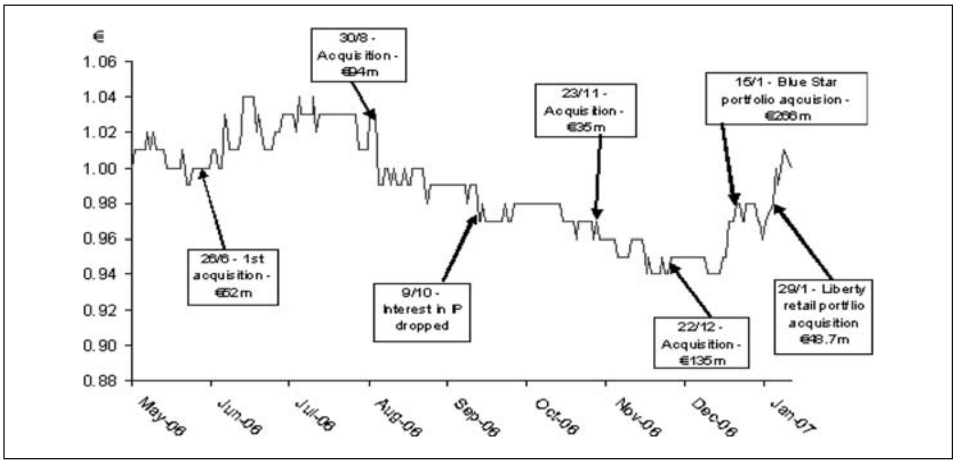
Develica Deutschland (DDE)

Price: €1.00, **1 year High*** €1.04, **1 year Low*** €0.94, **Market Capital**: €250m
Estimated Gross Assets: €744m, **NAV:** €0.95 (30/9/06), **Premium:** 5.0%
**Launched on 31st May 2006.*

Gaining momentum

- An experienced management team that have committed €631m for 42 individual properties, investing €485m since October 2006.
- Further acquisitions totalling €135m in the hands of the lawyers, which when completed, will bring the total invested to approx 60% of the target assets.
- A strong pipeline of properties valued at €709m should allow the Company to be fully invested by mid 2007.
- Quality portfolio, long leases (average 7.8 yrs), strong tenants (e.g. Deutsche Telecom, Daimler Chrysler, REWE, Hewlett Packard) and very low voids.
- A forecast dividend of 6c (once fully invested), provides investors with an attractive yield.

Price performance since launch



Source: Fundamental Data and Fairfax IS PLC, Feb 2007

Are investors missing an opportunity? Develica Deutschland's Ordinary shares are priced at €1 mid, exactly their issue price of eight months ago, yet the Managers of the Company have been going about the business of investing the issue proceeds, along with bank finance, in a portfolio of high quality German real estate. The target gross asset figure of €1.25bn is in sight, as just over 60% of the initial proceeds have already been committed, and the current property pipeline valued at €709m, will ensure that they are fully invested in the near future. The development of the portfolio has taken longer than expected to gain momentum, but the Managers have now firmly got the bit between their teeth and have been putting together a portfolio of high quality and promise. Buying into a property company is to take a stake in the potential of its portfolio, and in our view, the portfolio of Develica Deutschland certainly has an abundance of that.

Fairfax IS PLC acts as Broker to Develica Deutschland Ltd.

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Missing an opportunity?

When Develica Deutschland was launched at the end of May last year, it had all the right ingredients: an optimum size of €239m of equity (after expenses) targeting a market with plenty of potential, and negotiations were well under way to secure an Initial Portfolio of commercial property assets with an approximate value of €1.1bn, comprising 40 properties in Germany's major cities. However, the Company announced in October that they were unable to agree terms for the major part of the proposed portfolio and would no longer be pursuing that option. As we highlighted in our International Property note published back in November, companies which have an initial portfolio in place at launch and are able to hit the ground running, have generally benefited from positive investor perception and the market has rated them accordingly. Conversely, those companies that start from ground level will find their ratings suffer. That would appear to be the case for Develica Deutschland, as the price of the Ordinary shares has been somewhat subdued since launch, reflecting what the market perceives as a fairly slow rate of investment. However, we believe that the market has missed a trick on this one and that the Managers have been diligently putting together a rather impressive portfolio, far more diversified, and of a much higher quality than the proposed initial portfolio.

Portfolio construction – a forward momentum

The Company was formed to generate a high level of income and capital growth from a portfolio of office, retail and distribution properties in and around the large cities in western Germany, although Berlin, in the east of the country, is also considered. Targeting properties that have good fundamental characteristics such as high quality tenants offering strong covenants, the potential for rental growth through indexation and active management, with historically well maintained assets requiring little refurbishment, the Manager has purposefully gone about constructing such a portfolio, and continues to look for opportunistic buys that can further enhance the NAV.

