



Performance Report
2005

Perspectives.

Taking a closer look at our last year's figures, you will surely recognize that we have broadened our range of vision by adding some new perspectives. Looking at things from different angles had an extremely positive effect on our results. Our sincerest thanks go to our clients and employees.

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LHI Leasing GmbH/LHI Leasing Polska Sp. z o.o.

- Structured Finance for companies and investors
- Leasing and rent structures
- Accompanying services
- Strategic real estate analysis
- Asset management and administration of third-party SPCs

LHI Real Estate Management GmbH

- Construction management
- Building contractor
- Property development

LHI at a glance	1998	1999	2000	2001	2002	2003	2004	2005
Managed assets*	9.2	10.8	11.6	12.9	15.1	16.3	18.1	18.9
New business*	1.5	2.1	2.5	2.6	1.4	1.1	1.8	1.3
Number of employees	135	164	188	209	246	271	263	230
Companies under management	930	994	1,017	1,052	1,330	1,436	1,589	1,528

LHI Key Balance Sheet Figures

Capital development incl. reserves and profit brought forward**	34.2	37.1	45.5	54.9	57.8	53.8	55.3	58.5
Financial assets and investments**	18.2	16.4	18.0	21.0	23.8	20.7	15.4	18.3
Earnings before taxes**	8.8	11.7	14.4	19.0	13.8	13.4	1.0 ***	7.5

* in billion € ** in million € *** Phased deferral of dividend payments from investment companies

The ability to look at the same thing from several different angles does not only place one in an exposed position but it also directs one's vision to all important qualities. These lead inevitably to success.

Benefit.

There really is only one kind of benefit which leads to ambitious goals worth striving for; which is in equal measure lasting, valuable and meaningful: the customer's benefit.

Ladies and gentlemen,

We are very happy to be able to present to you today LHI's 2005 Performance Report.

Last year was full of entrepreneurial challenges matched by a business environment subject to continuous change. LHI was able to face these challenges with success. Which is why we can report to you again this year an absolutely peak performance.

LHI feels not only responsible for assets of almost EURO 18.9 billion it administers. It sees itself today as an arranger: we design structured finance models for companies and investors. What makes us special is the fact that we get both sides of an investment to sit down together. Our structures not only take account of the needs of both categories of customer on the assets side as well as on the liabilities side of a project but go on to optimise these.

Last year we also used the communicative power of this ability and declared it the formula for our success: **> LHI. More Perspectives <**

More perspectives for companies which, in addition to classical leasing solutions, increasingly use our skills in designing complex financial transactions which do not affect the balance sheet – and, should this be desired, conform with IFRS and as a rule have a fixed-price option. This product is still unique on the market as far as we are aware. We incorporate investors' capital in our operate-lease designs which constitute an innovative and attractive investment medium for investors. At the same time we increasingly design rental models which are largely divorced from traditional leasing concepts.

More perspectives also for private and institutional investors who last year entrusted us with equity of EURO 600 million. Investors who have chosen LHI fund products in order to invest in models oriented towards security with attractive income opportunities and a return which matches the risk. We are happy that in 2005 too we were able to live up to this ambition with our funds.

Thus, we were able by the middle of the year to successfully place the real estate fund Focus with an office building in Warsaw. This foreign real estate fund was followed by the TechnologiePark in Cologne, a major

German real estate portfolio consisting of seven office buildings which was offered in two tranches. The first tranche in the form of a stake in a limited partnership has already been placed. In 2006 our investors can also look forward to a first-class office building in Luxembourg which we will put on the market as a publicly-offered fund.

In the funds sector the year 2005 was dominated by media funds. As one of the most experienced suppliers in this market segment, we began very early with the design of a television production fund. We followed up our previous successes with Kaledo I and II with the successful introduction of Kaledo III. Since this was almost without competition on the market, we were once more able to considerably out-perform the major success of the predecessor: by 10.11.2005 more than 5,500 investors had subscribed to Kaledo III. The equity acquired of EURO 350 million makes it LHI's largest publicly-offered fund.

We asked ourselves at the end of this highly successful year what accounts for our success. We came up with a very simple answer: quality. Because it is only when we get the quality right that you as companies and investors continue to give us your trust in the future.

LHI currently has 230 employees who all, each in his own position, stand for just that. For quality. For skilled, secure and unique solutions which reflect what you are looking for. Over the past 33 years this quality pledge has made LHI into that which it is today. We will be happy to continue to live up to this claim in the future.

Our LHI Performance Report examines the subject of quality from a number of different perspectives. One or more of which perspectives will hopefully bring added value to you too.

We hope you will enjoy reading the report.

