



Performance Report
2007

LHI Product Range

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

Structured finance for companies, investors
and public authorities

- Domestic and international leasing and rental models
- Publicly offered funds and private placements

Supporting services

- Domestic and international strategic real estate analysis
- Asset management and management of third-party special purpose companies

LHI Real Estate Management GmbH

- Construction management
- General contractor
- Property development

LHI Versicherungsmakler GmbH

- Procurement and management of insurance policies for own and third-party administered properties

LHI Shareholders

51 % Landesbank Baden-Württemberg Group (LBBW)

49 % Norddeutsche Landesbank Girozentrale Group (NORD/LB)

LHI Supervisory Board

LBBW

Joachim E. Schielke (Chairman)

Dr. Peter A. Kaemmerer

Dr. Bernhard Walter

NORD/LB

Dr. Gunter Dunkel (Deputy Chairman)

Dr. Jürgen Allerkamp

Eckhard Forst

LHI at a glance	2000	2001	2002	2003	2004	2005	2006	2007
Managed assets*	11.6	12.9	15.1	16.3	18.1	18.9	21.2	20.9
New business*	2.5	2.6	1.4	1.1	1.8	1.3	2.8	1.1
Number of employees	188	209	246	271	263	230	242	283
Companies under management	1,017	1,052	1,330	1,436	1,589	1,528	1,776	1,853
Earnings before taxes**	14.4	19.0	13.8	13.4	1.0 ***	7.5	15.9	13.9

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

An excellent relationship to the customer not only gives us new energy and inspiration but also improves the quality of our work.

This kind of partnership is like a chair standing firmly on all four legs. Each leg refers to an important characteristic of LHI, which collectively give us the freedom and also the security to be able to act successfully in the interests of our customers.

Our four quality characteristics are: value creation, mutuality, recognition, communication.

LHI's 2007 Performance Report therefore stands for this and for other important values, qualities and goals to which we are all committed and by which our customers identify us.



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Robert Soethe, Oliver Porr, Heimo Koch; Management Board LHI Leasing GmbH

Ladies and Gentlemen,

Again in 2007, a highly turbulent year on the financial markets, we stayed loyal to our LHI motto: the creation of genuine added value for our customers by means of convincing performance. We are pleased that we succeeded in this goal and it is with great pleasure that we now present our 2007 Performance Report to you.

In August 2006 LHI received reinforcement at the shareholder level, in its management and in its employee team. We were therefore able to act last year with our full potential as the “new old” LHI: we have entered completely new areas with our product range but at the same time not neglected our core business.

The values, goals and qualities for which we stand with customers and business partners - both existing and new - remain as valid as they ever

were. Consistent behaviour brings returns. Because it is these characteristics which set us apart from other players in the market. And it is ultimately these characteristics which determine the added value which our solutions offer you.

That is why we have devoted this year’s Performance Report to these qualities: so that you will know exactly with whom you are dealing. We succeeded again in 2007 in opening up additional perspectives for our customers. Thus we created new types of surrender-of-use, for example our “Z-Lease®”. These products are so individually tailored to the needs of our customers and provide answers to such a wide variety of questions that we can now claim: LHI is more than just leasing.

We may today describe ourselves as market leaders in the local authority sector in Germany. A position which makes us feel proud and which we also understand as a spur for the future: to offer our customers solutions



in the field of public private partnerships as a skilled financial partner and advisor.

As regards funds, in 2007 we were able to develop new classes of assets for our customers. In addition to numerous public placements, above all in the real estate sector, our investors were able to enjoy new product lines: thus the introduction of the Private Equity Fund European Mid-Market in 2006 was followed in the autumn by the successful introduction of a successor product with its emphasis on investments in Germany, Austria and Switzerland. Moreover, our Real Estate Fund Growth Portfolio USA offers investors the opportunity to put money into a widely diversified real estate portfolio in the USA jointly with our partner Goldman Sachs.

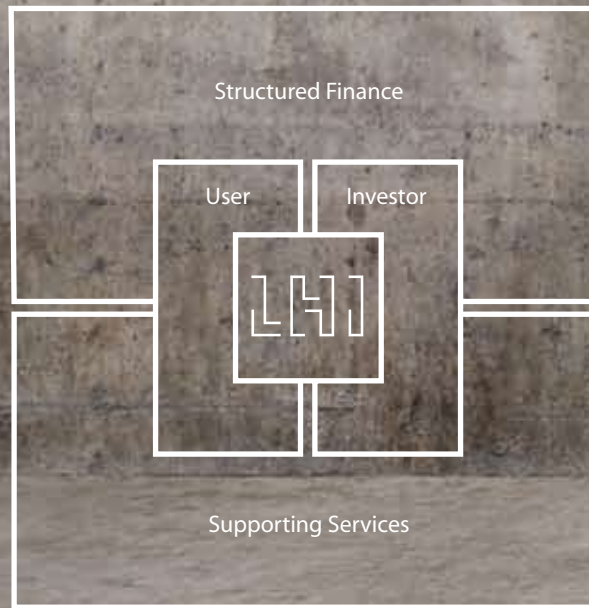
We would now like to invite you to take your place on our "LHI chair" and to let our Performance Report introduce you to the value and product worlds we stand for.

