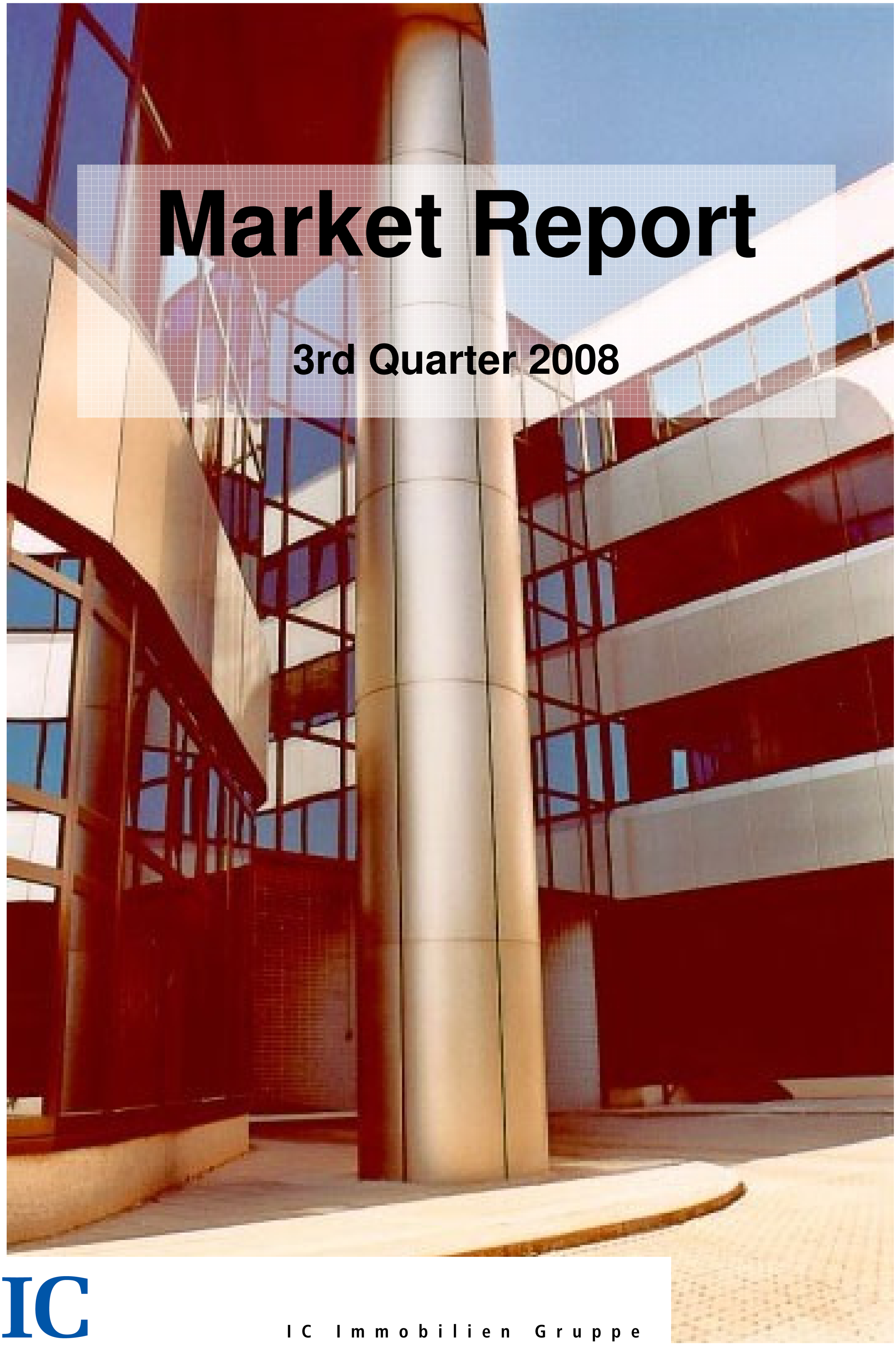
Market Report

3rd Quarter 2008



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1 General economic environment

1.1 Global environment

The world economy has lost dynamism in autumn of this year and is in recession. World trade has hardly expanded and since spring already the economic situation has weakened worldwide. These developments were strengthened by the global raw material influenced inflation increase, the worldwide financial markets crisis and the corrections of preceding excesses in some property markets. The recession threatens some industrial countries especially those within the financial and bank sector or where export has great importance, production has only expanded in emerging markets. However, the expansion tempo has decreased there as well and it appears to outline a weaker economic situation phase. One supposes that the growth of the real gross domestic product of the world reaches a value of 2.5 in 2008 and 1.8 in 2009. Also the increase of world trade will probably perceptibly weaken.
In September several big banks in the USA went insolvent or were taken over under co-operation of state players by competitors; in Europe important financial institutions had to be supported. To counteract insolvencies in the financial sector, the USA and several governments in the European Union have implemented rescue packages. At the beginning of October important issuing banks lowered the prime interest rate by about 50 basis points, among others the Fed, the ECB and the Bank of England. The latest dramatic culmination of the financial markets crisis in addition has clouded the economic view. The world economic situation will probably still lose dynamism and the situation of the public households in industrial countries might get perceptibly worse in this and the next year. At the current time it is unclear how radically the financial system is disturbed and how quickly it can regain his full effectiveness. In case of a stabilization of the banking sector during the next months the world economic situation might recover again slowly from the middle of 2009. Here the following factors can have positive influence: The latest price decreases in the international raw material markets can reduce the inflation, which will relieve households and thereby strengthen the consumption. Companies beyond the financial sector have well-balanced balances and the increasing demand from the threshold countries strengthens the world economy. Nevertheless, the biggest risk is the international financial markets crisis whose magnitude and duration is still uncertain. The correction of excesses in the real estate and financial sectors of many countries might strain the world economic development for a longer time.

1.2 Economic situation in Germany

The topical financial markets crisis perceptibly influences the overall development in Germany. The crisis and rising raw material prices and hand in hand weakened economic situation of many European countries on account of the export dependence of Germany had led to a falling demand and production in Germany. The devaluation of the Euro led to a deterioration of the competitiveness in price for Germany during the last two years. The German economic situation worsened up until the autumn.
The increase of the world prices for energy, raw materials and food up to July had effects on the real incomes and with it the consumption expenses of the German consumers. Nevertheless, the upward trend of prices has weakened. From May to August 2008 the annual rates of price increases had still been higher by 3% or more. In September 2008 the consumer price index sank compared with the previous month August by 0.1%, however, rose in comparison with September 2007 by 2.9%. About half of the total increase of the inflation rate was affected by the price in-

creases for energy (+ 12.2%) and food (+ 6.4%). Nevertheless, as a result of the strong increases of the food and energy prices last year a light assuagement of the respective annual rates of price increases appears.

The commercial climate for the industrial economy has clearly cooled off during the last months. The ifo index fell in September to the lowest state in more than three years. The expectations of the enterprises in almost all economic sectors have worsened in a measure which was observed in the past only in recessions. In the second half of the year the gross domestic product (GDP) decreases according to appraisal of the topical communal diagnosis of the German institutes probably with a running annual rate of 0.7% compared with the first half-year in 2008. Nevertheless, for whole of 2008 a growth of the GDP of probably about 1.8% arises. However, this relatively high annual rate is essentially because of the strong increase in the first quarter. For 2009 GDP growth of only 0.2% is assumed.

