

Press release

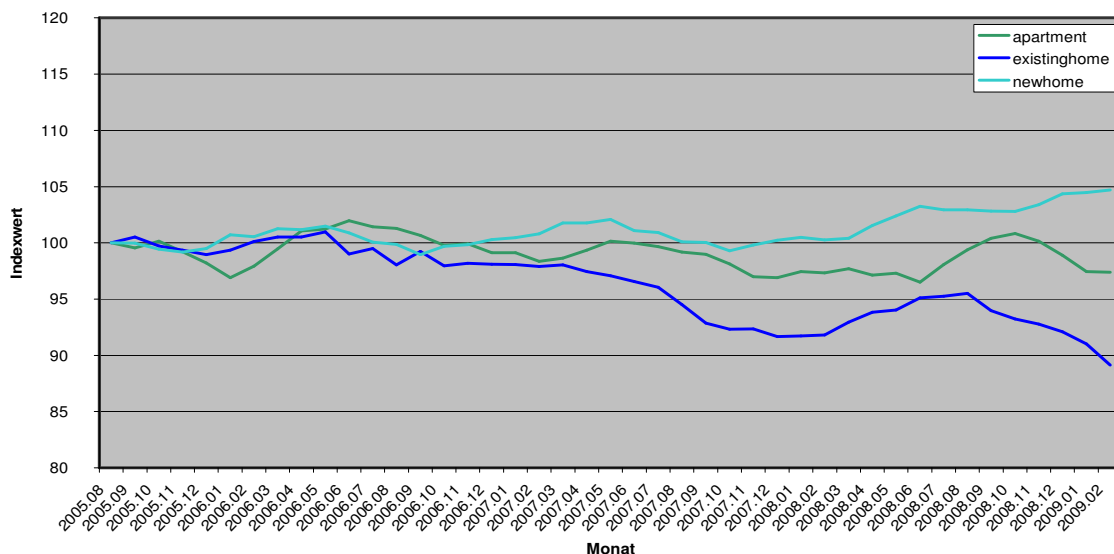
Real estate

Hedonic house price index February 2009, issued by Hypoport AG

Berlin, 13 March 2009: Various factors influencing the cost of building have pushed the index for new homes to an all-time high. Prices for apartments have remained stable. The declining prices for existing homes pushed the total index down once again in February. The loss is, however, smaller than in previous months. The total index can be expected to stabilise in light of the fact that demand for existing homes and prices for new homes will both demonstrate an upward trend in the future. Anyone who is thinking of building a house should not wait any longer.

The HPX indices in summary:

HPX-hedonic - Indizes für Deutschland



Quelle: EUROPACE, Hypoport AG

Assessment and forecast:

Overall, the index weakened again slightly in February. Both the consistent increases in prices for new homes and the stabilisation of apartment prices are, however, increasingly propping up the index against the declining prices for existing homes. In the case of new homes: Prices will continue to rise in the future. Construction technology is increasingly gaining in complexity and ecological guidelines for residential construction are becoming more stringent. Government-funded infrastructure projects are, moreover, supporting the construction industry – which works with very small margins anyway.

Vorstand:
 Prof. Dr. Thomas Kretschmar (Co-CEO),
 Ronald Slabke (Co-CEO),
 Marco Kisperth, Thilo Wiegand

Aufsichtsrat:
 Dr. Ottheinz Jung-Senssfelder (Vors.),
 Jochen Althoff (stellv. Vors.),
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The currently low levels of inflation, which are pushing down prices, will probably only be transitory. All of these factors will result in higher construction costs in the future. Quite apart from rising manufacturing costs, the cost of capital can also be expected to increase. In light of historically low interest rates, in particular, Prof. Dr. Thomas Kretschmar, Co-CEO at Hypoport AG, advises: "Anyone who is thinking of building should take advantage of the favourable situation that is currently prevailing". But it is not just house construction that is benefiting from low interest rates. Now is also the time to buy and finance existing homes cheaply. Anyone who waits for prices to drop even further may run the risk of interest rate hikes in the meantime and, possibly, increased renovation costs outweighing any benefit gained from lower prices. Why? Here, again, the cost of capital will increase and building regulations will become more stringent – maybe not immediately but definitely over the coming months. Extensive risk considerations are also having a visibly positive impact on the German real estate market, above and beyond any cost issues. Demand for secure existing property, which is already increasing, is clearly raising the appeal of real estate, especially in Germany's major cities, such as Munich, Hamburg and Berlin.