And we are looking forward to putting into practice, together with you, this promise to deliver performance which we gladly make today already.

Oliver Porr

Robert Soethe

Heimo Koch



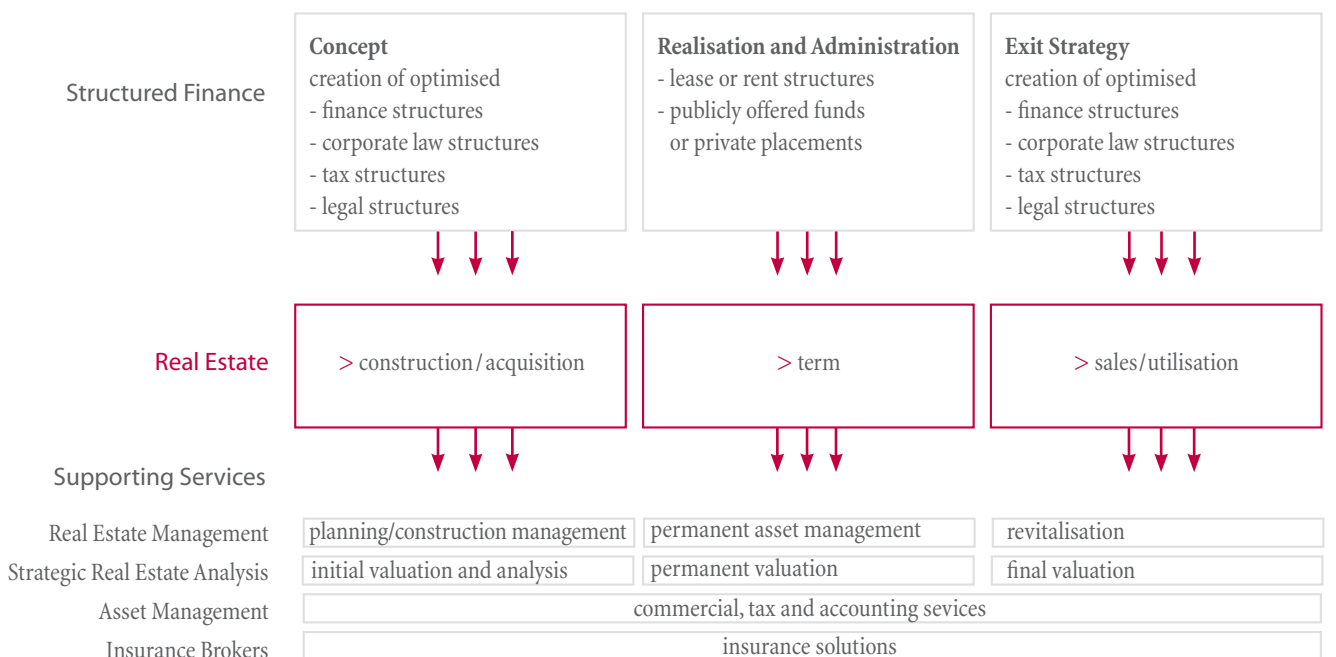
LHI Range of Services

LHI is market leader in the field of structured financing concepts. What began 35 years ago with real estate leasing is today a widely diversified range of services for different categories of customers. But all of our products have something in common: our striving for quality. What sets our solutions apart is the fact that every investment is looked at individually and from a number of different perspectives. And thereby create advantages for all involved.

One thing is absolutely clear. LHI is in the meantime considerably “more than just leasing”. Because our products cover the whole range from complex financing solutions for the assets side of the balance sheet through to intelligent investment products for the liabilities side. Companies, local authorities and investors are all our customers. Our concepts are

focussed on your entrepreneurial interest and your requirement for attractive returns. Our structured financing concepts are complemented by a large number of supporting services, such that today we are able to support you through all phases of an investment – if that is what you want.

During 35 years of successful business activity we have built up considerable know-how in many classes of asset. But real estate is still our core skill. Our stock of properties of EURO 20.9 billion is impressive testimony to this achievement. We would therefore like to use real estate as a reference in order to show you on the opposite page how the many and varied elements to LHI’s range of services throughout the life cycle of an investment are all linked to each other. So that you can purchase with confidence all of these performance parameters from one source – namely from us.







Robert Soethe, Managing Director LHI Leasing GmbH

A business partnership should be beneficial and successful for everyone involved. That is the goal.
Rational and emotional. From this joint value creation grows mutual appreciation.
The two together constitute an exceptionally strong basis for collective success – and not
just for the present.



