

# **Non-binding translation**

Auditor's opinion

Annual financial statement as at December 31,  
2008 with management report

RREEF Management GmbH Eschborn,  
Germany

<b>Assets</b>			12/31/2007
	€	€	
<b>A. Fixed assets</b>			
I. Intangible assets			
Licenses and similar rights and values	0.00	158.06	
II. Tangible assets			
1. Buildings on external sites	19,230.25	515,649.22	
2. Fixtures and fittings	369,263.08	493,244.59	
	388,493.33	1,008,893.81	
III. Financial assets			
1. Shares in affiliated companies	60,071,656.21	69,904,232.47	
2. Holdings	133,312.74	133,312.74	
3. Fixed asset securities	14,877,955.50	15,515,293.28	
	75,082,924.45	85,552,838.49	
	<b>75,471,417.78</b>	<b>86,561,890.36</b>	
<b>B. Current assets</b>			
I. Receivables and other assets			
1. Receivables from deliveries and services	124,928.41	2,433,454.51	
2. Receivables from affiliated companies	127,314,273.06	131,892,628.12	
3. Receivables from companies, in which participating interests are held	187,398.80	3,186,431.53	
4. Shareholding in project companies [Projektgesellschaften]	10,562,449.17	10,343,220.10	
5. Other assets	6,282,465.86	6,534,976.93	
	<b>144,471,515.30</b>	<b>54,390,711.19</b>	
<b>C. Prepayments and accrued income</b>			
	<b>26,147.06</b>	<b>20,320.39</b>	
<b>Total assets</b>	<b>219,969,080.14</b>	<b>240,972,921.94</b>	
Trust assets	70,711,978.29	71,522,633.57	

Balance sheet as at December 31, 2008

	Liabilities	
	€	12/31/2007 €
<b>A. Equity capital</b>		
1. Subscribed capital	7,500,000.00	7,500,000.00
II. Capital reserves	81,789,478.90	81,789,478.90
III. Retained earnings	33,408,646.81	33,408,646.81
	122,698,125.71	122,698,125.71
<b>B. Provisions</b>		
1. Provisions for pensions and similar obligations	11,384,302.00	12,278,888.00
2. Tax reserves	3,520,000.00	0.00
3. Other provisions	39,568,743.30	33,410,857.06
	54,473,045.31	45,689,745.06
<b>C. Liabilities</b>		
1. Liabilities relating to financial institutions	5,654,364.24	5,790,866.30
2. Liabilities relating to deliveries and services	19,574.42	215,442.55
3. Liabilities relating to affiliated companies	35,428,105.21	64,731,813.53
4. Other liabilities	1,482,966.22	1,616,247.07
	42,585,010.09	72,354,369.45
<b>D.. Prepayments and accrued income</b>	212,899.04	230,681.72
<b>Total liabilities</b>	<b>219,969,080.14</b>	<b>240,972,921.94</b>
Trust obligations	70,711,978.29	71,522,633.57
Contingent liabilities	29,080,075.88	43,787,700.53

**RREEF Management GmbH, Eschborn, Germany**

**Income statement for the period  
January 1 to December 31, 2008**

			2007
	€	€	€
1. Sales revenue		24,181,175.17	29,769,714.50
2. Reduction of existing real estate including completed construction work		0.00	-250,000.00
3. Other operating income		7,881,544.88	10,513,986.80
4. Expenditure for purchased services		1,622,793.48	2,033,693.57
5. Personnel costs			
a) Wages and salaries	9,406,369.03		10,379,789.97
b) Social security contributions and expenditure for pension schemes and support	<u>2,538,384.84</u>	11,944,753.87	1,888,632.58
- of which the following corresponded to pension schemes €1,368,719.18 (€819,963.91 in previous year)			
6. Depreciation:			
a) on intangible assets of fixed assets and tangible assets	642,453.99		720,332.60
b) on assets of current assets, provided that these exceed the usual depreciation in the corporation	<u>0.00</u>	642,453.99	1,379,492.40
7. Other operating expenditure		22,650,213.95	27,879,612.32
8. Earnings from			
a) Holdings	7,475,247.93		11,705,136.41
- of which the following corresponded to affiliated companies €7,468,338.87 (€86,170.82 in previous year)			
b) Profit-transfer agreements	<u>6,166,849.35</u>	13,642,097.28	30,154,630.58
- of which the following corresponded to affiliated companies €6,166,849.35 (€30,154,630.58 in previous year)			
9. Revenue from other fixed-asset securities		710,542.84	905,885.23
- of which the following corresponded to affiliated companies €0.00 (€0.00 in previous year)			
10. Other interest and similar revenues		4,998,775.86	5,286,715.02
- of which the following corresponded to affiliated companies €4,700,128.44 (€2,850,738.63 in previous year)			
11. Depreciation of financial assets		1,647,427.60	2,871,795.77
12. Interest and similar expenditure		2,532,373.33	2,832,422.47
- of which the following corresponded to affiliated companies €338,806.46 (€1,095,092.01 in previous year)			
13. Expenditure from assumption of losses		3,109.95	2,541.44
- of which the following corresponded to affiliated companies €3,109.95 (€2,541.44 in previous year)			
<b>14. Results of ordinary business activities</b>		<b>10,371,009.86</b>	<b>38,097,755.42</b>
15. Taxes on income and profit		4,080,180.50	2,419,045.12
16. Other taxes		1,250,758.04	1,808.55
17. Transferred profit based on profit-transfer agreements		5,040,071.32	35,676,901.75
<b>18. Annual net income</b>		<b>0.00</b>	<b>0.00</b>

## **RREEF Management GmbH, Eschborn, Germany**

### **Notes on the accounts for the 2008 business year**

#### **I. General**

The year-end results of RREEF Management GmbH, Eschborn as at December 31, 2008 were prepared according to the rules of the HGB (Handelsgesetzbuch - German Commercial Code) and GmbH Act (German company law).