The production assuagement up to now still had no influence on the job market. The rate of unemployment continued its present development and sank in the annual course to the last state in September of 7.4%. In comparison to the same month last year this corresponds to a decline of 1.1 percentage points. Another decline is expected up to the end of the year. However, for 2009 it is assumed that unemployment will rise on account of the falling capacity utilization. For the time being the overall economic production will sink further according to forecasts from the German economic institutes, however, after the turn of the year will presumably pick up again. The situation has further tapered to a point during the last days in the financial markets. The likelyhood of a far more negative future development has clearly increased with it. Nevertheless, this is mainly depending on the further development in the international financial markets and the worldwide economic situation.

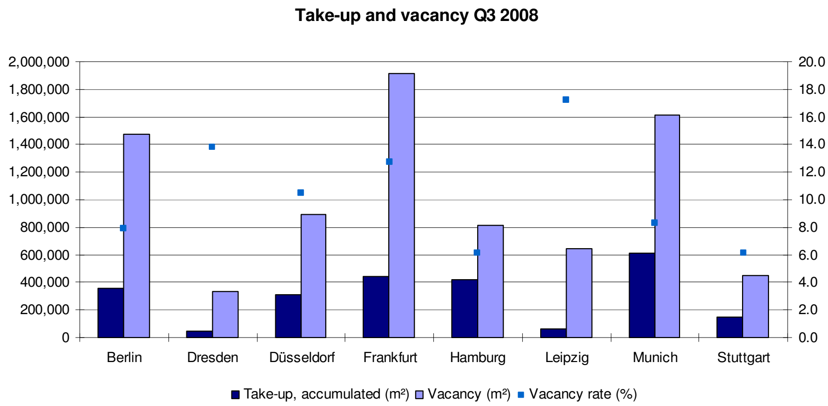
2 Overview of the real estate market in Germany

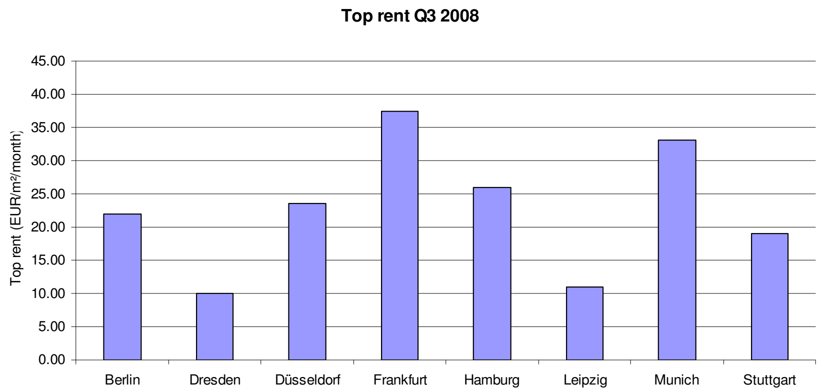
2.1 Rental market

2.1.1 Office properties

The turbulence in the financial markets and difficult world-economic conditions up to now shows hardly effect on the German rental markets. The stable demand together with positive market terms in the office sector has led to a rather good development of the space turnover. On the whole from January till September in eight office locations about 2.39 million m² office space was moved. With the exception of Dresden (-9.6%) and Hamburg (-0.7%) all locations excelled last year's result. The highest turnover was achieved in Munich with 610,000 m², followed by Frankfurt with 445,000 m². The reduction of the vacant space in a one year comparison developed further on account of the positive demand situation in almost all locations except in Munich. In the most important market segment modern vacant space on offer decreased further. Given this background bigger modern spaces in top situations are still in short supply in several locations. This situation will presumably not change in the fourth quarter. At the same time the financing of new projects develops difficultly, so a medium-term surplus is not very likely in new modern space. The positive development of the market is reflected in the rents. In the one-year com-

3rd Quarter 2008				
Location	Office space take-up (accumulated m²)	Vacant space (m²)	Vacancy rate (%)	Top rent (EUR/m²/month)
Berlin	353,000	1,471,000	7.9	22.00
Dresden	44,500	335,000	13.8	10.00
Düsseldorf	313,000	894,000	10.5	23.50
Frankfurt	445,000	1,911,000	12.7	37.50
Hamburg	416,000	815,000	6.1	26.00
Leipzig	64,000	645,000	17.2	11.00
Munich	610,000	1,612,000	8.3	33.00
Stuttgart	144,000	448,000	6.1	19.00





parison the top rents have risen in most locations except Leipzig, Dresden and Stuttgart. With 6.8% Düsseldorf (23.50 Euros / m² / month) has achieved the clearest increase. The highest rent is still attained in Frankfurt with 37.50 Euros / m² (+ 4.2%). In the fourth quarter rising space turnover is anticipated because some bigger contracts are in the preliminary stages. However, in 2009 the turnovers might be rather low. In some markets light increase potentials are still expected for top spaces, because there are partial bottlenecks. Nevertheless, the top rents will probably have reached their highest levels by the end of 2008.

2.1.2 Retail properties

The most topical data from the Gesellschaft für Konsumforschung (GfK) in September showed a slight improvement with the economic situation and income expectation as well as with the acquisition inclination which recovered from its lowest state in three years. Reasons for this are a declining inflation pressure, sinking crude oil prices, food prices and energy prices as well as a robust job market. Hence, the buyer demand has stabilised in September at least temporarily. The total indicator for October forecasts a value of 1.8 points after a revised 1.6 in September. On account of the latest events in the financial markets the GfK have revised buyer forecasts for 2008 and now expect no real growth in the consumption. The Hauptverband des Deutschen Einzelhandels (HDE) forecast at the beginning of October for the whole of 2008 in view of the excellent results in August, a sales increase of 1.5%, inflation-adjusted, however, a decline of 1%. During the first eight months retail traders had 2.1% more cash than in the period last year, in real terms, however, 0.7% less. At the moment, nevertheless, such forecasts are loaded with many risks and in September the retail trade turnover sank according to the newest reports in Germany in real terms by 1%. Hence, the industry waits with mixed feelings for Christmas and the new year.

The rental market in the retail trade has been stable in the third quarter. However, in view of the unfavorable basic conditions in the area of the 1a-situations, in comparison to the first half-year these lost dynamism. Well positioned trading ventures further speed up expansion. In a market study by Kemper's 350 rentals with 140,000 m² space provided were analysed in the first three quarters. About one third of the space turnover was taken up by local stores in 1a-situations with a selling area from 100 to 250 m². Rentals of space less than 500 m² comprised a total of 75%, rentals more than 1,000 m² about 10%. The portion of small spaces less than 100 m² rose from 14% in the first half year to 22 %. With reference to the business sector, textile trade dominated the market. In each case about 20% of the space turnover was rented by ladies wear, mens' clothing companies as well as young fashion. In the first half year the added portion lagged at 35%. Other important demand groups from January to September were companies with shoes (10%) and books (7%) as well as telecommunications (7%). For 2008 Kemper's anticipates a good rental business particularly in top situations. However, to what extent the uncertainty in the financial market and the worry about a consumption restraint plays a role will become apparent.