Clemens Richter, Head of Conception and Calculation

The ability to recognise, adopt, follow and change directions. Flexibility means to constantly redefine the direction leading to the goal. This quality, in addition to innovativeness, dwarfs everything else in the field of concepts. To notice, sense, guess and recognise what is new. For although everything new develops from what has gone before it, we know very well that innovation is rarely achieved with what is already established.

Each of our concepts starts with you, our customer. Your wishes occupy centre stage right from the very outset: What is the starting point? Which factors are particularly important to you? And what alternatives are there? The evaluation of various scenarios leads to a comprehensive analysis, the results of which are a recommendation to you as to how to act. You can be certain that no design is like another. And that you will be amazed how

many aspects our solutions contain. And are therefore considerably “more than leasing”.

Our concepts provide the answers to a wide range of questions, from costs through financing right up to the structure of the balance sheet. They are however only the starting point for our joint projects: we never leave your side during the whole implementation phase and are glad to continue to assume responsibility after the project has been completed. The assets of EURO 20.9 billion we currently look after are an impressive testimony to our skill in management. For you that means one thing above all else: that you can concentrate on running your business. We look after your project. And in order to prevent any future surprises, we invest considerable time and energy in a well thought-out concept at the beginning of every structuring.



Innovation

Peter Mika, Head of Structured Asset Finance

<p>Client</p> <p>Needs/ Objectives ></p>	<p style="text-align: center;">LHI products for clients</p> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top;"> <p>Analysis</p> <p>Starting situation</p> <ul style="list-style-type: none"> - current position as to legal, tax, economic situation <p>Decision matrix</p> <ul style="list-style-type: none"> - qualitative basis <p>Comparative analysis</p> <ul style="list-style-type: none"> - quantitative basis </td> <td style="vertical-align: top;"> <p>Structuring</p> <p>Optimised target structure</p> <ul style="list-style-type: none"> - investment and transaction costs - financing and optimisation of balance sheet - optimised structure as to tax and law - chance and risk profile - options of access </td> <td style="vertical-align: top;"> <p>Realisation</p> <p>Precise set of agreements</p> <ul style="list-style-type: none"> - use of special purpose companies - acquisition - leasing/rent - financing - real estate management - strategic real estate analysis </td> <td style="vertical-align: top;"> <p>Administration</p> <p>Professional reliability</p> <ul style="list-style-type: none"> - commercial administration - real estate analysis - asset management - insurance brokers </td> </tr> </table>				<p>Analysis</p> <p>Starting situation</p> <ul style="list-style-type: none"> - current position as to legal, tax, economic situation <p>Decision matrix</p> <ul style="list-style-type: none"> - qualitative basis <p>Comparative analysis</p> <ul style="list-style-type: none"> - quantitative basis 	<p>Structuring</p> <p>Optimised target structure</p> <ul style="list-style-type: none"> - investment and transaction costs - financing and optimisation of balance sheet - optimised structure as to tax and law - chance and risk profile - options of access 	<p>Realisation</p> <p>Precise set of agreements</p> <ul style="list-style-type: none"> - use of special purpose companies - acquisition - leasing/rent - financing - real estate management - strategic real estate analysis 	<p>Administration</p> <p>Professional reliability</p> <ul style="list-style-type: none"> - commercial administration - real estate analysis - asset management - insurance brokers 	<p>Client</p> <p>> Solution</p>
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Manfred Guske, Director Region West Germany

Real estate leasing became a highly complex matter some time ago. Whereas earlier everything went in a single direction, today a wide range of solutions is possible. And they are increasing all the time. But only one of them is yours, namely the optimum solution, which together with you we tailor exactly to fit your company. Our product modules are therefore flexible and versatile in order to be able to reflect your requirements exactly. At the same time, the product qualities have been checked and have proved themselves. No matter how varied our concepts are, they consistently all have one thing in common: they are credible.

Irrespective of whether you want to build, buy, sell or lease back a building: we can transform all of these investment alternatives into a suitable LHI concept which will also bring you strategic advantages because it best

corresponds to your situation. The central issue is an investment structure which ideally puts your goals into practice. And we advise you on financing issues: which part will be financed internally and which externally with banks and/or with investors? So that you can manage your cash flows accordingly over the life of the project.

Our approach is just as thorough in disinvestment plans: the parameters of an exit solution can also be consciously designed. So that, with our support, you can carry out an "intelligent sale" of your real estate – with a whole range of advantages, for you as the seller and for the purchaser.

The latter will have a positive effect on your negotiating position and your earnings situation too.



