



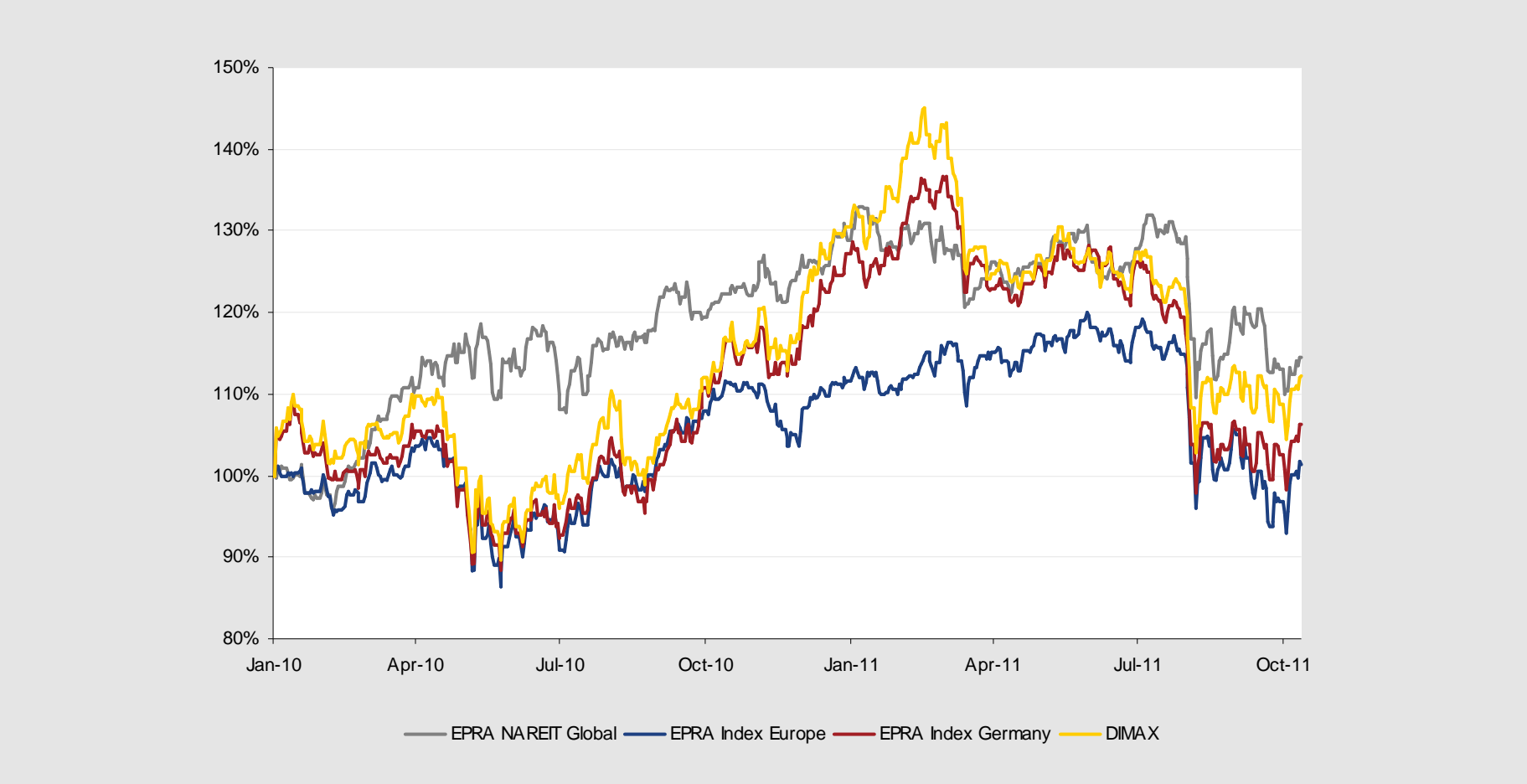
Market Update Real Estate Stocks

14 October 2011

Equity Capital Markets

