No. 22 | September 2013

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DEAR READERS!

Following immediately the traditional Munich "Wies'n" the "Oktoberfest" of the real estate industry—the trade fair Expo Real—takes place. However, Expo Real is not about "mass intoxication" by beer, as colleagues from German daily *Süddeutsche Zeitung* titled aptly. Expo Real will be about presentations and exchange about properties and real estate investments.

During three days from October 7 to October 9, in six exposition halls a lot of information will be offered. And many topics will be discussed: In which direction individual markets will develop? What will come next in Germany and Austria after the parliamentary elections? Where do developments and investments make sense—and for whom? Is specification or diversification the right strategy? Where to get the funding from? And regarding financial sources: Can real estate players say "O'zapft is" as easily as the Lord Mayor of the City of Munich when tapping the first barrel of beer to start the "Oktoberfest"?

Many of these discussions will be public—in the extensive conference programme of Expo Real, but at the exhibitor stands and in the conference rooms as well. Some of them I will moderate myself. Traditionally the main focus is on Russia. You will receive more information by e-mail soon.

Marianne Schulze and I are looking forward to meet you, dear Readers, at Expo Real. And we are looking forward not only to creative stands and events, but even more to good and fruitful talks.

Yours,

Andreas Schiller

Ghelamco has been granted financing for the development of Warsaw Spire office building by a group of four Polish banks.

GHELAMCO SECURED FINANCING FOR WARSAW SPIRE

Belgium-based Ghelamco has been granted a loan of almost PLN 904 million (approximately EUR 215 million) for the development of its Warsaw Spire office complex. The loan was made out by four banks: Bank Pekao, Bank Zachodni WBK, PKO Bank Polski and BRE Bank. Work on the project began in 2011 and so far the project has been developed without bank financing.

Currently building B is under construction, with the new financing to go towards developing subsequent stages of the project. Warsaw Spire will comprise three buildings offering a combined 100,000 square metres of office space. Tower A will have 49 storeys and a height of 180 metres (220 metres with the spire). Buildings B and C will both be 55 metres in height with 15 storeys each. The first tenant of the complex is European Union agency Frontex, which is to move in September 2014.

O1 PROPERTIES IS BUYING NAKHIMOVSKY, 58 IN MOSCOW

O1 Properties Investment Company has signed a contract on purchase of Nakhimovsky, 58 business centre in Moscow. The transaction will be finalized when the business centre will be fully leased out. The business centre will be included to the company's portfolio under the name of iCube.

Nakhimovsky, 58 business centre with the total area of approximately 25,000 square metres has 11 floors with an underground car park for 288 parking stalls. Developer was Levium Company. The complex is situated close to Profsoyuznaya metro station, southwest of the inner city of Moscow.

At present, the premises of the business centre are being actively leased out. The office premises are ready to be fit out, and in the first quarter of 2014, iCube will be ready for being occupied by the tenants.

OPENING OF EXTENDED SHOPPING CENTRE MALTEPE PARK IN ISTANBUL

After a construction period of 21 months, the extended Maltepe Park shopping centre on the Asian side of Istanbul has opened its doors. The leasable area was expanded from 31,000 square metres to 75,000 square metres, providing space for 250 specialist stores, restaurants and cafés on three shopping floors and 3,500 parking spaces.

During the course of the construction work of the extension, the existing part was also refurbished and renovated. CarrefourSA put its signature under the EUR 70 million refurbishment project, and ECE Türkiye has accompanied the modernization and expansion of the shopping centre. Maltepe Park shopping centre has been operated by ECE Türkiye since its opening in 2005.

Into the center, onto the Green

Shopping attraction and recreation area in one: Skyline Plaza in the European Quarter of Frankfurt, which was opened on August 29, is more than just a shopping center. A sales area of 38,000 m^2 provides space for more than 170 exciting shop concepts. In February, MeridianSpa, the biggest fitness and wellness center in Frankfurt, will open. On the roof of the center, the visitor will find a recreation area that is unique to Germany: the Skyline Garden. The project partners are Allianz, CA Immo, and ECE.

Shopping | Office | Traffic | Industries

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ECE

Koneser is a former vodka distillery in Warsaw. The post-industrial area will be revitalised. Liebrecht & Wood has invested in the commercial properties of the mixed-use project.

LIEBRECHT & WOOD INVESTS IN THE KONESER PROJECT IN WARSAW

Liebrecht & Wood has completed the acquisition of almost a 50 percent share in the commercial part of Koneser project in Warsaw. The Koneser development consists of the revitalisation of post-industrial buildings as well as the construction of new buildings at the historic Warsaw Vodka Distillery. It will be the first mixed-use complex in Warsaw combining four functions: residential, retail, office and cultural. Koneser will comprise over 300 housing units, 22,500 square metres of retail and service space and 22,000 square metres of offices.The project is developed on a five-hectare plot between Zabkowska, Nieporecka, Białostocka and Markowska streets in the Praga district of Warsaw.

Liebrecht & Wood joins forces with BBI Development to develop the retail-office part of Koneser, which constitutes around 59 percent of the total space at the complex. The investment value is set at PLN 450 million (approximately EUR 106.35 million), and the completion of the project is planned for 2017.

SBERBANK PROVIDES FINANCING FOR K2 BUSINESS PARK IN MOSCOW

Srednerussky Bank of Sberbank of Russia will provide project financing for K2 Business Park, located on Kaluzhsky Highway, 2 kilometres from Moscow's ring road. K2 Business Park will consist of four seven-storey office buildings with a rentable area of 18,500 square metres each. The total rentable area of the project is approximately 74,000 square metres.

In October 2012, Storm Properties and Altai Capital raised capital from private investors to buy 100 percent of the K2 Business Park project. In accordance with the work schedule, construction of the first phase officially started on June 1, 2013 and will be completed in the second quarter of 2014. The remaining three phases will be delivered in six month increments thereafter. CBRE has been appointed as the exclusive marketing and leasing agent for the development.

CONSTRUCTION OF ROYAL WILANÓW KICKS OFF IN WARSAW

Construction work has begun on Royal Wilanów, an office building with a retail and service section on the corner of Klimczaka and Przyczółkowa Streets in Warsaw. Investor of the project is the Capital Park Group. Construction will take two years.

Royal Wilanów will be a five-storey building offering 29,787 square metres of office space. 6,920 square metres of retail and service space on the ground floor will accommodate restaurants, bars, cafes, shops and service units that are missing from Miasteczko Wilanów. The underground section of the building will be earmarked for a three-level car park with 931 parking spaces for tenants and customers and for a bicycle parking facility.

Immofinanz has given the starting signal for construction of Riverpark residential project in the Polish city of Poznan.

IMMOFINANZ GROUP LAUNCHES RIVERPARK PROJECT IN POZNAN

Immofinanz Group is starting construction on a residential project in the Polish city of Poznan. Riverpark will have 189 apartments with 11,852 square metres of space, and completion is scheduled for the first half of 2015. The investment is expected to total approximately EUR18 million. Riverpark will include two buildings with five storeys as well as three town houses with three stories each.

