

Press release

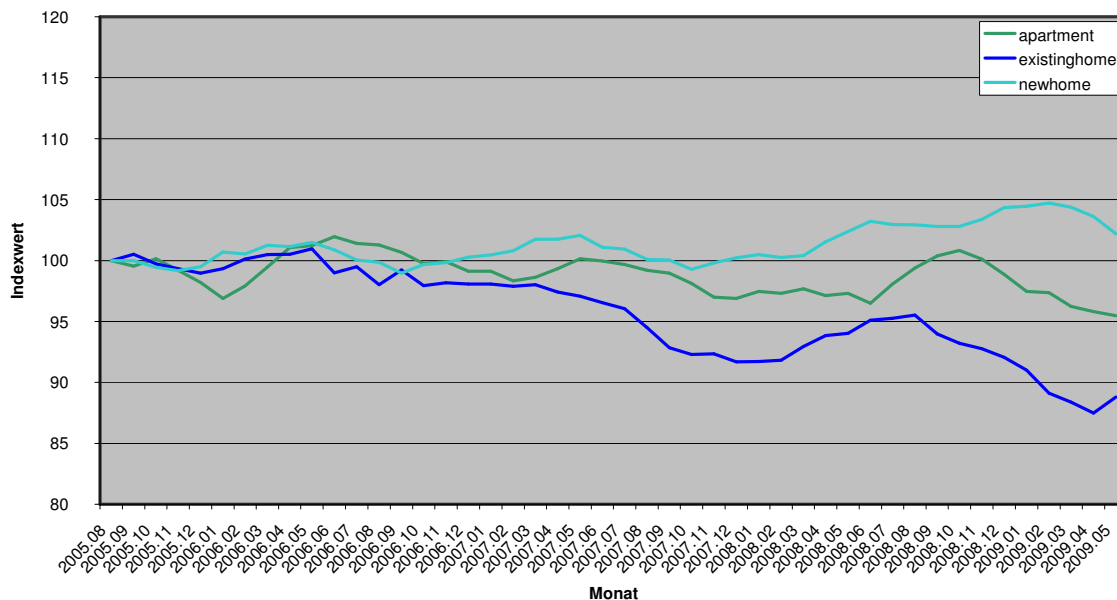
Real Estate

Hedonic house price index issued by Hypoport AG: May 2009

Berlin, 19 June 2009: The total index declined slightly in May. Declining prices for new homes were the reason behind this development last month. By contrast, the index for existing homes reversed its downward trend and increased by 1.5 percent. Prices for apartments are also stabilising, partially as a result of the positive expectations for the economy and the relatively good position of the German real estate market by international comparison, although this is not yet reflected in the index. Prices for new homes can be expected to further decline slightly over the coming month, while existing homes and apartments will demonstrate a tendency to stabilise or will show a slight increase.

The HPX indices in summary:

HPX-hedonic - Indizes für Deutschland



Quelle: EUROPACE, Hypoport AG

Assessment and forecast:

Some of the variable indicators reflecting the state of the German economy improved last month, although it is still too soon to talk about a reversal of the trend: numerous stocks and, with them, the DAX, interest rates for government bonds, probably the inflation rate and definitely the prices for existing homes. This increase is by no means comparable with the changes being witnessed on the American house market. Since house prices in this country have never been pushed to such heights

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by speculative dealing nor dropped to such low levels as panic sets in, the price movements on the German market are still to this day much more contained. The uncertainty that has dominated recent months seems to have been replaced by a mood of cautious positivism. This is also reflected in the prices for apartments: the slight increase in May is not yet visible as the weighted index still includes the very weak month of March. By July at the latest, however, this index should also be showing clear improvements. New homes are the only sector that is witnessing a downward price trend. This is being caused by two different effects: the uncertainty that has prevailed in recent months coupled with seasonal effects - a factor also witnessed in past years - are resulting in construction activities being postponed. Since the seasonal reticence is a temporary issue, the factors that are pushing down prices for new homes can be expected to ease their pressure slightly when autumn comes.

The HPX indices in detail:

Slightly declining: Total index

May 2009	286.49
April 2009	286.93
March 2009	288.99

The total index is currently at a level of 286.49 points, equivalent to a decline of 0.15 percent compared with April (April 2009: 286.93). This is the lowest month-on-month decline posted by the index since last October (the index in October 2008 was 0.12 percent lower, compared with the previous month). The stabilisation is due to an increase in the prices for existing homes coupled with a moderate decrease in the prices for apartments. The total index was adversely affected, above all, by prices for new homes in May. As such, the index underperformed its previous year's figures for the third consecutive month (total index May 2008: 293.7).

Slightly declining: Prices for apartments ("apartments")

May 2009	95.47
April 2009	95.81
March 2009	96.24

Prices for apartments again decreased slightly in May – although the decline was less severe than that witnessed in previous months. Following a decline of 0.35 percent compared with the previous month (April 2009: 95.81) the index is currently at 95.47 points. As such, prices for apartments are still 1.88 percent above the value witnessed this time last year. Extrapolations based on existing data point to a stabilisation of this figure for June.

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

May 2009	102.21
April 2009	103.63
March 2009	104.38

In May, prices for new single-family and two-family homes declined by 1.37 percent to their current level of 102.21 points. As such, the index has dropped slightly (by 0.17 percent) below the level witnessed last year (May 2008: 102.39 points) for the first time since April 2008.

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

May 2009	88.81
April 2009	87.49
March 2009	88.37

The index for existing homes increased by 1.51 percent in May to its current level of 88.81 points. By year-on-year comparison, the index is therefore 5.54 percent lower than the level posted in May 2008 (94.01 points). This level of increase is not expected to continue into June, although existing data do point to a stabilisation of prices.

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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 2008 is available for download at <http://www.hypoport.de/publikationen.html>.

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