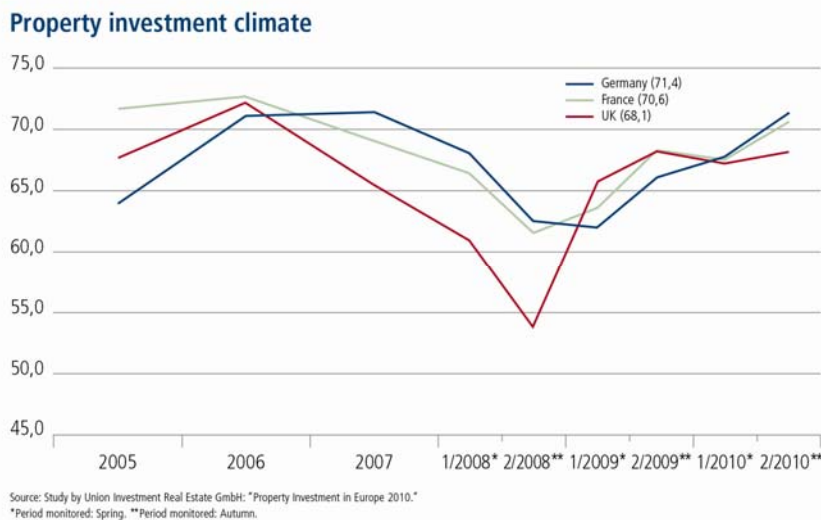


Confidence returns to Europe's real estate investment markets

Union Investment's Investment Climate Index reaches highest level since 2006 / Investors in the mood to buy / Security now rated lower



The economic recovery has significantly improved the climate for real estate investment in the three major European economies. Evidence of an upward trend is confirmed by renewed confidence among professional investors in Germany, France and the UK, with optimism at the start of 2011 higher than at any time since 2006. The six-monthly Investment Climate Index compiled by Union Investment climbed to 70 points at the end of 2010, its highest level for four years. Positive sentiment is particularly evident in Germany, where the national index rose for the third time in succession and at 71.4 points has outstripped France (70.6) and the UK (68.1) for the first time since 2008. In autumn 2008, the overall European index stood at an

all-time low of 58.9 points. "German and French property investors now offer proof of renewed confidence in the sustained recovery of these two core markets, but the survey results also reveal that the UK investment markets still have some way to go in terms of recovery," says Olaf Janßen, head of research at Union Investment Real Estate GmbH. For its latest investment climate survey, Union Investment commissioned market research institute Ipsos to interview 174 decision makers at property companies in Germany, France and the UK.

Renewed focus on returns over security

Although parts of the property sector suffered severely during the economic crisis, 63% of property companies now rate their situation as better or significantly better than twelve months ago. A clear majority (64%) in all three countries were also upbeat about their prospects in 2011. This high level of optimism is also evident in the statement by 63% of surveyed companies that they intend to significantly increase their investment in real estate this year compared to 2010. "The investment market will see a further significant improvement in 2011," notes Janßen. This is borne out by a further fall in the number of investors focusing on security, with only 30% of companies citing "security" as their core investment motive, compared to 42% in summer 2010. For almost one in two professional investors (48%), returns are once again their main priority.

Despite the improved investor sentiment, Berlin, Paris and London are still far from enjoying a "favourable" investment environment that would lead to the climate index breaking the 75-point barrier for the first time in 2011. Just 33% of the representative sample of investors surveyed believe that the climate for office investment in their respective national markets will improve further in the next twelve months. At the same time, confidence in retail markets is higher: 44% of investors expect the climate for retail investment to improve, although British investors are again more cautious.

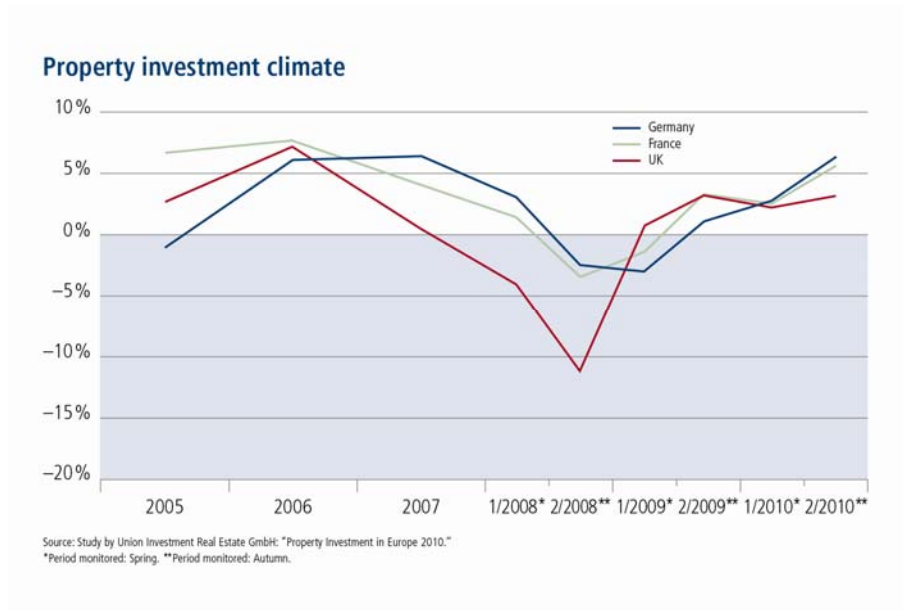
European investors consider that Germany offers the best conditions for property investment over the next year, with 57% of

those surveyed rating the German climate as good or very good. The comparative values for France and the UK are 40% and 35% respectively, and 33% for Scandinavia. The outlook remains less optimistic for the USA (24%), Canada (27%), Central Europe (19%), Japan (11%) and Spain (6%).

Janßen believes that anticipated robust economic growth is causing German investors to jettison their traditional focus on security and caution when it comes to their own market. A clear majority of German property professionals surveyed (61%) expect foreign interest in Germany as an investment location to increase in 2011. In contrast, only 34% of British investors and 22% of French investors anticipate a rise in investment demand from abroad for their national markets compared to the previous year.

About the Union Investment survey

Union Investment launched its Investment Climate Index of European property investors in 2005, with the survey taking place at six-month intervals since spring 2008. The index is based on four indicators: market structure, the general environment, location factors, and expectations, each with a weighting of 25%. For the spring index, market research institute Ipsos conducted 20-minute telephone interviews in November and December 2010 with 174 property companies and institutional real estate investors in Germany, France and the UK.



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