The income statement was prepared in accordance with the total expenditure procedure and on the basis of §158 (1) of German corporation law (AktG).

The company has listed all of the mandatory information on the individual balance sheet items together in the notes. By law, this information can be included either as a note to the accounts, in the items on the balance sheet, or in the notes.

The list of shareholdings is filed at the Frankfurt am Main district court in accordance with § 285 no. 11 and 11a under commercial registry no. B 26724 and is set out clearly in the notes.

As at the reporting date, RREEF Management GmbH meets the criteria of a medium-sized corporation, as per § 267 Par. 2 HGB.

In 2008, the assets and liabilities of Metropol 2 Prag KG, Eschborn, Germany accrued to RREEF Management GmbH.

#### **II. Balance sheet and valuation methods**

##### **General**

Loans with financial institutions that are also affiliated companies are shown under the item Receivables from affiliated companies. Liabilities with respect to financial institutions that are also affiliated companies are shown under the item Liabilities relating to affiliated companies.

Shares in companies, which are intended for sale and not viewed as a long-term investment for the company, are shown in the current assets under the item "Shareholding in project companies [Projektgesellschaften]", as per §265 (5) of the HGB [German Commercial Code].

In respect to § 265 (6) of the HGB, a change was made to the item description for § 266 (2) and § 275 (2) No. 5 and No. 9 of the HGB.

##### **Fixed assets**

Intangible assets and tangible assets are shown with the purchase costs minus the straight-line or declining-balance depreciation allowed under tax law based on the useful life of the assets.

Depreciable movable assets of the fixed assets with a purchase cost not exceeding €150.00 were recorded as expenditure in the year of acquisition (§ 6 (2) of the EstG (German Income Tax Act)).

Depreciable movable assets of the fixed assets with a purchase cost between €150.00 and €1,000.00 were recorded as a compound item that will be released over a period of five years in order to reduce taxable earnings (§ 6 (2a) of the EStG). The retirement of assets will not cause a reduction in the compound item.

In accordance with § 7 (3) of the EStG, a change from the declining-balance method of depreciation to the equal distribution of the remaining value over the remainder of its life is carried out in the year in which the change leads to a higher depreciation amount.

The financial assets were shown with the purchase costs, or in the case of anticipated long-term depreciation, with the lower fair value on the balance sheet date. **Appreciation in value happens** as per § 280 (1-1) of the HGB, if the reason for unplanned depreciation has been omitted.

### **Current assets**

Receivables and other assets were assessed based on their purchase costs or their lower fair value. Corporation tax credits, which result from the previous split-rate imputation system, are assessed based on their cash value. This is based on a discount rate of 4.06% p.a.

Currency receivables were valued using the conversion rate on the posting date or, to comply with the lowest value principle, using the lower conversion rate on the balance sheet date.

The shares in project companies were valued based on the purchase costs or the lower fair value (§ 253 (3) of the HGB).

### **Provisions and liabilities**

As per § 6a of the EstG, the provisions for pensions and similar obligations are recorded using their going-concern value on the basis of an interest rate of 6% in accordance with actuarial calculations. This is based on the 2005 mortality table produced by G. Heubeck-Richttafeln GmbH.

The tax reserves and other provisions are assessed in such a way that they take all recognizable risk into account. Long-term provisions with an interest component were discounted by 5%.

The liabilities are assessed based on the repayment amounts.

Currency liabilities were converted based on the current rate at the time the liability was incurred or based on the higher conversion rate on the balance sheet date.

## **III. Notes to the balance sheet**

### **1. Fixed assets**

For the development of the fixed assets, refer to the separately described assets analysis (gross assets table) (attachment A to the notes on the accounts).

Due to reductions in value, unplanned depreciation in the amount of T€1,647 (T€2,872 in previous year) was required for the financial assets.

Revaluations on financial assets were carried out in the amount of T€301 (T€3,837 in previous year).

The fixed asset securities contain fund shares only, and must be used exclusively for the fulfillment of pension obligations for employees and pensioners of RREEF Management GmbH in Germany.

## 2. Receivables and other assets

Receivables from affiliated companies are set out as follows:

	Total	Of which		
		RT of more than 1 year	From other affiliated companies	From shareholders
<i>(Figures for previous year in brackets)</i>	€ in thousands	€ in thousands	€ in thousands	€ in thousands
Grant of loans	18,371 <i>(17,916)</i>	5,638 <i>(5,638)</i>	18,371 <i>(17,916)</i>	0 <i>(0)</i>
Cash and cash equivalents	90,078 <i>(77,852)</i>	0 <i>(0)</i>	33,900 <i>(18,170)</i>	56,178 <i>(59,682)</i>
Other receivables from financial institutions	300 <i>(143)</i>	0 <i>(0)</i>	4 <i>(9)</i>	296 <i>(135)</i>
Receivables from profit-transfer agreements	6,167 <i>(30,155)</i>	0 <i>(0)</i>	6,167 <i>(30,155)</i>	0 <i>(0)</i>
Receivables from integrated tax entity	10,780 <i>(3,179)</i>	0 <i>(0)</i>	9,036 <i>(2,955)</i>	1,744 <i>(224)</i>
Receivables from deliveries and services	63 <i>(2,648)</i>	0 <i>(0)</i>	28 <i>(2,507)</i>	35 <i>(141)</i>
Other receivables	1,555 <i>(0)</i>	0 <i>(0)</i>	1,555 <i>(0)</i>	0
	<b>127,314</b> <i>(131,893)</i>	<b>5,638</b> <i>(5,638)</i>	<b>69,061</b> <i>(71,712)</i>	<b>58,253</b> <i>(60,181)</i>

The shares in project companies include real estate and management companies with a book value of T€10,562 (T€10,343 in previous year) that are held for sale.