Gunther Deuerling, Director Region South-West Germany

Advantages of LHI solutions when investing

- Optimised land purchase/sale: minimisation of transaction costs
- Professional support as desired in the construction of the building
- Elimination of effects on the balance sheet (according to HGB and IFRS)
- Realisation of the most favourable surrender-of-use models (leasing, rent)
- Adjustment of the target structures to the particular situation

Advantages of LHI solutions when disinvesting

- Optimised land sale: minimisation of transaction costs
- No immediate taxation of the seller's hidden reserves
- Seller is "out of the risk area"
- Attractive target structure for a potential purchaser
- Park solution (real estate "parked" in a special purpose company until the final sale)



Klaus Busch, Director Region North Germany

“Surrender-of-use” is really much too austere a term in view of the wide range of concepts which we associate with the word. And also in view of the different uses which our customers gain from it. It requires a certain degree of courage to blaze ever-new conceptual trails. And never once to depart a single inch from our ideal of quality.

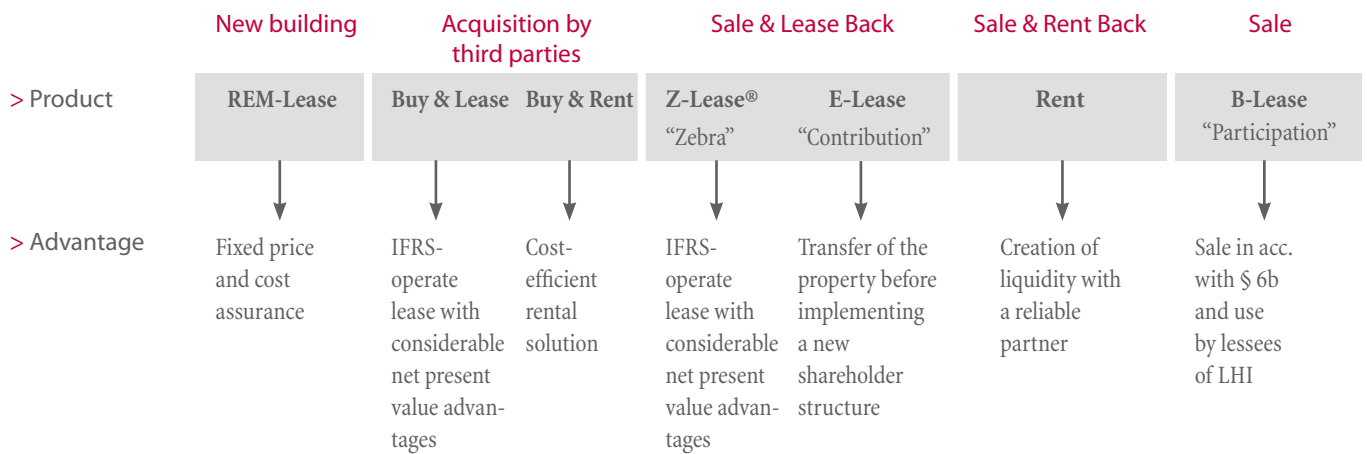
What is the best type of surrender-of-use for your project? In providing an answer we always focus on your entrepreneurial interest: Is the optimisation of investment and transaction costs the main priority? What form of financing best reflects what you want? What are the associated effects on key balance sheet indices? What are the effects on the rating of the company? How should the structure of current cash flows look? What is the

ideal development of the income statement? To what extent do you participate in the risks and opportunities of the investment?

Depending on the answers you give us to these questions, we will design the best structure for you. This could be a leasing model. On or off the balance sheet. Or a rental solution with varying specifications. It could also be a contribution and of course also our newest development, the Z-Lease®. In order that you can see the large number of possibilities we implemented last year alone, we have selected a few examples for you on the opposite page. Something you really should look at: the use aspects for the particular customer. You may depend on it: we will certainly think of something else new this year.



Thorsten Kuhle, Director Region South Germany





Frank Possinger, Senior Vice President Russian Federation

Positive experiences in implementing planned construction projects with western and Russian companies increase confidence in the Russian market: the willingness of international companies to invest in the Russian market continues to increase markedly. We have also made a name for ourselves in this market thanks to our energy and determination. We support our customers in the search for a location as well as in the choice of the right partner for the successful implementation of construction projects. We were the first western company to carry out the financing of investments in real estate by means of an intelligent leasing solution. The Russian market is quickly winning favour with international investors. We can also help here with the procurement of suitable fund properties and their management. True to our motto: by creating added value together with our customers, we make more things possible in this location too.

LHI Leasing Polska is an excellent example for decidedness: it is precisely this attitude which has made us number one in the market with a transaction volume of EURO 1.8 billion in approximately 95 special purpose companies and with 27 dedicated employees. Our intensive support embraces individual properties, real estate complexes and property portfolios. Our range of services extends from property leasing through purchase and rental solutions through to the management of special purpose companies.

Our customers can rely on our more than 12 years of experience in handling projects in Poland and on our knowledge of the fiscal, legal and commercial situation. Customers also profit from our network of project development and finance partners. So use our decisiveness in Poland: we are successful here which means that you can be successful too. Preferably with us.



Walter Kiehl und Robert Mandzunowski, Board of Management LHI Leasing Polska Sp. z o.o.

