertainty over what Rome is up to with REITs. Just hang on while we try to track the German REITs that may pile



into the stock market starting in April. Well, we hope. German grand coalition still in holiday mood, trying to stave off collapse before 2008, when it is supposed to fall under its own weight. It is a tradition in Germany, stemming from the 1960s, that grand coalitions only last two years; a sort of political dirty secret that we can't tell the children, sorry, the voters. Official story: lot to do, all agreed on a program; soldier on to the end of the four-year legislature in 2010. no doubt about that. Why do you ask? OK, I won't tell. This indecisive mood would bode ill for Chancellor Angela Merkel's ability to bring G-REITs onto the statute books safely and on time if she wasn't tied firmly into the commitment now. Despite all the grumbling about absence of residential property in G-REITs, it is the German way: bring down highly imperfect legislation because timing does have some importance (we don't want

to be TOO far behind Britain), wait until ruffled fur (of Left or Right) has been appropriately smoothed and pride salvaged, then bring forward sensible and rational legislation. Approximate cooking time 12 months. Faces saved. Anguished property sector mollified. Housing tenants plucked from jaws of danger by fearless politicians. Smiles for the cameras. All happy. Roll credits.... Well, let's hope. There is indeed a complete absence of logic in the Left's protect-the-poor-tenants arguments, as the Bundesrat points out inside this, the 39th issue of PFE. Of course, logic and common sense never has been a Berlin/Bonn strong point. Politics it is, after all.

Meanwhile, just as champagne glasses being shelved and corks brushed off London Stock Exchange floor (see preceding page), shifts and swerves the French REITs sector are highly likely as a result of SIIC 4. The reforms, which are fundamental, will spark substantial re-thinks in French real estate boardrooms, and the consequences will spread well beyond the nation's borders. Where can Spanish companies most profitably spend the huge capital gains they want to take out of their overheated property markets now? Well, however they do, PFE is determined to be in there. We can only promise to work hard to make sure you understand the issues, which are by no means straightforward. Oh, did I mention the first-ever French property derivatives that Merrill and AXA REIM executed before Santa came down the

chimney? That's one that's cooking nicely. Not only the listeds but the funds are not going to be left out either. The new French OPCIs have been launched at long last, providing a non-listed equivalent for REIT/SIICs. The funds association INREV also has some ideas of its own up its collective sleeve in Amsterdam.

2007 will be a year in which the real estate sector in Italy will be making a big push to move into the modern, dis-intermediated world, not least to attract much needed capital into the nation. Oh, and the year of further 'explosive' development in central and eastern Europe, particularly following the accession of Romania and Bulgaria to the European Union last Monday. Even if Kempen only sees 4% upside in real estate shares in Europe this year, Henderson Global is going for a halfway decent 12-15%. Whichever way it turns out in the equities market – which may well have gotten ahead of itself - we think the outlook is exciting. One trend will certainly continue: the increasing professionalisation of the markets. JLL's Christian Ulbrich brings up an important point in this issue: how can domestic property structures with tight investment covenants compete with the free-wheeling private equity guys, and the clever, fleet-of-foot investment banks? So far, candy has been taken away from babies in less developed jurisdictions. This cannot, should not and will not continue. Less lost candy. That's my prediction.

Allan Saunderson, editor@pfeurope.eu

strictions will weaken the new financial product, the Reits in Deutschland portal reported.

The Bundesrat, controlled by the right-of-centre conservative parties CDU/CSU, in a statement rejected the claims of the Social Democrats and other left-wing parties that tenants would be put at risk by inclusion. It said tenants would gain no benefit if G-REITs may not invest in housing since international REITs, private equity funds and all other German and international investors have, in any case, unlimited access to German residential real estate.

The exclusion of residential real estate, as stated in the current draft legislation, will also deny many local authorities the opportunity of disposing of their real estate portfolios while retaining an indirect participation and being able to influence decisions. "If they are not allowed to sell to a REIT, the authorities will have to find another investor which could possibly be one of the dreaded 'locusts'," the Bundesrat said in a draft document.

The states also called for the relaxation of regulations for former non-profit making housing associations as well as compensation for local authorities for the anticipated trade tax losses that will result from the REIT legislation. The statement has no immediate binding effect. However the Bundesrat view will be instrumental in passing REITs legislation, expected to be passed on from the Bundestag lower house in the spring.

Thomas Gütle, Managing Director Germany for Cordea Savills, commented: "It is no real surprise that the states are in favour for the inclusion of residential property since many highly-indebted communes would very much like to follow Dresden's example and use proceeds from sales of housing to re-balance their budgets. They have very few alternatives to this, except for instituting highly restrictive savings policies." pfe

French REIT/SIIC Gecina acquires Défense Ouest for €350m

The largest French REIT/SIIC Gecina is strengthening its presence in the new Portes de La Défense business district in the west of Paris with the acquisition of the Défense Ouest real estate complex from developer HRO for €350m. Construction in western Paris, near the main La Défense district, is near completion.

It is expected an initial 29,000 sq.m. will be available in the current quarter with a further 24,000 sq.m. delivered in June. Gecina adds the acquisition to its recent purchase of another Portes de La Défense building in the same district. Gecina has holdings valued at more than €10bn making it France's leading listed rental real estate company. pfe

Deutsche Börse under fire for plan for separate REIT exchange segment

The German stock exchange operator Deutsche Börse has rejected intense industry-wide criticism for its sudden decision, announced late last year, that it will create a separate segment for Real Estate Investment Trusts, keeping them out of the main DAX groupings.

In spite of massive protest from inside the industry, it does not intend to admit REITs to the DAX or the MDAX. Deutsche Börse Director Martin Steinbach told the Financial Times Deutschland newspaper: "We have been talking to investors, companies and intermediaries for three years now, and the feedback we have been getting everywhere suggests that REITs are

an asset class of their own."

The newspaper earlier quoted Fraser Hughes, head of research for the European Public Real Estate Association (EPRA) saying, "The idea is ludicrous. In any other country, real estate companies are admitted to the important share price indices - no matter whether they are REITs or not." Oliver Puhl of Morgan Stanley was, among many sector professionals, also heavily critical.

FTD noted that the decision comes as a particular surprise since most existing stocks indices do include REITs, and the Japanese Topix lead index is the only one to exclude them. However, the British index provider FTSE may also set up a separate index for UK REITs, but the trusts will be included into the FTSE 100 lead index nonetheless. pfe

New French SIIC SFPIF to pick up investment to €250m this year

French REIT/SIIC Société Foncière Paris Ile-de-France said it intends to pick up the pace on acquisitions in 2007, with a planned budget of €200-250m and a target of 7% gross yield from rents.

SFPIF, which listed on Euronext last March, is also diversifying into development projects, which currently account for 10-15% of holdings. Two projects are under way in the Paris suburb of Saint-Denis for an investment of €125m and a projected yield of 8.5 to 9%.

The group said in late December it has increased the value of its holdings more than threefold since its IPO last year through the acquisition of 20 new buildings in the Paris suburbs. The company's asset portfolio reached around €240m by the end of 2006, generating a gross yield from rents of 7.4%. In July, it had reported assets of just under half of this.

SFPIF group was formed and is chaired by Jean-Paul Dumortier, president of the the Federation of French Property Companies (FSIF). pfe

REITs/SIIQs launch prompts Italy's Beni Stabili to curtail foreign plans

The launch of Real Estate Investment Trusts (REIT) in Italy, announced last month, has prompted one of the country's largest quoted property companies, Beni Stabili, to curtail its shift of investment focus abroad, and renew a search for new opportunities in Italy.

Beni Stabili said the launch of REITs/SIIQs (Società d'Investimento Immobiliare Quotata) means it will focus activities during 2007 particularly in the centre-north of the country and in major cities as Rome and Milan. In the last five years its property portfolio has grown fivefold to €3.9bn, while its debt stayed at €2.2bn. The portfolio almost entirely comprises office buildings.

However, it signed an agreement last November with the private company Immobiliare Grande Distribuzione for the establishment of a 50/50 joint venture to acquire and develop existing shopping centres. The new company had an initial equity of €120m and a medium-term investment target of around €500m.

Beni Stabili's choice to focus on Italy will be very important for the country's real estate market. The company has over €1bn for investment, without even troubling its stakeholders for more capital. It also has a €400m portfolio of trading prop-

erties and an extra €3.5bn portfolio of investment properties, which are rented out to Italy's most reliable companies, including Telecom, Banca Intesa, Fiat, Prada and the national railways. pfe

PFE COMMENT: This certainly demonstrates the galvanising power of REITs for a previously fairly moribund national real estate market. The two principals of Beni Stabili have been among the most vocal critics of different governments' indecision and endless delay on property legislation, notably slamming the Romani Prodi government for its abrupt VAT changes last July, which it then had to broadly rescind. The Amsterdam real estate investment bank Kempen raised its rating for Beni Stabili to buy from add, and said the title had a target price of €1.27. It sees the valuation that the market has given Beni Stabili's real estate portfolio is excessively conservative, and it stressed the capacity of Rome's introduction of SIQs to benefit the value of the group's assets.

Double listing, SIIC statute for French property investor Montea

The fixed capital property investment company Montea, constituted around the De Pauw and Affine groups and recently listed on the Eurolist at Brussels, in mid-December also achieved a listing on the Euronext in Paris, and is to take on REIT/SIIC status.

Montea has the legal form of a Sicafi (société d'investissement à capital fixe immobilière). It said this move will also benefit its fully-owned subsidiary Montea France. The latter holds purely domestic assets, and was created in December to tap into the strong potential it sees in the French market.

Montea specialises in investing in logistic platforms and semi-industrial buildings in Belgium, France, and subsequently

in other European countries.

Its market capitalisation is already nearly €100m, of which over 37% was the object of a public offering in early October. Net assets at the sale date were assessed at €80m, or €28.04 per share. pfe

French FDL gets €657m asset/cash injection for more German investment

France's FDL, a property investment company controlled by REIT/SIIC Foncière des Regions and Predica, the insurance unit of the Credit Agricole group, has seen its market capitalisation boosted above €1bn following a capital increase of €657m. The capital increase was fully subscribed by institutional investors to support a strategic acquisition in Germany.

One year after it was established, FDL (Foncière Développement Logements) now manages €3bn in real estate assets in France and Germany. FDR contributed 90% of FDR Deutschland, which owns 5,500 residential units initially belonging to the Thyssen Krupp group. The portfolio, appraised at €309m, generates some €17m in annual rental income. Cardiff Assurance Vie, a subsidiary of BNP Paribas Assurance, contributed 100% of 11 SCI property companies, which together own 360 residential units in Paris and its western suburbs. Valued at a €104m, the properties generate annual rental income of €5m.

In addition, FDL on 1 December 2006 completed the acquisition of Immeo Wohnen from the Morgan Stanley Real Estate Fund and Corpus. Immeo Wohnen owns some 40,000 residential units previously held by Thyssen Krupp, located near Düsseldorf. The properties have an estimated value of €2.1bn and generate annual rental income in excess of €141m.

The contributions and capital increases have boosted the number of FDL shares to 13.7m from 4.6m. To help FDL reach its goal of strengthening the free float and increasing liquidity, Predica and FDR sold 839,329 and 359,712 shares respectively, increasing free float to 8.8%. The FDL shareholder base comprises Foncière des Regions (36.2%), insurance companies of the Credit Agricole group (15.1%), Credit Mutuel (5.5%), Generali (5.4%), GMF (6.8%), and BNP Paribas (9.1%). It now includes Morgan Stanley Real Estate Fund (11.4%) and the Banque Populaire group (1.7%). pfe

PFE COMMENT: SIIC 4 raises its head even before being enacted for effect from 1 January this year! Not entirely clear to us what FDR - which is the driving force of FDL - is up to here. The clear aim in the capital is to widen the shareholder base to achieve the 40% free float requirement at some stage that the new legislation requires. Like other existing French REITs, it has plenty of time to do this - until the end of 2009. On the

Top 10 largest investment real estate transactions in Germany, 2006

Portfolio SECTOR	NAME	NUMBER OF OBJECTS	PRICE €m	SELLER	ORIGIN OF SELLER	PURCHASER	ORIGIN OF PURCHASER
1 Retail	Karstadt Portfolio	97	4500	KarstadtQuelle AG	Germany	Whitehall (Goldmann Sachs)	Global
2 Mixed	Project "Mars"	61	2100	DBRE *	Germany	Eurocastle/Fortress	Global
3 Office	Project "Hercules"	47	1100	DEKA	Germany	Oaktree	Global
4 Office	Project Cole & Bridge	Cole: 4 Bridge: 6	1004	DBRE *	Germany	CDP/SITQ (Cole) and Fortress/Eurocastle (Bridge)	France/Canada USA
5 Retail	Lidl Portfolio	250	1000	Lidl & Schwarz	Germany	Babcock and Brown Tishman Speyer (Naut I) & IVG (Naut II)	Australia USA Germany
6 Office	Project Nautilus I und II	Naut I: 10 Naut II: 4	860	DIFA *	Germany	IXIS	France
7 Office	Primo I und II	38	816	Hansestadt Hamburg	Germany	Nomura International	Japan
8 Retail	Max Bahr DIY Portfolio	77	800	Max Bahr	Germany	CA Immobilien AG	Austria
9 Office	Leo II	36	768	Land Hessen	Germany	Merill Lynch/ECE	USA
10 Retail	Brune Portfolio	4	710	Brune	Germany		

Single Asset SECTOR	NAME	MARKET	SELLER	ORIGIN OF SELLER	PURCHASER	ORIGIN OF PURCHASER	
1 Office	Skyper	Frankfurt/M	400	Deka Bank	Germany	UBS *	Global
2 Retail	Nova Eventis/Allee Ctr Leipzig	Güntersdorf	390	Deka Fonds	Germany	Prime Commercial Props.	UK
3 Office	Uptown München	Munich	340	Hines Immobilien	USA	GIC	Singapore
4 Retail	Limbecker Platz	Essen	300	KarstadtQuelle AG	Germany	Difa	Germany
5 Office	Theodor Haus	Düsseldorf	243	IKB	Germany	unknown	Global
6 Retail	Ernst-August-Galerie	Hannover	191	ECE	Germany	HGA Capital Grundbesitz	Germany
7 Retail	Düsseldorf Arcaden	Düsseldorf	174	mfi	Germany	Ivanhoe Cambridge	Canada
8 Office	Rechenzentrum	Frankfurt/M	165	DBRE	Germany	JP Morgan	Global
9 Retail	Neumarkt-Galerie	Cologne	158	several inc BayernLB	Germany	Quinlan	Ireland
10 Office	Elisenhof	Munich	150	Schörghuber	Germany	Tishman Speyer	USA

Source: Jones Lang LaSalle GmbH *Consulting by Jones Lang LaSalle

asset side, it is nearly the only French group that has joined in the Anglo-Saxon enthusiasm for German residential assets. The operation will be closely watched by Gecina, awaiting the listing of its residential subsidiary Resico, and also by Dolmea, which has yet to find an investment direction. pfe

French property group Terreis oversubscribed at mid-December IPO

The initial public offering of French firm Terreis, controlled by residential property company Foncia, was 15 times oversubscribed in mid-December, with demand coming from institutional and individual investors alike.