The Board of Management

Oliver Porr

Robert Soethe





> Passion

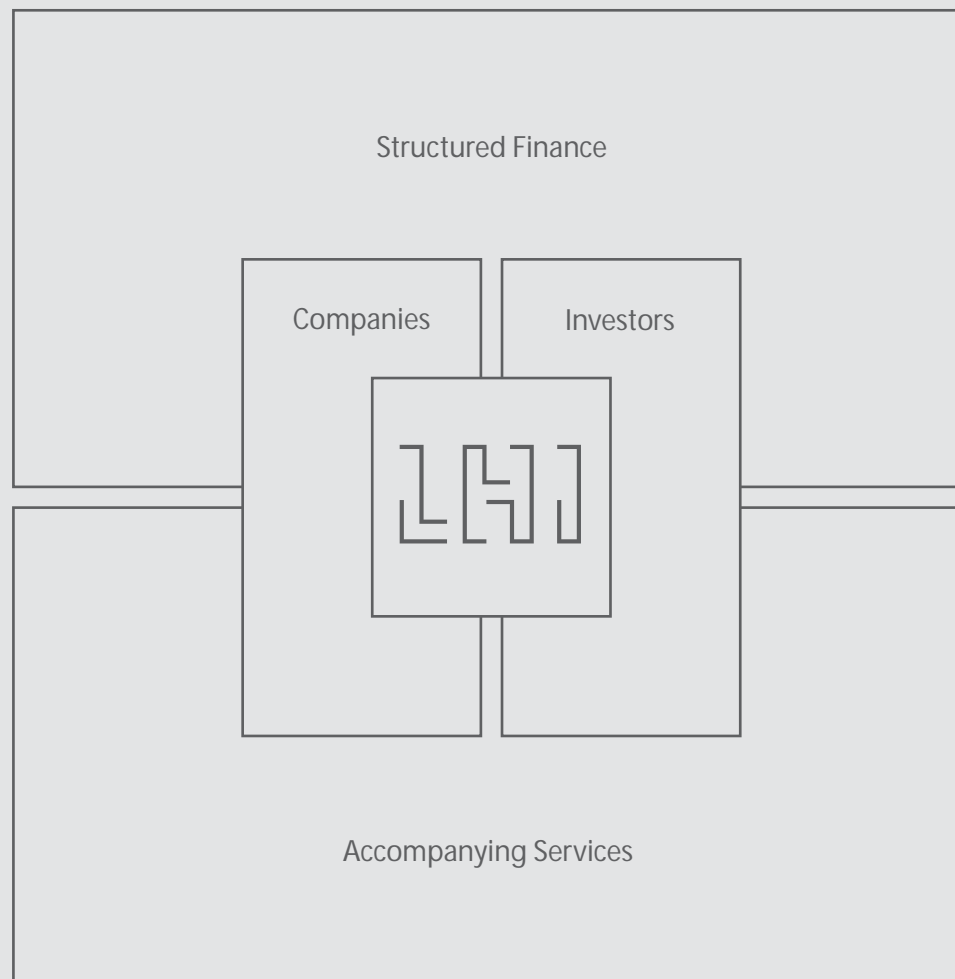
Professor Jürgen Rose. Opera director and stage designer.

Responsible for outstanding productions at the Bavarian State Opera in Munich which have given Germany an international reputation as a cultural centre.

Opera is one of the most complex cultural events. Acting, scenery, choreography, music, orchestra, choir, singing and dancing are all brought together on one stage. Always with the same goal: to let lightness of touch triumph over complexity throughout the whole production. It all seems so easy. But it is in fact anything but that. We feel, using this imagery, that outstanding structured finance is produced in a similar way. All the parameters of macroeconomics, microeconomics, the legal environment through to tax law have to be combined on the stage of design to produce an extraordinary result for companies and investors. This is certainly the origin of the great respect many of us have for the opera. How do they do it, time and time again? The only thing that makes it possible is passion.

Secure.

Our concepts are intended to securely fulfil the customer's needs, simply, quickly and as directly as possible. Nothing is easier when you have once found the right way.



Superior.

“Think carefully before you act”. And obviously things are no different with us. The goal of thought and action is always the same – the “deal” with the best results for all concerned. But how we achieve this changes every time. Because the parameters which have to be taken into account are never the same and are changing constantly. The only thing which remains constant for us too is change. It isn't enough just to know this, you have to recognise and steer the changes.

We are an able partner to our customers in a variety of situations. We have a long-established reputation as real estate specialist. From this base we have developed into an arranger of all kinds of structured finance. An arranger who is the master of all disciplines: real estate leasing, purchase and rental. Structures similar to leasing for companies. Closed publicly-offered funds and private placements for investors. It doesn't matter whether this is on the German or on some foreign market.

The accompanying services Real Estate Management, Asset Management and Strategic Real Estate Analysis all complement neatly our range of services. So that we offer our clients the all-round service and quality they expect.

Influence.

We always set our sights firmly on all parameters of a transaction. These include a few which appear less important to some or are even unknown to them. Not to us. It is not just that we are fully aware of all variables, but also that we bring them to bear in successful concepts. Because knowing something is very different from actually being able to do it. Thankfully we are on top of both.

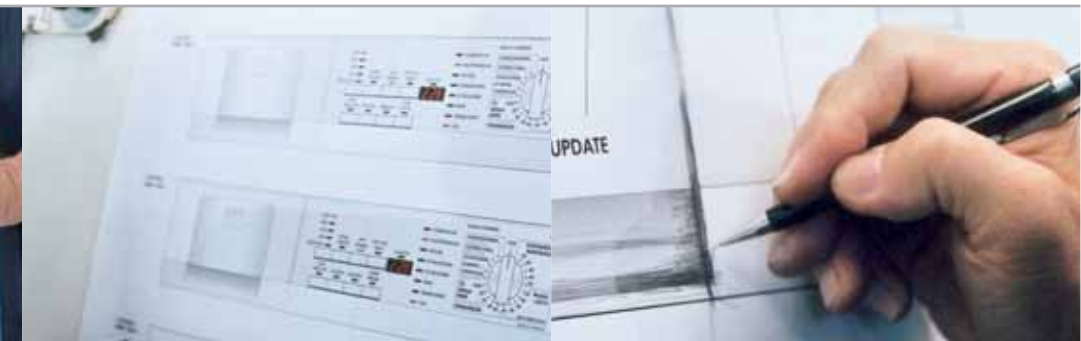
Every deal is a black box to start with. We analyse. From this we derive a need. We set off as soon as this is confirmed by the customer: then we look at the basic conditions and identify risks and opportunities. And combine all aspects, which bring us to the desired objective, together in such a way that a solid structure emerges from it. In doing this our highly qualified employees consider all legal, fiscal, timing, geographic, financial and accounting aspects.