Your benefits in the Russian Federation

- Support in looking for a plot of land and in the choice of the right construction partner
- Arrangement of optimal financing
- Creation of liquidity for new investments
- Reduction of taxes on profits and assets through the accelerated depreciation of fixed assets
- Increase in Working Capital
- Off-balance sheet financing in accordance with Russian GAAP and HGB (German commercial code)
- Separation of the operational business from real estate assets

Your benefits in Poland

- Improvement of the equity ratio, of EBITDA
- Reduction of the tax rate
- Improved or constant rating in accordance with Basle II
- Optimisation of company value
- Improvement in liquidity
- Optimisation of the return on fixed assets
- Optimisation of transaction costs





Heimo Koch, Managing Director LHI Leasing GmbH

Even though people are different – and fortunately different they are: as soon as they discover things they have in common, they immediately feel closely connected to each other. If one pursues the same interests with the same enthusiasm, everything else becomes secondary. This not only makes joint pursuits more successful, but also more enjoyable.



Michael Edinger, Director Public Private Partnerships

We were quick to recognise the increasing shortage of public funds. And assumed responsibility. In that we developed and successfully implemented public private partnership models designed for public authorities. We have enjoyed an excellent track record for a long time now, which has in the meantime given us market leadership. Using our skill in financing and developing structures, we design innovative solutions and ensure that public projects are implemented on time and cost effectively. Once on board, we also get involved with all our know-how during the operational phase and are a reliable partner throughout the whole life cycle of a project.

This is how we provide local authorities and public budgets with sustained support in investment projects, especially in the fields of education, administration, supply and disposal, social affairs, sport and culture. Once a local authority knows what it needs, we indicate the way ahead and remain at its side until the goal is reached.

Our services

- Public Private Partnerships (PPP)
- Leasing, rent purchase, use models
- Operator models, investor models
- One-stop planning, construction, financing and operation
- Assumption of project risks
- Involvement of private investors

Your benefits

- Advantages of efficiency
- Budget relief
- Certainty regarding timing and costs
- Transfer of project risks to the private sector
- Mobilisation of private investors
- One single contractual partner for all services

Recognition



Oliver Porr, Managing Director LHI Leasing GmbH

When it comes to our willingness to perform, recognition is the wind in our sails. Recognition raises up important potential within us which would otherwise remain hidden. Both internally vis-à-vis our employees and externally vis-à-vis our customers and anyone else. Perceived, sincerely meant and clearly expressed, recognition creates exactly the tailwind which continuously drives us forward to the goals we have set ourselves. And in many cases way beyond.



Dieter Seitz, Head of Equity, responsible for private placements and publicly offered funds

Maintaining values means looking after them. There is nothing which could not be done better or in a different way. The ability to design long-term private placements of the highest quality in the interests of customers is based on a mixture of modesty as regards what has been achieved and respect for what is new.

The values which customers discreetly entrust to us are truly “only” entrusted to us. That makes them even more precious to us because we have to demonstrate that we are responsible for them and act accordingly. In this situation we feel like a restorer who receives a picture of inestimable value. Because for us there are two aspects to the word “valuable”. The usual meaning as a material object and the meaning as something coveted and with its own intrinsic value.

We see our principle function in keeping values secure. As part of this process everything we develop is an original. Each project is therefore something unique. And we can also enhance these values when this is desired. Which we succeed in doing through concepts which yield a high return.

Approximately EURO 1.4 billion equity entrusted to us signifies the trust which investors have placed in us to date. Our customers include high net worth individuals, family offices, trusts and institutional investors both at home and abroad. We would also enjoy designing investments for you in line with your wishes.



Burkhart Ceppa, Director Private Placements

Our services

Real estate

- Domestic; international; portfolio transactions

Intangible rights

- Films; rights; insurance policies

Movable assets

- Renewable energy sources; low-value assets; aircraft, turbines

Investments in companies

- Mezzanine funds; private-equity funds; asset-backed equity; project financing deals; infrastructure financing deals; public private partnership projects

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 provision for old-age
- Cash flow oriented capital investments with secure long-term payment flows
- Eligibility of assets for investment in premium reserve stock
- Realisation of value appreciation



Dagmar Dietz, Head of Investors' Services

How we get on together, both within LHI and also with our investors and business partners, is decisive for the success of an LHI publicly offered fund. Are the interests of each party recognised, fully taken account of and represented at an early stage? Fair and trusting behaviour to each other is of decisive significance in the important aspects of a fund: a highly secure investment coupled with a high return for the investor. And we achieve this goal across all asset classes and fund structures.

We act very much like a successful chef when designing a successful fund: an outstanding new culinary idea, the best ingredients, perfect craftsmanship and ultimately it should above all please the customer, in our case the investor.

We confront this challenge time and again with considerable dedication. And receive our confirmation from our customers' considerable satisfaction: almost 19,000 investors have given us their trust in the issue of 22 new funds. During the last 14 years we have been able to place approximately EURO 1.3 billion equity. Our goal is and will remain, with every new fund to continue exceeding our investors' expectations.



