BNP PARIBAS REAL ESTATE

RESEARCH

PROPERTY REPORT
INVESTMENT MARKET GERMANY
2012

Contents

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REAL ESTATE

Executive Summary

Investment turnover climbs by 20 % to 23.5 bn €

The German investment markets were in excellent form in 2011. At 23.52 bn €, investment turnover was more than 20 % higher than the year before.

Retail properties take first place

- Retail properties remain unchallenged in the top slot and actually succeeded in stepping up their prior-year share of all commercial real estate investment by a considerable margin, contributing almost 46 % to the total.
- But sales of office buildings also picked up in the course of the year and they generated a share of around 30 % of the transaction volume. Core office properties in particular continue to attract great interest on the part of investors.
- The next place in the ranking was taken by logistics complexes, with a share of 5 %, but with a moderate decline of 6 % in total turnover. Investment in hotels, on the other hand, rose by 12 %, and only just failed to achieve a transaction volume of one billion to generate a 4 % share of aggregate turnover.

Investments in single properties predominate

- Sales of single properties were the clear-cut focus of market activity in 2011.The volume of investment in single deals totalled 19.85 bn €, exceeding the already good prior-year result by 30 %.
- Contrary to the general trend, portfolios attracted less investment in 2011 than they had the year before. At 3.67 bn €, the aggregate result was around 14 % down on the prior-year figure. The chief reason for this is that only few of the portfolios on offer were of the consistently good quality needed to meet the requirements of the mainly core-oriented investors.

Yields largely stable in second half

- After reaching their peak for this market cycle in the second half of 2009, they have steadily eased since then.
- Up to the middle of 2011, this trend continued. But in the second half of the year, prime yields in Germany – with just a few exceptions – then stabilized.
- Now, the trend fundamentally points in the direction of further stabilization. However, given the tough competition for some prime properties, the possibility that they may ease slightly in isolated cases cannot be excluded.

METHODOLOGY

The transactions covered by BNP Paribas Real Estate in this survey and the resultant total transaction volume do not represent the entire commercial investment market. The survey takes into account only those investments on which BNP Paribas Real Estate has assured information and which involve "professional players", in the widest sense of this term. Since the investment market is highly sensitive, with deals often being kept confidential, the possibility cannot be excluded that some transactions were not revealed and are therefore not included in this survey. Shared deals are included if they involve the sale of at least 50 % of the shares. In view of all this, the transaction volumes depicted here generally deviate from those shown in the data of the relevant officially appointed expert committees. The differences vary between individual cities. There are several reasons for this:

- The committees differ widely in the way they assign transactions to market segments and also in the depth of their analyses. Some operate only with catch-all terms such as "commercial property", others go into far more detail. In individual cases, the surveys are of a quite general nature.
- The data compiled by these committees cover all transactions. These include "internal transactions", for instance between companies belonging to the same business group. And these surveys also contain many small deals between private persons, such as people with adjacent sites.
- Even the use of professional research methods cannot prevent the proportion of transactions surveyed by BNP Paribas Real Estate from varying between cities or between one year and the next. Whether or not the necessary information is available always depends on the market players involved and on the wider general situation. Often, confidentiality is a contractual condition for a sale.

Overview of the German investment markets

INVESTMENT TURNOVER INCREASES BY 20 %

In 2011, the German investment markets were in excellent form. With a total of 23.52 bn €, investment turnover exceeded the prior-year result by the clear margin of more than 20 %. The volume was comparable with that posted in 2005; only in the two boom years of 2006 and 2007 was it significantly higher. So despite the turmoil in the financial markets and the still unresolved currency crisis, commercial property in Germany is evidently still held in high esteem by investors. This is evidenced by the fact that despite all the uncertainties, the fourth quarter turned in the best performance of the year. Core properties in particular continue to be very much in favour. The Big Six locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg and Munich) posted a transaction volume of over 12.16 bn €, representing a year-on-year rise of around 10 %. Alongside investment in commercial real estate, a total of just under 5.97 bn € went into sizeable residential portfolios.

Foreign investors accounted for over one third (34 %) of aggregate turnover in commercial real estate, a clear indication that they continue to regard Germany as a safe haven, particularly in difficult times. But for German investors, too (66 %), property is currently considered indispensable as an asset class offering more security than possible alternatives.

Overview of the investment markets

	Commercial properties		Change
	2010 (million €)	2011 (million €)	2010 - 2011 (%)
Single investments	15,307	19,850	29.7
- Proportion Big Six*	10,024	11,668	16.4
Portfolios	4,266	3,671	-14.0
- Proportion Big Six*	1,032	495	-52.1
Commercial properties total	**19,573**	**23,521**	**20.2**
Residential portfolios	3,755	5,968	58.9
Investment volume total	**23,328**	**29,489**	**26.4**

* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich

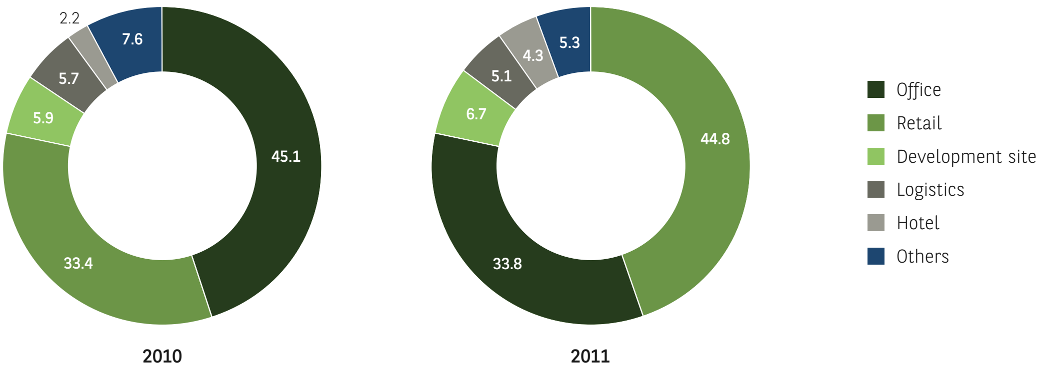
Retail assets remain unchallenged in first place and actually increased their prior-year share of turnover quite considerably to achieve nearly 46 % of all commercial property investment. One key reason for this is that both consumers and business firms are in a surprisingly positive mood in spite of the downward forecasts on economic growth. The ongoing fall in unemployment and the fact that especially in time of crisis high-grade retail properties offer more stable cashflows continue to create a good environment for retail investments. But sales of office buildings also picked up in the course of the year, giving them a share of around 30 % of the transaction volume. Core office properties in particular continue to encounter great interest on the part of investors, as shown for instance by the sales of Deutsche Bank's Twin Towers and the Commerzbank's Silberturm in Frankfurt. Further down the asset class ranking came logistics complexes; with a share of 5 %, they suffered a slight decline in turnover (-6 %). The volume of investment in hotels, on the other hand, increased year-on-year by 12 % and they only just failed to achieve a transaction volume of 1 bn €, giving them a 4 % slice of all turnover.

Overview of investments in commercial properties

	Single investments		Portfolios		Total		Proportion	
Type of property	2010 (million €)	2011 (million €)	2010 (million €)	2011 (million €)	2010 (million €)	2011 (million €)	2010 (%)	2011 (%)
Office	6,898	6,708	378	300	7,276	7,008	37.2	29.8
Retail	5,116	8,898	2,696	1,858	7,812	10,756	39.9	45.7
Logistics	879	1,017	360	150	1,239	1,167	6.3	5.0
Hotel	340	849	498	86	837	935	4.3	4.0
Others	2,074	2,378	334	1,277	2,409	3,655	12.3	15.5
Total	**15,307**	**19,850**	**4,266**	**3,671**	**19,573**	**23,521**	**100.0**	**100.0**

Overview of single investments

million € in 2010, total 15,307 million € million € in 2011, total 19,850 million €



OVERVIEW OF SINGLE DEALS

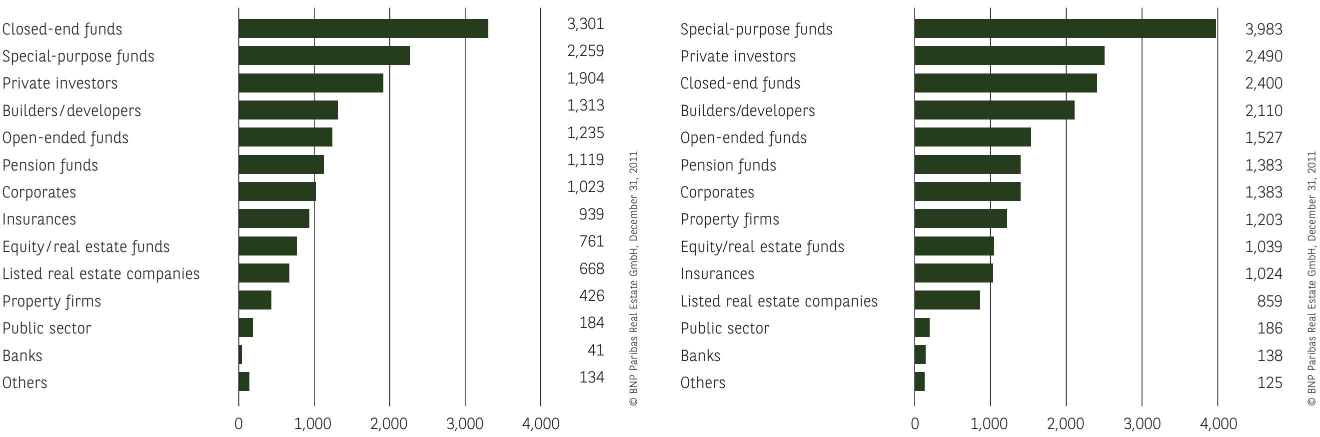
Sales of individual properties definitely dominated market activity in 2011. The volume invested in single deals totalled 19.85 bn €, surpassing the already good prior-year figure by around 30 %. The Big Six locations accounted for nearly 59 % (11.67 bn €) of this result. The remaining slice of some 8.18 bn € was invested in other parts of Germany, which thus gained appreciably in significance compared with 2010.

Unlike the year before, the chief focus in the field of single deals was on retail assets, which attracted around 8.9 bn € (45 %). Of this, over half went into shopping centres and a further quarter into office/retail buildings. In second place, as was to be expected, came office properties, with 6.7 bn € (34 %). Development sites accounted for over 1.3 bn € (around 7 %) and logistics complexes for more than 1 bn € (5 %). The volume of hotel transactions more than doubled (to 849 million €, representing a share of over 4 % of all investment).

The foremost role in the market was played by four groups of investors. They were headed by special-purpose funds, with 20 % of aggregate turnover. Then, more or less equal, came private investors (12.5 %) and closed-end funds (12 %). The only other group to achieve a double-digit percentage were

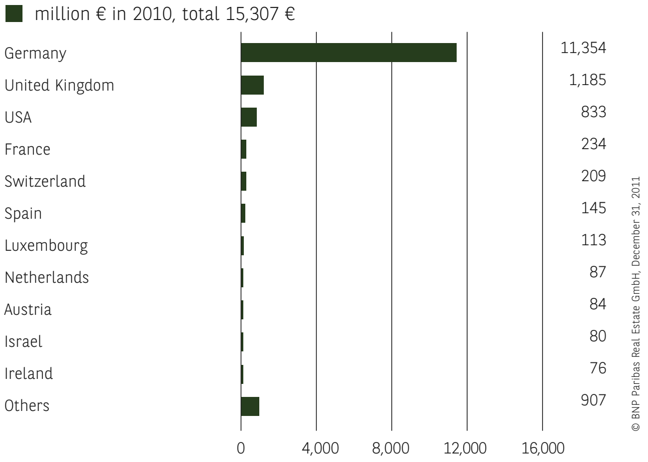
Single investments according to investor categories

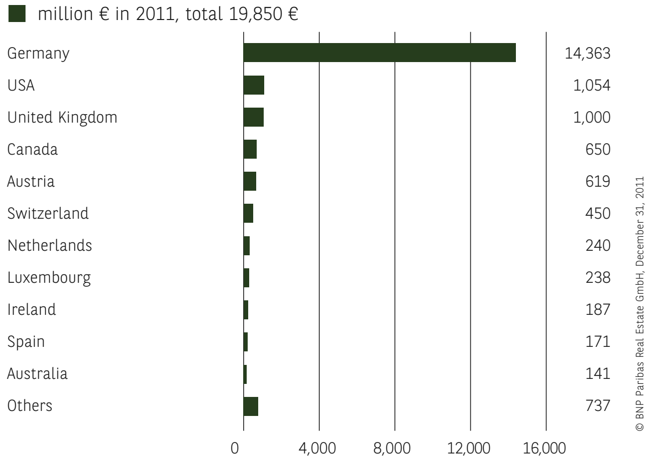
million € in 2010, total 15,307 million € million € in 2011, total 19,850 million €



BNP PARIBAS REAL ESTATE

Single investments according to nationality of investor



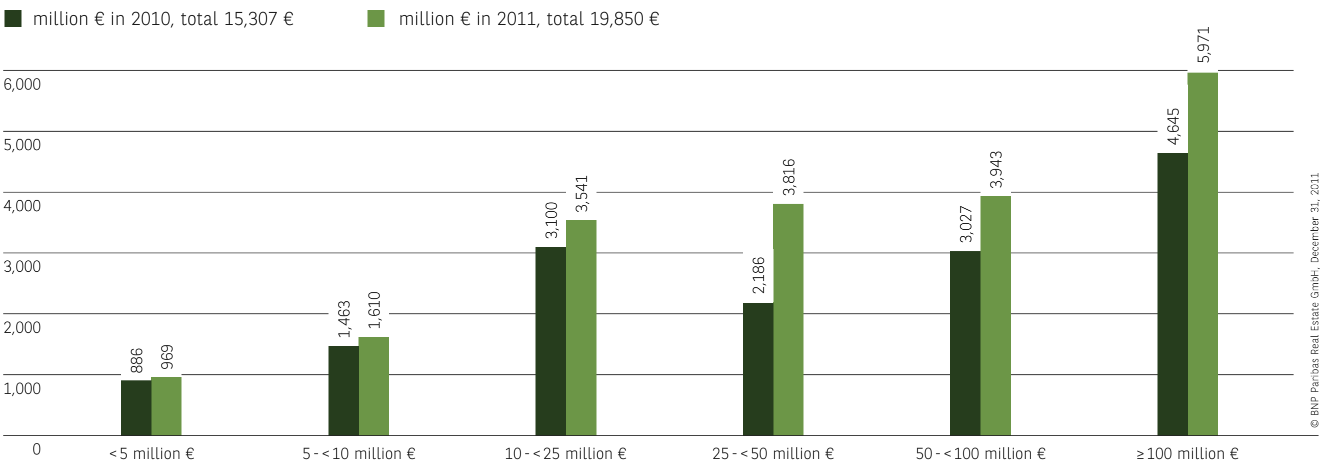


project developers, with slightly under 11 %. But other types of investor were also pretty active. They included open-ended funds (about 8 %), pension funds and corporates, each with 7 %, and property firms, with 6 %. It is apparent that the proportion of private investors who put their money into real estate assets either directly or indirectly (via closed-end or open-ended funds) is still much higher in Germany than in many other countries in Europe and elsewhere, and this factor helps to generate a strong basis of demand and thus contributes to stable investment markets.

German investors were quite clearly the predominant force in the single-deals market, achieving a share of more than 72 % of the transaction volume, more or less on a par with the year before. A considerable way behind followed investors from the USA (over 5 %), the United Kingdom (5 %) and Canada and Austria, each with just over 3 %.

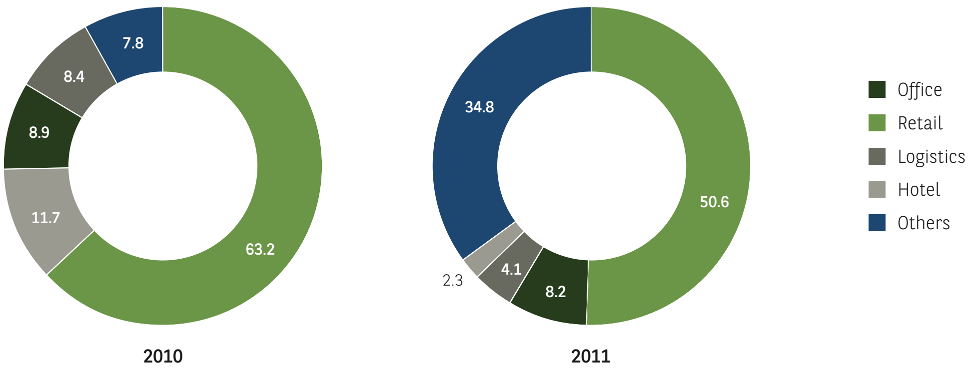
As in 2010, major deals upwards of 100 million € generated the biggest proportion of investment, with a share of 30 %. It is notable that this total comprises just 29 individual transactions, including 5 with a sales volume of over 300 million € each. But the next-smaller size categories also produced strong contributions: 20 % by the bracket 50-100 million €, and 19 % by the bracket 25-50 million €. Smaller deals of under 25 million € accounted for around 31 %.