2.1.3 Logistics / Distribution warehouses

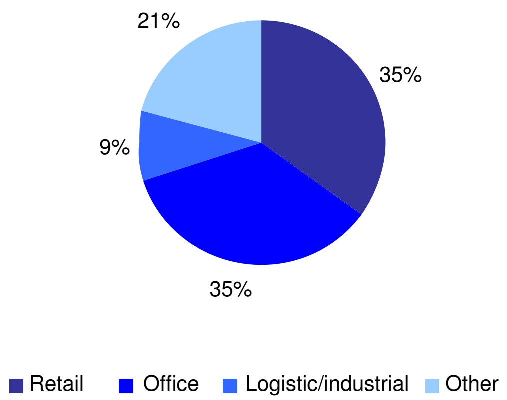
In the third quarter the climate has clearly cooled off in the German logistics economy according to the indicator of the Bundesvereinigung für Logistik (BVL). In comparison to the spring survey the indicator gave way mainly because of the damping influence of the logistics service providers by about 12%, this must be seen against the background of the very expansionary phase in the previous quarters. Hence, all partial indicators still lie in the normal range. The present logistical economic situation in

Germany is therefore in a relaxation phase. The financial crisis still had no effect on the logistics and warehouse space turnover development in the third quarter. In the regions Berlin, Düsseldorf, Hamburg, Munich and Frankfurt incl. Wiesbaden / Mainz the warehouse space turnover rose during the first nine months to about 1.11 million m². This corresponds to an increase of 19% in comparison to last year's value. The average comparative value of the last five years was exceeded by 26%. All regions up to Frankfurt could register an increase in turnover in the two-digit area in comparison to the last year's period. This lay between 12% in the regions Düsseldorf and Wiesbaden / Mainz as well as 63% in the Hamburg region. The regional focal point was the region around Hamburg comprising about 27% of the overall turnover.
The strongest demand was shown by companies from the business sector transport, traffic and warehouses with 45% of the overall turnover, followed by industry (20%) and trade (12%). Strong demand, as before, existed for space from at least 5,000 m². With just 620,000 m² reached between January and September, turnover reached the second-highest value in the last five years and lies at 36% above the comparative value of the year before. In terms of logistics companies, deals for more than 5,000 m² accounted for about 61% of the turnover volume. The highest top rents for warehouses in the scale from 5,000 m² were achieved in Frankfurt (5.80 Euros / m² / month) and Munich (6.50 Euros / m² / month). The top rents for warehouse space and trade parks remained stable in almost all regions in comparison to the same month of the previous year. Only in the Hamburg region on account of the scant offer and strong demand an increase of around approx. 4% to 5.70 Euros / m² / month for warehouse space was registered.

2.2 Investment market

The continuing persistent turbulence in the international financial markets was even more clearly felt during the last few weeks by the German real estate investment market. The loss of trust from the banks and the refinancing basis complication along with it have led to liquidity bottlenecks and thereby a more restrictive granting of credit as well as a rise in the price of loans, have intensified. In particular after the near bankruptcy of the real estate financiers Hypo Real Estate other real estate banks will be only be able to conduct difficult and expensive refinancing. Accordingly the readiness to make loans available for big real estate purchases decreases further. The basic conditions of the financing, the lack of outside financing or of suitable objects, the uncertainty about the not foreseeable end of the financial crisis and loss of trust have led to the fact that the realised investment volume has been lower in the third quarter as well.

Transaction volume by type of use



In the third quarter the transaction volume according to calculations of Atisreal was 4.4 billion Euros, only marginally below the result of the second quarter in 2008 of 4.7 billion Euros. In the period January to September an investment volume was reached all over Germany of 17.5 billion Euros. In comparison to the period last year about 61% less was invested in trade real estate. Compared to both years before this is a dramatic market break. Nevertheless, in the years 2006 and 2007 a special situation prevailed with factors such as low interest, global economic growth, attractive yields and product availability. As a result the market opened and the products became fungible. In comparison to the years before 2006 and 2007, the change is not so dramatic.

From the total of 17.5 billion Euros investment volume, 6.5 billion Euros (37%) were attributed to portfolio sales – a decline of 76% compared with the value last year – and 11 billion Euros on single deals. In the third quarter only four transactions were registered beyond 100 million Euros, in the first three quarters a total of 15. Type of utilization was jointly registered to office and retail trade real estates in each case 35% of the overall turnover and logistics real estates just 9%. Open real estate funds have invested more than two billion Euros in the first to the third quarter. This is nearly 80% more than in the period last year. Open real estate funds were the strongest group of buyers with single investments. But this strong group of buyers

has also suffered from the financial crisis during the past weeks. In October several investors returned their shares. As a result a few big open funds were closed to avoid investors returning their shares. The reason for this lies in the fact that at short notice the company can seldom sell buildings in the fund without big losses and, therefore, have problems paying out big sums of money.
The investment volume in the six most important German investment locations (Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne and Munich) decreased in comparison with the result last year by about 65% to 7.95 billion Euros. Most investments were effected in Berlin with approx. 1.8 billion Euros (-54% compared with last year's value), followed by Frankfurt with 1.75 billion Euros (-71%), Hamburg (1.5 billion Euros; -69%), Munich (1.3 billion Euros; -76%) and Düsseldorf (822 million Euros; -44%). In terms of office real estate in all six big office locations the net initial yields have risen during the past three months by approx. 25 basis points and during the last 12 months by about 60 basis points. The trend of rising initial yields with office real estates might continue further according to surveys by Atisreal and Jones Lang LaSalle till the end of 2009 and the prices could reach a low at the earliest from possibly the middle of next year. In the fourth quarter in 2008 higher turnovers than in both prequarters are expected. Even if the decline of the transaction volumes is immense compared with the record year 2007, 2008 up to now is still a good year in the long-term comparison in spite of the dramatic basic conditions in the financial markets. For 2008 a total investment volume of about 25 billion Euros is expected.
Because the economic recession is time-delayed at companies and as a result the user's markets, from the buyer's view the prices must fall further to gain an attractive yield on the company capital without outside financing. This can change when the interest falls and at the same time the financing becomes easier again. Should this not happen, the pressure will increase on those asset holders who have operated during the last years with high outside financing rates in the market whose financing runs out at short notice and follow up financing becomes necessary. Out of this sales pressure can originate for the investors. Meanwhile the investment pressure grows and forces investments, to realize the investment aims for 2008.

2.3 Real estate share market

Since the middle of 2007 the courses of real estate shares have broken in nearly worldwide from concern about assessment reductions or refinancing problems. The increased financial crisis during the last weeks and months has increasingly affected the share courses of real estate. The share courses developed rather differently in August 2008. While some increased in value, the securities of some companies lost value. The Dax lost 1.5%, the Dax subsector All Real Estate index gave way by only about 0.25%. Nevertheless, in September most real estate enterprises experienced a slump in the market. A reason for this was the turbulence as a result of the collapse of the US-investment bank Lehman Brothers. The share courses of the IVG Immobilien AG (-46%), Design Bau AG (-42%) and Colonia Real Estate (-33%) in September were the biggest losers. The RX REIT performance index lost about 14% and the Dax subsector All Real Estate index about 16%. With it real estate values had developed worst out of the whole market. The Dax lost 9% in the same period.
At the beginning of October the concerns about the recession of the world economy extremely affected the markets worldwide; the Dax sank to its lowest value in three years and the share courses of both German REITs and from 16 bigger real estate companies were traded at less than 5.00 Euros. The Dax subsector All Real Estate Index gave way to around four more percentage points. After a short recovery on account of the known government plans to rescue the banks, the courses broke in the

middle of October. At this time on account of the high likelyhood of a recession in Germany in 2009 and the worsened crisis in the money market Deutsche Bank lowered the course aims for German real estate titles.
Currently a big problem in the capital market is the refinancing of the banks whose situation has worsened with the near bankruptcy of the real estate and state financiers Hypo Real Estate and the worsening image loss of the mortgage certificate. With mortgage certificates banks could finance themselves practically any time and favourably. However, the financing for mortgage certificates has gone up by about 0.7 percentage points, this is sufficient to endanger the margin-weak business of pure state financing banks. The scope of action of real estate companies to procure capital is therefore limited. The financing banks will presumably be reserved during the next months. This might put pressure on the real estate assessments. At some real estate companies in the short to medium term a problem arises with follow up financing. The future prospects for the real estate share market are uncertain and the opinions are split, currently an analyst hardly trusts himself to deliver a forecast. However, the course reactions are to be seen according to analyst's opinion in connection with the rest of the finance values. Decisively for the further development of the real estate share courses the results of the coming quarter of the real estate companies and in this connection whether the profit expectations apply or are revised. Furthermore the courses will presumably rise in the medium term - with some set backs - because they are clearly undervalued after the latest panic sales.

