

Commentary King Sturge

The Burgeoning Optimism Is Justified

The most recent findings of the monthly King Sturge Real Estate Economy index shows that the sentiment is generally upbeat, and that the actual situation is indeed turning around. The poll-based sentiment indicators gained again, some of them substantially, reaching peak values not seen since the Lehman Brothers crash. Moreover, the hard macroeconomic data suggest that the slow market recovery is continuing.

So the burgeoning optimism among market players appears to be justified. After all, the light at the end of tunnel is impossible to ignore anymore – even if we keep having to brace ourselves for further setbacks on the financial markets. We are not likely to see a swift upturn, least of all on the real estate investment market that was particularly impacted by the bank trouble, nor on the tenant markets that tend to lag behind the general economy.

Then again, the fact that the transaction market is gathering speed after a long period of reticence does inspire hope. The parameters on the real estate investment market are admittedly slow to improve, but they are improving, and noticeably so. For whatever it's worth, there have already been three major transactions to the tune of half a billion Euros during the first quarter.



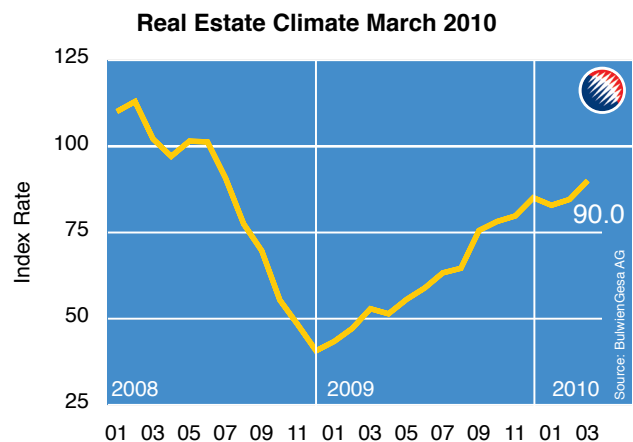

Kind regards,
Sascha Hettrich

Spring is in the Air for the Real Estate Industry

Just in time for the first days of spring, the sentiment among the polled real estate experts has brightened again. Whether the first rays of sunshine and its positive effects on the psyche or the upbeat mood underlying this year's MIPIM are to blame is anybody's guess. In any case, though, all of the important sub-indices rose, some of them substantially so. The same is true for the macroeconomic indicator, documenting the nascent relaxation of the economy on the basis of statistical data.

Real Estate Climate Hits Highest Level since August 2008

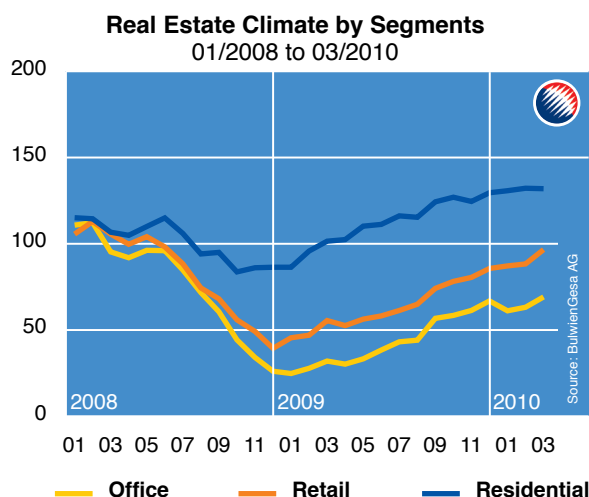
The sentiment among the 1,000 polled real estate experts made further gains in March after the lateral trend of the previous two months. Now at 90.0 index points, the Real Estate Climate increased by 6.5 percent and reached its highest level since August 2008. This month's driving factor was the Investment Climate, which rose by 8.5 percent and scored 103.4 index points. This brought the sub-indicator to its highest level since its introduction in January 2008. For the first time ever, experts with a positive view of the investment and acquisition opportunities outnumbered the sceptical experts. The Rental Income, too, definitively helped to boost the sentiment, even if it rose by just 4.1 percent to 77.2 points. Here,



the participating experts continue to see more negative than positive signs.

Office and Retail Climates are Brightening

The two climates for office and retail real estate,



respectively, manifested near-identical growth rates. While the Retail Climate is virtually balanced now, the basic trust in office real estate as an asset class has not been fully restored yet. As far as sentiment in the residential real estate segment goes, the apex appears to have been reached for the time being. The indicator levelled out around 132 index points, with marginal losses.

Real Estate Economic Situation Keeps Recovering

The macroeconomic indicator does not take seasonal changes into account, and reports hard economic facts

only. This month as previous months, the index continued its steady climb. Specifically, the Real Estate Economic Situation rose by 2.4 percent to 172.7 index points. This brings it more or less level with the status of July 2008. That said, the situation must still be deemed precarious because the worry over possible bank



failures or government bankruptcies will remain one of the definitive topics of 2010.

Index Values and Changes at a Glance

| | 02/10 | 03/10 | Δ (%) |
|------------------------------|-------|-------|-------|
| Real Estate Climate | 84.6 | 90.0 | 6.5 |
| Investment Climate | 95.3 | 103.4 | 8.5 |
| Rental Climate | 74.2 | 77.2 | 4.1 |
| Office Climate | 63.2 | 69.2 | 9.5 |
| Retail Climate | 88.3 | 96.6 | 9.4 |
| Residential Climate | 132.2 | 131.9 | -0.2 |
| RE Economic Situation | 168.7 | 172.7 | 2.4 |

LOCK FLAG

No publication of this information, be it whole or in part, before

Tuesday, March 30, 2010, 10:00 a.m.

Violation will be prosecuted and will lead to the exclusion from the panel

The next survey is scheduled for April 19 through 23, 2010.

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