

## June 2007

### SDIC announces further investments to close first tranche

Speymill Deutsche Immobilien Company plc (AIM: SDIC; SDCC), has announced final investments to close commitments for the first tranche of funds raised ("the Original Portfolio"), highlights of which include:

- Residential properties in various German cities notarised (i.e. committed to be purchased) for a cumulative cash consideration of approximately €925.4m

- Expected initial net rental income (as at notarisation) of approximately €67.3m per annum

- Blended net initial property yield (as at notarisation) of 7.1%, anticipated to rise to 7.5% at the end of the period commencing 12 months after fully completed investments, property management takeover and completion of refurbishments.

The Company has notarised apartment blocks containing 16,955 units at an overall average price of €829 per square metre. There were approximately 1,277 vacant units at notarisation (circa 7.5% vacancy including units to be refurbished or redecorated prior to letting).

Over €26m is planned to be allocated for refurbishment of those properties currently notarised bringing the total anticipated investment in the Original Portfolio to approximately €951m. This refurbishment expenditure is expected to be yield and value enhancing.

After contract completion and when the properties have been taken over, refurbished and are fully under management for a suitable period, the Company will target a 95% overall occupancy rate (allowing for some natural vacancy and tenant fluctuation). It is envisaged that this target will be reached in the second year after takeover.

### C Share Update

In May 2007, the Company raised a second tranche of funding through the issue of C Shares for investment into a further portfolio of properties ("the C Share Portfolio"). The Company is currently evaluating, negotiating and performing due diligence on a new pipeline of properties for the C Share Portfolio.

The Company has also put in place arrangements in relation to the debt for the C Share Portfolio which the Manager anticipates will bring the average financing costs for the portfolio in line with its original objective of below 5%.

### German property sector update

#### Main commercial transactions in May/June 2007

- Commerz Grundbesitz-Spezialfondsgesellschaft (CGS), a subsidiary of Commerz Grundbesitz Group, has signed a deed for the Depot Sachsenhausen project development in Frankfurt/Main with an investment volume of €45m. Following its completion, scheduled for Q3 2008, the property will be added to the CGS Immo-Spezial institutional fund managed by CGS. The seller was Gesellschaft Depot Sachsenhausen, a joint venture of several project development companies.

- HSH Nordbank AG will finance GWB Immobilien AG's purchase of the 'Königspassage' shopping centre in Lübeck. The loan amounts to approximately €32m. The property has nearly 15,000m<sup>2</sup> of floor space and is the largest shopping mall in the centre of Lübeck.

- On 31 May 2007, Atenor Group sold its President A, B and C companies to the German investment fund Commerz Grundbesitz Investmentgesellschaft (CGI). Through the purchase, CGI has effectively obtained all the authorisations necessary for starting the construction work on the President property complex, which will include a total of approximately 30,000m<sup>2</sup> of office space and 330m<sup>2</sup> of retail space.

- CMC Capital, the Cork-based wealth management and property investment division of Crowley & McCarthy Chartered Accountants, has announced plans to invest a further €100m in German commercial property. The company plans to raise €20m of equity from Irish investors.

- Rankvale European Property Partners (REPP) has acquired the Seidnitz Centre in Dresden for €95m. The purchase represents the

third, and largest, of REPP's investments in Germany, following the acquisition of two new-built shopping centres in Bamberg and Berlin for a total of €47.5m.

- Prupim has entered into a commitment to purchase the development of new Lufthansa headquarters in Cologne. The seller was CommerzLeasing and Immobilien AG on behalf of the M&G European Property Fund. The completion is planned for the 4th quarter of 2007.

- Conwert Immobilien Invest AG has acquired a further real estate portfolio in Leipzig with 19 high-quality properties, thus continuing its strategy of expanding into East German cities with a strong infrastructure. The transaction volume of the most recent acquisition is €11.30m, while the total useable space approx. 15,000m<sup>2</sup>.

### Recent economic news

#### Stable inflation

Pan-German consumer prices rose a non-seasonally adjusted 0.2% mom in May. As a result, annual CPI inflation was stable at 1.9% yoy. The harmonised May HICP inflation rate also remained stable at 2.0% yoy.