Development of German and international real estate indices

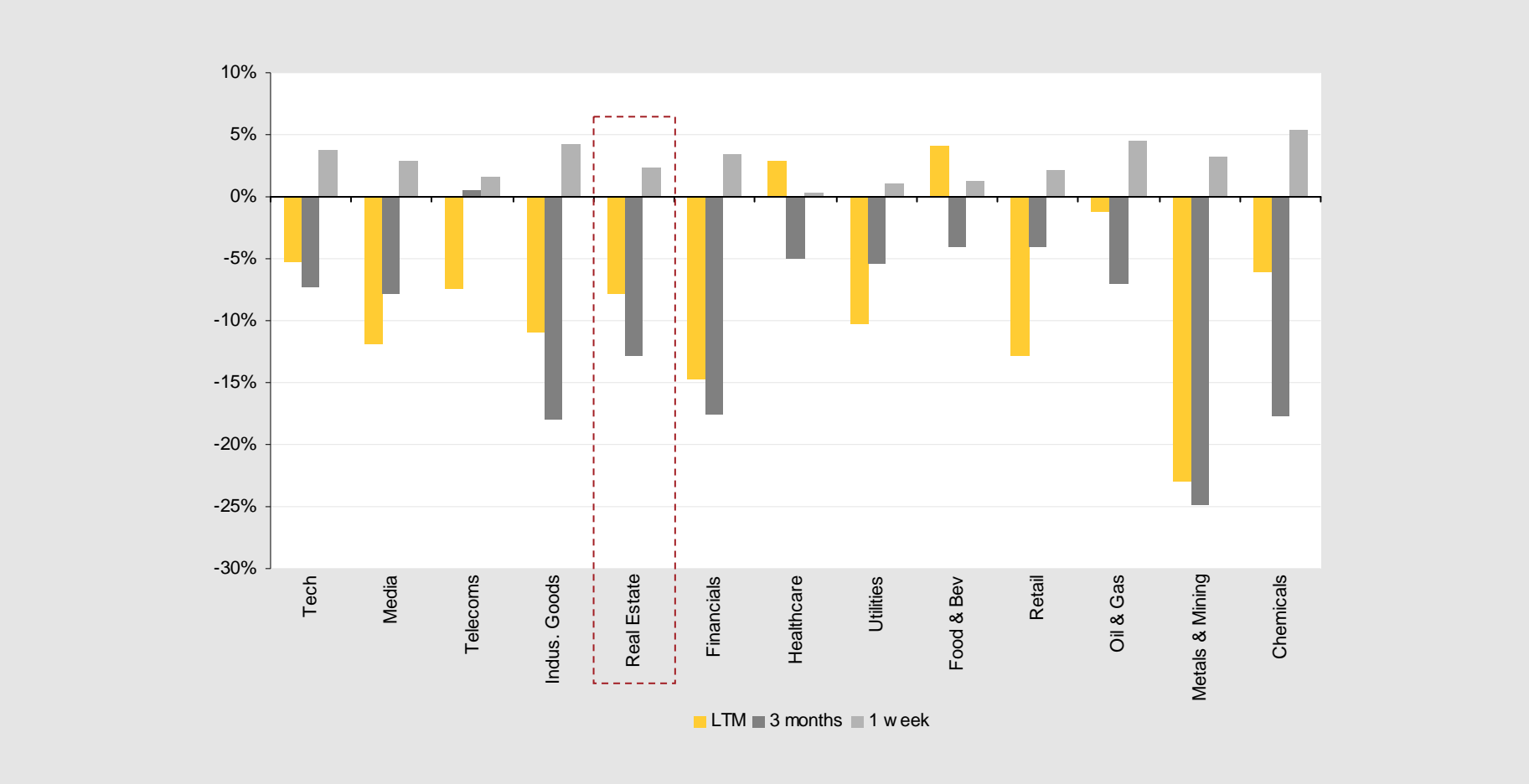
Real Estate indices have entered a sideward trend