Single investments according to € categories



Overview of portfolio investments

million € in 2010, total 4,266 million € | million € in 2011, total 3,671 million €



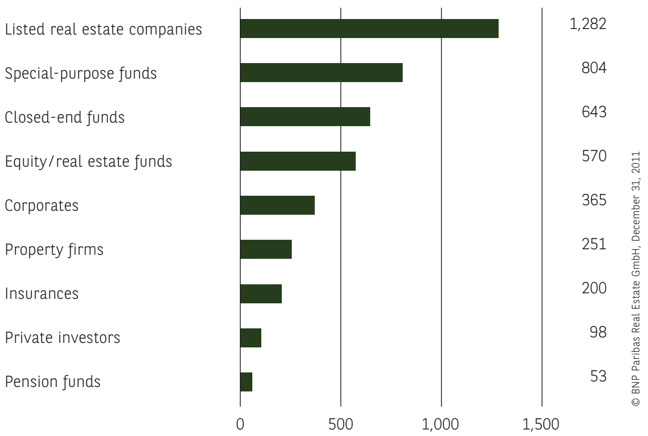
OVERVIEW OF COMMERCIAL PORTFOLIO INVESTMENTS

Contrary to the general trend, investment in portfolios in 2011 declined year-on-year. At 3.67 bn €, it totalled 14 % less than in 2010. The main reason is that only few of the portfolios on offer exhibited the consistently good quality needed to meet the requirements of the predominantly core-oriented investors. Market interest focused chiefly on retail portfolios, which generated almost 51 % (1.86 bn €) of all investment in portfolios. One significant slice of this was the sale of 45 Metro cash-and-carry markets for around 700 million €. Office portfolios achieved a share of only just over 8 %. Portfolios of logistics complexes and hotels generated only relatively low proportions of aggregate turnover, with 4 % and just over 2 % respectively. On the other hand, almost 35 % of all investment went into mixed-use and miscellaneous portfolios (e.g. healthcare).

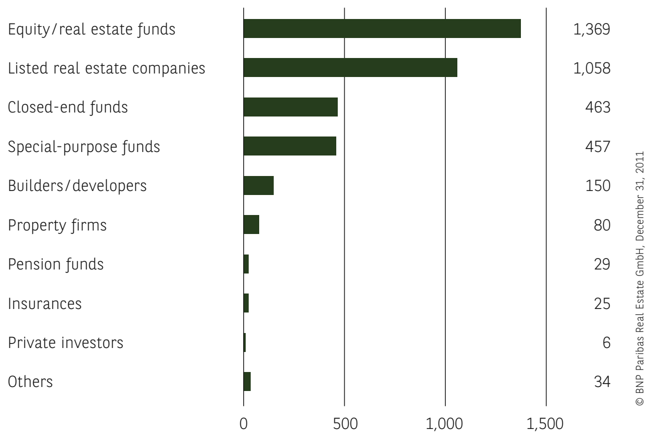
To a certain extent, portfolio transactions have a somewhat stronger opportunistic orientation, and here the list of investor groups was headed by equity/real estate funds, with over

Portfolio investments according to investor categories

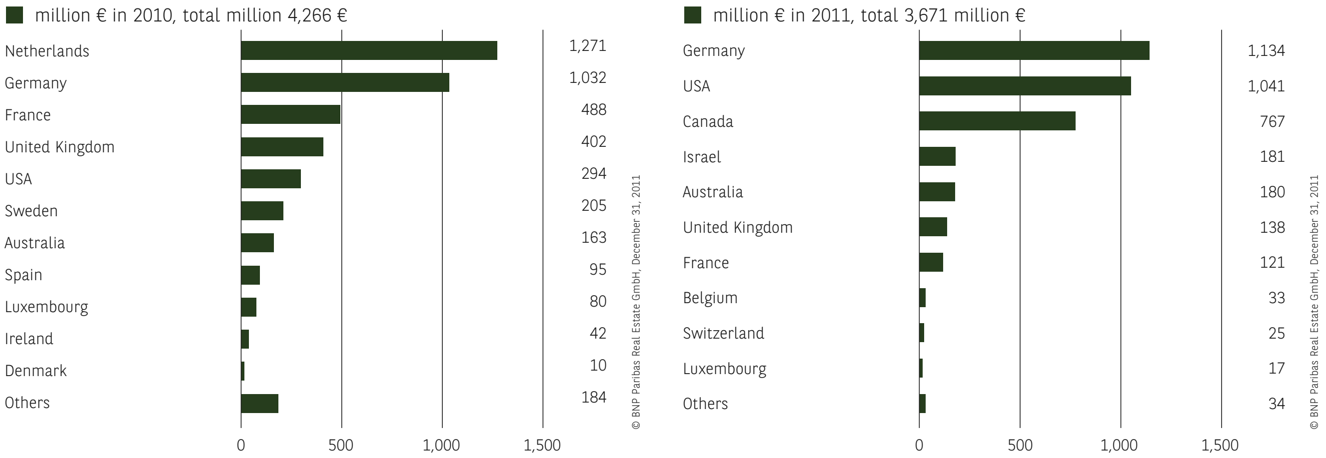
million € in 2010, total 4,266 million €



million € in 2011, total 3,671 million €



Portfolio investments according to nationality of investor

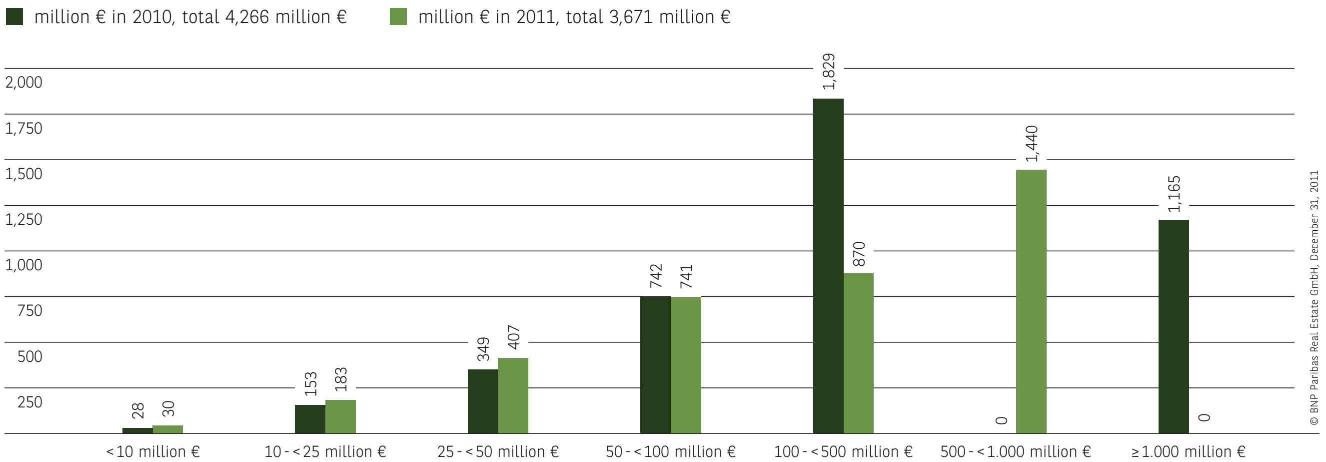


37 % of the total. Other sizeable contributions were made by listed real estate companies (29 %), and closed-end funds and special-purpose funds, each with around 12.5 %. All the other groups played a relatively subordinate role.

In the segment of portfolio deals – in contrast to the field of single investments – activity was dominated, as expected, by foreign investors. They generated 69 % of all turnover. Investors from the USA (28 %) and Canada (21 %) topped the list, while investors from Israel and Australia each accounted for just under 5 % of the total. However, with a share of 31 %, German investors were able to step up their prior-year contribution (24 %).

Whereas in 2010, major transactions of over 1 bn € accounted for 27 % of the result, thanks to the sale of a shopping centre portfolio, 2011 brought no transaction at all on this scale. The size class of 500 million to 1 bn € generated some 39 % of the total volume. Extensive contributions were also made by deals of between 100 million and 500 million € (24 %) and by the size bracket 50-100 million € (20 %).

Portfolio investments according to € categories



Overview of investments in the Big Six*

	Investment volume		Change
	2010 (million €)	2011 (million €)	2010 - 2011 (%)
Berlin	3,173	2,336	-26.4
Cologne	1,095	842	-23.1
Düsseldorf	1,188	954	-19.7
Frankfurt	1,883	2,967	57.6
Hamburg	1,998	2,187	9.4
Munich	1,720	2,877	67.3
Total	**11,056**	**12,163**	**10.0**

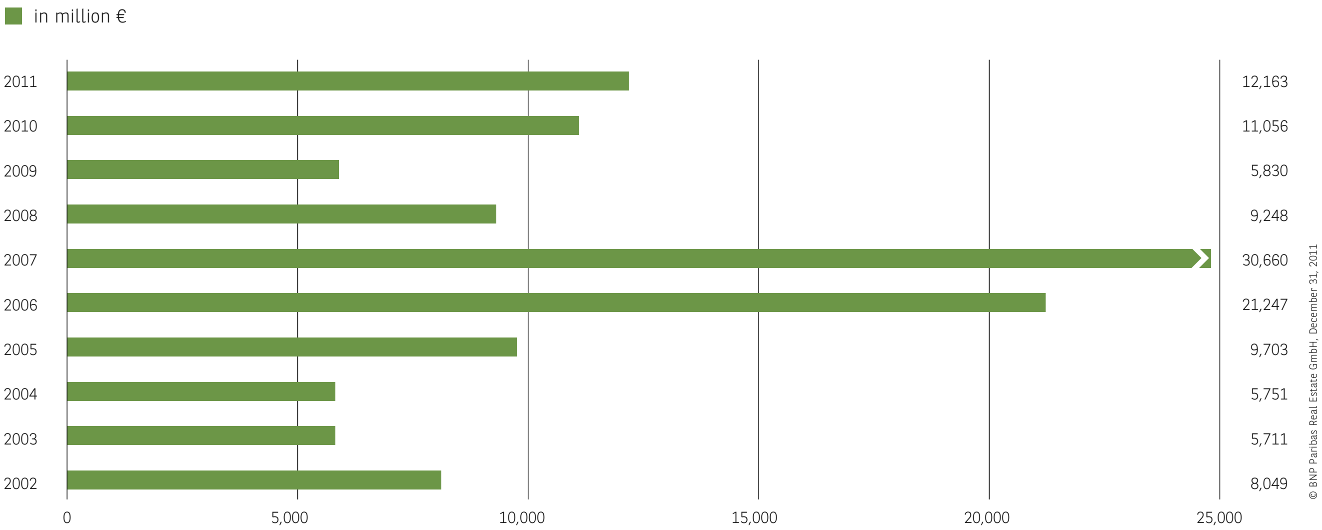
* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich

OVERVIEW OF BIG SIX MARKET DATA

The Big Six locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg and Munich) posted a transaction volume of over 12.16 bn € in 2011, thus bettering their prior-year performance by nearly 10 %. However, developments varied between the individual cities. Frankfurt, with 2.97 bn € (+58 %), Munich, with 2.88 bn € (+67 %) and Hamburg, with 2.19 bn € (+9 %) were all able to increase their transaction volumes, in some cases quite considerably. This was decisively due to the sale of several large assets in these cities. Examples are the Deutsche Bank Twin Towers and the Silberturm in Frankfurt, the PEP shopping mall at Perlach in Munich, and the Hamburger Meile in Hamburg. Compared with their very good prior-year results, the other cities suffered appreciable declines. The main reason for this was the shortage of suitable products capable of meeting the demands of investors. This applied especially to Berlin, with 2.34 bn € (-26 %), but also to Düsseldorf, with 954 million € (-20 %) and Cologne, with 842 million € (-23 %).

Where the relative shares of the different size categories are concerned, there was no major year-on-year change. Almost 55 % of turnover in the six top locations was generated by deals upwards of 50 million €. Next, more or less equal, came the brackets 25-50 million € (19 %) and 10-25 million € (17 %). Smaller deals of up to 10 million € contributed just over 9 % to the total volume. So overall, this distribution can be regarded as fairly homogeneous, indicating very strong demand in all market segments.

Development of investment volume in the Big Six*



* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich

Investments according to € categories in the Big Six*

€ categories	Investment volume 2010 (million €)	2010 (%)	2011 (million €)	2011 (%)	Change 2010 - 2011 (%)
<10 million €	1,197	10.8	1,143	9.4	-4.5
10 - <25 million €	1,789	16.2	2,072	17.0	15.8
25 - <50 million €	1,703	15.4	2,303	18.9	35.2
>50 million €	6,367	57.6	6,645	54.7	4.4
Total	**11,056**	**100.0**	**12,163**	**100.0**	**10.0**

* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich

The same four groups of buyers as the year before dominated the Big Six locations in 2011. They were headed by special-purpose funds, with some 19 % of the result, thus ousting closed-end funds from the top slot they had occupied in 2010. The other key groups were private investors (close to 15 %), closed-end funds (13 %) and project developers (11.5 %). Together, these groups were responsible for around 58 % of all investment (prior year: 56 %). Investor groups generating shares of more than 6 % were open-ended funds (7.5 %), equity/real estate funds (7 %), and insurances and property firms, each with slightly upward of 6 %. On the other hand, pension funds with 5.5 % (prior-year: 10 %) and listed real estate companies with 4.5 % (prior-year: 8 %) both lost ground, shedding almost half their 2010 shares.

On the selling side, project developers took first place, as expected, with about 30 % of all sales transactions. They had also headed the field the year before (39 %), but in 2011 their contribution was lower in both relative and absolute terms. In second place, with nearly 14 %, came banks, which had hardly put in any appearance at all the year before. A large proportion of the relevant transactions involved distressed loans, which banks have now placed on the market. Whether or not this trend accelerates in 2012 remains to be seen. Third place was taken by equity/real estate funds, which achieved a share of just under 13 %. Also represented, with shares of around 5 % each, were corporates, private investors and closed-end funds.

Investments according to buyers' groups in the Big Six*

Buyers' groups	Commercial properties 2010 (million €)	2010 (%)	2011 (million €)	2011 (%)	Change 2010 - 2011 (%)
Special-purpose funds	1,735	15.7	2,282	18.7	31.5
Private investors	1,477	13.4	1,775	14.6	20.2
Closed-end funds	2,336	21.1	1,589	13.1	-32.0
Builders/developers	673	6.1	1,404	11.5	108.6
Open-ended funds	963	8.7	907	7.5	-5.8
Equity/real estate funds	306	2.8	839	6.9	174.2
Insurances	765	6.9	746	6.1	-2.5
Property firms	214	1.9	739	6.1	245.0
Pension funds	1,099	9.9	666	5.5	-39.4
Listed real estate companies	900	8.1	550	4.5	-38.9
Corporates	361	3.3	412	3.4	14.0
Banks	33	0.3	138	1.1	318.2
Public sector	67	0.6	44	0.4	-33.3
Others	127	1.2	72	0.6	-43.2
Total	**11,056**	**100.0**	**12,163**	**100.0**	**10.0**
Foreign investment share		32.6 %		29.7 %	

* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich

Investments according to sellers' groups in the Big Six*

Sellers	Commercial properties 2010 (million €)	2010 (%)	2011 (million €)	2011 (%)	Change 2010 - 2011 (%)
Builders/developers	4,347	39.3	3,606	29.7	-17.0
Banks	127	1.2	1,664	13.7	1.211.7
Equity/real estate funds	1,535	13.9	1,557	12.8	1.4
Open-ended funds	678	6.1	808	6.6	19.3
Special-purpose funds	463	4.2	741	6.1	60.0
Corporates	408	3.7	641	5.3	57.2
Private investors	944	8.5	623	5.1	-34.1
Closed-end funds	496	4.5	567	4.7	14.5
Listed real estate companies	929	8.4	522	4.3	-43.8
Property firms	233	2.1	492	4.0	111.0
Insurances	341	3.1	416	3.4	22.0
Public sector	102	0.9	337	2.8	229.9
Pension funds	323	2.9	147	1.2	-54.6
Others	130	1.2	42	0.3	-67.7
Total	**11,056**	**100.0**	**12,163**	**100.0**	**10.0**
Foreign investment share		38.7 %		31.0 %	

* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich

In the Big Six – in contrast to the nationwide market – office buildings were again the most important asset class. They accounted for more than 45 % of aggregate turnover, but that share was around 11 percentage points lower than the year before. Retail properties took second place, with 35 % (prior-year: 32 %). One surprising result was that investment in shopping centres, at nearly 2.3 bn €, was almost double that in office/retail properties (just over 1.2 bn €). This was due above all to several large sales of shopping centres in Munich, Berlin and Hamburg. With a share of close to 6 %, development sites contributed almost twice as much in relative terms as they had in 2010. The shares achieved by hotels (more than 5 %) and logistics complexes (over 3 %) were also considerably higher year-on-year.

INVESTMENT STREAMS

One frequently discussed issue is the extent to which investment streams – indicating the origin of the capital invested – have changed in recent years, and especially how much they are likely to change in the future. Such discussions often focus on whether there has been any marked growth in the significance of investors from Asia or the Middle East, particularly where sovereign funds are concerned. An analysis of the investment streams of the past seven years, since 2005, reveals that any such development has at any rate not been reflected as yet in the form of sizeable transaction volumes.

By far the largest amounts of capital deployed in the past seven years have come from German investors. In this time, they have been responsible for 41 % of the total volume invested. In fact, if the two boom years of 2006 and 2007, which were heavily influenced by exceptionally large purchases of portfolios by Anglo-Saxon investors, are excluded from the calculation, the average proportion of all turnover generated by German investors actually reaches 56 %.