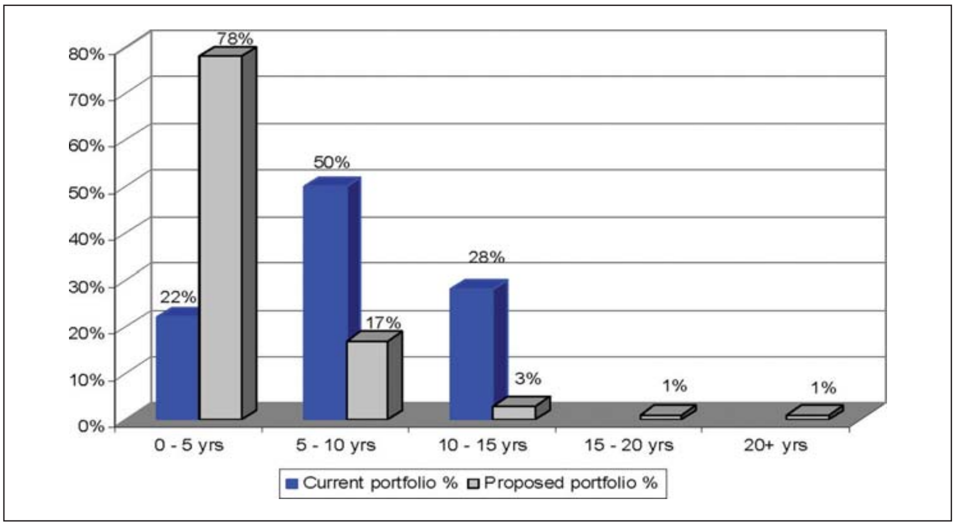
With an LTV ratio of between 80%–85% producing a target asset size in the region of €1.25bn, and given the failure to agree terms on the acquisition of the initial major portfolio, building a quality portfolio was always going to take some time. However, with €631m already invested, further acquisitions totalling €135m in the hands of the lawyers and a forward pipeline of properties of €709m at various stages of due diligence, the Managers are certainly well on their way to achieving their target of full investment by mid 2007.

It is important that investors not only buy into a management team, but that they also buy into the market conditions in which the managers operate. Investors may have been disappointed when negotiations on the proposed initial portfolio fell through, but with the amount of foreign money pouring into the German property market at the moment, the natural reaction by vendors is to move the goalposts in an attempt to achieve a better deal for themselves. It is in situations such as these where the instincts and qualities of the Management are crucial, and **the ability to walk away from a deal is just as important as seeing one through**. There may have been short-term benefits to the initial rating of the Company if the acquisition of the proposed major portfolio had taken place. However the quality of the portfolio now acquired is superior in all important aspects, and the Company continues to offer enhanced value through active management.

Longer than average lease length

To illustrate our point, the current portfolio's average length of lease is 7.8 years, comparing favourably against both the average length of lease in Germany which is in the three to seven year band, although probably five years is seen as the middle ground, and also against the proposed initial portfolio's 4.8 years. The proposed portfolio's rent roll was 78% exposed to properties that had leases in the nought to five year range as opposed the current portfolio which has only 22%. In the chart below, we can appreciate the improved position.

Length of lease comparison of current portfolio versus proposed initial portfolio

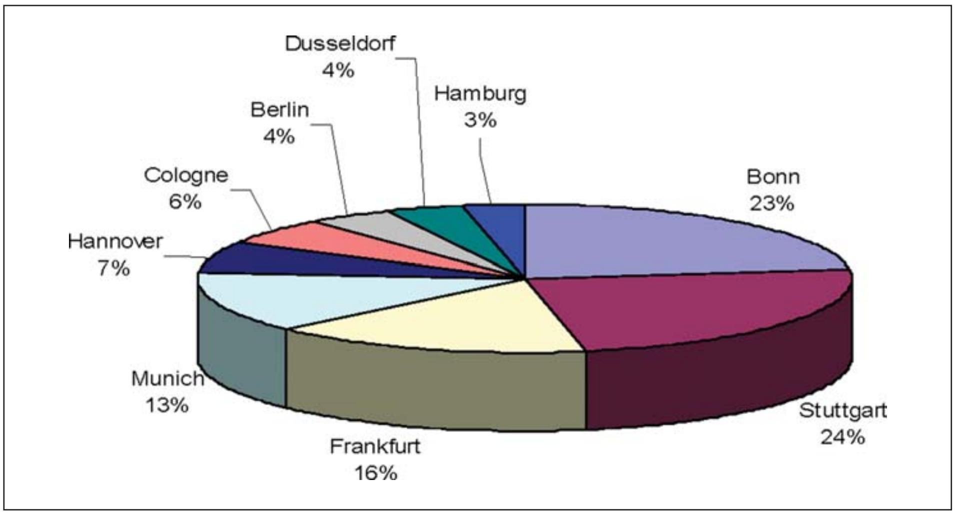


Source: Develica, Feb 2007

A portfolio with greater balance

Not only is the length of lease of the current portfolio superior, but the portfolio has a new balance by both region and by sector and has a much more diversified feel to it. One final comparison which we think epitomises the quality of where the Company is now vis-à-vis where it might have been had the initial major portfolio been acquired, is that the void rate on the current portfolio is almost 0% as opposed to that of the proposed initial portfolio which was only 55% let (although there was a proposed rental shortfall cover in place).