Terreis shares were admitted to compartment C of the Euronext in late December, and the company adopted the statute of Real Estate Investment Trust (REIT/SIIQ) effective 1 January 2007.

Terreis invests in small and medium-size office properties, plus retail in city centres, in Paris and the other main cities of France. The portfolio, assessed at €85m as of 31 July 2006, is guided from the lease business conducted by its parent Foncia. It is managed by Jacky Lorenzetti, chairman of Foncia, which rents out 88% of Terreis's portfolio.

The Terreis IPO was enacted via a capital increase of 1.4m shares at a price of €8.88. The retail investor allocation was no less than 55 times oversubscribed, and as a result was doubled to 20%. „The company is growing rapidly, which leaves us with room to maneuver. We plan to invest depending on what opportunities present themselves in quality assets in good locations with attractive yields,“ said Terreis administrator Olivier Froc. pfe

French REIT/SIIC Klépierre acquires Progest, invests €110m

Klépierre has signed an agreement with the Henry Hermand group covering the acquisition of 100% of the shares in the property company Progest, and financial participation in various other property companies. Its planned investment will total €109.6m, which values the property assets at €115.5m and developable construction sites at €6.7m.

Progest and its different units hold shares in several operating commercial centres or infrastructure spread over 13 sites close to or in the centre of large French cities. These represent useable commercial area of 88,000 sq.m., including 36,000 sq.m. for the parts sold.

Klépierre is thus mainly acquiring an interest in four large commercial centres: Creil Saint-Maximin, Tourville-la-Rivière near Rouen, Le Belvédère in Dieppe and L'Océane to the South of Rezé, near Nantes. Four construction sites are also within the scope of the agreement. The main one, located in Forbach, is a project for the creation of a 42,000 sq.m. commercial park next to a shopping mall and a supermarket. pfe

LISTED REAL ESTATE

DIC Asset issue raises €185m for German property opportunities

DIC Asset, a listed German real estate company, raised a net

€185m by issuing 8.16m new shares, increasing the company's share capital to €28.5m from €20.34m.

The capital increase and rights issue lifted the company's free-floating stock to 46.6% from 39.2%. The holding of DIC Deutsche Immobilien Chancen group simultaneously dropped to 37.6% from the previously 42.8%.

The stake of Morgan Stanley Real Estate Funds declined to 9.2% from 10.5%, and Forum S.à.r.l now holds 6.6% instead of the previous 7.5%.

DIC Asset AG will use the net proceeds to finance further acquisitions of as much as €1bn of German real estate assets. Initial transactions are expected shortly. DIC Asset AG had already increased its equity base by €214m net proceeds through a capital increase last spring of 2006 to capitalise on market opportunities. The new shares carry full dividend rights for the financial year 2006. Deutsche Bank and Morgan Stanley acted as joint book-runners.

The company's real estate assets under management currently amount to €2.1bn. DIC Asset has traded in the SDAX segment of the Frankfurt Stock Exchange since last June. pfe

Immoeast more than doubles revenue in first half of 2006/07

Austrian property giant Immoeast raised profit before tax and financial items in the six months ended 31 October by 138% to €112.6m, compared with the same period of 2005.

Earnings before tax climbed by 103.6% to €134.8m in the reporting period, namely the first half of the company's 2006-07 financial year. Revenues rose by 186.5% to €78.5m and equity nearly tripled to €4.44bn with the help of the €2.75bn capital increase last June.

The company said the extensive investments made in the first half-year of 2006/07 are either already reflected in the balance sheet or committed in the form of forward purchases, development projects or the acquisition of shareholdings in joint ventures.

Including committed investments, real estate assets rose by 357.3% to €5.30bn in the first half. Since then the number has risen to €6.47bn and Chief Executive Officer Karl Petrikovic has targeted €7bn by the end of the business year on 1 May. Immoeast, which invests in eastern Europe, is one of three unit of Vienna-based Immofinanz. pfe

European real estate shares up 41% in 2006 but little potential in 2007 - Kempen

The Amsterdam-based real estate investment bank Kempen has calculated that the total return on European real estate shares in 2006 amounted to 41% in 2006, up from gains of 24% in 2005 and equivalent to 2004. But it sees only total return rises of 4% for 2007.

Companies with the highest total return in 2006 were Spain's Metrovacesa (158%), The Netherlands-listed Eurocastle (110%), Risanamento (85%) and Germany's IVG (73%). Eurocastle, controlled by the US private equity firm Fortress Investments, owns primarily German commercial property and so is a 'play' on that asset class.

Lowest total returns were given by Austria's CA Immo (4.8%), Hamborner (3.8%),

Prologis European Properties (-1.5%) and Germany's Viva-

The PFE Interview: Dorian Kelberg, Federation of French Property and Land Companies

SIIC 4 to restore original aim of involving general public in real estate investment; 15% free float to discourage fiscal abuse

The reform of French REIT rules that came into effect last week, SIIC 4, will restore the original intent of bringing real estate investment to the general public, says Dorian Kelberg, director of the Paris-based Federation of Property and Land Companies (FSIF). Not the 40% minimum free float requirement for existing REIT/SIICs but the 15% minimum for future IPOs may slow down their creation in France. But the latter will also discourage companies from taking SIIC status that have no industrial strategy to justify it.

France introduced REIT/SIICs in 2003. Until now it had reformed rules three times - for example to allow the externalisation of industrial property assets into SIICs (Sociétés d'Investissements Immobiliers Cotées) - the equivalent of American UPREITs. French REIT rules have never, until SIIC 4, imposed limitations on equity holdings, with the result that most SIICs have one or two institutional shareholders with strong majority capital positions and very little freely available stock for retail investors.

"The introduction of SIIC 4 will revive liquidity in the sector and push companies toward the structure that we were aiming for in the first place four years ago," Kelberg told PFE in an interview. "One model of reference for us is American REITs where investors to a high degree comprise private individuals. Today we in France have just 7% or 8% free float in SIIC equity. Our aim is to get individual investors involved in the capital and to take this up toward 25%."

In 2002, Kelberg and the FSIF were instrumental in designing and lobbying for Real Estate Investment Trusts in France, the first large European country to adopt the regime. Kelberg also organised the committee that last year drafted the fourth reform of rules, passed into law by the Senate in December and brought into effect last Monday.

He disagrees with the contention that SIIC 4 will spark consolidation in the French REIT sector, slow down their creation and possibly even cause some groups to withdraw from the status: "The wave of company creation is not going to be stopped by this 40% requirement. What could cause more problems is the 15% free float that has to be in place at the time of the IPO. That minimum of liquidity would require finding at least seven or eight partners who must keep the entire strategy confidential from each other." New rules dictate that within that 15%, no one shareholder may hold more than 2% of new SIIC equity.

"My concern and that of the stock market authority AMF (Autorité des marchés financiers) is to discourage those companies who don't really have an industrial strategy but have only opted for the SIIC statute to gain the fiscal advantages."

He sees the rate of creation of SIICs continuing at around 10 per year for the next two or three years, and consolidation unlikely before the end of 2009. "I see this all as a natural development. When we started the SIIC regime in 2003, I

said then that it would take five or six years for the sector to develop to its full potential and the kind of dimensions it should achieve.... and that at the end of this five or six years we would have mergers and consolidation in the sector."

The FSIF, which traces its origins to 1935, represents

around 95% of all listed property companies in France. Their reaction to SIIC 4 has been universally positive, Kelberg says. "Everyone is very pleased. They have all understood that what we have in SIIC 4 is nothing more or less than a package of measures that overhauls the incorrect or negative effects of the regime as it existed until now. The measures are extremely significant and positive for improving the functioning of the system."

At the request of the government, SIIC 4 legislation included an article dropping the dividend distribution requirement on rental income from hotel, café, and restaurant assets (HCR) to 50% from the standard 90%. Kelberg says this opens a door for small hospitality operations to find alternative sources of finance. "France is a small country, and HCR is a small sector in it," he says. "A lot of these assets are situated in the provinces, and are small or only medium

size. They need to find investment and above all investors. Our interest in this sector is firstly to make this type of activity accessible for SIICs, and secondly to demonstrate the economic usefulness of the SIIC structure."

He continues: "What this shows is that SIICs can serve the national economy by adapting to different realities - in this case easing the rules for dividend distribution just in this one sector. Why do this? Simply because the expected yield in this kind of asset is not always simple to attain. These are assets where you generally have to really battle to get your yield."

He adds however that even the reduced distribution is much higher than the average industrial dividend. The 50% distribution obligation is only a floor, and is well above the 4% or 5% of profit that is distributed in dividends by most industrial listed companies.

Kelberg takes it as a compliment that Italian plans for the introduction of REITs later this year used the French SIIC model as their base, but says he has not yet been in contact with Italian counterparts. "The movement that has taken place in Europe since France created the SIIC regime shows that, in the end, we were right to do it," Kelberg says. "The more that countries in Europe adopt this type of system, the happier we are because this is, in reality, a model for the whole of Europe that was born here." pfe



FSIF's Dorian Kelberg: "SIIC 4 will revive liquidity and push firms towards structures we were aiming for four years ago."

con (-21.5%).

Kempen said this strong performance in 2006 was largely due to an expansion of the premium to net asset value, and averaged around a 37% premium by year end. The shares of Risanamento, Vivacon, Metrovacesa and Gagfah show the highest premiums.

Kempen downgraded its rating for Vivacon to Reduce from Neutral, while its views Gagfah shares as overvalued. Both with the 139% premium to 2006 NNAV vs 27% sector average, but also on a cash-flow or dividend basis, the share seems overvalued, the bank said.

Kempen has issued Buy recommendations for Italy's Beni Stabili, Germany's DIC Asset, and Kaufman & Broad for 2007. As well as Gagfah, the bank has a Reduce recommendation on Castellum, Cofinimmo, and Swiss Prime Site. Improved, by contrast, are the ratings for CA Immobilien, now given a Neutral rating, as well as for Deutsche Euroshop. Deutsche Wohnen, however, reverted to Add from Buy.

The NNAV of European real estate shares has noticeably risen, although this was primarily the result of the yield compression. "From 2002 to 2006 the share of revaluation in the total result increased from 11% to 58%. The revaluation result has in the main been driven by yield compression in line with the direct market," Kempen said. pfe

Austrian Immofinanz lifts first-half 2006-07 EBIT by 52.5%

Austrian property company Immofinanz says it lifted its operating result by 52.5% to €301.4m and pre-tax profit by 56.7% to €291m in the first half of its 2006/07 business year.

Revenue simultaneously increased by 31.3% to €239.3m despite considerable investment in development projects, which will generate rental income only later.

The portfolio's fair value reached €10.59bn by the end of the second quarter, 31 October 2006, compared with €5.62bn a year earlier. Subsequent transactions have pushed real estate assets to a record €11.76bn, up 109% in the last 12 months.

Usable space rose by 54.6% to 9m sq.m. in the reporting half-year, when the number of properties rose to 2,324 objects from 1,818.

The company's net asset value (NAV) per share based on assets and liabilities in the balance sheet was €9.65 at accounts closing. NAV per share based on the market value of Immofinanz's interest in Immoeast was €10.30, taking the share price of Immoeast on 31 October 2006.

All three regional subsidiaries – Immoeast for eastern Europe, Immo west for Germany and Immoaustria, performed well. Immoeast's rising share price took the value of Immofinanz' stake in it to more than €3bn in mid-December. Immo west gained €15m from sale of its interest in ProLogis. pfe

PSP Swiss Property sees profit dent after Lehman JV

PSP Swiss Property, a traded Zurich real estate company, says it still expects to report consolidated 2006 earnings before tax and financial items of around CHF200m but that it anticipates a 5% lower result for 2007.

Income from the WFT joint venture with Lehman Brothers ceased in 2007 because all WTF properties were sold in 2006. PSP plans several refurbishments to increase the attractiveness

of the portfolio this year.

Considering those factors and assuming a constant real estate portfolio, the company anticipates 5% lower earnings in 2007 before financial items and gains or losses on real estate investments. Final 2006 figures will be announced 2 March.

PSP owns Swiss urban office and commercial properties worth CHF4.7bn. It also manages for institutional customers portfolios with aggregate value of CHF13bn. pfe

Vivacon places €117.5m in securitised property rights

Vivacon, a listed Cologne property company, says it has placed on the capital market €117.5m in securitised property rights to 10,934 housing units and commercial objects.

The issued security contains rights from a joint property ventures with Forum Partners, entitling that company to about €20m of the proceeds of the issue.

The placement was made with institutional investors in Germany in a securitisation transaction packaged by UniCredit Markets & Investment Banking in the form of Commercial Mortgage-Backed Securities (CMBS).