ACCOR EXPANDS IN MOSCOW WITH THE SIGNING OF THREE HOTELS

Hotel operator Accor has entered into a long-term management agreement with Russian development company Patero to manage a hotel complex as part of a multi-functional centre to be constructed next to Kievsky Railway Station in Moscow. The opening of Novotel Kievskaya (200 rooms), ibis Kievskaya (350 rooms) and Adagio Kievskaya (150 apartments) is scheduled for the end of 2015.

It is not the first co-project of Accor and Patero Development. By the end of 2013, a hotel complex of the same unique format will open to the public near Paveletsky Railway Station in Moscow. The complex will include three properties: Mercure (160 rooms), ibis (190 rooms) and Adagio (100 apartments).

SILESIA CITY CENTER NOW MANAGED BY ECE

ECE has taken over the management of Silesia City Center in the Polish city of Katowice, after an international investor consortium led by Allianz had acquired the shopping centre. The purchase price amounts to EUR 412 million. ECE holds a minority share of the acquisition. Seller is Immofinanz Group from Austria. Silesia City Center was built in 2005; an extension was added in 2011, increasing the leasable area to a total of approximately 85,000 square metres.

EBRD FUNDS FIRST HILTON HOTEL IN GEORGIA

The European Bank for Reconstruction and Development EBRD is providing finance for the development of a new mid-range hotel, the Hilton Garden Inn, in the Georgian capital, Tbilisi. The USD 18.7 million loan will be extended to a local company – 64 Chavchavadze LLC – which is managed by the Georgia-based real estate company, Redix Group, owned by Georgian entrepreneurs, the Papashvili brothers. The 14-storey, 165-room hotel will be built on Chavchavadze Avenue, one of Tbilisi's major thoroughfares. The Hilton Garden Inn – which will be the first hotel under the Hilton brand in Georgia and the region – is expected to be completed in 2016.

NEPI has acquired Aupark Zilina shopping centre in the Slovakian city of Zilina. The 25,000 square metre shopping centre has been developed in 2010 by HB Reavis Group.

NEPI ACQUIRES AUPARK ZILINA SHOPPING CENTRE

NEPI New Europe Property Investments Plc. has acquired Aupark Zilina shopping centre for a net consideration of EUR 87.5 million from HB Reavis Group. Aupark Zilina built in 2010 comprises approximately 25,000 square meters of leasable space. Located in Slovakia's fourth largest city it has a catchment area of about 400,000 people. On the transaction HB Reavis Group has been advised by Cushman & Wakefield and Allen & Overy.

ROSEURODEVELOPMENT ACQUIRES AURA SC IN NOVOSIBIRSK

Sberbank CIB1 announces the completion of an M&A transaction in which the RosEuro Development Group acquired Aura shopping centre in Novosibirsk from the international development company Renaissance Development and the investment fund Amstar Global Property Fund. With a total floor space of 150,000 square metres Aura is one the largest shopping centres in Siberia. The deal was prepared by the joint Sberbank CIB team and the Severo-Zapadny Bank of Sberbank of Russia. The transaction size is being described as the largest regional commercial real estate transaction in Russia to date.

INTER IKEA TO PURCHASE WOLA PARK SC IN WARSAW

Inter Ikea Centre Group Poland has signed a preliminary agreement to purchase shares in the Wola Park shopping centre in Warsaw from AEW Central Europe. The transaction is expected to be finalised by the end of the year.

Wola Park comprises some 58,000 square metres and 197 stores, with the largest two-storey Auchan hypermarket, which occupies 18,000 square metres and constitutes a separate property. The shopping centre operates since 2002. The former owner got permit to extend the property with about 18,000 square metres. The new wing will be built on the adjacent parking space. Inter Ikea plans to carry out these plans.

MIRLAND AGREES NEW FINANCING WITH SBERBANK

Russian developer MirLand has concluded a new non-revolving USD 95 million (approximately EUR 71.2 million) refinancing loan agreement with Sberbank against its 27,300 square metre Saratov shopping centre investment asset.

A wholly owned subsidiary of MirLand, Investicionno-ipotechnaya kompaniya, has entered into the loan agreement for a seven year term, at fixed interest of 7 percent. The loan refinances IIK existing debt of USD 36 million (approximately EUR 27 million).

THE REAL ESTATE ENTITY OF METRO GROUP

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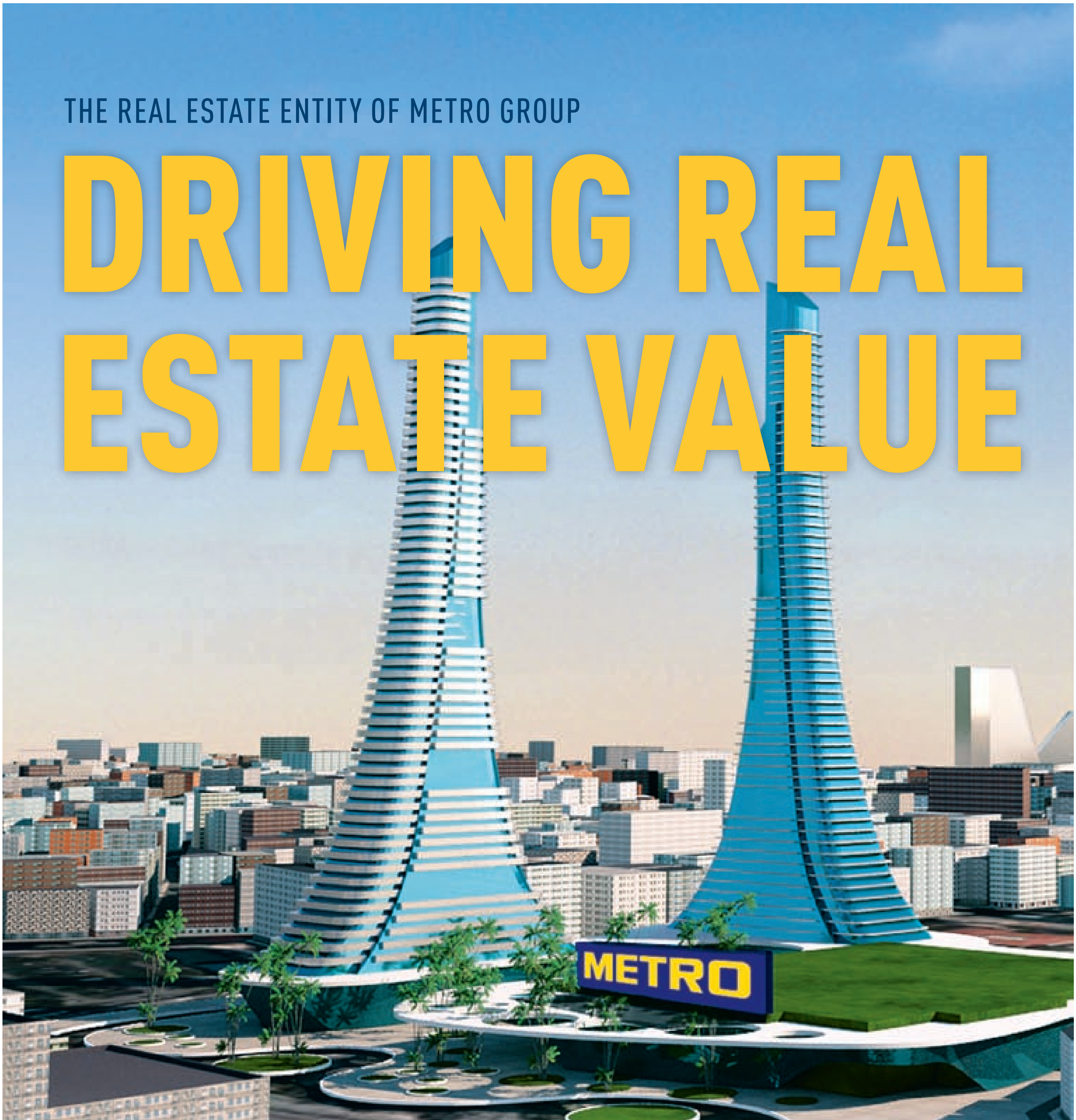

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METRO PROPERTIES

Business Park Chopin Airport City will be developed on an area of 22.5 hectares in direct neighbourhood of Warsaw Chopin Airport.