Further players come onto the field: banks, properties, capital, owners, owners of rights who must also be selected and integrated in the best possible manner. As the responsible arranger of structured finance who must take account of the interests of both sides of the balance sheet, we know that only an extraordinary good concept has extraordinarily good chances of success. Nothing else ever brought us to our goal.

Result.

Every concept has a goal and must achieve this equally in each of two ways. The figures must deliver a rational confirmation of the basic conditions: that's it. And ultimately the result must convince emotionally: that's it.

We are where we are because we have obviously been able during the last 33 years to go on convincing. Why? Because we are always responsible. Every concept is also a matter of capital and reputation, but is above all about our customers. Entrepreneur and investor sit at the same table in our operation. Our concepts must make sense to both sides. And since all parties are sensibly linked in our operation, our structures deliver what they promise: a good deal for all involved.



> Functionality

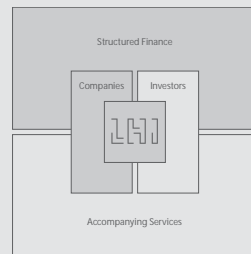
Hans Strohmeier. Designer.

Hans Strohmeier is an industrial designer of Electrolux who has been honoured with many prizes and whose work has helped many brands and their appliances to achieve a new and valuable standing.

Design which has the power to generate enthusiasm doesn't just have to convince at first sight but this impression must also be confirmed when it comes to using the object. That is the very fine line between what is just a good idea and something which is really well done. For this, the orientation towards the relevant customer benefit is extremely helpful. Our situation is no different when we are called upon to think about domestic or international real estates and to create new designs in the form of leasing, purchase, rental or similar-to-leasing structures. We are only really happy with any of these designs when the customer expresses his enthusiasm to us: "It's fantastic how it works." That gives us a very good feeling, too.

Variable.

The real estate as part of the fixed assets has from a financial point of view become mobile. The constantly changing environment demands high flexibility. We know at any time and in any place what is best for you: leasing, purchase or rental. With good reason! Since we ourselves manage over 1,500 SPCs.



Our services

- Optimisation and structuring of both the assets and the liabilities side of investments in
 - Real estate
 - Movable assets
 - Intangible assets
- Operate-lease structures with a fixed-price option
- Acquisition of properties and real estate portfolios at attractive conditions

Your benefits

- Cost benefits at start-up and during the use phase
- Optimal cash flow management and strengthening of liquidity
- Improvement of important profitability and balance sheet ratios
- Variable participations in the risk and opportunity profile of an investment

On target.

Lease. Purchase. Rent. We bring all possible structures and, if that's how it has to be, also all structures so far considered impossible to the point which exactly fulfils your entrepreneurial interests. We can do this because we can look at, determine and influence all essential parameters which bring us together onto the most direct route to the goals you have set.

Clarity.

Lease? Purchase? Rent? Seven answers further on and we are both already on the right track – you in your decision-making and we in the clear analysis of a recommendation. Are you mainly concerned with optimising the investment and transaction costs? How far do you want to be involved in the financing? Which effects on important balance sheet ratios are you seeking to achieve? Which effects on your company's rating? Would you like to achieve a fine-tuning of future cash flows? Which profit and loss account development suits you best? What share of the investment's risk and opportunity profile would you like? We develop for you from these seven questions a qualitative and quantitative decision-matrix. Which does not just make it easy for you to make the right decision but above all creates clarity in all essential aspects.

Renowned.

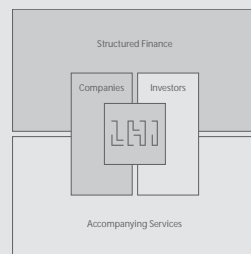
It is true that one does not like talking either about age or about money. But we ought to make an exception in this particular case. So that you can simply and quickly obtain an exact picture of who we are. Together with our 190 employees in Munich, we design and structure everything for you surrounding individual properties and complete portfolios. We have been doing this now for 33 years. Over time a stock of approximately 1,000 properties has been built up throughout Germany. This corresponds to a total investment amount of EURO 18.9 billion. That makes on average EURO 18.9 million per property. This figure ought to make clear that we can also think and act in large numbers.

Groundbreaking.

It is not without some pride that we like reporting most about the things which we have done which were considerably ahead of their time. Thus, we were the first to implement leasing structures with a fixed-price option at the end of the lease term in conformity with IFRS and US-GAAP. Not to forget buy-and-lease structures by means of a share-deal, operate-lease structures and our rent and investment solutions. Equally our so-called IQ-Leasing for medium-sized companies is an absolute pioneer as a new and simple form of real estate leasing. This is a position which we gladly assumed and which we will continue to expand. For that could be just the reason why our customers have become so attached to us over 33 years. And one ought not to change good habits. Particularly when they are so successful for all concerned.

Established.

The aim is to be established in those countries we believe to be important. To be known, popular and accepted. We are more likely to achieve this because we do not rule the roost at great distance from the local territory but have established responsibility on the spot. We are simply a lot closer to things abroad, too.



