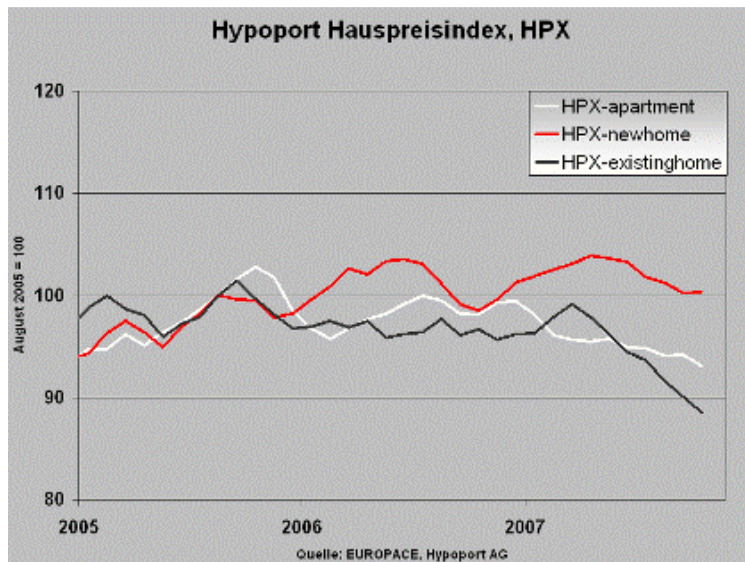




## Latest HPX October 2007 German house price index

### House prices largely stable

### New homes across the country and apartments in Berlin still popular



Berlin, 15 October 2007 – The monthly HPX total index was 281.8 points in October, equivalent to a decline of about 1 percent compared with September's figure. Year-on-year, the index has dropped by 3.8 percent. House prices are continuing to weaken slightly throughout the country. Existing single-family and two-family homes are again accounting for the lion's share of this decline (-1.8%).

By contrast, new single-family and two-family homes have demonstrated strong price stability and prices have increased, significantly in some cases, in prime, sought-after locations in cities and major towns. Prices for existing apartments have weakened again slightly. This applies across the country, with the

exception of Berlin. Domestic and foreign investors continue to show strong interest in such investments in the capital. Uwe Glismann, Regional Director East of Freie Hypo confirms: "And they are investing up to 40% of their own capital, which is unusual."

### October analysis:

Loan to mortgage bank values have shown scarcely any change over the course of the year. Demand has, however, declined slightly for loan quotas in excess of 100%. Variations involving variable or fixed unscheduled amortisation showed just as little change, as did the average amortisation rates. One resp. two percent continue to be agreed in three-quarters of all mortgage contracts, with customers focusing, above all, on paying off their mortgages during their lifetime.

Average volumes remain unchanged at about 150,000 euros, with half of all approved mortgages ranging within the classic bandwidth of 100,000 to 200,000 euros. The number of smaller and larger mortgages is about equal.

Fixed interest periods are also being handled democratically by both banks and customers: 10, 20 or 30 years, anything is possible.

**CONCLUSION:** Developments on the international financial (sub-prime) markets again did not prompt German and European banks to take an altered or stricter stance on mortgage approvals in October. The number of approved mortgages did not change over the period under review and has remained stable, with the EUROPACE platform recording some 6,750 transactions with a volume in excess of one billion euros per month. This is equivalent to about 10 percent of the overall market, making it the largest market share to be transacted via a marketplace.

**We expect this house price trend to continue up to the end of the year.**



	<i>Total</i>	<i>New home</i>	<i>Existing home</i>	<i>Apartment</i>
<b>Oktober 07</b>				
Monthly index	281,8	100,2	88,5	93,1
Monthly index, last month	284,5	100,2	90,1	94,2
Monthly change	-0,9%	0,0%	-1,8%	-1,2%
Monthly change, last month	-0,9%	-1,1%	-1,6%	0,1%
3-monthly change	-2,9%	-1,5%	-5,5%	-1,9%
3-monthly change, last month	-2,7%	-2,9%	-4,6%	-0,7%
Annual change, y/y	-3,8%	1,8%	-8,3%	-4,9%
Annual change, y/y, last month	-2,8%	1,3%	-6,1%	-3,8%

### Detailed analysis of the indices

#### **Slightly declining: Existing apartments**

Apartment prices (HPX-apartment) dropped by 1.2 percent compared with the previous month, and are currently at 93.1 points. The average purchasing price is 139,000 euros and the average living space is 84 square metres. By quarterly comparison, apartment prices declined by 1.9 percent, and year-on-year (October 2006) by about 5 percent overall.