THE NEXT STAGE OF CHOPIN AIRPORT CITY LAUNCHED

The project of the business park situated next to Chopin Airport in Warsaw is entering the next stage. Polish Airports along with the consulting company Arup begin the creation of a detailed project of land management for this investment.

The contract between the two companies was signed on July 23rd and was the result of a tender announced by Polish Airports. The process of executing the order will continue until the third quarter of 2014.

Based on the analyses prepared by the consulting company Arup, a detailed schedule will be prepared for the realization of the Chopin Airport City project. During this time a holding company will be brought to life that will take over the project.

The project of Chopin Airport City will be the first of its kind in Poland. In the next few years the area of 22.5 hectares located in direct neighbourhood of the passenger terminal of Warsaw Chopin Airport will be transformed into a modern business park. The concept of the Warsaw airport city includes 17 A-class office buildings with over 170,000 square metres of usable floor space, surrounded with water ponds and promenades.

WARIMPEX: REFINANCING FOR AIRPORTCITY ST. PETERSBURG

Initiated and led by Warimpex, ZAO Avielen, a joint venture of the Austrian real estate companies Warimpex, CA Immo Group and UBM, has reached an agreement with a local bank on the refinancing of a EUR 60 million credit line for its Airportcity St. Petersburg. The name of the refinancing bank has not been disclosed. The new financing facility has lower annual instalments during the initial years of operation and it improves the project's cash flow.

Airportcity St. Petersburg is being developed by the project company ZAO Avielen and is located in close proximity to Pulkovo 2 international airport. In addition to a four-star Crowne Plaza hotel, the complex includes three modern office buildings with total lettable space of 31,000 square metres. The two towers from the first construction phase—Jupiter 1 and Jupiter 2, which offer 16,000 square metres of space—have already been opened and are fully let to Gazprom. The shell of the third tower, Zeppelin (15,000 square metres), has been completed and is part of construction phase two.

STARWOOD HOTELS & RESORTS: DEBUT OF ALOFT HOTELS IN KIEV

Starwood Hotels & Resorts Worldwide, Inc. announced the signing of Aloft Kiev, which will mark the entrance of Aloft Hotels into Ukraine when it opens in 2015. The new-build Aloft Kiev will comprise 310 guest rooms and 10 executive suites and will be centrally located in the Central Business District.

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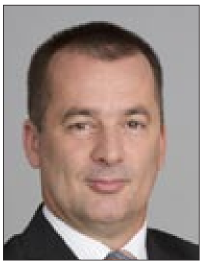
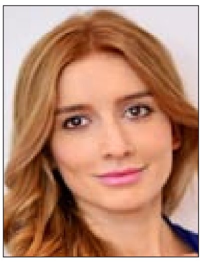
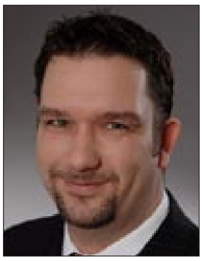
ECE TAKES OVER MANAGEMENT OF PARK VERA IN ANKARA

Shopping centre Park Vera in Ankara is currently under construction. Opening is scheduled for spring 2014. ECE will take over the management of the shopping centre.

ECE will take over management and leasing of Park Vera shopping centre in Ankara, which is currently under construction. Start of construction of Park Vera was in 2012. The shopping centre will accommodate approximately 100 specialist shops as well as a food court with numerous cafés and restaurants on a leasable area of 40,000 square metres on four levels. 2,500 parking spaces will be available to the visitors of the centre. The opening is scheduled for spring 2014.

The investor of Park Vera shopping centre is Baskent A.S. The owners of Baskent A.S. are also shareholders of A1 Grup and therefore investors of Acity shopping centre the management of which ECE had only recently taken over as well.

STAFFING


above left: Gerhard L. Dunstheimer
above right: Michael Harter
in the middle left: Nora Hategan
in the middle right: Tim Hennes
below: Bent Mühlena

Gerhard L. Dunstheimer has been appointed Honorary Fellow of RICS The Royal Institution of Chartered Surveyors Germany. Gerhard L. Dunstheimer is Deputy CEO of ECE Projektmanagement GmbH & Co. KG in Hamburg. Since 1998 the former management consultant has been active in different leading positions for ECE. Aside Gerhard L. Dunstheimer is Vice Chairman of ULI Germany and Member of the Board of Trustees of Deutsch-Russisches Forum e.V.

Michael Harter, Managing Director of Bernd Heuer & Partner Human Resources in Berlin, restarts with his own company Westwind, a strategic recruitment consultancy for the real estate and construction industry. Westwind has been founded in 2010 as a joint venture of Michael Harter, Berlin, and Bernd Heuer & Partner Human Resources GmbH, Düsseldorf. During the last three years, as the majority shareholder Michael Harter has built up the Heuer branch office in Berlin and has been Managing Director of both companies in personal union.

Nora Hategan has been promoted to the position of Business Development Manager of Point Park Properties (P3). Nora Hategan joined P3 in 2010 as a leasing manager, helping to establish P3's office in Bucharest. Prior to joining P3, Nora Hategan worked in sales for a consultancy firm as well as in the media. She helds a Master degree in International Business from the University of Sheffield.