Our services

Russian Federation

- Excellent network for: acquisition of land, project development, construction partners, legal and tax advice
- Support from A to Z during the construction phase
- Transparent, individualised leasing structure
- Off-balance sheet financing in accordance with Russian and international accounting standards
- Administration of special purpose companies

Your benefits

- Tax optimisation through accelerated depreciation up to a threefold factor
- Reduction of taxes on profits and assets
- Optimal conditions for long-term financing
- Congruency of lease and credit terms
- Intelligent financing instrument ("Pay as you earn")
- Increase in working capital
- Clear separation of operational business activities from the administration of real estate

Our services

Poland

- Leasing (operate-lease and finance-lease)
- Structured finance
- External property administration
- Commercial facility management
- Funds

Your benefits

- Improvement of equity ratio and EBITDA
- Reduction of tax rate
- Improved or constant rating in conformity with Basle II
- Optimisation of company value
- Improvements in liquidity
- Optimisation of return on fixed assets
- Optimisation of transaction costs
- Cost benefits

International.

Our concepts are recognised on the international stage. Accordingly, our clients also see us as skilled partners in the development of leasing structures abroad. This was also the case before 1995. But in that year we founded our first foreign affiliate: LHI Leasing Polska. Since that time the company is market leader there in the field of real estate leasing. Our engagements in the Russian Federation, the USA, the Netherlands, Switzerland, Austria and Luxembourg are equally successful. Because we stay with our client both abroad and on the domestic market. No matter in which direction the business takes us, success is sure to be our travelling companion.

Familiar.

LHI Leasing Polska: thoroughly familiar with the country, its people, politics, banks, economy, legislation, companies, tax law, markets. And everything else which one has to know in order to be successful. A country which is part of the expansion of the EU and is moving at breakneck speed to share the prosperity and the standards of Western Europe. The areas where we have particular skills are property, individual buildings, big-ticket movable assets and real estate portfolios. What we offer is real estate leasing, purchase or rental. Come and see us in Poland and we will ensure that your trip has a lasting effect and will be highly successful. We are familiar not just with the market but also with success. LHI Leasing Polska is the leading supplier of real estate leasing in Poland. Expressed in figures, this means: a real estate stock of EURO 1.1 billion in more than 100 special purpose companies. In the field of real estate the new and modern face of Poland also shows our imprint.

Ambitious.

We are following equally ambitious goals with our involvement in the Russian Federation. We are convinced that, due to the advantages offered to companies investing in this strongly expanding market, real estate leasing will be a success story in Russia, too. We offer our clients with our services a variety of benefits: as a result of many years of pioneer work we have built up an extensive network of established brokers, property acquirers, project developers, construction companies, finance partners as well as tax and legal advisers. Thus we are able to offer our clients the very best support during all the phases of the investment process. In addition, Russian tax law offers the opportunity, solely for leasing models, of accelerated depreciation of fixed assets up to a factor of three. This results in a considerable reduction of the burden of taxes on income and assets; the economic advantage is in the double-digit percentage area. Based on our experience you will not be entering uncharted territory in the Russian Federation but will from the very outset have a skilled partner at your side.

Forward-looking.

Our international engagements are driven chiefly by two requirements. The first is that our clients intend to expand internationally. And would rather have us at their side in doing this. The second is that structures in conformity with IFRS and US-GAAP also have a high standing abroad. For that reason crossing borders was and is not only profitable for all companies and investors involved but also forward-looking. Because we are not strangers on these markets but have been involved in them for years.



> Personality

Peter Benedek. Master violin maker.

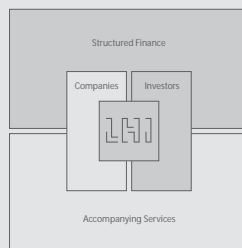
Peter Benedek is one of the best-known and sought-after master violin makers.

He makes instruments for many renowned soloists from countries throughout the world.

Each of the violins is a completely self-contained personality. Seen from the outside one could be fooled into thinking that they were as alike as two peas in a pod. You would be wrong. A composition made up of craftsmanship and material, experience and innovation, time and place. All these factors influence the finished instrument. We are dealing every time with an individual. Just like our publicly-offered funds and private placements. Although they all have in common that they have fulfilled completely the investors' trust, they are each fully self-contained personalities. This way of looking at things is the decisive factor in our series of successes. Because every fund and every private placement is an instrument for the fulfilment of investors' objectives. Something we want and can achieve time and time again. Or how does 100 % sound to you?

Reliable.

Just to do something well once is not enough for us. We have to date fulfilled this ambition 19 times. And also in the future we will leave no stone unturned in order to be able to regard the 100 % fulfilment of our investors' trust as our benchmark. We believe that this is above all what you would wish.



Handelsblatt (03/2005)

fondstelegramm
(08/2005)

Capital (08/2005)

Süddeutsche Zeitung
(10/2005)

TechnologiePark Köln

"Top marks for the real estate location Cologne"

"Reliable fund with 2 different investment alternatives ... the result ... a properly conceived investment offer"

"An interesting offer which reacts to the difficult market situation with a special risk option"

"The Munich initiator LHI is basing its current TechnologiePark Köln fund on seven office buildings ... the main tenant is Daimler-Chrysler AG. Further major tenants are the Federal Administration Office, GAG Immobilien AG and the Ford Bank"

Objectivity.

Investors and business partners want to and should profit equally from our funds. That is why our structures win support not by making big promises, but because we deliver 100 % fulfilment of investor trust. Anyone who is as concerned with security as we are cannot stand out by virtue of quantity, but simply and solely through quality. Thus, we have only managed to introduce 19 funds during the last twelve years. But at the same time have gained over 17,000 satisfied investors. Or as we like to say: quantity is a relative term, quality isn't.

Class.

LHI designs similar-to-leasing real estate funds, media funds and return funds. The assets embrace all types from movable assets (aeroplanes), real estate (domestic and foreign), renewable energies (wind power plants), intangible assets (films) through to financing products (Euro Bonds). We always give considerable attention beforehand to what we offer investors. This has helped us to win over roughly EURO 1.2 billion equity so far. As we have already said: everything we do is not just well thought-out, but is above all solidly constructed – on the safe side.

