INTERNATIONAL
PROPERTY
PARTNERS

A BRIEF OVERVIEW
ON US
ON OUR SERVICES
ON GENERAL PROPERTY MARKET DATA

2006

IPP International Property Partners

IPP was formed in 2004. It is partly a successor to the former TCN - The Commercial Network (real estate). The newly created IPP network offers a pan European real estate service.

Members

AUSTRIA

Spiegelfeld International

Spiegelfeld International GmbH
Georg Spiegelfeld
Stubenring 20
A – 1010 Vienna

Phone +43 (0) 1 5132313-0
Fax +43 (0) 1 5132313-23
E-mail georg.spiegelfeld@spiegelfeld.eu

DENMARK

LSW Invest Europa GmbH

LSW Invest Europa Invest GmbH
p. A. Aengevelt Grundverwaltung
Dr. Lutz Aengevelt und
Dr. Wulff Aengevelt GmbH
Mr. Mikkel L. Scheel
Kennedydamm 55
D – 40476 Düsseldorf

Phone +49 (0) 211 8391-201
Fax +49 (0) 211 8391-281
E-mail scheel@wiborg-partnere.dk

GERMANY

Aengevelt Immobilien GmbH & Co. KG
Dr. Heinz-Joachim Wessel
Claudia Signo
Kennedydamm 55 / Ross-Strasse
D – 40476 Düsseldorf

Phone +49 (0) 211 8391-0
Fax +49 (0) 211 8391-311
E-mail contact@ipp-global.com

SWEDEN

Forum Affärsutveckling AB
Stefan Engberg
Kungsgatan 29
S – 10386 Stockholm

Phone +46 8 6969-559
Fax +46 8 248595
E-mail stefan.engberg@fforum.se

THE NETHERLANDS

INNOVA Vastgoed Holland b.v.
Alexander Bijkerk
Waldeck Pyrmontlaan 13
NL – 1075 BT Amsterdam

Phone +31 (0) 20 4715517
Fax +31 (0) 20 4715518
E-mail bijkerk@innova-vastgoed.nl

AUSTRIA

Economic Indicators	
GDP (bn €)	256.67
Employment Growth (% per annum)	1.1
Unemployment rate (%)	4.9
Inflation (% per annum)	1.6
Long-term Interest Rate	3.6
Producers Confidence	n. a.
Transaction volume (bn €)	4 – 5
Total office market (Vienna, m^2)	10,300,000
Vacancy rate offices (Vienna, %)	5.1
Prime yield offices (%)	6

- Austria, with its well-developed market economy and high standard of living, is closely tied to other EU economies, especially Germany's. The Austrian economy also benefits to a far extent from strong commercial relations, especially in the banking and insurance sectors, with central, eastern, and south-eastern Europe. The economy features a large service sector, a sound industrial sector, and a small, but highly developed agricultural sector. The outgoing government has successfully pursued a comprehensive economic reform program, aiming at streamlining government and creating a more competitive business environment, further strengthening Austria's attractiveness as an investment market.

- The turnaround of the Viennese office market was accomplished in 2005. The vacancy rate started to drop slowly, construction of new buildings decreased extremely, the rents stayed stable with slightly increasing tendency in 2006.

- Since there is still an enormous amount of projects today, it is very hard to forecast the future, as a substantial rise in new construction activity may easily occur in 2007 due to the realisation of some large projects.

- Classic retail businesses with a low number of outlets, often owned by old-established Austrian family entities, have gradually been replaced by international chains.

- In the residential sector there is still an increasing demand, and extremely high prices are paid for high-quality city apartments.

- National and international investors are still heavily interested in the Viennese market. Investors from the EU continue to buy at high prices thus accepting a low yield. Fully rented office properties were sold at a yield of 5.5 % to 6.5 %.

AUSTRIA and CEE

	Vienna	Moscow	Belgrade	Bucharest
Office Market				
Top rent * City 2006 / in €/m^2 p.m.	21.00	50.00	30.00	22.00
Top rent * city fringe districts 2006 / in €/m^2 p.m.	14.00	45.00	20.00	18.00
Top rent * outlying districts 2006 / in €/m^2 p.m.	10.00	40.00	15.00	15.00
Average rent City 2006 / in €/m^2 p.m.	14.00	47.00	27.00	18.00
Average rent city fringe districts 2006 / in €/m^2 p.m.	10.00	39.00	17.00	16.00
Average rent outlying districts 2006 / in €/m^2 p.m.	7.00	32.00	14.00	12.00
Surplus office space at the end of 2006 / in % (of total office space)	6.7	5.0	5.0	2.0
Forecast of the rent trend in the respective upper price category (Trend for 2007)	stable	rising	rising	stable
Retail space (figures for end of 2006)				
Rent in €/m^2: 1a city location (ground floor < 100 m^2)	250.00	270.00	150.00	50.00 200.00
Rent in €/m^2: 1b city location (ground floor < 100 m^2)	45.00 70.00	170.00	80.00	25.00 50.00
Rent in €/m^2: city fringe / suburban centre (ground floor < 100 m^2)	10.00 12.00	130.00	50.00	30.00
Forecast demand (2007) 1a locations	rising	rising	rising	rising
Investment market				
Average initial yield, office and shop buildings: city in %	3.50 4.75	10.50 12.50	10.00 14.00	7.00 8.50
Average initial yield, office and shop buildings: city fringe in %	5.75 6.50	11.00 14.00	12.00 15.00	7.50 9.00