3 Location details

3.1 Berlin

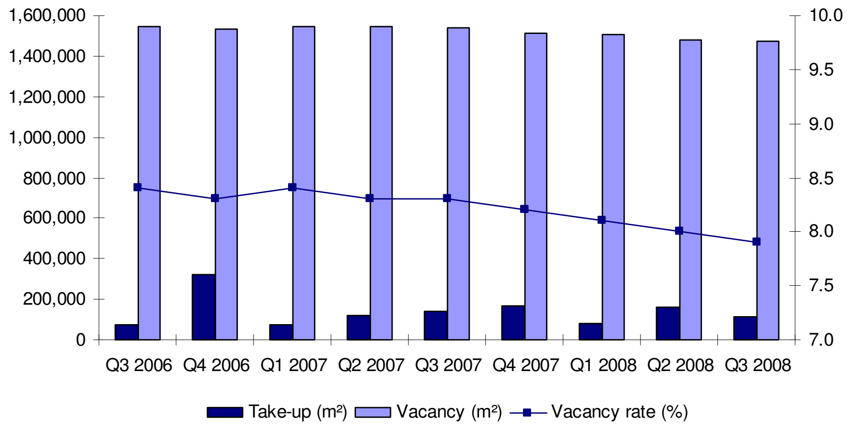
The office market in Berlin in the third quarter encompasses a space turnover of 353,000 m² and exceeds the value of the same time period for the previous year by 6%. This result depends mainly upon the largest contract completion in the third quarter by the Deutschen Bahn AG with over 36,000 m². The most significant demand group as before was other services with 18.6% of the total turnover, followed by transport and traffic (17.5%) and information and communication companies (12.3%). The most important sub segment was the city segment with a portion of 49%.

The vacancy in comparison to the previous year decreased on account of the continuing good demand rate by 4.5% to 1.47 million m². The vacancy quota decreased to 7.9%. The vacancy rate for modern equipped spaces accelerated further (-15.1%). This contributes only 30% to the total vacant state. The available space under construction rose in the comparative period by 28.6% to 99,000 m². Of this a large portion is found in Topcity Ost. The total available space offered is on account of the strong vacancy reduction but has declined and is an effective 1.57 million m² (- 3%). The total space under construction amounts to 265,000 m².

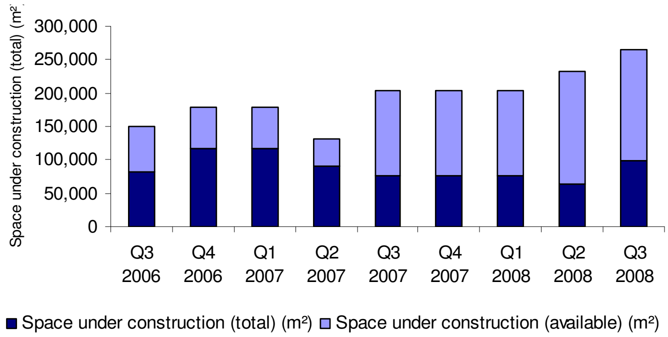
In terms of top rentals there

	3rd Quarter 2008	Change year-on-year
Take-up (accumulated)	353,000 m²	+ 6.0 %
Vacant space	1,471,000 m²	- 4.5 %
Vacany rate	7.9 %	- 0.4 percentage points
Space under construction (total)	265,000 m²	+ 30.5 %
Space under construction (available)	99,000 m²	+ 28.6 %
Top rent	EUR 22.00 per m²	+ 4.8 %

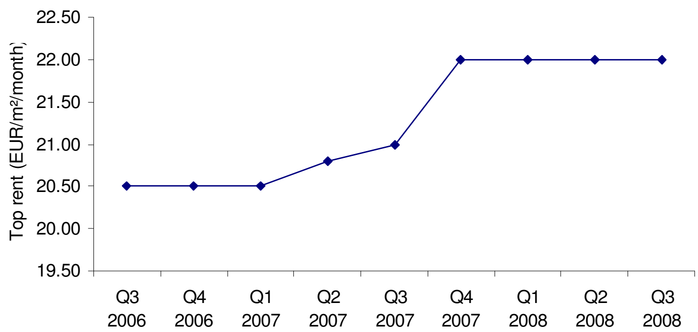
Berlin: Development of take-up and vacancy



Berlin: Development of space under construction



Berlin: Development of the top rent



was a further increase of 5% to 22.00 Euros/ m² /month. Recently this has been targeted alongside Topcity Ost and also Potsdamer/Leipziger Platz.
In view of the current solid basis of demand for the whole of 2008 a good annual result is to be expected, even when the record results for the past two years cannot be attained. The vacant space decline will probably proceed moderately and the rental prices will also probably not change until the end of the year.

3.2 Dresden

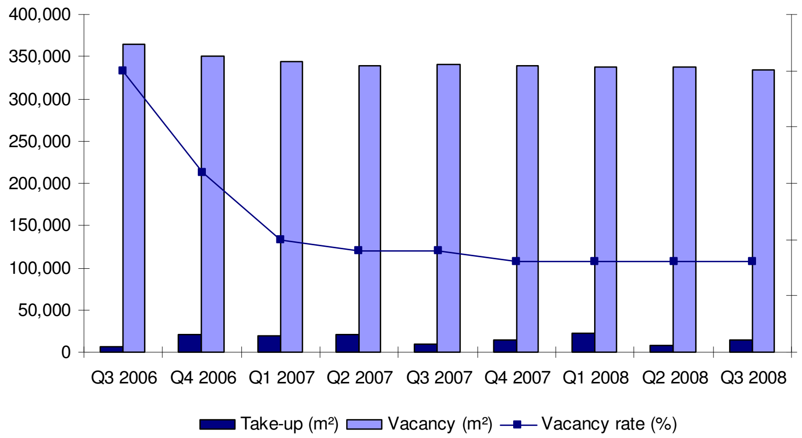
From January to September 2008 there was approximately 3.9% less office space turnover than in the same period the previous year in Dresden. If one considers the average for the last five years however this equates to an escalation of 25%. Compared to the 2nd quarter 2008 (approximately 8,200 m²) the 3rd quarter of 2008 (approximately 14,100 m²) recorded a turnover gain.

The primary sub markets as before were city locations and the locations in the vicinity of the highway e.g. Kaditz/Mickten. The largest rental completion of a contract in the 3rd quarter took place with Stabag Umweltanlagen GmbH for 1,460 m² in the Altstadtring. The vocational training center Sachsen rents approximately 1,400 m² in Friedrich Street in the sub segment West. The most significant demand groups were companies in the training, health and social sectors.