Niveau.

We have from the very beginning placed our main emphasis on quality. Human as well as professional. Because we want to generate the maximum success for all requirements simultaneously. Which in our case also always reflects the most diverse interests. "Achieve things together" is a motto which has the highest priority at LHI, because companies, investors and ourselves are all in the same boat. The goals are always set at a high level: 100 % fulfilment of investor trust, a concept which is in every case tailor-made and the absolute priority of qualitative over quantitative aspects. This is the only way to find the best common denominator for all concerned.

Transparency.

We not only acquire investors but we stay with them continuously during the full term of the investment. This is an argument why most investors, having once tried LHI, come to LHI again and even end up always coming to LHI. The transparency of all details is as important to us as the proximity to our investors. The way we look after investors is further evidence that in pursuit of quality we do not depart an inch from our policy. We are always there, even when the signature has long dried. The investor therefore knows exactly where he is over the whole term of the fund.

fondstelegramm
(07/2005)

Der Fonds (07/2005)

Capital (07/2005)

Kaledo III

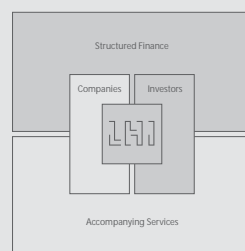
"... an investment offer with extensive safeguards both for all royalty fees and for the costs of production. All in all therefore the achievement of the forecast return appears likely"

"The media fund Kaledo III of the initiator LHI is a good choice for investors most concerned with security"

"Film funds: protection from risk built in"

Skill.

Everything which makes private placement something special has a lot to do with skill. The ability and the willingness to completely master a subject, especially when one looks carefully at all the facets of this challenge, seems almost impossible. But only seems like.



Our services

Financing projects

Real estate

- Domestic
- Foreign
- Portfolio transactions

Intangible assets

- Films
- Rights
- Insurance policies

Movable assets

- Renewable energies
- Low-value assets
- Aircraft

Investments in companies

- Mezzanine funds
- Private-equity funds
- Asset-backed equity
- Project finance
- Infrastructure finance

Your benefits

- High return
- High security
- Rapid return flows of capital
- Income tax optimisation
- Capital tax optimisation
- Monetary investments of lasting value as part of old-age provision
- Cash flow oriented capital assets with long-term secure payment flows
- Eligibility of assets for investment in premium reserve stock

Valuable.

Our long-standing and well-established customers know that the word “valuable” has relatively little to do with capital. Much more relevant are aspects such as experience, discretion, partnership, trust, reliability and responsibility. Thus, it is mainly values which cannot be purchased with money which are crucial for successful private placement. These include confidence in the ability to move capital in order either to maintain it or to increase it.

Trust.

Trust has at EURO 3.4 billion been high until now. This is exactly the investment volume of the private placements so far realised. This figure cannot of course express the proportion of transactions which have exceeded our clients’ expectations. The proportion of follow-up transactions which our private placement clients carry out with us tells the whole story: it is very high. From this we can conclude that there is a huge reservoir of trust.

Grown.

The greatest capital we possess is the trust of our private investors, family offices, trusts and institutional investors. It cannot be overlooked how immensely this has grown over the years and through transactions. It has grown with a fine sense of proportion in accordance with our own high degree of sensibility and our very own sense of what is essential. And it has certainly grown too because we were always focussed on clients’ main needs and remain so.

Challenge.

The key feature of LHI private placement is: it arises from current needs which the market indicates to us. We have our sights concentrated, entirely in the clients’ interests, on all the key market parameters. This enables us always to react quickly and with foresight. But we can only adapt to your requirements when we know exactly what they are. Because it would be unthinkable for us to try to satisfy your needs with ready-made “off-the-peg” solutions. Thus, we try at the right time to select for you the very best from a widely-diversified range of assets and in this way to create products which are exactly suited to your requirements.

Welcome.

Not only capital from within Germany is looking for a safe haven but also capital from abroad is on the look-out for attractive conditions in Germany. What could be more appropriate than to get into conversation and into business with someone who is not only at home here but also has an excellent name internationally in the field of private placements. Because it is always better if someone knows their way around, both in the subject matter and in the location.



> Precision

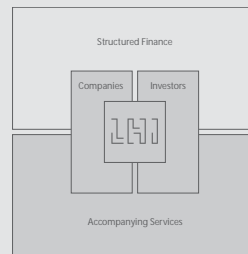
Hans-Jürgen Bielchen. Master clock-maker.

Excelling in the finest craftsmanship in the domain of clock-making. His skills have contributed to a most impressive success story in the newly-formed German states.

A clock is a clock. It tells the time for us. So far, so good. But there are signs of the times which go far beyond this aspect without changing the core benefit. On the contrary, they fulfil this benefit with a precision which is sure to call for our admiration. Because only a few people are privileged to be able to create such a technical achievement in such a small space. And this is just where the link to our accompanying services comes in. Our words for time are Real Estate Management, Strategic Real Estate Analysis and Asset Management. This covers a range of services which can stand comparison with the masterpiece of the workings of a clock. But, obviously, only when it has our three initials: LHI.

Sound.

The key thing when building is to achieve everything the participants hope to gain from the project. Which is not easy, because it is sometimes a very long journey from having an idea to finally handing over the keys. That is why it is always important to plan, to decide and act soundly. Because only the end product counts.



Our services

- Construction management
- Property development
- Ready-to-use construction

Your benefits

- Quality
- Cost-effectiveness
- Secure deadlines
- One-stop-shop
- Investment security

Agile.