Alexander Schönle, Director Publicly Offered Funds

> *LHI*

Immobilienzeitung online, 21.05.2007:

“In 2006 LHI made its most solid profit of the last 30 years – LHI increased its volume of new business in 2006 by 115%.”

AssCompact, 06/2007:

“2006 was a record year for LHI Leasing.”

Elitereport 2007:

“LHI’s substantial experience in double-digit billion projects is also very clearly reflected in the good results by the closed-end funds. Completely trustworthy and well equipped to face the future.”

> *LHI’s track record in 2006*

Fondstelegramm, 16.11.2007:

“Once more in 2006 the leasing funds continued to develop according to plan.”

Börse Online, 31/2007:

“Excellent funds companies. The best in the most important categories of closed-end funds: Leasing funds: LHI Leasing GmbH.”

> *LHI Private Equity Fund European Mid-Market*

Sparkassen-Anlagebrief, 27.07.2007:

“A convincing private equity debut by LHI Leasing GmbH.”

Venture Capital Magazin, 12/2007:

“LHI closes its first fund-of-funds and announces the next one ... Three planned capital calls from investors amounting to a total of 15% of the amount subscribed have so far been cancelled as a result of early returns.”



Daniela Grübel, Head of Marketing and Communication

> *LHI Real Estate Fund Growth Portfolio USA*

Platow Special, 11/2007:

“LHI Leasing GmbH is currently offering exclusively in Germany the opportunity to invest in a real estate fund-of-funds managed by Goldman Sachs.”

Fonds professionell, 15.10.2007:

“LHI Leasing GmbH is offering German investors the possibility to invest in the USA with one of the biggest investment companies in the world.”

manager-magazin.de, 26.09.2007:

“Remarkable: LHI and Goldman Sachs seek a balanced mix over the phases of the value creation chain.”

> *LHI Private Equity Fonds II Europäischer Mittelstand*

Fondszeitung 08.11.2007:

“The people in Munich had barely closed their premiere fund and they started a second fund in a line of ‘European Mid-Market’.”

Fondstelegramm 14.11.2007:

“Intelligently designed fund offer ...”

Private Equity Quarterly Analysis, 14.12.2007:

“... the high number of target funds shows good diversification.”

> *Public Private Partnerships*

Immobilienzeitung, 24.07.2007:

“Foundation stone laid for the state of Hessen’s first PPP project [Financial center in Kassel] ... the building will be constructed by LHI Leasing and then rented to the state of Hessen.”





Peter Kober, Executive Manager LHI Leasing GmbH

When understood and applied as dialogue, communication is the most intelligent tool we use in order to make business success possible. That is why we place great value on every kind of communication – whether internally or in our relations with the outside world. We know that “not communicating” is impossible. That is why we enjoy communicating – openly, purposefully and clearly.



Albert Heinermann, Managing Director LHI Real Estate Management GmbH

Because LHI Real Estate Management concentrates all of its capacity and potential on providing solutions, projects achieve their goals more quickly, more efficiently and more effectively. This is a benefit for all involved, above all for our customers. After all, real estate is our core skill: there is nothing that we do more often, more persistently, more precisely and more successfully than everything connected with real estate. Which clearly emphasises another of our qualities: sustainability. Our customers come – and remain with us. And come again and again. We have been observing this for more than 35 years now.

That is due primarily to the fact that we really do what we say. And that we say what we are doing. Dependability in timing and costs in every phase of the project. During the whole life cycle of the project. Whether planning,

realisation or completion of construction projects: our well-coordinated team made up of architects, engineers and commercial people remains at your side throughout every phase of real estate projects. We know what is important and what it takes to succeed. Use what we have to offer.



Wolfgang Memminger, Managing Director LHI Real Estate Management GmbH

Our services

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

Your benefits

- Quality
- Value for money
- Adherence to deadlines
- One-stop partnership
- Investment security



Sincerity

Katrin Kirchner, Head of Strategic Real Estate Analysis

You only discover how objective the ongoing judgement and valuation of real estate really is, when you really need it. Unfortunately, important factors which go to make up the value are not taken into account in many analyses. Our know-how enables us to ensure an up-to-date and objective analysis. And this is for a very good reason. Because we wish at all times to have precise information on the status of our own stock of real estate. Objective, enduring and sincere.

The Strategic Real Estate Analysis, which arose from this concern, fully and completely fulfils our own high requirements as to its informative value.

It now gives not only our existing customers but also third parties a realistic picture of their highly varied stock of properties and therefore a solid starting point for further investment decisions.