* initial yield: annual net rental income against purchase price (in %)

DENMARK

Economic Indicators	
GDP (% per annum)	2.5
Employment Growth (% per annum)	0.5
Unemployment rate (%)	5.2
Inflation (% per annum)	2.1
Long-term Interest Rate (%)	3.7
Producers Confidence	n. a.
Transaction volume	n. a.
Total office market	n. a.
Vacancy rate offices (%)	6.5
Prime yield offices (%)	5.0

- Danish economy showed a significant growth in GDP reaching an average growth of 2.5 %, nearly 100 bps over the EU average.

- Unemployment is at a very low level, causing bottleneck problems in the construction sector, reaching its lowest level in the past 30 years.

- A tax reform has just been announced, but has not yet been adopted by parliament. The effect on the supply of labour is therefore unknown up to now.

- Prime location office premises are still attractive with an equal supply and demand situation giving a quite stable market situation. On a European scale levels are comparable to Hamburg, Stockholm and Oslo.

- Prime location retail premises in Copenhagen and Aarhus are highly valued, causing yields to drop and rents to increase.

- The investment market is still hot with a demand far exceeding the supply making yields decline. International investors as the Baugur Group, Aberdeen Property Investors and Merrill Lynch are active in the Danish market.

	Copenhagen	Aarhus
Office Market		
Top rent * City 2006 / in €/m² p.m.	20.00	17.00
Top rent * city fringe districts 2006 / in €/m² p.m.	14.00	8.00
Top rent * outlying districts 2006 / in €/m² p.m.	8.00	6.50
Average rent City 2006 / in €/m² p.m.	12.00	9.50
Average rent city fringe districts 2006 / in €/m² p.m.	10.50	7.00
Average rent outlying districts 2006 / in €/m² p.m.	7.00	5.50
Surplus office space at the end of 2006 / in % (of total office space)	6.5	7.0
Forecast of the rent trend in the respective upper price category (Trend for 2007)	stable	stable
Retail space (figures for end of 2006)		
Rent in €/m²: 1a city location	150	50
Forecast demand (2007) 1a locations	rising	rising
Investment market		
Average initial yield, office and shop buildings: city in %	4.00 – 4.75	4.75 – 5.25
Average initial yield, office and shop buildings: city fringe in %	5.75 – 6.50	11.00 – 14.00

* initial yield: annual net rental income against purchase price (in %)

GERMANY

Economic Indicators	
GDP (m US D)	2,906,658 (nom) 2,489,471 (PPP)
Employment Growth (% per annum)	
Unemployment rate (%)	8.4
Inflation (% per annum) (%)	1.8
Long-term Interest Rate (%)	4.67
Producers Confidence	120 points / 3.0
Transaction volume (bn €)	30 – 50
Total office market	n. a.
Vacancy rate offices	n. a.
Prime yield offices (%)	11

Berlin

- In 2006 and currently, Berlin is Germany's largest and most attractive investment market by far.
- A turnover volume of around € 7.7 bn on the residential investment market in 2006 (asset and share deals). Including the commercial investment market: an additional approx. € 3.2 bn
- Purchase price factors for rental properties: around 14.7
- Office and shop properties in 1a locations: gross initial yields between approx. 5.0 % and 6.7 %; factors over 23 for retail properties in prime locations.
- Office space turnover: approx. 610,700 m^2

Düsseldorf

- Turnover:
  - approx. € 700 m (residential)
  - approx. € 1.94 bn (commercial investment transactions)
  - almost € 1.4 bn (portfolio sales and share deals)
- Gross initial yields:
  - apartment buildings: between approx. 6.4 % and 8.3 %
  - retail in 1a locations: between approx. 5.3 % and 7.0 %.
  - in individual cases, factors of 20 and more
- Office space turnover: approx. 301,500 m^2
- Rent levels for office space still stable with a slightly upward tendency, peak rents: about € 20.50 per m^2
- Retail rents for small-scale, ground-floor sales space: around € 200.00 per m^2

