

First investment completed in South Korea for DIFA-Global

Strategic expansion of Far East holdings / DIFA-GRUND acquires office project in The Hague, Netherlands

Shortly after opening its new Asian office in Singapore, Hamburg-based DIFA Deutsche Immobilien Fonds AG has completed a further deal in the Far East. The *Union Investment Group* company has acquired the 20-storey Ernst & Young Building in Seoul, the South Korean capital, for its worldwide open-ended real estate fund DIFA-Global (ISIN: DE0009805556). Located in the downtown office market of Yoido, the office block comprises some 13,300 square metres of rental space and is almost fully let. This investment of around EUR 37.7 million in total marks the first Asian investment for the fund, which was set up in 2004. "Vacancies tend to be low in this location and are continuing to decline. Combined with rising rents, this currently makes Seoul one of the Far East's most attractive office markets. Having successfully entered this established market, we now intend to steadily extend our exposure to other growth markets in Asia Pacific," says Dr. Reinhard Kutscher, a member of the DIFA Management Board.

With the opening of an overseas office in the region, DIFA has gained the foothold it needs to access the dynamic local markets. DIFA's entry into Asia was made in September 2006 with the acquisition of the Seoul Mobile Telecom Building for its DIFA Immo-Invest institutional fund. The company is also on the verge of completing its first investment in China by acquiring a retail

property on Shanghai's central shopping street, Huai Hai Lu. A binding contract of sale to DIFA-Global has already been signed.

The landmark Ernst & Young Building, which was completed in 1986, is centrally located in the office submarket of Yoido. At around 2%, Yoido has the lowest vacancy rate of Seoul's three office markets – being an island, there are natural limits on growth opportunities. The principal tenant of the building is international consulting company Ernst & Young, which selected the property for its South Korean headquarters.

Continued international diversification in Europe

DIFA is also systematically pursuing its international investment strategy, which began in the mid-1990s, in Europe. At the end of 2006, the company acquired the De Haagsche Zwaan development project in the Dutch city of The Hague. Scheduled for completion in March 2009, De Haagsche Zwaan will provide 18,000 square metres of floor space in the central business district of the country's third-largest city. The vendor is Netherlands-based developer OVG Projectontwikkeling B.V. One of the principal future tenants will be auditing and consulting firm Deloitte & Touche, which has already pre-leased large areas of the building. A two-year rental guarantee has been arranged by the vendor for the remaining space as from completion. De Haagsche Zwaan is the first Dutch investment for the DIFA-GRUND open-ended real estate fund (ISIN: DE0009805515). Back in October, DIFA acquired a 60% stake in the Rembrandt Tower, Amsterdam's tallest building, securing entry into the Dutch property market for DIFA Immo-Invest.

The striking, 73-metre-high De Haagsche Zwaan office building will occupy a prime site in The Hague's central business district, being located directly on the approach road to the city centre and close to The Hague's main arterial road, the "Utrechtse Baan" urban motorway. "By teaming with OVG during the development phase, we can acquire a property of the highest structural and architectural quality that will provide an attractive initial return in a recovering market that is enjoying rising rents," says DIFA Management Board member Dr. Frank Billand.

DIFA is due to change its name to Union Investment Real Estate AG in approximately mid-January 2007. The new name will more accurately reflect DIFA's strategic evolution into an international investment management company.

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