Our services

- Appraisals of market value and collateral value (both domestic and international procedures)
- Desk top valuations and value indicators together with an inspection of the property
- Market and location analyses
- Portfolio analyses
- Property rating
- REALYS® - Real Estate Analyzing System
- Opinion/plausibility check on external market value appraisals
- Real estate due diligence

Your benefits

- Complex real estate situations made transparent
- Clear basis for decision-making
- Holistic analysis approach



Veronika Wimberger, Teamleader Asset Management

Today real estate is considerably more than “just” a building. Real estate management is therefore a highly demanding activity. Since we look after real estate primarily but not exclusively, we use the overall concept of asset management. And use the term to mean particularly contract management, accounting, tax management and company administration.

In order, however, to manage in the best possible manner the benefits and the value of a property throughout its whole life cycle, we rely on two basic principles: reliability and consistency. So that you can pursue your core business, because you know that with us your property is in the best possible hands. Today, tomorrow and the day after that, too.

In the meantime owners of assets with a total value of EURO 20.9 billion rely on us. We manage their properties in more than 1,800 companies. These experiences and the qualities they give rise to are talked about in the market. That is why we look after more and more third parties’ special purpose companies.



Helmut Pütz, Managing Director LHI Fondsverwaltung GmbH

Our services

- Accounting
- Company law
- Tax management
- Annual financial statements
- Contract management
- Management of special purpose companies for third parties

Your benefits

- Relief from time-consuming negotiations
- Concentration on key skills



Christian Floth, Head of Special Structures

The most important factor in providing effective insurance cover is openness in dealing with each other. The LHI Insurance Brokers advise both LHI customers and LHI customers-to-be in tune with this motto.

We follow the market consistently and are constantly looking for improvements to further our customers' interests. Accordingly, we succeeded last year in concluding exclusive terms and conditions with various well-known insurance companies covering the field of real estate and loss-of-rental insurance. This "Financial Institutions" package is unique on the market and is also open to third parties from 2008.

Thus, customers may profit from the excellent conditions offered by this insurance cover, whose coverage concept is oriented towards the principle risks in the real estate business.

Our services

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

Your benefits

- Transparent coverage of the insurance-related aspects of your commercial risks
- Comprehensive advice on all your questions related to insurance
- Sharing the attractive conditions obtainable under LHI Versicherungsmakler GmbH's master policies with prestigious insurance companies

Together, we just keep on improving.

The year 2007 was one of the most successful years in LHI's history.

We are extremely happy that we managed to achieve this result in spite of the difficult situation on the international financial markets. And we know that all of our colleagues played their part in LHI's collective success.

Structured finance for companies

What began with leasing 35 years ago has today become complex concepts for medium-sized and large companies. We have taken account of the changed overall fiscal situation, created by the reform of company taxation, by developing new leasing and rental solutions. The same applies as in the previous year. Each solution is, from a structural, legal, accounting and financial point of view, an individual concept, in other words it is oriented towards the customer's individual needs.

Structured finance for local authorities

In the field of public private partnerships we were able to expand our leading market position and to carry out numerous projects. LHI is considered an experienced partner in the field of local authority leasing knowing what is important for public budgeting and implementing projects on time and on budget.

Structured finance for investors

Our investor concepts link the user of a project with the investor: in 2007 we again successfully placed the equity shareholdings of our IFRS-leasing concepts as attractive private placements with private and institutional investors. Our publicly offered LHI Private Equity Funds I and II as well as the LHI Real Estate Fund Growth Portfolio USA provided our investors the opportunity to open up new asset classes together with well-known partners and in intelligent structures.



LHI International

Our subsidiary LHI Leasing Polska Sp. z o.o. remains the undisputed number one in real estate leasing in Poland. In 2007 the company was able to add project developments and complex financing concepts to its product range. LHI has been represented with an office in the Russian Federation since 2006. Last year we were able to implement the very first real estate leasing concepts in the Russian market.

Supporting services

The main focus of the activities of our *Real Estate Management GmbH (REM)* last year lay in construction management projects. A second office in Stuttgart enabled REM to expand its activities into the south-west of Germany.

Our *Strategic Real Estate Analysis System* analyses and values real estate markets and properties for LHI's customers and for third parties.

Its consultancy know-how, especially in the field of portfolio evaluations, is now also sought abroad.

LHI Asset Management now manages the accounting, tax and legal affairs of a stock of properties worth EURO 20.9 billion in over 1,800 special purpose companies. This skill is also increasingly sought as a separate service by third parties.

LHI Versicherungsmakler GmbH is responsible for the insurance and technical support of all LHI's engagements and offers its services, including the favourable terms applicable to LHI's own stock of companies, to third parties.