The debt securities have an anticipated life of seven years and a maximum of 13 years. Vivacon will use the proceeds of the issue mostly to expand its business with portfolio transactions. pfe.

AIM's Puma Brandenburg announces maiden interim results

Puma Brandenburg, an AIM-traded UK firm launched to invest in Berlin real estate, says it has bought six residential or mixed-use properties, committing €180m and netting profit of €6.35m for its first rump year. A dividend of 1.34 pence was set.

Acquisitions were initially made with equity but a loan facility will soon permit attractive refinancing, the company said in its maiden results covering the period 17 February through 30 September 2006. Puma Brandenburg had raised £185m (€267m) last March with its initial public offering on London's AIM venture segment.

The company's portfolio of 200,000 sq.m. in and around Berlin currently generates annualised rent of €11.8m. More income for the reporting period came from bank interest, €3.9m, than from property rents, €583,000.

The portfolio includes only objects purchased for less than €130 a square foot and mostly for less than €100. A "strong pipeline" of commercial and residential purchases is in advanced negotiations, it said.

Registered in Guernsey, Puma Brandenburg typically invests in apartment blocks with some retail element in order to generate income and capital growth by acquiring, actively managing and selling real estate. pfe

Spain's Metrovacesa spends more on French buys, gains new shareholder

Spain's largest listed property company Metrovacesa invested more on acquisitions in the French market than in its native country through the third quarter of 2006. It also gained a new major shareholder which may tip the balance in the internal battle for control.

According to Cinco Días financial newspaper, the company spent about €1.48bn in France via unit Gecina compared to only about €400m in Spain. In addition, there are deals pending in France and Spain worth €555m and €378m, respectively. Before the holiday break, Metrovacesa also announced the purchase of property in the business district of La Défense in western Paris for €350m. The complex includes five office buildings and a car park.

In terms of Metrovacesa's real estate projects, however, Spain has a slight edge over its neighbour to the north. Last year through September the firm invested €1.35bn in Spain: €863m in office buildings, €374 in shopping centres and €113m in hotels. In France the figure is €1.10bn: €917m in office buildings, €125m in shopping centres and €54m in industrial warehouses.

Also in December, the Lara family bought 5.1% in Metrovacesa for €632m from savings bank Bancaja. The Laras control publishing house Planeta and hold a 30% stake in budget airline Vueling. With its Metrovacesa stake, the family now becomes a key player in the internal battle for control of the company between Chairman Joaquín Rivero and shareholder Ramón Sanahuja. After a civil war inside the boardroom earlier this year, Rivero and business partner Juan Bautista Soler control about 36.1% of Metrovacesa while the Sanahuja family owns 39.6%. pfe

France's Club Med to sell €93m in property assets by end-2008

French listed leisure group Club Med indicated it will sell off property assets valued at around €93m before end-2008, and said it will refinance around €310m of assets over the short and medium term out of a total of €951m.

The group indicated it has allocated almost €200m for renovation and village openings for 2007, €158m financed by the Club and €30m by partners. „Investments for 2007 will reach around €100m from Club Med directly and around €100m by its partners," the group said in its annual report. In terms of its core business activities, it described the market environment in France as disappointing and demand in Europe as flat. pfe

Spain's Colonial controls nearly 90% of French unit SFL

Spanish property giant Colonial, recently bought by smaller rival Inmocaral, has acquired 89.67% of its French unit Société Foncière Lyonnaise. Recently, the Spanish firm launched a public offer for the 20.64% of SFL it didn't already own for €490m.

Inmocaral was required to make the offer by French takeover law when it bought Colonial for €3.7bn. It will merge the two firms via a share swap: 40 Inmocaral shares valued at €0.12 each for every three Colonial shares valued at €3 each. The merged group will have combined assets of about €8.5bn, will use the Colonial name and continue trading on the stock market. Inmocaral financed the Colonial acquisition using a €2.7bn capital increase and a €3.7bn guarantee from The Royal Bank of Scotland. pfe

Spanish builder Ferrovial sells property wing to Habitat for €1.6bn

Spanish construction group Ferrovial recently sold its real es-

tate unit to Barcelona-based builder and developer Habitat for €1.6bn plus €600m in debt, and will soon participate in Habitat's planned capital increase to acquire a 20% stake.

The sale, which earned Ferrovial capital gains worth about €770m, was designed to lessen the company's bulging debt. After it bought British airport management firm BAA earlier this year, Ferrovial's debt rose to about €34bn.

Before selling its property unit, the Spanish builder divested its 27% stake in highway concession firm Europistas. It has also been reported that Ferrovial plans to sell the 50% stake BAA owns in real estate fund Airport Property Partnership (APP), in addition to its operations at the Sydney and Budapest airports.

Habitat's business focuses mainly on Madrid and Barcelona, but it also operates in Argentina, Chile, Ecuador, Hungary and Poland. The deal did not involve Ferrovial's real estate business in Poland, the company said. pfe

FUNDS

Italian textile industry Borgosesia to invest €432m in real estate

Recently listed Italian company Borgosesia, which in 2005 announced its diversification away from textiles into real estate, is to invest €432m over the next four years, of which €397m will go into real estate.

Roberto Bini, president and owner, has already invested over €400m in property, and now is planning to pass his textile activities to his four children to concentrate on his new area of interest. Borgosesia Real Estate and Borgosesia Gestioni SGR were established in 2005 to manage closed-end property funds.

Borgosesia already owns 40 residential, logistic and industrial properties for a value over €166m. The tycoon's company will also start managing closed-end investment funds. The company had its first property fund, Gioiello, approved by the Bank of Italy in November. In 2005, Borgosesia's total revenue was of €141m. Following its recent listing, the company increased capital of €72m. pfe

DB Real Estate confirms sale of German fund assets to Eurocastle for €2.1bn

DB Real Estate has confirmed the sale, just prior to year end, of virtually the entire German commercial property portfolio held by its grundbesitz invest open-ended property fund to the Eurocastle unit of US-based private equity fund Fortress Investment for €2.1bn.

The move is largely seen in the sector as a bellwether for German open end funds, and many more are said to be considering following suit and refocusing, like Deutsche, on real estate assets abroad. DBRE said capital gains from the sale will amount to €200m.

The acquisition of the Deutsche Bank fund portfolio was preceded at the start of 2006 by the Eurocastle purchase of a €2bn property portfolio from Dresdner Bank, in which the average net yield was about 5.6%.

The grundbesitz invest properties includes 16 buildings with mostly first-class office space totalling 840,000 sq.m. Some 83% is rented, with an average contract term of about five years. The starting rental yield is around 5.6% and net return is 5.3%. About 88% of the rental income comes from the five

biggest German cities.

The major transactions of 2006 raised the value of Eurocastle's property holdings to €5.5bn, and makes the company, listed on Euronext in Amsterdam by far the largest 'German' property company. The portfolio covers 2.5bn sq.m. of rental space, including 59% offices, 17% retailing and 8% banking branch offices.

Eurocastle plans to finance the acquisition with a combination of 25% own funds and 75% long-term borrowing at a fixed interest rate near 4.6%. The self-generated capital is supposed to come from an impending capital hike.

Fortress Investment manages global capital of \$26bn. pfe

Macquarie Goodman's Arlington launches €1.2bn European logistics fund

Arlington Securities, a UK funds unit of Australia's Macquarie Goodman group, has launched a continental European fund that will hold prime logistics property assets worth at least €1.2bn when fully invested.

Investors in the Arlington European Logistics Fund have committed equity of €625m. The fund aims for stable long-term core property exposure with a total equity return of at least 9.5% a year. The long-term gearing target is 50%. It has attracted institutional investors from Europe, the Middle East and Australia. Apart from the 24% contributed initially, the equity will be used during a three-year period to finance more acquisitions. Macquarie Goodman will initially invest about 40% and targets a long-term range of holding 20% to 30%.

"Institutional investors from across the globe are looking to invest in an asset and location which they believe is ideally placed

to benefit from the increasingly globalised economy," said Peter Davies, the fund's director. "The long-term nature of the asset also makes it ideal for institutional investors looking to diversify away from bonds while achieving higher returns. We anticipate that the size of the fund will eventually exceed €3bn."

An initial portfolio of 12 logistics properties in Europe's major markets was supplied through Eurinpro, a logistics property developer acquired by Macquarie Goodman last May. The new fund will have first refusal over Macquarie Goodman's logistics development pipeline in continental Europe. pfe

Italy's Generali launches Scarlatti, Luxembourg property funds

Generali Property Investments SGR, the real estate branch of the Trieste-based insurance group, has launched the Scarlatti fund, an open-end fund aimed at institutional investors aimed at investment assets of up to €2.5bn, and also a Luxembourg-based open-end investment company with €1bn target asset base.

Scarlatti will have a 10-year life, and has starting capital from the group of €630m. The first asset contribution was transferred from Generali Properties and group subsidiary Prunus. The portfolio comprises 50 office properties in various Italian cities such as Milan, Rome and Turin, which are 94% let.

In the near future the GPI SGR said it wants to launch further new tools, mainly aimed at investment in logistics and retail assets. The Luxembourg fund is the first pan-European investment by Generali, and includes investors from Italy, France, Spain, Austria, Germany, Belgium and Holland. The company has already chosen the properties it will invest in, worth €1bn. pfe

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Italy's SanPaolo IMI, Fondaco launch first closed-end PPP property fund

Finopi, a unit of Italian banking group SanPaolo IMI, and the Fondaco SGR investment bank, are launching the PPP Italia fund, the first closed-end real estate investment fund based on a partnership between public and private sectors and with initial capital of €120m, the maximum permitted.

PPP Italia will start investing this quarter. Eight domestic and international institutional investors have put in capital shares. They include the European Investment Bank, Cassa Depositi e Prestiti, Banco Espirito Santo de Investimento, Germany's KfW Group, Compagnia di San Paolo, Cariplo Foundation, Cassa di Risparmio di Padova e Rovigo Foundation, and Finopi itself.

Funds in Italy have a finite life, and PPP Italia is aimed at 12 years, with the possibility of extension of further three years. Its aim is to create a varied portfolio of shareholdings in companies involved in construction concessions, the management of public infrastructure and in running of former municipal local public services, such as water, electricity, gas and garbage collection. pfe

NON-PERFORMING LOANS

Hypovereinsbank sells €960m NPL portfolio to Goldman Sachs

Bayerische Hypo- und Vereinsbank AG (HVB) says it sold a €960m portfolio of non-performing real estate loans to Goldman Sachs for an undisclosed price following a competitive auction.

"HVB is successfully continuing its systematic reduction of risk from real estate loans following the sale of two previous portfolios totalling €4bn to Goldman Sachs. The purchase price ... is in line with our expectations," said Andrea Varese, an HVB managing board director.

With this transaction, Goldman Sachs acquires loans to more than 1,100 HVB borrowers. The portfolio is collateralised about equally by commercial and residential properties on loans of HVB risk classes 9 and 10. About 60% of the loans come from HVB's Real Estate Restructuring unit (RER).

HVB reduced its RER portfolios to around €5bn by the end of 2006. In addition to the bank's own internal work-out reduc-

