

Far Eastern promise: DIFA makes first investment in South Korea

DIFA's strategic entry into Asia follows long preparation / Plans to expand in Japan, Singapore and China / Singapore office opened



Continuing strong growth of the Far Eastern economies has triggered increased investment demand for office properties in the region's booming cities. The emerging markets that are increasingly attracting the attention of foreign investors, in addition to local fund managers, include Seoul, the capital of South Korea. According to CB Richard Ellis, in the first six months of 2006

Seoul witnessed major office transactions to the value of around USD 933 million. Hamburg-based DIFA Deutsche Immobilien Fonds AG has now entered the Far Eastern market by investing approximately EUR 50,9 million in Seoul. After some two years of careful preparation, the company – which is part of the Union Investment Group – purchased the Seoul Mobile Telecom Building in the Mok-Dong office submarket. DIFA plans further acquisitions in Asia Pacific as part of the strategic expansion of its international real estate portfolio, following recent investments in Turkey, Canada and Mexico.

DIFA Management Board member Dr. Reinhard Kutscher: “This investment is evidence of our determination to pursue expansion in the world’s growth regions. Entering the South Korean market gives us direct access to the rich opportunities of the emerging Far Eastern markets – markets that offer the prospect of attractive returns.” A period of painstaking preparation preceded this first investment, with DIFA’s asset management partner for the region, ING Real Estate, and a team of DIFA experts analysing the market at first hand and prospecting for opportunities. “We expect our strategic partnership with ING Real Estate to ensure the long-term success of our investment in the Far East, which will gradually be expanded to other markets in the region,” says Dr. Kutscher. In addition to Seoul and Shanghai, DIFA is preparing to acquire office and retail properties in Singapore and Tokyo.

DIFA opens local office in Singapore

In September 2006, DIFA opened an office in Singapore to spearhead its push into the Far Eastern market. This is the company's third office outside Germany, after New York and Madrid. DIFA will be represented in Singapore by Steffen Wolf, previously responsible for managing DIFA's expansion into the region at headquarters in Hamburg, based on his long experience of the Far East. "Seoul is now among the established Asia Pacific markets with moderate market risk and the prospect of rent increases across all submarkets. But we are also looking very closely at growth markets such as China and India – markets which are less mature, but offer exciting growth potential," says Steffen Wolf with regard to DIFA's future plans. "Singapore provides DIFA with a superb platform for accessing these markets, being both close to the targeted markets and having excellent infrastructure."

Shortage of premium office space in Seoul

The 17-storey Seoul Mobile Telecom Building, which will become part of the international property holdings of the DIFA Immo-Invest fund for institutional investors, enjoys a highly visible, central location in the established office submarket of Mok-Dong. Mok-Dong has emerged as a sought-after overspill location for the neighbouring Yoido office market. Completed in December 1999, the building offers a gross floor area of around 34,000 square metres, 93 % of which is let. The principal tenants are the online Woori Homeshopping service and Samsung Life Insurance, one of South Korea's largest life insurers. The long-term

letting viability of the building is ensured by the limited volume of new building activity and a shortage of premium office space in the area, coupled with high construction quality.

About DIFA

With 40 years of property experience, DIFA Deutsche Immobilien Fonds AG is Germany's second biggest investment management company for open-ended real estate funds. DIFA is part of both the Union Investment Group and the FinanzVerbund der Volksbanken Raiffeisenbanken alliance, and currently manages five open-ended real estate funds with total assets of some 13.2 billion euros. Within the commercial real estate market, DIFA is active as an investor and project/property developer, landlord and property seller, as well as providing services across all areas of the market. The portfolios of DIFA's open-ended real estate funds include approximately 230 properties and projects in Europe, North America and Asia.

About ING Real Estate

ING Real Estate is an international real estate company active in investment management, development and finance. With a total business portfolio of EUR 75 billion and offices in 18 countries in Europe, America, Asia and Australia, ING Real Estate ranks among the world's strongest real estate companies. Its real estate investment management product offering includes more than 60 funds, including listed and unlisted global, regional, country and sector funds. ING Real Estate is part of ING Group, a global financial institution of Dutch origin offering banking, insurance and asset management to over 60 million private, corporate and institutional clients in more than 50 countries.

Press contact

DIFA Deutsche Immobilien Fonds AG

Marketing Communication

Fabian Hellbusch

Caffamacherreihe 8

20355 Hamburg

Germany

Tel: +49 40 3491 9160, Fax: +49 40 3491 9190

E-mail: fabian.hellbusch@difa.de

Internet: www.difa.com