A revaluation in the amount of T€220 was carried out during the financial year for those shares in associated companies in the amount of T€10,226 (T€10,006 in previous year).

The Other assets item (T€6,282, T€6,535 in previous year) mainly includes receivables from tax refund claims in the amount of T€6,150 (T€6,336 in previous year).

## 4. Equity capital

RREEF Management GmbH is a wholly owned subsidiary of Deutsche Bank AG, Frankfurt am Main. The share capital is fully paid up.

The capital reserves are maintained in accordance with § 272 (2) No. 4 of the HGB.

As at December 19, 2001, a profit and loss transfer agreement was concluded between RREEF Management GmbH and Deutsche Bank AG, Frankfurt am Main. The profit and loss transfer agreement came into effect from a taxation perspective on January 1, 2001 (corporation tax and trade tax integrated company). On the basis of this agreement,

RREEF Management GmbH shows expenditure from the profit and transfer agreement in the amount of T€5,040 (T€35,677 in previous year).

Further profit and loss transfer agreements exist between RREEF Management GmbH and the subsidiaries listed below:

- Since January 1, 2002:  
DI Deutsche Immobilien Treuhandgesellschaft mbH, Eschborn  
the limited company Deutsche Grundbesitz-Anlagegesellschaft, Eschborn  
RREEF Investment GmbH, Eschborn
- Since January 1, 2003:  
DEGRU Zweite Beteiligungsgesellschaft mbH, Eschborn,
- Since January 1, 2006:  
RREEF Spezial Invest GmbH, Eschborn.

## **5. Provisions for pensions and similar obligations**

Provisions for pensions and similar obligations are based on actuarial calculations for the 2008 business year in the amount of T€11,384 (T€12,279 in previous year).

Due to employee changes within the DB group, earnings-neutral transfers of pension obligations were carried out in the amount of T€1,065.

## **6. Tax reserves**

The tax reserves in the amount of T€3,520 refer to the expected payments resulting from an tax audit that remains to be completed for trade tax (T€426), corporation tax (T€2,894), and solidarity tax (T€200).

## **7. Other provisions**

Other provisions include obligations with respect to employment in the amount of T€4,001 (T€5,057 for previous year) and obligations relating to auditing and consulting services T€344 (T€645 for previous year). Obligations from current projects amount to T€32,093 (T€26,205 for previous year).

The obligations from current projects include obligations from two delivery rights in the total amount of T€22,784 (T€14,411 for previous year). A delivery right relates to an invested, closed-end real estate fund (date of delivery: December 31, 2019, valuation at repurchase price in the amount of 112% of the equity capital paid in: €21.8 million). The other obligation results from the delivery right guaranteed by RREEF Management GmbH under the terms of the contract for 679,079 registered stocks of a real estate company. As at December 31, 2009, the shareholders were granted the right to return registered stocks for a guaranteed minimum interest rate (4.5% p.a.).

There are also other obligations in the amount of T€3,131 (T€1,503 in previous year). These include obligations from accruals in the amount of T€170 (T€246 in previous year), arising from obligations relating to Taunus Tower in the amount of T€645 (T€643 in previous year) as well as expected interest on back taxes as a result of audits yet to be completed, which amounted to T€1,788 (T€0 in previous year).

## 8. Liabilities relating to financial institutions

Liabilities to financial institutions amount to T€5,654 (T€5,791), of which T€0 corresponds to a residual term of more than five years (T€0 in previous year). The liabilities are secured in the amount of T€5,654 (T€5,791 in previous year) through rights of lien to the shares of limited partners.

## 9. Liabilities relating to deliveries and services

All liabilities relating to deliveries and services are for a residual term of up to one year (T€20; T€215 in previous year).

There is no security provided.

## 10. Liabilities relating to affiliated companies

	Total	Of which		
		With an RT of up to one year	Relating to other affiliated companies	Relating to shareholders
<i>(Figures for previous year in brackets)</i>	€ in thousands	€ in thousands	€ in thousands	€ in thousands
§ 4 Loan drawdowns	6,246 (8,714)	6,246 (8,714)	6,246 (8,714)	0 (0)
Liabilities from integrated tax entity	21,436 (15,472)	21,436 (15,472)	13 (806)	21,423 (14,666)
Liabilities from profit-transfer agreement	5,043 (35,680)	5,043 (35,680)	3 (3)	5,040 (35,677)
Other liabilities	2,703 (4,866)	2,703 (4,866)	1,602 (2,269)	1,101 (2,597)
	<b>35,428</b> (64,732)	<b>35,428</b> (64,732)	<b>7,864</b> (11,792)	<b>27,564</b> (52,940)

The liabilities relating to affiliated companies include liabilities to financial institutions in the amount of T€27,565 (T€53,109 in previous year).

There are no liabilities with a residual term of more than five years.

There is no security provided.