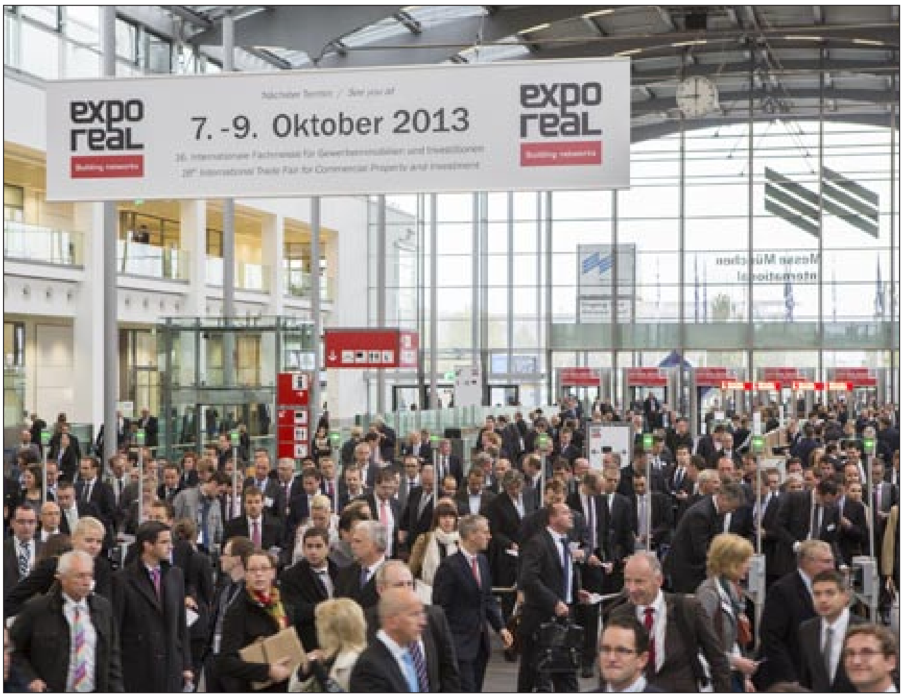
Tim Hennes has been appointed as Head of Asset Management Germany and Central Europe of AEW Europe. He will be responsible for creating and overseeing asset management strategies for investment assets managed by the firm, and particularly to further expand the asset management platform in both Germany and Central Europe. Tim Hennes will be based in Düsseldorf and will report to Stephan Boenning, Head of Germany, who has taken on additional responsibility for Central Europe. Prior to joining AEW Europe, Tim Hennes worked at Point Park Properties as Head of Asset Management Western Europe and previously in the asset management and legal team at Heitman.

Bent Muehlena will be the new Head of the Real Estate Project Management department at Union Investment Real Estate GmbH with effect from 1 September 2013. He follows in the footsteps of Bernd Schade, who is joining department store group Breuninger. Bent Muehlena has been with the Hamburg-based property fund manager since 1999. In his most recent position, he was in charge of the Real Estate Project Management International/Europe section.

THE GREAT AUTUMN EVENT OF THE REAL ESTATE INDUSTRY

In the diaries of the real estate community the beginning of October is blocked by Expo Real in Munich. Meanwhile the international trade fair for property and investment is the largest of its kind in Europe. And since the beginning there was a special focus on the CEE/SEE countries.

When on Monday morning, October 7, 2013, at nine o'clock Expo Real opens the entrance gates, it is the start for three business intensive days for all participants. More than 1,600 exhibitors in six halls with an exhibition area of 64,000 square metres are challenging just for the feet alone. By the density of information, the lot of contacts and serious talks everybody is running on adrenaline. Because during the three days of Expo Real opportunities to collect information, to make contacts and to have business talks are concentrating, a feature of the fair participants are often mentioning.



On Monday, October 7, 2013, at 9 o'clock Expo Real is opening the gates.

Fairs are always reflecting the mood and current trends of the respective industry. Regarding CEE it is no surprise that Poland, still 'investor's darling', is supplying again Expo Real's strongest group of exhibitors from the Central and Eastern European countries. Russian exhibitors lapped the Czech exhibitors by number and secured themselves the second place while Czech Republic is number three. This also reflects the situation that currently the real estate industry in Russia is booming while the property markets in Czech Republic are experiencing rather difficult times.

What is to notice with all of the three countries: It will be mainly local authorities presenting in Munich. Poland is not all over the country but by a major part of its cities and regions represented, and some of the cities and regions will bring along the one and the other private company established and/or active there. For example on the Warsaw stand (A2.121) there will be as co-exhibitors BBI Development, Capital Park Group, Chopin Airport City, Ghelamco as well as elbfonds Estate from Hamburg in Germany, and with Krakow the real estate developer East-West Development Office is travelling to Munich. With a stand of its own, but in the neighbourhood of Warsaw there will be Skanska Commercial Development (A2.222), the Polish development arm of the Swedish development and construction holding. Polish exhibitors are forming two 'clusters': one in Hall A1 with Katowice, Silesia, Lower Silesia Region (Wroclaw) and Poznan, the other one in Hall A2 with Warsaw, Krakow and Lodz.

Across Russia, or better: across the stand of Moscow City everybody will be stumbling entering the exhibition hall B1 from entrance west. The stand is too big to be ignored. Smaller, but in the near neighbourhood of Moscow will be present O1 Properties, a Russian investment company, founded in 2010 and focused on office property in the capital city. O1 Properties is one of the few Russian private companies exhibiting at Expo Real. In Hall A1, between Investment Locations Forum and Networking Lounge, there will be the joint stand of Russian regions: Here the visitor will find the regions of Altai, Yaroslavl, Leningrad, Nizhni Novgorod, Rostov on Don (they will also have an independant stand in Hall B1.230), Tula and Volgograd as well as the city of Krasnodar and the Ministry of Regional Development of the Russian Federation. Two other regions, Ivanovo and Vladimir, are also present, but in Hall B1, and Russia's second largest city, Saint Petersburg, is traditionally located in Hall B2.

The Cezch exhibitors are spread across the Hall A2 (Prague), B1 (South Bohemia) and C1 (Ostrava and Moravian-Silesian Region). From Czech Republic are also registered the logistic developer Point Park Properties and Intercora, a developer of retail property, mainly retail parks, active not only in Czech Republic, but as well in Romania and Slowakia.

For Romania, not present at last year's Expo Real, the German-Romanian Chamber of Commerce AHK has organised a joint stand (A1.222) with two co-exhibitors—the capital city of Bucharest and term: Romania because of its large market and Bulgaria as one of the main transit countries on the way from Europe to the Middle East and as a tourist destination.

It will be interesting to see how Croatia is presenting itself this year (A1.513) and if there is to note an increased interest after the country has become an EU member. Last year the Croatian joint stand, organised by the Croatian Chamber of Commerce, allured with the fragrance of lavender and called attention by the slogan "Be CROative". Also in Hall A1, but in a clear distance and independently from the

Exhibitors from CEE/SEE are always an important part of Expo Real.

Lupp Projekt Transilvania, the Romanian subsidiary of the German Lupp GmbH, a developer of mainly industrial real estate. Thanks to the AHK of Bulgaria, the German-Bulgarian Chamber of Commerce, this country is present in Munich as well (A1.012). Although both, Romania and Bulgaria, are EU members since 2007, general interest in these countries faded substantially away and if it returns occasionally, then mostly by negative headlines. Admitted, Romania and Bulgaria are struggling with a lot of political and economical problems. However, they are offering potential in the middle and long

Croatian joint stand, Poslovne zone in Varazdin presents Business zones in Varazdin county (A1.023).

For Serbia (A1.429) SIEPA Serbia Investment and Export Promotion Agency has organised a joint stand in which also the Voivodina and Novi Sad are taking part. The respective investment promotion agencies are also responsible for the joint stands of Slovakia (A2.511) and Slovenia (B2.410). And from Slovakia HB Reavis (A2.126) and Ballymore Properties (C1.012) have registered, presenting themselves in Munich as individual exhibitors.

To stay with the Balkans: Bosnia and Herzegovia, in 2012 for the first time present at Expo Real, will come again and will be represented by its FIPA Foreign Investment Promotion Agency (A1.511). The economic situation of the country struggling with difficulties in many regards has become even more challenging with the EU membership of Croatia. Now Croatia, one of the Bosnia and Herzegowina's key markets mainly for food, is beyond EU borders, a fact that makes the trade between the two countries more complicated. From Montenegro the Municipality of Ulcinj (A1.300) is registered for Expo Real. The city in the south of the country may not be known by everybody, but there is planned one of the biggest tourism project of Montenegro, Velika Plaza.