#### **Declining: Existing detached single-family and two-family homes**

Compared with the previous month, the value of existing houses (HPX-existinghome) declined by 1.8 percent – from 90.1 to an index value of 88.5 points; year-on-year, they have declined by 8.3 percent. The average land area is 409 square metres. The average purchasing price has dropped to about 185,500 euros.

#### **Stable: New detached single-family and two-family homes**

Compared with the previous month, the HPX-newhome index value showed no change and again recorded 100.2 points. Year-on-year, the prices of new homes have increased by 1.8 percent. The average land area is 462 square metres, the average living space is 123 square metres and the average purchasing price is currently 217,000 euros.

Refinancing loans and mortgages for purchase or construction accounted for 50% each of all approved mortgages over the period under review.

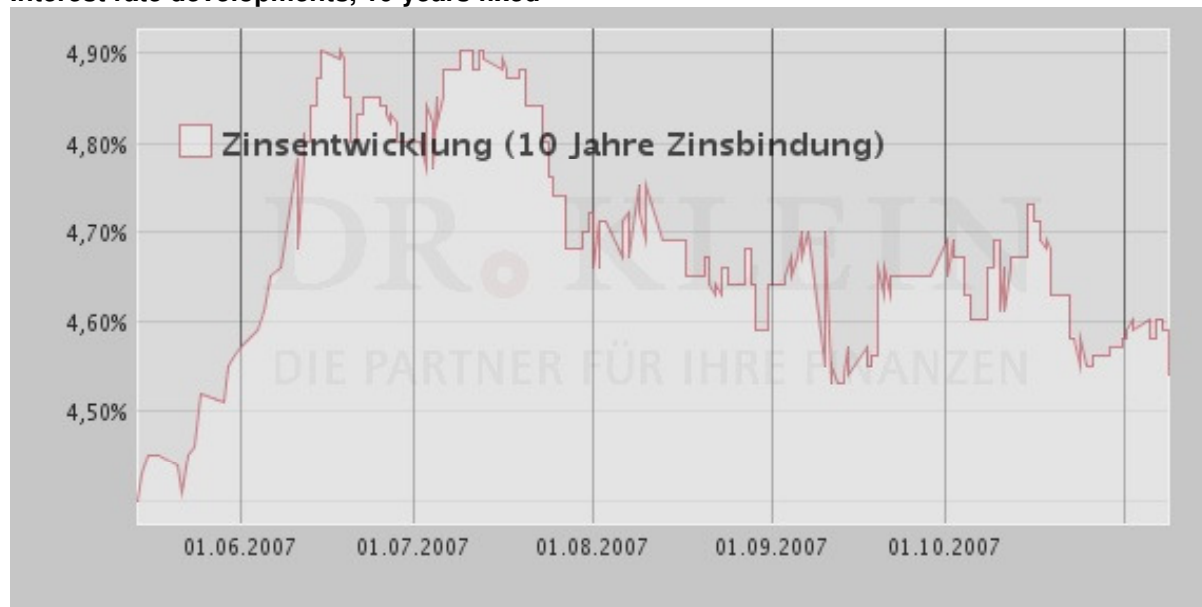




### Building permits halved

According to the Federal Statistics Office, building permits were issued for 40,600 apartments in Germany between January and March 2007, 48.7% or 38,600 apartments less than in the same period the previous year.

### Interest rate developments, 10 years fixed



(Source: Dr. Klein, a Hypoport AG company)

#### Contact

Please address any further queries to:

Karen Niederstadt  
Group Communications Director

Hypoport AG  
Klosterstrasse 71  
10179 Berlin  
Tel. +49 (0)30 42 08 6 - 1930  
Fax +49 (0)30 42 08 6 - 1939  
Mob. +49 (0)172 30 88 221  
karen.niederstadt@hypoport.de  
www.hypoport.de/presse.html

#### Disclaimer

This publication does not constitute an offer to sell or a solicitation of an offer to buy or subscribe for any securities. No offer of securities of HYPOPORT AG is being, or will be, made to the public outside Germany. A prospective offer in Germany would be made exclusively by means of a securities prospectus to be published and filed with the Bundesanstalt für Finanzdienstleistungsaufsicht. Such securities prospectus would at the appropriate time made available free of charge at the offices of HYPOPORT AG and at the offices of the underwriting banks. This publication and the information contained therein is not for distribution or publication, neither directly nor indirectly, in or into the United States of America, Canada, Australia or Japan.

This publication does not constitute an offer for sale of any securities into the United States. Securities, including any shares of HYPOPORT AG in the course of a prospective offer, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act of 1933 as amended (the "Securities Act")) unless they are registered under the Securities Act or exempt from registration. Neither HYPOPORT AG nor any potential selling shareholders intend to register a prospective offer, or any part thereof, in the United States or to make a public offer of securities in the United States.