Geographical exposure by rent



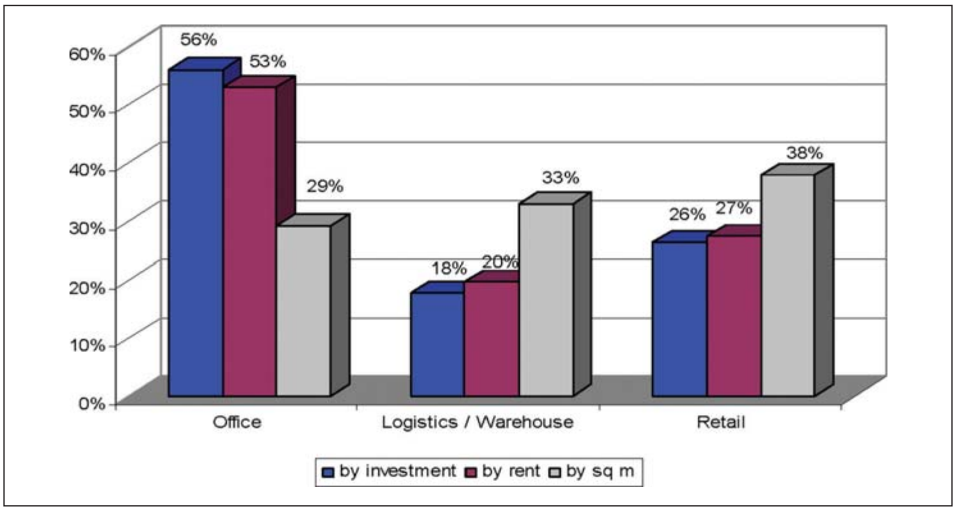
Source: Develica, Feb 2007

The lengthy negotiations that took place around the proposed acquisition of the initial portfolio obviously held back the Managers in their investment programme. However, once that deal was deemed over, portfolio construction has been moving forward apace and the Managers have been steadily acquiring a number of further properties, culminating most recently in the acquisition of the highly regarded, and fully let, 'Blue Star' portfolio for €266m and the Liberty Retail portfolio which cost €48.7m. The Blue Star portfolio was a portfolio of three office buildings in Bonn, Stuttgart and Munich which are let to blue chip clients: Daimler Chrysler, Deutsche Telecom and Hewlett Packard, and generates an annual income of €15.6m pa, reflecting an initial yield of 5.9% on the purchase price. The Liberty Retail portfolio was fully-let, consisting 21 suburban premises, mainly supermarkets, yielding 6.3% and includes brands such as Rewe, Edeka, Netto and Plus as the anchor tenants.

High yielding investments

From the chart below, we can see the importance of the Office sector to the portfolio, yielding 5.8% on cost, which is high by German standards, as we can see from the chart on page eight, where prime office yields in the main conurbations range in a band of between 4% and 5%. Both the Logistics/Warehouse and Retail properties in the portfolio are also yielding higher than the norm, at around 6.8% and 6.4% respectively, which given the current trend of compression, is positive.

Sector exposure by investment, area and rent



Source: Develica, Feb 2007

Blue chip tenants

As we mentioned earlier, the properties in the portfolio are almost fully let, with only a small percentage of the overall portfolio without tenants. If we analyse the current tenancy list, of which there are 58, we can see that the top ten tenants make up 84% of the tenant base by rent, and that they are, by reputation, blue chip clients. We would assume that the majority of the remaining 48 tenants that make up 16% of the annual rent roll are predominantly smaller retail clients. Of the top ten, nine tenants, representing 82% of the portfolio by rent, have been awarded a risk rating of either 1 or 2 from Dun & Bradstreet (D&B), the international business information provider. The full portfolio is listed in Appendix 1.

Top ten tenants by rent

	Tenant	%	D&B Rating
1	Deutsche Telekom	29.5%	2
2	Daimler Chrysler	21.8%	2 + 1
3	Hewlett Packard	9.8%	2
4	ESM	6.3%	2
5	Fegro	4.6%	2
6	Rewe	4.2%	2
7	Edeka	2.1%	1
8	Plus	2.0%	2
9	Toom	1.9%	1
10	UPS	1.5%	3
	Total	**83.7%**	

Source: Develica, Feb 2007

Dun & Bradstreet's Business failure indicator *is in a band of 1 – 4, where 1 represents the minimum risk of business failure.*

Yield compression

When there is more money than deals to go around, the general effect is that prices are hiked as vendors seek for themselves the best possible exits. This is what is beginning to happen in the German property market at the moment, as a raft of foreign investors search for quality in the same places. As a consequence, we are starting to see a degree of yield compression creeping into the market, and although it is difficult to generalise, we think that it could be anything up to 50bp. So, as we experience a period of tightening prospective yields, investors should keep an eye on interest rates, as the ECB are expected to increase them this year up to 4%, although at this level, we do feel that German property yields will continue to remain relatively attractive.

Potential capital uplift

While yield compression may make it more difficult for the un-invested to achieve their yield targets going forward, it is positive news for valuations of existing portfolios and shareholders should benefit from the potential capital uplifts.

If we refer to the table on page eight, we can see the evidence of the compression that has occurred in prime office yields over the 12 months ending Q3 2006. This is particularly prominent in Hamburg, where yields have reduced from 5.25% down to 4.75% and in both Berlin and Frankfurt, where yields have reduced from 4.75% to 4.25%.