Commercial Balance Sheet as of December 31, 2007

LHI Leasing GmbH

Assets	31.12.2007	2006
	in thousand Euro	in thousand Euro
A. Uncalled subscribed capital	0	0
B. Fixed assets		
I. Intangible assets	154	223
II. Tangible assets	1,501	1,447
III. Financial assets	18,575	19,704
	20,230	21,374
C. Current assets		
I. Claims and other assets		
1. Trade debtors	7,362	6,834
2. Amounts owed by group undertakings	4,058	4,021
3. Amounts owed by undertakings in which company has a participating interest	29,505	15,252
4. Other assets	45,949	61,838
	86,874	87,945
II. Securities	10,000	0
III. Cash at bank and in hand	6	3
D. Accrued income	204	99
	117,314	109,421

Liabilities	31.12.2007	2006
	in thousand Euro	in thousand Euro
A. Equity capital		
I. Called-up capital	40,000	40,000
II. Revenue reserves	443	1,500
III. Retained earnings	12,000	14,357
	52,443	55,857
B. Accruals		
1. Accruals for pensions	4,110	3,878
2. Accruals for taxation	9,153	5,844
3. Other accruals	22,717	15,776
	35,980	25,498
C. Liabilities		
1. Bank loans	11	2
2. Trade creditors	1,185	1,169
3. Group undertakings	0	1
4. Undertakings in which the company has a participating interest	2,988	2,522
5. Other liabilities	24,083	23,749
	28,267	27,443
D. Deferred income	624	623
	117,314	109,421

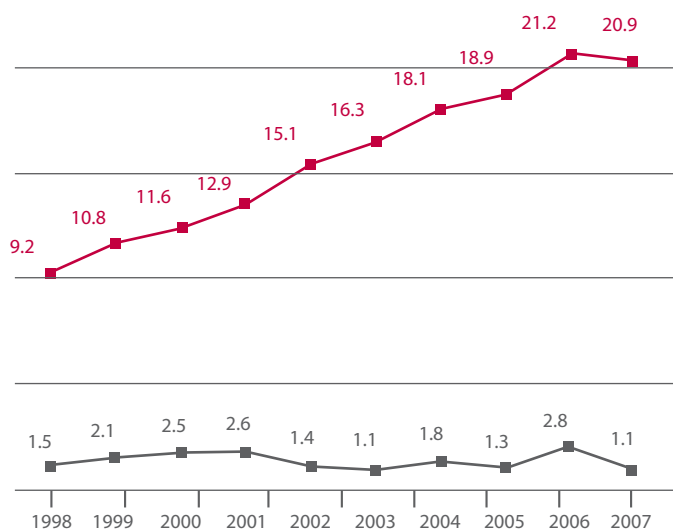
Commercial Profit and Loss Account for the year January 1 – December 31, 2007

Profit and Loss Account	2007	2006
	in thousand Euro	in thousand Euro
1. Turnover	14,874	28,622
2. Other operating income	33,974	33,410
3. Charges for services	12,443	12,270
4. Personnel costs		
a) Salaries	22,713	21,316
b) Social contributions and expenses for staff pensions	3,256	2,799
5. Depreciation on fixed assets	613	603
6. Other operating expenses	16,185	15,928
7. Income from participating interests	20,198	4,208
8. Income from profit transfer agreements	517	727
9. Other interest receivable and similar income	4,161	3,000
10. Depreciation on financial assets	3	23
11. Charges from loss absorption	2,832	85
12. Interests payable and similar charges	1,762	1,053
13. Profit or loss on ordinary activities	13,916	15,890
14. Extraordinary revenues	4,150	0
15. Extraordinary expenses	4,150	0
16. Extraordinary result	0	0
17. Tax on extraordinary profit or loss	74	1,442
18. Other taxes not shown under the above items	3,256	91
19. Net income	10,585	14,357
20. Retained earnings brought forward	357	0
21. Withdrawal of other revenue reserves	1,058	0
22. Retained earnings	12,000	14,357

LHI's Development

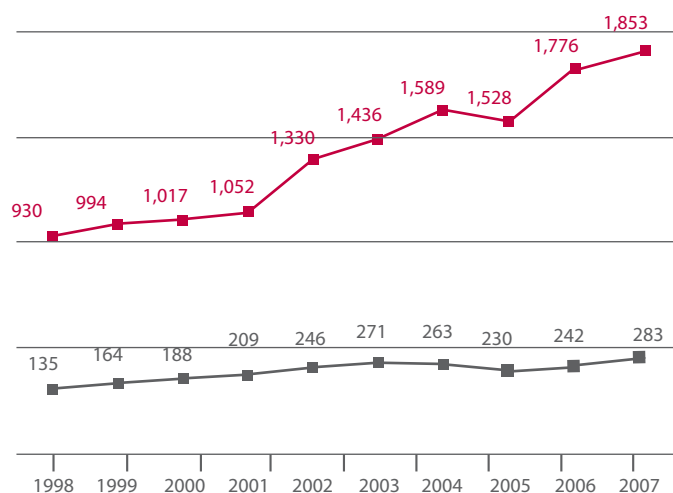
Assets under administration in Germany and Poland (bn EURO)

New business (bn EURO)



Companies served by LHI

Number of employees



> LHI. More Perspectives <

Munich . Mannheim . Pöcking . Stuttgart . Hamburg . Düsseldorf . Warsaw . Moscow

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