Investments according to type of property in the Big Six*

Type of property	Commercial properties 2010 (million €)	2010 (%)	2011 (million €)	2011 (%)	Change 2010 - 2011 (%)
Office	6,217	56.1	5,525	45.4	-11.1
Retail, office/retail	3,537	32.0	4,284	35.2	21.1
Light Industrial	171	1.6	94	0.8	-45.0
Distribution centre	227	2.1	390	3.2	71.5
Development site	341	3.1	706	5.8	107.0
Hotel	319	2.9	631	5.2	97.6
Others	243	2.2	533	4.4	119.2
Total	**11,056**	**100.0**	**12,163**	**100.0**	**10.0**

* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich

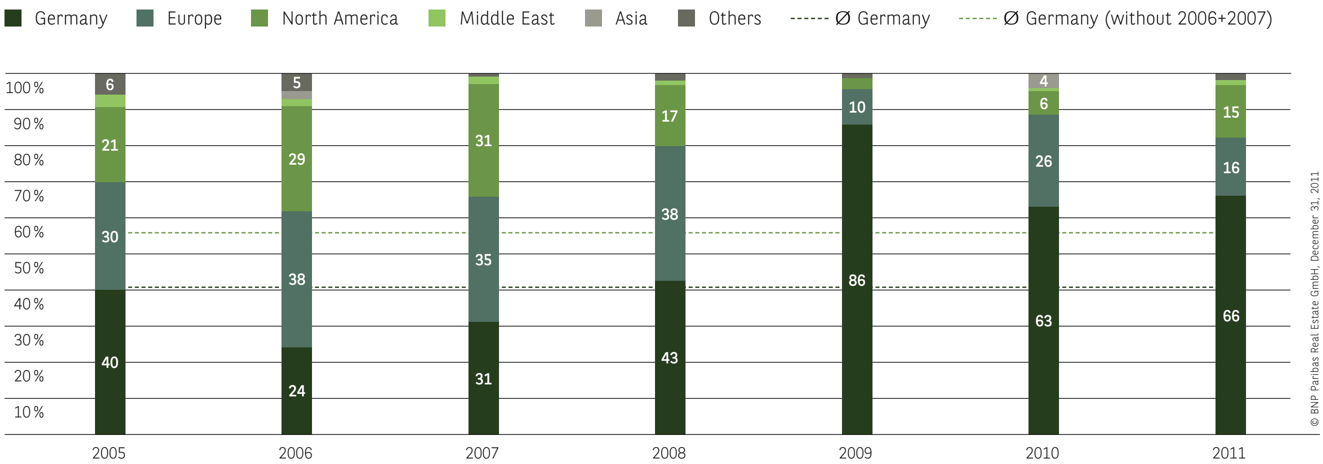
The second-most important group are investors from other parts of Europe. In the period under review, they accounted for a very respectable 31 % of the capital invested in German real estate. They were particularly active during the two extraordinary years of 2006 and 2007 – if those years are excluded, their contribution falls to 25 %.

Alongside German and other European investors, it is only those from North America which have played any sizeable role over the long term. On average in the past seven years, they were responsible for 22 % of all investment. In 2006 and 2007, as mentioned above, their shares were well above average, at 29 % and 31 % respectively. It is also worthy of note that North American investors play a disproportionately active role in the field of large portfolio transactions, whereas their significance in the single-deal segment is considerably lower.

So in the past seven years – a period which has witnessed a strong increase in international activity in Germany – these three regions have together been the source of 95 % of all the capital invested in this country. Accordingly, the investment streams from other parts of the world have played only a minor role up to now. The proportion of investors from the Middle East, for instance, is just 2 %, while that of Asian investors has averaged just 1 %. The fact that the shares generated by these regions have been somewhat higher in specific years has so far been due to just a limited number of few really major transactions, such as the sale of the Sony Center in Berlin to the South Korean pension fund NPS 2010.

Even though this analysis shows that up to now the activities of investors from outside Europe and North America have been only limited where actual transaction volumes are concerned, there is every indication that this is set to change.

Investments according to origin of capital



Sovereign funds in particular are at present checking out the German investment markets very intensively in their search for assured, long-term assets. Examples of this are funds from Malaysia, South Korea, Singapore, China and the Middle East, but also from Norway. All the signs suggest that this marked growth in interest will in future be followed by actual investment on a substantial scale.

YIELDS IN SECOND HALF OF 2011 MAINLY STABLE

After reaching their peak for this market cycle in the second half of 2009, prime yields in Germany eased quarter by quarter. This trend continued up until the middle of 2011. Then, in the second half of the year, yields – with just a few exceptions – stabilized. In the field of office buildings, the lowest prime yields at the end of 2011 were to be found, once again, in Munich (4.75 %), followed by Hamburg (4.80 %) and Frankfurt (4.90 %). Also below the 5 percent mark was Berlin, with 4.95 %, in front of Düsseldorf (5 %) and Cologne with 5.3 %. This means that the average prime yield across the Big Six locations is 4.95 % and thus nearly 14 base points lower than the average of the past 7 years. However, if this figure is compared with the corresponding value in the middle of 2007, at the height of the boom in the investment markets, there is still a difference of 55 base points. So against this background, there can be no talk of any market overheating or of an excessive level of sales prices in the absolutely top segment. This is especially true in view of the fact that the gap in yields between core office properties and long-running German government bonds is still just over 3 %.

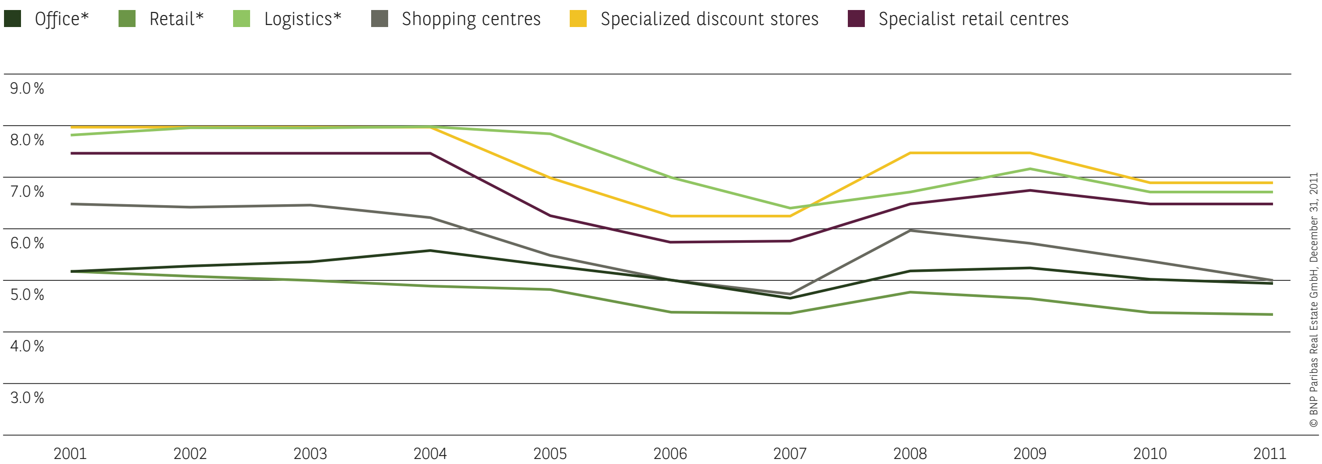
In the other market segments, prime yields have developed in similar fashion. First-class office/retail buildings in the best shopping streets of the big German cities followed the same track, climbing in connection with the financial and economic crisis, then falling again from the end of 2009 onwards. However, they have exhibited far less volatility. The average yield in the six main German locations at present is 4.34 %, which is more or less on a par with 2006 and 2007. The main reason for this is that both the onward letting and the income situation of such premises in the prime areas is far more stable and less susceptible to change in difficult economic times.

Logistics complexes in the top locations achieve yields of 6.50 % and 6.85 %. The average across the Big Six at present is 6.69 % and thus 37 base points above the low reached in 2007. The prime yield for shopping centres at the moment is 5 %, but it can even fall slightly below that in exceptional cases. This reflects the buoyant demand and the great interest in this asset class exhibited by investors – which creates tough competition in bidding procedures. For discount market centres, the prime yield is 6.50 %; the figure for individual discount markets is 6.90 %.

OUTLOOK FOR THE INVESTMENT MARKETS

The prospects for the German investment markets in 2012 will be influenced by differing basic tendencies. On the one hand, there is the foreseeable slow-down in general economic growth. Even though all the currently available indicators suggest that the possibility of a recession can be excluded, there is no chance of matching the rates of increase registered in the past two years. On the other hand, a good many factors point to ongoing good prerequisites for investment in Germany. These factors include the still

Development of net prime yields



* ø Big Six (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich)

upbeat mood and healthy order books of business firms, the likelihood that unemployment will continue to decline in 2012, and the anticipated rise of around 2.5 % in disposable incomes. All these factors suggest that domestic demand can become an important mainstay of the German economy in 2012.

Since the situation in many other European countries will probably be different, Germany's already strong position is actually likely to be enhanced somewhat. At the same time, against the backdrop of the ongoing difficulties in financial markets, alternative asset classes will remain prone to uncertainty. This suggests that the framework conditions for the German real estate investment markets, and especially for investment in core properties, will remain favourable overall in this coming year. This assumption is backed by the very good development of the office letting markets in 2011, which could well lead to a moderate increase in supply in the office buildings segment.

Then there is also the possibility that the supply of properties with a more definite opportunistic orientation could grow in the course of 2012. There are several signs that banks may increasingly bring distressed properties and portfolios onto the market. Whether offers of this kind then find buyers will depend primarily on whether or not financial institutes view the financing of such transactions as a feasible option. At the moment, the probability that a

Key investment market indicators in the Big Six*

	Berlin			Cologne			Düsseldorf			Frankfurt			Hamburg			Munich		
	2010	2011	10/11 (%)	2010	2011	10/11 (%)	2010	2011	10/11 (%)	2010	2011	10/11 (%)	2010	2011	10/11 (%)	2010	2011	10/11 (%)
Total (million €)	3,173	2,335	-26.4	1,095	842	-23.1	1,188	954	-19.7	1,883	2,967	57.6	1,998	2,187	9.4	1,720	2,877	67.3
Proportion over 50 million € (%)	72.0	49.4	-31.4	55.0	46.4	-15.7	56.8	37.2	-34.5	64.9	71.5	10.2	50.1	44.9	-10.3	33.9	57.1	68.5
Office proportion (%) total (million €)	46.9	34.0	-27.4	23.2	41.4	78.7	81.0	53.9	-33.4	85.4	46.6	-45.4	45.4	47.2	4.0	58.1	50.5	-13.2
Proportion City Centre (%)	38.5	27.4	-28.8	52.4	75.8	44.7	34.9	29.3	-16.1	64.1	72.7	13.4	56.2	46.6	-17.0	34.5	42.5	23.2
Proportion foreign sellers (%)	59.2	33.9	-42.8	16.5	39.1	137.1	33.3	47.9	44.0	46.1	23.6	-48.8	37.7	30.1	-20.3	11.6	29.0	150.0
Proportion foreign buyers (%)	47.8	31.9	-33.4	20.0	31.2	55.7	25.0	22.0	-12.2	55.0	21.0	-61.8	12.9	29.9	130.6	15.9	38.7	144.0
Net top yield office (%)	5.10	4.95	-2.9	5.30	5.30	0.0	5.20	5.00	-3.8	4.90	4.90	0.0	4.85	4.80	-1.0	4.85	4.75	-2.1
Office multiplier*																		
City Centre	17.0 - 19.5			16.0 - 18.0			17.0 - 19.5			17.0 - 19.5			17.0 - 20.5			18.0 - 20.5		
City Centre fringe	14.0 - 16.0			13.0 - 15.5			14.0 - 17.0			14.0 - 16.0			15.0 - 16.5			15.0 - 17.5		
Periphery	11.0 - 14.0			11.0 - 13.0			12.5 - 14.0			12.0 - 14.0			12.0 - 14.5			12.0 - 15.0		
Office/retail multiplier*																		
City Centre	18.0 - 21.0			18.0 - 22.0			18.5 - 22.0			18.0 - 21.0			19.0 - 22.5			19.0 - 23.0		
District centre	14.0 - 17.0			14.0 - 18.0			14.5 - 16.5			14.0 - 17.0			15.0 - 18.0			15.0 - 18.0		
Light Industrial**																		
Periphery	11.0 - 14.0			11.0 - 14.0			11.0 - 14.0			11.5 - 14.5			11.5 - 14.5			11.5 - 14.5		

* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich
** Gross multiplier = Selling price (without incidental costs) divided by the annual net rent

greater number of opportunistic investments could obtain financing is extremely low.

Summing up, there is every indication that another high transaction volume of at least 20 bn € can be realized in 2012. Whether it will prove possible to match or perhaps even exceed the 2011 result – for instance through higher turnover in the opportunistic segment of the market – will depend more on how things on the financing side develop and on the price expectations of the vendors than on the interest exhibited by investors. On the whole, yields can be expected to stabilize. But in the face of tough competition for individual top properties, there is at least a possibility that they may ease slightly further in isolated cases.

Selected investments in 2011

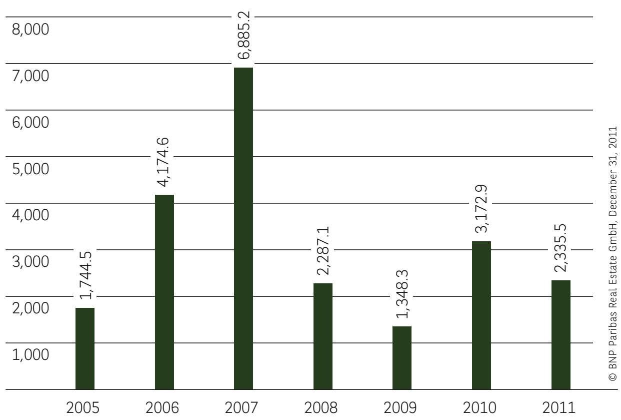
Item	City	Type	Area m² (approx.)	Seller	Buyer
Metro portfolio (45 Metro cash & carry stores)	Various cities	Retail	900,000	Metro owner families	Promontoria/Cerberus
Gropius-Passagen	Berlin	Shopping centre	85,000	WealthCap	mfi
Deutsche Bank Twin Towers	Frankfurt am Main	Office	75,000	Deutsche Bank	DWS-Fonds
Silberturm	Frankfurt am Main	Office	72,800	Commerzbank	IVG
Hamburger Meile (85 %)	Hamburg	Shopping centre	65,000	Joint Venture ECE/Bruhn	Real I.S.
PEP shopping mall	Munich	Shopping centre	60,000	Deutsche Bank (grundbesitz europa)	US pension fund TIAA-CREF
Rheinpark Center (94,9 %)	Neuss	Shopping centre	49,000	Unimo	Union Investment
Skyline Plaza (80 %)	Frankfurt am Main	Shopping centre	47,200	CA Immo und ECE	Allianz
Neumarkt-Galerie	Cologne	Shopping centre	33,000	Quinlan Private/liquidator	Signature Capital
Die Mitte	Berlin	Shopping centre	19,300	Commerzreal	Dogan Media Group
Centro (50 %)	Oberhausen	Shopping centre		Centro developer Eddie Healey	Canada Pension Plan Investment Board

Berlin

INVESTING IN BERLIN REMAINS POPULAR

Despite a transaction volume of close to 2.34 million €, the Berlin investment market was unable to match its outstanding performance of 2010, but for a number of reasons the result must nevertheless be considered positive. For a start, the prior-year total was heavily influenced by major deals such as the sale of the Sony Center and several shopping centres; then there is the fact that the 2011 result is still one of the best ever registered in the Berlin market. In contrast to the year before, portfolio deals (included on a pro-rata basis) played hardly any role, contributing less than 3 % to the total (-16.5 percentage points).

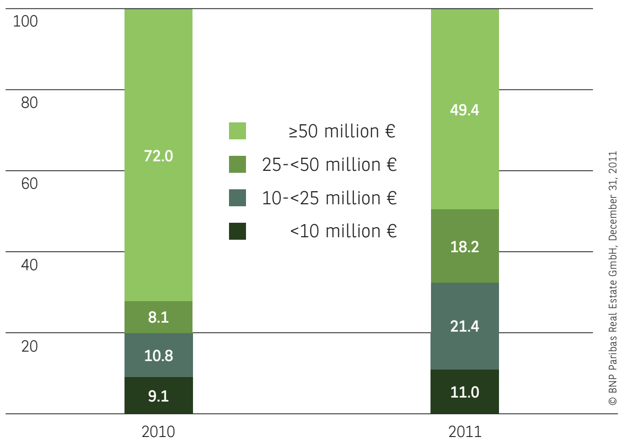
Investment volume from 2005 to 2011 in Berlin



GREATER ACTIVITY IN CLASSES UP TO 50 MILLION €

The buoyancy of demand for real estate assets in Berlin is also reflected by the large number of deals concluded in 2011. At 107, this was actually slightly up on the prior-year figure. Further confirmation of the lively scale of market activity is provided by a look at the distribution of turnover according to the size of the deals. Whereas the year before, transactions of up to 50 million € accounted for only around one quarter of the aggregate volume, the corresponding proportion in 2011 was over half. All the same, the biggest contribution to the total came from deals upwards of 50 million €, with a share of over 49 %. Then came investments from 10 to under 25 million €, with more than 21 %. But the second-biggest size bracket, of between 25 million and 50 million € also generated a sizeable share, with over 18 %.

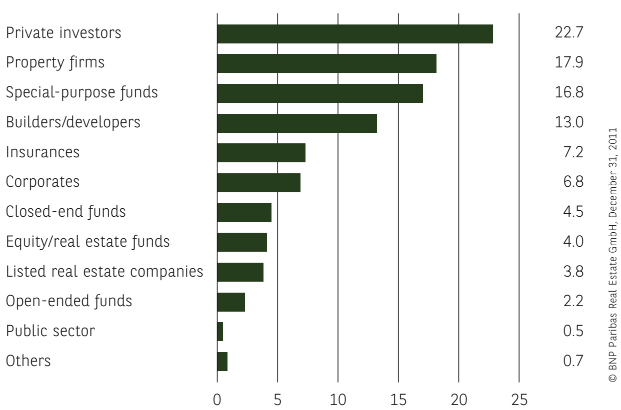
Investments according to € categories in Berlin



PRIVATE INVESTORS PERFORM STRONGLY

Private investors were the most powerful force on the buying side in 2011 in terms of both the number of transactions and the total volume. This group of investors, which is generally quite strong in Berlin, generated almost 23 % of all turnover. In second place came property firms, with a share of some 18 %, fuelled by several large deals. They were followed by special-purpose funds (17 %). Project developers were also active, accounting for 13 % of the total. No other groups achieved a double-digit percentage. In 2011, pension funds and listed real estate companies, which had led the field the year before after just a few substantial deals, played only a subordinate role. The proportion of foreign buyers fell somewhat, to slightly less than one third. In absolute terms, the foreign investment volume actually fell by about one half.