Source: Bloomberg

Overview of European sector performances

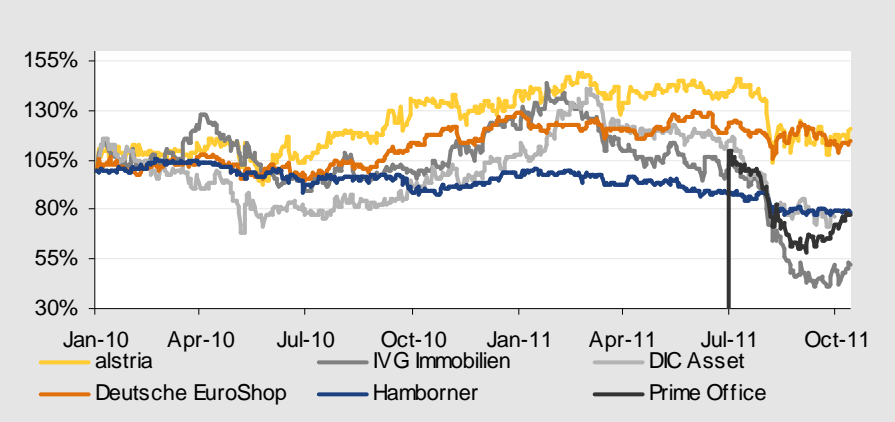
Eurostoxx 600 sub-sector performances



Source: Bloomberg

Commercial real estate in Germany: stock performances

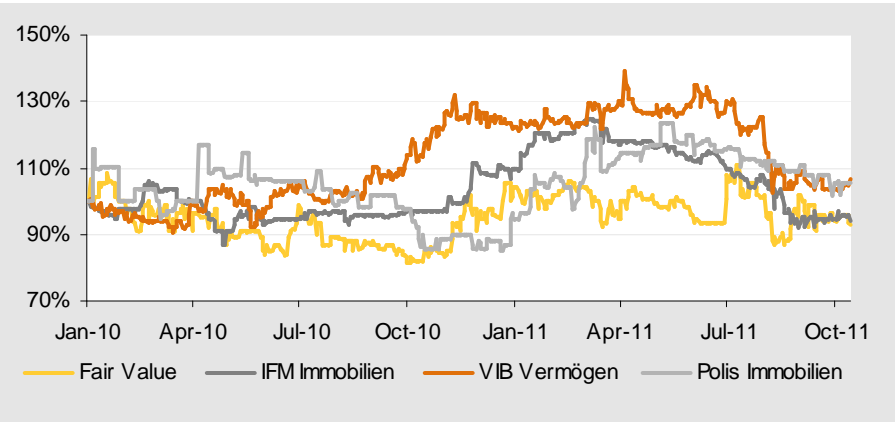
Companies with market caps > €200m



Stock data

Company	Price (€) 13.10.11	Low (€) (12M)	High (€) (12M)	Daily trading volume (€) (6M)	Market cap (€m)
alstria	9.05	7.29	11.25	795,619	647.98
IVG Immobilien	2.78	2.11	7.97	2,758,767	385.45
DIC Asset	6.32	5.33	10.82	535,055	288.94
Deutsche EuroShop	25.78	22.05	29.18	3,374,222	1,331.06
Hamborner	6.33	5.87	8.15	214,156	216.01
Prime Office	4.80	3.46	6.85	NA	249.21

Companies with market caps < €200m



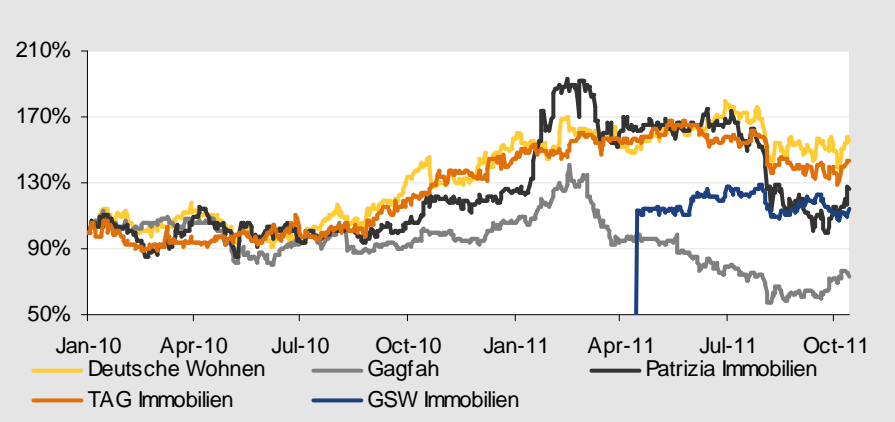
Stock data

Company	Price (€) 13.10.11	Low (€) (12M)	High (€) (12M)	Daily trading volume (€) (6M)	Market cap (€m)
Fair Value	4.28	3.77	5.15	19,992	40.26
IFM Immobilien	7.95	7.50	10.59	32,855	74.31
VIB Vermögen	6.90	6.33	9.00	146,219	147.15
Polis Immobilien	9.48	7.51	11.12	4,134	104.76