Last, but not least a 'newcomer' at Expo Real should be mentioned: From Greece, strictly speaking a SEE country as well, Hellenic Republic Asset Development Fund (A2.510) is presenting itself in Munich. The Fund's mission is to maximize the value to the Hellenic Republic from the development and/or sale of assets. Given the current situation in the country it might be questioned that investors will be queuing up at the stand.

What else is on offer at Expo Real for all interested in CEE/SEE? It is essential to have a look at the conference programme of the fair. Tuesday (October 8, 2013) panel discussions in the Investment Locations Forum (A1.040) are dedicated to CEE/SEE. In the morning (10.00 – 10.50) it starts with Poland: here Daniel Harris, Managing Director Investments of Tristan Capital Partners, rather active investors in the country during the last twelve months, Dr. Franz Jurkowitsch, Chairman of the Management Board of Warimpex, a company more often on the seller's side during the same period, Marcin Juszczyk, Board Member and Head of Investment Department of the Polish investment and development Group Capital Park, Waldemar Olbryk, Managing Director of Skanska Property Poland, and Dr. Martin Sabelko, Managing Director CEE / Green Team of CBRE Global Investors are analysing and discussing the

The density of information, contacts and talks at Expo Real is one the often mentioned features of the fair.

investment market Poland, and for sure the question will arise, if the investment boom the country experienced during the last years will continue.

At 12.00 o'clock Romania has a 'slot', and in the afternoon Turkey (14.00 – 14.50) is in the focus. The rest of the afternoon is dedicated to Russia, starting at 15.00 o'clock (till 17.50). Though Turkey is represented at Expo Real only by two companies— Amplio Real Estate Investments (A1.021), an Turkish investment company, founded in 2007 by German partners, and Akdeniz Ins Ve Egitim Hizmetleri (A2.232), a developer and part of Agaoglu Group—the country is valued as a "High potential real estate market", however, not really easy to enter. In the panel discussion will take part Avi Alkas, Chairman of Jones Lang LaSalle, Turkey; Dr. Wolf-Ruthard Born, former Ambassador of the Federal Republic of Germany in Turkey and Senior Advisor of ISPAT Investment Support and Promotion Agency of Turkey; Erwin Walter Graebner, Founding Partner of Amplio Real Estate Investments; and Haluk Sur, Chairman of the Board of Cushman & Wakefield Turkey.

Russia will be scanned from three sides: The first round (15.00 – 15.50) is about the relationship between "International investors and Russia". All participants in the discussion are well experienced with international investments in Russia: Timothy Fenwick, Managing Director of Quantum Potes in Moscow, a consultancy company for international investors active in Russia; Andrew Kazanli, CIO of Norman Asset Management, a developer of large-scale retail parks; Andreas Thamm, Head of Commercial Development of Immofinanz Group, which is valuing Russia as one of their 'core makets'; and Lee Timmins, Senior Vice President and Managing Director of Hines Russia.

The second discussion (16.00 – 16.50) is about the real estate and investment markets of the regions in the Russian Federation, and the third and last event (17.00 – 17.50) is dedicated to the two largest cities, Moscow and Saint Petersburg and the respective regions: Participants of the discussion will be Vladimir Ivanov, Managing Director of Spectrum Group; Michael Semenov, Vice President of Kortros; Michael Stanton, CIO of O1Properties; and Dmitry A. Yalov, Vice-Governor and Chairman of the Committee for Economic Development and Investment Activity of Leningrad region.

Furthermore there are planned two exhibitor events about "Investment in Rental Housing & Apartments" in Russia. Venue is the conference room B22 in Hall B2 (upper floor). On Monday, October 7, 2013, 14.00 – 15.30, the focus will be on "Interstate economic relations to improve the housing market in Russia", on Tuesday, October 8, 2013, same time and same venue, "Methods and rules to attract investments in projects of construction in rental housing and apartments" will be analysed. Both events are organised by the National Agency of Rental Housing Funds (Russia) and will be moderated by the Agency's CEO Mikhail Grin. Housing seems to be a burning issue to Russia, because Expo Real is not the only occasion and it is not for the first time that Russian officials are internationally promoting residential projects in their country. Rental housing, however, is generally a more national than international topic. At the best international investors are attracted by large residential portfolios in advanced markets, and residential developers are still more cautious and fixed on their domestic markets than investors. But also investors—except very few ones—are currently more or less forgoing Russia. Therefore it will be interesting to hear and see how Russia wants to attract international investments in the special segment of rental housing.

Last, but not least a hint at an event that does not really deal with property and investments, but can be rewarding anyway: On Wednesday, October 9, 2013, at 11.00 – 11.50, in Expo Real Forum (A2.540) Professor Dr. Baldur Kirchner will held a keynote about "Change as Challenge", a topic that could be of interest for everybody independent from any particular professional focus and also independent from the real estate industry in general. Because not only the professional life, but the world in general is continuously changing and we all have to adapt to these changes that took place with a sometimes breathtaking speed. I Marianne Schulze

POLAND – QUALIFIED FOR THE CORE LEAGUE

After two office buldings in Warsaw the most recent investment of Allianz Real Estate in Poland is Silesia City Center in Katowice.

Again investments in CEE are increasing, but the augmenting transaction volumes are mainly due to investments in Poland. Meanwhile the country is also attracting the more conservative investors active mainly on the Western European core markets. As the first CEE country Poland has qualified for the league of core markets.

In 2012, in Poland, Czech Republic, Slovakia, Hungary and Romania investments in commercial real estate totalled at EUR 3.71 billion, as Cushman & Wakefield are reporting. That is 'only' nearly the half of the previous year's results, but still about 25 percent above the transaction volume of 2010. A main part in the CEE investment volume 2012 is due to the increased investment activity in Poland during the last quarter: Only during this three months real estate assets in the value of EUR 1.63 billion were transacted. For the whole year 2012 investment volume in Poland was at EUR 2.8 billion, 8 percent above the previous year.

During the first quarter 2013 investment activity slowed down—according to Savills transaction volume totalled at about EUR 600 million, 18 percent less than in the same period of 2012. But looking at the first half of 2013, transaction volume increased again up to a total of EUR 1.26 billion, i.e. 48 percent above the results of the same period last year.

Based on still pending deals with preliminary sale and purchase agreements already signed and to be closed during the next months, Savills is optimistic that in 2013 transaction volume in Poland will go up to EUR 3 billion, the highest volume since 2006.

Looking at investors active in Poland in the recent past it is to state that the market has become increasingly attractive also for those with a more conservative investment approach like insurance companies, pension funds and asset managers acting on behalf of third parties. Names like Allianz, Tristan Capital Partners and Invesco were not present in Poland in former times.

According to Mike Atwell, CBRE Head of Capital Markets, CEE & Poland, the majority of investors who see CEE as an attractive investment choice consider Poland to be the most attractive market, and the preference for Poland exceeds that of France, Spain and the Nordics. In terms of cities Warsaw as investment location

can definitely compete with western European capital cities. Correspondingly investment transactions are concentrating in the Polish capital city: With more than EUR 700 million Warsaw attracted about 56 percent of the total transaction volume in Poland during the first half of 2013.