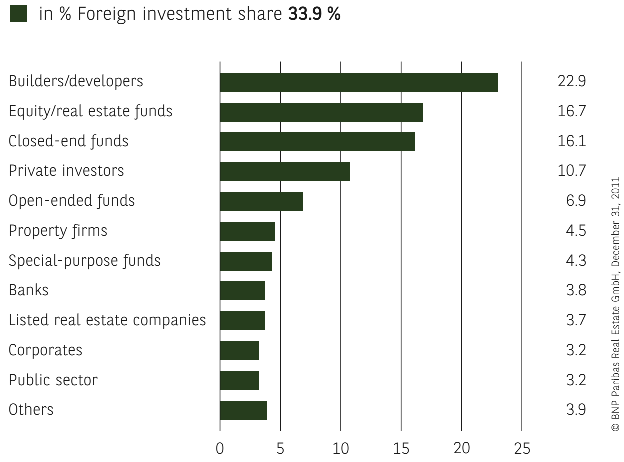
Investments according to buyers' groups in Berlin



PROJECT DEVELOPERS AS BIGGEST VENDORS

In 2011, the distribution of the investment volume on the selling side was much more even than in 2010. First place was again taken by project developers, with close to 23 %, but that was over 18 percentage points less than the year before. Second place was again occupied by equity/real estate funds, which disposed of several properties to generate a share of about 17 %; in absolute terms, though, their sales volume fell by more than half. Backed by the sale of the Gropius Passagen, closed-end funds moved up into third place, with just over 16 %. Private vendors were the only other group with a double-digit share of aggregate volume; they accounted for about 11 %.

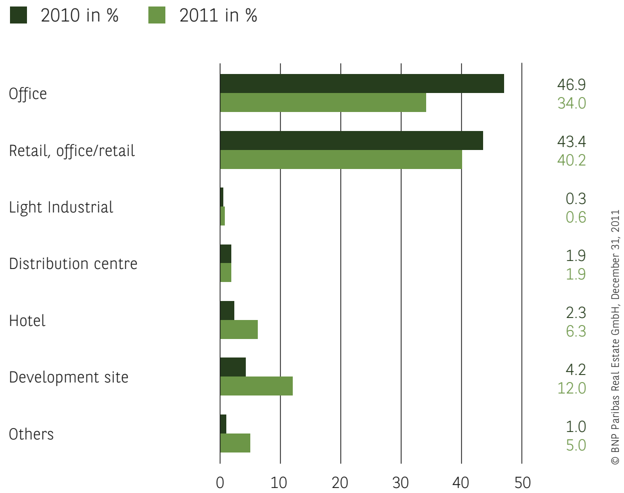
Investments according to sellers' groups in Berlin



RETAIL ASSETS REMAIN FAVORITES

Retail properties were once again the most popular asset class. Although they attracted somewhat less investment than in 2010, they achieved a share of over 40 %, putting them well ahead of office buildings, with about 34 %. However, where the number of deals is concerned, office buildings were once again out in front. Development sites were also in strong demand and thanks to large-volume deals, such as the Wertheim grounds on Leipziger Platz, they upped their share quite considerably compared with 2010, to a year-end figure of 12 %. Hotel transactions also generated sizeable turnover, with more than 6 % of the total result.

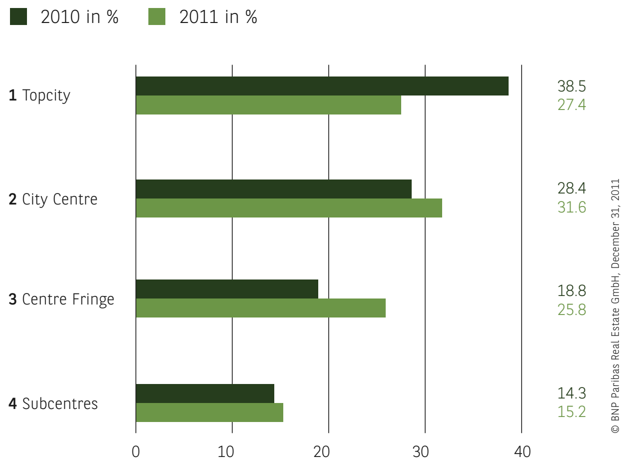
Investments according to type of property in Berlin



TURNOVER SPREAD EVENLY ACROSS MARKET AREA

Where the distribution of turnover across the market area is concerned, there were shifts in the relative ranking of the different zones; generally speaking. Turnover was also spread more uniformly than the year before. Whereas in 2010, the City Centre areas led the field only in terms of the number of deals, last year they also finished top in terms of the sales volume. Almost one euro in every three (32 %) was invested in City Centre properties. Turnover in the Topcity submarkets, which had headed the ranking in 2010 mainly as a result of the sale of the Sony Center, declined by more than 11 percentage points to just over 27 %. Very close behind came Centre Fringe, with a share of nearly 26 %. At over 15 %, the subcentres also made quite a considerable contribution.

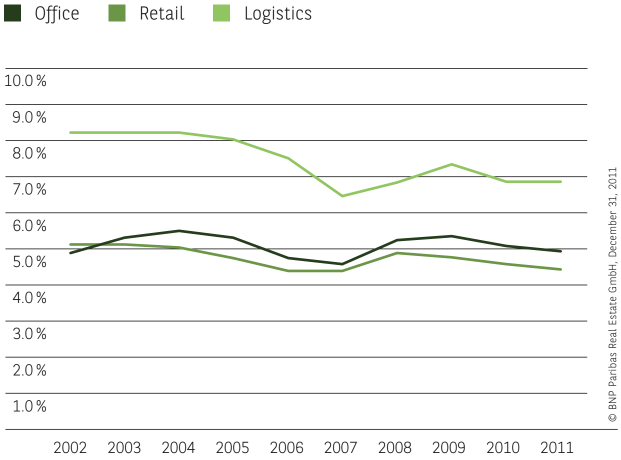
Investments according to location in Berlin



OFFICE PRIME YIELDS BELOW 5 % AGAIN

Since peaking in 2009, net prime yields have steadily fallen in line with excess demand for core properties. In 2011, they initially eased further, albeit only slowly. But then, from the middle of the year on, as the sovereign debt crisis intensified, stabilization began to set in. At the end of the year, net prime yields for office buildings were still at their mid-year level of 4.95 %, 15 base points lower than the 2010 level. The way in which the net prime yields for office/retail buildings developed was similar: they have remained stable at 4.50 % since the middle of the year. In the logistics segment, the net prime yield has stayed at 6.85 % for several quarters now.

Net prime yields according to type of property in Berlin

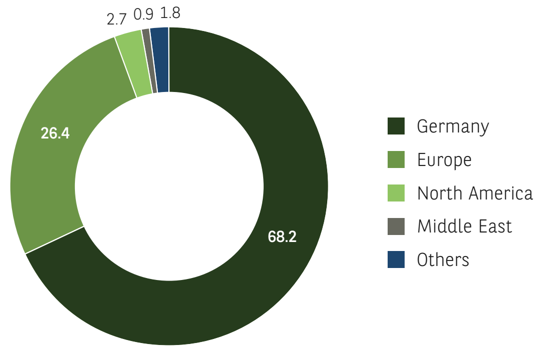


BERLIN REMAINS ONE OF THE MOST FAVOURED GERMAN INVESTMENT MARKETS

Although Berlin was overtaken by Frankfurt and Munich in the ranking of the six major investments locations in 2011, it remains one of the top centres for investment in Germany. This is highlighted particularly by the fact that last year's turnover was achieved despite only a limited contribution by large deals. The extremely high demand on the part of private investors and also the above-average interest exhibited by investors from abroad indicate that this market has a healthy basis. Given an appropriate level of supply for these investors, it should be possible to achieve a gratifying result in this coming year as well. But whether or not the net prime yield will ease any further remains to be seen.

Investments according to origin of capital in Berlin

in %



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Selected investments in Berlin

Item	Location	Type	Area m² (approx.)	Seller	Buyer
Steigenberger Airport Hotel Berlin		Hotel	322 rooms	ECE	Acron-Gruppe
Gropius-Passagen	Johannisthaler Chaussee	Shopping centre	85,000	WealthCap	mfi
Ernst-Reuter-Haus	Strasse des 17. Juni	Office	30,000	Rockpoint	R+V-Versicherung
Kantcenter	Wilmersdorfer Strasse/ Kantstrasse	Shopping centre	21,000	Aerium Retailfonds	Credit Suisse
"F200" Philipp-Johnson-House	Friedrichstrasse	Office	20,100	Tishman Speyer	Allianz
Wertheim grounds	Leipziger Platz	Development site	20,000	Orco	High Gain House Investment
Die Mitte	Alexanderplatz	Shopping centre	19,300	Commerzreal	Dogan Media Group
	Caroline-Michaelis-Strasse	Office	18,500	Hochtief	EKD/EED Diakonisches Werk
Friedrich-Carree	Friedrichstrasse/ Dorotheenstrasse	Office	11,500	Industriefinanz	Deka

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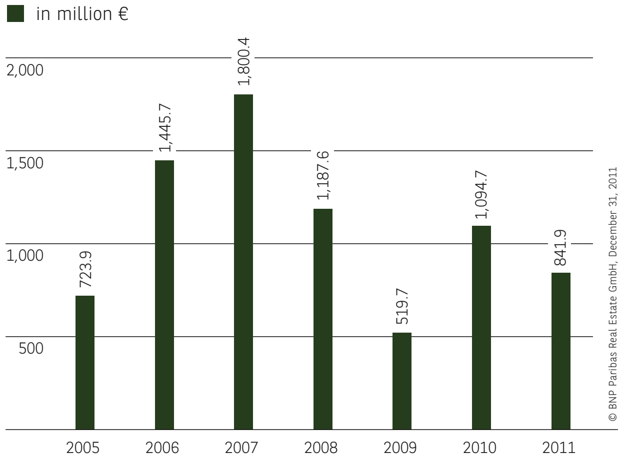
Cologne

INVESTMENT VOLUME LOWER

In 2011, the Cologne investment market generated a transaction volume of 842 million €. That was some 23 % down on the excellent prior-year figure. Despite the fact that there was again great activity in the marketplace, there were fewer sales in the high double- or triple-digit million euro range, and so the result was also around 10 % lower than the ten-year average. At 52, the number of registered transactions was on a par with 2010. Accordingly, the average volume per deal, at just over 16 million €, dropped below the very good prior-year figure of 21.5 million €. The number of properties changing hands within the framework of portfolio deals was once again very low, producing a share of well under 5 % for the third year in a row.

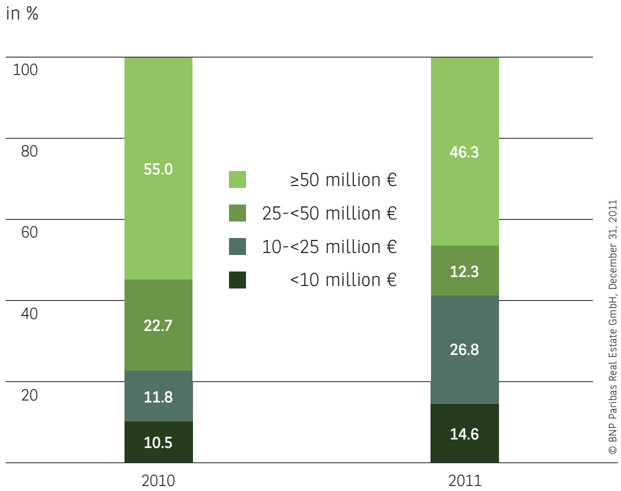
Investment volume from 2005 to 2011 in Cologne



DEALS UP TO 25 MILLION € GENERATE LIVELY ACTIVITY

Where the distribution of turnover according to size classes is concerned, the focus on large-volume deals was not as marked as it had been the previous year. All the same, sales of more than 50 million € again produced the biggest slice of aggregate investment, with over 46 % of the total. The sharpest decline was registered by investments of between 25 million € and 50 million €: their volume was more than halved, to generate a share of only just over 12 %. In contrast, sales in the bracket 10-25 million € increased significantly, and by themselves they contributed nearly 27 % to the aggregate result (+15 percentage points). Smaller deals under the 10 million € mark also increased slightly in terms of both number and volume and they accounted for close to 15 %.

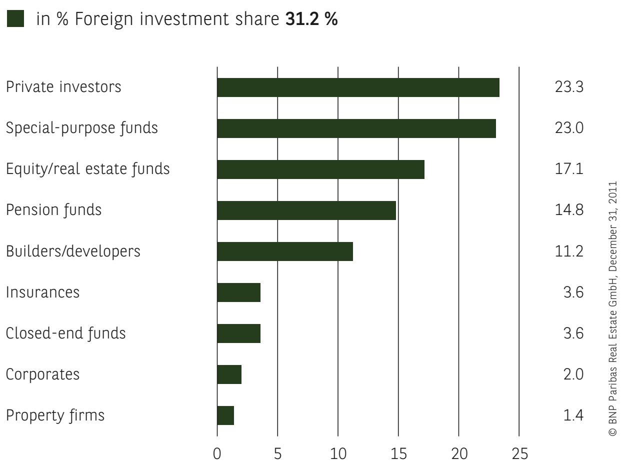
Investments according to € categories in Cologne



PRIVATE INVESTORS AHEAD OF SPECIAL-PURPOSE FUNDS

Private investors were the most active buyers in Cologne in 2011; fuelled in particular by a large number of transactions, they were responsible for over 23 % of the total volume. All the same, they finished only marginally ahead of special-purpose funds, which were responsible for several transactions in the double-digit million euro range and also achieved around 23 %. Both groups injected far more capital into the Cologne market in 2011 than they had in 2010. The only other group with a year-on-year rise in volume were project developers (over 11 %). The prior-year leaders, equity/real estate funds, achieved just over 17 % of the result. Pension funds generated just under 15 %. Foreign investors were again very active in the Cologne market, contributing a share of more than 31 %, representing a year-on-year increase of about 11 percentage points.

Investments according to buyers' groups in Cologne



BNP PARIBAS REAL ESTATE

SPECIAL-PURPOSE FUNDS WITH HIGHEST SALES VOLUME

The top slot on the selling side was taken by special-purpose funds with one fifth of the transaction volume. Close behind came the prior-year leaders, project developers, with a share of more than 19 % but with a considerably lower volume than in 2010 (-54 %). Banks and pension funds disposed of properties in the triple-digit million euro range, to give them each a share of some 15 % of all turnover. Equity/real estate funds and the public sector each contributed slightly more than 8 % to the transaction volume. The only other group responsible for more than 5 % of the total were private investors. In contrast to the year before, when open-ended funds had sold some high-price products in Cologne, in 2011, they contributed a share of only just under 1 % to the investment volume (-23 percentage points).

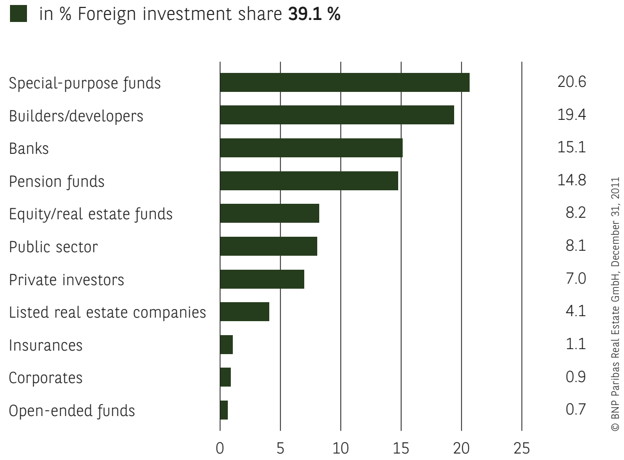
OFFICE PROPERTIES MOST FAVOURED ASSET CLASS

Whereas in 2010, retail properties had been the chief focus of investor interest in Cologne, in 2011, office buildings regained their place as the most favoured asset class. They finished well out in front, with a share of over 41 % of all turnover (+18 percentage points) and also increased their absolute volume. 2011 failed to bring any comparable repeat of the numerous sales of large-volume retail products which had been achieved in 2010, and this produced a marked fall for the retail segment (-27 percentage points) to give it a share of 30 %. This contrasts with the development elsewhere: nationwide, retails assets generated the largest proportion of turnover (46 %). Third place in Cologne was taken by development sites, with over 10 %, fuelled in part by the sale of the former Barmerviertel.

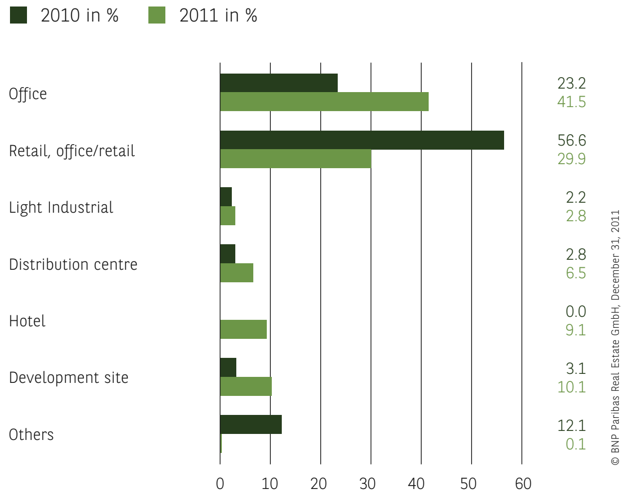
GREAT INTEREST IN CENTRAL AREAS

The geographical distribution of investment in 2011 was dominated by the City Centre; the year before the volume had been spread rather more evenly across the market area. The central inner-city districts generated nearly 76 % of the aggregate result, an increase of more than 23 percentage points. The Centre Fringe was also able to step up its performance year-on-year and was responsible for over 9 % of the investment total. That put it on a par with the subcentres, which also achieved just over 9 % but performed less well than the year before in respect of both the number of transactions and the absolute volume (in 2010, the sale of two shopping centres had stepped up the result achieved by the subcentres). The periphery registered a share of close to 6 % of the investment volume (- 8 percentage points).