To gauge this effect on the Develica Deutschland portfolio, we have carried out, admittedly, a rather simple exercise. We have assumed that the current trend will continue and have applied our yield compression estimate of 50bp to the existing portfolio in order to calculate the implied capital uplift. In the table below, the results of our exercise suggest that the value of the Develica Deutschland portfolio could potentially benefit from an uplift in the region of 9% and through the benefits of gearing, that would feed straight through to the NAV, increasing it by 24%. However, yield compression across Germany and across all property sectors is not uniform and our findings are meant merely to highlight what might be achieved.

Implied yield compression and revaluation

Portfolios acquired	Net Rent €m	Purchase Price €m	Net Initial Yield	Implied Yield Compression	Implied Revaluation €m	Uplift €m	Uplift %
Bonn	2.90	51.9	5.6%	5.1%	57.0	5.1	10%
Logistics	6.44	94.3	6.8%	6.3%	101.8	7.5	8%
Darmstadt	2.08	34.6	6.0%	5.6%	37.7	3.1	9%
Alchemy	6.37	107.8	5.9%	5.4%	117.8	10.0	9%
Cologne	2.01	27.2	7.4%	7.2%	29.1	1.9	7%
Blue Star	15.60	266.5	5.9%	5.4%	291.2	24.7	9%
Liberty	3.07	48.7	6.3%	5.8%	52.9	4.2	9%
Totals	**38.47**	**631.00**	**6.1%**		**687.41**	**56.41**	**9%**

Source Develica & Fairfax IS PLC., Feb 2007

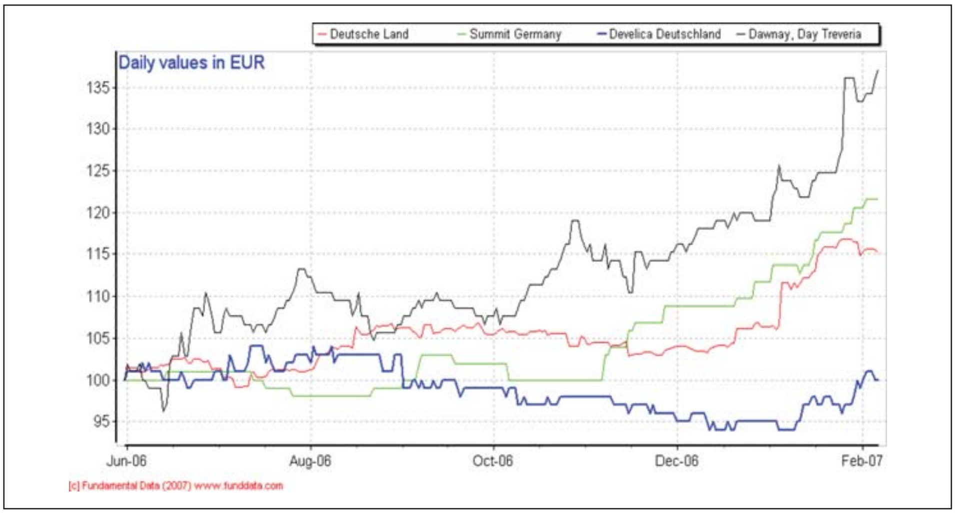
The peer group

In the chart below we can see the extent of the relative weakness in the Develica Deutschland price. Although each of the peer group companies had different start dates, and therefore differing investment windows, only 1½ months separate three of the group, with Dawnay, Day Treveria gaining an additional six months, having launched in the middle of December 2005 (with an initial portfolio 'bought in' from the founders).

Q. Why such a price anomaly? **A.** Well, as far as we can see, quite simply, rate of investment. Dawnay, Day Treveria has already invested its initial launch proceeds and successfully raised new money, and post the acquisition of Frankfurt Airport, Deutsche Land are now also fully invested and are in fact looking to raise new money at the moment. Summit Germany was 100% invested back in October and has also raised new capital. However, what we do not see is that the current investment position of Develica Deutschland has only been achieved, in the main, since October, after the distractions of the initial portfolio were put behind them. Regardless of the product, market sentiment is swayed by news flow, and that is something all the other companies appear to have had, while news on Develica has, for obvious reasons, been thin on the ground. Coupled with this, the timing of the press announcements regarding the latest acquisitions just prior to Christmas and early in the New Year were unfortunate, in a period when the markets where quiet, and these are perhaps only just now beginning to be reflected in the share price.

However, we would expect that if the Managers meet their investment target (being fully invested by mid 2007) demand will pick up. But, canny investors should now be considering the quality of the existing portfolio and forming a view on the likely quality of the properties in the pipeline, enhanced as it will be by the fund gaining critical mass and yield compression driving up asset values.

Peer group price performance in Euros – rebased at 31st May 2006



The structure

The Company is Guernsey registered and has a tax efficient closed-end structure, leveraging and investing through underlying Special Purpose Vehicles (SPVs), all subsidiaries of the Company.

Borrowing is on a deal by deal basis from a number of lenders, through subsidiaries and SPVs, and is non-recourse against assets held in other SPVs. There is no limit in the Articles of Association to restrict the amount of borrowing that the Company may incur, but the Directors expect to be able to secure senior debt finance equivalent to approximately 85% of the value of property acquisitions.

Also, tax on rental income will be minimised as there will be no CGT liability on disposal of any assets, since it is proposed that sale of assets (the properties) will be through disposing of the respective offshore registered SPVs. Presently there are 42 of these SPVs.