Source: Bloomberg

Residential real estate in Germany: stock performances

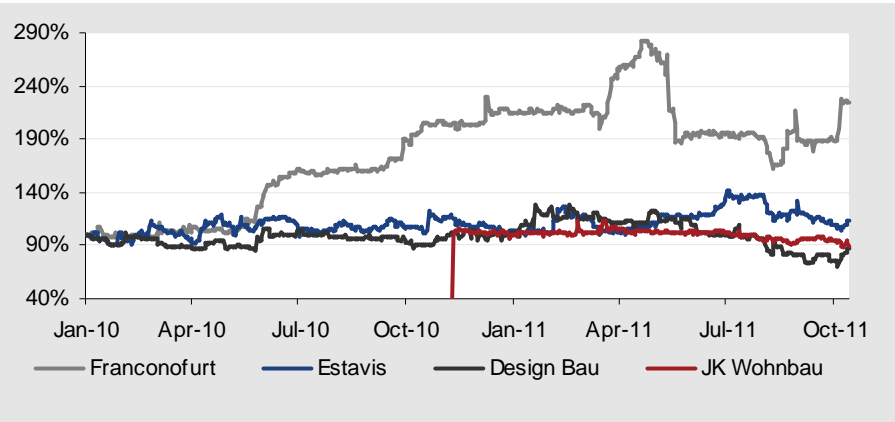
Companies with market caps > €200m



Stock data

Company	Price (€) 13.10.11	Low (€) (12M)	High (€) (12M)	Daily trading volume (€) (6M)	Market cap (€m)
Deutsche Wohnen	10.44	8.36	12.14	2,097,730	845.01
Gagfah	4.65	3.43	8.99	2,652,744	1,047.30
Patrizia Immobilien	3.87	2.80	5.92	247,625	201.69
TAG Immobilien	6.32	5.35	7.44	1,438,611	406.99
GSW Immobilien	21.75	19.55	24.71	NA	892.89

Companies with market caps < €200m



Stock data

Company	Price (€) 13.10.11	Low (€) (12M)	High (€) (12M)	Daily trading volume (€) (6M)	Market cap (€m)
Franconofurt	7.27	5.02	9.30	36,046	55.96
Estavis	1.99	1.60	2.54	105,220	28.64
Design Bau	2.38	1.93	3.50	1,565	12.58
JK Wohnbau	7.02	6.40	8.93	NA	147.82

Source: Bloomberg

NAV and financial ratios analysis

Most companies were able to slightly narrow their discount to NAV

13 October 2011

Company	Price (€)	Premium / Discount to NAV			FFO Yield	Balance Sheet Equity Ratio ¹
		NAV 09	NAV 10	NAV 11e		
alstria	9.05	-30.5%	-19.5%	-22.0%	5.2%	48.2%
IVG Immobilien	2.78	-78.1%	-71.8%	-63.0%	3.6%	19.3%
DIC Asset	6.32	-61.1%	-58.6%	-56.0%	14.4%	30.5%
Deutsche EuroShop	25.78	-6.0%	1.5%	0.4%	5.8%	49.9%
Deutsche Wohnen	10.44	-57.4%	-11.4%	-10.6%	5.8%	29.7%
Gagfah	4.65	-66.1%	-61.8%	-55.4%	14.4%	25.5%
GSW	21.75	NA	NA	-23.1%	6.3%	40.1%