Latest European securitisation transactions

Closed in 4Q 2006

Asset Class	Count	Currency	Close	Deal Name	Originator	Arranger
CMBS	GE	EUR	Dec-06	German Ground Lease Finance		Bayern Hypo
CMBS	IT	EUR	Dec-06	Venus-1 Finance	ABN AMRO Bank N.V., FBS Luxembourg	Finanziaria Internazionale
RMBS	GE	EUR	Dec-06	Provide-A 2006-1	Bayerische Hypotheken- und Vereinsbank	Bayern Hypo
CMBS	GE	EUR	Dec-06	Opera Germany (No. 2)	Eurohypo AG	Eurohypo
CMBS	EU	EUR	Dec-06	RIVOLI Pan Europe 1	Calyon	Calyon
CMBS	UK	GBP	Dec-06	DECO 11 - UK Conduit 3	Deutsche Bank AG	Deutsche Bank
RMBS	IT	EUR	Dec-06	Credico Finance 7	Spanish cooperative credit banks	Iccrea Banca
CMBS	FR	EUR	Dec-06	FCC NACREA	Natixis, BECM	Natixis (Lead Man0er)
CMBS	UK	GBP	Dec-06	NEMUS II (Arden)	HSBC Bank	HSBC Bank
RMBS	ES	EUR	Dec-06	TDA 27	Spanish savings banks	Bear, Stearns International
RMBS	UK	GBP	Dec-06	Arkle Master Issuer Issue 2006-2	Cheltenham & Gloucester	Citigroup, Lloyds TSB, Merrill Lynch
CMBS	UK	GBP	Dec-06	Titan Europe 2006-4 FS	Credit Suisse	Credit Suisse
RMBS	IT	EUR	Dec-06	Sestante Finance	Meliiorbanca S.p.A.	Lehman, Dresdner Kleinwort, Meliorb.
RMBS	ES	EUR	Dec-06	MADRID RMBS II	Caja de A y M de Piedad de Madrid	Caja de A y M de Piedad de Madrid
RMBS	ES	EUR	Dec-06	IM Caja Laboral 1	Caja Laboral Popular	InterMoney
CMBS	EU	EUR	Dec-06	Titan Europe 2006-5	Credit Suisse International	Credit Suisse
CMBS	GE	EUR	Dec-06	Bluebonnet Finance		Citigroup Global Markets
RMBS	ES	EUR	Nov-06	AyT Caja Murcia Hipotecario II,	Caja de Ahorros de Murcia	
RMBS	NL	EUR	Nov-06	Candide Financing 2006 B.V.	Bank of Scotland Netherlands	
RMBS	IT	EUR	Nov-06	Cordusio RMBS 3 - UBCasa 1	UniCredit Banca per la Casa SpA	UniCredit Banca Mobiliare
RMBS	UK	GBP	Nov-06	Fosse Master Issuer	Alliance & Leicester	
CMBS	UK	GBP	Nov-06	GEMINI (ECLIPSE 2006-3)		Barclays Bank
RMBS	UK	GBP	Oct-06	Mansard Mortgages 2006-1	Rooftop Mortgages	Bear, Stearns International
RMBS	UK	GBP	Nov-06	Money Partners Securities 4	Kensington Group	Royal Bank of Scotland, West LB
CMBS	UK	EUR	Nov-06	Taurus CMBS (UK) 2006-2	Merrill Lynch group	Merrill Lynch International
RMBS	UK	GBP	Nov-06	ALBA 2006-2	Kensington, GMAC-RFC, Money Prtnrs	Credit Suisse
RMBS	UK	GBP	Nov-06	Eurosail 2006-3NC	Southern Pacific Mortgage group	Lehman Brothers
RMBS	UK	GBP	Oct-06	Newgate Funding - Series 2006-3	Mortgages 1	Merrill Lynch
RMBS	UK	GBP	Nov-06	Arkle Master Issuer Issue 2006-1	Cheltenham & Gloucester	
RMBS	BE	EUR	Oct-06	Diamond Mortgage Finance 2006 N.V.	Krefima N.V.	ABN AMRO
RMBS	UK	GBP	Oct-06	Gracechurch Mortgage Financing	Barclays Bank	
RMBS	UK	GBP	Oct-06	Marble Arch Residential Sec.	Matlock Bk, Langersal No. 2, SPML, SPPL	
CMBS	GE	EUR	Oct-06	German Residential Asset Note Distrib	Citigroup Global Markets	
RMBS	IT	EUR	Oct-06	Marche Mutui 2 Societa per la Cartolar.	Banca delle Marche SpA	Société Générale
RMBS	ES	EUR	Oct-06	TDA Ibercaja 4, FTA	IBERCAJA	Calyon
CMBS	UK	GBP	Oct-06	Business Mortgage Finance 5	Commercial First group	Barclays Capital
RMBS	ES	EUR	Oct-06	CAIXA PENEDÉS 1 TDA, FTA	Caixa d'Estalvis del Penedès	Bear, Stearns International
CMBS	UK	GBP	Oct-06	Fordgate Commercial Securitisation No.1	Morgan Stanley	
RMBS	NL	EUR	Oct-06	Holland Mortgage Backed (Hermes) XII	SNS Bank N.V.	
RMBS	UK	GBP	Oct-06	Leek Finance Number Eighteen	Platform Funding Limited	
RMBS	NL	EUR	Oct-06	Monastery 2006-I B.V.	DSB Bank N.V.	NIBC Bank N.V.
RMBS	UK	GBP	Oct-06	Paragon Mortgages (No. 13)	Paragon Mortgages, Mortgage Trust	Barclays Capital
CMBS	FR	EUR	Oct-06	Paris Prime Commercial Real Estate	Lehman Brothers, Morgan Stanley	
RMBS	ES	EUR	Oct-06	TdA CAM 7, FTA	Caja de Ahorros del Mediterraneo	
RMBS	ES	EUR	Oct-06	UCI 16, FTA	Unión de Créditos Inmobiliarios	Santander de Titulizacion SGFT
CMBS	UK	GBP	Oct-06	European Property Capital 4	JPMorgan Chase Bank, N.A.	JP Morgan Securities
RMBS	UK	GBP	Oct-06	Permanent Master Issuer Issue 2006-1	Halifax	

tion measures with a volume exceeding €6bn, this transaction has reduced the RER portfolio of €15.4bn at the start of 2005 by more than €10.4bn, the bank said. pfe

REPORTS/STUDIES

Henderson Global sees property equities returning 12-15% this year

Investors will continue to see solid returns from property equities in 2007 and careful stock selection and a short-term bias towards office property equities in the UK and Europe could provide returns of up to 12-15%, according to Patrick Sumner, head of property equities at Henderson Global Investors.

The introduction of REITs in the UK and increasing levels of interest in European property stocks from US institutional investors will also provide support to the global property equities markets during 2007 and beyond.

"Inflows into the property market are unlikely to slow down in 2007, which will partly contribute to the ongoing strength of property equities...with total returns currently around 8% on direct property, and higher returns from property equities," he said in a release.

He forecasts the UK and Europe providing an average 8% total return per annum over the next 1-3 years in direct commercial property, an initial yield of around 5.5-6% plus long run income growth of 2-2.5%. Companies that add gearing, development and other value enhancements can deliver a total return in the 12-15% range, mainly from net asset value growth. He does not expect significant repricing in terms of a change in the price/NAV or earnings multiples except perhaps among major UK stocks as a result of the new REIT structure. pfe

Weight of money to drive 2007 transaction growth - JLL European Outlook

After transaction volume of €200bn for 2006, prospects for the European real estate markets remain favorable this year, says Jones Lang LaSalle in its capital markets outlook.

While acknowledging lingering risks, the realtor based its upbeat 2007 projection on the stable economic backdrop and improving market fundamentals, together with "an ever-increasing weight of money." And the three big markets of the UK, France and Germany will continue to dominate real estate investment.

"Expectations have improved over the course of 2006 and despite slightly lower economic growth ... the outlook for 2007 remains positive," said Tony Horrell, JLL's chief of European capital markets. "We have also reached a watershed in the growth of Europe's indirect markets, with a wide range of public and private, debt and equity opportunities, providing the ingredients for an increasingly sophisticated market in 2007 and beyond."

Horrell added: "We see no sign of investor demand declining during ... 2007 and expect the flow of funds allocated to real estate to continue. We expect over €4 of money to be chasing every €1 of product."

The strongest economic growth should come through in Ireland, Spain and Sweden, while Italy and Germany lag. Stronger domestic demand, improving economic indicators and business confidence give Germany upside potential. Strong growth is also expected from Czech Republic and Poland. Romania will benefit from strong personal consumption and in-

vestment, while growth in Russia, where investor activity more than quadrupled in 2006, will become one of the largest investment markets for retail in 2007. Turkey will also grow its share of investment activity. Further opportunities will open in the smaller markets of central Europe, the Baltic States and the Commonwealth of Independent States. pfe

EU effect on Bulgaria, Romania property seen milder than for leading group

The effects of European Union accession on property in Bulgaria and Romania will be milder than in the 10 countries that joined in 2004, because that many major real estate companies anticipated the entry of the duo, according to an analysis by the Eurisko company.

Although Romania has not made up economic ground as fast as the core countries Poland, Hungary and the Czech Republic did ahead of accession, considerable similarities exist between Bucharest and the pre-accession situation of Warsaw, Prague and Budapest.

The Bucharest stock of office space in 2006 was half of that of Warsaw in 2003, and modern industrial space is around one-third on the same comparison. But the difference with Budapest and Prague is lower following an investment boom in the Romanian capital from 2004. In retail space, Bucharest is much less developed than the other three capitals though it is seen offering strong prospects of development post-accession due to the higher population density in the Romanian capital.

In Bulgaria, domestic property prices rose by 15% on average in 2006, according to a Industry Watch, while realtors are predicting a gain of 10% this year.

Notaries and real estate brokers reported a spurt of activity in December, with property transactions doubling and even quadrupling compared to 2005. This affected everything from residential real estate to undeveloped construction land.

Realtors surveyed by Dnevnik attributed the flurry to an upcoming increase in tax valuations and notary charges, uncertainty on the designation of protected sites, and delisting of properties in anticipation of a price bump following EU entry. Property valuations for tax purposes are expected to rise by 20% on average in 2007. pfe

Complex RE financing may force German funds to sell - JLL's Ulbrich

Increasingly sophisticated financing structures for real estate investment will be needed as the positive yield spread between rental income and debt servicing costs closes, and this is likely to obliged some investment vehicles such as German open-end funds to sell, says Christian Ulbrich, Managing Director of Jones Lang LaSalle Deutschland.

He told a news conference shortly prior to year end that open funds, banks and the public sector all intend to sell off commercial assets during 2007, mainly office assets. Foreign investors have bought around €20bn of German real estate since 2003, also retailing assets. "The development has reached such a high volume that even the maintenance of this level during 2007 would be a major success," Ulbrich said.

Though the positive yield spread remains in place, this could contract during 2007 and, "given stronger economic growth and a further inflow of investment capital possibly even close".

PROPERTY FINANCE EUROPE - BULLETIN BOARD

Diary dates upcoming in 2007

January 16, Tuesday

INREV and IPD Seminar France, Paris

The seminar will specifically focus on European non-listed real estate funds and the title of the workshop will be 'How can France benefit from the success of the non-listed real estate industry in Europe?'

More info: www.inrev.org

January 17-19, Wednesday-Friday

Real Estate Opportunity & Private Fund Investing, Laguna Beach, CA, USA

More info: www.imn.org

January 18-21, Thursday-Sunday

The GRI Chairmen's Retreat, St. Moritz, Switzerland

An exclusive and collegial three days of interactive discussions on strategy and industry developments reserved for the top 100 real estate investors, financiers, owners and developers from across the world, active in Europe. By invitation only.

More info: www.globalrealestate.org

January 23, Tuesday

INREV Winter Seminar, London

This offers the opportunity to look forward to the New Year and discuss investment intentions for the coming year based on the results of the INREV Investment Intentions Survey 2007.

More info: www.inrev.org/winterseminar

January 29-30, Monday-Tuesday

Strategies for Real Estate Financing in Capital Markets, London
European CMBS and RMBS issuance is skyrocketing. Today's securitisation transactions are complex and innovative, and the conference program will aim at providing an in-depth understanding of structural techniques, strategies and drafting and negotiating key documents.

More info: www.C5-Online.com

January 31-February 1, Wednesday-Thursday

CIMMIT 2007, Frankfurt am Main, Germany

IIR presents the 17th CIMMIT to bring together leading industry players. Panels will discuss REITs and the outlook for property AGs, how long Germany will continue to be European favourite for real estate inward investment, and how property as an asset class stands in comparison to others.

More info: www.cimmit.de

February 5-7, Monday-Wednesday

Immobank Immotech Forum, Paris

The World Association for Property Investment & Construction (WAPIC) hosts a forum on the impact of global economics, energy prices, climatic change and new markets on real estate investment strategy.

More info: www.wapic.com

February 6-8, Tuesday-Thursday

European Investor Forum / PropInvest Europe 2007, Barcelona, Spain

The 3rd Annual Euromoney PropInvest Europe is a real estate investment industry conference featuring over 40 of the industry's most respected and renowned speakers in a two-day programme of keynote sessions, panel discussions and case studies.

More info: www.euromoneyseminars.com/

February 6-8, Tuesday-Thursday

Quo Vadis, Berlin

Bernd Heuer Dialog presents a platform for investment, finance and networking in the real estate sector. All the main real estate issues and key players are represented.

More info: <http://en.heuer-dialog.de/quovadis>

February 7, Wednesday

11th Annual ULI Europe Conference, Paris

Unlocking Europe For Growth. Judging by investment and development in its cities, Europe is still a formidable competitor. However the old world will have to be more resourceful to compete for growth and the property industry needs to connect with new clients.

More info: www.uli.org

February 21-22, Wednesday-Thursday

Real Capital, Toronto, Canada

More info: realestateforums.com

February 22-25, Thursday-Sunday

Helexpo 2007, Athens, Greece

This trade fair focuses more on investing or building residential but also on commercial property in Greece. Exhibitors offer products and services available in the nation.

More info: realestateshow.gr

February 27-28, Tuesday-Thursday

2nd HSBC Trinkaus Real Estate Conference, Frankfurt, Germany

Much has happened to the German property sector in 2006. Direct investment volume has more than doubled, yields have contracted, occupier markets are improving, the listed sector has boomed, 13 IPOs have come to market, and GREITs are coming.

More info: www.trinkaus.de

This has already caused several financial investors to partly or fully sell off their German investments.

"This process is also likely to continue, and spark a second phase of investment activity," Ulbrich said. "In this context, a number of national and international bidders and consortia are appearing, who are propelled less by financial investment results than by property-economic value increases. The implications of this move toward financial management and financial engineering is only genuinely recognised by those institutions that have understood the importance of achieving the greatest return possible on equity invested."

He added to PFE on the sidelines later that the restrictive covenants on German open-end funds implied that they cannot use the complex financing structures to gain returns that are open to others such as private equity funds and investment banks.

JLL predicated that Germany will once again be among the winners on the global real estate markets this year, and a continuation of the investment boom of 2006 with an identical volume of €45bn is realistic to expect. Big volume transactions have determined the market, and the 10 biggest largest account for 30% of total investment volume.

While the office sector has made a comeback, taking one third of all investment, 2006 was the year of retail property and 44% of capital invested was related to this asset class. Four retail transactions were among Germany's Top Ten largest in 2006. Every second single transaction was for a shopping centre. While German investors can mostly be found on the selling side, foreign investors clearly dominate the buying activities. The development of 2006 and foreseeable 2007 is not a short-term phenomenon but signals the integration of Germany into the global real estate capital market. pfe

Shopping mall development to surge in Romania following EU accession

With its accession to the European Union, Romania will see exponential growth in retail malls over the next few years, mainly outside the capital Bucharest.

The realtor Colliers says the number of shopping centres due to open outside the capital should quadruple by 2010 to 683,300 sq.m. from 164,300 sq.m. at present. It should already reach 422,300 sq.m. in 2007-2008.

Investors are moving into towns with at least 70,000 inhabitants. New shopping malls will be completed this year in Brasov, Constanta, Bacau, Pitesti and Cluj, with Euromall Galati and European Retail Park in Targu-Mures to follow in 2008.

Local news service Nine o'Clock reports that at least 300 malls will be opened in the next three years in Romanian cities with over 150,000 inhabitants. Four malls are being built in Constanta alone, with at least one in the pipeline for Timisoara, Cluj, Brasov, Iasi, Craiova, Oradea, Poliesti, Targu Mures, Bacau, Sibiu, Suceava, Focsani and Alba Iulia.