The demands made on a building are constantly changing. Concepts, architecture, technology, building materials, use, legislation, investor, location and many more things regularly change the value and the appearance of a building. On top of that, the property becomes ever more mobile with regard to how it is shown in the balance sheet. Due to our close involvement with these subjects over many years, our knowledge is always up to date. We are part of this rapid development on a number of major building projects for well-known clients.

Ambitious.

The expectations are thus not only always the highest but are as varied as they are multi-layered. One has to be agile in this situation. In both how one thinks and how one acts. That is why we are always a few steps ahead of developments with our solutions. The fact that our services are frequently used again and again is an indication of our customers' loyalty.

The range of services we offer is extensive: it includes, in addition to the concentration on all the phases of a building's life, all the peripheral aspects surrounding a real estate project. From the development of the property and close co-ordination with the financing structure right through to the handover of the project in a ready-to-use condition to you: our client!

Methodical.

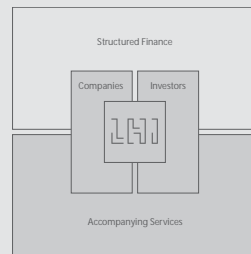
The way we do business is transparent. Our easy-to-use planning model gives you at all times a very clear picture. We therefore distinguish three building phases: planning, realisation and completion. All intermediate steps within these three phases are structured in such a way that maximum certainty in achieving goals is always the prime consideration. Maximum certainty in achieving the goals as regards costs, deadlines and quality. This clearly-structured method of doing business offers you the desired information in every planning phase. So no surprises can occur. Because we aim at retaining the clients' loyalty for a long time.

Reliable.

The optimum benefit and the maximum added value of a property always occupy centre stage. For your interests are also our interests. You want long-term security. And the comforting feeling that your property assets are well invested. In LHI you have someone of a like mind upon whom you can always rely. Because none of our many clients over the last few decades would have been satisfied with anything less. Rightly so, which is why they are with us.

In good time.

The time comes when one either wants to find out something about every property, or must do this. Aspects of which we are aware and those about which we are so far unaware. How comforting it is to have a strategic real estate analysis tool available in good time and fully prepared for anything.



Our services

- Portfolio analyses
- Developments in portfolio strategy
- Portfolio realisation
- Property rating
- Analyses of markets and locations
- Valuations

Your benefits

- Increased transparency
- Clear basis for decision-making
- Contribution of the property to the company's results can be measured
- Possibility to act instead of simply react

Strategic Real Estate Analysis (SIA).

The most important and useful experiences are those we make ourselves. We have sole responsibility for more than 1,500 special purpose companies. It was therefore obvious that, in our own entrepreneurial aspirations, in fulfilling customer expectations and in day-to-day competition, we should always want to be well ahead of developments in the field of real estate. So that when we talk about strategic real estate analysis we are not talking about pipe-dreams but about SIA, a guaranteed success in the present. Which can make life easier for you and for your real estate in the here and now. And we and our customers are testimony to how well this works.

Sensitive Real Estate Analysis.

Something which really helps you should not simply tell you what you already know. But what you really ought to know. SIA reveals everything which has to be done. Your real estate projects and/or portfolios are under constant and thorough analysis from all angles. Nothing is better for keeping the mind free for potential, opportunities but also for risks. That is why the benefits you receive from SIA are so obvious: an effective strategic real estate analysis and development tool which always leaves you the option to decide in favour of what is right and better. Continuous property rating which always and everywhere brings you right up to date. It is also a useful tool for analysing markets and locations so that you are never dependent on hearsay but can always immediately argue with hard facts. And of course an exact evaluation of all properties in accordance with national and international standardised procedures in order to have the value potential constantly in view.

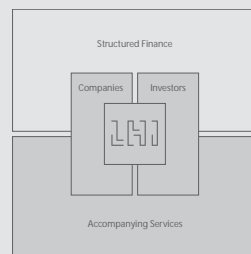
Systematic Real Estate Analysis.

REALYS[®] answers your needs in the field of real estate analysis: our Real Estate Analyzing System. With this tool everything about our extensive stock of properties – whether individual real estate or the whole portfolio – works like clockwork. A system which manages without overblown theoretical promises. But can deliver a practical sense of achievement.

Apart from real estate itself, all the adjacent areas are becoming increasingly mobile: purchase, sale, leasing, buy-back value, part sales, acquisitions, legal valuation, inheritances, conveyancing, change of tenants and much more. Each single aspect giving sufficient reason always to keep on top of things. For in the future a lot of things will no longer happen with monotonous regularity, but change from one minute to the next. And everyone who in this situation still has to find the right file could be on the losing side. Everyone having facts at their fingertips on the winning side.

Reliable.

Everyone says that what they really want in the field of asset management is reliability. People want everything to keep on running ... and running and running ... Our aim is to meet this desire in everything to do with real estate – 24 hours a day and 7 days a week.



Our services

Asset

- Accounting
- Company law
- Tax management
- Annual financial statements
- Administration of third-party SPCs through the Asset Management GmbH

Your benefits

- Relief from time-consuming negotiations
- Concentration on core competences

Our services

Insurance brokers

- Property insurance for movable assets and real estate
- Insurance of management risks (D&O- and E&O insurance policies)
- Advice on risk management in all matters of commercial insurance

Your benefits

- Transparent processing of your commercial risks as regards insurance
- Comprehensive advice on all questions you have on commercial insurance
- Sharing the attractive terms and conditions of framework agreements agreed between LHI Versicherungsmakler GmbH and well-known insurance companies

A wealth of experience.