It is still the office sector where some 50 percent of the total investment volume has been allocated, followed by retail property with a share of 36 percent and warehouse and logistics with 12 percent. However, investment preferences are changing: In the first quarter 2013 office sector attracted 71 percent of the investments, retail property only 10 percent, warehouse and logistics 17 percent. According to Savills' forecasts investments in retail properties will increase and the predominance of the office sector will diminish. With investments in warehouse and logistics the peak has been hit in 2012, although Savills is expecting that investor's interest will remain high and level off at 10 – 12 percent.

What are the reasons for Polands attractiveness for investors? It is not only the size of the country and its markets, but as well political stability and the sound economic fundamentals. Poland has overcome the crisis of 2008 nearly without any impact and experienced positive growth rates also in 2009 when economy in all other European countries was shrinking. However, currently economy is slowing down. While in 2011 GDP growth was still at 4.3 percent, it was at nearly 2 percent last year. And for 2013 EU commission is forecasting a growth rate of 1 percent at best. Earliest at the end of the year economy will gain momentum again, and forecasts for 2014 expect a GDP growth of again 2 percent.

One of the reasons for the slow-down of Poland's economy is the weakening growth in the EU countries. Exports are declining, correspondingly industrial production is running low, and as a consequence unemployment is increasing. But there is to make a clear difference between Warsaw and the rest of the country: While official unemployment rates in Warsaw do not pass 5-percent mark, the average unemployment rate in Poland is meanwhile at 14 percent, and it is mainly young people who are mostly affected by the difficult job market.

Outside the Polish capital in cities like Wroclaw there are also attractive investment opportunities.

The situation is aggravated by a tight austerity policy with increasing taxes and tariffs as well as a considerable cutback in public spending. During the country's preparation for hosting the European Football Championship 2012 the high investments in infrastructure took the effect of an additional economic stimulus that now has stopped. However, Poland is one of the economically most robust countries in Europe because of its strong domestic demand. And during the last months National Bank of Poland has lowered the interest rates by 1.5 percent points to inject more money into the economic cycle and to fuel the driving force of growth.

Despite the lowering economic growth office markets in Warsaw as well as in other Polish office locations are still in good shape in terms of office demand. According to Jones Lang LaSalle in the first six months 2013 gross demand in Warsaw amounted to 334,000 square metres, up 12 percent compared to the same period last year.

Nevertheless vacancy rates in Warsaw show an upward trend and reached 10.5 percent at the end of June 2013. This is due to the high construction activity. Jones Lang LaSalle is expecting a total completion volume in 2013 of about 336,000 square metres—the highest since 2006. More than the half, 188,000 square metres, will be delivered in the second half of the year. For 2014 forecasts are a bit lower, but with expected 227,000 square metres coming to the market still high. So increase in vacancy will continue to put pressure on rents. In its Office Occupier's Survey 2013 CBRE is stating that "the stock of new office space is slowly starting to exceed the demand of tenants. For occupiers it means greater choice in terms of selecting a potential new place for business while for developers it means the necessity of adapting buildings to the need of potential tenants so as to gain advantage over the growing competition."

In the major Polish office markets excluding Warsaw demand remained sound as well. In the first half of 2013 take-up reached nearly 210,000 square metres, up 16 percent compared to the same period of 2012. The share of pre-lettings was with 52 percent significantly higher than in the capital city where the share of pre-lettings is at an average of only 17 percent. That means that in secondary cities there is much less speculative development than in Warsaw, although construction activity is high as well.

In Polish cities (excluding Warsaw) about 500,000 square metres of office space are currently under construction, with the lion's share in Wroclaw (121,000 square metres) and Krakow (112,500 square metres). In these two cities vacancies are decreasing: With 3.3 percent Krakow is showing the lowest rate, Wroclaw is like Warsaw at about 10 percent; however, in Poznan as well as in Lodz vacancy rates of some 14 percent are cleary in a two-digit range.

After retail space completions in Poland showed a significant drop in 2012—only 374,000 square metres of new retail space were delivered to the market—development activity is rising again. However, meanwhile the very optimistic forecasts from the beginning of 2013 when 750,000 square metres of new retail space were expected to be completed this year have been reduced by one third. According to Jones Lang LaSalle there are about 700,000 square metres under construction, and the half of it is expected to enter the market this year. What is to notice is an increasing shift from shopping centre developments in the big cities to retail projects in smaller cities as well as a trend to smaller schemes. And with large-scale projects enlargements and refurbishments of existing shopping centres are dominating.

Also on the industrial and warehouse market Poland's lower economic performance has no impact to date. During the first half 2013 gross take-up increased by 38 percent compared to the same period last year and reached a level of 778,000 square metres. New leases and space extensions accounted for 62 percent of this volume (nearly 480,000 square metres). The highest levels of demand are concentrated around the industrial regions, first of all the Warsaw suburbs (about 100,000 square metres of new leases and space extensions), followed by Wroclaw region (94,000 square metres) and Upper Silesia (81,000 square metres). Demand is mainly generated by the logistic sector, not least driven by increasing e-commerce, followed by the automotive industry and retailers. Together these three sectors generate nearly 75 percent of the total demand.

The increasing demand has caused decreasing vacancy rates. Warsaw region has seen the largest drop of available units since the same period of 2012. The average vacancy rate in Warsaw region is at 13 percent, though there are great differences between the respective sub-markets. With 18 percent still quite high are the vacancy rates in Central Poland while in Wroclaw, Poznan and Upper Silesia they are only between 5 and 6.5 percent.

For some time investor's main interest was in office buildings; now shopping centres are coming into the focus again.

The decreasing vacancies are due to the reluctance of developers to start construction of new industrial and warehouse space. Compared with the same period last year completions in the first half of 2013 decreased by more than 50 percent, from 333,000 square metres to 161,000 square metres. By markets, Wrocław region recorded the delivery of the largest new volume of space. With completions of over 74,000 square metres, this market accounted for 46 percent of all new stock in the first half of 2013. Nearly the same amount (71,000 square metres) is still under construction, but this new stock has already been let, a trend that is to observe with nearly all new development projects.

There is only a handful of developers active in the Polish industrial and warehouse market. Nearly 85 percent of the newly delivered space in 2013 has been developed by Panattoni, Segro and Goodman, while with industrial and warehouse facilities under construction Prologis and Panattoni are the market leaders (each with about 70,000 square metres), followed by MLP and Segro (with 40,000 and 35,000 square metres respectively).

At last the still high construction activity in Poland is one of the economic drivers even if in general developers have become more cautious. Indeed, compared to former times Poland's economic growth is slowing down, but economy is still growing and growth rates are still above the average of the EU countries and the Euro zone. That is not the only, but an important point for investors that want to benefit from the middle- and long-term growth potential of the country. I **Maria Waberski**

CHANGING BANKING FOR GOOD

This is the title of a nearly 600 pages long report by the British Parliamentary Commission on Banking Standards. The ambiguity is probably not accidental. On the one hand, the financial service industry needs to be put on a sound footing, on the other higher standards are required.

Before 2008 "big size" was claimed for banks, now the dangers are obvious.