DTZ Echinox senior consultant Oana Iliescu said the malls could be fully rented before their opening. Although construction will not be completed before 2008, 60% of commercial space was already rented when the foundations were laid. pfe

Belgian commercial property returned 6.6% in 2005 – new IPD country index

The Belgian office sector returned 6.2% in 2005, trailing re-

tail property, with 7.6%, and the top-performing industrial property sector, which returned 13.1%, according to new IPD country indices for Belgian real estate.

"The launch of such an index in Belgium completes IPD's European coverage," said Stéphanie Galiègue, manager director of IPD in Belgium. "It meets Belgian and international players' expectations regarding analysis tools for real estate investment and contributes to a greater transparency."

Since the office sector forms 80% of the databank value, a property income return of 6% was consistent with the region, while capital growth of 0.2% was limited.

Total returns in the dominant Brussels market decreased with distance from the city centre, where the return was 8.9%, to the periphery, which returned 2.5% as a result of deterioration of vacancy rates.

Equities were the country's best-performing asset class for 2005, returning 21%, but commercial property outperformed bonds, which returned 3.9%.

The IPD Belgium index is compiled from the performance of 20 professionally run portfolios, managed by 14 institutional investors and covering €4.7bn of commercial property. Its coverage represents about 17% of the top 100 institutional investors in Belgium.

This index measures the combined performance of real estate investments held by both domestic and international participants of the IPD Belgium service. pfe

Institutional property funds performed weakly in 2005 – DID study

Germany's special property investment funds for institution-



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al investors registered only an overall yield of 2.8% in 2005, according to a study by Deutschen Immobilien Datenbank (DID) of Wiesbaden. DID blamed the weak yield on a downward revision of 2% in the valuation of the fund portfolios.

With the help of a random sampling, DID estimated the ratio of German property held in the average fund portfolio at 60%. The shares of special property funds are held 61% by insurers and 17.7% by company pension funds and supplemental sectoral pension funds.

The sector of special property funds in 1993 included nine funds with assets the equivalent of €1.4bn. Today, there are 105 such funds with assets of €19.4bn. pfe

Sharp rise in net absorption in big German office markets - DIP

Deutsche Immobilien Partner (DIP), a network of realtors, says it saw a sharply rising ratio of net absorption with slightly rising turnover on the main German markets for office space in 2006.

Authentic additional consumption of 1.1m sq.m. was observed by DIP in the 14 office markets it tracked during 2006. This was more than one-third of the total turnover of 3.1m sq.m. and more than four times the level of the previous year.

In seven biggest markets -- Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart -- nearly 40% of all turnover of 2.7m sq.m. was net absorption. The ratio for the other cities was around 25%.

For all vacant office space, the share of space that was no longer marketable rose during the year to 20% from 17%. pfe

Paris Ile-de-France seen breaking office rental, investment record in 2006

Demand for office space in the Paris Ile-de-France region rose by nearly 30% in 2006, with more than 2.8m sq.m. of office space marketed, according to preliminary estimates from the realtor DTZ Jean Thouard. The investment market also broke a new record at nearly €20bn.

The estimates, reported by the Business Immo property portal, show that the improvement was across the board, benefiting all micro-markets with progression of 20%-70% compared to 2005, depending on the zones. In the forefront was a strong performance by La Défense, where the banking sector strengthened its positions.

The large transaction market has been particularly active, and DTZ recorded more than 80 deals of more than 5,000 sq.m. throughout 2006, representing more than 1.1m sq.m. "The finance, high tech and public sectors are the greatest consumers of space, placing a premium on new or very well remodeled buildings which made up nearly 70% of the area sold," it said.

In investment, the €20bn threshold was crossed in Ile-de-France, clearly situating Paris as one of London's heirs apparent. "There again, records were broken in terms of amount invested and more and more diverse nationalities of investors in as much as in speed in concluding transactions," noted DTZ which carried out one of the symbolic transactions of 2006 in selling the KanAm portfolio for Mines de la Lucette for more than €1.2bn.

"For the DTZ group, the year was also remarkable as much in the quality of lease and investment transactions completed as it was in the 39% growth in our staff numbers," commented DTZ Jean Thouard CEO Jean-Luc Chalard. pfe

PROPERTY FINANCE

First French property derivatives swap trade executed by Merrill, AXA REIM

Merrill Lynch and AXA REIM announced in late December that they executed the first French property derivatives swap trade linked to the IPD France Offices Annual Index. This follows Merrill's driving roles in conducting the first sector-specific swap for UK retail in November 2005 and the first sub-sector property swap in August last year.

Merrill Lynch Head of Structured Credit Trading Cyrus Korat said: "Property swaps on the continent are generating a lot of demand right now. We expect demand for European trades to grow significantly in the medium term in line with the expansion of the property derivatives market as a whole. Providing country specific trading opportunities will ultimately serve to further develop liquidity."

AXA REIM France CEO Pierre Vaquier added that his company is committed to developing alternative and innovative investment tools for its clients, and the expected development of property derivatives will broaden the scope of investment strategies. This first transaction in France shows the maturity of this asset class, its greater transparency and liquidity. pfe

Greek RMBS hits record in 2006 as mortgage market gains momentum

Greek residential mortgage backed securitisations hit a record in 2006, with the number of deals doubling this year to four transactions for a total of €3.55bn, according to a report by Fitch Ratings.

The Greek mortgage market has been booming over the past six years. Existing banks have increased origination volumes and new entrants have also been able to grow their market share. Lara Patrignani, Senior Director in Fitch's European RMBS team, commented: "Entry into the European Monetary Union and the requisite convergence of monetary policy have been a key driver of the growth in mortgage lending. Lower interest rates combined with a general liberalisation of the Greek regulatory environment have been a catalyst for the increased popularity of Greek mortgage products."

Lenders too have been quick to respond to the expansion and widening of mortgage credit in Greece, offering an array of products with increased tenures and flexible features. More recently underwriting standards have eased as foreign players have entered the market. Lenders are offering higher loan to value credits and in some instances stretching affordability limits. "Affordability is a challenge in the Greek market; a thriving unofficial economy ensures that the amount of income declared for tax purposes is often understated," said Fitch analyst Allen Twynning.

The report also highlights the growing presence of Tiresias, a central credit bureau which provides Greek lenders with credit history of a mortgage applicant. pfe

Record European CMBS Volumes to continue into 2007, Fitch forecasts

The record-breaking pace of European CMBS issuance, which is likely to have reached a record €60bn last year, should continue into 2007, forecasts Fitch Ratings.

In its 2007 Global Structured Finance Outlook report, the agency notes that more issuance is expected from Germany and Italy this year, as well as France. The UK will however continue to experience the largest volumes in Europe.

“Most sectors with securitisable product are performing well or stabilising,” says said Fitch Ratings Managing Director Rodney Pelletier.

“London and Paris office are experiencing good leasing interest, at around 5%, vacancy levels are very healthy.” One concerning trend however is the significant reduction in required yields across the sector. Current yields are in the 5%-5.5% range, with some exceptions being noticeably tighter. “This will create pressure at refinance in the future if rental increases do not match any widening in required yields,” he warned.

In the first nine months of 2006, seven of the eight downgrades in the standard CMBS sector related to single-borrower transactions and were as a result of credit linkage to BT and Telecom Italia, both of which were downgraded in the period. Just one downgrade was due to worsening performance. The downgrades were outnumbered by a ratio of nearly 2:1 by upgrades. pfe

Hypo Real Estate Bank finances €100m project in Hamburg

Hypo Real Estate Bank AG says it is providing about €100m in financing for the Wallhöfe project of Deutsche Immobilien and Hamburg Team Gesellschaft für Projektentwicklung in the Neustadt quarter of Hamburg.

„This project development in a popular quarter of Hamburg is a classic example of the trend towards revitalising inner cities. An attractive location for living and working is being created on a site which used to be used mainly for industrial purposes,” said Frank Lamby, chairman of Hypo Real Estate Bank.

By 2009, a new quarter with floor space of 45,000 sq.m. will be built on the former Haspa site in the Neustadt quarter of Hamburg. After existing buildings have been demolished, 20,700 sq.m. of new gross floor area will be set aside for rental and owner-occupied apartments, 11,000 sq.m. for a hotel, 9,000 sq.m. for a boarding house, 3,500 sq.m. for offices and 800 sq.m. for retail premises. pfe

Eurohypo finances €768m purchase of Hessian Leo II portfolio

Eurohypo, the Commerzbank subsidiary that is Germany's biggest property financing bank, says it is financing most of the €768m purchase of the Leo II property portfolio from the German state of Hesse by Austria's CA Immobilien Anlagen.

The state parliament during Christmas week approved the proposed sale of the 36 properties labelled the Leo II portfolio to CA for €768m. Jochen Heuchert, director of Eurohypo's Frankfurt branch, said €550m of this would be financed by his bank with a loan that will probably be securitized in 2007.

“There are long-term rent contracts; the properties generate a stable cashflow. That is what bond buyers are looking for, after all,” said Heuchert. He predicted brisk interest in the security among domestic and foreign investors.

Leo II includes a number of state administrative and government buildings with rental space of 450,000 sq.m. Upon selling the properties, the state government wants to rent them back from the purchaser.

Eurohypo won the auction last October to provide the

financing partly because it quickly filed a formal bid, said Heuchert. The bank's considerable international underwriting capacity played an important role for CA, given the size of the loan. Eurohypo's regional experience was important for the state of Hesse, where Eurohypo's base is located. pfe

ING provides €228m secured facility for AMB's property expansion

ING Real Estate Finance closed a €228m pan-European secured facility to finance European logistics and industrial properties acquired by regional subsidiaries of AMB Property.

This enables AMB to leverage its acquisitions and expansion in these assets under one agreement across the Netherlands, Belgium, Germany, France, Spain, Italy and the United Kingdom. ING Real Estate Finance, one of the three business lines of ING Real Estate, provides financing tailored to specific objectives of its customers. ING Real Estate Finance manages a portfolio of €22bn. pfe

Spain's Renta secures €500m credit for coming investments

Spanish property firm Renta Corporación said recently that it had secured a €500m credit from Santander Central Hispano, Eurohypo and Fortis to finance future investments and refinance part of its debt.

The credit line will last five years and come into effect in February, the company said in a statement to Spanish stock market



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regulator CNMV. Santander and Eurohypo will provide €200m each and Fortis the remainder.

As of the third quarter of 2006 the company's debt amounted to about €407m. Its third-quarter net profit was €30.9m, a rise of 292% compared to the first nine months of 2005. Sales more than tripled during the period to €411.7m, the company said, adding that it expects to close 2006 with a net profit of €45m and 2008 with €75m. pfe

RESIDENTIAL PROPERTY

German cities to sell 820,000 apartments by 2015 - HSH Nordbank

German municipalities are likely to sell another 820,000 pub-

licly owned apartments by 2015, forming the bulk of the anticipated 1.5m dwellings sold in portfolio transactions by that time, says a study by HSH Nordbank of Hamburg and Kiel.

More than 1.1m housing units will probably come from the public sector, the bank said. Favorable interest rates and economic upturn promise to sustain investors' interest in this residential property market for years to come, concludes the study called "Residential portfolio transactions in Germany."

Municipalities in western Germany are expected to privatise almost one in every two dwellings, compared with about one in every five in eastern Germany, concludes the bank's real estate research.

Bernhard Visker, the bank's real estate chief, said the municipalities will be compelled to sell by budgetary constraints and the competition for new businesses. The HSH Nordbank executive said a considerable residual portfolio of 1.65m housing units would remain with the municipalities, although the federal government and the 16 states would sell all of their residual holdings

Guest Column: Jan Meulenbelt, ING Real Estate

Multi-manager funds to bring surge of European property market liquidity

The rapid growth of multi-manager property funds in recent months will bring a surge of new liquidity into European real estate investment, allowing many smaller and medium-sized pension funds to enter the market and diversify risk for the first time. They will also facilitate secondary trading of funds and development of property derivatives

The strong growth that we expect in multi-manager funds over the next 10 years means lock-up and commitment periods will contract and secondary markets will start up, making the transfer of shares much easier. These trends will also help the underlying target funds, many of which find it hard to access the market, achieve distribution, and get themselves known by pension funds and insurers.

In the past, the structure of European unlisted real estate funds didn't make it easy for pension funds to gain exposure to property as an asset class. Most were closed-ended. Investors could only step in when a new vehicle was launched so that it wasn't an open investment community. However, smaller pension funds are not used to picking property funds. Not only do they not have the resources to find out how the market works, they do not dispose of the sums needed to achieve a properly diversified portfolio across sectors and geographies. This often means they can't enter the market at all.

ING REIM has launched its first continental European property fund-of-funds, the Eurosirir Fund to tap into this requirement. Eurosirir is tax-exempt for institutional investors and aims at a core/core plus market exposure with steady returns of between 8% to 10%, low volatility and a

dividend yield of 4% -5%. We intentionally made it open-ended with clear redemptions options to anticipate an increase in market liquidity.



Eurosirir has the clear advantage of support from the parent group, even while allocations to ING REIM's own funds are restricted to 25% of total. ING is providing initial capital of E50m, of which E35m has already been allocated, and will then step back in the queue and transfer shares to incoming investors. The commitment capital is there until the fund reaches a size of E500m. Eurosirir is open to institutional investors generally but should be of particular interest to smaller pension funds since the minimum investment is set at E2m. Separate account facilities will be available for investments from E100m and the total target investment volume for the fund is E1bn.

A large proportion of investments in Eurosirir is likely to come from the UK and the Netherlands, the two largest private pension markets in Europe. However, initial interest has come from as far away as Australia, the US and Japan – including an Asian brokerage house that will set-up its own white label real estate fund to service its clients.

In planning Eurosirir, ING REIM aimed for the optimal tax and legal structure for global institutional investors. Here, we have been strongly helped by sweeping tax and legislative changes underway in our home base. The Dutch government intends to introduce a new structure known as VBI for tax-exempt investment firms this year - under which no tax at all is levied within funds. This is aimed at attracting international asset management firms and keeping domestic investors in the country, making the Netherlands a fund management base

to rival Luxembourg.

