

GREEN THINKER AWARD



Portuguese shopping centre developer Sonae Sierra won the inaugural Green Thinker Award 2008 at EXPO REAL in Munich. The organisers PropertyEU and EXPO REAL have announced the event will become a permanent feature of the annual real estate fair. www.greenthinkeraward.com

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Interviews with keynote speakers and industry leaders on sustainability and how to survive the crunch. www.propertyeu.info

Sonae Sierra wins Green Thinker

Portuguese retail developer Sonae Sierra is the winner of the first Green Thinker Award, created by EXPO REAL in association with PropertyEU. The prize – a sculpture by Dutch artist David Veldhoen entitled *Weight of Thoughts* – was presented yesterday evening to the company's CEO Alvaro Portela at a special award ceremony. In its report, the jury said it was 'very impressed' with the level of commitment to sustainability from European developers.



Coen van Oostrom, CEO of OVG (left) and Sonae Sierra's CEO Alvaro Portela

Commenting on the 14 contenders, jury member Graeme Newell, professor of real estate investment at the University of Sydney, said that each one was doing 'wonderful things'. 'But what we were looking for is a commitment at all levels of the organisation that goes beyond straight compliance. Sonae Sierra is absolutely outstanding in all dimensions. The

strategy comes through at all levels and is well thought-out.' The two other contenders which made it to the final round are UK-based Land Securities and Germany's Hochtief Development, a subsidiary of construction concern Hochtief. | Continued on page 37

HEADLINES

Hypo CEO Funke resigns

Georg Funke quits a day after the bailout is agreed and Deutsche Bank's Axel Wienandt takes over. And property bank chiefs warn that a crisis of trust is developing. | page 3

Looking forward to Russia

C&W's Sergey Riabokobylo says the crisis offers opportunities to forward-looking firms keen to enter the Russian market. | page 5

ING fund to open up German market

ING RE's German-Austrian retail fund will help major investors make the breakthrough into what has been a closed shop. | page 6

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If only we had one. Panellists including Hypo Real's Frank Lamby, ponder about what the industry can expect in 2009. | page 17

Real Estate Investor Guide: Kazakhstan

Perhaps now is the time to consider the Kazach market for new builds, investment portfolios or distressed projects. | page 19

Green City: Challenge or Threat?

Taking responsibility beyond the normal boundaries and regenerating existing areas are key, according to panellists. | page 21

CENTROP VALLEY IS WELL PLACED TO ATTRACT NEW INVESTMENT

A new centre for Central Europe

A MAJOR PROJECT SET TO REVOLUTIONISE INFRASTRUCTURE IN THE SLOVAK CAPITAL SOUNDS SWEET TO THE EARS OF DEVELOPER OPERA REFORM CAPITAL

BY MICHAEL STEIN

The Centrop Valley urban development project on the outskirts of Bratislava has the potential to transform the Slovak capital into a major regional centre. The project will not only provide much needed urban infrastructure to the city but, given its close proximity to a Volkswagen plant and the capacity to add modern facilities, will help spur further economic growth in the country overall. Factor in the added appeal to nearby Vienna and possibilities soar. A few minutes from the centre of Bratislava on the main highway link to Prague and Brno, the new district sits adjacent to railway trunk lines and less than 30 minutes from both the Vienna and Bratislava airports.

The project is a joint venture of Slovak residential developer Opera with Reform Capital, a Prague-based investment management firm focusing on special situations real estate opportunities in CEE.

Centrop is not only the largest urban development project in Central Europe, it is also unique in its financing and investment strategy. Relying on favourable characteristics of Slovakia's land inheritance law, Opera Reform Investment is currently in the process of aggregating a nearly 1,000-hectare plot of agricultural land on which it is targeting approximately 600 hectares for purchase and future development. At the moment the company has about 260 hectares.

The joint venture has three other projects in Bratislava but Centrop is by far the largest. Property EU spoke to the managing partners of Reform Capital, Marek Chatrny and Martin Drazsky.

DRAZSKY: 'Here is a group of hedge funds transforming the landscape in a Central European country, basically, financing the removal of obstacles to development. It's something I wouldn't have expected to happen. I would have expected a real estate investor to come



ARTIST'S BIRDS EYE VIEW OF THE VALLEY PROJECT

and buy smaller parcels. This is a group of financial institutions, some of which have invested in Slovakia while others haven't, coming in and taking on a very large project of \$250 mln (€176 mln) to aggregate a plot of land for a new city.'

While the company is prepared to participate in the project's development to whatever degree necessary, it is more likely that it will exit to larger, international developers. The exit strategy in place relies on the various stages involved in preparing the land for development as well as imposing an overall coherence and unity on the future site.

CHATRNY: 'The goal is to prepare the land for development in a way that there are development sections prepared independently at different times, so that they interlock and work together, so that their value increases with development rather than the other way around.'

DRAZSKY: 'The plan is to sell some of the land before zoning and after aggregation. There are a lot of developers, like Trigranit for example, that are comfortable with their own contacts in

the country and municipality, and they would potentially rather buy cheaper land that is in one piece and where the ownership issues are resolved, but where they can employ their own architects to change the zoning. This way we will be able to return some of the equity to our investors. After that the plan is to stay on as a master developer so that the entire area is developed according to a master plan designed by our urban planners.'

The urban plan is being done by Guy Perry of Investment Vision + Environments in cooperation with Slovak architects.

CHATRNY: 'There's a huge value step up just in aggregating the land, without any zoning. If you change the zoning from agricultural to development land obviously the value goes up. If you go to the next stage and get a zoning permit the value goes up again, and again with a building permit. You can sell at every step and we'll probably do a mixture of those.'

DRAZSKY: 'One of the keys will be to sell enough land quickly enough to return the equity to investors in a reasonable period of time.'

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