The report analyses the circumstances of various scandals which have beset the financial industry. The examination does not stop at describing the failure of single executives or bank staff; rather it probes into the culture of the entire industry. That is why the call for a new culture is one of the key demands of the Parliamentary Commission.

What is so problematic about the current culture? A key weakness of the financial system is the prevalence of moral hazard on several levels. Moral hazard describes the dilemma of an uneven distribution of chance and risk between two parties. It means one party accepts a risky proposition knowing that it will benefit from an action by keeping any profits, while losses are loaded onto the other party. The term originated in the insurance industry. It refers to the risk of negligent behaviour causing damage which then has to be borne by the insurance company. So much for the principle.

In the financial industry moral hazard can be located at several levels. The public discussion is focused mainly on systemic moral hazard. It revolves around the risk policy of banks, particularly those banks deemed to be significant for the system as a whole.

Suppose a bank enters into risky business deals, which, if turning sour, lead to it filing for bankruptcy. Due to the high degree of interconnectedness between banks this in turn may lead to the downfall of the entire system. In order to prevent the downfall of the system as a whole, the losses of this bank are backed by financial support from the government and are thus being socialised. To avoid this implicit guarantee in an explicit manner is one of the key tasks of the new regulatory framework for the financial industry.

Trading activities of banks are deemed to be particularly risky. They span a wide variety covering money market, foreign exchange and securities trading but also include trading in commodities futures and derivatives. Such trading involves mainly proprietary trading, which means it is not related to customer business.

In Germany, new legislation was passed recently. It forces banks with large trading positions to transfer these into separate legal and organisation entities. It applies to banks with trading positions and liquidity reserves exceeding EUR 100 billion and to banks whose trading assets and liquidity positions make up more than 20 percent of the bank's total assets and amount to at least EUR 90 billion. Though it is not yet a complete separation as has been recommended by the Liikanen-Commission but it is an important step forward in the recommended direction.

The new rules in Germany prescribe a procedure how banks which are encountering trouble can be wound up in an orderly manner in order to ensure that liabilities for losses are borne by the bank's owners and creditors.

In addition, the financial watchdog is empowered to step in at an early stage when encountering adverse business developments. It should be noted that new equity rules have been introduced. They are aimed at strengthening the capital base both in qualitative and quantitative terms.

Moral hazard does not only concern the industry as a whole. It also occurs at the level of individual banks. Modern banking groups comprise a range of single business lines which by and large exist comparatively unrelated. Empirical studies show that under the roof of a "bank" you find a whole host of actors with little or no connection.

Staff members of the individual units are not only distinguished by different dress codes, they also maintain a rather different self-conception. This has led to structures to emerge which are difficult to manage. In its final report the Parliamentary Commission talks of HR practices which may well be recognized as institutional bullying. Such an environment is hardly conducive to promote ethical standards at the level of the individual.

The at times rigid segregation of the different business lines has made it possible to negate personal responsibility and hide behind collective decision making. The British Parliamentary commission refers in this context to an „accountability firewall".

To redress this situation and to re-establish personal responsibility is another goal of the new legislation in Germany. The possibilities to impose sanctions on management have been tightened and a cap on remuneration has been introduced.

What's the way forward? Progress in re-regulating of the financial markets has undoubtedly been made and that is highly commendable. But some open positions remain. For instance, it is desirable to enter into a debate about the validity and sense of certain trading activities as well as some products.

Take the high frequency trading. If mathematical algorithmic trade made up more than 50% of the daily trading in US equities last year, what does this mean? How does it affect the stability of the market? What stand listed companies or traditional investors to gain from it – apart from hefty price fluctuations in single companies and the market in general?

The theoretical foundations of the financial markets also need to be scrutinised. So far, they are largely based on quantitative models. Often these theoretical constructs are difficult to be empirically tested or they are based on false assumptions. That is why it is important to underpin economic science research with knowledge gained in other disciplines particularly financial psychology or sociology.

Some promising attempts such as "FESSUD – Financialisation, Economy, Society and Sustainable Development" are being made. This research project is being undertaken by economists and social scientists from fourteen leading European and South African universities and a European NGO. It receives financial support from the European Union for the period 2011 – 2016. Various research methods and traditions are being included in the studies resulting in a comprehensive agenda for the shaping of the financial markets and their changing functions.

A business policy which up to now has almost been exclusively focused on increasing shareholder value has brought forth some exotic and in some cases even toxic plants to flourish in the hothouse called bank. To redress some of these developments also calls for a critical evaluation of the incentives developed by modern Human Resources management. I Lydia Westrup

MORE THAN THE SUM OF THE PARTS

The aggregated bank balance sheets show the high degree of interconnectness today. Though individual balance sheets will undoubtedly vary, customer lending accounts for only 28 percent of the total assets of all European banks while customer deposits make up 30 percent. Thus a substantial part of the aggregated assets are being held by financial institutions.

The Liikanen-report (High Level Expert Commission on Reforming the European Banking Industry, a group of experts set up by European Commission) and other scientific papers refer to the following criteria which make a bank a systemically relevant:

1. Size
("too big to fail")
The fifteen largest banks in the EU hold 43 percent of the total assets of all banks. It is worth noting that benefits in terms of economies of scale or economies of scope due to size or depth of products have not stood scientific testing.

2. Complexity
("too complex to fail")
Some business models show extremely intertwined organisational structures not least due to tax reducing strategies.

3. Interconnectedness
("too interconnected to fail")
Researchers of Zurich University on networks show that size by itself is less important than the number of connecting points a bank maintains with other entities in the system.

4. Number of banks
which are affected by an event
("too many to fail")

HOT AUTUMN

October 7 – 9, 2013
16th International Trade Fair for Property and Investment
Expo Real

What about: „Where all trends come together – Building networks" is the slogan of this year's Expo Real, the biggest commercial property fair in Europa. 38,000 participants from 71 countries took part in last year's issue, and apart from Germany Great Britain, Austria, Netherlands, Poland, France, Switzerland, Czech Republic, Russian Federation and the US belonged to the top ten countries of origin. And who ever commented last year's event emphasized that "Expo Real is all about contacts".

Where: New Munich Trade Fair, Munich, Germany

For further information and registration: www.exporeal.net

October 13 – 14, 2013
9th Conference of European Regions and Cities

What about: Main goal of the annual conference is to bring together the representatives of the different regions and cities in Europe, to promote the exchange of information and experiences and the cooperation between regions and cities to find solutions for the challenges they all are facing and to discuss strategies for further economic development and the augmentation of general quality of life. Topics of this year's conference are "Cross-border cooperation as future strategy for economy and politics", "Regional cooperation in health policy", "Cross-border tourism strategies", "Trans-regional traffic projects and energy efficiency" and here the decisive question how to finance it, and last, but not least the challenges of cross-border cooperation regarding renewable energy.

Where: Vila Vita Resort Pannonia, Pamhagen, Burgenland, Austria

For further information and registration: www.institut-ire.eu

October 24, 2013
1.30 – 10.00 p.m.
The Real Estate Event

What about: Eight time the annual conference took place under the headline "Experts Forum", now is was re-named "The Real Estate Event". The focus of the event organised by RegioPlan is on longterm trends and developments in the real estate industry. A question for example is how the EU and politics affect the real estate industry in the next five years, another, which asset & risk classes will be en vogue in Europe. As well the phenomenon 'luxury real estate' will be discussed. And last but not least a part of the programme is dedicated to "New values for the economy – Economy for the common good", a topic that perhaps should not only be discussed with the real estate industry but others as well.