The main focus of Eurosirir investment strategy is non-listed property funds, but small allocations are permitted to listed property securities and to cash. About two-thirds of the portfolio will be allocated to core investments, where income return is an important component of total return. Another quarter will be value-added, and about 10% opportunistic.

Eurosirir will be targeted on office and retail properties across Europe, followed by industrial, residential and other sectors. The sectoral choice forms the starting point of our strategy which is to provide strong returns with low volatility. Allocation to office will initially be below market weight, with overweight to retail and logistics.

In country weightings our in-house research gives Germany and France 26% and 21% respectively of the European investment market. The Nordic countries, Italy, Iberia and the Netherlands rank behind them, and smaller investments will be targeted for Belgium, central and eastern Europe and other markets. As a very big market player ING Real Estate research capacity really comes into its own in setting up a model portfolio in Europe. We already launched the Multi Manager business in the UK in 2000.

ING REIM can usually accommodate institutions with a few non-diversified assets by offering them shares in a multi-manager fund in return for the buildings they already own. This enables pension managers to create a broad European real estate portfolio in one leap. Neither are institutions put off by the old joke that the abbreviation for Funds of Funds actually refers to 'Fees on Fees'! In fact, multi-manager funds represent a structure that institutions would find expensive to create themselves. We calculate that institutions would need to hold at least E2bn in real estate assets to match the comparative cost savings. ING REIM also has the buying power to negotiate the best terms and fee waivers with target funds.

of about 300,000 apartments within the next few years.

The sale by North Rhine-Westphalia's LEG agency of about 100,000 housing units is expected soon. Companies that are not active in the real estate sector are expected to sell almost all of their remaining 340,000 apartments.

HSH Nordbank projects annual transaction volume of 160,000 units through 2015, sustaining a fast pace of 200,000 a year until 2010. Transaction volume seems to have peaked in 2004, when more than 300,000 dwellings were bought and sold.

HSH Nordbank projects a perceptible increase in rents and house prices in the short term, especially in regions where vacancy rates are already under 2%. The long-term stagnation of Germany's housing market considerably reduces the relative risk of a fall in prices, so that high borrowing ratios remain possible. pfe

Average house prices in Spanish capitals grows 9.8% in 2006, study says

The average price for a home in the capitals of Spanish provinces rose 9.8% last year, with the largest growth taking place during the first half, says valuation and assessment company Sociedad de Tasación.

As of December, new medium-sized homes were worth on average €2,763 per sq.m. built. Barcelona (€4,192), Madrid (€3,870) and San Sebastián (€3,807) were the most expensive. The least expensive were Lugo, Badajoz - respectively the provincial capitals of the same name - and Pontevedra in the province of Galicia. These, all in the west of the country, showed house prices of less than €1,500 per sq.m.

Housing prices rose the most over the past year in Zaragoza (17.4%), Albacete (17.1%) and Cuenca (16.1%). Sociedad de Tasación predicts that for this year prices will continue to rise but not as much as in previous years. According to a recent comparison, the price of new homes has multiplied by 8.5 since 1985. pfe

Foreign investment in Spanish homes drops, as Spaniards buy abroad

Investment in Spanish residential property by foreigners amounted to about €3.55bn in the first nine months of 2006, a 14.3% drop compared to the same period in 2005, according to a report from the Bank of Spain

2006 was the third consecutive year of declining figures for this type of investment. Analysts have put this down to soaring property prices and corruption scandals linked to real estate on the Spanish coast.

By contrast, residential investment by Spaniards abroad is doing soaring, as private individuals take profits at home. During the same period last year, deals amounted to about €1.57bn, an 80% boost from the year earlier. The Bank of Spain traces the beginning of the diverging path to around 2004. pfe

Average Spanish mortgage drops to €143,000 in October - institute

The average mortgage taken out on a Spanish home dropped in October to €142,930, a 1.6% fall from September, but a 12.2% rise from October 2005, according to the National Statistics Institute (INE)

Savings banks issued the most mortgages during the month,

supplying about 58% of total. The average interest rate charged was 4.05% over a term of 26 years. Other banks provided mortgages at an average rate of 4.14% over 26 years. About 98% of all the mortgages issued in October were variable rate.

Last week the Negotiating Agency for Banking Products published a study saying that mortgage interest rates are likely to average around 5% this year, up one full point from 2006. pfe

DEALS

DB's RREEF included in €945m Austrian motorway infrastructure consortium

RREEF Infrastructure has signed a contract to design, build, finance and operate the first section of the Vienna north-eastern bypass, the first privately financed PPP road project in Austria, with a total investment of €945m.

The project - A5 PPP Ostregion Package 1 - will be conducted by the Bonaventura consortium, of which the Deutsche Bank unit RREEF Infrastructure, which currently has more than €1.9bn in assets under management, is sponsor. Bonaventura is led by Hochtief PPP Solutions, and includes the companies Alpine, Egis and Meridiam Infrastructure.

A5 PPP Ostregion Package 1 is the first of the four toll road projects in the overall program. It comprises the design, build, financing, operation and maintenance of some 51km of toll motorway consisting of four separate sections. It encompasses the construction of 98 bridges, four tunnels and several supporting structures, and is designed to ease congestion around Vienna, improve traffic connections between the areas north of Vienna and enhance the north-south corridor to the Czech Republic.

The concession contract will expire in 2039, giving a concession tenor of about 32 years. Revenues come from quality-dependent payments governed by the highway's availability and from traffic-related shadow toll revenues. pfe

Austria's Hypo Alpe Adria to sell off Croatian property worth €1.5bn

One of the largest owners and financiers of Croatian real estate, the Austrian Hypo Alpe Adria Bank, has decided to offer for sale all the property it owns there.

The magazine Croatia Today reported that HAA aims to sell all the assets managed by HAA Consultants by the end of the first quarter, comprising real estate valued at €1.5bn.

The sale in Croatia is part of a wider operation by the Klagenfurt-based Hypo Group Alpe Adria to sell off all non-banking assets ahead of its proposed stock market flotation - in order to determine the true value of the core bank.

Not included are property assets in Serbia, Bosnia-Herzegovina and Montenegro, where Hypo entered the market later and has not developed the business to the same extent as in Croatia. pfe

Colonia Real Estate acquires 2,935 apartments in Berlin, Elmshorn

The listed Cologne-based Colonia Real Estate has signed a purchase contract to acquire 2,199 residential units in Berlin and another of 736 in Elmshorn, tripling its apartment hold-

The real estate associations: The Royal Institution of Chartered Surveyors, RICS

RICS creates real estate finance area of expertise, aims to bring global Chartered Surveyor standards, qualifications to local markets

The Royal Institution of Chartered Surveyors, the fastest growing professional body in the world, has recently established a separate area of expertise for the increasingly complex financing of real estate transactions. This broadens its mission to bring professional qualifications and standards into surging global property markets.

RICS President Graham Chase told PFE in an interview that demand for international standards in land property and construction is huge. The focus of his year in the top office is to ensure that quality standards are upheld, even while membership expands strongly.

In the six months since Chase took over last July, RICS worldwide membership has risen to almost 130,000 from 123,870. "The potential for growth is absolutely huge but we are not in the numbers game," Chase says. "Given the need for Chartered Surveyor qualifications and standards, we need to make sure we do not in any way dilute the standards that encourage people around the world to want RICS to expand in the first place."

"Global standards for local markets," he adds. "That's the catchphrase."

RICS traces its foundations to 1868 when 20 surveyors met at the Westminster Palace Hotel in London. The fledgling institution later gained a royal charter and has evolved into a renowned international organisation run by 550 staff in 40 offices worldwide. Its governing council, which Chase chairs, sets a three-year business plan around a five-year vision. In Europe, the RICS mission is raise the status of the chartered surveying profession, establish high educational and professional standards, represent the profession in European institutions, and provide expert policy advice on property and built environment issues.

The surge of RICS membership has been propelled by globalisation and the structural change of property becoming a recognised investment asset. "Our growth reflects a very real need for professional qualifications and standards in many parts of the world where they don't already exist," he says. China and many countries in the far and mid-East want to ensure property markets remain stable amid a powerful economic expansion. "Poor or no standards can add to economic instability and this then creates potential political instability," he says. A secure property sector is one element that helps economies grow faster.

The focus on finance is not completely new, Chase says. RICS was instrumental in forming the lobby group with the British Property Federation and the UK's Investment Property Forum that eventually persuaded the British government to introduce Real Estate Investment Trusts (REITs). "We have now got in place an established position on REITs, which is another way of looking at how property is financed, and also how to achieve a market for retail investors. Chartered surveyors have been at the forefront of that. Part of our training and our practice is to deal with how best to finance property, about how the financing works against property as the underlying security.... and also how it all connects on the basis of the rental income structure."

The focus on finance is not completely new, Chase says. RICS was instrumental in forming the lobby group with the British Property Federation and the UK's Investment Property Forum that eventually persuaded London to introduce the vehicle.

While the UK has, for historical reasons, the highest RICS membership, continental Europe, run as a RICS world region from Brussels, now counts just over 4,000 members. Italian qualified membership rose by 46% last year, giving the nation the fastest-growing membership in the RICS world, albeit from a low base. Germany and France are the largest RICS nations in Europe, with the former counting some 1,150 members and France with 773. Spain, where qualified membership grew by 20% last year, now has 250 members, around the same as The Netherlands.

But Italy has been the surprise. "Italy is very, very keen to become part of the international community and commerce, though they sometimes struggle with the profile that comes from their history," Chase says. "I have been very impressed with their wish to demonstrate and upgrade their quality and their standards."

Germany's move toward international standards of valuation and away from national practices is strengthening RICS in the nation. "The sector is right now adjusting to the fact that they have to be alert to how the international markets are developing," Chase says. "This will ultimately be to Germany's advantage. A stable valuation methodology that accords

with international procedures must bring them into line with international practice. The global community will also certainly benefit from Germany developing in this way."

Chase was also recently highly impressed with the growing enthusiasm for RICS qualification in France, demonstrated at a recent dinner with over 240 participants from all over the country. "France now has a tremendous base of highly qualified chartered surveyors. It has a tremendous momentum as the result of some very hard work by our people there."

In Spain, Chase was recently granted an audience with King Juan Carlos to discuss how RICS could assist in promoting international standards and deal with, for example, the problems of mortgage fraud and land grab. "There was real enthusiasm to make sure that the RICS expands its profile and membership in Spain as quickly as is reasonably possible," Chase says. He notes that realtor Atisreal just acquired a large group in Spain, Grupo Gesinar. Many international investors now specify that a qualified chartered surveyor is involved in valuations there. pfe



RICS President Graham Chase: "Potential for growth is huge, but key is not to dilute the standards and qualifications."

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

ings to at least 9,000.

The current vacancy rate of the Berlin portfolio is around 10%. It was acquired for a multiple of 10.9 times net rental income of around €6.6m per year, and the purchase price was €72.5m or an equivalent of €537 per sq.m. The acquisitions include 171,375 sq.m. of living space, 14,000 sq.m. of commercial space and 1,013 parking spaces.

The company said it will expand its residential property inventory in 2007. The new acquisitions boost its residential holdings in Greater Berlin to 4,700 units. Asset management will be taken over by its specialist subsidiary Resolution, which after a short time cut the vacancy of the recently-acquired Berlin portfolio 'Helle Aue' to 17% from a prior 22%. pfe

Finnish private equity CapMan sells €378m portfolio to joint venture

One of the largest private equity investors in the Nordic countries, the listed Helsinki-based CapMan, is to sell a portfolio of 22 commercial properties located in Finland out of its CapMan Real Estate I to a joint venture owned by the Iceland-based Samson Properties, The Royal Bank of Scotland and Finnish private group Ajanta for €377.5m.

The impact of the transaction on CapMan's result for 2007, taking minority interest into consideration, is some €13.5m as a result of carried interest received from the fund. CapMan Real Estate I and II funds will continue their active investment operations after the transaction. Samson Properties, RBS and Ajanta Oy will make the acquisition through a jointly owned company, of which Samson is the majority shareholder. RBS is structuring and providing the financing for the transaction.

CapMan Real Estate I was established in June 2005 and it is currently in the middle of an active investment phase. CapMan manages Nordic buyout, mezzanine, technology, life science and real estate funds with approximately €2.6bn in total capital. Established in 1989, it employs around 100 people in Helsinki, Stockholm, Copenhagen and Oslo.

Samson is an international real estate company lead by Icelandic investors Thor Bjorgolfsson and Bjorgolfur Gudmundsson. The private Ajanta invests in unlisted and listed companies mainly in the fields of telecommunications, media and biotechnologies. pfe

Saudi Arabia's Al Rajhi family invests €600m in Italian commercial assets

A branch of the Saudi Arabian family Al Rajhi is establish-

ing in Italian real estate by paying €600m for a portfolio of 300 commercial buildings to the joint venture between Germany's Deutsche Bank and the French CDC Ixis.

For the Saudi family, owner of the bank in Riyadh of the same name, this is a strategic investment and marks a first stable commitment in Italy. The portfolio is part of a package of about 900 buildings that Deutsche and CDC Ixis bought in 2004 from Enel for €1.4bn. The JV has now decided to resell a good portion of the portfolio. pfe

ING Real Estate to invest €200-300m in Romania, focused on retail

Dutch financial group ING Real Estate will invest €200-300m in the next three years to purchase retail, industrial and office projects in Romania, the property portal Ziarul Financiar.ro reports.

ING Real Estate Investment Management opened an office in Bucharest last November ahead of Romania's EU accession. National Manager Kijs Klomp says the domestic retail will be the main growth driver of the Romanian real estate market.

"The retail market is the most dynamic field on the local market," Klomp told the portal. "Unlike Hungary, where most of the investments in this segment have been developed in Budapest, in Romania it is possible to develop commercial projects in other cities as well."

ING REIM in October launched an investment fund with a capitalisation target of €1bn for projects in Poland, the Czech Republic, Hungary, Slovakia, Romania and Austria. "We already started purchasing projects in the region but in Romania we are still negotiating. We are interested in purchasing retail and industrial projects in the major cities of Romania, as well as office buildings in Bucharest," Klomp said.