Dividends

The Board intends to distribute substantially all of its net income in the form of dividends, which will be declared and paid semi-annually. The target is an annualised dividend yield of 6%, once fully invested, based upon the placing price of €1.00 per share.

The manager

The appointed Manager of the Company is Develica Deutschland Management (DDM). The individuals of DDM who are directly involved with the management of the Company all have considerable experience in international property markets, and they will work alongside an Advisory Committee (detailed in Appendix 2) which the Managers have appointed to give advice on potential acquisitions, proposed disposals and re-financings etc.

Manager's co-investment

The Managers of the Company have, in aggregate, over €10m of their own money co-invested with shareholders in the Ordinary shares of Develica Deutschland, which were subscribed for on launch. They have no benefits of Options or Warrants but have continued to invest in the Ordinary shares since flotation.

The day-to-day portfolio management services, which include rent collection and service charge administration, tenant liaison and negotiating rent reviews and lease renewals are carried out by DTZ International (at cost to the Manager).

Management fees

The annual management fee is 0.5% of the Gross Asset Value and no fee is payable on un-invested cash. The Gross Asset Value will be assessed by reference to an external valuation of the properties as at 31st March each year.

Performance fee

The Manager will also be paid a performance fee calculated as 20% of the excess of the net asset value of the Ordinary shares (after adding back dividends and other distributions and ignoring any accrued performance fee) over a hurdle rate of 10%, as at the end of each third financial year of the Company.

In addition, the Board may, using its discretion, deem fit to award the Manager a performance fee if a significant disposal of assets and the return of capital or distribution of cash to shareholders has occurred over the benchmark multiplied by the time weighted number of Ordinary shares in issue.

Management agreement

The Management Agreement is subject to termination by either the Manager or the Company on 12 months notice. Such notice not to expire before the fourth anniversary of Admission.

No limited life

Although the Company does not have a fixed life, there will be a wind-up vote at the AGM in 2012, and if the shareholders vote to continue, there will be a similar vote every three years thereafter.

The German real estate market

Germany – on the upturn

After a period of effective stagnation, the German economy has been experiencing a strong economic upturn with GDP up 2.5% in 2006, a rate of growth only beaten, post reunification, in the years of 1994 (2.9%) and the boom year of 2000 (3.2%). Unemployment is down from 12.1% one year ago to stand at 10.2%, and in December, business confidence was at its highest since reunification, as suggested by the Ifo institute's sentiment index, although it did fall back a bit in January, partly due to the 3% increase in VAT. Additionally, the Hamburg Institute of International Economics (HWWI) recently raised its forecast for growth for 2007 to 1.7%, up from 1.1%.

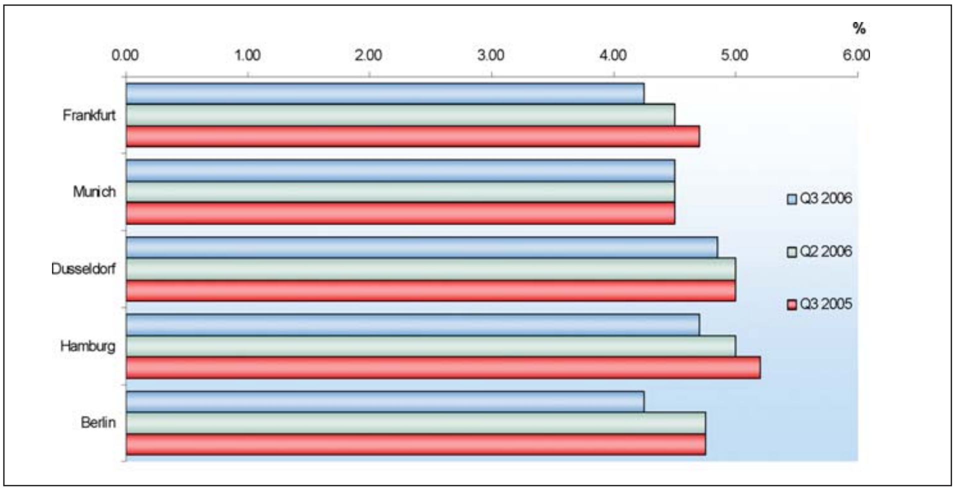
Furthermore, the construction industry achieved a surprise recovery in 2006, after being in recession for over a decade, temporarily boosted by both the abolition of private home building subsidies and the recent VAT hike that may have brought forward building plans. Growth in 2006 was, according to the German Construction Industry Federation (HDB), expected to be 2%.

The office market

This is all good news for property, and after three to four years of falling rents, rising availability and little in the way of net absorption, the German office market appears to be recovering, albeit slowly. The market report by Colliers Property Partners for the office property markets in Berlin, Düsseldorf, Frankfurt, Hamburg, Munich and Stuttgart reveals the total take-up of approximately 2.72 million m^2 of office space, representing an increase in lettings of 13.8% over the 2005 level. All of these locations except for Stuttgart were able to improve their result for the year in comparison with the previous year.