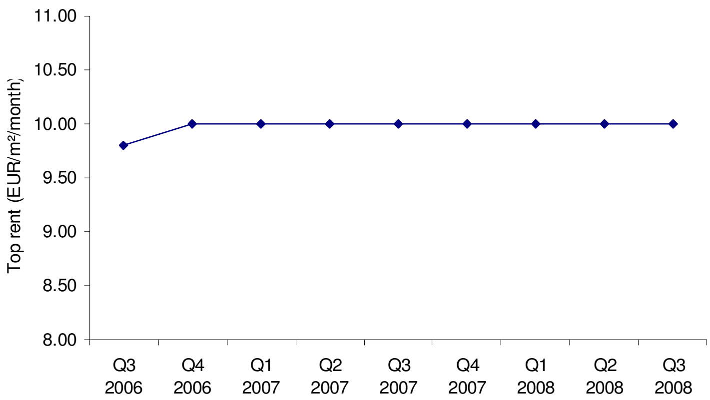
The top rentals for the past four years have been virtually constant at 10.00 Euros/ m² / month and are achieved in the areas Altmarkt and Prager Strasse. In the other sub sectors the rentals have not changed to a large extent. The vacant space in comparison to the previous quarter only marginally reduced to 335,000 m² as a result of the reduced net absorption rate. The vacancy rate at the end of the 3rd quarter was 13.8%.

	3rd Quarter 2008	Change year-on-year
Take-up (accumulated)	44,500 m²	- 9.6 %
Vacancy	335,000 m²	- 1.9 %
Vacancy rate	13.8 %	- 0.1 percentage points
Top rent	EUR 10.00 per m²	unchanged

Dresden: Development of take-up and vacancy



Dresden: Development of the top rent



The implications of the financial markets crisis and the macro economic cloudiness have until now not been noticeable, these are temporarily delayed events. The uncertainty at the time resulted in the future user paying more attention to the costs and the leasing decisions which need to be taken into consideration rather than taking a wait-and-see attitude.

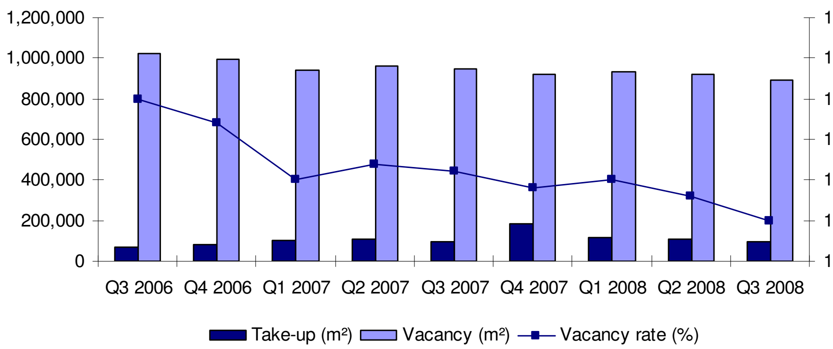
3.3 Düsseldorf

In Düsseldorf the office space turnover in the first three quarters rose in comparison to the previous year by 4% to 313,000 m². The largest rental occurred in the 3rd quarter by the beverage company Coca-Cola in Ratingen (approximately 7,300 m²). The biggest demand group was information and communication companies with 17.2% of the turnover, followed by consulting companies with 15.3% and the retail market with 11.6%. Over 50% of the turnover was taken up by the office market zones Cityrand (80,500 m²) and the adjacent areas (94,000 m²), for example Airport City.

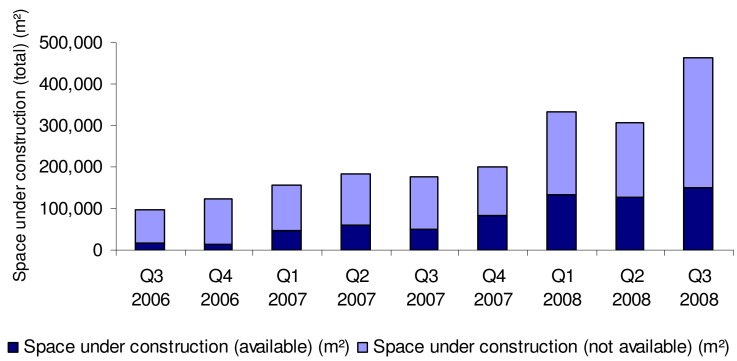
The vacant space in comparison to the 3rd quarter 2007 declined by approximately 6% to 894,000 m². Modern vacant spaces sank to 13.8%. The vacancy rate fell to 10.5%. With regards to spaces under construction in the space of a year there has been a clear increase of 161.2% to 465,000 m². However, of this only 32% (149,000 m²) is available to the market. The total available space offered (vacant space plus space under construction) has increased slightly to 1.04 million m². The top rental within the one-year period has risen in almost all the office areas and in the office market zone Medienhafen at the end of the 3rd quarter was 23.50 Euros/ m² / month.

	3rd Quarter 2008	Change year-on-year
Take-up (accumulated)	313,000 m²	+ 4.0 %
Vacant space	894,000 m²	- 5.8 %
Vacany rate	10.5 %	- 0.6 percentage points
Space under construction (total)	465,000 m²	+ 161.2 %
Space under construction (available)	149,000 m²	+ 192.2 %
Top rent	EUR 23.50 per m²	+ 6.8 %

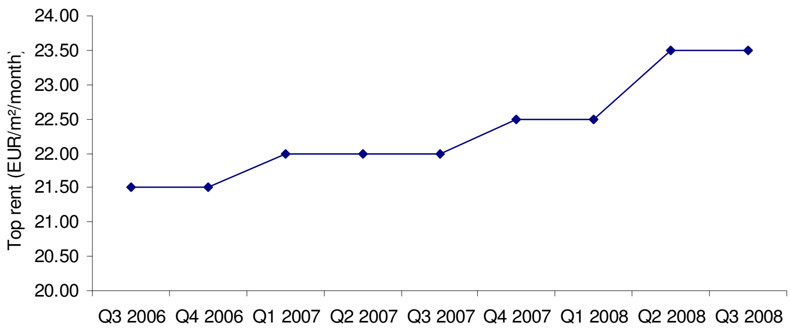
Düsseldorf: Development of take-up and vacancy



Düsseldorf: Development of space under construction



Düsseldorf: Development of the top rent



Further large completions and the overall good demand situation will hopefully result in a space turnover for the entire year slightly under the previous year's result. The number of prime value spaces and the good market development in the past years will probably lead to a further increase in the spaces under construction. Because the completions will experience a weaker cyclical demand, it could result in longer marketing times. As a result the vacant space could rise again in the next year for the first time. The rents will presumably develop only moderately till the end of the year.