ING REIM has already invested in established shopping centre Plaast in Szczecin, Poland for €41m for the portfolio of ING Insurance. pfe

France's Flash Consult invests €140m in two Romanian shopping mall projects

The private French investment group Flash Consult Invest is to invest around €140m in developing two more shopping centres in the southern Romanian cities of Craiova and Ploiesti under the Euromall brand.

Euromall Senior Partner Moshe Turgeman told Ziarul Financiar daily: "The two cities have a quite attractive demographic structure for retailers and a significant development is expected



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here. The financing is fully private, with finances from the company's own sources covering almost the entire amount." pfe

Austrian Volksbank's Premiumred sees €300m-€400m investments in Romania

The real estate arm of Austria's Volksbank, Premiumred Real Estate Development, is likely to develop investments in Romania worth €300-400m in the next five years.

Country Manager Edmond Bogdan Desliu told ACT Media news agency: „We are in talks for the acquisition of some land and, depending on the plots we purchase, we will start several projects ... which may amount to €300m-€400m within five years.“

Premiumred is particularly geared towards office, retail and logistics developments, and is eyeing the market in Bucharest and in other Romanian cities with 150,000-plus inhabitants. The company is investing €20m in its first project, the Premium Plaza office building close to Victoriei Square, which is seen producing a yield of around 10%.

Premiumred was repositioned in November and spun off from its former parent Immoconsult as a separate subsidiary of Investkredit. Immoconsult's portfolio includes Bucharest office buildings Budisteanu Business Center and Baneasa Business Center. pfe

GE Real Estate Italia pays €122m for office portfolio

GE Real Estate Italia has bought a portfolio of four office properties for €122m from Europa Immobiliare Nr 1, a real estate fund managed by Vegagest SGR, an independent savings management company owned by banks and insurances.

The portfolio includes three properties in Rome and in Milan, currently let to the private mobile telecommunication company Wind and to ENEL, a private company still 30% held by the government for national energy and electricity supply.

This is the third acquisition by GE Real Estate Italia in the last few months. The company recently bought the Primavera shopping mall in the centre of Rome. pfe

Germany's IVG sells in Paris, Milan, Brussels, buys in Hamburg

IVG Immobilien, Germany's biggest listed property company, says it earned €16.6m on the sale of three properties in Paris, Milan and Brussels for €83m – transactions balanced by the purchase of a large office property in Hamburg.

The strategic Hamburg acquisition has eight properties with an office share of nearly 90% of the total rental area of 47,500 sq.m. Together with Hafencity, Channel Hamburg and the directly adjacent Schlossinsel are currently important development areas in Hamburg. Parties to this transaction agreed not to disclose the price.

In Paris, IVG sold the property Rue d'Aguesseau 121-123 to LB Immo Invest of Hamburg for €52m. This exceeded the current market value and resulted in an attractive book profit, IVG said. In Brussels, it sold Le Croissant at Avenue de Beauvieu 22-24 for €24m to Thomas McDonough & Sons of Galway, Ireland. Sold for €7m was also Palazzo dei Cigni in Milan. These 29 shops were bought by Property Capital Investment, a

London private real estate equity fund. pfe

Austria's Europolis in talks to buy €140m Cefin project in Romanian capital

Austrian Investkredit Bank's real estate arm Europolis, one of the biggest players on the Romanian property market, is in talks to buy a project in Barbu Vacarescu area of Bucharest valued at €140m, working together with Italian developer Cefin Holding.

ACT Media News Agency reports that Cefin is developing a 34-storey building in an office and retail complex for Europolis, which could eventually house commercial space of up to 70,000 sq.m. Cefin CEO Stefano Albarosa said his firm will build three new logistics parks in Constanta, Arad and Timisoara by the second half of 2008 for Europolis. Each of the three will have 40,000-50,000 sq.m. storage space and cost around €25m.

In Poland, Europolis has completed the first stage of construction of the biggest logistics park in the CEE region, Poland Central, near Lodz - a project with a total investment, tag of €172m. Expected to be available for new tenants in July, the project is not scheduled for final completion until 2014.

In the Czech Republic, the company recently forward-purchased Seska shopping mall near Prague airport from Danish developer for €70m, its third Czech mall alongside two in Mlada Boleslav and Teplice. Europolis will continue develop projects early to fill its retail portfolio. Cefin is present in Romania, Italy, Hungary and Bulgaria. pfe

Austria's Raiffeisen evolution to invest €200m in Polish residential, retail

Austrian real estate developer Raiffeisen evolution project development, a joint venture between the country's cooperative bank group and the Strabag construction firm, has around one-fifth of all projects in central Europe under construction in Poland, and now plans to spend €200m more for residential and retail assets in the nation

Raiffeisen evolution has a presence in 12 countries in CEE, but Poland remains the current focus. "We want to spend €200m within the next three years," board member Maciej Krenek told the Lokala Immo magazine. "Some 70% of that will go on shopping centres and the rest will be invested in residential developments."

Raiffeisen evolution plans to complete over 1,400 apartments in Warsaw, Kraków, Poznań and Wrocław. On the retail market, the developer is known for its Ferio shopping malls located in smaller cities and in larger residential complexes within big cities. Two have been opened in Wrocław and Puławy, a third is under construction in Legnica. Construction on the fourth, in Konin, will begin this quarter, and it has plans for Warsaw's Wawer.

Raiffeisen evolution has established subsidiaries in Hungary, Poland and the Czech Republic, as well as Slovakia, Croatia, Romania, Bulgaria, Russia and the Ukraine. pfe

Austria's Akron buys Warsaw Trade Tower from Apollo-Rida for €150m

Austrian investor Akron Group announced last month it bought the tallest office building in Warsaw, the 208-metre Warsaw Trade Tower, from Apollo-Rida of the US for €150m, one of the biggest

single office building transactions in Poland last year.

The Warsaw Trade Tower will become the core of the new Akron CEE II fund that invests in office, logistics and retail properties in Poland, Hungary, Ukraine and Russia.

The 43-storey structure was built in the late 1990s to house the headquarters of the Korean Daewoo corporation, but the company went bankrupt and had no money to complete the building. Four years ago, Daewoo sold the building to Apollo-Rida for nearly \$100m, the Warsaw Voice reports. pfe

Immoeast in first Croatian investment following largest Polish transaction

Immoeast, Austria's largest listed property company, made its first direct investment in Croatia, by taking an 80% stake in Zagreb's "Grand Center" office and retail centre for a total €40m. Its partner in the project is Generali Immobilien of Vienna.

Immoeast said the deal means it has made direct investments in the three economically most significant successor states in former Yugoslavia, Serbia, Slovenia and Croatia, within three months.

"With two retail parks, a residential project and now an office and commercial centre, our involvement in the region is also highly diversified," said Chairman Karl Petrikovics in a release.

"EU accession of Romania and Bulgaria will have a positive impact on the entire southeast European real estate market. We will therefore continue to expand our presence, and the western Balkans will assume a permanent place in our asset allocation."

Immoeast and Generali are exploring cooperation in east European markets when efficient solutions can be realised through

joint action, especially for larger projects.

Immoeast has also made its biggest investment to date in Poland with the acquisition of Motown Business Park in Warsaw, in a €260m joint investment with Heitmann European Property Partners. Immoeast holds 50% and also owns a 7.14% stake in HEPP. Motown has current occupancy of around 90 percent, with potential for further expansion.

Petrikovics rates Motown a highlight in the company's Polish portfolio and sees potential for appreciation in Warsaw's office market and particularly Mokotow district in the next few years is remarkable. pfe

GE Real Estate buys German office portfolio from HDI-Gerling for €140m

GE Real Estate Germany has acquired a portfolio of 18 German office buildings for about €140m from insurer HDI-Gerling Lebensversicherung, part of the Talanx insurance group.

The 88,000 sq m portfolio, mostly rented, includes 12 sites in the top seven business districts, namely Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne and Munich. This is the fifth portfolio acquisition made by GE Real Estate Germany in the last eight months.


"The portfolio comprises a range of high quality office space which offers GE the opportunity to utilise its active asset management capability," said Rainer Thaler, managing director of GE Real Estate Germany.


GE Real Estate Germany is part of GE Real Estate of the US, which has \$44bn of commercial real estate assets and a presence in 24 countries. pfe

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JER's investment in Geneva Manotel hotel chain valued at CHF200m

US private equity firm JER Partners has agreed to buy 50% of Geneva's Manotel hotel chain from Finial Holding, a private Geneva investment company, in a transaction valuing Manotel in excess of CHF200m.

Manotel's six three- and four-star hotels located in central Geneva have a 10% share of the hotel market there. Assets include 610 rooms and the management company.

JER and Finial have committed to acquire jointly as much as CHF175m of further Swiss hospitality properties, targeting assets in Zurich, Basel and Lucerne and focusing on 50 to 150-room hotels. They expect to double capacity within the next three years.

"Manotel is successful because it offers a high-end experience at affordable prices," said Malcolm Le May, president of JER Europe. "We believe that it is an extremely valuable proposition which can be developed into a national chain in Switzerland. Working with Finial, we look forward to helping Manotel maximise its potential."

Separately, JER Partners acquired five Italian retail showrooms from Mete, Italy's fifth largest household furniture retailer for €39m in a sale-leaseback transaction for 12 years. The acquisition was financed by Unicredit Banca d'Impresa.

JER also announced it has disposed of its 50% stake in the Marriot Courtyard hotel in Paris. The property, which is located in Neuilly-sur-Seine, is a 242-room, four-star full service hotel. JER purchased its share of the hotel in December 2004. pfe

Guest Column: Mario Breglia, Chairman, Scenari Immobiliari

SGR real estate funds, REITs launch to boost Italian managed assets to €50bn

Within the next three years, Italian real estate managed via Savings Management Companies (SGRs) and the soon-to-be-created Real Estate Investment Trusts (Società di investimento immobiliare quotate, REIT/SIIQ) could surge to a value of over E50bn, doubling the current assets under management.

The creation of these new listed property investment vehicles shows that Italy is serious about offering a wider portfolio of real estate investment products and strategies to attract new investors, especially from abroad. The majority of the real estate community is in agreement with the Italian government that it is time for us to become a real land of opportunity for property investors of all nationalities.

For the entire property funds sector in Italy, 2006 was an important year. Whether mutual funds aimed at retail investors or institutional funds, almost all SGRs launched new vehicles. The primary focus though was on specialised products that meet the needs for diversification of institutional and professional investors. New SGRs of a speculative and a traditional type have made their appearance, and a number of new firms are currently awaiting authorisation from the Bank of Italy.

Capital inflows to SGRs hit a record, reaching a net E1.84bn by year end and thus exceeding the figure for 2005 by almost E200m. Only in 2004 were net revenue volumes flowing into SGRs higher - at E4.5bn. However that figure was artificially inflated by the entry into the market of the state-sponsored FIP and Patrimonio Uno funds. At Scenari Immobiliari, current forecasts for

2007 indicate a further 19.6% increase in net incoming investment into all SGRs.

Between 2001 and 2006 the combined net asset value of all Italian property funds has grown more than fivefold. We forecast is that it will increase by a further 25%, reaching E20bn, by the end of this year. Over the seven years, the stock of directly managed property has also achieved considerable growth, increasing over 16 times. In December 2006 it reached E21bn, and we forecast that by the end of 2007 directly managed real estate assets will reach E25bn, an increase of almost 20% over last year. This forecast has been made on the basis of the development plans of the current SGRs.

The increase in capital under management has resulted in a notable growth in the overall level of borrowing for real estate investment. However, Italian property funds show no great propensity for boosting

levels of leverage, with the amount of loans only at about 38% of gross asset value. That said, property loans are likely to expand further in the course of the next few months, partly as a result of the launch of new funds of a speculative nature or those reserved for professional investors. These types of funds generally make greater use of financial leverage in their management.

We expect the Italian SIIQ structure, modelled closely on the French SIIC (Société d'Investissements Immobiliers Cotée), to make its debut on the market in the second half of 2007. There is no doubt they will provide a strong boost. In comparison with ordinary real estate companies, SIIQs will benefit from tax relief if they meet the obligation to pay 85% of profits in the

form of dividends to shareholders. Majority shareholders will be limited to a maximum holding of 51% of outstanding capital, and 35% of the stock must be distributed among many shareholders in free float, with no single investor directly owning more than 1% of total equity. A further tax relief is provided for SIIQs investing in residential buildings to rent.

Relief from Italy's IRES and IRAP taxation at corporate level implies, as in other REIT jurisdictions, a fiscal liability transfer onto the dividends distributed to SIIQ shareholders. The new SIIQ regime will also differ from the already existing SGR real estate funds, which have a legally determined expiration. Italian property funds operate for a previous determined period, at the end of which they are required to dispose of their assets and wind up the company. SIIQs will not be subject to this restriction and will therefore have much more freedom in their activities.

In general, we at Scenari Immobiliari see the growth of unlisted property funds and REITs having a strong impact on national economies across Europe. In the countries where REITs are in operation, they contribute to the development and competitiveness of the property industry as a whole - which is the reason that governments encourage their growth by means of tax incentivising legislation.

Italy may be late in the list of European country adopting this new investment vehicle but we are catching up. Germany is moving in this direction too, and the German open funds sector is going through a phase of transformation, both as a result of the enduring effects of last year's problems and because of expectations relating to the launch of G-REITs in 2007. Just last week, REITs arrived in Britain.

Scenari Immobiliari sees REITs and Italian SIIQs as a tax-efficient property vehicle that will boost the overall investment real estate market in Europe and open our continent to new opportunities of development.



Australian MGPA buys German light industrial portfolio

Australian-owned private equity firm Macquarie Global Property Advisors (MGPA) has agreed to purchase eight light industrial assets in Germany for an initial yield of above 9% for its MGP Fund II.