This revival in the German office market over the last two years, has been driven on by demand from foreign investors, while domestic funds on the other hand, have been somewhat cautious, mindful of persistent vacancy issues. However, buildings that are fully let with strong covenants are being secured quickly, and this strong demand has resulted in yield compression in all of the Company's target markets, although investment demand in the Munich office market has been consistently strong.

Prime Office Yields



Source: DTZ Research

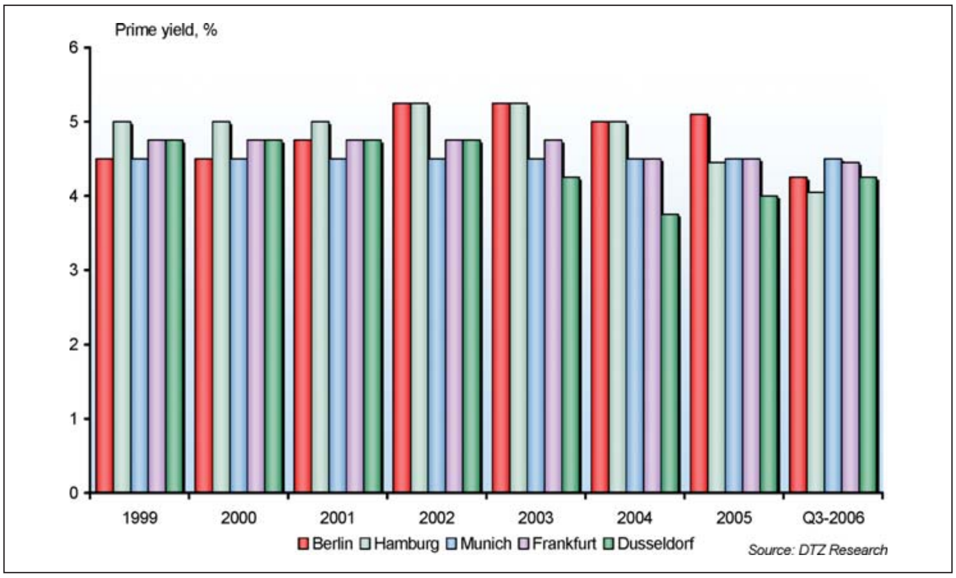
The logistics market

While the German industrial market has had a torrid time recently and the supply of poor-quality, second-hand manufacturing facilities remains high, the logistics sub-sector has been relatively strong, experiencing higher demand for space. Businesses across Europe are looking to consolidate activities and reduce space requirements to achieve cost-efficiencies, thus increasing demand for high quality warehousing and distribution facilities in locations with good infrastructure links. Furthermore, as more and more businesses begin to outsource logistics services, the demands of dedicated logistics players are starting to shape the market. The volume of outsourced logistics spending has increased significantly in Europe with over 80% growth between 1996 and 2003. The German, Italian and Spanish markets have driven this growth.

The Retail market

Location and positioning are becoming increasingly important in the German retail market, as retailers rise to meet the challenge posed by both the internet and changing shopping patterns. However, the short-term outlook is for a continuing improvement in the quality of retail space and an increase in supply. As demand has continued to grow, a number of shopping centres have either been granted planning permission or are under construction. Major refurbishment is also underway in many of the main city-centre pedestrian areas. These quality improvements, along with the forecast recovery in the German economy, are likely to lead to prime rental increases in the next few years.

Prime Retail yield levels since 1999



German REITs

Perhaps the most relevant issue in the investment market in Germany at present is the impending introduction of REITs, planned for this year. One important issue is whether REITs should be possible for residential property as well or, at least in the beginning, for commercial property only.

The expected introduction of the G-REIT later this year (the legislative process is expected to be complete by the end of March) is widely seen as a means to stimulating investment in the German property market. Not only will the anticipated tax benefits for investing through a G-REIT attract investors into the market, creating demand and stimulating valuations, but they will also potentially allow institutions who have historical real estate holdings to spin off these investments into such vehicles. We would expect that this conversion will attract only a modest flat rate of tax as opposed to a more severe capital gains tax, increasing the valuation of the portfolio and further motivating the market. Importantly, the introduction of G-REITs will provide Develica Deutschland with an attractive potential exit opportunity.

Conclusion

On the cusp of a re-rating

We have always felt that speed of investment is vitally important to the rating of a new property company, and those that have got up to speed quickly have benefited in this way. However, our firm belief is that the Managers of Develica Deutschland are now beginning to build up a head of steam and that the Ordinary share price is on the cusp of being re-rated. As investment momentum picks up, and quality deal flow feeds through to news flow, we believe the market will undoubtedly re-rate them positively.