## 11. Other liabilities

Other liabilities amounting to T€185 mainly relate to payable wage taxes and church taxes and to social security liabilities (T€1,122).

All other liabilities have a residual term of up to a year. There is no security provided.

## 12. Trust assets/Trust liabilities

The trust assets are offset by trust asset obligations in the same amount on the liabilities side. The shares held by RREEF Management GmbH as a trustee limited partner are mainly held in two investment companies.

### **13. Contingent liabilities and information on derivative financial instruments**

Contingent liabilities include liabilities from guarantees in the amount of T€29,080 (T€36,645 in previous year); of which T€0 relate to associated companies (T€0 in previous year). The share certificate pledges shown in the previous year in the amount of T€7,142, of which T€7,142 relate to affiliated companies, no longer exist.

When placing closed-end real estate funds and real estate share companies, RREEF Management GmbH issued delivery rights to investors. In addition to the delivery right for the shares in a real estate fund which is taken into account in the provisions (submission of an irrevocable purchase offer for the acquisition of holdings in 2019 in the amount of 112% of the paid investment amount of €21.8 million), there is another delivery right for 679,079 registered stocks as of December 31, 2008 (date of delivery: December 31, 2009; Valuation is based on the original purchase price minus deductible dividends paid up to now. The valuation is carried out on a monthly basis using the Black-Scholes model. At the current time, no additional drawdown risks can be identified using the risk provision already established for the closed-end real estate fund.

Moreover, in relation to the investment of a closed-end real estate fund in respect to the shareholders, RREEF Management GmbH has committed, in the case of a company drawdown from which collateral is provided for founding shareholders for financing purposes, to enable the company to discharge the claim of the mortgagee at any stage.

### **14. Letters of comfort**

For DI Deutsche Immobilien Baugesellschaft GmbH, Eschborn, RREEF Management GmbH shall ensure, except in the event of a political risk, that it can fulfill its contractual obligations. The company specified above is an affiliated company. The letter of comfort for DI Deutsche Immobilien Treuhandgesellschaft mbH, Eschborn, was returned during the course of the fiscal year.

Furthermore, in the context of lending and projects, RREEF Management GmbH provided Deutsche Bank AG, Frankfurt with letters of comfort for a specific company.

### **15. Other financial obligations and information on derivative financial instruments**

There are no obligations from rental and leasing agreements with a term exceeding one year (T€4,214 in previous year).

Within the framework of a project in Berlin, RREEF Management GmbH submitted a rental guarantee which only takes effect upon completion of a ten-year tenancy agreement, i.e. on July 31, 2008.

## **IV. Notes on the income statement**

### **1. Sales revenue**

The sales revenue figure of T€24,181 (T€29,770 in previous year) generated mainly in the domestic market relates predominantly to earnings from agency agreements (general services, fund and property management) in the amount of T€23,163 (T€27,394 in previous year) as well as other services in the amount of T€1,018 (T€2,376 in previous year).

The sales revenues include out-of-period earnings in the amount of T€528 (T€1,043 in previous year), which predominantly relate to earnings from agency business.

### **2. Other operating income**

This mainly includes income from the release of provisions (T€3,382, T€1,695 in previous year), from remuneration for business management activities (T€980, T€1,024 in previous year), from sub-letting (T€1,743, T€2,692 in previous year) as well as income from the revaluation of shares in affiliated companies in the amount of T€520 (T€3,837) as well as changes to the value adjustment of loans granted in the amount of T€525 (T€0 in previous year).

Other operating income includes out-of-period income in the amount of T€411 (T€312).

### **3. Expenditure for purchased services**

Expenditure for purchased services in the amount of T€1,623 (T€2,034 in previous year) mainly includes agency fees of T€1,618 (T€1,955 in previous year).

The agency fees include reimbursements to RREEF Investment GmbH, which relate to commercial and technical property management for property companies.

The expenditure for purchased services does not include any out-of-period expenditure.

### **4. Other operating expenditure**

Other operating expenditure in the amount of T€22,650 (T€27,880 in previous year) includes expenditure from ongoing projects of T€9,470 (T€8,549 in previous year), legal and consulting fees of T€1,649 (T€1,505), advertising and travel expenses of T€647 (T€950 in previous year), building and real estate expenditure of T€4,236 (T€4,470 in previous year), fixture and fittings costs of T€537 (T€417), expenditure from agency business of T€865 (T€4,033 in previous year), internal company services of T€2,570 (T€5,581 in previous year) as well as losses from accruals in the amount of T€16 (T€34 in previous year).

Other operating expenditure includes out-of-period expenditure in the amount of T€788 (T€362 in previous year).

### **5. Income from holdings and profit-transfer agreements**

Income from holdings in the amount of T€7,475 (T€11,705 in previous year) includes a dividend payment during the year under report relating to a holding of T€2,554 in the investment company JG Japan Grundbesitzverwaltungsgesellschaft mbH, Eschborn, and a holding of T€4,500 in the investment company DEGRU Erste Beteiligungsgesellschaft mbH, Eschborn.

A profit-transfer agreement exists between RREEF Management GmbH and Deutsche Immobilien Treuhandgesellschaft mbH, RREEF Investment GmbH, Deutsche Grundbesitz-Anlagegesellschaft GmbH, Eschborn, and as of January 1, 2006, RREEF Spezial Invest GmbH. Consequently, RREEF Management GmbH, Eschborn returned an overall result in the amount of T€6,167 (T€30,155 in previous year).