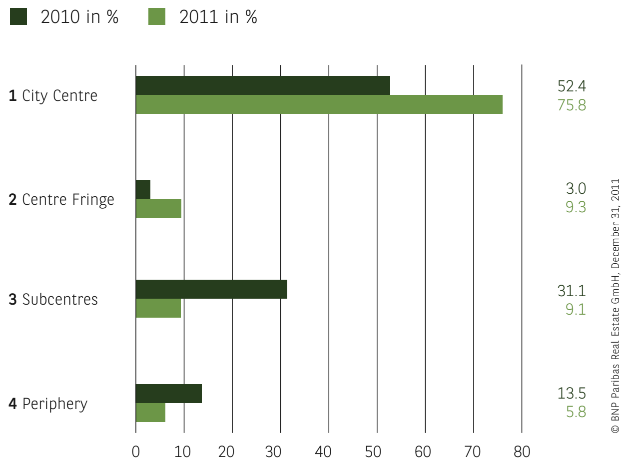
Investments according to sellers' groups in Cologne



Investments according to type of property in Cologne



Investments according to location in Cologne



STABLE YIELDS

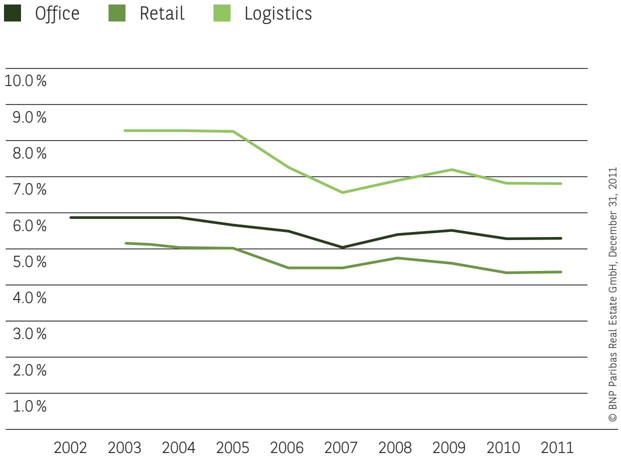
Yields in the Cologne market exhibited great stability during the course of the year and have remained unchanged compared with the end of 2010. So, as before, the net prime yield for high-grade, fully let office buildings in good areas is 5.3 %. That is 23 base points below the average of the past ten years, but is still 40 base points above the low reached in the middle of 2007. This means that in any comparison with the other major German investment locations, Cologne still offers an attractive price level in the top segment.

After rising in a series of steps in the course of 2010, prices for office/retail buildings have since stabilized. So the net prime yield for premium properties in this segment remains unchanged at 4.35 % – the lowest level in the last ten years. In the field of logistics properties, the level of prime yields also stayed stable in 2011 at 6.80 %.

INVESTMENT TURNOVER WILL BE DETERMINED BY SUPPLY

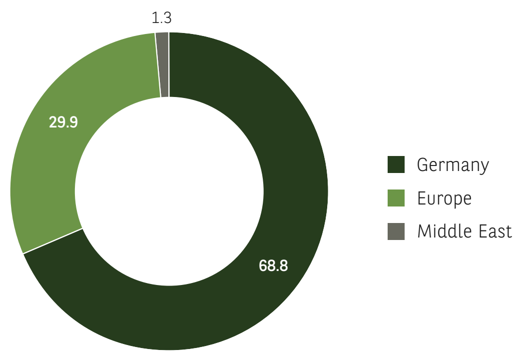
Although the result achieved in the Cologne investment market was down on the impressive prior-year figure, market activity was lively, with considerable interest displayed by investors from Germany and abroad. Assuming that in 2012 Germany will remain the safe haven in Europe, the strong demand for top properties in the big German cities is likely to continue. So, since ongoing interest on the part of investors seems assured, the scale of the transaction volume to be anticipated in Cologne in this present year depends more on the supply of attractive and, especially, large-unit core properties. Alongside this, though, it remains to be seen whether – in the face of the currency and sovereign debt crisis – the German economy continues to exhibit its present robustness. What seems more likely is that here, too, the economic climate will cloud over somewhat. From today's viewpoint, no changes are to be expected in the field of prime yields.

Net prime yields according to type of property in Cologne



Investments according to origin of capital in Cologne

in %



Selected investments in Cologne

Item	Location	Type	Area m² (approx.)	Seller	Buyer
Motel One	Waidmarkt	Hotel	370 rooms	Fay Projects	Private investor
CologneTurm and NH-Hotel	Im Mediapark	Office Hotel	27,000 m² 220 rooms	EH Estate Management	AIRE/InfraRed
ehem. Barmer-Viertel	Messeplatz	Development site	54,000	Stadt Cologne	MesseCity Cologne GmbH & Co KG
Neumarkt-Galerie	Richmodstrasse	Shopping centre	33,000	Quinlan Private/liquidator	Signature Capital
TK Maxx-Logistikzentrum	Bergheim	Logistics	30,000	Institutional investor	Deka

Düsseldorf

INVESTMENT REACHES NEARLY ONE BILLION EUROS

The transaction volume in the Düsseldorf market area in 2011 totalled just over 954 million € and thus only just failed to reach the one billion euro threshold. The result was around 20 % down on the very good prior-year figure. All the same, 2011 was a very good investment year, since turnover was in fact the fourth-highest ever registered in this city. The result again gives Düsseldorf fifth place in the nationwide ranking, behind Frankfurt, Munich, Berlin and Hamburg. The main reason for the somewhat lower total was that the volume of large deals of over 50 million € was almost halved compared with 2010. This, though, was due not to any decline in investor interest but rather to a shortage of appropriate offers.

The number of transactions registered in this analysis (52) was on a par with the year before. But the average volume per deal fell from 23 million € (2010) to just over 18 million €.

BROAD SPREAD OF SIZE CLASSES

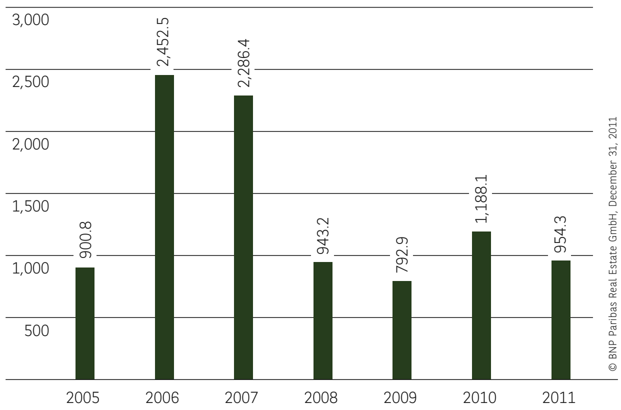
In Düsseldorf, the contributions made by the different size categories are spread more widely than in most of the other locations, where major transactions produce by far the biggest share of turnover. Although, as elsewhere, investments of over 50 million € headed the list in Düsseldorf last year, their contribution – 37 % – was only just ahead of the size bracket 25-50 million €, which accounted for nearly 35 % of the total. Sales of 10 million to 25 million € contributed almost 18 % to aggregate turnover. Smaller deals of up to 10 million € achieved an exceptionally good share of just over 10 % and generated more than half of all transactions.

CHANGES IN INVESTOR RANKING

In contrast to 2010, when closed-end funds were clear leaders in the ranking of investors, with more than 54 % of the turnover volume, in 2011, they did not put in an appearance at all. What makes this even more surprising is that in many other cities, they were again among the most active groups of buyers. This, too, can be seen as evidence for the lack of an adequate supply in many market segments. Open-ended funds, on the other hand, more than tripled their prior-year share, to 34 %, to finish at the top of the list. Then, as was to be expected, came special-purpose funds (nearly 13 %), project developers (12.5 %) and insurances (almost 11 %). Sizeable contributions to the total were also made by private investors and listed real estate companies, each with around 8 %. Foreign investors accounted for 22 % of the total (2010: 25 %).

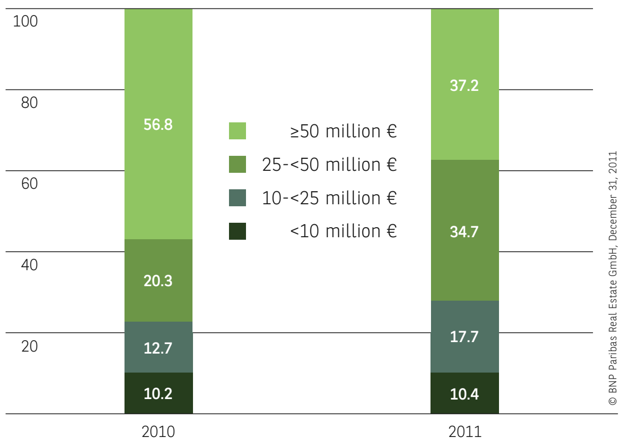
Investment volume from 2005 to 2011 in Düsseldorf

in million €



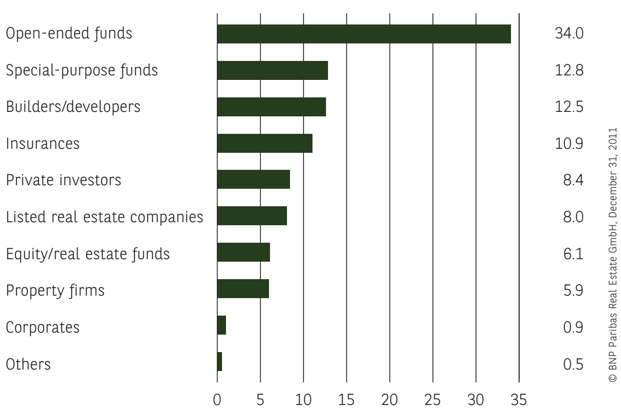
Investments according to € categories in Düsseldorf

in %



Investments according to buyers' groups in Düsseldorf

in % Foreign investment share **22.0 %**



DEVELOPERS AS MOST ACTIVE VENDORS

Just like the year before, project developers were by far the most active group of vendors, generating 42.5 % of the transaction volume. Then, some way behind with a share of just under 16 %, came special-purpose funds, followed by equity/real estate funds, with over 12 %. Considerable activity on the selling side was also exhibited by listed real estate companies and private investors, each achieving a share of nearly 9 %. Closed-end funds, which the year before had made a sizeable contribution, with 10.5 %, were very reticent in 2011 and accounted for only slightly over 1 % of investment turnover. All the other groups of investors also played only a subordinate role.

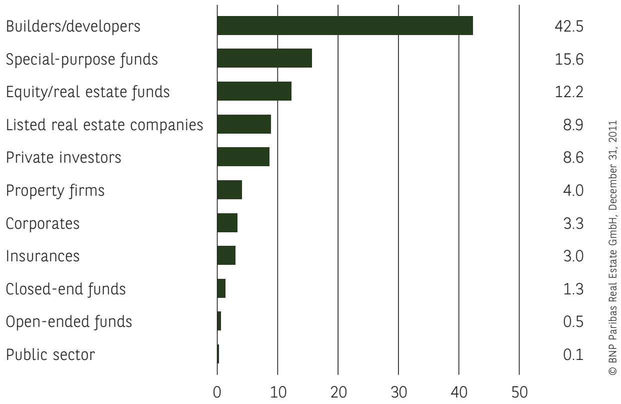
FOCUS ON OFFICE AND RETAIL ASSETS

Market activity in 2011 was dominated quite clearly by just two asset classes. With a share of 54 % of total turnover, office buildings finished out in front, just as 2010. But the outright supremacy it had shown then (2010: 81 %) was cut back quite appreciably. This benefited in particular retail properties, including inner-city department stores, which were able to lift their share from 16 % in 2010 to nearly 38 % last year. This puts the Düsseldorf market in line with the nationwide trend of an increase in retail investments. The combined predominance of these asset classes is shown by the fact that they together accounted for 92 % of all turnover, with none of the other market segments contributing much to the result. Development sites attracted 2.5 % of the investment volume. Light industrial properties accounted for just under 2 %, logistics complexes for 1.4 %. Hotels played a virtually negligible role, with a share of just 0.6 %.

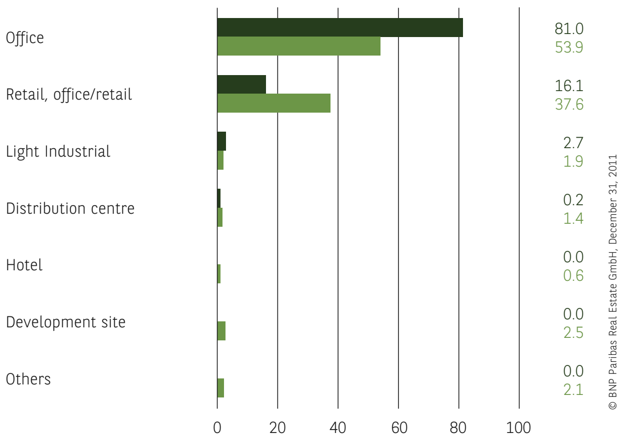
UNIFORM DISTRIBUTION ACROSS MARKET AREA

In none of the other major locations is investment spread so evenly across as the market area as it is in Düsseldorf. Altogether, it is possible to speak of a tough three-way struggle. The Centre Fringe defended its leading position of the year before, this time with a share of 33 %, but finished only just ahead of the periphery, which posted a strong 31 %. Then, close behind, came the City Centre zones, with just over 29 % of all investment. In most other locations, the inner-city areas dominate investment activity quite clearly. Way behind in last place came the subcentres, with just over 6 %, more or less the same as in 2010.

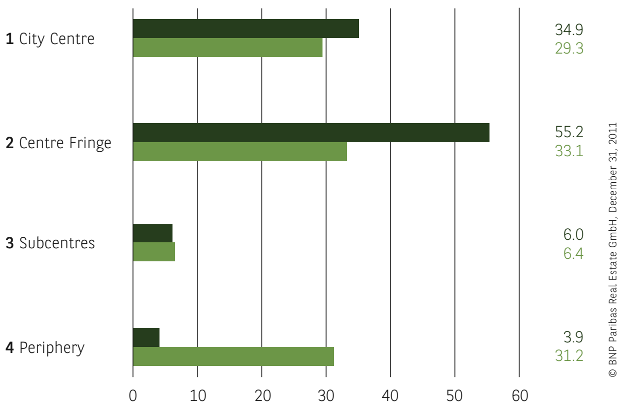
Investments according to sellers' groups in Düsseldorf



Investments according to type of property in Düsseldorf



Investments according to location in Düsseldorf



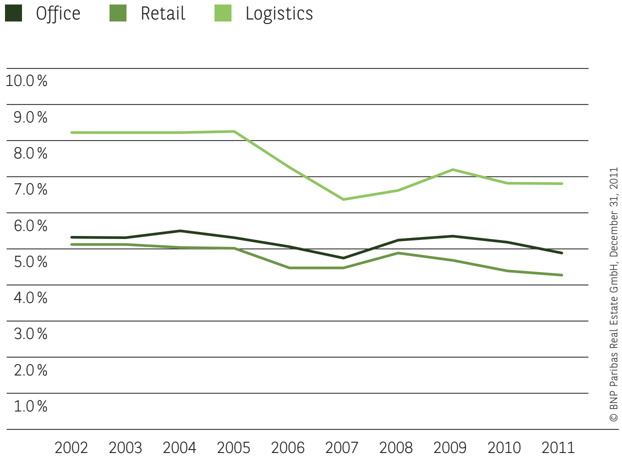
YIELD STABLE

Up to the middle of 2011, yields for office buildings eased slightly, but in the second half of the year they stayed steady. At present, the net prime yield is 5.0 % and thus 23 base points below the average of the past ten years. Nevertheless, it is still 50 base points higher than when it bottomed out in mid-2007. Against this background, and also for instance in view of the good development of the office market, the current level of prices must be considered reasonable.
Office/retail buildings in the 1A areas have undergone a similar development, with some moderate adjustments in yields at the beginning of 2011. Since then, prime yields have remained unchanged at 4.3 %. Top yields for logistics properties have stayed stable at 6.8 % for just under two years now, and are thus on a level comparable to those in Cologne and Berlin.

ADEQUATE SUPPLY NEEDED

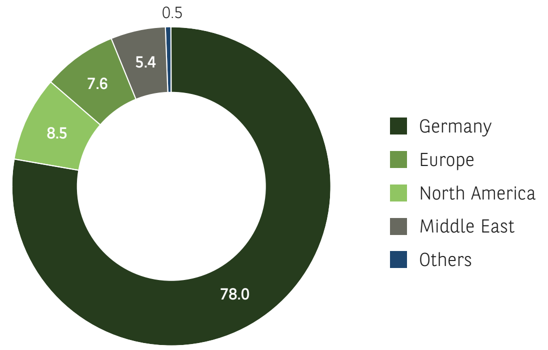
Despite the modest decline in turnover, it is apparent that investors are still showing great interest in Düsseldorf. And this is very likely to remain the case in 2012, even though it is evident that the economic climate is set to cool off somewhat. Not least because of the still smouldering financial and economic crisis, Germany's importance as a safe haven will quite possibly even be enhanced. This applies especially where private investors and family offices are concerned. Against the backdrop of the still difficult financial markets, they will continue to regard real estate as an attractive asset class, and put their capital into it either directly or else indirectly via funds. So, particularly in the case of core properties and inner-city office/retail buildings in prime areas, demand is set to remain buoyant. In view of this, the decisive factor influencing the transaction volume in 2012 will be the scale of supply in this market segment. In all probability, prime yields will stabilize at their present level.