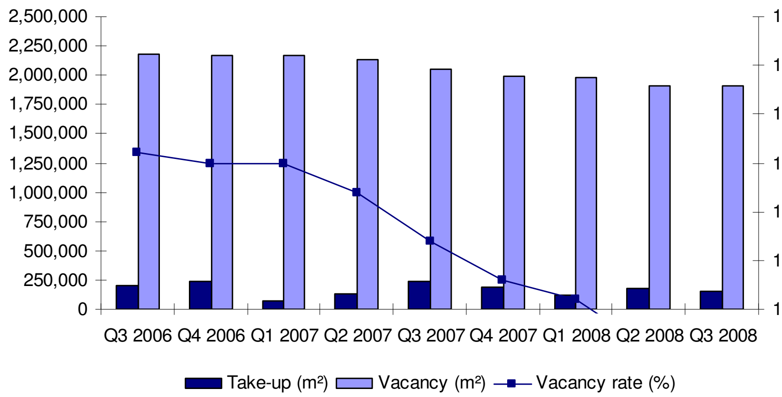
3.4 Frankfurt

To date the financial crisis and the cyclical weakening have had no impact on the Frankfurt office real estate market. In the first three quarters of 2008 an office space turnover of 445,000 m² was recorded. This equates to circa the previous years value of 440,000 m². The prominent demand group was the segment banks and financial service providers with 34.9% of the total turnover, public administration (14.3%) and consulting companies (11.9%). Approximately 23% of the turnover is comprised of large completions of more than 10,000 m², for example the Deutsche Börse AG (66,100 m²), Stadtwerke Holding Frankfurt (25,000 m²) and BNP Paribas (11,350 m²). The strongest turnover sub segment was Eschborn, primarily conditional to both the completions for the Deutsche Börse AG.

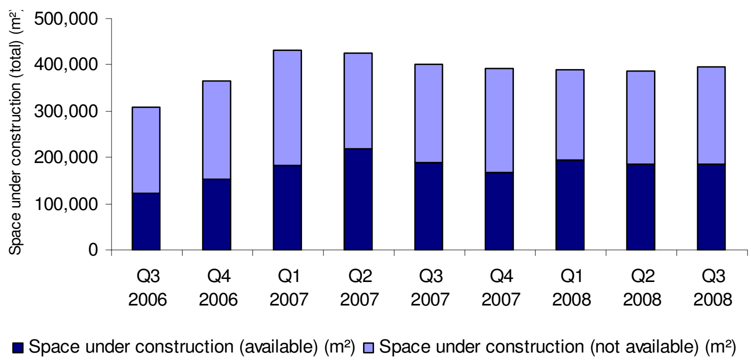
The vacant space at the end of the 3rd quarter amounted to 1.91 million m², which is approximately 6.6% lower than the previous year. This equates to a vacancy rate of 12.7%. Besides, the vacant space reduction of modern space decreased by 7% stronger than the older existing space. The space under construction of 396,000 m² hardly changed compared with last year's value. 47% of the space under construction is still available to the market. The total available office space on

	3rd Quarter 2008	Change year-on-year
Take-up (accumulated)	445,000 m²	+ 1.1 %
Vacanct space	1,911,000 m²	- 6.6 %
Vacany rate	12.7 %	- 1.0 percentage points
Space under construction (total)	396,000 m²	- 1.0 %
Space under construction (available)	185,000 m²	- 1.6 %
Top rent	EUR 37.50 per m²	+ 4.2 %

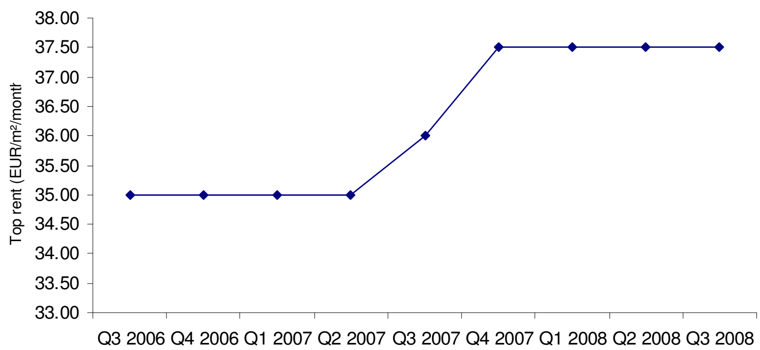
Frankfurt: Development of take-up and vacancy



Frankfurt: Development of space under construction



Frankfurt: Development of the top rent



offer has decreased by about 6% to 2.1 million m². In the sub market Westend top rentals attainable rose in comparison to the third quarter in 2007 by about 4% to 37.50 Euros / m ² / month.
For the total year 2008 it is expected that the space turnover of 629,000 m² will be slightly above the result for the previous year. This is due to some large completions during final negotiations and the very stable demand situation. Besides, the reduction of the vacant space will presumably continue above all with the modern space. On account of the high demand for high quality space and the offers becoming scarcer in this segment, a slight rent increase is possible in the coming quarter. Nevertheless, on account of economic slowdown the overall development is uncertain and whether the office space demand growth will continue further in the coming quarters. Moreover, many jobs could be lost in connection with the takeover of Dresdner Bank by Commerzbank in Frankfurt and become vacant office space.

3.5 Hamburg

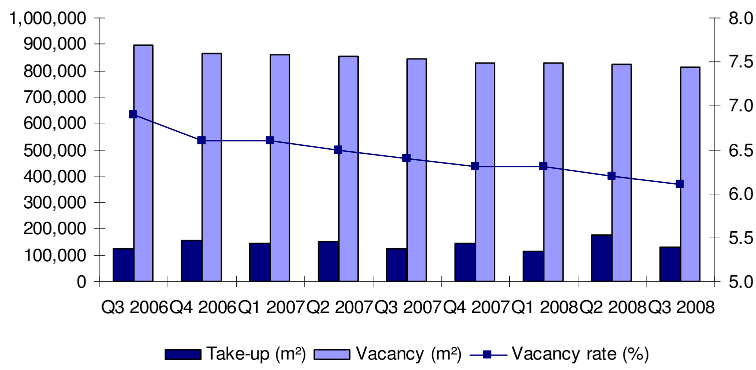
	3rd Quarter 2008	Change year-on-year
Take-up (accumulated)	416,000 m²	- 0.7 %
Vacant space	815,000 m²	- 3.2 %
Vacancy rate	6.1 %	- 0.3 percentage points
Space under construction (total)	572,000 m²	+ 56.7 %
Space under construction (available)	359,000 m²	+ 38.1 %
Top rent	EUR 26.00 per m²	+ 4.0 %

The office space turnover of 416,000 m² at the end of the third quarter was only 0.7% less than in the same period the previous year. The enquiries were steadily distributed between office sub segments and size classes. The top-selling sub market was the city centre. The most important demand groups were other services (27.1% of the overall turnover), consulting companies (14.1%) as well as transport and traffic (12.7%). The top rent rose by 4% to topically 26.00 Euros / m² / month. This is achieved in premium space close to water of the city centre. In other sub segments high rental prices not far off from the top rent could be reached of 24.50 Euros / m² / month (City) and 25.50 Euros / m² / month (Hafen City).

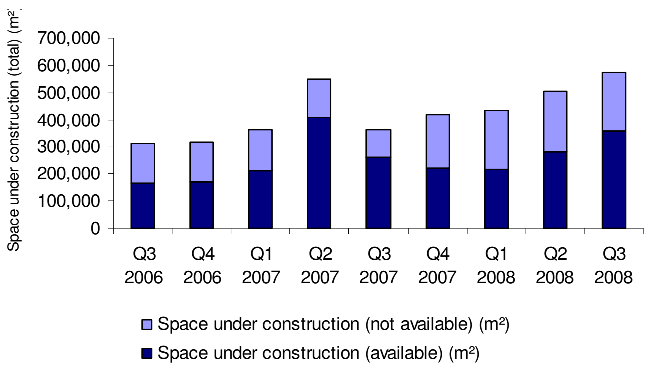
The vacancy reduction continued, currently 815,000 m² office space stands empty, about 3% less than in the last year's period. Only about 16% of the vacant space is modern surfaces, a portion of nearly 40% is comprised of space requiring renovation. The biggest vacant spaces are in the city, the enlarged city centre and the city south. The vacancy rate at the end of the third quarter amounted to 6.1%. In comparison to the same quarter last year the space under construction increased by nearly 57% (572,000 m²).