Frankfurt / Main

- Transaction volume for residential and commercial investments: some € 3.2 bn, all monetary turnover (asset deals and share deals): € 4.5 bn
- Fully let office properties: factors of between 14 and 17.5, with the right location and high standard: even up to 21 times and more
- Apartment buildings and residential complexes: between 12.5 and 13.5 times annual rent

- Office space turnover in 2006: around 528,000 m²
- Office rents: largely remained stable, peak office rents: currently around € 35.00 per m²
- Retail rents: up to € 220.00 per m² in 1a locations

Hamburg
- Turnover of investment market: more than € 3 bn through asset deals alone in 2006.
- The initial gross yields for existing apartment buildings:
  - relatively stable
  - returns of between approx. 5.0 % and 7.0 %
- The average initial yields for office and shop buildings in city centre locations:
  - trending slightly downward
  - values between approx. 5.4 % and 6.0 %
- Office space turnover: around 480,000 m²
- Office peak rents: around € 22.00 per m²
- Retail peak rents: currently at around € 195.00 per m²

Leipzig
- Average initial yields:
  - for office and shop buildings in first-class city centre locations approx. 6.5 % to 7.5 %, in good inner-city locations: between around 8.0 % and 9.5 %
- Apartment buildings in moderate to good locations: initial returns on average of 8.0 % to 9.0 %
- Office space turnover. in 2006: approx. 105,000 m²
- Still very favourable and competitive office rents:
  - peak rents at around € 10.50 per m², trend slightly up;
  - medium rents between € 5.50 and 6.50 per m², stable
- Retail rents: up to € 105 per m² for small-scale retail spaces in the best business locations

Munich
- Transaction volume:
  - in 2006: more than € 3.5 bn (asset deals only)
  - in 2006: some € 1.5 bn in portfolio sales
- Office properties in city centre locations: multipliers of approx. 19 to 23, in city periphery locations: at up to 15.5 to 17.5
- Initial yields for residential complexes: approx. 5.0 % for new buildings, around 6.0 % for stock sales
- Office space turnover around 620,000 m²
- The office peak rent level: currently around € 29.50 per m², the average office rent in central Munich: at approx. € 15.50 per m²
- Retail peak rent: currently € 240 per m²

GERMANY

Office Market

Top rent * City 2006 / in €/m^2 p.m.
Top rent * city fringe districts 2006 / in €/m^2 p.m.
Top rent * outlying districts 2006 / in €/m^2 p.m.
Average rent City 2006 / in €/m^2 p.m.
Average rent city fringe districts 2006 / in €/m^2 p.m.
Average rent outlying districts 2006 / in €/m^2 p.m.
Surplus office space at the end of 2006 / in % (of total office space)
Forecast of the rent trend in the respective upper price category (Trend for 2007)

Retail space (figures for end of 2006)

Rent in €/m^2: 1a city location (ground floor < 100 m^2)
Rent in €/m^2: 1b city location (ground floor < 100 m^2)
Rent in €/m^2: city fringe / suburban centre (ground floor < 100 m^2)
Forecast demand (2007) 1a locations

Investment market

Average initial yield, office and shop buildings: city in %
Average initial yield, office and shop buildings: city fringe in %

* initial yield: annual net rental income against purchase price (in %)

Berlin	Dusseldorf	Frankfurt	Hamburg	Leipzig	Munich
20.50	20.50	35.00	21.90	10.50	29.50
15.00	17.00	22.00	12.30	7.50	18.50
12.00	12.50	16.00	10.50	6.00	13.50
15.00	15.50	22.00	14.40	6.50	15.50
9.50	13.00	13.50	11.10	5.80	12.50
7.50	10.00	11.00	08.20	5.30	10.50
9.60	10.90	16.50	07.90	22.30	09.20
rising	rising	rising	rising	rising	rising
180.00	95.00–200.00	190.00–220.00	110.00–195.00	95.00–105.00	110.00–240.00
70.00	28.00–95.00	50.00–70.00	40.00–80.00	35.00–40.00	40.00–60.00
35.00	5.00–40.00	30.00–80.00	22.00–37.00	10.00–12.00	12.00–21.00
rising	rising	rising	rising	slightly rising	rising
5.0–6.7	5.3–7.0	5.1–6.5	5.5–6.0	6.5–7.5	4.0–6.0
6.5–7.7	6.5–8.5	7.0–8.0	6.0–7.5	8.0–9.5	6.0–7.5

SWEDEN

Economic Indicators	
GDP (% per annum)	4.2
Employment Growth (% per annum)	1.8
Unemployment rate (%)	5.4
Inflation (% per annum)	1.4
Long-term Interest Rate (%)	3.6
Producers Confidence	n. a.
Transaction volume (MSEK)	140,000
Total office market (m m^2)	30
Vacancy rate offices (%)	8
Prime yield offices (%)	4.25

- Since the beginning of 2006 the Swedish Economy has boomed. The growth rate is expected to stay at a high level over the next two years.

