

Press Release

HSH Real Estate sells Quer Passage in Kiel to Union Investment Real Estate

- Acquired for Union Investment Real Estate AG's Unilmmo: Deutschland fund
- Transaction volume around EUR 50 million

Hamburg, 22 August 2007. HSH Real Estate AG has sold its Quer Passage retail and office property in Kiel, northern Germany, to Union Investment Real Estate AG's open-ended real estate fund Unilmmo: Deutschland. The transaction is worth around EUR 50 million.

The retail space itself is almost fully let and benefits from a direct link to the city's Sophienhof shopping centre. A thoroughfare just outside the property that connects Kiel's main rail station with the city centre's pedestrianised zone brings additional footfall. "The favourable location was one of the main drivers behind the decision to restructure the property. Refurbishment and a new concept have assured the site's commercial success, with interest from prospective buyers also confirming this," says Jürgen Kühl, a member of the Management Board of HSH Real Estate.

The location was also a crucial factor for Union Investment Real Estate in making the acquisition. "Along with the Sophienhof, the centre enjoys a unique position within central Kiel. It is therefore a perfect fit with the portfolio of our Deutschland fund, as we wish to expand its exposure to shopping centres in prime retail locations,"

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says Dr. Frank Billand, the Union Investment Real Estate AG board member responsible for shopping centres.

HSH Real Estate took over the previously insolvent shopping centre in July 2005 and reopened it in October 2006. Over a 15-month period, HSH Real Estate carried out extensive restructuring with the aim of addressing the centre's design weaknesses. This included merging smaller retail units to form larger ones and achieve a greater magnet effect. The entrance was also opened up to make it more welcoming and the mix of tenants optimised. In addition, the property was renamed Quer Passage and fully rebranded.

Kühl expects this kind of project to become more widespread in Germany. "We anticipate that developing existing inner-city shopping centres will considerably outstrip the number of new builds over the next two to three years."

The property adjoins the Sophienhof centre and features around 11,000 square metres of retail space, plus some 4,600 square metres of office space and storage. Apcoa operates the building's underground car park with its 193 spaces. In addition to anchor tenant C&A, which has leased an area of some 4,800 square metres, other companies who have chosen the location include discount grocery store Plus, pharmacy chain Ihr Platz, fashion retailer Mexx and local bank Sparkasse Kiel.

Jones Lang LaSalle acted as consultants during the sale.

About HSH Real Estate AG

As a wholly owned subsidiary of HSH Nordbank AG since spring 2004, HSH Real Estate AG pools all the bank group's real estate business with the exception of its conventional finance business. In terms of total assets, HSH Real Estate is among the top 10 real estate stock corporations in Germany.

The operations of the group of companies comprise the following real estate segments: equity investment, project development, services and the fund business.

About Union Investment Real Estate

Headquartered in Hamburg, Germany, Union Investment Real Estate AG is one of Europe's leading property investment management companies. Established in 1965 and part of the Union Investment Group, the company currently manages five open-ended real estate funds for private and institutional investors containing assets worth some EUR 13.2 billion. Union Investment's real estate portfolios comprise around 150 properties and projects in Europe, the Americas and Asia. The current shopping centre portfolio consists of 15 properties and projects in Germany, Belgium, Spain and Turkey.

Press photos to download:

http://www.hsh-realestate.de/hsh_n_real_estate/de/presse/download.html