The portfolio of 63,000 sq.m., at least 98% of it leased, includes 75% light industrial space and 25% office space. Seven properties are in Stuttgart. Numerous tenants are in the automotive industry.

"This is an excellent investment for the Fund as it was acquired for significantly less than replacement cost and is a high-yielding light industrial portfolio in one of the most vibrant industrial regions in Germany," said MGPA Managing Director Alex Jeffrey. Historic domination of the light industrial property sector by owner-occupiers is shifting, as companies needing more flexibility choose to lease rather than buy space. pfe

Hoche Financement acquires Paris prestige hotels, Monceau, for €86m

Hoche Financement has bought Compi France for €86m and with it four of France's prestige hotels, part of the Royal Monceau group: the Royal Monceau and the Hotel Vernet in Paris, the Miramar-Crouesty in southern Brittany, and L'Elysée Palace in Nice.

Hoche's purchase allowed Compi France to avoid bankruptcy. The French investment fund plans to start a phase of active restructuring of all the group's hotels. Hotel industry experts in Paris suggest that Hoche's acquisition could clear the way for a hotelier from the Middle East to buy into the French market. pfe

Sweden's JM purchases property in Lund for redevelopment scheme

Stockholm-traded developer JM has acquired a sugar refinery in Lund and may purchase two nearby beet depots for an urban redevelopment scheme that envisages 150-200 dwellings in this southern Swedish university town.

JM purchased the Raffinaderiet 1 property in central Lund, with the possibility to purchase the Sockerbiten 3 and Sockerbiten 6 properties – all of them in Sockerbruksområdet, Lund's Sugar Mill District. "This purchase consolidates the leading position of JM as developer of dwellings in Lund," said JM Dwellings Anders Wahrer.

The Lund City Building Office drew up a programme in March 2005 for a detailed plan to extend the core of the city and produce new housing. JM plans to develop about 150-200 dwellings in this area, starting 2009.

JM is a major developer of housing and residential areas in four Nordic countries and Belgium. With annual sales near SEK10bn and 2,200 employees, JM is listed on the large stocks segment of the Nordic Exchange. pfe

Denmark's Sjælsø Gruppen sets up new subsidiary in Poland

Denmark's Sjælsø Gruppen, a traded developer of Nordic

retailing properties, has established a fully-owned subsidiary in Poland to strengthen its project potential.

Although the new Polish venture is supposed to support Sjælsø's long-term profit potential, it is not expected to impact the group's result until 2008 and will initially assume no new project risks. Sjælsø's projections for 2006 and 2007 were unchanged: pre-tax profit of €85m-€100m (DKK700m- DKK 800m) for 2006 and €100m-€120m (DKK800m- DKK1,000m) for 2007.

Sjælsø Gruppen based its decision to enter the Polish market on stable socio-economic conditions and the country's favourable economic development. pfe

Newly-listed Norwegian Property buys 13 Oslo offices for €245m

Exchange-traded Norwegian Property has agreed to acquire a portfolio of 11 Norwegian office properties in Oslo's residential Nydalen district and two at Økern for about €245m (NOK2,199m) from shipping company Rasmussengruppen.

A return on equity for the 116,200 sq.m. portfolio of mainly office premises is expected to approach 14 %, with estimated gross rental income for 2007 of €15m (NOK135.2m), Norwegian Property said.

"This transaction will give the investors a return on equity in line with the company's overall targets," said Petter Jansen, chief executive officer of Norwegian Property.

The average office rent per square meter in the portfolio is approximately €142 (NOK 1,270). According to reputable property brokers, current market rent level in Nydalen is around €163 (NOK 1,470) per sq.m.

Norwegian Property can benefit from the expiration of 24% of the lease contracts within three years and 67% within five years. And one property has development potential of 6,000 sq.m. pfe

ORCO buys Berlin's former Wertheim department store site for €75m

Listed property company ORCO Germany says it has paid €75m to acquire the 22,000 sq-m. site of Berlin's pre-war Wertheim department store for a new mixed development.

ORCO subsidiary Viterra Development will manage the development of office and retailing space as well as residential units and a hotel with planned space of 88 000 sq.m.

The unused Wertheim site in Berlin's new middle is on Leipziger Platz, right next to Potsdamer Platz, Sony Centre, Daimler-Chrysler headquarters and Beisheim Centre.

The €75m paid by ORCO is 20% less per constructible square meter than recent transactions around this last large, undeveloped property.

ORCO Germany, which acquired Viterra Development last year, is a subsidiary of Orco Property Group of Luxembourg, which has a European property portfolio of about €1bn and lists on Euronext and Prague Stock Exchange. It operates mainly in the Czech Republic, Hungary, Poland, Russia, Croatia, Slovakia and Germany. pfe

DEGI returns to German commercial property with €64m purchase

DEGI Deutsche Gesellschaft für Immobilienfonds has pur-

chased German commercial properties for €64.4m in three locations for its new DEGI German Business fund, launched 1 December 2006.

Bought by Degi, the real estate investment manager of Allianz insurance, were an office and retailing building in Potsdam, a retailing property in Speyer and a mixed-use property on Berlin's Kurfürstendamm. The three properties with lettable space of 13,155 sq.m. are fully let. Around 30 % of the investment is being debt-financed, the rest currently being collected from institutional investors and affluent private customers.

"The DEGI German Business fund is purposefully targeting the incipient upturn on the German property market, which is more attractive for investors than at any time since 1996," said DEGI Chairman Bärbel Schomberg. "We want to take advantage from the favourable investment climate and invest up to half a billion euros in the German commercial property market." pfe

Lowndes Partners launched in UK as property advisory, investment bank

Lowndes Partners has been established in London as an independent investment bank for real estate, specialising in financial advice and investment management services.

The businesses of the new bank will include mergers and acquisitions, strategic advice, private placements, equity capital markets and international investment products.

Lowndes Partners said its philosophy is to bring together highly experienced bankers "to provide dedicated advice and senior support to our clients without conflict. Our clients will include corporations, partnerships, institutions and high-net-worth individuals."

The founding executive partners are Maxwell James, Richard Choi and Julie Green. Lowndes Partners is based at 7 Savile Row, London W1S 3PE.

"The unprecedented weight of capital seeking exposure to the real estate sector is resulting in an increased requirement for high quality independent advice and solutions available to both companies and investors," said Maxwell. "As a group of senior bankers dedicated to the real estate sector, the creation of Lowndes Partners is a response to the strong demand from our clients for high quality independent advice and investment solutions."

Maxwell had been global head and managing director of HSBC's real estate investment banking, following postings with Lazard and Barings. He was associated with the £1.9bn MEPC transaction and the £1.7bn sale of Canary Wharf.

Choi was most recently a director of the HSBC real estate investment banking group and a former executive of Lazard's real estate corporate finance group.

Green was most recently a European director of Jones Lang LaSalle. She had previously been a director of Lazard. pfe

Commerz Grundbesitz buys North Rhine-Westphalia logistics properties

Commerz Grundbesitz-Spezialfondsgesellschaft (CGS), a subsidiary of Commerz Grundbesitz group of property funds, says it agreed to buy three German logistics properties for its Euro Logistik 1 special property fund for institutional investors.

CGS will pay €50m for logistics sites in Bedburg, Greven and Solingen in the German federal state of North Rhine Westphalia. Completed in 2002, 2006 and 1996 respectively, the buildings have total floor space of 63,500 sq.m, which is fully

rented for another 10 years on average.

The seller was Movesta Lease and Finance GmbH, a joint venture of IKB Deutsche Industriebank and KfW IPEX Bank. Commerz Grundbesitz is a unit of Commerzbank. pfe

Rocksure launches new House for All Seasons concept in high-end property

UK venture firm Rocksurre Property has launched an investment vehicle, the Rocksurre Property Alpha Fund, which gives investors the opportunity to own a share in exclusive properties located in six of the world's most glamorous locations.

Entitled "A House for All Seasons," the fund's lifestyle portfolio has six properties worth an average of £800,000 each. With a commitment of £159,000, as many as 36 investors gain access to the properties for an average of four rent-free weeks a year during the fund's seven-year lifecycle. As owners, they also accrue gains from property appreciation returned at the end of the fund's seven-year life.

The six locations are: Buzios in Brazil; Phuket in Thailand; Marrakech in Morocco; Portugal's Algarve coast; Breckenridge, Colorado, and New York City. From sun and sand to skiing and snow, the assortment caters to all holiday tastes.

The fund acquires each property without gearing to affect costs. All but a fraction of subscription funds go directly into the purchases and furnishings. Running costs are covered by an annual management and maintenance contribution paid to the fund by each unit holder (£1,500 in 2007/8) and the net proceeds of renting a proportion of the available weeks.

The spacious houses will all have four or five bedrooms and are looked after by a full-time cook-housekeeper. They will also offer generous outdoor areas with terraces and swimming pools, plus such amenities such as pool or ping-pong tables, hot-tubs and Turkish baths. pfe

Cerberus buys commercial properties from German union company

GGI Gesellschaft für Gewerbeimmobilien, a property company belonging to the German labour movement, has sold 37 German commercial properties to US private investor Cerberus.

The union portfolio of 146,000 sq.m. includes 19 downtown branch offices of the former Bank für Gemeinwirtschaft, now part of SEB, in Berlin, Hamburg, Hanover, Essen, Nuremberg, Stuttgart and other cities. It also has the Oval office complex on Frankfurt's Baseler Platz and numerous properties rented and used by the unions in Hanover and eastern Germany.

Cerberus took over the union housing of the Bau Be Con firm in autumn 2005 and later bid for the Austrian union bank, Bawag. pfe

Residential rents rise in Bavaria – IVD

Rents charged in Bavaria for row houses and single-family units of two-family houses rose in the 12-month ending with autumn 2006, says the autumn market report of the property market research institute of Immobilienverband Deutschland IVD Süd. The rent for newly completed halves of two-family houses increased by 4.9%, that for used unit by 3.4%. The rent for new row houses was up by 1.4. pfe

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Georg Kulenkampff has been named chairman of the executive board of Germany's largest residential property company **Deutschen Annington**, succeeding **Volker Riebel**. The latter will stay on as advisor in strategic questions... **Atisreal** has named **Guillaume Delattre** as its international coordination director for Belgium, Ireland, Italy, Luxembourg and Spain. The firm also gave former director for **Atisreal Luxembourg Martin Heyse** control over all operations in Benelux ... **Franz Lucien Mörsdorf** has been appointed by as managing director of **Deka Immobilien Investment** replacing **Reinhardt Gennies**, who has left the company. **Mörsdorf** moves over from **Deutsche-Bahn** subsidiary **Aurelis Real Estate**... **Hettrich Chartered Surveyors** has appointed **Ole Sauer** as managing director in Germany. Sauer has 16 years of experience in the real estate business, studied real estate economics in the UK and joined **Hettrich** two years ago... Spanish property firm **Inbisa** named **Álex Azuaza** as the new sales director in Catalonia. **Azuaga** comes from **Layetana Inmobiliaria** and **KPMG**... With effect from 1 December **DTZ** has promoted **Jens Reuther**, **Christian Windorfer** and **Oliver Pfruender** as directors of the company... **Markus Kreuter** has taken over as head of accounting and financing at **Vivico**, effective last Monday. Prior to joining the company in November 2003, Kreuter was at **DekaBank** and, before that, **Deutsche Bank**... **Laurent Castellani** is to appointed as president of the board of the **Caisse d'Epargne** subsidiary **Keops** in Paris. **Castellani** was since January last year managing director of **Exa Conseil Immobilier**. Because of his departure, **Exa France** announced that **Bruno de Chazeaux** will take over as managing director responsible for office transactions, alongside **Antoine Combe**. **De Chazeaux** began his career at **Knight Frank**, before becoming director at **DTZ Jean-Thouard**... **Didier Malherbe** has taken over responsibility for products and logistics at **CB Richard Ellis** in Paris... **Bertrand Gaffinel** has been appointed head of departement **IDF Ouest** at the group... **Odon de Couason** has taken over as head of **PMS Paris**, with main responsibility for commercial department consisting of 32 staff... **Patrice de Malartic** has taken over as managing director of **Rive Gauche**, where he has been a member of the team for four years... **Philippe Tannenbaum** has joined **JP Morgan Cazenove** in Paris where he will be responsible for research on continental Europe real estate. He moves over from his post as Head of Research for **Eurohypo**... **Patricia Dupont Lievens** has been appointed a board member of **HSBC Reim** in Paris in charge of asset management. She reports to **Dominique Paulhac**, and will take responsibility for investment and asset management... **Bertrand Wasels** will take over as head of **TEGoVA, The European Group of Valuers' Associations**... **Klaus Janowski** has been appointed managing director of **MainLiving, Frankfurt**, the marketing company owned by the listed Franconofurt. He moves over from **DeTeImmobilien**.. **Michael Freytag**, has provisionally taken over as Senator responsible for city development and environment in Hamburg after the resignation of **Wolfgang Peiner**. **Peiner's** permanent successor should be **Axel Gedaschko** after the latter's confirmation on 17 January... **Commerz Grundbesitz Gruppe** will from February be reorganised under the business area of Commercial Real Estate in the **Commerzbank group**, and will be headed by **Bernd Knobloch**, alongside his duties as chairman of the **Commerzbank** subsidiary **Eurohypo**... **Frank Heimsaat**, head of funds analysis at the Berlin-based **Scope Group**, has left the company, and will found, along with **Niels Ackermann** **Zweitmarkt Plus**, which is a member of the Berliner stock exchange group. New **Scope** research head is **Steffen Möller**, formerly Heimsaat's deputy. **Wilfried Tator**, Chief Analyst for closed funds, has extended his contract by three years... **Bouwfonds MAB Development** has appointed **Michael Flesch** as managing director, formerly with **ING Real Estate**. He will take responsibility for development, alongside **Holger Hagge** and **Jan Eijkemans**. The firm has appointed new staff members **Michiel Vogelpoel**, **Steffen Höhn**, **Matthias Barschitz**, and **Joachim Wintzer**... pfe

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