Primarily new office buildings originate in Hafen City (176,000 m²) and in the city (146,000 m²). About 63% of

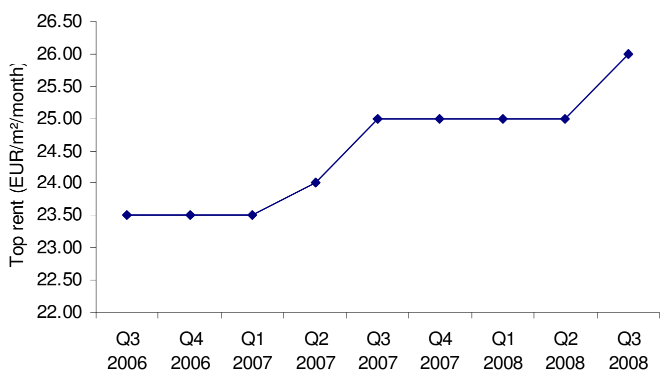
Hamburg: Development of take-up and vacancy



Hamburg: Development of space under construction



Hamburg: Development of the top rent

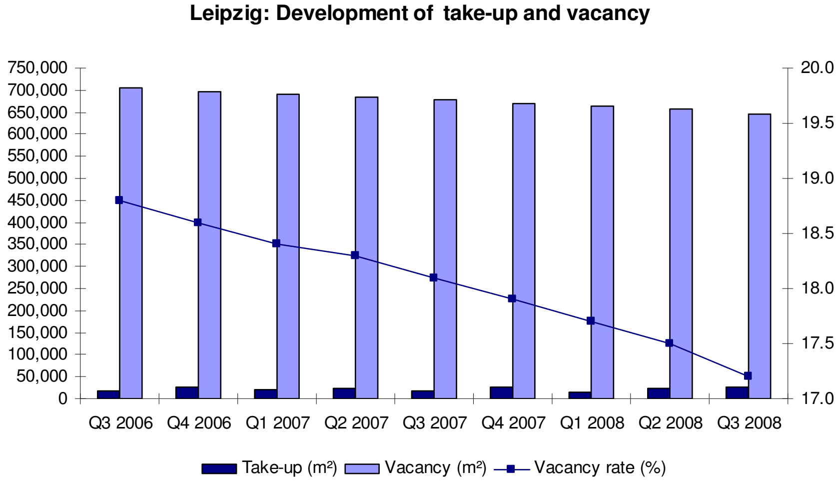


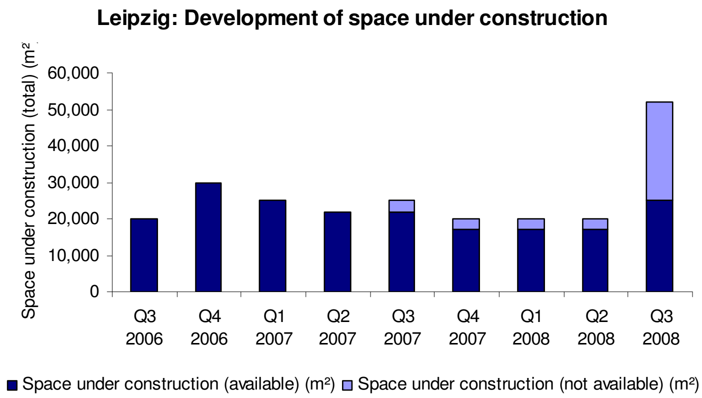
the space under construction is still available to the market. The total space available (including vacant space) amounted to 1.17 million m² in the third quarter. The consistent good demand should provide a space turnover for 2008 comparable with the year before. The empty space dismantling will presumably develop relatively solidly this year. Nevertheless, the next year this could rise a little bit on account of the strong construction activity and the cyclical weak demand. The respectable demand and the construction of more fashionable high-quality spaces in good situations - mostly with water relation – could lead to the fact that the rent prices of these premium surfaces easily rise.

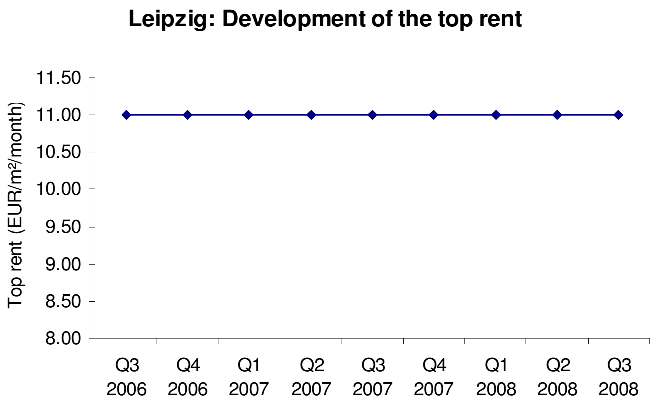
3.6 Leipzig

The office space turnover in Leipzig of 64,000 m² in the first three quarters lay about 3% above the value of last year's result. Decisively for the good result a high demand was for the middle space segment between 2,001 and 5,000 m². Especially strong demand for space was received from other services (25.9% of the overall turnover), followed by information and communication companies (21.5%) and health services (13.4%).
Within the period of a year the vacancy decreased by 5% to 645,000 m². Around half is allotted to modern space quality. The sub segment Graphisches Viertel/Prager Strasse on the city edge disposes of the highest vacancy, followed by the city and the ring situation. The vacancy rate amounted to 17.2%. On account of the increase of the construction activity in the office market the space under construction has risen in comparison to last year by 108%. 25,000 m² is still available to the market. The office space offer available altogether (including vacancies) sank by about 4% to 670,000 m². The top rent in Leipzig amounted to 11.00 Euros / m² / month and was attained in the city. In contrast to the top rents the average rents have easily risen in some sub segments.
The space turnover could still increase in the coming quarter on account of the strong demand and excel

	3rd Quarter 2008	Change year-on-year
Take-up (accumulated)	64,000 m²	+ 3.2 %
Vacancy	645,000 m²	- 4.9 %
Vacancy rate	17.2 %	- 0.9 percentage points
Space under construction (total)	52,000 m²	+ 108 %
Space under construction	25,000 m²	+ 13.6 %
Top rent	EUR 11.00 per m²	unchanged







the value of the year before by the end of 2008. The vacancy reduction will probably continue moderately. For the fourth quarter in 2008 no significant changes are expected with the rent price levels.

3.7 Munich

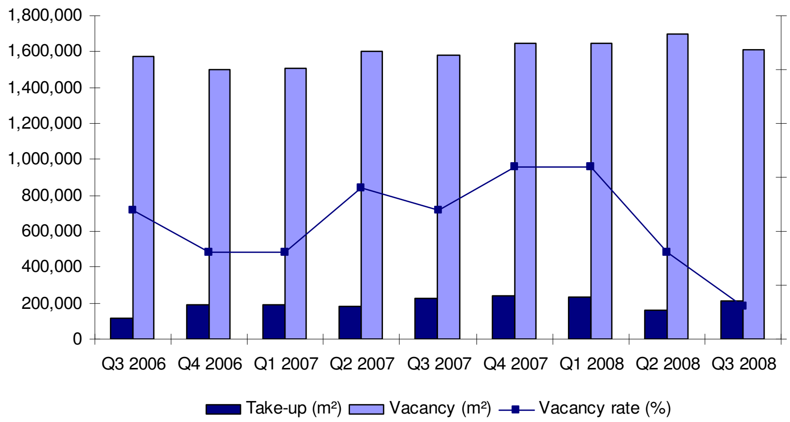
In the first three quarters in 2008 in Munich 610,000 m² office turnover was achieved, about 3% more than in the last year. The portion of large contracts of more than 10,000 m² accounted for only 10% of the space turnover; one year ago it was 25%. The top-selling sub segment was by far the city centre. The biggest lease in the third quarter occurred through the market research enterprise TNS Infratest with approx. 15,000 m² in Laim. The most important demand group was other services with 16.4% of the overall turnover, followed by consulting firms (14.8%) as well as IT and telecommunication companies (13.4%).