When we speak of asset management then we really know what we are talking about: because LHI currently manages at home and abroad a stock of properties worth almost EURO 19 billion in more than 1,500 special purpose companies. We offer these skills not only to our own leasing clients but also to third-parties. Within the LHI Group the interests of third-party special purpose companies are looked after by LHI Asset Management GmbH and client projects by the "Clients and Projects" department of LHI Leasing GmbH. The quality of service is in both cases identical: high. Exactly as you have grown to expect from LHI during the last 33 years.

A question of practice.

The welfare of a property is influenced by innumerable parameters. The name of the game is to keep them all in mind and to shape them. Rely on us when it comes to contract administration, accounting, tax management and company administration. And have the secure feeling of having placed your property in the right hands, in experienced hands. Because there is nothing that we do not take into account. That really goes without saying, given the number of contracts we handle.

A perfect team.

Security is particularly close to our hearts. That is why a joint venture with Kompakt Assekuranzmakler GmbH resulted in the foundation of LHI Versicherungsmakler GmbH. This company has put down another quality milestone in everything to do with its key skills – the insurance of real estate and movable assets.

LHI Versicherungsmakler GmbH is responsible for all insurance matters within the LHI Group and covers its risks on the insurance market. LHI Versicherungsmakler takes care of the total asset portfolio of EURO 18.9 billion. Our modern IT-tool supports our clients in all matters concerning commercial insurance.

A joint venture from which all those involved can only benefit. Whether in the form of knowledge transfer, the quality of advice given, improved conditions or a provision of security which is much closer to day-to-day realities.



> Courage

Dr. Corinna Thierolf. Museum curator.

She successfully proves as the curator of the famous Pinakothek der Moderne in Munich that with courage it is possible to change ways of looking at things and thereby to set new standards.

Success and that which has proved successful can tempt one into going round in circles. Only courage looks behind that which is everyday. It is therefore of enormous value to develop a way of constantly looking at things in a new way. One does not always have to discover something new, rather than the right thing in its present moment in time and to bring it to the public. Art is the essence of its time of origin. Art helps to question existing conditions and to optimise them. It stimulates our minds and confronts with the unexpected. One needs courage to face the unexpected. And this opens up new scopes for development and new perspectives. This is equally true of our structures: they answer to individual issues of a particular time. This is our perspective and therefore, our concepts will be successful again and again.

Quality.

Top quality for clients and investors is the leitmotif which has dominated all of LHI's activities since 1973. A great deal has changed but the key features of this quality have stayed the same the whole time. The LHI Group's success has thus been based on firm foundations for the last 33 years.



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| <p>1973 LHI Leasing GmbH
Foundation (50 % Norddeutsche Landesbank, 50 % Dr. Matthias Schmitt)</p> <p>1979 Berliner Bank AG acquires 80 % of Dr. Matthias Schmitt's shares</p> <p>1981 First investor model, closed-end fund</p> <p>1983 10th anniversary of LHI Leasing GmbH
Property stock exceeds DM 1 billion, valued at cost of acquisition</p> <p>1986 LHI finances its first building with a value exceeding DM 100 million total investment cost</p> <p>1988 LHI Real Estate Management GmbH begins operations</p> <p>1989 Annual new business volume in the real estate sector for the first time exceeds DM 1 billion</p> <p>1991 First big deal abroad (Spain)
Completion of the first leasing properties in former East Germany</p> <p>1993 20th anniversary of LHI Leasing GmbH
Private placement of an administrative building in Berlin with total investment cost of EURO 145 million</p> | <p>1994 First publicly-offered real estate fund</p> <p>1995 LHI Leasing Polska Sp. z o.o.
Foundation</p> <p>1997 Investment solutions in Austria
First publicly-offered aircraft fund
Entry into construction management activities</p> <p>1999 First publicly-offered film fund</p> <p>2000 Investment solutions in Switzerland</p> <p>2001 Development of practicable structures in conformity with IFRS and US-GAAP</p> <p>2003 30th anniversary of LHI Leasing GmbH
First publicly-offered renewable energy fund
Property-rating service (SIA)</p> <p>2004 New ownership structure:
100 % Norddeutsche Landesbank Group
Leasing structures in conformity with IFRS of over EURO 700 million total investment cost</p> <p>2005 10th anniversary of LHI Leasing Polska Sp. z o.o.
Introduction of the IQ-Leasing product for medium-sized companies
LHI takes over a large trading portfolio in its own building stock, structures it and places it with an investor</p> |
|---|--|

Profitable. Every year shows anew how close we were to our clients. How close to their interests, needs and wishes. And how we have provided our clients with some positive surprises. With ideas which have decisively advanced their interests. The LHI Group's results show very clearly that we could not have been closer. Everyone profited. Our clients, on both the assets and on the liabilities side of investment financing. And last but not least, we ourselves. Thus, this year again, our profitability was all a question of proximity.

Lasting. Business sector Structured Finance: Once more in this the 33rd year of its existence, LHI Leasing GmbH has achieved a great success against the overall trend of the market. Which makes this success all the greater. One can recognise this amongst other things in the considerable recognition LHI's IFRS-models have received from the market. We were also able to successfully place lessors' funds with investors. Given the general concentration in the market on an ever decreasing number of deals but of ever increasing size, we as a company are not only up with the leaders but set the pattern. The trend is moving from finance-lease to operate-lease structures. Our new structures will also ensure that there will always be a fair balance of risks and chances on all levels.

Secure. Business sector Funds: a series of successes. The television production fund Kaledo in its third edition grew to become LHI's largest publicly-offered fund. Expressed in figures, by 10.11.2005 Kaledo III had gained over 5,500 investors and had reached a volume of EURO 350 million. Investors may, moreover, look forward in 2006 to an office building in Luxembourg as a publicly-offered fund. And the placement of the second tranche of the TechnologiePark real estate fund in Cologne.