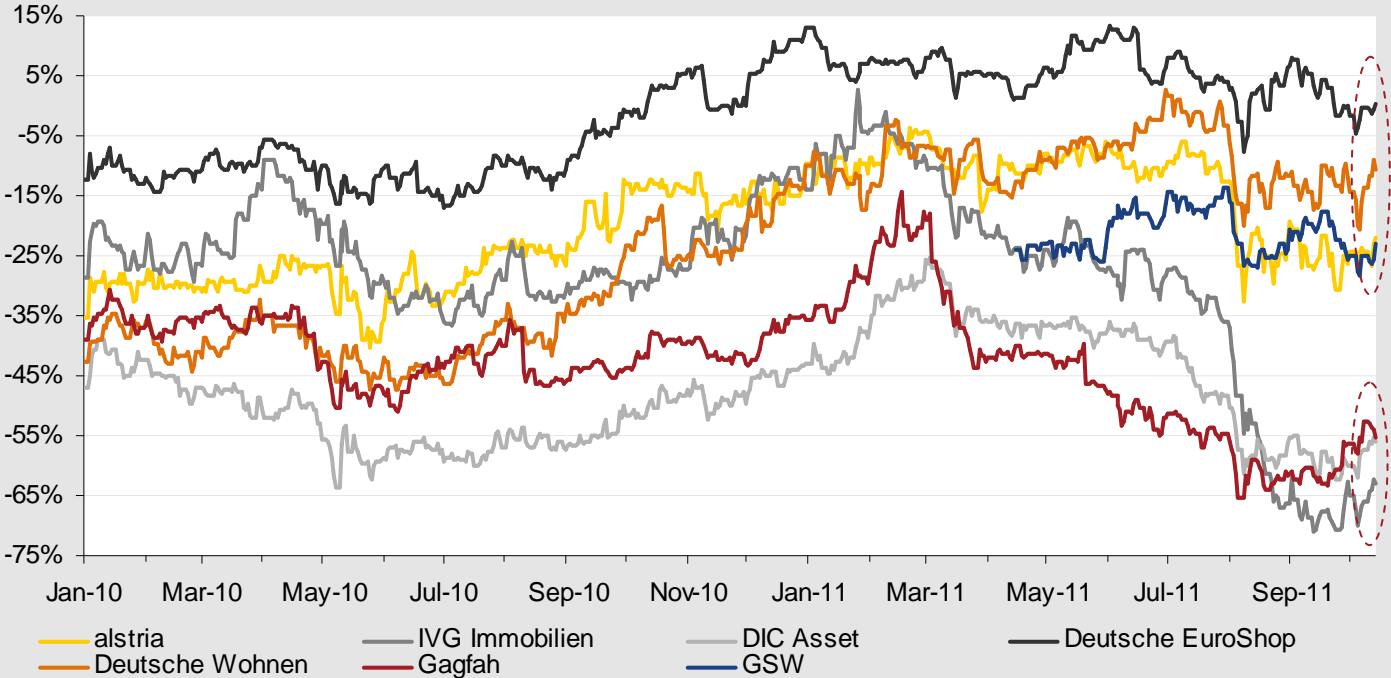
29 September 2011

Company	Price (€)	Premium / Discount to NAV			FFO Yield	Balance Sheet Equity Ratio ¹
		NAV 09	NAV 10	NAV 11e		
alstria	8.57	-34.2%	-23.8%	-26.2%	5.5%	48.2%
IVG Immobilien	2.80	-78.0%	-71.6%	-62.7%	3.6%	19.3%
DIC Asset	5.77	-64.4%	-62.2%	-59.8%	15.8%	30.5%
Deutsche EuroShop	25.71	-6.3%	1.2%	0.2%	5.8%	49.9%
Deutsche Wohnen	10.26	-58.1%	-12.9%	-12.1%	5.9%	29.7%
Gagfah	4.54	-66.9%	-62.7%	-56.5%	14.8%	25.5%
GSW	21.06	NA	NA	-25.5%	6.6%	40.1%

Sources: Bloomberg, ThomsonOne, Research Reports, Company Data 1) Figures based on latest reports available

Development of discounts to NAV over time

Despite very volatile markets the two clusters of discounts to NAV remain

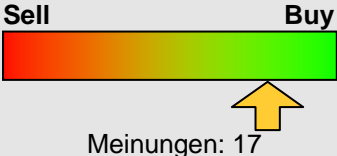


Sources: Bloomberg, ThomsonOne

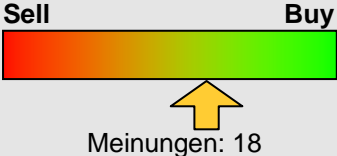
Analyst recommendations



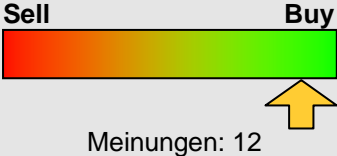
Company	Recommendation	Target Price (€)	Date
Baader Bank	buy	10.70	10.10.2011
Societe Generale	buy	10.10	13.09.2011
Berenberg Bank	buy	12.80	12.09.2011
Barclays Capital	hold	12.23	07.09.2011