The vacant space in relation to the previous year rose by 2% to 1.6 million m². In comparison to the 2nd quarter 2008 the vacancy rate decreased by 5%. Modern space vacancies decreased by 9% to 525.000 m². The vacancy rate at the end of the 3rd quarter reached 8.3%.The highest vacancy rate is in the segments Osten and Umland-Nord.

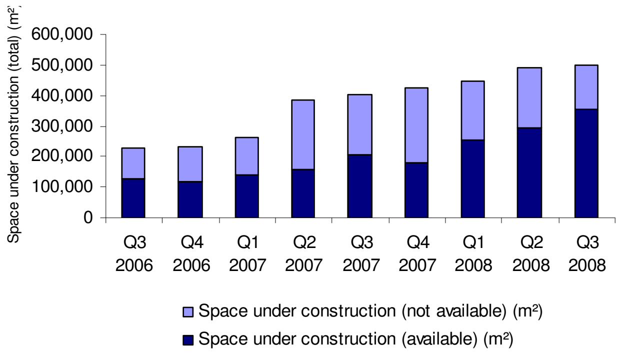
The total space under construction increased compared with the third quarter in 2007 primarily in the city by about 24% to 500,000 m². 353,000 m² (70%) is still available to the market. The total office space available (including vacant space) rose by 10% in the comparative period to 1,965 million m², however, from July

	3rd Quarter 2008	Change year-on-year
Take-up (accumulated)	610,000 m²	+ 2.5 %
Vacant space	1,612,000 m²	+ 2.1 %
Vacancy rate	8.3 %	n.a.
Space under construction (total)	500,000 m²	+ 23.8 %
Space under construction (available)	353,000 m²	+ 73.0 %
Top rent	EUR 33.00 pro m²	+ 6.5 %

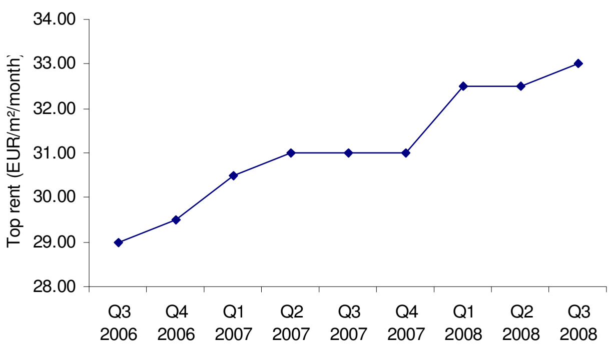
Munich: Development of take-up and vacancy



Munich: Development of space under construction



Munich: Development of the top rent



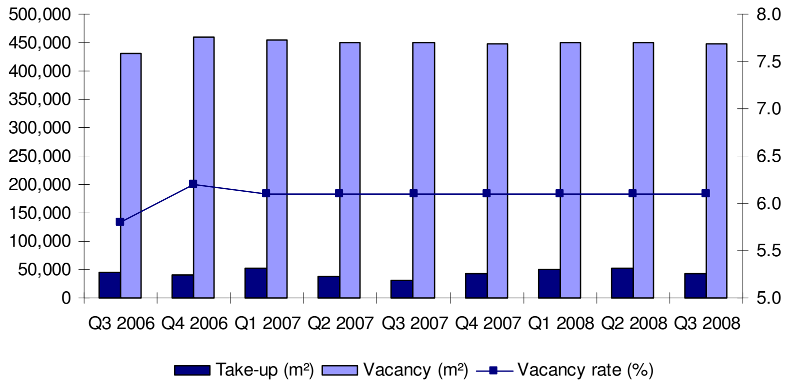
to September it decreased. The top rent attainable in the city grew in comparison with last year by about 7% to 33.00 Euros / m² / month. The top rents and average rents have also risen in some other office market zones, particularly modern quality space. For the last quarter there has been a high level of demand, so for the whole of 2008 a similar office space turnover as the year before is expected. A reduction of the vacancy rate will rise again on account of the planned completion volume. The top rent will probably remain at the present level. During the coming months the office rental market in Munich, nevertheless, will probably not remain untouched as a result of the financial market crisis and the declining economic situation dynamism.

3.8 Stuttgart

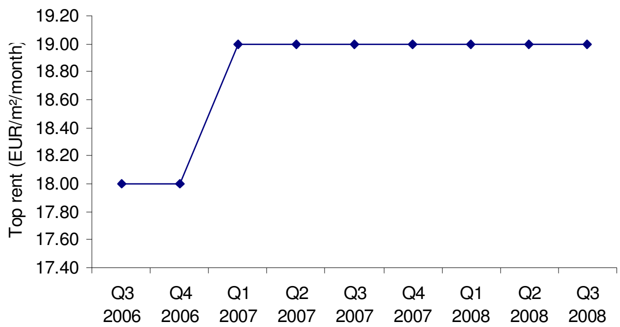
In Stuttgart the positive development in the office market continued. The space turnover in the first nine months of 2008 rose in comparison to the previous year by 19% to 144,000 m². 43,000 m² turnover was achieved in the 3rd quarter alone. The bulk of the total sales volume in the renting market was achieved in space with high-class quality. The biggest lease in the second quarter occurred with approx. 4,000 m² through the software enterprise and consulting firm Cor AG in a project in Leinfelden-Echterdingen. The State of Baden-Württemberg rented approx. 4,000 m² in Degerloch. The sub segments Leinfelden-Echterdingen and Vaihingen were besides the city – the top-selling sub segment – the most sought after office locations. The biggest portion in the turnover was allotted to enterprise-related services, the producing trade, IT and telecommunications as well as banks, financial service providers and assurances. The vacancy rate sank slightly in comparison to the year before by 0.7% to 448,000 m². The vacancy rate remained consistent at 6.1%. The portion of high-quality space has further decreased. The top rent remains consistent for a year at 19.00 Euros / m² / month. Rent price increases were registered in the City West and the City South.
Stuttgart up to now has developed more stably than

	3rd Quarter 2008	Change year-on-year
Take-up (accumulated)	144,000 m²	+ 19 %
Vacancy	448,000 m²	-0.7 %
Vacancy rate	6.1 %	unchanged
Top rent	EUR 19.00 per m²	unchanged

Stuttgart: Development of Take-up and vacancy



Stuttgart: Development of the top rent



other big office market centers. The effects of the financial markets crisis and property market crisis shall still be felt during the coming months in the Stuttgart office rental market. The demand for 1,000 m² could decrease for the whole of 2008 and a similarly high space turnover is expected as the year before. By the end of the year 100,000 m² will come on the market, among other things the new building of the EnBW city with about 65,000 m² (own user) as well as the Phoenixbau in Königstrasse. The speculative portion is very low, for about 8,000 m² there is still no tenant – nevertheless, by the end of the year this can still change.

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