

## Market Trends

Base rates remained on their historic low levels as the economic environment is still fragile and inflation within uncritical range. Increases are expected for late 2010.

Rising concerns regarding the financial stability of predominantly Southern European countries has been a significant topic recently. Whereas government bond yields of the leading western markets showed only little movement particularly Greek bond rate rose meanwhile sharply due a higher risk premium.

An increased cautiousness of investors led to a higher demand for Pfandbriefe which are classified as being less risky. Hence issuances remained on robust level and the realised yields tended slightly downwards with reduced spreads over swaps.

Generally funding for banks continues to be somewhat challenging. The CMBS market is still out of function and – as increasing defaults in the US market are expected – is likely to do so in the near term. Spreads declined further but still mark a very high level.

Terms and conditions for financing within the Euro zone are still restrictive but did not tighten further in recent months. In contrast US banks continued tightening their standards for real estate financing, whereas the dynamic lost momentum.

Indirect real estate investment suffered a setback in recent months. The closing of additional open ended funds and depreciations cause increasing cautiousness amongst investors. This is likely to impact liquidity and, thus, market activity of at least some funds negatively. Real estate stock indices experienced no further improvement recently, following a generally weaker stock market.

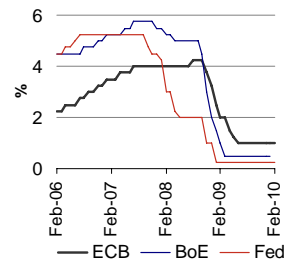
Supported by less negative expectations regarding the development of real estate market values the direct real estate investment market showed a moderate rise in transaction volumes, which, however, still mark very low levels and are dominated by core products in core markets.

## Capital Markets

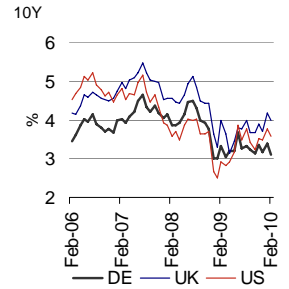
Q4 2009

### Benchmark Rates

#### Base Rates

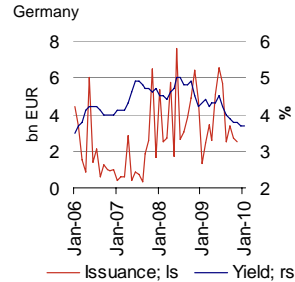


#### Government Bonds

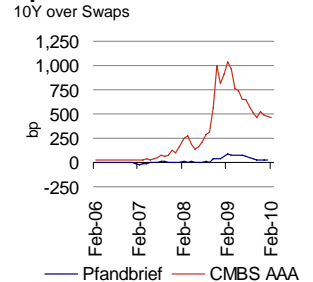


### Funding

#### Pfandbrief

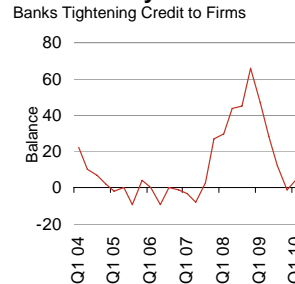


#### Spreads

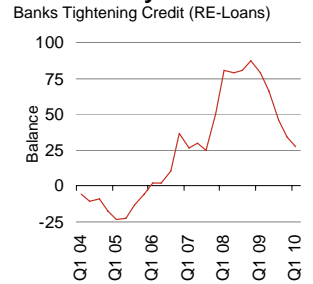


### Financing

#### Loan Survey – Euro-Zone

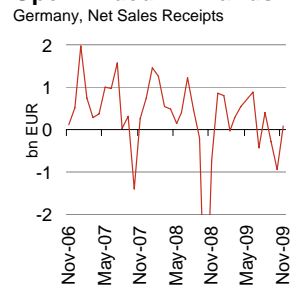


#### Loan Survey – US

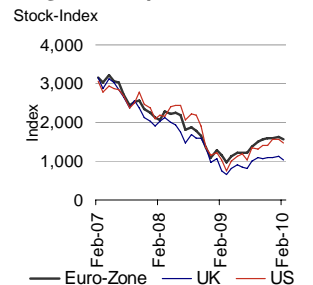


### Indirect CRE Investment

#### Open Ended RE-Funds

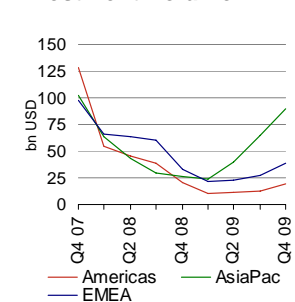


#### FTSE EPRA/NAREIT

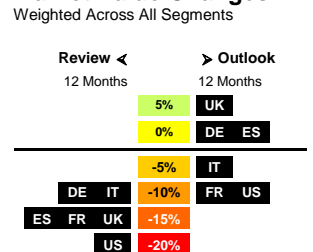


### Direct CRE Investment

#### Investment Volume



#### Market Value Changes



### GRM-CR-ABF-RAC Research

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