

Unilmmo: Deutschland invests in Helsinki

Focus of investment currently on acquiring project developments in Europe / “Higher returns possible than with prime let properties”



Union Investment Real Estate AG (formerly DIFA) is pressing ahead with its realignment of Unilmmo: Deutschland: The open-ended real estate fund has just acquired the Duetto Business Park development in Helsinki from YIT Construction Ltd., Finland’s biggest construction company. Scheduled for completion in September 2008, this new-build project will offer some 14,000 square metres of office space. Around 30% of the space has been pre-let to Hobby Hall, a major retailer and big-name anchor tenant, while the remaining space is covered by a one-year rental guarantee provided by the vendor. The fund’s total investment in

the Duetto Business Park is EUR 45 million. "Following the successful sale of the Pegasus portfolio, we are focusing on implementing Unilmmo: Deutschland's investment strategy by purchasing properties with value growth potential in Germany and Europe," says Dr. Frank Billand, a member of the Management Board. "Buying projects from reputable partners such as YIT offers the chance to acquire new buildings at an early stage and achieve higher returns than on completed properties by accepting well-understood risks." In addition to the quality of the partner and letting potential of the project, the key success factors for Union Investment include monitoring build quality during development and careful timing of market entry: "In view of rising rents and falling vacancy levels, we feel that Helsinki currently offers ideal conditions for investing in office projects," adds Dr. Billand. The Helsinki metropolitan area ranks alongside Dublin as one of the fastest growing commercial centres in the EU 15. "We expect the relatively new Käpylä office location to benefit from its proximity to the airport and excellent links with the city centre, making it possible to achieve higher rents in future for prime, modern space."

The Duetto Business Park is Union Investment Real Estate's first investment in Finland and at the time of purchase represents Unilmmo: Deutschland's only project development. High investment demand means that returns on let properties have fallen to historic lows in Europe. Union Investment Real Estate is therefore actively exploring opportunities for the fund both in Germany and elsewhere in Europe to acquire projects that will enable timely investment of liquidity inflows in attractive properties without compromising the company's high quality standards.

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