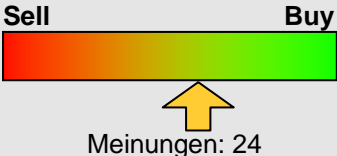
Company	Recommendation	Target Price (€)	Date
DZ Bank	buy	5.00	14.10.2011
AlphaValue	buy	6.73	13.10.2011
Baader Bank	buy	5.80	10.10.2011
Nord/LB	hold	2.50	04.10.2011



Company	Recommendation	Target Price (€)	Date
Baader Bank	buy	10.00	10.10.2011
Bankhaus Metzler	buy	11.50	29.09.2011
WestLB	buy	12.50	22.09.2011
Commerzbank	buy	8.50	21.09.2011



Company	Recommendation	Target Price (€)	Date
Kepler	sell	24.00	13.10.11
Baader Bank	buy	29.50	10.10.11
Commerzbank	buy	28.00	30.09.11
Berenberg Bank	buy	29.00	30.09.11



Sources: Bloomberg, ThomsonOne

Analyst recommendations

	<table border="1"> <thead> <tr> <th>Company</th> <th>Recommendation</th> <th>Target Price (€)</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Goldman Sachs</td> <td>buy</td> <td>12.80</td> <td>13.10.2011</td> </tr> <tr> <td>DZ Bank</td> <td>buy</td> <td>12.60</td> <td>12.10.2011</td> </tr> <tr> <td>Baader Bank</td> <td>buy</td> <td>12.50</td> <td>10.10.2011</td> </tr> <tr> <td>Berenberg Bank</td> <td>buy</td> <td>12.50</td> <td>10.10.2011</td> </tr> </tbody> </table>	Company	Recommendation	Target Price (€)	Date	Goldman Sachs	buy	12.80	13.10.2011	DZ Bank	buy	12.60	12.10.2011	Baader Bank	buy	12.50	10.10.2011	Berenberg Bank	buy	12.50	10.10.2011	
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Sources: Bloomberg, ThomsonOne

Market drivers

Real estate market news

- › Under the Share Buy-Back Offer for the acquisition of own shares, about 20m shares have been tendered to **GAGFAH** within the price range from €3.5 to €5.0. The final purchase price, calculated via a modified Dutch Auction process, amounts to €4.95 per share. The offer of GAGFAH related to a maximum purchase value of €75m. As a result 15,150,277 shares will be purchased under the Share Buy-Back Offer. Including the shares already held, GAGFAH altogether holds 18,870,129 own shares (approx. 8.37% of the outstanding capital)
- › **JK Wohnbau AG** is currently engaged in strategic discussions with Grand City Property Group, which may include acquisition of a majority stake in JK Wohnbau AG by Grand City Property Group
- › **Design Bau AG** has presented its interim report for the first half of 2011. Revenue declined sharply from €889,566 to €233,351. Simultaneously the total output has increased from c. 0.95m to c. 2.64m , largely due to the start of construction of the 3rd construction phase of project Teltow, which was already sold last year. The company generated semi-annual results of € -1.10m (€ -1.64m H1-10), or € -0,21 per share (€ -0.3 H1-10)

Real estate market news

- › US alternative asset manager Cerberus and Goldman Sachs-owned fund Whitehall halved their collective stake in **GSW Immobilien** last week. The two offered 8.2m shares, representing about 20% of the German residential real estate business and a whopping 133 days of trading. Pricing was a tight 3.6% discount to Tuesday's close of €21.00

Macroeconomic background and interest rate forecasts

	Real GDP growth in %			Inflation rate in %		
	2010	2011	2012	2010	2011	2012
USA	3.0	1.7	2.0	1.6	3.2	2.0
Eurozone	1.7	1.6	0.0	1.6	2.6	1.6
Germany	3.7	3.0	0.8	1.1	2.4	1.8
UK	1.8	1.0	1.2	3.3	4.5	2.8