## **6. Depreciation of financial assets**

Depreciation of financial assets in the amount of T€1,647 (T€2,872 in previous year) was required for DI Deutsche Immobilien Baugesellschaft mbH (T€810), for the real estate funds Vierte bis Sechste DB Immobilienfonds Beta Dr. Rühl KG, Eschborn (T€592), and for the valuation of fund shares in order to fulfill the pension obligations towards employees and pensioners (T€245).

## **7. Expenditure from assumption of losses**

A profit-transfer agreement exists between RREEF Management GmbH and the investment company DEGRU Zweite Beteiligungsgesellschaft mbH, Eschborn. Consequently, a loss in the amount of T€3 (T€3 in previous year) was assumed by RREEF Management GmbH, Eschborn.

## **8. Taxes on income and profit**

Taxes from income and profit (T€4,080; T€2,419 in previous year) refer to the expected full payment of back-taxes resulting from the tax audit yet to be completed for the 2000 to 2004 business years.

## **V. Other information**

### **Corporate bodies of RREEF Management GmbH**

#### **Board of management:**

Holger Naumann

Dr. Hermann Wüstefeld

Thomas Schneider

Stephen Shaw

### **Remuneration of the board of management**

The total remuneration granted to the board of management for activities performed during the business year amount to T€460 (T€1,586 in previous year).

Pension payments to former members of the board of management amount to T€76 (T€74 in previous year). In total, T€4,575 (T€4,405 in previous year) has been set aside for the pension obligations of former members of the board of management and their survivors.

## **Employees**

The average number of active employees during the business year amounted to 112 (102 in previous year). This figure breaks down as follows:

55 female employees  
57 male employees

## **Parent company**

Deutsche Bank AG, Frankfurt am Main, is the sole shareholder of RREEF Management GmbH, Eschborn. In accordance with § 340i of the HGB and in combination with the regulations set out in Article 57 clause 1 No. 2 of the EGHGB (German commercial code introductory law) and Article 4 of Directive (EG) No. 1606/2002 of the European Parliament and the Council dated July 19, 2002 in relation to the use of international accounting standards (ABl. EC No. Line 243 Page 1), it has prepared a consolidated financial statement in accordance with International Financial Reporting Standards (IFRS), in which our company is involved in an exonerating capacity. The consolidated financial statement will be published in the electronic Bundesanzeiger (Federal Gazette).

Eschborn, February 24, 2009

Board of management

Holger Naumann

Dr. Hermann Wüstefeld

Thomas Schneider

Stephen Shaw

## Development of the fixed assets of RREEF Management GmbH, Eschborn

	Purchase or production costs			As at: 12/31/2008 €
	Brought forward 1/1/2008 €	Additions €	Disposals €	
<b>I. Intangible assets</b>				
Licenses and similar rights and values	1,766,927.87	0.00	0.00	1,766,927.87
	<b>1,766,927.87</b>	<b>0.00</b>	<b>0.00</b>	<b>1,766,927.87</b>
<b>II. Tangible assets</b>				
1. Buildings on external sites	4,822,531.65	14,028.77	7,875.44	4,828,684.98
2. Fixtures and fittings	5,550,196.47	9,235.71	79,511.67	5,479,920.51
	<b>10,372,728.12</b>	<b>23,264.48</b>	<b>87,387.11</b>	<b>10,308,605.49</b>
<b>III. Financial assets</b>				
1. Shares in affiliated companies	165,573,590.36	500,000.00	9,503,333.66	156,570,256.70
2. Holdings	220,139.85	2.00	2.00	220,139.85
3. Fixed asset securities	16,721,318.82	802,103.07	1,282,468.88	16,240,953.01
	<b>182,515,049.03</b>	<b>1,302,105.07</b>	<b>10,785,804.54</b>	<b>173,031,349.56</b>
<b>Total fixed assets</b>	<b>194,654,705.02</b>	<b>1,325,369.55</b>	<b>10,873,191.65</b>	<b>185,106,882.92</b>

## As at December 31, 2008

Brought forward 1/1/2008 €	Depreciation:			Book value		
	Depreciation in business year €	Revaluations in business year €	Disposals €	As at: 12/31/2008 €	12/31/2008 €	12/31/2007 €
1,766,769.81	158.06	0.00	0.00	1,766,927.87	0.00	158.06
<b>1,766,769.81</b>	<b>158.06</b>	<b>0.00</b>	<b>0.00</b>	<b>1,76,611.75</b>	<b>0.00</b>	<b>158.06</b>
4,306,882.43	510,226.51	0.00	7,654.21	4,809,454.73	19,230.25	515,649.22
5,056,951.88	132,069.42	0.00	78,363.87	5,110,657.43	369,263.08	493,244.59
<b>9,363,834.31</b>	<b>642,295.93</b>	<b>0.00</b>	<b>86,018.08</b>	<b>9,920,112.16</b>	<b>388,493.33</b>	<b>1,008,893.81</b>
95,669,357.89	1,402,250.55	301,015.49	271,992.46	96,498,600.49	60,071,656.21	69,904,232.47
86,827.11	0.00	0.00	0.00	86,827.11	133,312.74	133,312.74
1,206,025.54	245,177.05	0.00	88,205.08	1,362,997.51	14,877,955.50	15,515,293.28
<b>96,962,210.54</b>	<b>1,647,427.60</b>	<b>301,015.49</b>	<b>360,197.54</b>	<b>97,948,425.11</b>	<b>75,082,924.45</b>	<b>85,552,838.49</b>
<b>108,092,814.66</b>	<b>2,289,881.59</b>	<b>301,015.49</b>	<b>446,215.62</b>	<b>109,635,465.14</b>	<b>75,471,417.78</b>	<b>86,561,890.36</b>