The HPX indices in detail:

Declining: Total index

| | |
|---------------|--------|
| February 2009 | 291.19 |
| January 2009 | 292.92 |
| December 2008 | 295.28 |

In February, the total index dipped by 0.59 percent to its current level of 291.19 points. This decline is, however, a good 0.2 percent less than that witnessed in January 2009. Compared with the same month last year, the index is still 0.62 percent ahead.

Stable: Prices for apartments ("apartments")

| | |
|---------------|-------|
| February 2009 | 97.38 |
| January 2009 | 97.45 |
| December 2008 | 98.87 |

Apartment prices remained stable in February. The index is currently recording a level of 97.38 points, which is slightly below the figure for January (-0.07 percent) and slightly above the figure for February last year (+0.07 percent; February 2008: 97.21 points). Apart from the changes witnessed at the start of the year (January 2009: year-on-year decline of 0.01 percent), the index has consistently outperformed in terms of year-on-year comparison since August 2008.

Increasing: Prices for new single-family and two-family homes ("new homes")

| | |
|---------------|--------|
| February 2009 | 104.70 |
| January 2009 | 104.46 |
| December 2008 | 104.34 |

In February, the index for new homes continued the upward trend witnessed over the past four months. At a current level of 104.7 points, the index has gained 0.23 percent over January (January 2009: 204.46 points). The slight increase witnessed in January 2009 (0.12 percent) virtually doubled in February. The 4.43 percent difference by year-on-year comparison (February 2008: 100.6 points) represents the largest difference witnessed since inception of the index. Over the past nine months, all index values have, moreover, increased by at least 2 percent in year-on-year comparison.

Strongly declining: Prices for existing single-family and two-family homes ("existing homes")

| | |
|---------------|-------|
| February 2009 | 89.11 |
| January 2009 | 91.01 |
| December 2008 | 92.07 |

Prices for existing homes dropped by 2.03 percent in February. Between August 2008 and December 2008, the index increased repeatedly by year-on-year comparison, whereas first January 2009 and then February 2009 both posted losses compared with the same months last year. At 89.11 points, the index has currently dropped 2.94 percent by year-on-year comparison.

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Method of calculating the hedonic HPX indices

The house price indices are based on actual transaction data obtained from the EUROPACE platform and are compiled by Hypoport AG on a monthly basis. Hypoport AG operates the EUROPACE platform as Germany's only independent marketplace. EUROPACE now processes some ten percent of all private mortgage transactions in Germany. The total index represents the average aggregate of the individual indices. More information on how the hedonic index is calculated can be obtained from <http://www.hypoport.de/indizes.html>

About Hypoport AG

Hypoport Group is an internet-based all-round financial services provider based in Berlin. The Group employs more than 450 people. The company has been listed in the Prime Standard on Deutsche Börse since the end of 2007. Its business model consists of two reciprocally beneficial pillars – the sale of financial products (Dr. Klein & Co. AG) and the provision of a platform for transacting financial products via the internet.



Hypoport operates the EUROPACE B2B financial marketplace, which is the largest German online platform for transacting financing products. A fully integrated system links more than 30 banks with several thousand financial advisors, thus enabling the quick and direct agreement of contracts. The platform's highly automated processes generate considerable cost benefits. Nowadays, EUROPACE processes some 400 financing transactions every day. Hypoport AG publishes the monthly house price index (HPX) based on real transaction data.

A list of the banks and service providers that use the platform can be found at <http://www.hypoport.de/partner.html>. The Annual Report 2007 is available for download at <http://www.hypoport.de/publikationen.html>.

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