	Interest rate forecasts*					
	14.10.2011	Q4 11	Q1 12	Q2 12	Q3 12	Q4 12
USA						
Federal funds rate	0.25	0.25	0.25	0.25	0.25	0.25
Libor 3M	0.40	0.55	0.50	0.40	0.45	0.45
2 years	0.26	0.20	0.25	0.30	0.30	0.30
5 years	1.07	0.90	1.00	1.10	1.20	1.30
10 years	2.14	1.80	2.00	2.20	2.60	2.90
Eurozone						
Main refinancing rate	1.50	1.25	1.00	1.00	1.00	1.00
Euribor 3M	1.57	1.35	1.10	1.25	1.20	1.15
2 years	0.63	0.30	0.40	0.50	0.60	0.60
5 years	1.32	0.75	0.90	1.10	1.20	1.30
10 years	2.10	1.60	1.70	1.90	2.20	2.40
UK						
Repo rate	0.50	0.50	0.50	0.50	0.50	0.50
Libor 3M	0.96	0.90	0.85	0.80	0.80	0.95
2 years	0.60	0.45	0.55	0.75	0.85	0.95
10 years	2.56	2.15	2.40	2.70	3.10	3.15

* End of quarter

Source: Commerzbank Research

Economic sentiment indicators

Indicator	Current value	Month	-1M	-6M	-1Y
Germany					
IFO business expectations	98.00	Sep-11	100.00	109.10	108.20
IFO business climate	107.50	Sep-11	108.70	114.90	111.30
ZEW expectation of economic growth	-43.30	Sep-11	-37.60	14.10	-4.30
Eurozone					
Business climate indicator	-0.06	Sep-11	0.06	1.43	0.75
Consumer confidence	-19.10	Sep-11	-16.50	-10.60	-11.00
ZEW expectation of economic growth	-44.60	Sep-11	-40.00	31.00	4.40
USA					
ISM manufacturing index	51.60	Sep-11	50.60	61.20	55.30
Producer price index	6.50	Aug-11	7.20	5.40	3.30
Consumer confidence	45.40	Sep-11	45.20	63.80	48.60
Industrial production (YoY)	3.35	Aug-11	3.39	5.16	6.77

Source: Bloomberg

Earnings estimates and valuation over time

	current	-1M	-3M	-1Y
Dax EPS 2011E / EPS 2012E (index points)	640 / 702	649 / 723	668 / 770	617 / 701
DAX earn. growth 11E / 12E	1% / 10%	1% / 11%	3% / 15%	11% / 14%
MDAX EPS 2011E / EPS 2012E (index points)	772 / 926	738 / 938	771 / 973	714 / 868
MDAX earn. growth 11E / 12E	22% / 20%	17% / 27%	23% / 26%	30% / 22%
Eur Stoxx 50 EPS 11E / EPS 12E (index points)	271 / 290	275 / 300	288 / 320	296 / 331
Eur Stoxx 50 earn. growth 11E / 12E	3% / 7%	4% / 9%	9% / 11%	13% / 12%
S&P500 EPS 2011E / EPS 2012E (index points)	97 / 109	97 / 110	97 / 112	94 / 107
S&P500 earn. growth 11E / 12E	15% / 13%	16% / 13%	16% / 15%	14% / 14%
Valuation	current	-1W	-3M	-1Y
DAX forward PE / div yield	8.5 / 4.6%	7.8 / 4.6%	10.0 / 3.2%	10.6 / 3.1%
MDAX forward PE / div yield	9.9 / 3.3%	9.9 / 3.0%	12.2 / 2.4%	13.4 / 1.6%
Euro Stoxx 50 forward PE / div yield	8.1 / 7.2%	7.4 / 8.0%	9.0 / 6.0%	9.7 / 4.8%
S&P500 forward PE / div yield	11.2 / 2.8%	11.2 / 2.7%	12.7 / 2.4%	12.7 / 2.3%
Sentiment	current	-5d	3M average	1Y average
VDAX-New	38.6	44.3	39.3	24.1
VIX	30.7	36.3	34.1	22.0

Source: Commerzbank Research

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