**Shareholdings of RREEF Management GmbH**  
**As at December 31, 2008 in accordance with § 285 No. 11 of the HGB**

	Total indirect share of capital in %			Equity capital in thousands	Year-end results in thousands
<b>1. Affiliated companies</b>					
1. 5000 Yonge Street Toronto Inc., Toronto, Canada	100.00	100.00	CAD	0	0
2. AV America Grundbesitzverwaltungsgesellschaft mbH, Frankfurt, Germany	75.00	-	EUR	82	0 **
3. DB Immobilienfonds Noba Dr. Juncker KG, Eschborn, Germany	100.00	100.00	EUR	344	135 *
4. DB Immobilienfonds Rho Dr. Juncker KG, Eschborn, Germany	100.00	-	EUR	1,360	51 *
5. DB Immobilienfonds Wohnanlage Mainz-Kästrich GmbH & Co. KG, Eschborn, Germany	100.00	7.00	EUR	51	17 *
6. DB Real Estate CANADAINVEST 1 Inc., Toronto, Canada	100.00	100.00	CAD	-2	-1 **
7. RREEF Investment GmbH, Eschborn, Germany	99.90	-	EUR	16,636	0 *
8. RREEF Spezial Invest GmbH, Eschborn, Germany	100.00	40.00	EUR	7,364	0 *
9. DB Real Estate Spezial Invest Portugal - Sociedade Imobiliaria Unipessoal, Lda, Lisbon, Portugal	100.00	100.00	EUR	5	-3
10. DEGRU Erste Beteiligungsgesellschaft GmbH, Eschborn, Germany	100.00	-	EUR	1,598	-57 *
11. DEGRU Zweite Beteiligungsgesellschaft mbH, Eschborn, Germany	100.00	-	EUR	24	0 *
12. Deutsche Bank Realty Advisors Inc., New York, US	100.00	-	USD	5,901	-1,970 *
13. Deutsche Gesellschaft für Immobilienanlagen "America" mbH i.L., Bad Homburg v.d.H., Germany	75.00	-	EUR	0	0 *
14. Deutsche Grundbesitz-Anlagegesellschaft mbH, Eschborn, Germany	99.90	-	EUR	1,935	0 *
15. Deutsche Grundbesitz Beteiligungsgesellschaft mbH, Eschborn, Germany	100.00	-	EUR	127	17 **
16. DI Deutsche Immobilien Baugesellschaft mbH & Co. Vermietungs KG, Eschborn, Germany	100.00	90.0	EUR	2,350	178 *
17. DI Deutsche Immobilien Baugesellschaft mbH, Eschborn, Germany	100.00	-	EUR	2,879	214 *
18. DI Deutsche Immobilien Treuhandgesellschaft mbH, Eschborn, Germany	100.00	-	EUR	310	0 *
19. Dritte DB Immobilienfonds Beta Dr. Rühl KG, Eschborn, Germany	94.20	-	EUR	44	831 *
20. Erste DB Immobilienfonds Beta Dr. Rühl KG, Eschborn, Germany	94.20	-	EUR	-622	557 *
21. FLÖRLA Beteiligungsgesellschaft mbH, Eschborn, Germany	100.00	-	EUR	719	86 *
22. Fünfte DB Immobilienfonds Beta Dr. Rühl KG, Eschborn, Germany	94.20	-	EUR	-870	785 *
23. gi-Verwaltungsgesellschaft mbH, Eschborn, Germany	100.00	100.00	EUR	30	2 **
24. IC Associate LLC, Delaware, US	100.00	100.00	USD	0	0 **
25. IC Chicago Associates LLC, Wilmington, US	100.00	100.00	USD	-16	-2 **
25. IMM Associate LLC, New York, US	100.00	100.00	USD	767	0 **
27. JADE Residential Property AG, Eschborn, Germany	100.00	-	EUR	10,166	371 *
28. JG Japan Grundbesitzverwaltungsgesellschaft mbH, Eschborn, Germany	100.00	-	EUR	69	3 **
29. ONW Chicago LLC, Wilmington, US	100.00	100.00	USD	268	13 **
30. Sechste DB Immobilienfonds Beta Dr. Rühl KG, Eschborn, Germany	100.00	-	EUR	517	-511 *
31. Vierte DB Immobilienfonds Beta Dr. Rühl KG, Eschborn, Germany	94.20	-	EUR	^83	405 *
32. Zweite DB Immobilienfonds Beta Dr. Rühl KG, Eschborn, Germany	94.20	-	EUR	-380	411 *
<b>2. Holdings</b>					
1. Deutsche Grundbesitz-Beteiligungsgesellschaft Dr. Rühl & Co. Anlagefonds 21 Verwaltungsgebäude Stuttgart-Möhringen- KG, Frankfurt, Germany	23.73	23.73	EUR	1,773	308 **
2. Deutsche Grundbesitz-Beteiligungsgesellschaft Dr. Rühl & Co. - Anlagefonds 1 - KG i.L., Eschborn, Germany	35.46	-	EUR	0	0 *
3. GbR Deutsche Grundbesitz Management GmbH / Kajima Development (Deutschland) GmbH, Frankfurt, Germany	50.00	-	EUR	117	-8 **
4. P. F. A. B. Passage Frankfurter Allee Betriebsgesellschaft mbH, Berlin, Germany	22.20	22.20	EUR	531	11 **
5. WohnBauEntwicklungsgesellschaft München-Haidhausen mbH & Co. KG i.L., Eschborn, Germany	33.33	-	EUR	1,016	-25 **
6. WohnBauEntwicklungsgesellschaft München-Haidhausen Verwaltungs mbH i.L., Eschborn, Germany	33.33	-	EUR	61	4 **