- Take up of commercial space increases due to the economic development and higher confidence. Corporate investment and relocation activity is expanding to meet the higher demand from the large exporters.

- Office supply contains mostly second hand offices. New construction takes place in the very large cities only.

- A growing demand for high quality offices leads to an increasing rental gap between new and older offices.

- Average prime rents remained stable or even raised in 2006. Increasing demand during 2007 leads to an increase of prime rents.

- The high number of transactions performed during the last 3 years seems to continue even during 2007. New international players have replaced the ones that divested in 2006. Some of the domestic large institutions have lately been large buyers of office buildings.

Office Market

Top rent * City 2006 / in €/m² p.m.	35.00
Top rent * city fringe districts 2006 / in €/m² p.m.	28.00
Top rent * outlying districts 2006 / in €/m² p.m.	20.00
Average rent City 2006 / in €/m² p.m.	29.00
Average rent city fringe districts 2006 / in €/m² p.m.	22.00
Average rent outlying districts 2006 / in €/m² p.m.	18.00
Surplus office space at the end of 2006 / in % (of total office space)	10.00
Forecast of the rent trend in the respective upper price category (Trend for 2007)	rising

Retail space (figures for end of 2006)

Rent in €/m²: 1a city location (ground floor < 100 m²)	50.00 – 75.00
Rent in €/m²: 1b city location (ground floor < 100 m²)	30.00 – 40.00
Rent in €/m²: city fringe / suburban centre (ground floor < 100 m²)	25.00 – 30.00
Forecast demand (2007) 1a locations	rising

Investment market

Average initial yield, office and shop buildings: city in %	4.25 – 4.75
Average initial yield, office and shop buildings: city fringe in %	4.75 – 5.50

* initial yield: annual net rental income against purchase price (in %)

THE NETHERLANDS

Economic Indicators	
GDP (% per annum)	2.9
Employment Growth (% per annum)	1.25
Unemployment rate (%)	5.5
Inflation (% per annum)	1.2
Long-term Interest Rate (%)	4.0
Producers Confidence	7.8
Transaction volume (bn)	7.7
Total office market (m^2)	36,700,000
Vacancy rate offices (%)	11.5
Prime yield offices (%)	5

- During the course of 2006 the Dutch Economy has shown signs of recovery and the economy is expected to grow at higher rates over the next two years.

- Take up is increasing. Due to the positive economic development and higher confidence, corporate investment and relocation activity is expanding

- Office supply contains mostly second hand offices, which are difficult to market. The share of new offices on supply fell to less than 10 % in 2006.

- The growing demand for high quality (new) offices leads to an increasing gap between supply and demand.

- Average prime rents remained stable in 2006. Increasing demand will lead to slight increase of prime rents. Incentives are expected to diminish in 2007.

- The Randstad is vital to the economy of The Netherlands. Within the Randstad Amsterdam, The Hague, Rotterdam and Utrecht are the main office locations.

	Amsterdam	The Hague	Rotterdam	Utrecht
Office Market				
Top rent * City 2006 / in €/m² p.m.	31.00	17.00	15.00	16.00
Top rent * city fringe districts 2006 / in €/m² p.m.	25.00	15.00	12.00	12.50
Top rent * outlying districts 2006 / in €/m² p.m.	22.00	15.00	11.00	12.00
Average rent City 2006 / in €/m² p.m.	16.50	14.00	12.50	13.00
Average rent city fringe districts 2006 / in €/m² p.m.	14.50	13.00	11.00	11.00
Average rent outlying districts 2006 / in €/m² p.m.	12.50	11.50	11.50	11.00
Surplus office space at the end of 2006 / in % (of total office space)	14.50	5.60	8.50	12.10
Forecast of the rent trend in the respective upper price category (Trend for 2007)	rising	stable	stable	stable
Investment market				
Average initial yield, office and shop buildings: city in %	5.0 – 6.0	5.5 – 7.0	5.5 – 7.0	5.0 – 7.0
Average initial yield, office and shop buildings: city fringe in %	6.0 – 8.5	6.5 – 9.0	6.5 – 10.0	6.5 – 9.5

* initial yield: annual net rental income against purchase price (in %)

IPP INTERNATIONAL PROPERTY PARTNERS

Contact:
E-mail contact@ipp-global.com
Phone +49 (0) 211 8391-204
Fax +49 (0) 211 8391-311

Edition: September 2007