

Union Investment Real Estate broadens investment scope outside Germany

Focus on improving access to regional markets / Smaller properties for institutional products on radar

With transactions totalling EUR 2.6 billion, Union Investment Real Estate GmbH was again one of Europe's most active property investment management companies in 2010. In addition to 24 purchases worth EUR 1.6 billion, the company sold 17 properties for around EUR 1 billion. Sales opportunities were leveraged mainly in Germany, London, Paris and Seoul. As part of its active asset management strategy, the company intends to invest between EUR 1 billion and 1.5 billion in acquisitions in 2011 and will continue to consider selling opportunities as they arise, especially in the core European markets.

"With our six asset management units covering hotels, shopping centres, the German market, the rest of Europe, the Americas and Asia Pacific, we are well positioned in the strategically important investment markets. To further improve our access to specific market segments, we plan to expand our direct presence in the larger markets," said Dr. Karl-Joseph Hermanns-Engel, member of the management board, speaking at the MIPIM property show in Cannes. Having already established local offices in Madrid, New York and Singapore, Union Investment Real Estate GmbH has also had its own French subsidiary with a 12-person asset management team since the beginning of this year. "We expect our presence on the ground to

provide even better access to regional markets such as Lyons, Lille and Marseilles and thus also to smaller properties worth between 15 and 80 million euros, which we are targeting for our growing institutional portfolio,” added Hermanns-Engel. Union Investment also aims to focus even more on portfolio risk diversification when making acquisitions in the European core markets in 2011. “Locations like Glasgow and Limoges, where we made our first purchases last year, are part of our strategy of extending the scope of our investments – particularly in the retail sector.”

The strategically important retail segment of the funds was expanded in 2009 and 2010, with large-scale acquisitions featuring strongly. Some 60% of acquisitions in 2010 (approx. EUR 926 million) related to retail properties. Since mid-2010, Union Investment has adopted a twin-track acquisition strategy. “In addition to large-scale shopping centres, we are looking for flourishing, established retail parks from upwards of 35 million euros for our funds, both inside and outside Germany,” said Hermanns-Engel. “Smaller, more fungible properties are ideally suited to achieving greater diversification of our retail portfolio and further consolidating our holdings in countries like Italy, France and possibly Spain as well.” In addition to individual transactions, Union Investment is also interested in purchasing portfolios in the retail park segment. Established retail parks requiring restructuring or further development are likewise potential candidates.

Press contact**Union Investment Real Estate GmbH**

Head of Real Estate Marketing, Communication

Fabian Hellbusch

Caffamacherreihe 8

20355 Hamburg, Germany

Tel: +49 40 3491 94160, fax: +49 40 3491 95160

E-mail: fabian.hellbusch@union-investment.de

Internet: www.union-investment.com/realestate