**Shareholdings of RREEF Management GmbH**  
**As at December 31, 2008 in accordance with § 285 No. 11a of the HGB**

- GbR Deutsche Grundbesitz Management GmbH / Kajima Development (Deutschland) GmbH, Frankfurt am Main
- DEBEKO Immobilien GmbH & Co Grundbesitz OHG, Eschborn,

\* 2008 annual financial statement

\*\* 2007 annual financial statement

## **Management report of RREEF Management GmbH for the 2008 business year**

### **1. General business conditions**

#### **1.1 General information about the company**

RREEF Management GmbH, Eschborn, Germany (hereinafter "REM") belongs to the RREEF Alternative Investments corporate unit of the Deutsche Bank Group. With more than 1,400 employees in 18 countries across four continents, and with managed fixed assets of approximately €53.3 billion (including private equity), RREEF Alternative Investments is today one of the largest real estate investment and infrastructure management companies operating in this business area worldwide.

In this respect, REM acts in the capacity of manager of closed-end real estate funds in Germany for domestic investors, and in its capacity of holding company, they offer the extensive range of activities of their subsidiaries for domestic real estate investors.

The sole shareholder of REM is Deutsche Bank AG, Frankfurt, Germany (hereinafter "DB AG"), with which there is a profit and loss transfer agreement in place.

#### **1.2 Main areas of business**

The subsidiaries RREEF Investment GmbH (hereinafter "REI") and RREEF Spezial Invest GmbH (hereinafter "RESI") together manage total assets in the amount of €5.6 billion (€8.6 billion in previous year). REI manages the open-ended "grundbesitz europa" and "grundbesitz global" real estate funds. At the cut-off date, RESI was managing 7 special funds for institutional investors, 2 of which were launched during the business year.

#### **1.3 Organizational measures**

Employees from the Sales and Private customer service divisions were transferred from the company to an affiliated company by concentrating Private customer service in the Asset Management division.

#### **1.4 Development of the industry as a whole**

Economic growth declined steadily in 2008. Despite the extensive economic policy measures taken by governments and central banks worldwide, it was not possible to avert a global recession. The impact on the economy became even more apparent in the second half of the year. In the US, the unemployment rate rose to its highest level in 16 years. Employment levels in Europe also suffered a sharp decline. For 2009, most industrialized countries worldwide are anticipating a narrowing in their gross domestic product.

In most office real estate markets worldwide, 2007 was characterized by strong growth. This trend reversed steadily in 2008 with an economic slowdown noted in many locations. By the end of 2008, the economies of most industrialized western nations were in recession. The local housing market was one of the markets to be hardest hit by the slump. This included certain parts of the US in addition to Ireland, Great Britain, and Spain. However, other markets, especially in Asia, remain relatively robust.

By the second half of 2007, the real estate investment market had already started to respond to the situation on the financial markets and the deterioration in the economy by significantly reducing their investment activities. The trend continued in 2008. According to estimates produced by Real Capital Analytics (RCA), the global volume of transactions in the commercial real estate sector shrunk by almost 60% in 2008. At the same time, real estate prices came under pressure. In most markets, initial yields rose by over 100 base points. In Europe, adjustments were observed in countries such as Great Britain, France, and Spain, however yields also increased significantly in central and eastern Europe. Price adjustments also took place in numerous markets in the US.

## **2. Business development**

In the context of the active management of closed-end real estate funds, the market development of the various real estate locations had already been carefully examined during the previous year, including for individual funds. The results of the analysis and recommended actions were communicated to the investors. In the result, the property and property holdings of two funds were divested in 2008 (three funds divested in previous year).

### **2.1 Earnings situation**

Taking into account the global economic situation, the business year was in line with the expectations of the board of management. Within the scope of its profit and loss transfer agreement, REM will pay €5.0 million (€35.7 million in previous year) to Deutsche Bank AG.

The result for the year under report was largely characterized by one-off effects and the result of profit-transfer agreements. Income from profit-transfer agreements with subsidiaries in the year under report fell by 79% from €24 million to €6.2 million. Investment income in 2008 also dropped from €11.7 million to €7.5 million.

Compared to the previous year, sales revenues shrank by 19% to €24.2 million. There were also considerably less one-off fees paid as a result of releasing closed investment funds. The company was able to partially offset this against the growth in earnings from agency business within the group.

The decline of other operating income by 25% to €7.9 million is mainly due to reduced earnings from revaluations of both the book values of holdings and the reversal of provisions.

Personnel costs remained largely unchanged, amounting to €11.9 million for the year under report (€12.3 million in previous year). The average number of active employees during the 2008 business year was 112 (102 in previous year).

Cost management measures resulted in a 19% reduction in other operating expenses to €22.7 million (€27.9 million in previous year).

### **2.2 Financial situation**

The financial situation of REM is generally characterized by the financing of subsidiaries and the corresponding refinancing opportunities at Deutsche Bank AG.

As at December 31, 2008, REM had loans with financial institutions in the amount of €90.1 million (€77.9 million in previous year). The increase in liquidity in the year under report predominantly results from business activities in 2008 and receivables paid by affiliated companies.