Net prime yields according to type of property in Düsseldorf



Investments according to origin of capital in Düsseldorf

in %



Selected investments in Düsseldorf

Item	Location	Type	Area m² (approx.)	Seller	Buyer
Dreischeibenhaus	August-Thyssen-Allee	Office	30,300	Consortium: RREEF/Habacker Holding/Harder	Momeni and Black Horse Investments
Dieterich Karree	Duisburger Strasse/Marschall-strasse/Nettelbeckstrasse	Office/residential	30,100	Bubis GmbH & Co. KG	Tristan Capital Partners
La Cour	Toulouser Allee	Office	13,200	Hochtief	R+V Versicherung
Metropolitan	Bleichstrasse	Office	6,400	Redevco	Hines
	Königsallee	Office/retail	4,000	RMA Management	Aachener Grundvermögen

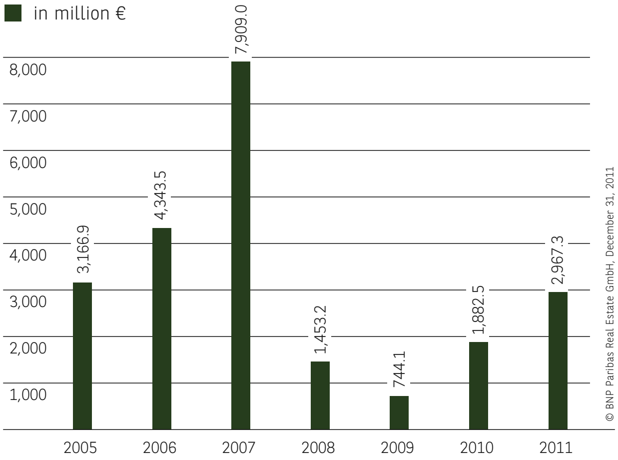
Frankfurt

INVESTMENT TURNOVER CLOSE TO THREE BILLION EUROS

The transaction volume in the Frankfurt market area (including outskirts) in 2011 fell only just short of the three-billion-euro mark. At 2.97 bn €, it was nearly 58 % up on the prior-year total. That makes Frankfurt the No. 1 investment location in Germany. The excellence of last year's result is underlined by the fact that it was over 5 % higher than the ten-year average. A key contribution to the total was made by large deals. The sales of Deutsche Bank's Twin Towers and the Commerzbank's Silberturm were two of the four biggest single deals of the year in Germany. This shows that in Frankfurt core properties let on a long-term basis continue to encounter great interest on the part of investors.

The number of transactions covered in this survey rose again compared with 2010 to 72 (2009: 64). The average volume per deal climbed to over 41 million € (+ 40 %).

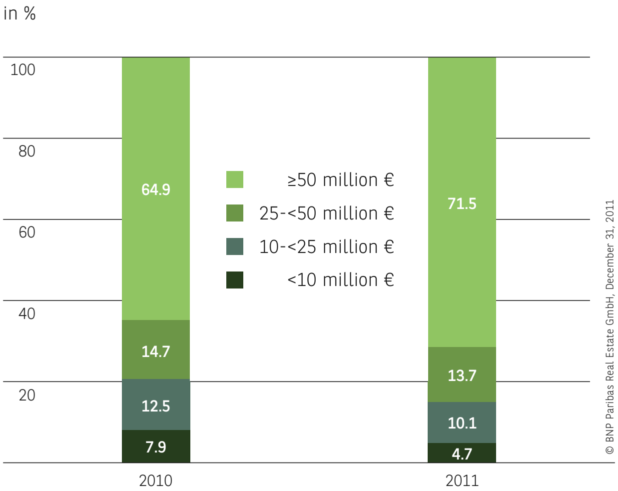
Investment volume from 2005 to 2011 in Frankfurt



LARGE DEALS PREDOMINATE

In Frankfurt, major deals upwards of 50 million € traditionally contribute a substantial proportion to total turnover, and in 2011, this proportion actually increased further, to 71.5 %. This brought the overall average volume per deal up to more than 41 million €, which is the highest level in the past eight years. Deals of between 25 and 50 million € took second place, with a share of nearly 14 %, ahead of the category 10-25 million €, with 10 %. Smaller properties, of up to 10 million €, attracted just under 5 % of all investment. The large number of individual sales is an indication of the buoyancy of market activity and of the lively interest shown by investors.

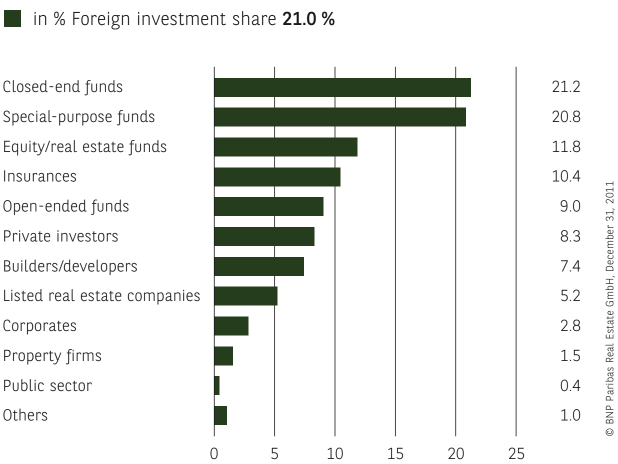
Investments according to € categories in Frankfurt



FUNDS AS MOST ACTIVE BUYERS

Even though the contributions made by the different groups of investors were more evenly spread in 2011 than the year before, funds once again dominated market activity. The first two places in the ranking were taken by closed-end funds (628 million €) and special-purpose funds (616 million €), which finished more or less equal, both with shares of around 21 % of the investment volume. In 2010, these two groups had together accounted for 76 % of the total. Then came equity/real estate funds with 349 million € (nearly 12 %), insurances with 308 million € (over 10 %), open-ended funds with 268 million € (9 %) and private investors with 248 million € (over 8 %). The proportion of foreign investors fell from 55 % (2010) to 21 %, which is a relatively low level by Frankfurt standards.

Investments according to buyers' groups in Frankfurt



BANKS AND DEVELOPERS BIGGEST VENDORS

As a result of the sale of the Twin Towers and the Silberturm, the vendor ranking was headed by banks, with almost 38 % of the total volume. Second place was taken by project developers, with close to 25 %; in 2010 they had finished in top place with an impressive 56 %. Together, these two groups were responsible for more than 62 % of turnover. A long way behind, but with still respectable shares of between 5 % and 7 %, came four other investor groups: equity/real estate funds (7 %), corporates (6 %), and property firms and open-ended funds, each with slightly more than 5 %.

ALL ASSET CLASSES IN DEMAND

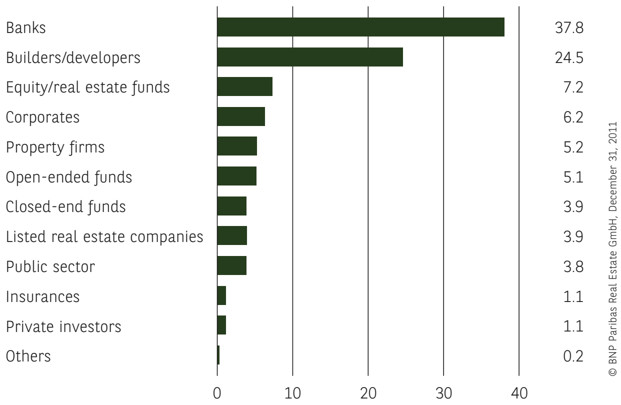
Despite the sale of the big bank towers, office properties still accounted for only just under 47 % of the transaction volume (prior year: 85 %). Although that puts this asset class well out in front of all the others, its percentage share was relatively low for the Frankfurt market. Next, with almost 27 %, came retail properties, which also includes inner-city department stores. They were able to lift their share from 8 % the year before. All the other types of property also made larger contributions to aggregate turnover than in 2010. Hotels, for instance, attracted more than five times as much investment as the year before, to give them 9 %. Development sites, which had hardly played any role at all in 2010, accounted for over 5 % of the transaction volume. Investment in logistics complexes (over 4 %) tripled year-on-year. So overall, the spread of investment was considerably broader than in many previous years, thus underlining the attractiveness of the Frankfurt investment market and showing that it is not confined just to office buildings.

CITY CENTRE WELL OUT IN FRONT

With almost 73 % of the transaction volume, the City Centre was again by far the most favoured investment location in Frankfurt and in fact even stepped up its prior-year share (64 %). In second place, just as in 2010, came the subcentres, with nearly 13 %. In relative terms, though, that represented a fall of about 9 percentage points. Over 8 % of turnover was generated in the Frankfurt periphery, thanks primarily to a whole series of smaller deals. The remaining share of the result, just over 6 %, was achieved in the Centre Fringe zones.

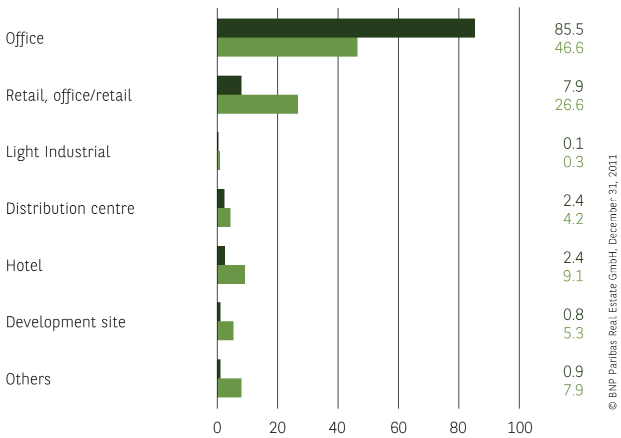
Investments according to sellers' groups in Frankfurt

in % Foreign investment share **23.6 %**



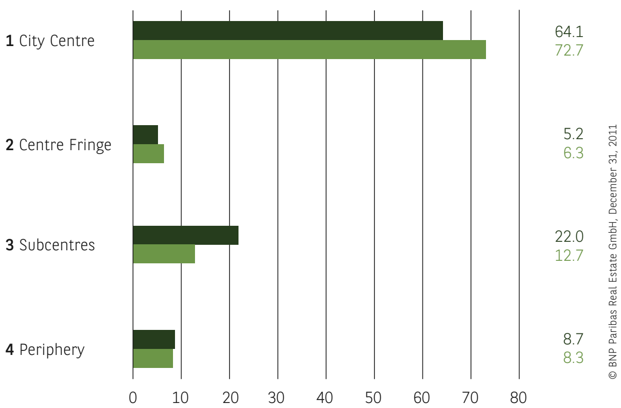
Investments according to type of property in Frankfurt

2010 in % 2011 in %



Investments according to location in Frankfurt

2010 in % 2011 in %

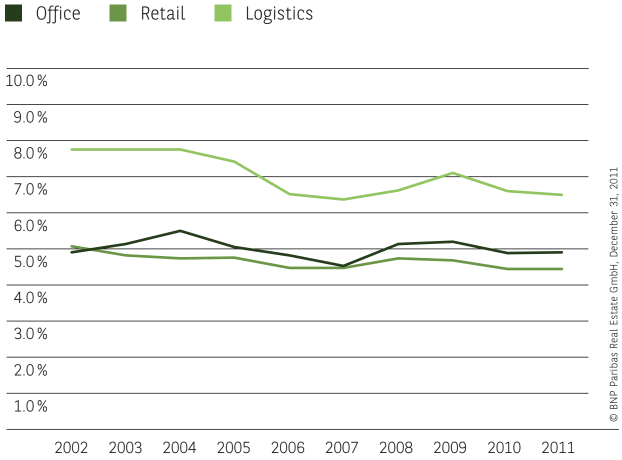


YIELDS STABLE

After easing considerably in 2010, prime yields for office buildings last year remained stable. The net prime yield at present is 4.90 %, which is 13 base points below the average of the past ten years but nevertheless 80 base points above the low registered in mid-2007. So – especially against the backdrop of the very good development of the office markets – there cannot really be any talk of overheating in the field of prices

Prime yields for office/retail buildings in 1A areas have developed in similar fashion, with no further adjustments in the course of 2011, and so they remain unchanged at 4.45 %. In the logistics segment, however, top yields eased by another 10 base points in the second half of 2011, to 6.50 % at present.

Net prime yields according to type of property in Frankfurt



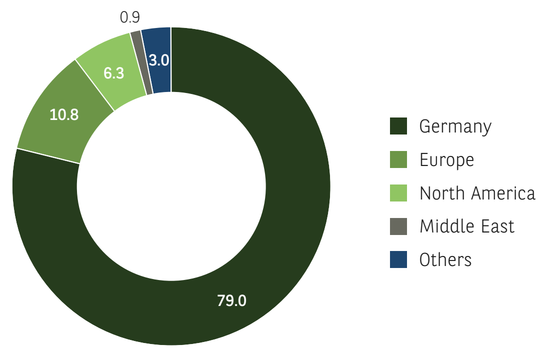
DEMAND FOR CORE PROPERTIES REMAINS STRONG

Despite the looming cool-down in the economic climate and the still unresolved financial and currency crisis, there are many signs that demand on the part of investors will stay strong in 2012. This is particularly the case in the market segment of core properties, where, in the wake of last year's good performance in the office markets, supply could possibly grow somewhat. At the same time, investor interest will probably continue to focus on high-grade retail assets and office/retail buildings. Whether or not increased turnover can be expected in the opportunistic segment as well depends above all on the financing side and on vendor expectations. On the side of investors, interest in purchases in this field is basically apparent.

Where prime yields are concerned, the most likely scenario for 2012 is stabilization at the present level. But, given the tough competition among investors, the possibility cannot be excluded that yields may ease slightly further in individual cases.

Investments according to origin of capital in Frankfurt

in %



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Selected investments in Frankfurt

Item	Location	Type	Area m² (approx.)	Seller	Buyer
Radisson Blu	Franklinstrasse	Hotel	428 rooms	Keops	Norwegian real estate company
Deutsche Bank Twin Towers	Taunusanlage	Office	75,000	Deutsche Bank	DWS-Fonds
Silberturm	Jürgen-Ponto-Platz/ Gallusanlage	Office	72,800	Commerzbank	IVG
	Mönchhofareal	Logistics	51,000	Harder&Partner	Infrared Capital Partners
80 % stake in Skyline Plaza		Shopping centre	47,200	CA Immo und ECE	Allianz
Goethe Plaza	Goetheplatz	Office/retail	12,800	Watermark	Freo
Occidens	Bockenheimer Landstrasse	Office	9,700	Groß&Partner	Deka

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Hamburg

INVESTMENT VOLUME OVER 2 BN €

The Hamburg investment market generated a turnover volume of nearly 2.2 bn € in 2011. That was more than 9 % up on the year before and also some 6 % higher than the multi-year average. Only in the two boom years of 2006 and 2007 was a better result achieved. Although the proportion of portfolio sales has risen again somewhat (by almost 10 %), single deals registered their highest-ever volume. The lively market activity is also reflected in the large number of individual transactions; these totalled 119, corresponding to a marked increase on the prior-year figure (+29 %). But at the same time, the average volume per deal fell to 18.4 million € (prior year: around 22 million €).

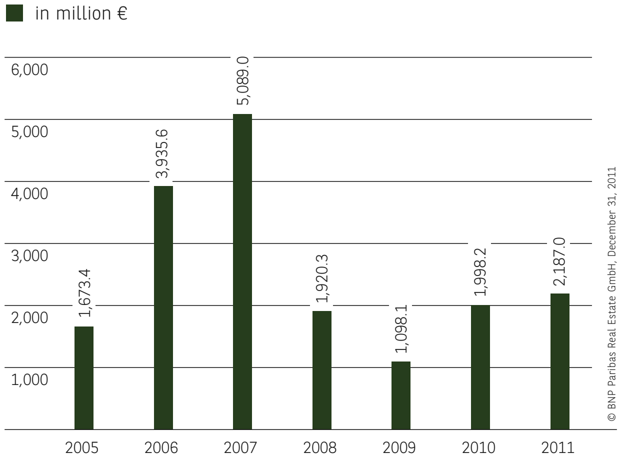
SMALLER TRANSACTIONS PICK UP STRONGLY

Large-volume deals upwards of 50 million € once again headed the distribution of investment turnover in terms of size categories, but their share of the total declined somewhat compared with 2010 (-5 percentage points). They posted a contribution of slightly under 45 % and just failed to reach the billion-euro level. Transactions of between 25 million € and 50 million € also slipped slightly, to achieve just under 22 %. On the other hand, the two smaller size brackets of under 25 million € picked up strongly. The volume of transactions between 10 million € and 25 million € rose by 22 %, the bracket under 10 million € attracted about 89 % more capital than the year before, and both these categories were responsible for a considerably greater number of sales than in 2010. Overall, the spread of turnover between the different segments was somewhat more even than the year before.

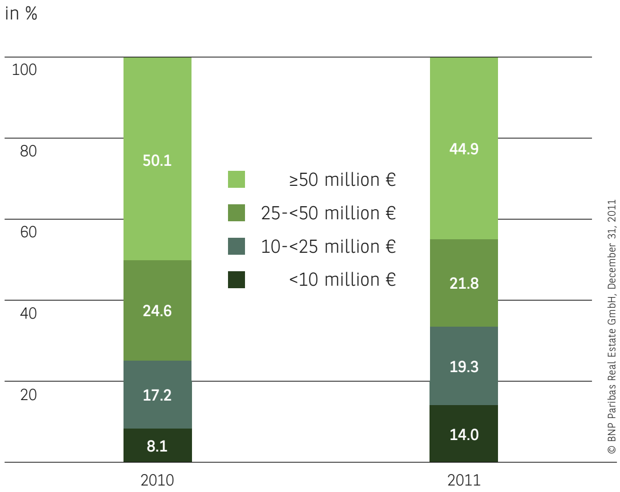
SPECIAL-PURPOSE FUNDS HEAD BUYER GROUPS

Where the distribution of investment according to buyer groups is concerned, special-purpose funds finished well out in the lead, with a share of 29 %, and thanks to substantial purchases in the retail segment stepped up their prior-year volume considerably (+16 percentage points). In second place came closed-end funds, which tripled their result (close to 21 %). This means that together, these two groups of buyers were responsible for half of the total volume. Private investors were also very active again, injecting around 44 % more capital into the Hamburg market than in 2010. The prior-year leader, insurances, on the other hand, generated a far lower volume year-on-year, to finish with a share of just over 3 %. Foreign investors exhibited stronger activity again and were responsible for around 30 % of all transactions.