Appendix 1

The full portfolio by tenant

Location	Sector	Property Description	Tenant Information	m²
Bonn	Office	6 storey office building completed in 2006	100% let to Deutsche Telekom	16,656
Offenbach	Logistics / Warehouse	Logistics hub completed 2002–5	100% let to Daimler Chrysler	91,829
Minden	Logistics / Warehouse	Storage & distribution warehouse, built 1998–2003	100% let to Ertl Logistik for Mars Inc/ Masterfoods	31,236
Darmstadt	Office	Modern building on office campus	100% let to Deutsche Telekom	22,260
Magdeburg	Retail	Modern (2006) shopping centre	100% let to major German retailers inc Aldi etc	9,176
Cologne	Retail	Retail park with 880 car park spaces near Cologne	100% let to retailers Fergo and Praktiker	58,170
Ebstorf	Retail	Town centre retail with 130 car park spaces built 2002	Anchored by food store Penny	2,099
Herten	Retail	Well located out of town retail with 190 car park spaces	100% let to retailer Toom	6,000
Reinfield	Retail	Warehouse with 46 docking stations	100% let to UPS	850
Bremen	Logistics / Warehouse	Single storey warehouse built for tenant in 1993	100% let to UPS	3,507
Schwelm	Logistics / Warehouse	3 storey in town retail centre with 255 car park spaces	100% let anchor tenants KIK & Diechman	7,143
Dresden	Retail	Two retail warehouse units completed in 2003	Let to substaintial tenants Tako, Aldi	12,211
Muhldorf Am Inn	Retail	Out of town retail park completed in 2003	100% with anchor tenant Lidl	3,665
Schwalmstadt	Retail	Retail park completed in 2004	Anchored by Rewe	5,245
Herborn	Retail	Regional retail park constructed in 2005	100% let, with anchor tenant Edeka	16,521
Bischoffen	Retail	Edge of town retail	Anchored by Rewe	2,115
Bad Staffelstein	Retail	Edge of town retail scheme completed in 2002	100% let with anchor tenants Edeka and Lidl	5,245
Bonn	Office	Office building constructed in 2001	100% let to Deutsche Telekom	33,614
Stuttgart	Office	Office building	100% let to Hewlett Packard	23,776
Munich	Office	Modern low rise office building	100% let to Hewlett Packard	22,061
Liberty Retail Portfolio	Retail	21 suburban retail premises spread throughout Germany	100% let, anchor tenants include Edeka, Netto, Plus and Rewe	32,426
Total				**405,805**

Source: Develica, Feb 2007

Appendix 2

Develica Deutschland key personnel

Derek M Butler (Fund Chairman)

Derek Butler is Senior Advisor to Curzon Global Partners, where he served as Chairman from 1999 to 2003. Curzon Global Partners, part of the IXIS AEW Europe Group, is a leading European real estate investment manager with over £5bn of assets under management. Prior to assuming his role with Curzon in 1999, he spent most of his career, over 30 years, as a senior officer of the DTZ Group. His tenure with DTZ, which started in 1967, included the role of Chairman of the company's Investment Division for almost a decade. During this time, he oversaw the creation of over £2bn of clients' investment in real estate throughout the United Kingdom, continental Europe and the Middle East. During the 1990s, he was responsible for the development of DTZ's international practice and affiliate network. He personally developed and fostered many of the relationships with local European and Asian real estate businesses that later joined DTZ and became part of the DTZ Group of companies. Immediately prior to assuming the role of Chairman of Curzon, he managed the DTZ Group's financial services efforts. Under his stewardship, the Financial Services Group has advised clients on the creation of over £1bn worth of limited partnerships. He is a graduate of the University of London (B.Sc.).

Grant Tromans (Director, Fund & Manager)

Grant Tromans is Managing Director and focuses on identifying, evaluating and managing all fund investments. He is also Chief Executive of MacNiven & Cameron, a founding investor in Develica 1 LLP and a London-based property investment, development and professional services company. MacNiven & Cameron has carried out substantial planning, development and advisory work on numerous projects throughout the UK, from residential and commercial refurbishments to the development of small to large-scale mixed-use retail and residential units.

Richard Thirkell (Fund Manager)

Richard Thirkell is the Fund Manager and is also a Director of the Company. He joined Develica from Prudential Property Investment Managers, where he was responsible for the direct property component of the Prudential Annuity Fund, which he developed to in excess of £1bn of property assets over a five year period. Richard started his career with Healy & Baker (now Cushman Wakefield), before moving onto County NatWest in 1980, where he was director of their property advisory services. In 1998 Richard went to Prudential where he held a number of senior positions including Investment Manager for the Prudential Life fund, Fund Manager for one of the Prudential Retail Funds and Head of Occupational Property. Prior to joining Develica, he was Director of Property Fund Management. Richard is a Fellow of the Royal Institute of Chartered Surveyors.

Brian Quinn (Structured Finance)

Brian Quinn is structured finance director of the Manager. Mr Quinn was formerly at Anglo Irish Bank Corporation, involved in investment banking and real estate finance. During his 7-year tenure at Anglo Irish, he was responsible for managing property portfolios and funding a wide range of property investors and developers throughout the United Kingdom, for many of the banks most significant clients. Prior to joining Anglo Irish Bank in 1999, Brian worked as an economist and holds a Bachelor of Economics (Hons) degree and is an associate of the Chartered Institute of Bankers. At Develica, Brian is responsible for business development and as a member of the investment team, he is also responsible for the evaluation of all fund investments.

Advisory and day to day management

John Slade, FRICS

John Slade is Managing Director of International Investment at DTZ. Formerly he was Chief Executive of Richard Ellis City and for seven years ran his own successful Investment Agency, Slade & Co. His career spans 26 years in the investment markets and his specialisation is acting for and advising clients on significant international investment transactions on a global basis.