#### Lower industrial production

German industrial production fell unexpectedly for the first month in six in April, led by a decline in construction. Output dropped a seasonally adjusted 2.3% from March, when it rose 0.2%. Construction output fell 2.9% in April, while manufacturing output declined 2.4%. On a two-month comparison, which smoothes out monthly volatility, industrial production declined 0.8%.

#### Higher retail sales

Retail sales in Germany in April marked the highest increase since December. Sales, adjusted for inflation and seasonal swings, rose 2.6% from March.

#### Stable unemployment

Germany's unemployment rate held at a six-year low in May as growth in Europe's largest economy encouraged companies to invest and hire. The jobless rate, adjusted for seasonal swings, stayed at 9.2% for the third straight month.

#### Lower ZEW index

The ZEW economic sentiment posted its first drop since November 2006 during June. The sentiment indicator eased to a reading of 20.3 in June, down from 24.0 in May.

#### Lower Ifo business climate index

The Ifo business climate index declined to 107.0 in June, down from 108.6 in May. This is the first decline recorded since February, bringing the index to the lowest reading since last November.

### Selected listed real estate companies (data as of close of 22 June 2007)

#### Residential (primarily)

**SDIC is the best performing stock (among selected companies below) since SDIC's launch on 17 March 2006**

Company	Ticker	Price	%Δ since March 17, 2006	%Δ ytd	Mkt Cap (€m)
Gagfah	GFJ GR	€16.37	-14%	-32%	3,683
Deutsche Wohnen	DWN GR	€41.80	-16%	-17%	773
Patrizia	P1Z GR	€13.90	-25%	-38%	725
Colonia Real Estate	KBU GR	€31.50	-22%	-11%	693
Vivacon	VIA GR	€30.64	-11%	+21%	592
Puma Brandenburg	PUMA LN	£1.11	+11%	+2%	314
TAG Tegernsee	TEG GR	€9.35	-1%	-2%	304
<b>Speymill Deutsche</b>	<b>SDIC LN</b>	<b>£1.16</b>	<b>+16%</b>	<b>+8%</b>	<b>300</b>
<b>Speymill Deutsche C-share</b>	<b>SDCC LN</b>	<b>€1.02</b>	<b>+2%*</b>	<b>+2%*</b>	<b>255</b>
Bau-Verein Hamburg	BVH GR	€5.32	+4%	-11%	124
Franconofurt	FFM GR	€11.71	+6%	+6%	103

\*since 10 May 2007

Speymill Deutsche Immobilien Company plc (AIM: SDIC, SDCC) is a pan-German residential property investment company which listed on AIM on March 2006, raising £170m on admission. In May 2007, the Company raised a further €250m through a placing of C Shares which were admitted to trading on AIM on 10 May 2007. The Company's objective is to provide Shareholders with an attractive level of income together with the prospect for long-term capital growth. The Manager is Speymill Property Managers Limited and the Investment Adviser is GOAL Service GmbH. The Manager and Investment Adviser are responsible for identifying new investment opportunities. The Manager is a subsidiary of Speymill Group Plc (AIM: SYG) while the Investment Adviser is a joint venture partner of Speymill Group Plc (which owns 51% of the venture).

### Commercial/Mixed

Company	Ticker	Price	%Δ since March 17, 2006	%Δ ytd	Mkt Cap (€m)
IVG	IVG GR	€28.12	+16%	-18%	3,262
Eurocastle	EUI1 GR	€34.10	+3%	-12%	2,167
ORCO	ORC FP	€119.27	+37%	+19%	1,217
Deutsche EuroShop	DEQ GR	€53.18	-5%	-7%	914
Dawnay Day Treveria	DTR LN	€1.14	-9%	-11%	811
DIC Asset	DAZ GR	€25.93	+6%	-15%	739
Develica Deutschland	DDE LN	€1.06	+6%	+11%	265
Deutsche Land	DLD LN	£0.85	+21%	+7%	258
IMW Immobilien	GARY GR	€20.00	+90%	+26%	164

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