Reliable. LHI Real Estate Management GmbH has played on its strengths. Orders from the automotive, local authority and hotel industries were successfully booked in the construction management division. The successful development of the last few years was continued in the facility management sector too. This convincing success was rounded off in the building promotion, consulting and real estate development sectors.

Routine. LHI SIA: The strategic real estate analysis tool continues its highly successful development. Or as we prefer to say: highly profitable. The advantages of a uniquely transparent portfolio monitoring system have not only convinced us but ever more clients, too. Clients who were previously not our clients now increasingly enthuse over something which for us has become a matter of routine.

Suitable. Asset management has gladly adapted itself to an increased stock of EURO 18.9 billion. Thus, asset management completes our fully integrated range of structured finance services. For what begins as a concept turns out to be a lasting commitment to provide a service for which there is nothing comparable on the market.

Responsible. Versicherungsmakler GmbH: responsibility is not just passed to us, but we also face up to it. It was with this in mind that we set up a joint venture with the insurance experts Kompakt Assekuranzmakler GmbH on 01.04.2005. Our intention in doing this was to create a professional insurance management agency for own use and also for our clients.

Continuous. LHI Leasing Polska had two reasons to celebrate in 2005. Both of them can be traced back to our continuous involvement: firstly, the company's tenth anniversary and secondly a stock of approximately 100 special purpose companies with a total value of EURO 1.1 billion. In addition, a few attractive projects were acquired. Good prospects for 2006.

Simple. We are flattered by the impression. That this year the group simply turned in convincing results again. For only what seems absolutely simple to us and to our clients can completely convince. We will therefore in future concentrate our quality ever more on this point: benefit. For the quality of our structured finance models must suit one party above all others: you. Something which sounds so simple can at the same time be so extremely complex.

Fast. We long ago integrated speed into all our processes. Time is the most valuable thing we can offer our clients. And the time we gain for our clients is just as valuable. Thus, a faster analysis, a faster reaction to clients' requirements and an equally fast implementation of a well thought-out structured finance model are an absolute necessity. The one who moves fastest always reaches the goal first. Except that in the meantime this has become considerably more important.

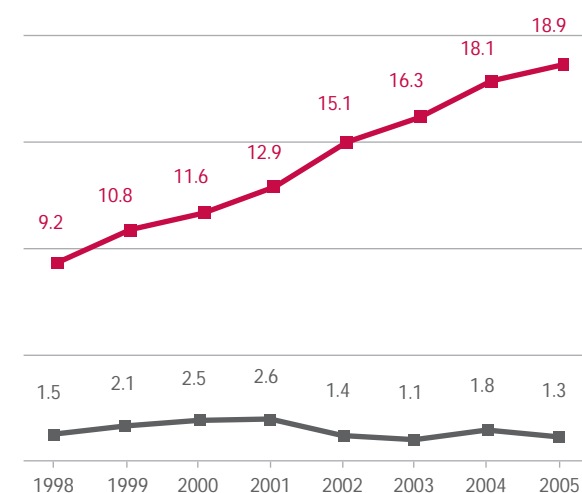
Assets	31.12.2005	2004
	TEURO	TEURO
A. Uncalled subscribed capital	12,782	12,782
B. Fixed assets		
I. Intangible assets	363	427
II. Tangible assets	1,786	2,722
III. Financial assets	18,262	15,516
	20,411	18,665
C. Current assets		
I. Claims and other assets		
1. Trade debtors	1,699	4,357
2. Amounts owed by group undertakings	50	1,511
3. Amounts owed by undertakings in which the company has a participating interest	52,476	5,388
4. Other assets	22,016	40,459
	76,241	51,715
II. Cash at bank and in hand	1,877	4
D. Accrued income	76	129
	111,387	83,295

Liabilities	31.12.2005	2004
	TEURO	TEURO
A. Equity capital		
I. Called-up capital	40,000	40,000
II. Revenue reserves	5,113	0
III. Retained Earnings	13,393	15,308
	58,506	55,308
B. Accruals		
1. Accruals for pensions	3,531	3,273
2. Accruals for taxation	4,437	6,990
3. Other accruals	11,027	12,975
	18,995	23,238
C. Liabilities		
1. Bank loans	15,000	18
2. Trade creditors	796	1,520
3. Group undertakings	4	3
4. Undertakings in which the company has a participating interest	1,552	2,425
5. Other liabilities	15,879	525
	33,231	4,491
D. Deferred income	655	258
	111,387	83,295

Profit and Loss Account	2005	2004
	TEURO	TEURO
1. Turnover	7,590	10,682
2. Other operating income	36,937	41,136
3. Charges for services	13,024	13,182
4. Personnel costs		
a) Salaries	15,181	17,825
b) Social contributions and expenses for staff pensions	2,950	3,631
5. Depreciation on fixed assets	1,312	1,058
6. Other operating expenses	13,961	23,289
7. Income from participating interests	8,644	4,347
8. Income from profit transfer agreements	181	3,318
9. Other interest receivable and similar income	738	552
10. Charges from loss absorption	121	0
11. Interests payable and similar charges	27	61
12. Profit or loss on ordinary activities	7,514	989
13. Tax on extraordinary profit or loss	-402	-538
14. Other taxes not shown under the above items	118	44
15. Net income	7,798	1,483
16. Retained earnings brought forward	9,195	13,825
17. Interim dividend	3,600	0
18. Retained earnings	13,393	15,308

LHI's Development

■ Assets under administration in Germany and Poland (bn EUR)
■ New business (bn EUR)



■ Companies served by LHI
■ Number of employees