Where: Odeon Theater, Taborstraße 10, Vienna, Austria

For further information and registration: www.therealestateevent.eu

October 25, 2013
German-Turkish Economic Forum

What about: In the week preceding the 90th anniversary of the founding of the Republic of Turkey, the first "German-Turkish Economic Forum" takes place. Topics are the "German-Turkish economic raltions in the European context", the "Cooperation of financial markets" and a closer look at "Turkish investments in Germany – German investments in Turkey". The forum aims to further intensify and continuously enhance the traditionally good and long-standing relations between the two countries. In the same way, it aspires to provide an important boost for new cooperation and investment opportunities. The day event concludes with an evening "German-Turkish Friendship-Gala" at the Gesellschaftshaus Palmengarten, which simultaneously inaugurates the 13th Turkish Film Festival in Frankfurt am Main.

Where: Hilton Frankfurt Hotel, Hochstraße 4, Frankfurt am Main, Germany

For further information and registration: www.malekigroup.com

November 7, 2013
9.00 a.m. – 3.00 p.m.
Business practice in Russia: Leasing, buying, construction – real estate market Russia

What about: The event, organised by the Competence Center Russia (Kompetenzzentrum Russland) of Düsseldorf Chamber of Commerce and Industry, is dedicated to entrepreneurs who want to become active in Russia as well as to those from the real estate industry exploring new business opportunities in the country. The broad range of topics comprises an overview of the property markets in Russia and a look at business opportunities in the area of redevelopment, of infrastructure projects, in hotel and tourism as well as refurbishment and modernisation of buildings made from prefabricated slabs. The conference also offers a closer look at legal and tax aspects. And last but not least it comprises the hot topic "Financing of commercial real estate" and especially for those who want to produce something in Russia it examines the different industrial property concepts.

Where: IHK Düsseldorf, Ernst-Schneider-Platz 1, Düsseldorf, Germany

For further information and registration: www.duesseldorf.ihk.de/Aussenwirtschaft/Auslandsmaerkte/Russland

November 7 – 8, 2013
Real Estate Circle

What about: It is already the 8th issue of Real Estate Circle, the annual conference of the Austrian real estate industry. This years the topics include current trends in the financial markets and economic developments as well as their impact on the real estate industry; there will be present-

ed strategies of major Austrian real estate companies. And of course, financing, one of the mostly discussed topics since 2008, is on the agenda. Furthermore the programme includes special real estate segments such as nursing homes, health care properties, student accommodation and boarding houses. And last but not least Real Estate Circle offers a look at trends in Vienna's urban development in general and in the hotel market especially.
Where: Austria Trend Hotel Park Royal, Vienna, Austria
For further information and registration:
www.businesscircle.at

November13 – 15, 2013
MAPIC – The international retail property market
What about: Since 1995 the annual exhibition for all involved in retail and retail property takes place in Cannes. Russia, last year's "Country of Honour", together with Brazil, India and China have been appointed this year's "Retail Rising Stars". This appointment of the BRICs took place in times when the four countries still have been "Rising Stars" in many aspect. Meanwhile, however, they lost a bit of their shine and therefore some retailers, till then keen to expand into these emerging and promising markets, have become at least cautious. But anyway, MAPIC is a "must" for all active in the field of retail.
Where: Palais des Festivals,
Cannes, France
For further information and registration:
www.mapic.com

November 18 – 22, 2013
Frankfurt Euro Finance Week
What about: The 16th Euro Finance Week is held under the auspices of Dr. Wolfgang Schäuble, Federal Minister of Finance, and Volker Bouffier, Minister President of the State of Hessen. With more than 500 speakers and 10,000 visitors from 60 countries, the Euro Finance Week is Europe's largest meeting point for the finance and insurance industry. The integration and regulation of European finance and insurance markets have become a major focus of the opening conference of the week. Conferences specialised in retail banking, risk management, and banking IT mirror the industry's business spectrum. Furthermore, regional and country summits have become an integral part of the Euro Finance Week. This year, on November 21, 2013 the focus is on CEE with the opening question about the "Impact of the Euro crisis: Is the Euro still attractive?". Other topics are "Economic models in CEE", "Finance Centres in CEE" and "Energy security for Europe".
Where: Congress Center Messe
Frankfurt,Ludwig-Erhard-Anlage 1,
Frankfurt am Main, Germany
For further information and registration:
www.malekigroup.com

REFURBISHMENT INSTEAD OF DEADLOCK

Martin Eberhardt, FRICS, Managing Director of Bouwfonds REIM Germany

Not only retailers have to adapt their concepts to the quickly changing consumer demands, the properties have to be adapted as well. The further development of retail properties is indispensable to offer the adequate physical structure for the new concepts. Shopping centres not regularly refurbished will rapidly fall behind their competitors—with sales drops and vacancies as the consequences. By refurbishment shopping centres will become fit for the future, and further more they will change from investments with some risk into classical core investment properties.

The excess demand for core retail properties is resulting in an increasing importance of 'manage-to-core' strategies. In the course of this strategy those shopping centres are shifting into the focus that are showing a slightly greater risk combined with higher initial yields until refurbishment is completed. Afterwards the 'revitalised' shopping centres have changed into core retail properties and are delivering higher yields in the long term.

Of core retail properties there is a decisive lack. According to the 'Trend barometer for property investments of the insurance sector 2013' (Trendbarometer Immobilienanlagen der Assekuranz 2013) by Ernst & Young Real Estate, Germany, among the different real estate segments retail properties are most in demand as investment assets. The survey of 2012 and the Trend barometer 2013 as well are proving it. Currently 87 percent (in 2012: 90 percent) of the companies surveyed stated that they are planning to invest in retail properties while 'only' 78 percent (in 2012: 75 percent) are showing interest in adding office real estate to the portfolio.

Further more, meanwhile nearly none of the companies surveyed is willing to sell its retail properties. According the Ernst & Young survey 2013 only four percent are taking into consideration the sale of any retail assets. The year before it was still 25 percent. In the light of the high demand of core properties in the retail segment and the scarce supply investors have to rethink their strategies and to concentrate more on management intensive retail properties promising more opportunities. As reported by Jones Lang LaSalle, by now, in the middle of 2013, prime yields of shopping centres are levelling out at 4.75 percent. In the years 2003 and 2004 initial yields of 6 and 7 percent were in common.

The refurbishment of shopping centres is an opportunity to keep up or to enhance their value in the long term by reshaping and modernising the property. By this way reputed risky investment properties can be transformed into new core properties. Mainly shopping centres developed during the shopping centre boom in the 1990s are in need of modernisations.

According to a survey of Bouwfonds REIM with shopping centres, developed in Germany, The Netherlands and France before 2005, there are refurbishments required for about 18.5 million square metres of retail area. Depending on the extent and complexity of the refurbishment costs are at EUR 300 – 800 per square metre. Thus there is a total refurbishment investment of EUR 5.5 – 14.8 billion necessary. The basis for the Bouwfonds REIM survey have been around 1,200 shopping centres with each more than 5,000 square metres of retail area in Germany, The Netherlands and France.

imprint

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