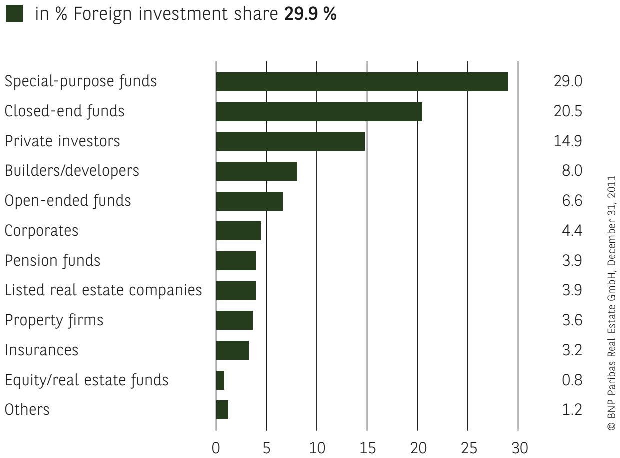
Investment volume from 2005 to 2011 in Hamburg



Investments according to € categories in Hamburg



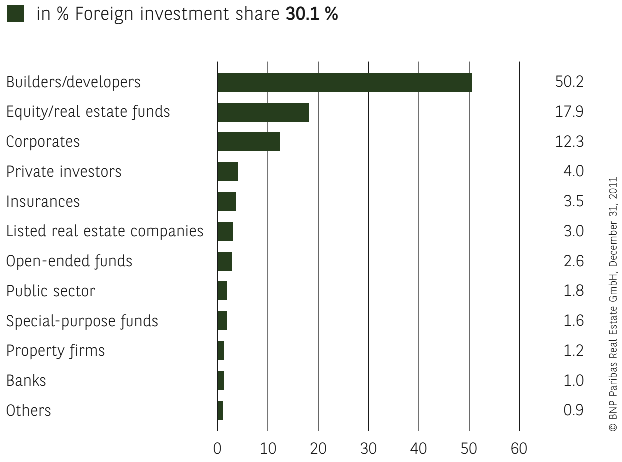
Investments according to buyers' groups in Hamburg



DEVELOPERS WITH HIGHEST SALES VOLUME

On the selling side, project developers were again out in front and stepped up their result by about 34 % compared with the previous year. With a total of more than 1 bn €, they generated over half of the Hamburg investment volume and sold by far the largest number of properties. Equity/real estate funds increased their sales efforts and once again landed in second place (around 18 %). Corporates disposed of numerous properties and contributed over 12 % to the transaction volume. Private investors finished fourth, with 4 %; just like listed real estate companies (3 %), they sold a far lower volume than in 2010. The proportion of foreign vendors fell by nearly 8 percentage points to just over 30 %.

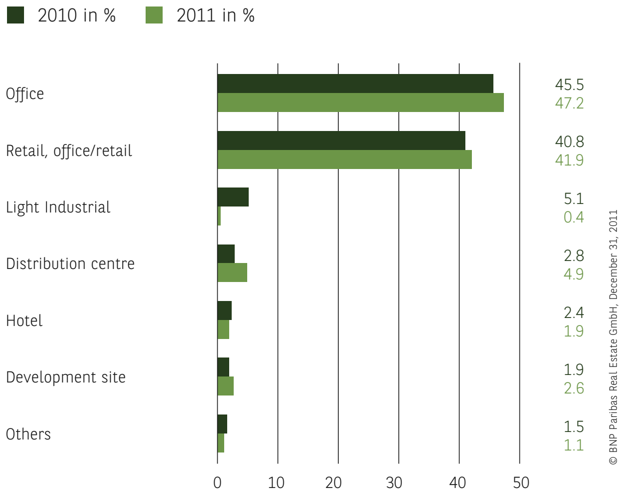
Investments according to sellers' groups in Hamburg



OFFICE BUILDINGS MOST POPULAR ASSET CLASS

Investment in office properties in Hamburg in 2011 totalled more than 1 bn €. This represented a year-on-year increase, creating a share of about 47 % of the investment volume. The number of sales of office properties was also higher than in 2010. So they were again the most favoured asset class. Retail properties registered a moderate increase to take second place with some 42 %. It is notable that all those deals with a registered sales price upwards of 100 million € involved retail objects. The biggest percentage growth was posted by logistics complexes. Thanks to a marked rise in the number of sales, they achieved close to 5 % of all investment. The remaining turnover volume was spread between development sites, hotels and the category of miscellaneous properties.

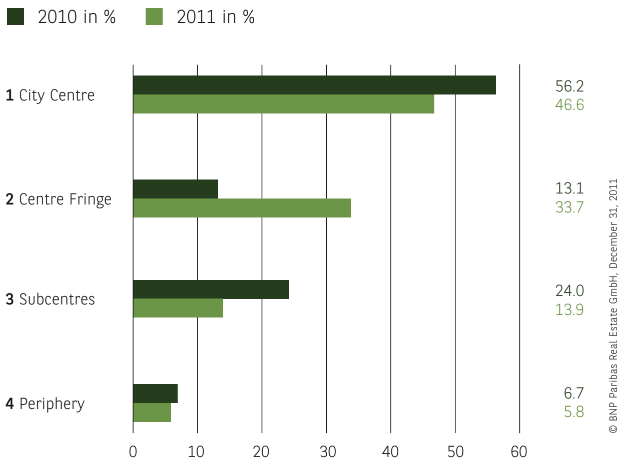
Investments according to type of property in Hamburg



CENTRAL AREAS IN DEMAND

In terms of the distribution of the investment volume across the market area, the Centre Fringe recorded a substantial improvement. Even though the City Centre was once again the best-performing area, its share, of slightly over 47 %, was down on the previous year (-9 %). The Centre Fringe benefited not only from major deals, such as the sale of the Hamburger Meile shopping centre, but also from a substantial rise in the number of sales transactions, with office buildings accounting for a large proportion – 60 % – of the volume. The subcentres posted a share of 14 %, which was far lower than in 2010, when their result had been boosted by the sale of a shopping centre. The periphery attracted close to 6 % of turnover.

Investments according to location in Hamburg



SLIGHT FALL IN YIELDS

In the course of the year, the strong demand for core properties led to a further modest adjustment in the net prime yield for high-grade office properties in top areas. In Q3, it eased by 5 base points and ended the year at 4.8 %. The net prime yield for office/retail buildings had already fallen slightly in the second quarter, to 4.25 %, but has stabilized since then at that level. This means that Hamburg remains the second most expensive market in Germany for both office properties and office/retail buildings. Only in Munich are yields somewhat lower. The net prime yield for new or as-new, well-let logistics complexes in the most favoured parts of Hamburg remains unchanged at 6.6 %. Only Frankfurt exhibits a lower level in this respect.

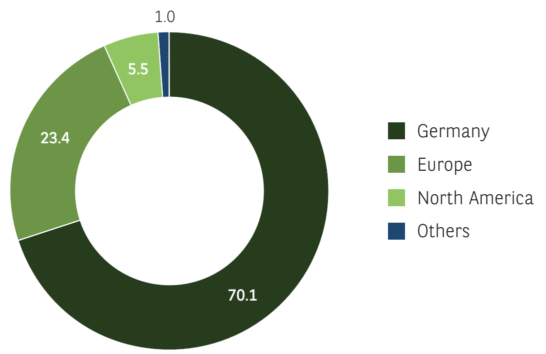
OUTLOOK

For the Hamburg investment market, 2011 was a very successful year, featuring some large-volume transactions in the two- and three-digit million euro range and a high degree of activity overall. It remains to be seen whether an investment volume in the vicinity of 2 bn € can be achieved again in this present year. Although the economy is currently robust, the currency and sovereign debt crisis could make the economic climate cloud over. Since, in view of this, investors will continue to focus primarily on security-oriented assets, this year's result will depend to a very substantial extent on an adequate supply of core properties. Against the background of the tough competition for attractive, well-let products in favoured areas, yields should stabilize at their present level.

Net prime yields according to type of property in Hamburg

Investments according to origin of capital in Hamburg

in %



Selected investments in Hamburg

Item	Location	Type	Area m² (approx.)	Seller	Buyer
Hamburger Meile (85 %)	Hamburger Strasse	Shopping centre	65,000	Joint Venture ECE/Bruhn	Real I.S.
Hammerbrookhöfe	Hammerbrookstrasse	Office	24,000	Deutsche Immobilien and Aug. Prien	Deka
Lindley Carrée	Sachsenstrasse	Office	23,000	Hochtief	Deka
	Lindenplatz	Office	22,000	Siemens	HIH
Deichtorcenter	Oberbaumbrücke	Office	19,800	Morgan Stanley	Conren Land
Hochtief Haus	Fuhlsbüttler Strasse	Office	18,500	Hochtief	Hesse Newman
	Gänsemarkt	Office/retail	11,800	Carlyle	Invesco Real Estate
Alte Post	Poststrasse	Office/retail	9,200	alstria/Quantum/Stenham	Stenham Property subsidiary

* Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich

Leipzig

SUBSTANTIAL INCREASE IN INVESTMENT TURNOVER

For the Leipzig investment market, 2011 was a very successful year. The transaction volume totalled 513 million € – more than three times the prior-year figure. The result was also around 29 % up on the long-term average. Only in the boom years of 2006 and 2007 was turnover higher. The first quarter actually got off to quite a slow start, but then in subsequent quarters, things really picked up, to produce an excellent result for the year as a whole. This performance not only gives Leipzig a leading position among the smaller German cities but also means that from the investment angle it is the most interesting location in the eastern part of Germany after Berlin. Investments in retail real estate accounted for all of around 75 % of the aggregate volume, thus outstripping the nationwide average, which is currently about 46 %.

LARGE DEALS PREDOMINATE

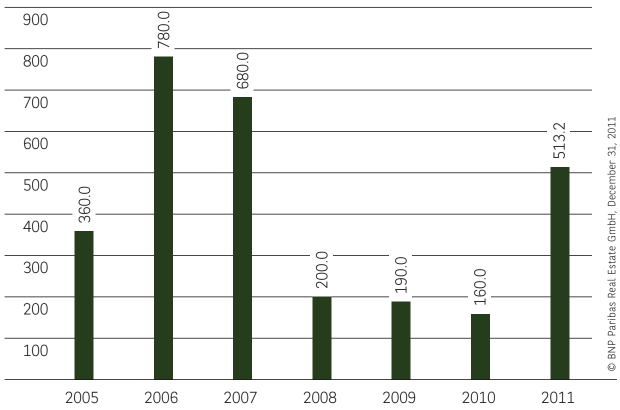
The positive development of the market is also reflected by the large number of completed deals. Altogether, this survey covers 36 commercial property sales, which is almost twice the prior-year figure. The average volume per deal also rose sharply (plus 70 %), to more than 14 million €. An important contribution to this increase was made by several large transactions in the size category upwards of 50 million €. That gave this category a share of 53 % of all turnover, thus displacing the 10-25 million € segment from its leading position of the year before. Apart from this, the investment volume was spread fairly evenly over the different size brackets.

PROJECT DEVELOPERS HEAD BUYER RANKING

Property and project developers headed the distribution of the investment volume according to buyer groups, with nearly 26 % of the total. Close behind came open-ended funds (over 24 %), which the year before had not functioned at all as investors in Leipzig. Private investors contributed more than 22 % to aggregate turnover to finish in third place. They were followed, somewhat further behind but with a nevertheless solid performance, by special-purpose funds (14 %). The other types of investors, such as insurances or closed-end funds, played only a subordinate role, with a contribution of less than 5 %. As in 2010, foreign buyers were represented only sparsely and achieved a share of just 7 %.

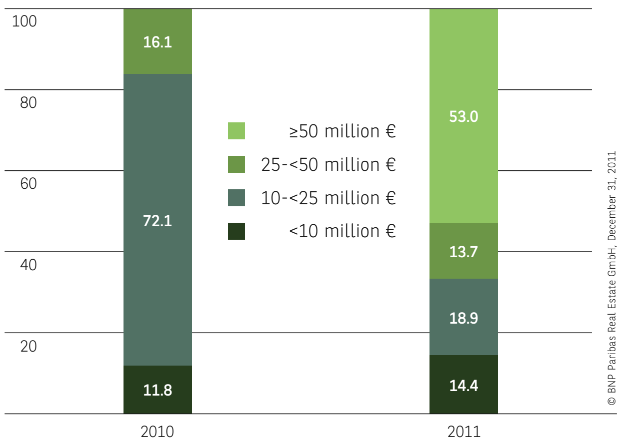
Investment volume from 2005 to 2011 in Leipzig

in million €



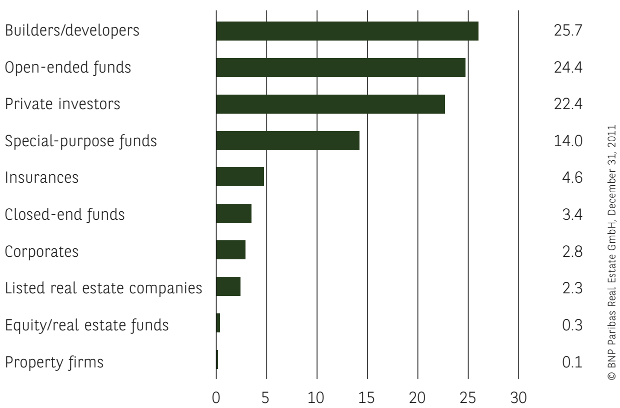
Investments according to € categories in Leipzig

in %



Investments according to buyers' groups in Leipzig

in % Foreign investment share **7.0 %**

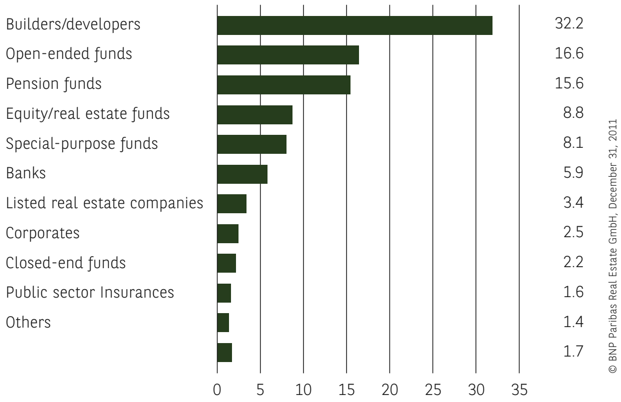


DEVELOPERS ALSO NO. 1 ON SELLING SIDE

On the selling side, too, the field was headed clearly by property and project developers, with over 32 %. The next two groups finished close together in second and third places: open-ended funds (over 17 %) and pension funds (almost 16 %). Both these vendor types were able to step up their contribution quite considerably compared with 2010. In 2011, equity/real estate funds, which had been the most active group the previous year, sold far less, accounting for only just around 9 % of the total volume (minus 16 percentage points). The share of just under 36 % generated by foreign vendors was more than 8 % higher than the previous year.

Investments according to sellers' groups in Leipzig

in % Foreign investment share **35.6 %**

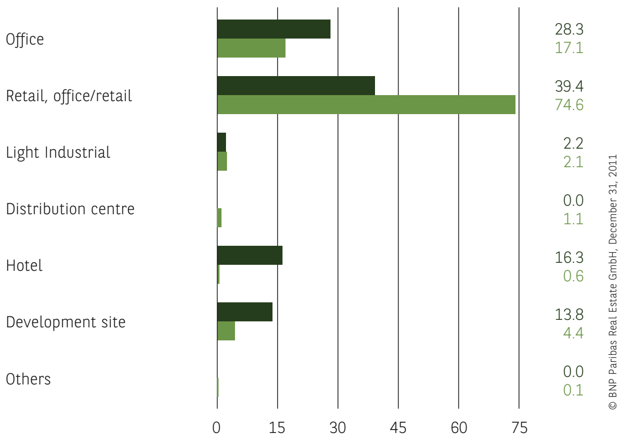


RETAIL PROPERTIES WELL OUT IN FRONT

Retail properties, including inner-city office/retail buildings, were the most favoured asset class in Leipzig in 2011, just as they had been the year before. They accounted for around 383 million €, corresponding to nearly three-quarters of the total transaction volume and lifting their share year-on-year by close to 35 percentage points. This excellent result was due mainly to the sale of a good number of office/retail buildings. A long way behind came the asset classes office properties (around 17 %) and development sites (over 4 %), both of which slipped sharply in terms of their contribution to turnover. Logistics complexes and properties in the segment commercial and light industrial only generated shares of under 3 % in 2011.

Investments according to type of property in Leipzig

2010 in % 2011 in %

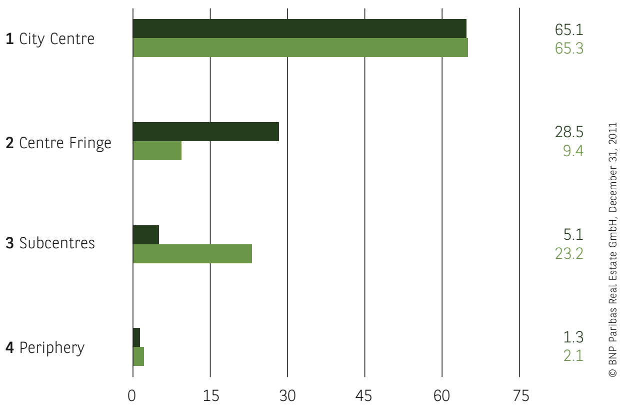


CITY CENTRE WITH HIGHEST INVESTMENT VOLUME

The geographical distribution of the investment volume across the Leipzig market area was headed, as in 2010, by the City Centre. It was responsible not only for the largest number of sales but also for by far the biggest share of the transaction volume, with over 65 %. Sales there included the office/retail buildings Katharinum and Marktgalerie. The relative ranking of the Centre Fringe zones and the subcentres was reversed compared with 2010: after finishing behind the Centre Fringe the year before, the subcentres last year achieved about 23 % to lie ahead of the Centre Fringe (over 9 %). The lowest share was once again that registered in the periphery (2 %).