## **2.3 Asset position**

With a balance sheet total reduced by €21.1 million to €220.0 million, the asset position of REM reflects its function as a holding company. As at the balance sheet date, the company's financial assets included shares in affiliated companies and holdings in the amount of €60.0 million (€70.0 million in previous year). Its current assets include shares in project companies in the amount of €10.6 million (€10.3 million in previous year).

REM has 56% financing (51% in previous year), corresponding to €122.7 million (€122.7 million in previous year), mainly through equity capital. Long-term third-party bank loans in the amount of €5.7 million (3%) still existed at the end of the year under report.

As at December 31, 2008, financial provisions made by REM for market risk stood at €28.8 million (€21.2 million in previous year). At the end of the year under report, there were no SWAP agreements in place for the hedging of currency or interest rate risks.

Since the closure of the 2008 business year, there have been no significant business transactions entered into prior to the preparation of this management report that would have required a different presentation of the earnings, financial, and net assets position. In the first two months of 2009, the net assets situation, financial situation, and earnings situation have performed positively in accordance with plans.

## **2.4 Non-financial indicators**

Operating as a global network, RREEF Alternative Investments is one of the largest providers and managers of real estate investments worldwide. The company's involvement in this global platform led to synergy effects in its international business and in the management of funds during the business year.

## **2.5 Risk management/Risk report**

A neutral risk management approach is applied to all projects with regard to pre-costing and post-costing as well as risk monitoring. A computer-based risk management system is used for this purpose, which serves as a company-wide risk detection and risk evaluation system for REM and its affiliated subsidiaries. The results are documented in the bi-annual risk report, which describes and evaluates all risks (market and operational risks).

Market and project risks are evaluated on the basis of three scenario analyses (business case, worst case, and "AAA" case) drawn up by risk management. The risk provision is calculated according to business case. The worst case scenario describes the potential risks that could occur if significant, and still variable, parameters were to develop more negatively. The theoretical "AAA" case is derived from this estimation, and is used as the basis for calculating economic capital. Economic capital is the equity capital that is required to cover the risks of this scenario. As at December 31, 2008, economic capital from market risks of REM and its affiliated subsidiaries amounted to €9.9 million.

In comparison to the previous year, the risk provision at REM-level increased by €7.7 million to €28.8 million as a result of the revaluation of guarantees. For its affiliated subsidiaries, the risk provision remained close to that of the previous year. All market risks – mainly development risks, rental risks, and risks from delivery rights/exits – are recorded based on the agreed risk provision.

Operational risks (OR) are also identified, valued (economic capital as of December 31, 2008: €3.5 million), reported, treated, and monitored. Based on the Operational Risk Management Policy Group of Deutsche Bank AG, an OR Management Framework was introduced whereby a process is defined and corresponding OR tools are provided centrally. Specific risk management processes were also defined which address special cross-functional risks.

There are currently no apparent risks that would threaten the existence of the company.

### **3. Outlook**

The company continuously examines business processes with the aim of further improving efficiencies within the group and concentrating on core processes. As part of the initial results of this analysis, employees from the Sales division were transferred to an affiliate as of January 1, 2008. Management is currently planning to transfer the Fund management division for closed real estate funds to an affiliate company within the group.

Due to the current crisis in the financial markets, the effects from one-off elements of the results cannot be foreseen. We anticipate significant opportunities arising from the growth of our REI and RESI subsidiaries in the coming years.

The business development of the REI subsidiary is primarily determined by the volume of the managed fund assets as a basis of calculation for the current fund management fee and revenue from real estate transactions for the managed special real estate fund. Owing to the performance of the open-ended special "grundbesitz europa" and "grundbesitz global" real estate funds in comparison to the previous year and the investment strategies of the funds, the board of management of REI expects the earnings situation of the company to show respectable growth over the coming years.

In the context of strategic planning, the board of management of RESI intends to invest based on the outstanding capital commitments and to issue further special funds. Assets under management should be increased significantly and the company's dependence on individual products should be reduced. In accordance with the manageable start-up costs of these strategic initiatives, the risks are limited to investor acquisition and market-side availability of suitable real estate. The board of management assumes that a medium-term growth in earnings will result from these initiatives and that the earnings situation of the company will develop adequately over the coming years.

Taking into account the general difficulties facing the global economy, the business year was in line with the expectations of the board of management. A positive result is expected for 2010.

Eschborn, Germany, February 24, 2009

Board of management

Holger Naumann    Dr. Herrmann Wüstefeld    Thomas Schneider    Stephen Shaw

## Auditor's report

We have audited the annual financial statement, comprising the balance sheet, the income statement and notes to the financial statements – including the bookkeeping system and management report of RREEF Management GmbH, Eschborn, Germany for the business year from January 1 to December 31, 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law (and supplementary provision of the shareholder agreement/articles of incorporation) are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with §317 HGB [“Handelsgesetzbuch”: “German Commercial Code”] and generally accepted German standards for the audit of financial statements promulgated by the “Institut der Wirtschaftsprüfer” (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statement in accordance with the [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements (and supplementary provisions of the shareholder agreement/ articles of incorporation) and give a true and fair view of the net assets, financial position and results of operations of the RREEF Management GmbH, Eschborn, in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Frankfurt, Germany, February 25, 2009

KPMG AG  
Wirtschaftsprüfungsgesellschaft [audit firm]

(formerly  
KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft [public limited company]  
Wirtschaftsprüfungsgesellschaft [audit firm])

Dr. Lemnitzer  
Wirtschaftsprüfer [auditor]

Kalthoff  
Wirtschaftsprüfer [auditor]