Timo Tschammler MSc, MRICS

Timo Tschammler, a German national, acts as an adviser to the Manager for sales and acquisitions. Timo is Director at DTZ International with responsibility for international investments. He graduated from the State Business Academy in Mannheim having studied Business Administration and Real Estate Economics. Timo worked for Deutsche Bank Immobilien for four years as a real estate broker, then moved to Atis Real as international investment director, and moved to DTZ International in 2005. Recent deals he has brokered include the disposal of €670m property assets by CGI, advising Kan Am on the purchase of 'Crystal Park' for €450m, and the disposal by Kan Am of their French property portfolio for approximately €1.2bn. Timo is a Member of the Royal Institution of Chartered Surveyors.

Dr. Bernd Bodenbach

Dr. Bernd Bodenbach joined DTZ in 2003 as managing director of Consultancy & Research and will act as an adviser to the Manager with responsibility for letting and portfolio strategy. Qualified with a Master of Business Administration, he was project manager for real estate at Real SB-Warenhaus (a leading German hypermarket company) in the 1990s, before moving to Wal-Mart Germany as Head of Expansion & Development. His expertise and experience covers planning, portfolio analysis, market and location analysis and marketing consultancy.

Cliff Langford, FRICS

Cliff Langford is a Director of Property Management for DTZ in Germany where he has lived for over 12 years. He joined DTZ in 1985 and in addition to Germany, Cliff has wide experience with DTZ in property and asset management gained in the UK, Netherlands, Belgium and the Middle East. In his current position, Cliff is responsible for advising international investors on property and strategic management issues in the German market.

Develica Deutschland Ltd

Other Board Directors

Peter Le Cheminant (Director, Fund)

Peter Le Cheminant is a Guernsey resident. He qualified as a chartered surveyor in 1979 and has been an executive director of Martel Maides Limited, estate agents, valuers, auctioneers and property consultants since 1988. He has extensive experience, initially in London and the provinces, and over 20 years in Guernsey, specialising in commercial property. In 1992 he was elected Fellow of the Royal Institution of Chartered Surveyors and in 1999 he was admitted as a member of the Chartered Institute of Arbitrators. He is a non-executive director of the UK Balanced Property Trust Limited and The Accelerated Return Fund and has been a member of the Juvenile Court Panel of the Royal Court of Guernsey since August 1990.

Alan Gravett (Director, Fund)

Alan Gravett worked for Barclaytrust (formerly Barclays Bank Limited, Executor and Trustee Department) from 1965 to 1988, reaching the highest level in Gibraltar administering offshore companies and trusts. Between 1988 and 1993 Alan was Trust and Company manager at Finsbury Management Limited (later Valmet Group) Gibraltar, being responsible for the management of some 5,000 offshore entities. From 1993 to date he has been a director of Prime Trust Corporation Limited, a Gibraltar based trust corporation managing offshore trusts and companies for a world-wide client base. Alan is licensed by the Financial Services Commission Gibraltar to act personally as a director and trustee, and is an Associate of the Institute of Bankers.

John Hallam (Director, Fund)

John Hallam is a resident in Guernsey, a fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1971. He is a former partner of PricewaterhouseCoopers having retired in 1999 after 27 years with the firm both in Guernsey and in other countries. John is currently chairman of EFG Private Bank (Channel Islands) Limited, M&G Recovery Investment Co Limited and Prodesse Investment Limited as well as being a director of a number of other financial service companies, some of which are listed on the London Stock Exchange. He has also served as the Chairman of Guernsey Financial Services Commission.

Darren McComb (Director, Manager)

Darren McComb is non-executive director of the Manager. Darren was Trust and Company Executive at Coopers & Lybrand (now PriceWaterhouse Coopers), from 1992 to 1997. In 2004, after an intervening military career serving in the British Army in Northern Ireland and Gibraltar, he became managing director of Prime Trust Corporation, a trust and management company based in Gibraltar.

Lord Sanderson of Bowden (Director Fund)

Russell Sanderson retired as Chairman of Clydesdale Bank PLC in June 2004 having served as its Chairman for six years and as a board member for twelve years. Until recently, he was also a member of the boards of Yorkshire Bank PLC and National Australia Bank (Europe). He served for 10 years as Chairman of Scottish Mortgage Investment Trust and was a member of the boards of Morrison Construction (1995

– 2000), United Auctions and Shires Investment Trust. Lord Sanderson served as Minister of State at the Scottish Office from 1987 to 1990 and as Chairman of The Scottish Conservative Party from 1990 to 1993. Lord Sanderson started his business career in the Wool Industry and was a Director of both Johnston of Elgin and Illingworth Morris PLC. He is currently Chairman of The Hawick Cashmere Co. Lord Sanderson has received Honorary Degrees from both Glasgow University and Napier University.

Quentin Spicer (Director, Fund)

Quentin Spicer qualified as a solicitor at Wedlake Bell in 1968 and became a partner in 1970. He was head of the Property Department before moving to Guernsey in 1996 to take over as Senior Partner of Wedlake Bell Guernsey. Quentin specialises in UK commercial property transactions for offshore funds and for persons and entities not tax resident in the UK. He is Chairman of the Guernsey Housing Association LBG, Mercator Group Holdings Limited, ISIS Property Trust 2 Limited, RAB Special Situations Company Limited, European Value and Income Fund Limited and is a non-executive director of several other property funds. He is a member of the Institute of Directors.