Investments according to location in Leipzig

2010 in % 2011 in %



YIELDS WITH MODEST DECLINES OR ELSE STABLE

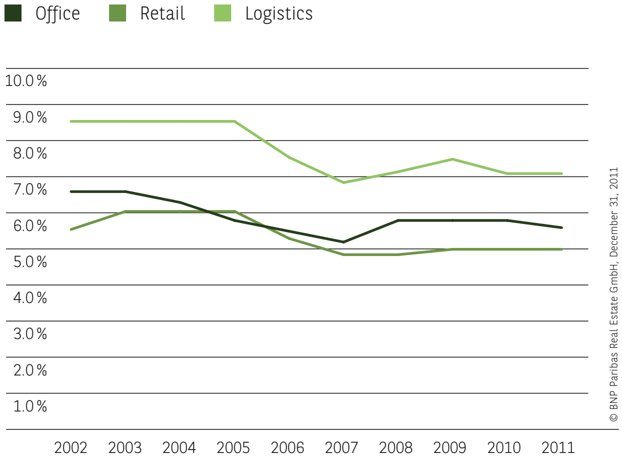
Net prime yields have developed in differing ways in the past twelve months. Yields for office buildings eased slightly, by 20 base points to 5.6 %, thus following the nationwide trend. Compared with other German cities which are normally only in the second tier as investment locations (e.g. Hanover, Nuremberg or Bremen), Leipzig commands relatively high sales prices for prime properties. This can be seen as an indication of increasing investor interest. Institutional investors in particular are now paying Leipzig more attention than they have in the past.

In contrast to the office segment, the net prime yields for office/retail properties have remained stable and so are now unchanged at about 5 %. The same applies to the top yields in the field of logistics complexes. These are 7.1 %, and thus some 30 to 50 base points higher than in the Big Six locations.

TOP RESULT WILL BE DIFFICULT TO REPEAT THIS YEAR

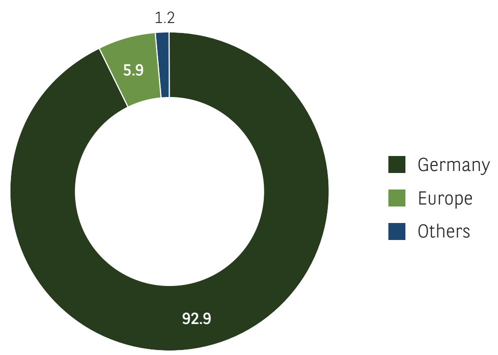
Last year, the Leipzig market enjoyed an exceptionally high investment volume. But – especially in view of the uneasy overall economic situation – it is uncertain whether this can be matched in this present year. Another factor which might well have a braking effect on turnover is the possibility of a growing credit squeeze, creating bottlenecks in financing. Although demand on the part of both private and institutional investors can be expected to remain strong, there are good reasons for thinking that 2012 will not bring a repeat of last year's great performance. On the other hand, an investment turnover above the average level of the past five years definitely appears possible. Where prime yields are concerned, all the signs point to stabilization at the present level.

Net prime yields according to type of property in Leipzig



Investments according to origin of capital in Leipzig

in %



Selected investments in Leipzig

Item	Location	Type	Area m² (approx.)	Seller	Buyer
Marktgalerie	Markt/Thomasgasse/ Klostergasse	Office/retail	22,000	CS Euroreal	RREEF
Specks Hof/Hansa-Haus	Schuhmachergässchen/ Reichsstraße/Nikolaistrasse/ Grimmaische Strasse	Office/retail	18,600	JP Morgan	Deka
Schrödterhaus	Neumarkt/Magazinstrasse	Office/retail	8,500	Squadra Immobilien	Hannover RE
Katharinum	Katharinenstrasse/ Böttchergässchen	Office/retail	6,700	Kondor Wessels	APO Immobilien KAG

Munich

THIRD-BEST INVESTMENT TURNOVER OF ALL TIME

The transaction volume in the Munich market area in 2011 totalled nearly 2.88 bn €, thus bettering the prior-year figure by all of 67 %. The result was also outstanding in a long-term comparison. Only twice before (2006 and 2007) has turnover in Munich been higher. In addition, the 2011 total exceeded the average investment of the past 13 years by 36 %. So nationwide, Munich takes a clear-cut second place behind Frankfurt. One reason for this very good performance was a number of large deals, particularly in the retail segment. These included the sale of the PEP shopping mall in Perlach, Karstadt Oberpollinger and Karstadt Sport on Neuhauser Strasse, and the transfer of the majority holding in the Pasing Arcaden and the Isartor City, with the opening of the large-unit premises for outdoor equipment retailer Globetrotter. In Munich, high-grade retail products attract especially marked investor interest.
In all, this survey has incorporated 102 transactions, slightly fewer than in 2010 (116). However, the average volume per deal almost doubled, to just over 28 million €.

STRONG DEMAND IN ALL SIZE CLASSES

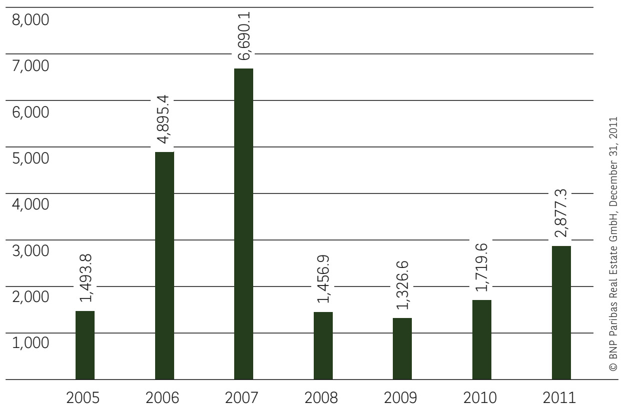
Although large deals upwards of 50 million € again headed the size category ranking, this time with more than 57 % of aggregate turnover, demand was generally very active in all market segments. The category 25-50 million € accounted for 19.5 % of the total, while assets with a volume of between 10 million and 25 million € attracted almost 16 % of all investment. Only smaller sales in the class up to 10 million €, which achieved a share of 7.5 % (prior year: 21 %) declined in significance in both relative and absolute terms. All the same, this bracket was strongly represented in regard to the number of deals (39).

BROAD SPREAD OF INVESTORS

From the market angle, the distribution of the different investor groups was gratifyingly broad: all of five groups generated turnover shares of over 10 %. The field was headed by project developers, with more than 17 %, indicating how confident they are that the Munich market will continue to evolve dynamically. In second place came pension funds, with close to 16 %, followed by private investors – traditionally well-represented in Munich – with about 14 % of the total. But closed-end funds (over 13 %) and special-purpose funds (over 11 %) also invested extensively in this city last year. Together, these five groups were responsible for over 71 % of the transaction volume. The proportion of foreign investor more than doubled year-on-year, to just under 39 %.

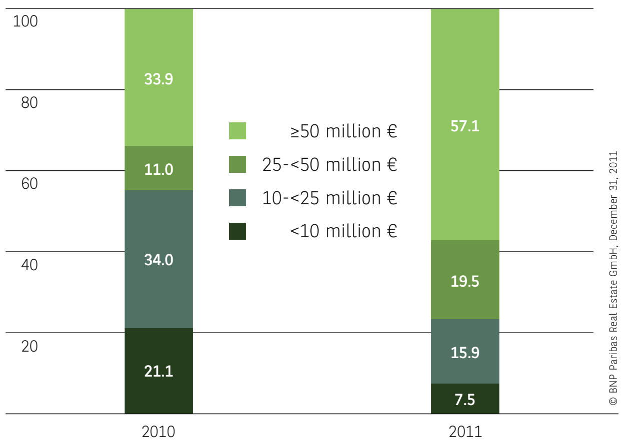
Investment volume from 2005 to 2011 in Munich

in million €



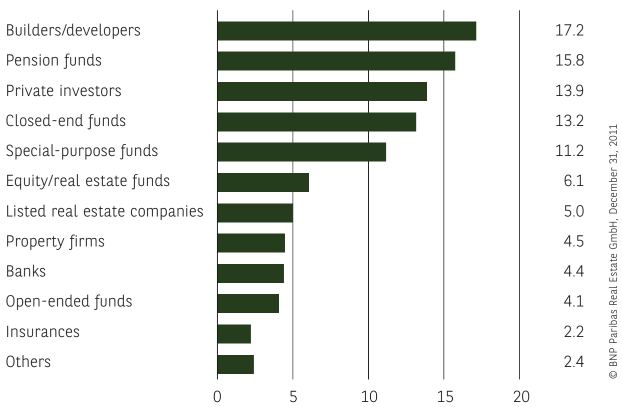
Investments according to € categories in Munich

in %



Investments according to buyers' groups in Munich

in % Foreign investment share **38.7 %**



DEVELOPERS HEAD THE VENDOR RANKING

First place among the groups of vendors in 2011 was taken by project developers, who achieved a share of more than 23 % and were thus able to step up their prior-year figure (15 %) quite considerably. They were followed by open-ended funds, with close to 15 %, and equity/real estate funds, with just over 13 %. Further sizeable contributions to the sales volume were made by banks (almost 11 %) and special-purpose funds (10 %). It is notable that several groups which had generated sizeable shares of the sales volume in 2010 only disposed of a low volume of objects in 2011. These groups included in particular private investors, pension funds and listed real estate companies.

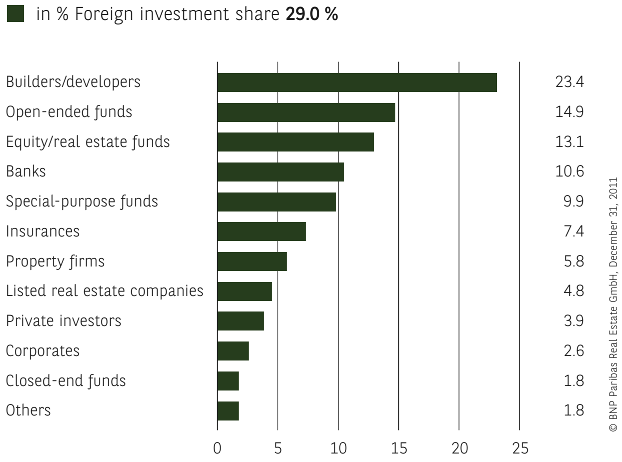
OFFICE AND RETAIL SEGMENTS DOMINATE

Just like the year before, the Munich investment market was clearly dominated by two asset classes: office buildings and retail properties. With more than half of the registered transaction volume, office buildings defended their top position but their share slipped by nearly 8 percentage points. Retail properties, in contrast, stepped up their performance quite substantially, to take second place with a share of nearly 36 %. This was in line with the nationwide trend of a strong increase in retail investment. In absolute terms, this segment attracted almost two-and-a-half times more investment than in 2010, with a total of around 1.03 bn €. All the other forms of occupancy played only a subordinate role in Munich last year and slipped further in terms of significance. Investment in development sites achieved a share of just under 4 % of all turnover; hotels just over 3 %. At the bottom of the ranking came logistics complexes, with just 1.5 %.

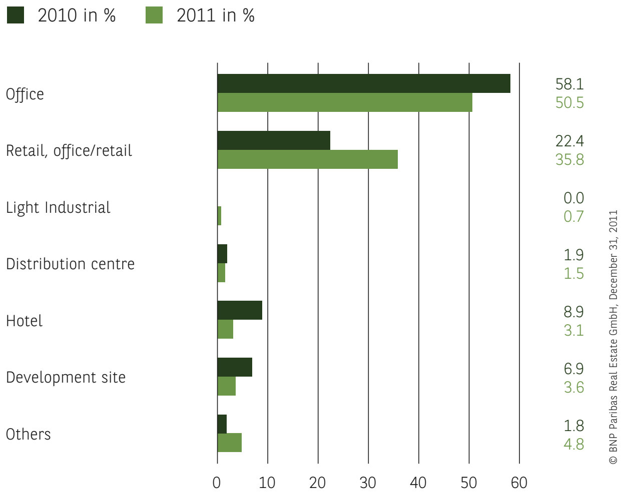
CITY CENTRE OUT IN FRONT

In 2011, a major proportion of the transaction volume was generated by the City Centre areas. Their contribution, of 42.5 %, gave them first place – a position which the year before they had had to share with the subcentres. Last year, the subcentres finished in second place, with 30 % of turnover. A key role in this good result was played by the sale of the PEP shopping mall in Perlach. Third place was taken by Centre Fringe areas, which accounted for just over 16 % of all investment. Even though their contribution fell by 3 percentage points in relative terms, in absolute terms they actually attracted over 40 % more investment than in 2010. Subcentres again contributed over 5 % to the transaction volume.

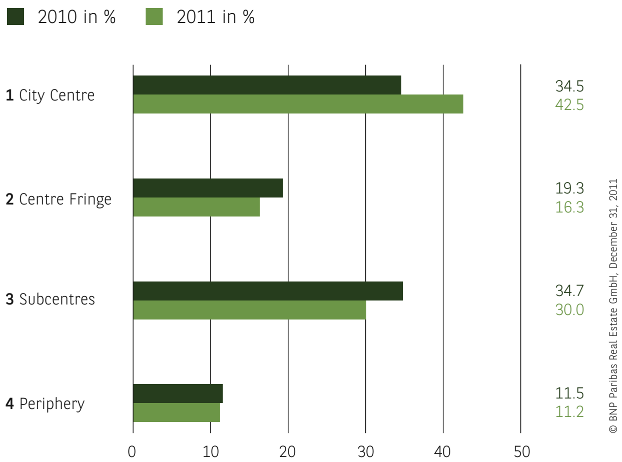
Investments according to sellers' groups in Munich



Investments according to type of property in Munich



Investments according to location in Munich



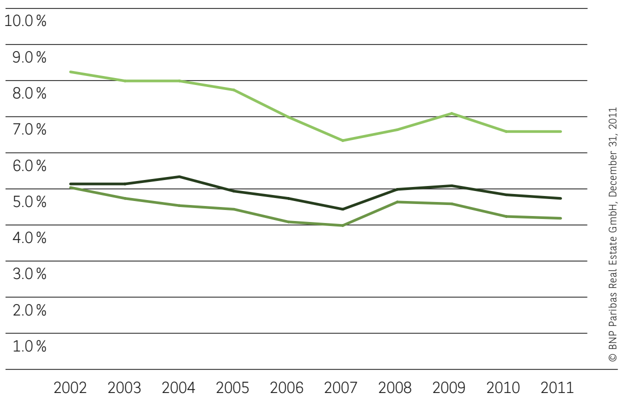
YIELDS STABLE

Up to the middle of 2011, the prime yields for office buildings eased considerably, but then in the second half they remained stable. The net prime yield is now 4.75 % and thus 20 base points below the longterm average, but it is still 65 base points higher than at its low in mid-2007. Considering the very good performance of the Munich office market in 2011, the current price level must be regarded as reasonable; there can be no talk of any overheating. The prime yields for office/retail properties in 1A locations have also changed only marginally since the beginning of 2011. They are now 4.2 %. So Munich remains the most expensive city in Germany in this segment. At 6.6 %, the top yields for logistics complexes have remained stable for almost two years now and are on a par with those in Hamburg, for instance.

ONGOING GOOD PROSPECTS

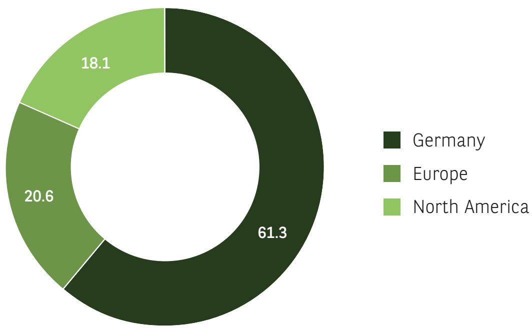
Despite signs of a coming economic slow-down, there is every reason to expect that investor demand will remain buoyant in 2012. In view of the still unresolved financial and currency crisis, Germany's importance as a safe haven is actually likely to be enhanced. Another factor is that Munich is held in high esteem by investors as one of the most dependable German locations. This is particularly the case with private investors and family offices, which will continue to opt for commercial real estate as an attractive and secure asset class in difficult times. So demand will stay strong, especially for core properties and office/retail buildings in top areas. Where prime yields are concerned, they will most probably stabilize at their present level. In isolated cases, though, for instance in connection with trophy properties, they could ease slightly.

Net prime yields according to type of property in Munich



Investments according to origin of capital in Munich

in %



Selected investments in Munich

Item	Location	Type	Area m² (approx.)	Seller	Buyer
PEP shopping mall	Thomas-Dehler-Strasse/ von-Knoeringen-Strasse/ Ollenhauerstrasse	Shopping centre	60,000	Deutsche Bank (grundbesitz europa)	US pension fund TIAA-CREF
Karstadt Oberpollinger und Sport	Neuhauser Strasse	Department store	53,000	Highstreet	Signa Holding/Centrum
Pasing Arcaden (ca. 55 %)	Pasinger Bahnhofsplatz	Shopping centre	43,100	BayernImmo	mfi
50 % stake Skygarden	Erika-Mann-Strasse	Office	30,800	OFB Projektentwicklung	CA Immo
HVB-Zentrale, Preysing-Palais and Salvator-Parkgarage	Kardinal-Faulhaber-Strasse/ Prannerstrasse/Salvatorstrasse	Office	24,000	HVB Immobilien AG	Bayerische Hausbau
Isartor City Centre (former Rieger City Centre)	Isartorplatz	Office/retail	21,800	Värde Partners	UBS
	Prinzregentenplatz	Office	20,000	HIH	Union Investment
Haus der Kommunikation	Augustenstrasse/ Brienner Strasse	Office	16,500	Tishman Speyer	HIH
Altstadt Palais	Karl-Scharnagl-Ring	Office	11,000	UBS	Pembroke

Notes

Notes

INTERNATIONAL COVERAGE FOR LOCAL SOLUTIONS

USA

India

Japan

Canary Islands

Cyprus

- Our locations
- Our alliances

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